

**NOTICE OF THE MEETING OF THE SECURED CREDITORS OF NORTHERN ARC
CAPITAL LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL
COMPANY LAW TRIBUNAL ('NCLT')**

Day	Tuesday
Date	30TH October 2018
Time	11.30 A.M
Venue	IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113

S.No.	Contents	Page No.
1.	Notice of the meeting of the Secured creditors of Northern Arc Capital Limited under the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and any amendments thereto and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 convened as per the directions of the National Company Law Tribunal, Chennai Bench.	1-4
2.	Statement under Section 230(3) and other applicable provisions of the Companies Act, 2013	5-16
3.	Scheme of Arrangement (Demerger) and Amalgamation between IFMR Holdings Private Limited and Dvara Investments Private Limited and Northern Arc Capital Limited	17-62
4.	Latest Financial Statements of the Demerged Company as on March 31, 2018	63-90
5.	Latest Financial Statements of the Resulting / Transferor Company as on June 30, 2018	91-96
6.	Latest Financial Statements of the Transferee Company as on 31 st March 2018	97-147
7.	Report adopted by the Board of Directors of the Applicant Company pursuant to Section 232(2)(c) of the Companies Act, 2013 explaining the effect of the Scheme of Arrangement (Demerger) and Amalgamation	148-149
8.	Form of Proxy	150-151
9.	Attendance Slip	152

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

CHENNAI BENCH

FORM NO. CAA 2

(Pursuant to Section 230(3) and Rule 6)

CA/161/CAA/2017

In the matter of:

Sections 230 to 232 and other applicable

Provisions of the Companies Act, 2013;

And

In the matter of Scheme of Arrangement (Demerger) and Amalgamation between IFMR Holdings Private Limited and Dvara Investments Private Limited and Northern Arc Capital Limited

Northern Arc Capital Limited

a Company incorporated under the Companies Act, 1956,
having its Registered Office at IIT M Research Park, 10th Floor,
Kanagam Village, Taramani, Chennai – 600 113.

...Applicant/Transferee Company

NOTICE OF THE MEETING OF THE SECURED CREDITORS OF NORTHERN ARC CAPITAL LIMITED

To,

The Secured Creditors of Northern Arc Capital Limited ('Transferee Company' or 'Applicant Company' or 'the Company')

NOTICE is hereby given that by an order dated 27th August 2018, the National Company Law Tribunal, Division Bench, Chennai has directed the meeting of the Secured Creditors of the Transferee Company for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Arrangement (Demerger) and Amalgamation between IFMR Holdings Private Limited and Dvara Investments Private Limited and Northern Arc Capital Limited.

In pursuance of the said order and as directed therein, further notice is hereby given that a meeting of the Secured Creditors of the Company be convened and held at on 30th October 2018 at 11.30 A.M. at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113 and the said Secured creditors of the Company are requested to attend.

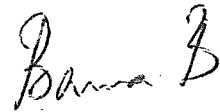
The quorum for the Meeting shall be 10 (Ten). In case the quorum is not in place at the designated time, the Meeting shall be adjourned by half an hour and thereafter, the persons present for voting shall be deemed to constitute the quorum.

Copies of the Composite Scheme of Arrangement (Demerger) and Amalgamation and of the Statement under Section 230 and other applicable provisions of the Companies Act, 2013 can be obtained free of charge at the Registered Office of the Company or at the office of its Advocates, Pawan Jhabakh having office at New no.115, Luz Church Road, Mylapore, Chennai – 600004.

Persons entitled to attend and vote at the meeting may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the Registered Office of the Company at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113 not later than 48 hours before the Meeting.

A copy each of the Statement under Section 230 of the Companies Act, 2013, the Scheme, form of Proxy and Attendance Slip are enclosed.

The Tribunal has appointed Ms. Bama Balakrishnan, Chief Financial Officer, failing which, Mr. Saurabh Jaywant, Chief Legal Counsel, of the Company as the Chairman of the said Meeting. The above mentioned Composite Scheme of Arrangement (Demerger) and Amalgamation, if approved by the Meeting, will be subject to the subsequent approval of the Tribunal.



Ms. Bama Balakrishnan

Chairman appointed for the Meeting

Dated this 19th day of September 2018 at Chennai

Notes:

1. A Secured creditor entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Applicant Company. The form of proxy duly completed should, however, be deposited at the Registered Office of the Applicant Company not less than 48 (forty-eight) hours before the meeting.
2. All alterations made in the form of proxy should be initialled.
3. The authorised representative of a body corporate which is a Secured creditor of the Applicant Company may attend and vote at the Secured Creditors meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorising such representative to attend and vote at the meeting of the Secured Creditors is deposited at the Registered Office of the Applicant Company not later than 48 (forty-eight) hours before the meeting.

4. A Secured creditor or his proxy is requested to hand over the enclosed Attendance Slip, duly signed as per the specimen signature(s) registered with the Company for admission to the meeting hall.
5. The notice is being sent to secured creditors outstanding as on the date of hearing with Hon'ble Tribunal which is 23rd of August 2018. The physical copies of this Notice along with Attendance Slip and Proxy Form are being sent in the permitted mode to all the aforementioned Secured Creditors and the notice is also sent to the Secured creditors through e-mail (for such Secured creditors who have registered their e-mail address with the Company. This Notice is also displayed/ posted on the website of the Applicant Company www.northernarc.com. The email address of the Applicant Company is secretarial@northernarc.com.
6. The material documents referred to in the accompanying Statement shall be open for inspection by the Secured Creditors at the Registered Office of the Applicant Company on all working days between 11.00 a.m. to 1.00 p.m. except Saturday, Sunday and Public Holidays.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

CHENNAI BENCH

FORM NO. CAA 2

(Pursuant to Section 230(3) and Rule 6)

CA/161/CAA/2017

In the matter of:

Sections 230 to 232 and other applicable

Provisions of the Companies Act, 2013;

And

In the matter of Scheme of Arrangement (Demerger) and Amalgamation between IFMR Holdings Private Limited and Dvara Investments Private Limited and Northern Arc Capital Limited

Northern Arc Capital Limited

a Company incorporated under the Companies Act, 1956,
having its Registered Office at IIT M Research Park, 10th Floor,
Kanagam Village, Taramani, Chennai – 600 113.

...Applicant/Transferee Company

STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013 FOR THE MEETING OF SECURED CREDITORS OF NORTHERN ARC CAPITAL LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH.

- 1 In this Statement, Northern Arc Capital Limited is hereinafter referred to as 'the Transferee Company' or 'the Applicant Company' or 'the Company' and IFMR Holdings Private Limited is hereinafter referred to as 'Demerged Company' and Dvara Investments Private Limited is hereinafter referred to as 'Resulting/ Transferor Company'. The other definitions contained in the Scheme will apply to this Statement also. The following Statement as required under Section 230(3) of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 sets forth the details of the proposed Scheme, its effects and in particular, any material interests of the Directors, Promoters, Key Managerial Personnel with reference to the proposed Composite Scheme of Arrangement and Amalgamation.
- 2 The Applicant Company is engaged in the business of a non-banking finance company.
- 3 The Scheme of Arrangement (Demerger) and Amalgamation provides for the demerger of the Demerged Undertaking (as defined under the Scheme) from the Demerged Company to the

Resulting/Transferor Company and subsequently the amalgamation of the entire business of the Resulting/Transferor Company into the Applicant/Transferee Company.

- 4 By an order dated 27th August 2018, the National Company Law Tribunal, Chennai Bench has directed that a meeting of Secured creditors of Northern Arc Capital Limited be conducted, convened and held at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113, on Tuesday, 30th October 2018 at 11.30 A.M. for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Arrangement (Demerger) and Amalgamation between IFMR Holdings Private Limited and Dvara Investments Private Limited and Northern Arc Capital Limited ('the Scheme').
- 5 The Board of Directors of the Transferee Company on 19th January 2018 at their meeting unanimously approved the Scheme, subject to the approval of various authorities and creditors of the Company. The Board of Directors have come to the conclusion that the Scheme is in the best interest of the Company and its shareholders and creditors.

6 **BACKGROUND OF NORTHERN ARC CAPITAL LIMITED**

- i. Corporate Identification Number – U65910TN1989PLC017021
- ii. PAN No – AACCI0979B
- iii. Name of the Company – Northern Arc Capital Limited (Formerly Known as IFMR Capital Finance Limited)
- iv. Date of incorporation – 9th March 1989
- v. Type of Company – Public Limited
- vi. Registered Office Address – IIT-M Research Park, Phase 1, 10th Floor, No. 1, Kanagam Village, Taramani, Chennai – 600 113
- vii. Email Address – secretarial@northernarc.com
- viii. Summary of main objects of the Company:
 1. To provide efficient and reliable access to debt finance for institutions that impact low-income households.
 2. To devise various schemes for raising funds and mobilize funds for institutions that impact low-income households in any manner including but not limited to issue of debentures, debentures stock, bonds, Pass Through Certificates or other securities and to offer or otherwise issue or deal in such instruments of any nature and tenor to Qualified Institutional Buyers or any other persons, natural or juristic (as may be

permitted under the various applicable laws), either by itself or through trusts and/or other special purpose vehicles.

3. To administer, claim, collect, demand, direct, manage, monitor, conduct surveillance visits, recover, retrieve, repossess, realize, restructure, reconstruct or service financial assets, property, security assets, or appoint agent or manager for such purposes, enforcement of security interest, settlement of dues and/or taking possession of secured assets and provide investor reports.
4. To carry on and undertake the business of finance, investment, loan company to provide financial and other guarantees and to invest in acquire, subscribe, purchase, hold, sell, divest or otherwise deal in securities, Pass Through Certificates, shares, stocks, equity linked securities, debentures, debenture stock, bonds, commercial papers, acknowledgements, deposits notes, obligations, futures, calls, derivatives, currencies and securities of any kind whatsoever, whether issued or guaranteed by any person, company, firm, body, trust, entity, government, state, dominion sovereign, ruler, commissioner, public body or authority, supreme, municipal, local or otherwise, whether in India or abroad.
5. To carry on and undertake the business of financial services like financial restructuring/reorganization, investment counseling, portfolio management and all activities and facilities of every description including all those capable of being provided by bankers, stockbrokers, merchant-bankers, investment bankers, portfolio managers, trustees, agents, advisors, consultants, providing other financial or related services as permitted by law.

(ix) Details of change of name, registered office and objects of the Company over the last five years: The Company was originally incorporated as Highland Leasing and Finance Private Limited and the name of the company was changed to IFMR Capital Finance Private Limited vide fresh certificate of incorporation received from the Registrar of Companies dated 19th June 2009. The Company converted into a public limited company with effect from 6th December 2017 and changed its name from IFMR Capital Finance Limited to Northern Arc Capital Limited with effect from 9th February 2018.

(x) Name of the Stock Exchange (s) where the securities of the Company is listed: the redeemable non-convertible debentures of the Company are listed on the Bombay Stock Exchange Limited.

(xi) Details of the capital structure of the Company including authorised, issued, subscribed and paid-up capital of the Company:

PARTICULARS	NO OF SHARES	PRICE PER SHARE	NOMINAL AMOUNT (INR)
Authorised Capital			
Equity Shares of Rs. 10/- each	165,000,000	10	1650,000,000
Compulsorily Convertible Preference Shares of Rs 10/- each	17,500,000	20	350,000,000
Redeemable preference shares of Rs. 10/- each	20,000,000	10	200,000,000
TOTAL			2,200,000,000
Issued, Subscribed and Paid Up Capital			
Equity Shares of Rs. 10/- each	78,365,676	10	783,656,760
Compulsorily Convertible Preference Shares of Rs 20/- each	17,481,889	20	349,637,780
TOTAL	95,847,565		1,133,294,540

(xii) Names of directors along with addresses:

<u>S. NO</u>	<u>NAME OF DIRECTOR</u>	<u>ADDRESS</u>	<u>DIN</u>	<u>PAN</u>	<u>DATE OF APPOINTMENT</u>
1	Mr. Rajiv Lochan Independent Director	“Panchajanya” Door No. 11/1, Plot 10/1, Valliammai Aachi Road, Kotturpuram Chennai 600085	05309534	ABUPL9403D	01 st April 2018
2	Mr. Salim Gangadharan Independent Director	TC No 9/738 (1), C 26, RNP Lane, Vellayambalam, Sasthamangalam, Trivandrum 695010	06796232	AALPS7777D	30 th April 2018
3	Mr. John Fischer Director	4606, Winding Stone, CIR, Olney, MD 20832, USA	07908218	NIL	23 rd Aug 2017
4	Dr. Kshama Fernandes- Managing Director	D-3 Souza Enclave Madel Margao Salcette GA 403709	02539429	AADPF4018J	1 st Aug 2012
5	Mr. Samir Shah, Director	901 Satguru Sanskar Co-operative Housing Society Limited, No. 19, TPS IV, 3rd Road, Off Turner Road, Bandra (West), Mumbai – 400 050	00912693	BEUPS7327R	19 th Jan 2018
6	Dr. Susan Thomas- Independent Director	Indira Gandhi Institute Of Development Research, Gen A K Vaidya Marg Film City Road, Goregaon (East, Mumbai, 400065, Maharashtra, India	00472794	ACYPT2275J	11 th Oct 2011
7	Mr. Rajesh Dugar- Nominee Director	31, Chitrakoot, Altamount Road, Mumbai – 400 026	00307729	ABLDP3072B	21 st Feb 2017
8	Mr. Michael Jude Fernandes- Nominee Director	Suraj Millenium, 13th Floor, Bhulabhai Desai Road,	00064088	AAAPF7795F	28 th Mar 2014

		Mumbai, Maharashtra India 400026			
9	Ms. Vedika Bhandarkar- Independent Director	B-8, Floor-3, Plot-50, B, Sea Face Park, Bhulabhai Desai Road, Cumballa Hill, Mumbai -400026	00033808	AEUPB2687J	1 st Nov 2016
10	Mr. Vijay Chakravarthi Nominee Director	Flat 2402, Planet Godrej, Tower Terra, Keshavrao Khadye Marg, Mumbai - 400011	08020248	AGOPN6892K	19 th Jan 2018

(xiii) Relationship between the Companies:

IFMR Holdings Private Limited, is one of the current shareholders of the Company holding 47.88% of the total paid-up capital of the company on a fully diluted basis.

Dvara Investments Private Limited is the 100% subsidiary of Dvara Trust and is the fellow subsidiary of the Company.

(xiv) The date of the Board Meeting at which the scheme was approved by the Board of Directors – the Scheme was unanimously approved by the Board of Directors at their meeting held on 19th January 2018.

(xv) Appointed Date – 31st March 2017

(xvi) Amount Due to Secured Creditors – Rs.19,127,802,275.49

7 BACKGROUND OF IFMR HOLDINGS PRIVATE LIMITED

7.1 IFMR Holdings Private Limited is a company incorporated under the Companies Act, 1956, having its registered office situated at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113. The Corporate Identity Number of the is U74900TN2013PTC094383 and the Permanent Account Number is AADC14604C. The Applicant Company is engaged in the business of technology solutions and also has investments in group entities.

7.2 The Authorised, Issued, Subscribed and Paid-up share capital of the Demerged Company as on 31st March 2017 is Rs. 542,000,000/- divided into 34,20,000 equity shares of Rs.100/- each and 20,00,000 compulsorily convertible preference shares of Rs. 100/- each. The issued, subscribed

and paid-up capital of the Applicant Company as on 31st March 2017 is Rs. 418,753,800 /- divided into 3,401,470 equity shares of Rs.100/- each and 786,068 cumulative compulsorily convertible preference shares of Rs. 100/- each. Subsequent to 31st March 2018, the authorised capital of the applicant Company, as on 19th July 2018, is Rs. 542,000,000 /- divided into 46,33,932 equity shares of Rs. 100/- each and 786,068 cumulative compulsorily convertible preference shares of Rs. 100/- each.

7.3 The extracts of the main objects of the Applicant Company are as under:

1. To invest, buy, underwrite, acquire, hold, sell and deal in shares, debentures (whether perpetual or redeemable), debenture stocks, bonds, obligations, and securities issued or guaranteed by anybody corporate constituted and/or carrying on business in India or abroad and debenture stocks, bonds, obligations, and securities issued or guaranteed by any Government, State or Authority, Body Corporate, Firm or any person or association of person whether in India or elsewhere and to deal with and turn to account the same.
2. To accumulate funds and to lend, advance money or to give credit, invest moneys belonging to the Company to such persons, firms or Companies and on such terms as may seem expedient and to guarantee the performance of any contract or obligation of the payment of money of or by any such persons, firms or Companies and generally and to give guarantee and indemnities.
3. To supervise, manage and control the affairs of the companies of which shares are held and provide all support services required by such companies, as well as to external entities and/or persons, as may be required, including Human Resources, Technology related services, Accounting, Training, Operations, Manuals, Business and Profit Planning, Sales, Research and Development, Marketing, Advertisement and Branding, General and other Administration and such other services as required ; and to carry on agency business, financial and otherwise, including agency for insurance brokers and/ or soliciting or procuring insurance business.

8 **BACKGROUND OF DVARA INVESTMENTS PRIVATE LIMITED**

8.1 Dvara Investments Private Limited is a company incorporated under the Companies Act, 2013, having its registered office situated at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113. The Applicant Company is engaged in the business of investments. The Corporate Identity Number of the Company is U67100TN2018PTC120292 and the Permanent Account Number is AAGCD4892C

8.2 The authorized capital of the Resulting Company/Transferor Company as on January 18, 2018 is Rs. 10, 00,000 divided into 1, 00,000 equity shares of Rs. 10/- each. The issued, subscribed and paid-up capital of the Resulting Company/Transferor Company as on January 18, 2018 is Rs. 1, 00,000/- divided into 10,000 equity shares of Rs.10/- each. Subsequent to January 18, 2018, there has been no change in the issued, subscribed and paid up capital of the Resulting Company/Transferor Company.

8.3 The extracts of the main objects of the Resulting Company are as under:

- 1) To invest, buy, underwrite, acquire, hold, sell and deal in shares, debentures (whether perpetual or redeemable), debenture stocks, bonds, obligations, and securities issued or guaranteed by any - body corporate constituted and carrying on business in India or abroad and debenture stocks, bonds, obligations, and securities issued or guaranteed by any Government, State or Authority, Body Corporate, Firm or any person or association of person whether in India or elsewhere and to deal with and turn to account the same.
- 2) To accumulate funds and to lend, advance money or to give credit, invest moneys belonging to the Company to such persons, firms or Companies and on such terms as may seem expedient and to guarantee the performance of any contract or obligation of the payment of money of or by any such persons, firms or Companies and generally and to give guarantee and indemnities.

9 RATIONALE FOR THE SCHEME

The directors of the respective Companies have decided to demerge the Demerged Undertaking of the Demerged Company into the Resulting Company and the subsequent amalgamation of the Resulting Company into the Transferee Company, in order to benefit all the Companies in the following manner:

- (i) The Scheme would facilitate focussed growth, operational efficiencies, and business synergies and increased operational and customer focus in relation to the respective businesses performed by the companies. The Scheme would provide a platform for having a concentrated approach towards development of the business.
- (ii) The Scheme would enable streamlining of businesses carried on which would permit the Companies to enhance their core activities and businesses laying the foundation for future growth.

- (iii) The Scheme would enable the shareholders to have direct control of their investments and the businesses of the entities involved.
- (iv) The proposed Scheme will enhance value for shareholders and allow a focused strategy in operations which would be in the best interest of the Companies, shareholders, creditors and all persons connected therewith.
- (v) There is no likelihood that the interests of any shareholder or creditor of either the Companies being prejudiced as a result of the Scheme. The Demerger and Amalgamation will not impose any additional burden on the members/creditors or stakeholders of any of the Companies.

10 SALIENT FEATURES OF THE SCHEME

Please note that the features set out above are only salient features of the Scheme. The Secured creditors are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The Composite Scheme of Arrangement and Amalgamation shall be deemed to form part of the explanatory statement.

11 RESOLUTION PROPOSED TO BE APPROVED AT THE MEETING OF SECURED CREDITORS:

The Resolution proposed to be considered in the above meeting, is given hereunder:

“RESOLVED that pursuant to the provisions of Section 230 read with Section 232 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions of the Companies Act, 2013, and the enabling provisions of the Memorandum of Association and Articles of Association of the Company and subject to the requisite approval(s), consents, sanctions and permissions of Central Government, other concerned regulatory authorities and the sanction of the National Company Law Tribunal, Chennai Bench (hereinafter also referred to as ‘NCLT’ or ‘the Tribunal’) and/or such other appropriate authority/ ies, as may be applicable, if any, and all such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the Scheme of Arrangement (Demerger) and Amalgamation between IFMR Holdings Private Limited and Dvara Investments Private Limited and Northern Arc Capital Limited, placed before this meeting, be and is hereby approved.”

“RESOLVED FURTHER that for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, any of the Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee constituted by the Board of Directors of the Company or any person(s) authorised by the Board to exercise the powers conferred on the Board of Directors of the Company by this resolution), be and are hereby jointly authorised to do all things and to take all incidental and necessary steps for and on behalf of the Company and to take from time to time all decisions and steps necessary, expedient or proper, with respect to implementation of the above mentioned resolution, and also to take all other decisions as it/they may, in its/their absolute decision, deem appropriate and to deal with all questions or difficulties that may arise in the course of implementing the above resolution.”

12 OTHER TERMS AND CONDITIONS OF THE SCHEME

- i. The Demerged, Resulting/Transferor Company and the Applicant/Transferee Company have made applications before the National Company Law Tribunal, Chennai Bench, as per Rule 3(1) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for the sanction of the Scheme under Section 230 read with Section 232 of the Companies Act, 2013.
- ii. In relation to the meeting of the Secured Creditors of the Applicant Company, the Secured Creditors of the Applicant Company whose names are appearing in the records of the Applicant Company as filed with the National Company Law Tribunal, Chennai shall be eligible to attend and vote either in person or by proxy at the meeting of the Secured Creditors of the Applicant Company convened at the directions of the Tribunal.
- iii. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956 or the corresponding provisions of the Companies Act, 2013 against the Companies.
- iv. As directed by the National Company Law Tribunal, Division Bench, Chennai, the Notice pursuant to Section 230(5) of the Companies Act, 2013 in the prescribed format along with a copy of the Scheme, the Statement and the disclosures provided herewith has been served on the Statutory Authorities, as applicable including the Registrar.

13 INSPECTION

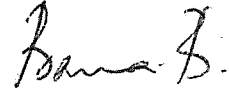
The following documents will be open for inspection at the Registered Office of the Applicant Company up to 2 (two) days prior to the date of the meeting on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 A.M.to 1.00 P.M.

- i. Certified copy of the order passed by the National Company Law Tribunal, Chennai Bench passed in CA/159 to 161/CAA/2017, dated 27th August 2018, inter alia, directing the convening, conducting and holding of the meeting of the Secured Creditors / Secured Creditors of the Applicant Company and inter alia, dispensing with the convening, conducting and holding of the meeting of the Equity Shareholders of the Applicant Company
- ii. Copies of the Memorandum and Articles of Association of the Demerged, Resulting/Transferor and the Transferee Company;
- iii. Copies of the annual reports and the latest financial statements of the Transferee Company for the last three financial years 2015-16, 2016-17 and 2017-18.
- iv. Copy of the Statutory Auditors' Certificate dated June 12, 2018 issued by Statutory Auditors of Transferee Company confirming that the accounting treatment provided in the Scheme is in compliance with Section 133 of the Companies Act, 2013;
- v. Register of Directors' Shareholding of the Demerged, Resulting/Transferor and the Transferee Company;
- vi. Copies of the resolution dated 19th January 2018 passed by the Board of Directors of the Transferee Company and resolution dated 18.01.2018 passed by the Board of Directors of the Demerged Company and resolution dated 15.01.2018 passed by Board of Directors of Resulting/Transferor approving the Scheme.
- vii. Copy of the Scheme of Arrangement (Demerger) and Amalgamation.

This Statement may be treated as a Statement under Section 230(3) of the Companies Act, 2013. A copy of the Scheme, the Statement and the Form of Proxy may be obtained from the Registered Office of the Applicant Company at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113 and/or the Office of M/s. Pawan Jhabakh, Advocates, New no.115, Luz Church Road, Mylapore, Chennai – 600 004.

Place: Chennai

Date: 19/09/2018



Ms. Bama Balakrishnan
Chairman of the Meeting

SCHEME OF ARRANGEMENT (DEMERGER) AND AMALGAMATION

BETWEEN

IFMR HOLDINGS PRIVATE LIMITED

AND

DVARA INVESTMENTS PRIVATE LIMITED

AND

NORTHERN ARC CAPITAL LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(Under Section 230 to 232 and other Applicable provisions of the Companies Act, 2013 and the rules made thereunder)

PART I

PREAMBLE & RATIONALE TO THE SCHEME

- (A) **IFMR Holdings Private Limited** (hereinafter referred to as “**Demerged Company**” or “**IFMR Holdings**”), was incorporated under the Companies Act, 1956 in the State of Tamil Nadu. The registered office of the Demerged Company is situated at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113. The Demerged Company is engaged in the business of technology solutions and also has investment in group entities (hereinafter referred to as the “**Business of the Demerged Company**”).
- (B) **Dvara Investments Private Limited** (hereinafter referred to as “**Resulting Company**” or “**Transferor Company**” or “**Dvara Investments**”), was incorporated under the Companies Act, 2013 in the State of Tamil Nadu. The registered office of the Resulting Company is situated at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113. The Resulting Company is engaged in the business of

- 2 -

investments (hereinafter referred to as the “**Business of the Resulting Company /Transferor Company**”).

- (C) **Northern Arc Capital Limited (formerly known as IFMR Capital Finance Limited)** (hereinafter referred to as “**Transferee Company**” or “**Northern Arc**”), was incorporated under the Companies Act, 1956 in the State of Tamil Nadu. The registered office of the Transferee Company is situated at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113. The Transferee Company is registered as a systemically important non-banking finance company and is engaged in the business of, *inter alia*, providing access to debt finance, investments, devising various schemes for raising funds and undertaking business of financial services like financial restructuring/reorganization (hereinafter referred to as the “**Business of the Transferee Company**”).
- (D) The directors of the respective Companies have decided to demerge the Demerged Undertaking of the Demerged Company into the Resulting Company and the subsequent amalgamation of the Resulting Company into the Transferee Company, in order to benefit all the Companies in the following manner:
- (i) The Scheme would facilitate focussed growth, operational efficiencies, business synergies and increased operational and customer focus in relation to the respective businesses performed by the companies. The Scheme would provide a platform for having a concentrated approach towards development of the business.
 - (ii) The Scheme would enable streamlining of businesses carried on which would permit the Companies to enhance their core activities and businesses laying the foundation for future growth.
 - (iii) The Scheme would enable the shareholders to have direct control of their investments and the businesses of the entities involved.
 - (iv) The proposed Scheme will enhance value for shareholders and allow a focused strategy in operations which would be in the best interest of

the Companies, shareholders, creditors and all persons connected therewith.

- (v) There is no likelihood that the interests of any shareholder or creditor of either the Companies being prejudiced as a result of the Scheme. The Demerger and Amalgamation will not impose any additional burden on the members/creditors or stakeholders of any of the Companies.

1.1 Under the Scheme of Arrangement (Demerger) and Amalgamation, the following activities are envisaged in a sequential manner:

- Demerger of the Demerged Undertaking of IFMR Holdings Private Limited into Dvara Investments Private Limited.
- The Amalgamation of Dvara Investments Private Limited with Northern Arc Capital Limited.

1.2 This Scheme of Arrangement (Demerger) Amalgamation provides for:

- (a) Part 3 - Demerger of the Demerged Undertaking of IFMR Holdings Private Limited into Dvara Investments Private Limited.
- (b) Part 4 – Amalgamation of Dvara Investments Private Limited with Northern Arc Capital Limited.

PART 2

DEFINITIONS

2.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions will have the following meanings:

- (a) “**Act**” means the Companies Act, 2013 and the rules made thereunder and as may be applicable.

- (b) “**Appointed Date for Demerger**” means the date from which Part 3 of this Scheme shall become operative viz. March 31, 2017 or any other date as the National Company Law Tribunal may direct or approve under the relevant provisions of the Act and approved by the Demerged Company and the Resulting Company.
- (c) “**Appointed Date for Amalgamation**” means the date from which this Part 4 of this Scheme shall become operative viz. March 31, 2017 or any other date as the National Company Law Tribunal may direct or approve under the relevant provisions of the Act and approved by the Companies.
- (d) “**Tribunal Order**” shall mean the order of the National Company Law Tribunal approving and sanctioning the Scheme of Arrangement (Demerger) and Amalgamation.
- (e) “**Effective Date**” means the date or last of the dates on which the certified copy of the order of the Tribunal sanctioning this Scheme is filed with the concerned Registrar of Companies by the Demerged Company, Resulting Company and the Transferee Company. Any references in this Scheme to “upon the Scheme becoming effective” or “upon the Scheme coming into effect” shall mean the “Effective Date”.
- (f) “**NACAS**” shall mean National Advisory Committee on Accounting Standards.
- (g) “**NCLAT**” shall mean the National Company Law Appellate Tribunal.
- (h) “**Record Date (1)**” means the date to be fixed by the Board of Directors of the Demerged Company, in consultation with the Resulting Company for the purpose of determining the shareholders of the Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the Scheme of Arrangement (Demerger) under Part 3 of the Scheme.
- (i) “**Record Date (2)**” means the date to be fixed by the Board of Directors of the Transferor Company, in consultation with the Demerged Company and the Transferee Company for the purpose of determining the shareholders of the Resulting / Transferor Company to whom shares of the

Transferee Company shall be allotted pursuant to the amalgamation under Part 4 of the Scheme.

(j) “**Demerged Company**” means IFMR Holdings Private Limited.

(k) “**Demerged Undertaking**” means and includes the:

- (1) aggregator business of the Demerged Company wherein the Demerged Company acts as a customer interface for non-government subscribers / individual citizens, who wish to open Permanent Retirement Account Number (PRAN) with Central Record Keeping Agency (CRA) for the purpose of subscribing to National Pension System. The Aggregator perform the following activities for the subscriber.
 - (a) NPS - Swavalamban Awareness
 - (b) Subscriber Registration
 - (c) Subscriber Servicing
 - (d) Grievance Handling
 - (e) Withdrawal request processing
- (2) the entire investments of the Demerged Company in the Transferee Company,

in each case, along with all its assets, liabilities, related activities, functions and operations, as more particularly described under Schedule A, as a going concern (as on the Appointed Date for Demerger and as modified and altered from time to time to the Effective Date) and shall include:

- i) All the assets and liabilities forming part of the Demerged Undertaking as on the Appointed Date for Demerger;
- ii) All debts, liabilities, duties and obligations including reserves, if any, appertaining or allocated to the Demerged Undertaking as on the Appointed Date for Demerger;
- iii) Without prejudice to the generality of sub-clauses (i) and (ii) above, the Demerged Undertaking of the Demerged Company shall include all assets and properties, whether movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, present assets including stock, investments, claims, powers,

authorities, allotments, approvals, licenses, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights, tenancy rights, permits, authorisations, quota rights, trademarks, copyrights, patents and intellectual properties, including reserves, provisions, funds, import quotas, import licenses, industrial designs, labels, label designs, equipment and installations and utilities, electricity, water and other service connections, records, files, employees, employee related data, contributions made for the benefit of employees to any insurance fund, provident fund, labour welfare fund, employee state insurance, gratuity fund, brochures, quotations, customer credit information, benefits of agreements, contracts and arrangements, powers, authorities, books, accounts, registers, websites, list of customers, lists of service providers, balances with all regulatory authorities, liberties, advantages, subsidies, tax advantages / deferrals / exemptions, easements and all the right, title, interest, goodwill, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, earnest moneys/ security deposits and all other rights, legal proceedings by and against the Demerged Undertaking, charges and securities attributable to Demerged Undertaking, insurance claims, prepaid expenses, claims and powers, of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Demerged Undertaking of the Demerged Company, as on the commencement of the Appointed Date for Demerger and all earnest money and/or deposits including security deposits paid by the Demerged Company in relation to the Demerged Undertaking as on the commencement of the Appointed Date for Demerger and all other rights, benefits available under any rules, regulations, statutes including direct and indirect tax laws in relation to the Demerged Undertaking and in each case, as on the Appointed Date for Demerger and as modified and altered from time to time to the Effective Date.

- (l) Party or parties means:
- (i) IFMR Holdings Private Limited;

- (ii) Dvara Investments Private Limited; and
- (iii) Northern Arc Capital Limited

individually or collectively as the case may be.

- (m) **“Remaining Business”** means and includes all the undertakings, businesses, activities and operations of the Demerged Company (including all assets, liabilities, contracts, arrangements, investments, titles, interest, rights, obligations, authorizations, etc. relating thereto), other than those comprised in the Demerged Undertaking.
- (n) **“Resulting Company”** and **“Transferor Company”** means Dvara Investments Private Limited.
- (o) **“Transferee Company”** means Northern Arc Capital Limited.
- (p) **“Scheme of Arrangement (Demerger) and Amalgamation”** or **“Scheme”** or **“The Scheme”** or **“This Scheme”** means this Scheme of Arrangement (Demerger) and Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Tribunal.
- (q) **“National Company Law Tribunal”** or **“Tribunal”** shall mean the National Company Law Tribunal, Chennai as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under section 230 to 240 of the Companies Act, 2013.
- (r) **“Undertaking”** shall mean and include the whole of the undertaking of the Transferor Company, pursuant to effectiveness of the Scheme of Arrangement (Demerger), as a going concern, including its businesses, all secured and unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, registrations, accreditations to trade and industrial bodies,

copyrights, patents, trade names, trade marks and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trade marks, leases, licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, employees, employee related data, contributions made for the benefit of employees to any insurance fund, provident fund, labour welfare fund, employee state insurance, gratuity fund, brochures, quotations, customer credit information, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, books, accounts, registers, websites, list of customers, lists of service providers, subsidies, tax advantages / deferrals / exemptions, easements and all the right, legal proceedings by and against the Undertaking, charges and securities attributable to Undertaking, insurance claims, prepaid expenses, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, etc), Software Licences, Domain / Websites etc., in connection with or relating to the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date for Amalgamation.

- (s) All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

2.2 SHARE CAPITAL AND FINANCIAL POSITION

- 2.2.1. The authorized capital of the Demerged Company as on March 31, 2017 is Rs. 542,000,000/- divided into 34,20,000 equity shares of Rs.100/- each and 20,00,000 compulsorily convertible preference shares of Rs. 100/- each. The issued, subscribed and paid-up capital of the Demerged Company as on March 31, 2017 is Rs. 418,753,800/- divided into 3,401,470 equity shares of Rs.100/- each and 786,068 cumulative compulsorily convertible preference shares of Rs. 100/- each. Subsequent to March 31, 2017, there has been no change in the issued, subscribed and paid up capital of the Demerged Company.
- 2.2.2 The authorized capital of the Resulting Company/Transferor Company as on January 18, 2018 is Rs. 10, 00,000 divided into 1, 00,000 equity shares of Rs. 10/- each. The issued, subscribed and paid-up capital of the Resulting Company/Transferor Company as on January 18, 2018 is Rs. 1, 00,000/- divided into 10,000 equity shares of Rs.10/- each. Subsequent to January 18, 2018, there has been no change in the issued, subscribed and paid up capital of the Resulting Company/Transferor Company.
- 2.2.3 The authorized capital of the Transferee Company as on March 31, 2017 is Rs. 2,200,000,000, divided in 16,50,00,000 equity shares of Rs. 10 each and 1,75,00,000 compulsorily convertible preference shares of Rs. 20 each. The issued, subscribed and paid-up capital of the Transferee Company as on March 31, 2017 is Rs. 1,050,920,230 divided into 78,365,673 equity shares of Rs. 10/- each and 13,363,175 compulsorily convertible preference shares of Rs. 20/- each. Subsequent to March 31, 2017, the issued, subscribed and paid up capital of the Transferee Company as on January 18, 2018 is Rs. 1,133,294,510 divided into 78,365,673 equity shares of Rs. 10/- each and 17,481,889 compulsorily convertible preference shares of Rs. 20/- each.

2.2.4 The latest financial position of the Demerged Company as on March 31, 2017 is as below:

Particulars	Amount in Rs.
Net worth	2,783,513,382
Turnover (Gross Sales)	66,846,648
Current Assets	130,993,356
Non-Current Assets	2,743,316,454
Current Liabilities	79,546,935
Long Term Liabilities	11,249,493

2.2.5 The latest financial position of the Resulting Company /Transferor Company as on January 18, 2018 is as below:

Particulars	Amount in Rs.
Net worth	1,00,000
Turnover (Gross Sales)	Nil
Current Assets	1,00,000
Non-Current Assets	Nil
Current Liabilities	Nil
Long Term Liabilities	Nil

2.2.6 The latest financial position of the Transferee Company as on March 31, 2017 is as below:

Particulars	Amount in Rs.
Net worth	5,001,141,219

Turnover (Gross Sales)	3,604,196,892
Current Assets	13,610,766,825
Non-Current Assets	15,795,135,455
Current Liabilities	13,337,725,350
Long Term Liabilities	10,988,722,376

2.2.7 The Companies involved under the Scheme are not subject to any investigation or proceedings under the Companies Act, 1956 or the Companies Act, 2013. Further, there exist no adverse comments or qualifications in the auditor's report for the financial year ending 2016-17 (wherever applicable) for the Companies involved under the Scheme.

PART 3

DEMERGER OF THE DEMERGED UNDERTAKING OF IFMR HOLDINGS PRIVATE LIMITED WITH DVARA INVESTMENTS PRIVATE LIMITED:

A. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING OF IFMR HOLDINGS PRIVATE LIMITED INTO DVARA INVESTMENTS PRIVATE LIMITED:

3.1 With effect from the Appointed Date for Demerger and upon the Scheme becoming effective, the Demerged Undertaking of the Demerged Company comprising all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, deed, shall stand transferred to and vested in or be deemed to be transferred to, and vested in, the Resulting Company as a going concern so as to become, as and from the Appointed Date for Demerger, the assets and liabilities of the Resulting Company and there shall be vested in the Resulting Company all the rights, titles, interests or obligations of the said Demerged Undertaking therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 230 to 232 and all other applicable provisions, if any, of the Act, in respect of this Scheme, the Resulting Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Demerged Company in accordance with the provisions of Section 230 to 232 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

3.2 All the movables including cash in hand, if any, of the Demerged Undertaking capable of passing by manual delivery, shall be so delivered or endorsed as the case may be, to the Resulting Company. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of the Demerged Company and the Resulting Company.

3.3 In respect of movables of the Demerged Undertaking other than those specified in clause 3.2 above, including sundry debtors, outstanding loans, and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies and customers and other persons pertaining to the Demerged Undertaking, the following modus operandi for intimating to third parties shall to the extent possible be followed:

- (i) The Demerged Company may give notice in such form as it may deem fit and proper, to each person, party, debtor, loanee or deposittee as the case may be, belonging to or related to the Demerged Undertaking, that pursuant to the Tribunal having sanctioned the Scheme, the said debt, loan, advances, bank balances or deposits be paid or made good or held on account of the Resulting Company as the person entitled thereto to the end and intent that the right of the Demerged Company to recover or realize the same stands extinguished with effect from the Appointed Date for

Demerger and that appropriate entry should be passed in its books to record the aforesaid change;

- (ii) The Resulting Company may also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositor, as the case may be, belonging to or related to the Demerged Undertaking, that pursuant to the Tribunal having sanctioned the Scheme, the said debt, loan or deposit be paid or made good or held on account of the Resulting Company and that the right of the Demerged Company to recover or realize the same stands extinguished with effect from the Appointed Date for Demerger.

- 3.4 In relation to other assets belonging to Demerged Undertaking, which require separate documents for transfer, or which the Demerged Company and/or the Resulting Company otherwise desire to transfer separately, the Demerged Company and the Resulting Company each will execute such deeds, documents or such other instruments or writings or create evidence, if any, as may be necessary.
- 3.5 The Demerged Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of its immovable property, if any in relation to the Demerged Undertaking, is given to the Resulting Company.
- 3.6 With effect from the Appointed Date for Demerger, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description attributable to the Demerged Undertaking of the Demerged Company shall, without any further act or deed, be transferred to, or be deemed to be transferred to, the Resulting Company so as to become as from the Appointed Date for Demerger, the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and the Resulting Company undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts,

liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

- 3.7 The transfer and vesting of the Demerged Undertaking as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Demerged Undertaking, provided however, any reference in any security documents or arrangements, to which the Demerged Company is a party, wherein the assets of the Demerged Undertaking have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Demerged Undertaking as are vested in the Resulting Company by virtue of this Scheme, to the end and intent that such security, charge, hypothecation and mortgage shall not extend or be deemed to extend, to any of the other assets of the Demerged Company or any of the assets of the Resulting Company, provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Resulting Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages to extend or be deemed to extend, to any of the assets of the Demerged Undertaking vested in the Resulting Company, provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Demerged Companies in relation to the Demerged Undertaking which shall vest in the Resulting Company by virtue of the vesting of the Demerged Undertaking with the Resulting Company and the Resulting Company shall not be obliged to create any further or additional security therefore after the Scheme has become operative.
- 3.8 All the loans and advances and other facilities sanctioned, if any to the Demerged Company in relation to the Demerged Undertaking by its bankers and financial institutions prior to the Appointed Date for Demerger, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to the Resulting Company and all the loans, advances and other

facilities so drawn by the Demerged Company in relation to the Demerged Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to the Resulting Company and all the obligations of the Demerged Company in relation to the Demerged Undertaking under any loan agreement shall be construed and shall become the obligation of the Resulting Company without any further act or deed on the part of the Resulting Company.

- 3.9 With effect from the Appointed Date for Demerger and upon the Scheme becoming effective, all contracts deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature in relation to the Demerged Undertaking of the Demerged Company, or to the benefit of which the Demerged Undertaking of the Demerged Company may be eligible, and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto.
- 3.10 With effect from the Appointed Date for Demerger and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licenses, registrations, trademarks, patents, copy rights, privileges, powers, facilities, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Demerged Undertaking of the Demerged Company, or to the benefit of which the Demerged Undertaking of the Demerged Company may be eligible, or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against the Resulting Company, as the case may be, and may be enforced fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a beneficiary or obligee thereto.

- 3.11 With from the Appointed Date for Demerger and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking of the Demerged Company shall stand vested in or transferred to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. The benefit of all such statutory and regulatory permissions, licenses, approvals and consents including statutory licenses, approvals, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking of the Demerged Company shall vest in and become available to the Resulting Company pursuant to the Scheme.
- 3.12 Upon this Scheme becoming effective and with effect from the Appointed Date for Demerger, (i) all taxes and duties payable or receivable by the Demerged Company, accruing and relating to the Demerged Undertaking on and from the Appointed Date for Demerger, including all advance tax payments, tax deducted at source, any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, or refunds and claims, as the case may be, of the Resulting Company; (ii) all unavailed tax credits and exemptions, benefit of carried forward tax business losses, unabsorbed depreciation and other statutory benefits, including in respect of income tax (including tax deducted at source, tax collected at source, advance tax, etc.), cenvat, customs, value added tax, sales tax, service tax etc. relating to the Demerged Undertaking to which the Demerged Company is entitled to shall be available to and vest in the Resulting Company, without any further act or deed; and (iii) the Demerged Company and the Resulting Company are permitted to revise and file their respective income tax returns, withholding tax returns, including tax deducted at source certificates, sales tax/value added tax returns, service tax returns and other tax returns for the period commencing on and from the Appointed Date for Demerger, and to claim refunds/credits, pursuant to the provisions of this Scheme. This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section

2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2 (19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) of the Income-Tax Act, 1961; such modification to not affect other parts of the Scheme.

- 3.13 The Resulting Company shall enter into and/or issue and / or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or novations to which the Demerged Undertaking of the Demerged Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.

LEGAL PROCEEDINGS:

- 3.14 All legal or other proceedings initiated by or against the Demerged Company in respect of the Demerged Undertaking and pending on the Effective Date, shall be continued to be prosecuted and enforced by the Resulting Company. The Resulting Company also undertakes to deal with all legal or other proceedings which may be initiated by or against the Demerged Company with respect to the Demerged Undertaking and the Resulting Company further undertakes to pay all amounts including interest, penalties, damages, etc., which may be called upon to pay or secure in respect of any liability or obligation relating to the Demerged Undertaking, in future.

STAFF AND EMPLOYEES OF DEMERGED UNDERTAKING OF THE DEMERGED COMPANY:

- 3.15 Upon the Scheme becoming effective, all the staff, workmen and other employees engaged in the Demerged Undertaking of the Demerged Company immediately before Effective Date shall become the staff, workmen and employees of the Resulting Company on the basis that :
- (a) Their service shall have been continuous and shall not have been interrupted by reason of the demerger;

- (b) The terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favorable to them than those applicable to them immediately before the transfer ; and
 - (c) It is expressly provided that as far as Provident Fund, Gratuity Fund, Super Annuation Fund or any other Special Fund created or existing for the benefit of the staff, workmen and the employees of the Demerged Undertaking of the Demerged Company are concerned, upon the Scheme becoming effective, the Resulting Company shall stand substituted for the Demerged Company for all purposes.
- 3.16 Each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations in relation to the Demerged Undertaking of the Demerged Company, shall stand transferred by the order of the Tribunal to the Resulting Company. The Demerged Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file pursuant to the vesting orders of the Tribunal.
- 3.17 For the purpose of giving effect to the vesting order passed under Section 230 and 232 of the Act in respect of this Scheme, the Resulting Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Demerged Undertaking of the Demerged Company in the Resulting Company in accordance with the provisions of Section 230 and 232 of the Act. Upon the Scheme becoming effective and with effect from the Appointed Date for Demerger, the filing of certified copies of the order of Tribunal sanctioning this Scheme shall constitute a creation / modification of charge in the name of the Resulting Company in accordance with the applicable provisions of the Act and satisfaction of charge in respect of the Demerged Company in accordance with the applicable provisions of the Act, if there are any existing charges attaching to the Demerged Undertaking.

3.18 Upon filing of Scheme with Tribunal and up to and including the Effective Date:

- (a) The Demerged Company shall carry on and be deemed to have carried on its business and activities relating to the Demerged Undertaking and shall stand possessed of all its assets and properties referred to above, in trust for the Resulting Company and shall account for the same to the Resulting Company. The Demerged Company shall hold the said assets with utmost prudence until the Effective Date.
- (b) Upon this Scheme becoming effective and with effect from the Appointed Date for Demerger, all assets acquired by the Demerged Company after the Appointed Date for Demerger and prior to the Effective Date, solely for operation of the Demerged Undertaking shall be deemed to have been acquired for and on behalf of the Resulting Company and shall also stand transferred to and vested in the Resulting Company.
- (c) Upon this Scheme becoming effective, any liabilities attributable to the Demerged Undertaking that may arise or crystalize on or after the Appointed Date for Demerger but which relate to period prior to the Appointed Date for Demerger shall, without any further act or deed, be transferred to, or be deemed to be transferred to the Resulting Company so as to become, from the Appointed Date for Demerger, the debts, liabilities, contingent liabilities, undertakings, duties and obligations of the Resulting Company and the Resulting Company undertakes to meet, discharge and satisfy the same. Where any of the liabilities pertaining to the Demerged Undertaking on the Appointed Date for the Demerger have been discharged by the Demerged Company after the Appointed Date for Demerger and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company.

- (d) The Demerged Company shall carry on its business activities with respect to the Demerged Undertaking with reasonable diligence and business prudence. The Demerged Company shall not undertake any additional financial commitments, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment in relation to the Demerged Undertaking, or transfer, alienate, charge, mortgage or encumber or deal with the Demerged Undertaking save and except where a written consent of the Resulting Company has been obtained.
- (e) Pending sanction of the Scheme, other than transfer of shares by its shareholders, the Demerged Company shall not make any change in its capital structure either by any increase, (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner except by mutual consent of the respective Boards of Directors of the Demerged Company and the Resulting Company or as may be expressly permitted under this Scheme or as may be required to give effect to the Scheme.

CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 3.19 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments, if any, of whatsoever nature to which the Demerged Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Demerged Company, in relation to the Demerged Undertaking as the case may be, and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto. The Resulting Company shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Demerged Company will in relation to the Demerged

Undertaking, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, the Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Demerged Company to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme.

SAVING OF CONCLUDED TRANSACTIONS

- 3.20 The transfer of properties and liabilities of the Demerged Undertaking of the Demerged Company under clause 3.1 to 3.13 above and the continuance of proceedings by or against the Demerged Company in relation to the Demerged Undertaking under clause 3.14 above shall not affect any transaction or proceedings already concluded by the Demerged Company till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself in respect of the Demerged Undertaking.

REMAINING BUSINESS

- 3.21. The Remaining Business of the Demerged Company shall continue with the Demerged Company as follows:
- (i) The Remaining Business of the Demerged Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
 - (ii) All legal and other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date for Demerger or which may be instituted in future, whether or not in respect of any matter arising before the Appointed Date for Demerger and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability,

obligation or duty, of the Demerged Company in respect of the Remaining Business of the Demerged Company shall be continued and enforced by or against the Demerged Company.

CONSIDERATION

- 3.22 Upon the Scheme becoming fully effective, but immediately before the allotment of securities pursuant to Part 4, in consideration of the demerger and transfer and vesting of Demerged Undertaking, duties, rights and obligations relating to the Demerged Undertaking of the Demerged Company in the Resulting Company in terms of Part 3 of this Scheme:

“The Resulting Company shall without any further act or deed, issue and allot 56,017,149 equity shares of Rs.10 /- each credited as fully paid-up of the Resulting Company for 3,401,470 equity shares of Rs.100/- each fully paid-up held by the equity shareholders (16.47 equity share of Rs. 10/- each for every 1 equity share of Rs. 100/- each) and 12,548,528 compulsorily convertible preference shares of Rs. 10 each credited as fully paid up of the Resulting Company for 786,068 cumulative compulsorily convertible preference shares of Rs. 100/- each fully paid up held by the preference shareholders (16.47 compulsorily convertible preference share of Rs. 10/- each for every 1 compulsorily convertible preference share of Rs. 100/- each) in the Demerged Company, as on the Record Date (1).”

The equity shares so issued and allotted, shall be fully paid and free of encumbrance, and shall rank *pari passu* in all respects with the existing equity shares of the Resulting Company provided that the shares so allotted shall rank *pari passu* for dividend declared on or after the date of its allotment, subject to the applicable statutory regulations. The rights, terms and conditions of the aforementioned shares of the Resulting Company so allotted shall be similar in all material respects to the existing of the Demerged Company. Fractions,

if any, arising out of such allotment shall be rounded off to the nearest whole number.

ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

- 3.23 The Demerged Company shall upon the Scheme becoming effective, record the deletion of the assets and liabilities of the Demerged Undertaking transferred to and vested in the Resulting Company pursuant to this Scheme at their respective book values as appearing in its books as at the close of business of a day immediately preceding the Appointed Date for Demerger.
- 3.24 The difference between the value of assets and value of liabilities transferred pursuant to the Scheme shall be appropriated against the reserves, if any, of the Demerged Company. The balances of free reserves shall stand reduced to such extent. Any unadjusted difference shall be accounted in Reserve Account.

With the onset of Indian Accounting Standard (Ind AS) that is likely to be effective from April 01, 2018, the financial statements will reflect as may be necessary to be in compliance with Ind AS , when the same is implemented.

ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY:

- 3.25 On the Scheme becoming effective:
- a. The Resulting Company shall upon the Scheme becoming effective, record the assets and liabilities of the Demerged Undertaking of the Demerged Company transferred to and vested in it pursuant to this Scheme at their existing carrying amounts as appearing in the books of the Demerged Company as at the close of business of a day immediately preceding the Appointed Date for Demerger.

- 24 -

- b. The excess / shortfall in the book value of the assets over the value of the liabilities of the Demerged Undertaking of the Demerged Company transferred to and vested in the Resulting Company pursuant to this Scheme, shall after adjusting the aggregate face value of the shares issued by the Resulting Company to the members of the Demerged Company pursuant to this Scheme, be adjusted in the reserves of the Resulting Company.

With the onset of Indian Accounting Standard (Ind AS) that is likely to be effective from April 01, 2018, the financial statements will reflect as may be necessary to be in compliance with Ind AS, when the same is implemented.

APPLICATION TO TRIBUNAL

- 3.26 A. The Demerged Company and the Resulting Company shall, with reasonable despatch, apply to the Tribunal for necessary orders or directions for holding meetings or dispensing with the meeting of the members/creditors of the Demerged Company and the Resulting Company for sanctioning this Scheme of Arrangement (Demerger) & Amalgamation under Section 230 to 232 and the applicable provisions of the Act.

DATE OF TAKING EFFECT

- 3.26 B. Part 3 of the Scheme (i.e) the Demerger of the Demerged Undertaking of IFMR Holdings Private Limited into Dvara Investments Private Limited would take effect from the Appointed Date for Demerger.

PART 4

AMALGAMATION OF THE TRANSFEROR WITH THE TRANSFEREE COMPANY:

TRANSFER OF UNDERTAKING

- 4.1 The Undertaking shall be transferred to, and vested in, or be deemed to be, transferred to, and vested in the Transferee Company in the following manner:

- (a) With effect from the Appointed Date for Amalgamation, the whole of the Undertaking of the Transferor Company comprising its entire business, all assets and liabilities of whatsoever nature and wheresoever situated, including the immovable properties, if any, shall, under the provisions of Section 230 to 232 and other applicable provisions of the Act, without any further act or deed (save as provided in Sub-clauses (b), (c) and (d) below), be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date for Amalgamation, the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 230 to 232 and other applicable provisions of the Act in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Section 230 to 232 and other applicable provisions of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- (b) With effect from the Appointed Date for Amalgamation and upon the Scheme becoming effective, the land together with the buildings standing thereon held by the Transferor Company (if any), and any documents of title / rights and easements in relation thereto, shall be vested in and transferred to and/or be deemed to have been transferred to and vested in the Transferee Company and shall belong to the Transferee Company. With effect from the Effective Date, the Transferee Company shall in relation to such properties, be liable for ground rent and municipal taxes. The mutation of title to the

immovable properties shall, if necessary, be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective in accordance with the terms herein in favour of the Transferee Company.

- (c) In respect of all the movable assets of the Transferor Company and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery or through any other modes of transfer, including cash on hand, investments etc. (together with duly executed transfer forms or other documents as may be required), shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date for Amalgamation.
- (d) In respect of movables other than those specified in sub-clause (c) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating third parties shall, to the extent possible, be followed:
 - (i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositor as the case may be, that pursuant to the Tribunal having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;

- (ii) The Transferor Company shall also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositor that pursuant to the Tribunal having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.

- (e) In relation to the assets, if any, belonging to the Transferor Company, which require separate documents of transfer, the Transferor Company and the Transferee Company will execute necessary documents, as and when required.

- (f) With effect from the Appointed Date for Amalgamation, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 230 to 232 and other applicable provisions of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date for Amalgamation the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

However, the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company is a party or any writing, as may be necessary, in order to give formal

effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.

- (g) The transfer and vesting of the Undertaking of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which the Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferor Company or any of the assets of the Transferee Company.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee

Company and the Transferee Company shall not be obliged to create any further or additional security therefore, after the amalgamation has become operative.

- (h) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government-body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with, and be available to, the Transferee Company on the same terms and conditions.
- (i) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- (j) The Transferor Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of its immovable property, if any is given to the Transferee Company.
- (k) With effect from the Appointed Date for Amalgamation, all permits, quotas, rights, entitlements, tenancies and licenses relating to brands, trademarks, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Undertaking of the Transferor Company and which are subsisting or having effect immediately before the Appointed Date for Amalgamation, shall be and remain in full force and effect in favour of the Transferee Company and may be enforced fully and effectually

as if, instead of the Transferor Company, the Transferee Company had been a beneficiary or obligee thereto.

- (l) With effect from the Appointed Date for Amalgamation, any statutory licenses, permissions, approvals and/or consents held by the Transferor Company required to carry on operations shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities or any other person concerned therewith in favour of the Transferee Company. The benefit of all statutory and regulatory permissions, licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Company shall vest in, and become available to, the Transferee Company pursuant to the Scheme coming into effect.
- (m) The entitlement to various benefits under incentive schemes and policies in relation to the Undertaking of the Transferor Company shall stand transferred to, and be vested in, and/or be deemed to have been transferred to, and vested in, the Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, unexpired credit for minimum alternate tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs and other and incentives in relation to the Undertaking of the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date for Amalgamation as if the Transferee Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Company.

- (n) Since each of the permissions, approvals, consents, sanctions, remissions (including remittance under income-tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs), special reservations, sales tax remissions, holidays, incentives, concessions and other authorizations relating to the Undertaking of the Transferor Company, shall stand transferred under this Scheme to the Transferee Company, the Transferee Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.
- (o) From the "Effective Date" and till such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far as may be necessary.

This Part of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

CONSIDERATION

- 4.2 Upon the Scheme becoming fully effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, shareholders of the Transferor Company as on the Record Date (2) shall be allotted 37,481,227 equity shares of Rs.10 /- each credited as fully paid up of the Transferee Company in respect of

56,027,149 equity shares of Rs. 10/- each held by equity shareholders of Transferor Company (0.67 equity share of Rs. 10/- each for every 1 equity share of Rs. 10/- each) and 8,406,459 equity shares of Rs. 10/- each credited as fully paid up of the Transferee Company in respect of 12,548,528 compulsorily convertible preference shares of Rs. 10/- each held by preference shareholders of Transferor Company (0.67 Equity Share of Rs. 10/- each for every 1 compulsorily convertible preference share of Rs. 10/- each).. Fractions, if any, arising out of such allotment shall be rounded off to the nearest whole number.

- 4.3 Upon the equity shares being issued and allotted, as aforesaid by the Transferee Company, the equity shares issued by the Transferor Company and held by its shareholders, whether in dematerialised or physical form, shall be deemed to have been automatically cancelled and of no effect.
- 4.4 The equity shares to be issued and allotted by the Transferee Company as aforesaid in terms of this Scheme shall be fully paid and free of encumbrance, and shall rank pari passu in all respects with the existing equity shares of the Transferee Company but shall not rank for dividend for the period prior to the Appointed Date for Amalgamation.

LEGAL PROCEEDINGS

- 4.5 All suits, actions and proceedings of whatsoever nature by or against the Transferor Company on the Appointed Date for Amalgamation shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Company, as the case may be.
- 4.6 If proceedings are taken against any Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date for Amalgamation till Effective Date, and the latter shall reimburse and indemnify such Transferor Company, against all liabilities and obligations incurred by the said Transferor Company in respect thereof.

CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 4.7 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which the Transferor Company are a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.
- 4.8 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 4.9 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company are a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.

- 4.10 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company are a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date for Amalgamation and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date for Amalgamation.

CONDUCT OF BUSINESS

With effect from the Appointed Date for Amalgamation and up to and including the Effective Date:

- 4.11 The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 4.12 All profits or income or taxes, including but not limited to income tax, fringe benefit tax, advance taxes, tax deducted at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, excise duty, service tax, customs duty, refund, reliefs, etc, accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them, on and from Appointed Date for Amalgamation up to the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Transferee Company.
- 4.13 The Transferor Company shall carry on their business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose of any of their business undertaking(s) or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date for Amalgamation).

- 4.14 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- 4.15 The Transferor Company shall not hereafter make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Company and of the Transferee Company.
- 4.16 The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

STAFF AND EMPLOYEES OF TRANSFEROR COMPANY

- 4.17 All the executives, staff, workmen, and other employees in the service of the Transferor Company, immediately before the Appointed Date for Amalgamation, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:
- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
 - b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;

- c) In the event of retrenchment of such staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
- d) It is provided that as far as the Provident Fund, Gratuity, Pension, Superannuation Fund or any other special funds that are applicable to the employees of the Transferee Company and existing in the Transferee Company for the benefit of the staff, workmen and other employees of the Transferee Company shall also be extended to the employees of the Transferor Company upon the Scheme becoming finally effective. The said benefits shall be extended to the employees of the Transferor Company even if such benefits were not available to the employees during their tenure in the Transferor Company, by virtue of non-applicability of the relevant provisions to the Transferor Company. Notwithstanding what is stated herein above in respect of applicability of Employees Provident Fund to the employees of Transferor Company with retrospective effect from a date to be determined by the Board of Directors of Transferee company the extension of benefit to the employees of Transferor Company shall be subject to the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the approvals of the authorities concerned for giving effect to the implementation date. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations, in whatsoever nature, that are available to the employees of the Transferee Company shall also be available to all the employees of the Transferor Company in relation to Provident Fund, Gratuity and Pension and/ or Superannuation Fund or any other special fund, however subject to the provisions of the relevant and applicable statutes.

AUTHORISED SHARE CAPITAL

- 4.18 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Company shall stand combined with the authorised share capital of

the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.

4.19 Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act by deleting the existing Clause and replacing it respectively by the by the following:

(i) Clause V of Memorandum of Association:

“V. The authorized share capital of the Company is Rs. 2,200,000,000 divided into 165,000,000 equity shares of Rs.10/- each.” And 17,500,000 compulsorily convertible preference shares of Rs. 20/- each and 20,000,000 redeemable preference shares of Rs. 20/- each.

The Company has power to increase or reduce the Capital and to issue any part of its Capital, original or increased with or without any preferences, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions, so that unless the conditions of issue shall otherwise be subject to the power herein contained. The right and privileges attached to any shares having preferential, qualified or special rights, privileges or conditions attached thereto may be altered or dealt with in accordance with the accompanying Articles of Association but not, otherwise.”

(ii) Article 3 of the Articles of Association:

“The authorized share capital of the Company shall be as per Article V of the Memorandum of Association The Company has the power to increase or reduce the share capital, divide the share capital in to several classes and to attach hereto any preferential or any special rights and to vary ,modify or redeem or abrogate any rights ,privileges and conditions in such manner as may be for the time being be provided by the Act.”

4.20 The increase in authorized share capital shall be effected as an integral part of this Scheme without any further act or deed on the part of the Transferee Company and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment. The approval of this Scheme under Section 230 to 232 of the Act shall be deemed to have the approval under the applicable provisions of the Act and any other consents and approvals required in this regard

DISSOLUTION OF TRANSFEROR COMPANY

4.21 Subject to an order being made by the Tribunal under Section 232 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

GENERAL TERMS AND CONDITIONS

(i) APPLICATION TO THE TRIBUNAL

4.22 The Transferor Company and the Transferee Company shall, with reasonable despatch, apply to the Tribunal for necessary orders or directions for holding meetings of the members of the Transferor Company and the Transferee Company for sanctioning this Scheme of Arrangement (Demerger) and Amalgamation under Section 230 of the Act or for dispensing the holding of such meetings and orders under Section 232 of the Act, for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

4.23 Subject to an order being made by the Tribunal under Section 232 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

(ii) DATE OF TAKING EFFECT

4.24 Part 4 of the Scheme (i.e) the Amalgamation of Dvara Investments Private Limited into Northern Arc Capital Limited as set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Tribunal shall be effective from the Appointed Date for Amalgamation but shall be operative from the Effective Date.

(iii) ACCOUNTING TREATMENT

4.25 Upon the Scheme becoming effective, the amalgamation of the Transferor Company with the Transferee Company shall be accounted for as per the "Pooling of Interest Method" provided under Accounting Standard 14 issued by the National Advisory Committee on Accounting Standards ('NACAS').

With the onset of Indian Accounting Standard (Ind AS) that is likely to be effective from April 01, 2018, the financial statements will reflect as may be necessary to be in compliance with Ind AS, when the same is implemented.

4.26 Upon the Scheme coming into effect, the Transferee Company shall account for all the assets and liabilities taken over at their existing carrying amounts and in the same form as at the date of amalgamation. The balance of the profit & loss account of the transferor company would be aggregated with the corresponding balance of the transferee company or transferred to 'General Reserve', if any.

4.27 If at the time of amalgamation, the transferor and transferee company were to have accounting policies that are conflicting, such conflict shall be resolved, and brought in line with the policy adopted by the transferee company. A uniform set of accounting policies would be adopted following the amalgamation.

4.28 The difference between the amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the transferor company would be adjusted in reserves.

- 4.29 To the extent there are inter-corporate loans or balances between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.
- 4.30 Investment in the books of the transferor company representing shares in the transferee company or vice versa, shall cease to exist as a result of amalgamation and be cancelled against the share capital of the latter company, as the case may be.

(iv) SAVING OF CONCLUDED TRANSACTIONS

The Transfer of properties and liabilities under clause 4.1 above and the continuance of proceedings by or against the Transferor Company under clause 4.5 and 4.6 above shall not affect any transaction or proceedings already concluded by the Transferor Company till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

PART 5

SCHEME CONDITIONAL ON APPROVALS / SANCTIONS:

- 5.1 The scheme is conditional upon and subject to the sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- 5.2 The Companies shall, with all reasonable despatch, make and pursue applications to the Tribunal, under Section 230 of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the members and/or creditors of each of the respective Company or Companies as may be directed by the Tribunal and for sanctioning the Scheme under Section 230 and 232 and other relevant provisions of the Act and for such other order or orders, as the said Tribunal may deem fit for carrying this Scheme into effect.

- 5.3 The Scheme is conditional upon and subject to the sanction by the Tribunal under Section 230 and 232, and other applicable provisions of the Act being obtained by the Demerged Company, Resulting / Transferor Company and the Transferee Company.
- 5.4 The Scheme is conditional upon and subject to its being sanctioned by the Tribunal and certified copies of the orders sanctioning the Scheme being filed with the Registrar of Companies, Tamil Nadu, Chennai. The Scheme shall become operative on the date or the last of the dates on which the certified copies of the orders of the Tribunal sanctioning the Scheme are filed by Demerged Company, Resulting Company and Transferee Company with the Registrar of Companies, Tamil Nadu, Chennai respectively.
- 5.5 The effectiveness of the Scheme is subject to both the aforementioned parts being effective and operative as of the Appointed Date. On the sanction of the Scheme and upon the Scheme becoming effective, the following shall be deemed to have occurred and become effective and operative only in the sequence and in the order mentioned hereunder:
- A) The Demerger of the Demerged Undertaking of IFMR Holdings Private Limited into Dvara Investments Private Limited., and subsequently;
 - B) The Amalgamation of Dvara Investments Private Limited with Northern Arc Capital Limited;

5.6 MODIFICATIONS/ AMENDMENTS TO THE SCHEME

- (i) The Companies through their respective Boards of Directors including Committees of Directors or other persons, duly authorised by the respective boards of directors in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, which the Tribunal or any other competent authority may deem fit to direct, approve or impose, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this

scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this scheme into effect. Pursuant to such modification/amendment, reference to the Scheme shall mean such modified/amended Scheme. This paragraph is subject to paragraph 5.5 hereinabove.

- (ii) If any Part or provision of this Scheme hereof is invalid, ruled illegal by any Tribunal of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part or provision.
- 5.7 For the purpose of giving effect to the Scheme after it is sanctioned by the Tribunal, the Directors of the Companies are authorised to identify / allocate / apportion the assets and liabilities covered under the Scheme.
- 5.8 In the event of the Scheme not being sanctioned by the Tribunal and/or the Order(s) not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, obligation and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in this Scheme and or otherwise arise as per law. In such case each company shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed. For the purpose of giving full effect to this Scheme, the respective Board of Directors of the Companies are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their power through and by their respective delegates.

- 5.9 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by IFMR Holdings Private Limited.

SCHEDULE- A

The Summary of Assets and Liabilities of the Demerged Undertaking proposed to and be vested, transferred and demerged with the Resulting Company as on the Appointed Date.

Description	Amount in Rs.
EQUITY AND LIABILITIES	
Net Worth	685,656,685
	685,656,685
Non - current Liabilities	
Long-Term Provisions	301,380
	301,380
Current Liabilities	
Other current Liabilities	1,089,930
	1,089,930
TOTAL	687,047,995
ASSETS	
Non-current assets	
Non-current investments	685,299,953
Long Term Loans & Advances	75,000
	685,374,953
Current Assets	
Cash and cash equivalents	1,258,792
Trade Receivables	414,250
	1,673,042
TOTAL	687,047,995

SCHEDULE- B

The Summary of Assets and Liabilities of the Remaining Business of the Demerged Company pursuant to the implementation of the Scheme of Arrangement (Demerger) & Amalgamation and transfer of the Demerged Undertaking to the Resulting Company.

Description	Amount in Rs.
EQUITY AND LIABILITIES	
Shareholders' funds	
(a) Share Capital	418,753,800
(b) Reserves and Surplus	1,679,102,897
	2,097,856,697
Non - current Liabilities	
Long-Term Provisions	10,948,113
	10,948,113
Current Liabilities	
(a) Trade Payable	46,188,317
(b) Other current Liabilities	58,005,614
(b) Short term provisions	5,894,091
	110,088,022
TOTAL	2,218,892,832
ASSETS	
Non-current assets	
Fixed Assets	
Tangible Assets	848,095
Intangible Assets	57,690,470
Non-current investments	1,981,823,722
Long Term Loans & Advances	17,579,215
	2,057,941,502
Current Assets	
Current Investments	85,000,000
Short-Term loans and advances	45,689,757
Cash and cash equivalents	25,984,318
Trade Receivables	4,269,311
Other Current Assets	7,944
	160,951,330
TOTAL	2,218,892,832

BSR & Co. LLP

Chartered Accountants

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

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

Independent Auditor's Report

To the Members of IFMR Holdings Private Limited

Report on the audit of standalone financial statements

We have audited the accompanying standalone financial statements of **IFMR Holdings Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the Statement of affairs, loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

B S R & Co. LLP

Independent Auditor's Report

To the Members of IFMR Holdings Private Limited

Page 2 of 3

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 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, 2018, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 30 to the standalone financial statements regarding the Scheme of Arrangement relating to the Company which is pending necessary approvals and filing with National Company Law Tribunal. The Scheme of Arrangement has an appointed date of March 31, 2017. As more fully discussed in the aforesaid note, the Company has not given effect to the Scheme of Arrangement in the current year. Upon the approval of the aforesaid Scheme of Arrangement, the Company on a going concern basis merges with Pudhuaaru Financial Services Private Limited and ceases to exist.

Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said 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 purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.



B S R & Co. LLP

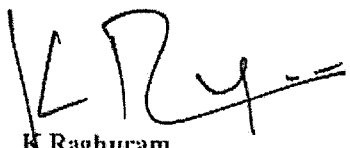
Independent Auditor's Report

To the Members of IFMR Holdings Private Limited

Page 3 of 3

- (c) The balance sheet, the statement of profit and loss, and the cash flow statement 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.
- (e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) The Company has been exempted from the requirement of its auditor reporting on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls (clause (i) of Section 143(3)); and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i The Company does not have any pending litigations which would impact its financial position.
 - ii The Company did not have any long term contracts including derivate contracts for which there were any material foreseeable losses.
 - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However, amounts as appearing in the audited standalone financial statements for the period ended March 31, 2017 have been disclosed. Refer note 29 to the standalone financial statements.

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




K Raghuram
 Partner
 Membership No: 211171
 Place: Chennai
 Date: May 11, 2018

B S R & Co. LLP

Annexure A to the Independent Auditor's Report to the members of IFMR Holdings Private Limited for the year ended March 31, 2018 (referred to in our report of even date)

Page 1 of 3

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable properties and accordingly, paragraph 3(i)(c) of the Order is not applicable.
- (ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is primarily engaged in services business, accordingly it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) The Company does not have any loan, investment, guarantees and security which requires compliance under Sections 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for sale of goods and the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- 

Annexure A to the Independent Auditor's Report to the members of IFMR Holdings Private Limited for the year ended March 31, 2018 (referred to in our report of even date)

Page 2 of 3

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, goods and services tax, cess and any other material statutory dues have been generally deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, duty of customs, duty of excise and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, goods and services tax, cess and any other material statutory dues were in arrears as at March 21, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, service tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute.

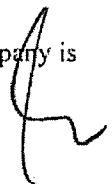
(viii) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any banks, financial institutions, government and debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud on or by the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company being a private Company, the provisions of section 197 read with schedule V to the Companies Act, 2013 is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.



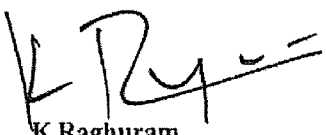
B S R & Co. LLP

Annexure A to the Independent Auditor's Report to the members of IFMR Holdings for the year ended March 31, 2018 (referred to in our report of even date)

Page 3 of 3

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. The Company is a private limited company and hence the provisions of section 177 of the Act is not applicable.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with such directors. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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



K Raghuram
 Partner
 Membership No: 211171
 Place: Chennai
 Date: May 11, 2018

IFMR Holdings Private Limited

Standalone balance sheet as at March 31, 2018

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

	Note	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	418,753,800	418,753,800
Reserves and surplus	4	2,288,666,834	2,364,759,582
		<u>2,707,420,634</u>	<u>2,783,513,382</u>
Non-current liabilities			
Long-term provisions	5	8,886,941	11,249,493
		<u>8,886,941</u>	<u>11,249,493</u>
Current liabilities			
Trade payables	6	-	-
- dues to micro and small enterprises		-	-
- dues to creditors other than micro enterprises and small enterprises		57,052,933	61,234,001
Other current liabilities	7	10,885,346	12,418,843
Short-term provisions	5	5,248,291	5,894,091
		<u>73,186,570</u>	<u>79,546,935</u>
		<u>2,789,494,145</u>	<u>2,874,309,810</u>
ASSETS			
Non-current assets			
Fixed assets			
- Property, plant and equipment	8	516,525	848,098
- Intangible fixed assets	9	59,155,789	57,690,467
Non-current investments	10	-	2,667,123,675
Long-term loans and advances	11	20,394,406	17,654,214
		<u>80,066,720</u>	<u>2,743,316,454</u>
Current assets			
Current investments	12	2,688,462,797	85,000,000
Trade receivables	13	5,433,431	4,683,561
Cash and bank balances	14	13,363,496	27,243,110
Short-term loans and advances	11	2,116,392	14,058,741
Other current assets	15	51,309	7,944
		<u>2,709,427,425</u>	<u>130,993,356</u>
		<u>2,789,494,145</u>	<u>2,874,309,810</u>

Significant accounting policies

2

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

As per our report of even date attached

for BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

K Raghuram

Partner

Membership No: 211171

For and on behalf of the Board of Directors of

IFMR Holdings Private Limited

CIN: U74900TN2013PTC094383

Bindu Ananth

Director

DIN: 02456029

Samir Amrit Shah

Director

DIN: 00912693

Girish Nagar

Company Secretary

Place: Chennai

Date: May 11, 2018

Place: Chennai

Date: May 11, 2018

IFMR Holdings Private Limited

Standalone statement of profit and loss for the year ended March 31, 2018

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

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue			
Revenue from operations	16	50,233,693	63,977,409
Other income	17	5,233,975	2,869,239
		<u>55,467,668</u>	<u>66,846,648</u>
Expenses			
Employee benefits	18	67,427,108	102,239,087
Depreciation and amortisation	19	15,515,367	16,377,939
Other expenses	20	48,617,941	67,803,122
		<u>131,560,416</u>	<u>186,420,148</u>
Loss before tax		(76,092,748)	(119,573,500)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Loss for the year		(76,092,748)	(119,573,500)
Earnings per equity share (face value of INR 100 per share)			
Basic and diluted	23	(22.37)	(51.24)

Significant accounting policies

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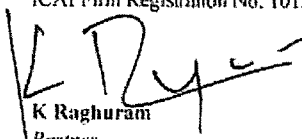
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022



K Raghuram

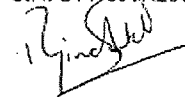
Partner

Membership No: 211171

For and on behalf of the Board of Directors of

IFMR Holdings Private Limited

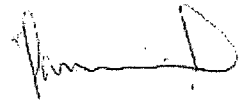
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Bindu Ananth

Director

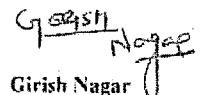
DIN: 02456029



Samir Amrit Shah

Director

DIN: 00912693



Girish Nagar

Company Secretary

Place: Chennai

Date: May 11, 2018

Place: Chennai

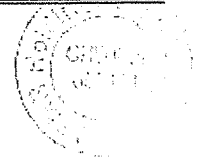
Date: May 11, 2018

IFMR Holdings Private Limited

Standalone statement of cash flow for the year ended March 31, 2018

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

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
A Cash flows from operating activities			
Loss before tax		(76,092,748)	(119,573,500)
Adjustments for:			
Depreciation and amortisation		15,515,367	16,377,939
Assets written off		-	4,379,509
Loss on sale of fixed assets		101,108	17,964
Provision for doubtful receivables		268,716	-
Provision for doubtful advances		929,849	-
Profit on sale of shares		-	(35,947,666)
Provisions no longer required written back		(2,667,347)	-
Liabilities no longer required written back		(191,837)	-
Profit on sale / redemption of investments		(2,214,737)	(2,129,216)
Interest on fixed deposits		(89,731)	(197,157)
Interest from inter-corporate deposit		-	(1,094,574)
Interest on income tax refund		(69,823)	(526,236)
Operating loss before working capital changes		(64,511,183)	(138,692,937)
Changes in working capital:			
(Increase)/ decrease in trade receivables		(1,018,586)	581,448
Decrease in loans and advances		12,189,060	32,531,952
Decrease in other liabilities		(1,341,660)	(15,008,795)
(Decrease)/ increase in provisions		(341,005)	11,918,312
(Decrease)/ increase in trade payables		(4,181,068)	22,448,685
Cash used in operations		(59,204,442)	(86,221,335)
Income tax paid (net of refunds)		3,846,929	4,891,372
Net Cash used in operating activities (A)		(63,051,371)	(91,112,707)
B Cash flows from investing activities			
Purchase of non-current investments		-	(1,050,999,958)
Sale of non-current investments		-	42,001,077
Purchase of fixed assets		(16,892,178)	(18,527,954)
Proceeds from sale of fixed assets		141,954	40,649
Purchase of current investments		(17,000,000)	(71,700,000)
Proceeds from sale of current investments		82,875,615	12,129,216
Other bank balances		(1,431,471)	9,961,722
Interest on fixed deposits received		46,366	739,779
Interest on inter-corporate deposit		-	1,249,535
Net cash used in Investing Activities (B)		47,740,286	(1,075,105,934)
C Cash flow from financing activities			
Proceeds from issue of shares		-	1,157,820,962
Net cash generated from financing activities (C)		-	1,157,820,962
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(15,311,085)	(8,397,679)
Cash and cash equivalents at the beginning of the year		26,674,581	35,072,260
Cash and cash equivalents at the end of the year		11,363,496	26,674,581



IFMR Holdings Private Limited
Standalone statement of cash flow for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

Notes to cash flow statement

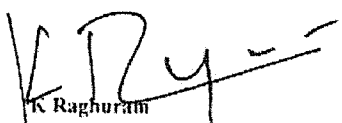
	Note	As at March 31, 2018	As at March 31, 2017
Components of cash and cash equivalents	14		
Cash on hand		11,426	40,247
Cheques on hand		-	291,601
Balance with bank			
- In current accounts		11,352,070	26,342,733
		<u>11,363,496</u>	<u>26,674,581</u>

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

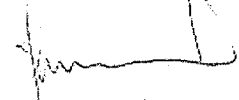
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for **BSR & Co. LLP**
 Chartered Accountants
 ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
IFMR Holdings Private Limited
 CIN: U74900TN2013PTC094383


K Raghuram
 Partner
 Membership No: 211171


Bindu Ananth
 Director
 DIN: 02456029


Samir Amrit Shah
 Director
 DIN: 00912693


Girish Nagar
 Company Secretary
 Place: Chennai
 Date: May 11, 2018

Place: Chennai
 Date: May 11, 2018

IFMR Holdings Private Limited**Notes to the standalone financial statements for the year ended March 31, 2018**

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

1 Company overview

IFMR Holdings Private Limited ('the Company') was incorporated on December 30, 2013, under the Companies Act, 1956. The Company is engaged in the business of technology solutions.

2 Significant accounting policies**2.1 Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India ("Indian GAAP") to comply with the Accounting Standards ("AS") specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

2.2 Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year, reported balance of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

2.3 Operating cycle

Assets and liabilities are classified as current and non-current based on the operating cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realized and settled within a period of 12 months from the date of balance sheet have been classified as current and other assets and liabilities are classified as non-current.

2.4 Cash and cash equivalents

Cash 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.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities are segregated based on the available information. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing on the date of transactions.

2.6 Investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage and fees.

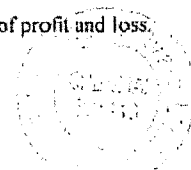
Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments.

However, that part of non-current investments which is expected to be realized within 12 months after the reporting date is also presented under "current assets" as "current portion of non-current investments".

Non-current investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the statement of profit and loss.



2.7 Property, plant and equipment ("PPE")

PPE are carried at historical cost less accumulated depreciation and impairment losses, if any. The Company capitalizes all costs relating to the acquisition and installation of fixed assets. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. Borrowing costs directly attributable to acquisition or construction of qualifying assets for the period to the completion of installation or construction of such assets respectively are capitalised. Cost of assets not ready for intended use, as on balance sheet date, is shown as capital work in progress. Advance given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as long-term loans and advances.

2.8 Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The cost of intangible fixed assets not ready for the intended use at each balance sheet date is disclosed as intangible fixed assets under development.

2.9 Depreciation and amortisation

The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is provided on the depreciable value on a written down value method at the useful life given under Part C of the Schedule II of the Companies Act, 2013. Pro-rata depreciation is provided for all assets purchased / sold during the year. Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. The estimated useful life of various tangible and intangible assets are as under:

Asset Category	Useful Life
a) Property, plant & equipment	
Office equipment	5 years
Furniture and fittings	10 years
Computers and accessories	3 years
b) Intangible assets	
Software (Purchased)	10 years
Software (Development in house)	10 years
Product Development Cost	3 years
Training Manuals	3 years

2.10 Impairment of assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2.11 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- a) Annual usage fee is recognised on time proportionate basis. Implementation, customisation and consultancy fees are recognised as and when the services are rendered by the Company ('KGFS Business').
- b) Incentive Income arising from National Pension Scheme (NPS) is recognized on accrual basis and based on the terms of agreement with Pension Fund Regulation and Development Authority (PFRDA) ['Aggregator Business'].
- c) Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- d) Profit / loss on disposal of an investment is recognised at the time of such sale / redemption and is computed based on weighted average cost.
- e) Income from dividend is recognized in the statement of profit and loss when the right to receive is established.



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

2.12 Employee benefits

Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus, incentive and compensated absences. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related services are rendered by the employee.

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.

Provident fund

Eligible employees receive benefit from the provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company's contribution to the Employees' Provident Fund scheme maintained by the Central Government is charged to the statement of profit and loss.

Defined benefit plan

Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation of the Company's obligation under such defined benefit plan is performed annually by a qualified actuary using the Projected Unit Credit Method.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the statement of profit and loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employee is recognised in the statement of profit and loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Long-term employee benefits

Compensated absences

The benefits of compensated absences are accounted for when the employees render the services that increase their entitlement to future compensated absences. Such liability is accounted for based on actuarial valuation, as at the balance sheet date, determined by an independent Actuary using the Projected Unit Credit Method.

Actuarial gains and losses are recognised in the Statement of profit and loss in the year in which they occur.

2.13 Operating leases

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.14 Foreign currency transactions

Foreign currency transactions are recorded into Indian rupees using the actual exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the statement of profit and loss.



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

2.15 Provisions, contingent liabilities and contingent assets

A provision is recognized when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc., are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Contingent asset is not recognised in the financial statements since this may result in the recognition of income that may never be realised.

2.16 Earnings per share

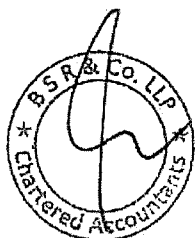
The Company reports basic and diluted earnings per equity share in accordance with AS 20, Earnings Per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share is computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit attributable to the equity share holders 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.

2.17 Taxes on income

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in statement of profit and loss except that tax expense relating to items recognized directly in reserves is also recognized in those reserves.

Minimum Alternate Tax ("MAT") paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one year and are capable of reversal in one or more subsequent years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

	As at March 31, 2018	As at March 31, 2017
3 Share capital		
Authorised:		
Equity shares:		
3,420,000 (March 31, 2017: 3,420,000) equity shares of INR 100 each	342,000,000	342,000,000
Preference shares:		
2,000,000 (March 31, 2017: 2,000,000) compulsorily convertible cumulative preference shares (CCCPS) of INR 100 each	200,000,000	200,000,000
	<u>542,000,000</u>	<u>542,000,000</u>
Issued, subscribed and fully paid up		
3,401,470 (March 31, 2017: 3,401,470) equity shares of INR 100 each	340,147,000	340,147,000
786,068 (March 31, 2017: 786,068) compulsorily convertible cumulative preference shares (CCCPS) of INR 100 each	78,606,800	78,606,800
	<u>418,753,800</u>	<u>418,753,800</u>

a) 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.

(ii) **Compulsorily convertible cumulative preference shares:** As per the Shareholder's agreement dated March 23, 2017, Conversion of Series K CCCPS Preference shares is dependent upon the following conditions:

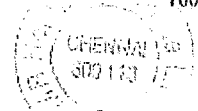
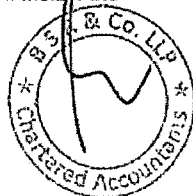
- (i) Shareholders to enter into binding documentation to consolidate the shareholding of investors of the Company and its subsidiaries not later than December 31, 2017; if not,
- (ii) The Company no later than January 15, 2018, proceed to file the demerger and to complete not later than February 28, 2020; the demerger being into two companies, "Capital Holdings"(Existing company) and "Demerged Holdings" (New Company). If not,
- (iii) The Company to buyback the shares from the investors;
- (iv) If none of the above events have happened, the Series K CCCPS would be converted into Equity Shares of Capital Holdings on expiry of 19 years from the date of issue of such shares, in accordance with terms of Agreement.

b) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the year	3,401,470	340,147,000	1,513,094	151,309,400
Add: Issued during the year	-	-	168,960	16,896,000
Add: Conversion from Series B & C & IRF CCCPS	-	-	908,201	90,820,100
Add: Bonus shares issued during the year	-	-	811,215	81,121,500
At the end of the year	<u>3,401,470</u>	<u>340,147,000</u>	<u>3,401,470</u>	<u>340,147,000</u>
Compulsorily convertible cumulative preference shares				
At the beginning of the year	786,068	78,606,800	908,101	90,810,100
Add: Issued during the year	-	-	786,168	78,616,800
Add: Converted into equity shares	-	-	(908,201)	(90,820,100)
At the end of the year	<u>786,068</u>	<u>78,606,800</u>	<u>786,068</u>	<u>78,606,800</u>

c) Bonus Shares: During previous year, the Company had issued bonus shares by capitalisation of securities premium account as under:

Name of shareholder	Date of approval by Board	Bonus ratio	No of equity shares	Face value
Accion Africa Asia Investment Company	March 29, 2017	As per terms of the Shareholders' Agreements	430,163	100
Leapfrog Financial Inclusion India Ltd	March 29, 2017		303,267	100
IFMR Trust	March 29, 2017		77,785	100
			<u>811,215</u>	



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

d) **Conversion of CCCPS:** During the previous year, the Company vide Board approval dated March 29, 2017 has converted Series B and C and IRF CCCPS into equity shares in the ratio of 1:1.

e) **Particulars of shareholders holding more than 5% shares of a class of shares:**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% holding	No. of shares	% holding
Equity shares				
DVARA Trust (including nominee shareholder)	1,513,885	44.51%	1,513,885	44.51%
Accion Africa Asia Investment Company	1,107,088	32.55%	1,107,088	32.55%
Leapfrog Financial Inclusion India II Ltd	780,497	22.94%	780,497	22.94%
Compulsorily convertible cumulative preference shares				
Accion Africa Asia Investment Company	208,607	26.54%	208,607	26.54%
Leapfrog Financial Inclusion India II Ltd	577,461	73.46%	577,461	73.46%

4 Reserves and surplus

	As at March 31, 2018	As at March 31, 2017
Capital reserve		
At the beginning and end of the year	24,306,323	24,306,323
Securities premium		
At the beginning of the year	2,556,961,683	1,575,775,021
Addition during the year	-	1,062,308,162
Bonus shares issued during the year	-	(81,121,500)
At the end of the year	2,556,961,683	2,556,961,683
Deficit in statement of profit and loss		
At the beginning of the year	(216,508,424)	(96,934,924)
Loss for the year	(76,092,748)	(119,573,500)
At the end of the year	(292,601,172)	(216,508,424)
	<u>2,288,666,834</u>	<u>2,364,759,582</u>

5 Provisions

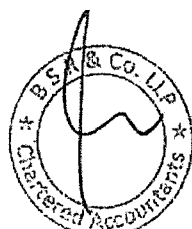
	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits				
Provision for gratuity (refer note 22)	3,861,886	4,021,515	119,338	300,734
Provision for compensated absences	698,365	1,634,621	802,243	-
Provision for performance based deferred compensation	4,326,690	5,593,357	4,326,690	5,593,357
	<u>8,886,941</u>	<u>11,249,493</u>	<u>5,248,291</u>	<u>5,894,091</u>

6 Trade payables

	As at March 31, 2018	As at March 31, 2017
- dues to micro and small enterprises (refer note 27)	-	-
- dues to creditors other than micro and small enterprises	57,052,933	61,234,001
	<u>57,052,933</u>	<u>61,234,001</u>

7 Other current liabilities

	As at March 31, 2018	As at March 31, 2017
Employee benefits payable	4,538,199	5,725,450
Statutory dues	1,727,396	6,031,470
Deferred revenue	3,967,351	-
Other liabilities	652,400	661,923
	<u>10,885,346</u>	<u>12,418,843</u>



2018

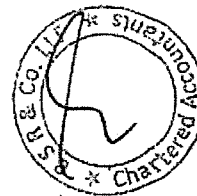
IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

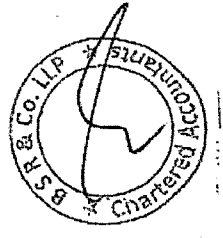
8 Property, plant and equipment

Particulars	Office equipment	Furniture and fittings	Computers and accessories	Total
Gross block				
As at April 1, 2016	650,304	48,211	3,999,304	4,697,819
Additions	103,401	-	840,445	943,846
Deletions	-	-	(243,425)	(243,425)
As at March 31, 2017	753,705	48,211	4,596,324	5,398,240
Additions	84,250	-	468,618	552,868
Deletions	-	(48,211)	(2,105,205)	(2,153,416)
As at March 31, 2018	837,955	-	2,959,737	3,797,692
Accumulated depreciation				
As at April 1, 2016	626,010	40,954	3,151,486	3,818,450
Additions	64,454	2,418	849,633	916,505
On disposals	-	-	(184,813)	(184,813)
As at March 31, 2017	690,464	43,372	3,816,306	4,550,142
Additions	61,636	1,524	578,219	641,379
On disposals	-	(44,896)	(1,865,458)	(1,910,354)
As at March 31, 2018	752,100	-	2,529,067	3,281,167
Net block				
As at March 31, 2017	63,241	4,839	780,018	848,098
As at March 31, 2018	85,855	-	430,670	516,525



IFMR Holdings Private Limited
Notes to the standalone financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

9 Intangible assets	Software (Purchased)	Software (Development in house)	Product Development Cost	Training Manuals	Total
Gross block					
As at April 1, 2016	4,319,605	67,400,324	9,876,607	783,877	82,380,413
Additions	-	17,584,108	-	-	17,584,108
Deletions	-	-	(9,876,607)	(783,877)	(10,660,484)
As at March 31, 2017	4,319,605	84,984,432	-	-	89,304,037
Additions	1,260,000	15,079,310	-	-	16,339,310
Deletions	-	-	-	-	-
As at March 31, 2018	5,579,605	100,063,742	-	-	105,643,347
Accumulated amortisation					
As at April 1, 2016	4,316,847	16,579,630	5,251,383	661,759	26,812,619
Additions	2,758	10,714,335	4,622,223	122,118	15,461,434
On deletions/disposal	-	-	(9,876,606)	(783,877)	(10,660,483)
As at March 31, 2017	4,319,605	27,293,965	-	-	31,613,570
Additions	211,277	14,632,711	-	-	14,873,988
On deletions/disposal	-	-	-	-	-
As at March 31, 2018	4,560,882	41,926,676	-	-	46,487,558
Net block					
As at March 31, 2017	-	57,690,467	-	-	57,690,467
As at March 31, 2018	1,018,723	58,137,066	-	-	59,155,789



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

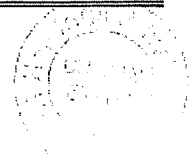
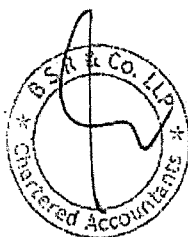
	Current *		Non-current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
10 Non-current investments				
<i>In Subsidiaries (unquoted)</i>				
45,887,686 (March 31, 2017: 45,887,686) equity shares of INR 10 each of Northern Arc Capital Limited (refer note 30 Scheme of Arrangement)	685,299,953	-	-	685,299,953
58,408,025 (March 31, 2017: 47,759,845) equity shares of INR 10 each of IFMR Rural Channels and Services Private Limited (refer note 30 Scheme of Arrangement)	1,981,823,722	-	-	1,426,966,015
Nil (March 31, 2017: 1600) Series A compulsorily convertible cumulative preference shares of INR 100,000 each of IFMR Rural Channels and Services Private Limited	-	-	-	160,000,000
Nil (March 31, 2017: 7,840,000) compulsorily convertible cumulative preference shares of INR 10 each of IFMR Rural Channels and Services Private Limited	-	-	-	394,857,707
	<u>2,667,123,675</u>	<u>-</u>	<u>-</u>	<u>2,667,123,675</u>

* Amount disclosed under "Current investments" (refer note 12)

Note:

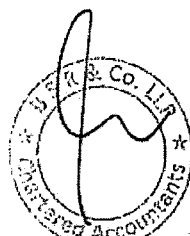
Aggregate book value of non-current investments - 2,667,123,675

	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
11 Loans and advances				
(Unsecured, considered good)				
Advance taxes	17,816,966	13,900,214	-	-
Security deposit	2,577,440	3,754,000	-	-
Advances to vendors	-	-	170,765	3,459,390
Advances to related parties	-	-	1,544,700	-
Balances with government authorities	-	-	-	10,080,679
Prepaid expenses	-	-	316,335	238,672
Advances to employees	-	-	84,592	280,000
	<u>20,394,406</u>	<u>17,654,214</u>	<u>2,116,392</u>	<u>14,058,741</u>
(Unsecured, considered doubtful)				
Advances to vendors	-	-	765,587	-
Other advances	-	-	164,262	-
Less: Provision for doubtful advances	-	-	(929,849)	-
	<u>20,394,406</u>	<u>17,654,214</u>	<u>2,116,392</u>	<u>14,058,741</u>



IFMR Holdings Private Limited
Notes to the standalone financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

	As at March 31, 2018	As at March 31, 2017
12 Current investments		
(Lower of cost and fair value)		
Investment in mutual funds (unquoted, fully paid-up)		
2,908.29 units (March 31, 2017: 11,063.48 units) of Baroda Pioneer Treasury Advantage Fund - Plan B Growth	5,586,052	21,250,000
Nil units (March 31, 2017: 952,188.91 units) of Franklin India Ultra Short Bond Fund - Super IP Growth	-	21,250,000
444,931.61 units (March 31, 2017: 600,187.54 units) of HDFC Cash Management Fund - Treasury Advantage Plan - Direct Plan (G)	15,753,070	21,250,000
Nil units (March 31, 2017: 13,199.10 units) of Indiabulls Ultra Short Term Fund (G) Direct Plan	-	21,250,000
Current portion of non-current investments (refer note 10)	2,667,123,675	-
	<u>2,688,462,797</u>	<u>85,000,000</u>
Note:		
Aggregate book value of current investments	2,688,462,797	85,000,000
Aggregate book value of unquoted investments (both current and non-current)	2,688,462,797	2,752,123,675
13 Trade receivables		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
- Unsecured, considered good	-	-
- Doubtful	187,500	-
Less: Provision for doubtful receivables	(187,500)	-
	<u>-</u>	<u>-</u>
Other receivables		
- Unsecured, considered good	5,433,431	4,683,561
- Doubtful	81,216	-
Less: Provision for doubtful receivables	(81,216)	-
	<u>5,433,431</u>	<u>4,683,561</u>
14 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	11,426	40,247
Cheques on hand	-	291,601
Balance with bank		
- In current accounts	11,352,070	26,342,733
	<u>11,363,496</u>	<u>26,674,581</u>
Other bank balances		
Balances with banks		
- In deposit accounts (under lien)	2,000,000	568,529
	<u>13,363,496</u>	<u>27,243,110</u>
Details of bank balances / deposits		
Bank balances available on demand / deposits with original maturity of 3 months or less included under 'cash and cash equivalents'	11,352,070	26,342,733
Bank deposits due to mature within 12 months of the reporting date included under 'other bank balances'	2,000,000	568,529
Balances with banks in deposit accounts under lien represents deposit made against bank guarantee placed in favour of Pension Fund Regulatory Development Authority.		
15 Other current assets		
Interest accrued but not due on fixed deposits	51,309	7,944
	<u>51,309</u>	<u>7,944</u>

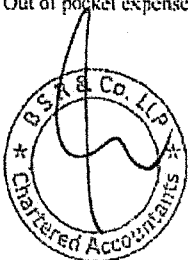


IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
16 Revenue from operations		
Revenue from technology services	49,998,735	25,870,202
Incentive income	234,958	748,693
Interest from inter corporate deposit	-	1,094,574
Profit on sale / redemption of investments	-	35,947,666
Dividend income	-	316,274
	<u>50,233,693</u>	<u>63,977,409</u>
17 Other income		
Profit on sale of current investments	2,214,737	2,129,216
Provisions no longer required written back	2,667,347	-
Liabilities no longer required written back	191,837	-
Interest on fixed deposits with bank	89,731	197,157
Interest on income tax refund	69,823	526,236
Miscellaneous income	500	16,630
	<u>5,233,975</u>	<u>2,869,239</u>
18 Employee benefits		
Salaries, wages and bonus	57,564,135	95,775,101
Contribution to provident and other funds	3,587,096	3,664,496
Expenses related to post-employment defined benefit plans (refer note 22)	2,247,717	817,890
Staff welfare expenses	4,028,160	1,981,600
	<u>67,427,108</u>	<u>102,239,087</u>
19 Depreciation and amortisation		
Depreciation of property, plant and equipment (refer note 8)	641,379	916,505
Amortisation of intangible fixed assets (refer note 9)	14,873,988	15,461,434
	<u>15,515,367</u>	<u>16,377,939</u>
20 Other expenses		
Rent	9,015,962	8,034,031
Software maintenance charges	15,086,012	9,670,451
Travelling and conveyance	4,738,477	15,480,427
Legal and professional charges (refer note 21)	8,299,867	23,137,687
Repairs and maintenance	120,319	301,544
Printing and stationery	197,774	705,678
Conference and training expenses	361,219	2,503,026
Communication expenses	559,531	913,691
Rates and taxes	8,782,420	2,553,463
Provision for doubtful receivables	268,716	-
Provision for doubtful advances	929,849	-
Bank charges	80,603	76,107
Loss on sale of fixed assets	101,108	17,964
Assets written off	-	4,379,509
Miscellaneous expenses	76,084	29,544
	<u>48,617,941</u>	<u>67,803,122</u>
21 Payments to auditor (excluding service tax / goods and services tax)		
Statutory audit	700,000	1,025,000
Tax audit	100,000	100,000
Out of pocket expenses	21,680	33,330
	<u>821,680</u>	<u>1,158,330</u>



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

22 Employee benefits: Post-employment benefit plan

A Defined contribution plan

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 recognised as an expense 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 3,587,096 (March 31, 2017: INR 3,664,496).

B Defined benefit plan

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.

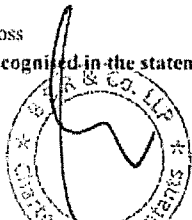
The Company's obligation towards gratuity is a defined benefit plan and no fund is being maintained. The details for actuarial valuation are given below:

	As at March 31, 2018	As at March 31, 2017
Summary of assets and liabilities as at the year end:		
Fair value of plan assets	-	-
Present value of obligations	3,981,244	4,322,249
Liability recognised in the balance sheet	3,981,244	4,322,249
Movement in fair value of plan assets		
Fair value of plan assets as at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial (loss) / gain	-	-
Contributions	-	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	-	-
Movement in present values of defined benefit obligation		
Present value of obligations as at the beginning of the year	4,322,249	4,013,872
Interest cost	202,566	280,568
Current service cost	1,037,739	937,458
Past service cost	1,364,338	-
Benefits paid	(2,588,722)	(509,513)
Actuarial (gain) / loss	(356,926)	(400,136)
Present value of obligations as at the end of the year	3,981,244	4,322,249
Reconciliation		
Net liability as the beginning of the year	4,322,249	4,013,872
Net expenses in statement of profit and loss	2,247,717	817,890
Benefits paid	(2,588,722)	(509,513)
Net liability as the end of the year	3,981,244	4,322,249

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

Current	119,358	300,734
Non-current	3,861,886	4,021,515
	3,981,244	4,322,249

	For the year ended March 31, 2018	For the year ended March 31, 2017
Amounts to be recognised in the statement of profit and loss		
Interest cost	202,566	280,568
Current service cost	1,037,739	937,458
Past service cost	1,364,338	-
Net actuarial (gain) / loss	(356,926)	(400,136)
Net expenses to be recognised in the statement of profit and loss	2,247,717	817,890



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

22 Employee benefits: Post-employment benefit plan (continued)

	As at March 31, 2018	As at March 31, 2017
Principal actuarial assumptions		
The following are the principal actuarial assumptions at the reporting date:		
Discount rate as at the end of the year	7.72%	6.69%
Mortality table	IAL (06-08)	IAL (06-08)
Rate of exit due to reasons other than death or retirement [(Past Service (PS))]	PS: 0 to 5 : 3% PS: 5 to 10 : 2% PS: 10 to 15 : 1% PS: 15 to 47 : 0%	PS: 0 to 5 : 20% PS: 5 to 47 : 2.5%
Future salary escalation rate	10%	10%

Note:

1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external / internal factors affecting the Company.

2. 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.

Five year information

Amounts for the current and previous four years are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
	Present value of benefit obligations	3,541,271	4,322,249	4,013,872	279,121
Fair value of plan assets	-	-	-	-	-
Excess of obligation over plan assets	3,541,271	4,322,249	4,013,872	279,121	18,211
Experience adjustment on plan liabilities - loss / (gain)	1,807,744	814,194	924,205	201,781	18,211
Experience adjustment on plan assets (gain) / loss	-	-	-	-	-

23 Earnings Per Share

	For the year ended March 31, 2018	For the year ended March 31, 2017
Earnings		
Loss attributable to equity shareholders	(76,092,748)	(119,573,500)
Weighted average number of equity shares outstanding at the year end		
Basic and diluted	3,401,470	2,333,625
Earnings per share		
Loss per share - Basic and diluted	(22.37)	(51.24)

23.1 The outstanding potential equity shares as at March 31, 2018 and as at March 31, 2017 are anti-dilutive in nature since the Company has incurred losses during the current and the previous year. Hence, the weighted average number of equity shares used for Basic EPS and Diluted EPS are the same.



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

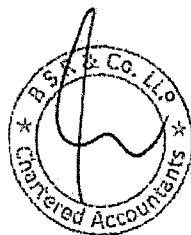
24 Segment reporting

The Group has classified the operations primarily into 2 segments Viz., Investment, Technology services:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Segment revenue		
Investment	-	37,358,514
Technology services	50,233,693	26,618,895
Total	50,233,693	63,977,409
Less: Inter segment revenue	-	-
Revenue from operations	50,233,693	63,977,409
Segment profit (profit before other income)		
Investment	(38,072,001)	(59,885,250)
Technology services	(43,254,722)	(62,557,489)
Total	(81,326,723)	(122,442,739)
Add: Other income	5,233,975	2,869,239
Profit before tax	(76,092,748)	(119,573,500)
	As at	As at
	March 31, 2018	March 31, 2017
Segment assets		
Investment	2,693,078,789	2,783,955,121
Technology services	96,415,356	90,354,689
Total	2,789,494,145	2,874,309,810
Segment liabilities		
Investment	3,890,954	25,904,980
Technology services	78,182,557	64,891,448
Total	82,073,511	90,796,428
Capital employed (Segment assets - Segment liabilities)	2,707,420,634	2,783,513,382

25 Foreign currency transactions:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Consultancy fee	4,714,080	-
Travelling and conveyance	747,977	1,275,277
Legal and professional charges	-	44,600



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

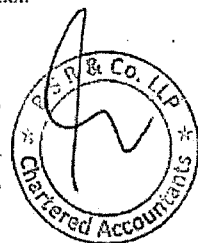
26 Related party disclosures

a) Name of the related party and nature of relationship:

Nature of relationship	Name of the related party
Holding company	Dvara Trust (Formerly IFMR Trust) – Represented by Dvara Trusteeship Services Private Limited (Formerly IFMR Trusteeship Services Private Limited)
Wholly-owned subsidiary	IFMR Rural Channels and Services Private Limited
Step-down subsidiary	Pudhuaru Financial Services Private Limited
Subsidiary	Northern Arc Capital Limited (Formerly IFMR Capital Finance Private Limited)
Fellow subsidiary	IFMR Rural Finance Services Private Limited
Fellow subsidiary	IFMR Mezzanine Finance Private Limited (upto December 21, 2017)
Fellow subsidiary	Dvara Research Foundation (Formerly IFMR Finance Foundation)
Key Managerial Personnel (KMP)	Sucharita Mukherjee, Chief Executive Officer (upto June 30, 2017) Girish Nagar, Company Secretary

b) Transactions during the year

	For the year ended March 31, 2018	For the year ended March 31, 2017
Northern Arc Capital Limited		
Revenue from technology services	4,795,082	-
Rent	216,774	472,953
IFMR Rural Channels and Services Private Limited		
Revenue from technology services	24,077,379	19,252,000
Sale of fixed assets	31,137	10,517
Expense reimbursement received	72,762	-
Incentive income	110,100	-
Inter-corporate deposit provided	-	97,000,000
Inter-corporate deposit repaid	-	132,000,000
Interest on inter-corporate deposit	-	1,094,574
Pudhuaru Financials Services Private Limited		
Expense reimbursement received	50,000	-
Dvara Research Foundation		
Expense reimbursement paid	-	316,274
Dvara Trust		
Employee sharing cost	36,922	81,897
Rent and amenities	6,350,000	7,802,923
Sale of fixed assets	102,569	-
Expense reimbursement	2,735,795	1,839,479
IFMR Rural Finance Services Private Limited		
Expense reimbursement paid	538,117	444,798
IFMR Investment Advisers Services Private Limited		
Redemption of preference shares	-	1,000,000
Dividend on preference shares	-	316,274
Sucharita Mukherjee		
Managerial remuneration	1,994,801	8,000,000
Girish Nagar		
Managerial remuneration	600,000	173,753



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

26 Related party disclosures (continued)

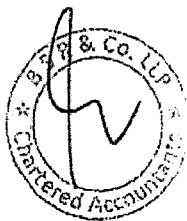
c) Balance outstanding as at the year end

	As at March 31, 2018	As at March 31, 2017
Northern Arc Capital Limited		
Trade receivables	370,528	493,915
IFMR Rural Channels and Services Private Limited		
Trade receivables	1,374,360	10,517
Pudhuanaru Financials Services Private Limited		
Trade receivables	59,000	-
Dvara Research Foundation		
Advances	-	375,078
Dvara Trust		
Trade payables	51,590,871	43,429,371
IFMR Rural Finance Services Private Limited		
Advances	1,465,500	927,382
IFMR Mezzanine Finance Private Limited		
Advances	-	21,956
Dvara Trusteeship Services Private Limited		
Advances	20,200	-

27 Micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date.

	As at March 31, 2018	As at March 31, 2017
The amounts remaining unpaid to micro and small suppliers as at end of the period / year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).	-	-
The amount of payments made to the micro and small suppliers beyond the appointed day during each accounting period / year	-	-
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 period / year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period / year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-



IFMR Holdings Private Limited**Notes to the standalone financial statements for the year ended March 31, 2018**

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

28 As per the Accounting Standard 22, "Accounting for taxes on income", the Company generates deferred tax asset, comprising mainly of gratuity, carried forward losses, unabsorbed depreciation. However, as subsequent realisation of deferred tax assets in near future is not virtually certain, management is of the view that it is prudent not to recognise deferred tax asset as at March 31, 2018 and March 31, 2017.

29 Specified bank notes

The disclosures regarding details of specified bank notes ('SBN') held and transacted during the current year has not been made since the requirement does not pertain to financial year ended March 31, 2018. However, corresponding details of SBN for the period from November 8, 2016 to December 30, 2016 as appearing in the audited financial statements for the year ended March 31, 2017 have been disclosed below.

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA Notification G.S.R 308(E) dated March 31, 2017 on the details of specified bank notes (SBN) held and transacted during the period from November 08, 2016 to 30 December 2016. The denomination wise SBN and other notes as per the notification are given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	15,500	22,397	37,897
Add: Permitted receipts	-	40,000	40,000
Less: Permitted payments	-	(24,297)	(24,297)
Less: Amount deposited in banks (net of withdrawal)	(15,500)	-	(15,500)
Closing cash in hand as on December 30, 2016	-	38,100	38,100

For the purpose of this clause, the term specified bank note shall have the same meaning provided in the notification of the Government of India, the Ministry of Finance - Department of Economic Affairs No. S.O.3407 (E), dated November 8, 2016.

30 Scheme of Arrangement

During the year, the Company vide its board meeting dated December 18, 2017 had approved the following two schemes under Section 230 to 232 of the Companies Act, 2013:

Scheme 1

Scheme of Arrangement (Demerger) & Amalgamation between the Company, Northern Arc Capital Limited, Dvara Investments Private Limited and their respective shareholders and creditors.

- The aggregator business of the Company and the entire investments relating to Northern Arc Capital Limited held by the Company would be transferred to Dvara Investments Private Limited.

Scheme 2

Scheme of Arrangement (Demerger) & Amalgamation between the Company, Pudhuaru Financial Services Private Limited, IFMR Rural Channels and Services Private Limited, Dvara Solutions Private Limited and their respective shareholders and creditors.

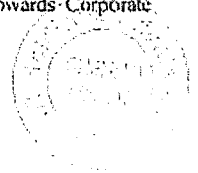
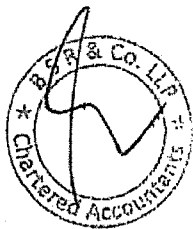
As per the aforesaid scheme, the relevant sequence of demerger and amalgamation proposed to be carried out are listed below:

- Amalgamation of IFMR Rural Channels and Services Private Limited with the Company.
- Demerger of KGFS business of the Company into Dvara Solutions Private Limited.
- Amalgamation of the Company into Pudhuaru Financial Services Private Limited.

The appointed date under the aforesaid Schemes is March 31, 2017. The Company is in the process of obtaining necessary approvals from various statutory authorities and filing it with the Hon'ble National Company Law Tribunal (NCLT). Pending approval processes and filing with NCLT, no adjustment has been considered in the above financial statements for the aforesaid schemes.

31 Corporate Social Responsibility

According to the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII and the Companies (Corporate Social Responsibility) Rules, 2014, the Company has not made profits for the preceding three years and hence no expenditure towards Corporate Social Responsibility was made for the year ended March 31, 2018 and for the previous year ended March 31, 2017.



IFMR Holdings Private Limited

Notes to the standalone financial statements for the year ended March 31, 2018

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

32 Prior year comparatives

Previous year figures have been re-grouped / re-arranged wherever necessary to conform to the current year's classification / disclosure.

Previous year's financial statements have been audited by a firm other than B S R & Co. LLP.

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022



K Raghuram

Partner

Membership No: 211171

For and on behalf of the Board of Directors of

IFMR Holdings Private Limited

CIN: U74900TN2013PTC094383



Bindu Ananth

Director

DIN: 02456029



Samir Amrit Shah

Director

DIN: 00912693



Girish Nagar

Company Secretary

Place: Chennai

Date: May 11, 2018

Place: Chennai

Date: May 11, 2018

DVARA INVESTMENTS PRIVATE LIMITED			
Unaudited Balance Sheet as at 30-June-2018			
Particulars	Note No.	As at 30-June-2018	As at 31-March-2018
		(Amount in INR)	(Amount in INR)
I EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	3	1,00,000	1,00,000
(b) Reserves & Surplus	4	-11,800	-11,800
		88,200	88,200
Non-current liabilities			
Current liabilities			
Short-Term Provisions	5	11,800	11,800
		11,800	11,800
TOTAL OF EQUITY AND LIABILITIES		1,00,000	1,00,000
II ASSETS			
Non-current assets			
Current assets			
Cash and Cash Equivalents	6	1,00,000	1,00,000
		1,00,000	1,00,000
TOTAL OF ASSETS		1,00,000	1,00,000

DVARA INVESTMENTS PRIVATE LIMITED			
Unaudited Statement of Profit and Loss for the period ended 30th June 2018			
Particulars	Note No.	For the period ended 30-June-2018	For the period from 01-Jan-2018 to 31-Mar-2018
		(Amount in INR)	(Amount in INR)
INCOME		-	-
EXPENDITURE			
Other Expenses	7	-	11,800
Total Expenses		-	11,800
Loss for the year before extraordinary items and tax		-	-11,800
Extraordinary items		-	-
Loss for the year before tax		-	-11,800
Tax Expenses			
Current Tax		-	-
Deferred Tax		-	-
Profit / (loss) for the year		-	-11,800

DVARA INVESTMENTS PRIVATE LIMITED		
Unaudited Cash Flow Statement for the period ended 30th June 2018		
Particulars	For the period ended 30-June-2018	For the period from 01-Jan-2018 to 31- Mar-2018
	(Amount in INR)	
A. Cash flow from operating activities		
Loss for the period before Tax	-	-11,800
<u>Changes in working capital</u>		
Adjustments for increase/(decrease) in Operating Liabilities:		
Short-Term Provisions	-	11,800
Cash generated/ (used) in operations	-	-
Taxes Paid	-	-
Net cash used in operating activities (A)	-	-
B. Cash flow from investing activities		
Net cash used in investing activities (B)	-	-
C. Cash flow from financing activities		
Issue of Equity share capital	1,00,000	1,00,000
Net cash flow from financing activities (C)	1,00,000	1,00,000
Net (decrease) / increase in Cash and cash equivalents (A+B+C)	1,00,000	1,00,000
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents transferred pursuant to scheme of arrangement	-	-
Cash and cash equivalents at the end of the year	1,00,000	1,00,000
Reconciliation of Cash and Cash equivalents:		
Cash and cash equivalents as per Balance sheet (Refer Note 6)	1,00,000	1,00,000
Add: current investments considered as part of Cash and Cash equivalents as defined in AS 3 Cash flow statements	-	-
Net Cash and Cash equivalents(as defined in AS 3 Cashflow statements)	1,00,000	1,00,000
Cash and Cash equivalents at the end of the year comprises of:		
(a) Cash in Hand	-	-
(b) Balances In Current Account	1,00,000	1,00,000

Dvara Investments Private Limited Notes forming part of Financial Statements				
Note 3 - Share Capital				
Particulars	As at 30-June-2018		As at 31-March-2018	
	(Amount in INR)		(Amount in INR)	
Authorised 1,00,000 (PY : 1,00,000) Equity Shares of Rs.10 each with voting rights	10,00,000		10,00,000	
Total	10,00,000		10,00,000	
Issued, Subscribed and Fully Paid up 10,000 (PY : 10,000) Equity Shares of Rs.10 each with voting rights	1,00,000		1,00,000	
Total	1,00,000		1,00,000	
(a) Details of shares held by each share holder				
Name of the Shareholder	As at 30-June-2018		As at 31-March-2018	
	No. of shares held	% of shareholding	No. of shares held	% of shareholding
EQUITY SHARES:				
DVARA Trust	9,999	99.99	9,999	99.99
Vijayaragavan V (On behalf of DVARA Trust)	1	0.01	1	0.01
Total	10,000	100	10,000	100
(b) Movement in shares				
(i) EQUITY SHARES				
Particulars	As at 30-June-2018		As at 31-March-2018	
	No. of shares	Amount In (Rs.)	No. of shares	Amount In (Rs.)
Opening Balance	10,000	1,00,000	-	-
Add: Shares issued during the year	-	-	10,000	1,00,000
Closing Balance	10,000	1,00,000	10,000	1,00,000
(c) Terms and Rights attached to Equity Shares				
The Company has issued one class of equity share at a par value of Rs.10 per share. Each holder of Equity share is entitled to one vote per share.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company.				
The distribution will be in proportion to the number of equity shares held by the shareholders.				

Dvara Investments Private Limited Notes forming part of Financial Statements		
Note 4 - Reserves and Surplus		
Particulars	As at 30-June-2018	As at 31-March-2018
	(Amount in INR)	(Amount in INR)
(a) Deficit in Statement of Profit and Loss		
Opening Balance	(11,800)	-
Add: Profit/(Loss) for the year	-	-11,800
Closing Balance	(11,800)	-11,800
Total	-11,800	-11,800
Note 5 - Short-Term Provisions		
Particulars	As at 30-June-2018	As at 31-March-2018
	(Amount in INR)	(Amount in INR)
Other Liabilities		
Provision for Expenses - Audit Fees	11,800	11,800
Total	11,800	11,800
Note 6 - Cash and Cash Equivalents		
Particulars	As at 30-June-2018	As at 31-March-2018
	(Amount in INR)	(Amount in INR)
- Cash in Hand	-	-
- Balance In Current Account	1,00,000	1,00,000
Total	1,00,000	1,00,000
Of the above , the balances that meet the definition of cash equivalents as per AS-3	1,00,000	1,00,000
<p>The Company was not in existence during the period 8th November, 2016 to 30th December, 2016. Consequently the disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable.</p>		

Dvara Investments Private Limited Notes forming part of Financial Statements		
Note 7 - Other Expenses		
Particulars	For the period ended 30-June-2018	For the period from 01-Jan-2018 to 31- Mar-2018
	(Amount in INR)	(Amount in INR)
Auditor's Remuneration	-	11,800
Total	-	11,800

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone : +91 (22) 4345 5300
Fax : +91 (22) 4345 5399

Independent Auditor's Report

To the Members of
Northern Arc Capital Limited
(formerly known as IFMR Capital Finance Limited)

Report on the audit of the standalone financial statements

We have audited the accompanying standalone financial statements of **Northern Arc Capital Limited** ("the Company"), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

NA

Independent Auditor's Report (Continued)

Northern Arc Capital Limited

(formerly known as IFMR Capital Finance Limited)

Auditor's responsibility (Continued)

We conducted our audit of the standalone financial statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 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 31 March 2018, its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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

18

Independent Auditor's Report (Continued)

Northern Arc Capital Limited

(formerly known as IFMR Capital Finance Limited)

Report on other legal and regulatory requirements (Continued)

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The balance sheet, the statement of profit and loss and the cash flow statement 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 prescribed under Section 133 of the Act.
- e) On the basis of written representations received from the directors as on 31 March 2018, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2018 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 the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) 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, 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 28 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 29 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) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited standalone financial statements for the year ended 31 March 2017 have been disclosed. – Refer note 66 to the standalone financial statements.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Manoj Kumar Vijai

Partner

Membership No: 046882

London
11 May 2018

Annexure A to the Independent Auditor's Report to the members of Northern Arc capital Limited (formerly known as IFMR Capital Finance Limited) for the year ended 31 March 2018

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable properties and accordingly, paragraph 3(i)(c) of the Order is not applicable.
- (ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company and primarily engaged in lending activities, accordingly it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) In our opinion and according to the information and explanations given to us, the Company has granted secured and unsecured loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013:
 - (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the Companies listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
 - (b) In the case of the loans granted to the companies listed in the register maintained under Section 189 of the Act, the borrowers have been, where stipulated, regular in the payment of principal and interest.
 - (c) There are no overdue amounts in respect of the loans granted to the companies listed in the register maintained under Section 189 of the Act.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the act with respect to loans, investments, guarantees and security made, as applicable.
- (v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and services tax, cess and any other material statutory dues have been generally deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, duty of customs, duty of excise and value added tax.

Annexure A to the Independent Auditor's Report to the members of Northern Arc capital Limited (formerly known as IFMR Capital Finance Limited) for the year ended 31 March 2018 (Continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and services tax, cess and any other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, service tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute except in the following cases:

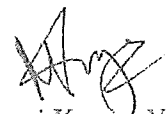
Name of statute	Period	Amount in Rs.	Forum where dispute is pending
Income tax act, 1961	AY 2014-15	24,123,350	Commissioner of Income Tax (Appeals)
Finance act, 1994 – Service tax	AY 2010 -2013	1,239,877	Customs, Excise and Service Tax Appellate Tribunal

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions or to debenture holders. The Company did not have any outstanding loans or borrowings to government during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). However the Company has raised term loans during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no material fraud on or by the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) The Company has during the year offered shares for private placement and has complied with the provisions of Section 42 of the Companies Act, 2013. According to the information and explanations give to us and based on our examination of the records of the Company, the amount so raised has been used for the purpose for which the funds were raised.

Annexure A to the Independent Auditor's Report to the members of Northern Arc capital Limited (formerly known as IFMR Capital Finance Limited) for the year ended 31 March 2018 (Continued)

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has obtained the registration, required under section 45-IA of the Reserve Bank of India Act 1934.

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



Manoj Kumar Vijai
Partner
Membership No: 046882

London
11 May 2018

Annexure B to the Independent Auditor's Report to the members of Northern Arc Capital Limited (IFMR Capital Finance Limited) for the year ended 31 March 2018

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 the standalone financial statements of Northern Arc Capital Limited ("the Company") as of 31 March 2018 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 (the "Guidance Note") 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 system over financial reporting.

14

Annexure B to the Independent Auditor's Report to the members of Northern Arc Capital Limited (IFMR Capital Finance Limited) for the year ended 31 March 2018 (Continued)

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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 B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Manoj Kumar Vijai
Partner

Membership No: 046882

London
11 May 2018

Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Balance sheet as at March 31, 2018
(All amounts are in Indian Rupees, except share data and as stated)

	Note	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,133,294,510	1,050,920,230
Reserves and surplus	4	5,165,489,173	3,954,220,989
		<u>6,298,783,683</u>	<u>5,005,141,219</u>
Non-current liabilities			
Long-term borrowings	5	12,594,044,562	10,944,671,768
Other non-current liabilities	6	7,823,230	40,050,608
Long-term provisions	7	99,392,967	78,313,335
		<u>12,701,260,759</u>	<u>11,063,035,711</u>
Current liabilities			
Short-term borrowings	8	7,678,872,604	5,823,105,559
Trade payables			
- dues to micro enterprises and small enterprises			
- dues to creditors other than micro enterprises and small enterprises	9	67,759,014	95,752,634
Other current liabilities	10	8,732,143,608	7,083,746,790
Short-term provisions	7	617,650,491	335,120,367
		<u>17,096,425,717</u>	<u>13,337,725,350</u>
		<u>36,096,470,159</u>	<u>29,405,902,280</u>
ASSETS			
Non-current assets			
Fixed assets			
- Property, plant and equipment	11.1	3,067,312	3,002,560
- Intangible fixed assets	11.2	35,979,682	33,785,726
- Intangible fixed assets under development	11.3	13,340,994	1,769,264
Non-current investments	12	7,031,230,100	7,683,785,060
Deferred tax assets (net)	14	224,098,510	121,998,850
Receivables under financing activities	13	11,322,271,688	7,797,547,349
Long-term loans and advances	15	78,490,372	56,479,878
Other non-current assets	16	17,637,031	96,766,767
		<u>18,726,115,689</u>	<u>15,795,135,454</u>
Current Assets			
Current investments	12	3,102,108,811	3,675,766,667
Receivables under financing activities	13	11,659,833,216	8,187,985,057
Cash and bank balances	17	1,927,715,229	1,259,713,736
Short-term loans and advances	15	383,229,120	161,915,799
Other current assets	18	297,468,094	325,385,547
		<u>17,370,354,470</u>	<u>13,610,766,826</u>
		<u>36,096,470,159</u>	<u>29,405,902,280</u>

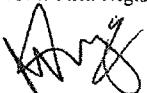
Significant accounting policies

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

for BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration No:101248W/W-100022



Manoj Kumar Vijai

Partner

Membership No. 046882

For and on behalf of the board of directors of

Northern Arc Capital Limited

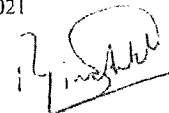
CIN: U65910TN1989PLC017021



Krishna Fernandes

Managing Director

DIN: 02539429



Bindu Ananth

Director

DIN: 02456029

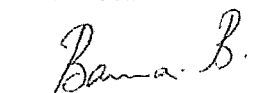



R. Srividhya

Company Secretary

Place: Chennai

Date: May 11, 2018



Bama Balakrishnan

Chief Financial Officer

Place: London

Date: May 11, 2018

Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Statement of profit and loss for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

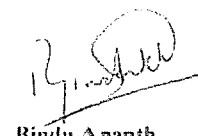
	Notes	Year ended March 31, 2018	Year ended March 31, 2017
REVENUE			
Revenue from operations	19	4,561,728,426	3,572,907,004
Other income	20	28,098,295	31,289,888
		<u>4,589,826,721</u>	<u>3,604,196,892</u>
EXPENSES			
Finance costs	21	2,296,454,743	1,761,722,642
Employee benefits	22	453,412,445	333,734,518
Depreciation and amortisation	23	16,414,520	12,034,000
Provision and loan losses	24	290,458,107	337,436,709
Other expenses	25	352,789,066	253,369,643
		<u>3,409,528,881</u>	<u>2,698,297,512</u>
Profit before tax		1,180,297,840	905,899,380
Tax expense			
Current tax expense		508,244,184	410,079,330
Deferred tax benefit		(102,099,660)	(98,864,046)
		<u>406,144,524</u>	<u>311,215,284</u>
Profit for the year		774,153,316	594,684,096
Earnings per equity share (Face value of INR 10 per share)			
Basic	37	9.88	7.41
Diluted		8.33	6.99
Significant accounting policies	2		
The notes referred to above from an integral part of the financial statements As per our report of even date attached			

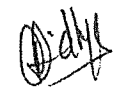
for BSR & Co. LLP
 Chartered Accountants
 ICAI Firm Registration No:101248W/W-100022

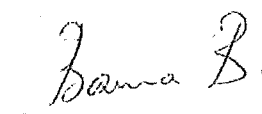
For and on behalf of the board of directors of
 Northern Arc Capital Limited
 CIN: U65910TN1989PLC017021


Manoj Kumar Vijai
 Partner
 Membership No. 046882

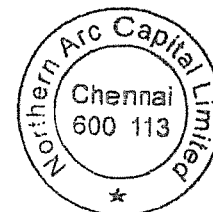

Kshama Fernandes
 Managing Director
 DIN: 02539429


Bindu Ananth
 Director
 DIN: 02456029


R. Srividhya
 Company Secretary
 Place : Chennai
 Date : May 11, 2018


Bama Balakrishnan
 Chief Financial Officer

Place : London
 Date : May 11, 2018



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Cash flow statement for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and as stated)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
A Cash flow from operating activities			
Profit before tax		1,180,297,840	905,899,380
Adjustments for:			
Depreciation and amortisation		16,414,520	12,034,000
Profit on sale of mutual fund investments		(26,782,224)	(25,558,795)
Contingent provision for standard assets		28,451,307	337,436,709
Provision for non-performing assets		9,307,466	7,930,777
Provision for investments		166,358,949	57,557,759
Provision for guarantees		86,340,385	245,748,769
Employee stock compensation plan		20,177,450	4,000,000
Finance costs		2,296,454,743	1,761,722,642
Interest income from banks on deposits		(6,311,440)	(19,229,161)
Operating profit before working capital changes		3,770,708,996	3,287,542,080
Changes in working capital and other changes:			
Increase in receivables under financing activities		(6,996,572,498)	(3,599,841,800)
(Increase)/ decrease in loans and advances		(221,281,925)	29,173,045
Decrease/ (increase) in other assets		103,225,315	(118,931,752)
(Increase)/ decrease in other bank balances		(58,085,165)	157,749,561
(Decrease)/ increase in trade payables		(27,993,620)	11,327,916
Increase/ (decrease) in other liabilities		15,385,286	(127,578,714)
Increase/ (decrease) in other provisions		13,151,648	(305,613,810)
Cash used in operations		(3,401,461,963)	(666,173,474)
Finance costs paid		(2,474,008,625)	(1,508,839,460)
Income tax paid (net)		(530,286,074)	(438,254,936)
Net cash flow used in operating activities (A)		(6,405,756,662)	(2,613,267,870)
B Cash flows from investing activities			
Purchase of fixed assets		(30,246,767)	(17,935,697)
Proceeds from sale of fixed assets		1,809	105,755
Interest received on fixed deposits		10,133,314	33,289,358
Purchase of mutual fund investments		(5,740,000,000)	(7,805,000,000)
Sale of mutual fund investments		5,766,782,225	7,830,558,795
Purchase of other investments		(9,558,444,260)	(11,976,309,030)
Sale of other investments		10,784,657,076	4,767,387,831
Net cash provided by investing activities (B)		1,232,883,397	(7,167,902,988)
C Cash flow from financing activities			
Proceeds from long-term borrowings		11,247,599,812	11,897,893,018
Repayments of long-term borrowings		(7,819,888,981)	(5,529,606,244)
Proceeds from short-term borrowings		2,207,537,020	2,675,761,216
Repayment of short-term borrowings		(351,769,975)	(103,681,394)
Proceeds from issue of preference share capital		499,311,697	1,620,017,704
Redemption of preference share capital		-	(150,000,000)
Proceeds from issue of equity share capital		-	24,246
Dividend paid on preference shares		-	(10,848,825)
Dividend distribution tax paid		-	(2,983,534)
Net cash generated from financing activities (C)		5,782,789,573	10,396,576,187
Net increase in cash and cash equivalents (A+B+C)		609,916,308	615,405,329
Cash and cash equivalents at the beginning of the year		1,195,224,774	579,819,445
Cash and cash equivalents at the end of the year		1,805,141,082	1,195,224,774



Northern Arc Capital Limited
 (Formerly IIMR Capital Finance Limited)
 Cash flow statement for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

	Note	As at March 31, 2018	As at March 31, 2017
Notes to cash flow statement			
1 Components of cash and cash equivalents:	17		
Balances with banks			
- in current accounts		1,455,141,082	1,195,224,774
- in deposit accounts free of lien		350,000,000	-
		<u>1,805,141,082</u>	<u>1,195,224,774</u>


Significant accounting policies 2
 The notes referred to above from an integral part of the financial statements
 As per our report of even date attached

for **BSR & Co. LLP**
 Chartered Accountants
 ICAI Firm Registration No:101248W/W-100022

For and on behalf of the board of directors of
Northern Arc Capital Limited
 CIN : U65991TN1993PTC024547


Manoj Kumar Vijai
 Partner
 Membership No. 046882

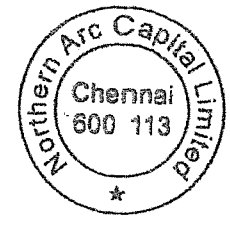

Kshama Fernandes
 Managing Director
 DIN: 02539429


Bindu Ananth
 Director
 DIN: 02456029


R. Srividhya
 Company Secretary
 Place : Chennai
 Date : May 11, 2018


Bama Balakrishnan
 Chief Financial Officer

Place : London
 Date : May 11, 2018



1 Company overview

Northern Arc Capital Limited (formerly IFMR Capital Finance Limited) ("the Company"), was incorporated on March 4, 1993 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 is a subsidiary of IFMR Holdings Private Limited ("the Holding Company").

The Company's objective is to provide liquidity and develop access to debt-capital markets for institutions that impact financially excluded households and enterprises.

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements have been prepared and presented under historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles in India (Indian GAAP) and conform to the statutory requirements, circulars, regulations and guidelines issued by Reserve Bank of India (RBI) from time to time to the extent they have an impact on the financial statements and current practices prevailing in India. The financial statements have been prepared to comply in all material aspects with the Accounting Standards ("AS") notified under Section 133 of the Companies Act, 2013. The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the RBI for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI).

2.2 Use of Estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year, reported balance of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

2.3 Operating Cycle

Assets and liabilities are classified as current and non-current based on the operating cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realized and settled within a period of 12 months from the date of balance sheet have been classified as current and other assets and liabilities are classified as non-current.

2.4 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.

2.5 Cash flow statement

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



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

2.6 Property, plant and equipment ("PPE")

PPE are stated at cost less accumulated depreciation and impairment losses, if any. The cost of PPE includes non-refundable taxes, duties, freight and other incidental expenses incurred directly related to the acquisition and installation of the asset. Subsequent expenditure on PPE after their purchase / completion is capitalized, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Cost of assets not ready for intended use, as on balance sheet date, is shown as capital work in progress. Advance given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as long terms loans and advances.

2.7 Intangible fixed assets

Intangible fixed assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible fixed assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The cost of intangible fixed assets not ready for the intended use at each balance sheet date is disclosed as intangible fixed assets under development.

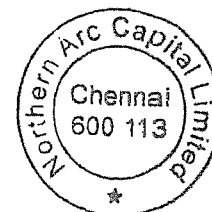
2.8 Depreciation and amortisation

The depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is provided on the original cost on a written down value method at the useful life given under Part C of the Schedule II of the Companies Act, 2013. Pro-rata depreciation is provided for all assets purchased / sold during the year. Leaschold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. The estimated useful life of various tangible and intangible assets are as under:

Asset category	Useful life
a) Property, plant and equipment	
Plant and machinery	15 years
Furniture and fittings	10 years
Office equipments	5 years
Computers and accessories	3 years
Servers	6 years
b) Intangible fixed assets	
Computer softwares	5 years

2.9 Impairment

The Company determines periodically whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



2.10 Investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage and fees.

Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments".

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment based on management's assessment of recovery and realisation.

Current investments are carried at the lower of cost and fair value.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.11 Foreign currency transactions

Foreign currency transactions are recorded into Indian rupees using the actual exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the statement of profit and loss.

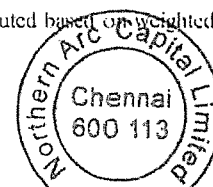
2.12 Derivative instruments

Premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the period. In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the statement of profit and loss in the reporting period in which the exchange rates change. The Company has adopted the "Guidance note on accounting for derivative contracts" issued by the Institute of Chartered Accountants of India ("ICAI") on June 1, 2015 w.e.f April 1, 2016. Derivatives are mark to market, any gain/loss arising out of such derivatives are recognized in the statement of profit and loss

2.13 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (i) Interest income from financing activities : Interest income is recognized in the statement of profit and loss on an accrual basis by applying the internal rate of return method on a time proportionate basis. In accordance with RBI guidelines relating to Assignment / Securitisation transactions, gains / interest spread arising from assignment / securitisation are recognised over the life of the underlying assets. In case of any loss, the same is recognised immediately in the statement of profit and loss. Interest income on Non Performing Assets (NPA) is recognised as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed in the month in which the loan is classified as NPA.
- (ii) Income from investment in pass through certificates is recognised based on the coupon rate in accordance with the terms of the underlying contracts.
- (iii) Income from guarantee facilities, collateral deposits from customers, investment in non-convertible debentures are recognized on a time proportionate basis. Income from investment in commercial papers is recognised on a straight-line basis over the tenure of such investments. Income from investment in alternative investment fund is recognised when the right to receive is established.
- (iv) Income from other financial services includes processing fees, professional fee and arranger fee which is recognised as and when the services are rendered by the Company.
- (v) Income from dividend is recognized in the statement of profit and loss when the right to receive is established.
- (vi) Profit / loss on disposal of an investment is recognised at the time of such sale / redemption and is computed based on weighted average cost.



2.14 Employee benefits

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

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation of the Company's obligation under such defined benefit plan is performed annually by a qualified actuary using the Projected Unit Credit Method.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of profit and loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employee is recognised in the Statement of profit and loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

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.

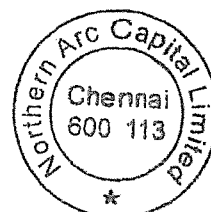
Short-term employee benefits

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.

Stock based compensation

The Company measures compensation cost relating to employee stock options using intrinsic value method, in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India. The excess of fair value of shares on the date of grant over the exercise prices is regarded as the compensation cost and is amortized over the vesting period of the respective options on a straight line basis.



2.15 Taxes on income

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in statement of profit and loss except that tax expense relating to items recognized directly in reserves is also recognized in those reserves.

Minimum Alternate Tax ("MAT") paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one year and are capable of reversal in one or more subsequent years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

2.16 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with AS 20, Earnings Per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share is computed by dividing net profit / loss 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 attributable to the equity share holders 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.

2.17 Borrowing costs

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the loan unless it is incurred on periodic basis.

Loan acquisition costs represents ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed and is amortised on a straight line basis, over the tenure of the respective borrowings. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowing is prepaid / cancelled.

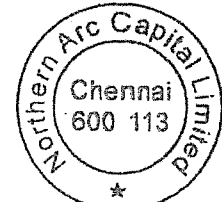
2.18 Operating leases

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

2.19 Provisions, contingent liabilities and contingent assets

A provision is recognized when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc., are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Contingent asset is not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Provision for investment is made as per internal estimates, based on past experience, realisation of underlying assets and other relevant factors relating to investments. Provision for guarantees is based on the risk weightage assigned to the respective facilities issued by the Company.



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)

Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and as stated)

2.20 Classification and provisioning on receivables under financing activities

(a) Receivables under financing activities are recognised on disbursement of loan to customers. The details of the policy are given below:

(b) Asset classification :

Receivables under financing activities are classified as standard, sub - standard and doubtful assets and provided for as per the Company's policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

Asset classification	Criteria
Standard assets	Not overdue or overdue for less than 90 days
Non Performing Assets (NPA)	
Sub-standard assets	Overdue for 90 days and more but up to 12 months
Doubtful assets	Sub-standard for more than 12 months
Loss assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

"Overdue" refers to interest and / or principal and / or instalment remaining unpaid from the day it became receivable.

(c) Provisioning norms for receivables under financing activities:

Asset classification	Percentage of provision
Standard assets	0.40%
Non-Performing Assets (NPA)	
Sub-standard assets	25%
Doubtful assets	50% - 100%
Loss assets	100%

(d) Under exceptional circumstances, management may renegotiate loans by rescheduling repayment terms for customers who have defaulted in repayment but who appear willing and able to repay their loans under a longer term agreement. Rescheduled Standard assets are classified / provided for as Sub-standard assets as per (b) above which classification / provisioning is retained for a period of 1 year of satisfactory performance. Rescheduled non performing assets are not upgraded but are retained at the original classification / provisioning for a period of 1 year of satisfactory performance.



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and as stated)

	As at March 31, 2018	As at March 31, 2017
3 Share capital		
Authorised		
165,000,000 (March 31, 2017: 165,000,000) equity shares of INR 10 each	1,650,000,000	1,650,000,000
17,500,000 (March 31, 2017 : 17,500,000) 0.0001% Compulsorily convertible preference shares of INR 20 each	350,000,000	350,000,000
20,000,000 (March 31, 2017: 20,000,000) 9.85% Cumulative non convertible compulsorily redeemable preference shares of INR 10 each	200,000,000	200,000,000
	2,200,000,000	2,200,000,000
Issued, subscribed and paid up		
78,365,673 (March 31, 2017: 78,365,673) equity shares of INR 10 each	783,656,730	783,656,730
17,481,889 (March 31, 2017: 13,363,175) 0.0001% Compulsorily convertible preference shares of INR 20 each	349,637,780	267,263,500
	1,133,294,510	1,050,920,230

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

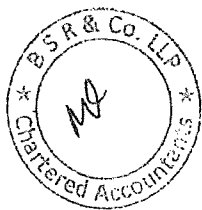
	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	78,365,673	783,656,730	78,365,473	783,654,730
Add: Shares issued during the year	-	-	200	2,000
At the end of the year	78,365,673	783,656,730	78,365,673	783,656,730

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
9.85% Cumulative non convertible compulsorily redeemable preference shares				
At the commencement of the year	-	-	15,000,000	150,000,000
Add: Shares issued during the year	-	-	-	-
Less: Shares redeemed during the year	-	-	(15,000,000)	(150,000,000)
At the end of the year	-	-	-	-

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
0.0001% Compulsorily convertible preference shares				
At the commencement of the year	13,363,175	267,263,500	-	-
Add: Shares issued during the year (Refer note below)	4,118,714	82,374,280	13,363,175	267,263,500
At the end of the year	17,481,889	349,637,780	13,363,175	267,263,500

Note:

During the year, pursuant to amended share subscription and shareholders agreement, the Company has issued 3,711,952 0.0001% Compulsorily convertible preference shares (March 31, 2017: 7,918,937) of INR 20 each to FIL Capital Investments (Mauritius) (II) Limited and 406,762 (March 31, 2017: 5,444,238) shares of INR 20 each to Standard Chartered Bank (Singapore Branch).



3 Share capital (continued)

b) 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.

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.

iii) 9.85% cumulative non convertible compulsorily redeemable preference shares

9.85% cumulative non convertible compulsorily redeemable preference shares having a par value of INR 10 each are redeemable at par at the end 18 months from the date of allotment.

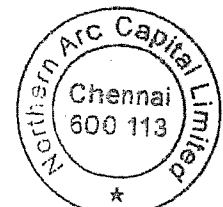
The preference shareholder is entitled to vote only on resolution placed before the Company which directly affects the rights attached to such preference shares as set out in Section 47 of the Companies Act, 2013. The right to entitlement for dividend on preference shares not declared in a financial year shall be carried forward to the subsequent financial years.

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

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% held	No. of shares	% held
Equity shares:				
IFMR Holdings Private Limited (including nominee shareholders) (Holding Company)	45,887,686	58.56%	45,887,686	58.56%

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

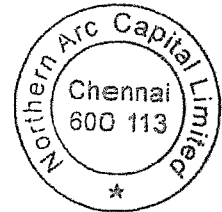
	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% held	No. of shares	% held
Equity shares:				
IFMR Holdings Private Limited and its nominees	45,887,686	58.56%	45,887,686	58.56%
Leapfrog Financial Inclusion India Holdings Limited	26,860,220	34.28%	26,860,220	34.28%
FIL Capital Investments (Mauritius) (II) Limited	1,979,859	2.53%	1,979,859	2.53%
Standard Chartered Bank (Singapore Branch)	3,637,908	4.63%	3,637,908	4.63%
0.0001% Compulsorily convertible preference shares				
FIL Capital Investments Mauritius (II) Limited	11,630,889	66.53%	7,918,937	59.26%
Standard Chartered Bank (Singapore Branch)	5,851,000	33.47%	5,444,238	40.74%



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

	As at March 31, 2018	As at March 31, 2017
4 Reserves and surplus		
Securities premium account		
At the commencement of the year	2,147,286,644	794,510,194
Add: Premium received on shares issued during the year	416,937,418	1,352,776,450
At the end of the year	<u>2,564,224,062</u>	<u>2,147,286,644</u>
Statutory reserve		
At the commencement of the year	364,195,980	245,259,161
Add: Transfer from surplus in the statement of profit and loss (refer note 4.1 below)	154,831,000	118,936,819
At the end of the year	<u>519,026,980</u>	<u>364,195,980</u>
Employee stock options outstanding account		
At the commencement of the year	4,000,000	-
Add: Employee compensation expense during the year	20,177,450	4,000,000
At the end of the year	<u>24,177,450</u>	<u>4,000,000</u>
Surplus in the statement of profit and loss		
At the commencement of the year	1,438,738,365	976,823,448
Add: Profit for the year	774,153,316	594,684,095
Less: Transfer to statutory reserve	(154,831,000)	(118,936,819)
Dividend on 9.85% cumulative non convertible compulsorily redeemable preference shares	-	(10,848,825)
Dividend distribution tax	-	(2,983,534)
At the end of the year	<u>2,058,060,681</u>	<u>1,438,738,365</u>
	<u><u>5,165,489,173</u></u>	<u><u>3,954,220,989</u></u>

4.1 As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of INR 154,831,000 (March 31, 2017: 118,936,819), out of the profit after tax for the year ended March 31, 2018 to Statutory Reserve.

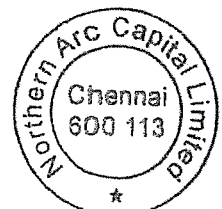


Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

5 Long-term borrowings

	Non-current portion		Current portion *	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured				
Redeemable non-convertible debentures:				
- 1,000 units (March 31, 2017: Nil units) of 9.88% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on March 27, 2020	1,000,000,000	-	-	-
- 1,000 units (March 31, 2017: 1,000 units) of 9.60% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 27, 2019	1,000,000,000	1,000,000,000	-	-
- 750 units (March 31, 2017: 750 units) of 10.90% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 24, 2019	750,000,000	750,000,000	-	-
- 750 units (March 31, 2017: Nil units) of 9.69% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on May 2, 2019	750,000,000	-	-	-
- Nil units (March 31, 2017: 1,500 units) of 11.15% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on March 13, 2018	-	-	-	1,500,000,000
- Nil units (March 31, 2017: 1,000 units) of 10.10% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on April 20, 2020	-	1,000,000,000	-	-
- Nil units (March 31, 2017: 1,250 units) of 11.10% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on March 29, 2019	-	-	-	1,250,000,000
Term Loans from banks	5,639,604,603	5,223,762,679	6,706,140,384	3,460,251,608
Term Loans from others	554,440,321	440,909,089	1,570,120,170	295,170,909
	9,694,044,924	8,414,671,768	8,276,260,554	6,505,422,517
Unsecured				
Redeemable non-convertible debentures:				
- 2,500 units (March 31, 2017: 2,500 units) of 10.43% redeemable non-convertible debentures of INR 1,000,000 each, maturing on August 2, 2019	2,500,000,000	2,500,000,000	-	-
- 1,500 units (March 31, 2017: 1,500 units) of 14.50% redeemable non-convertible debentures of INR 50,000 each, maturing on December 18, 2018	-	30,000,000	30,000,000	22,500,000
Term Loans from banks	149,999,638	-	-	-
Term Loans from others	250,000,000	-	-	-
	2,899,999,638	2,530,000,000	30,000,000	22,500,000
	12,594,044,562	10,944,671,768	8,306,260,554	6,527,922,517

* included under other current liabilities (refer note 10)



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and as stated)

Notes:

5.1 Terms of repayment of borrowings:

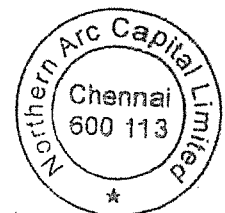
Particulars (tenure in years)	Range of rate of interest p.a. (%) as at March 31, 2018	Amount outstanding as at March 31, 2018	Amount outstanding as at March 31, 2017
Term loans from banks - secured			
- 2 years	8.90% to 10.85%	2,381,547,313	1,109,696,605
- 3 years	9.05% to 13.00%	8,428,483,387	6,788,603,402
- 4 years	9.15% to 10.75%	1,535,714,287	785,714,280
Term loans from others - secured			
- 2 years	8.90% to 9.50%	1,500,000,000	-
- 3 years	9.30% to 11.35%	624,560,491	736,079,998
Term loans from banks - unsecured			
- 6 years	10.25%	149,999,638	-
Term loans from others - unsecured			
- 6 years	10.25%	250,000,000	-
Redeemable non-convertible debentures - secured			
- 2 years	9.69% to 9.88%	1,750,000,000	-
- 3 years	9.60% to 10.90%	1,750,000,000	5,500,000,000
Redeemable non-convertible debentures - unsecured			
- 3 years	10.43%	2,500,000,000	2,500,000,000
- 5 years	14.50%	30,000,000	52,500,000

- 5.2 The Company has created a specific charge on its receivables under financing activities for its secured borrowings. The Company needs to maintain a security cover ranging from 1 to 1.2 times of the outstanding loan amount at any point of time.
- 5.3 Interest rates vary amongst the borrowings between fixed and floating rates and are payable on a monthly or quarterly or half yearly basis. The interest rates disclosed above represent the rates of interest as at March 31, 2018. The repayment of principal portion is either on a monthly or quarterly or half yearly basis.
- 5.4 During the year, the Company has not defaulted in the repayment of dues to its lenders / debenture holders.

6 Other non-current liabilities

Collateral deposits from customers
Employee benefits payable

	As at March 31, 2018	As at March 31, 2017
Collateral deposits from customers	7,823,230	31,715,420
Employee benefits payable	-	8,335,188
	7,823,230	40,050,608



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and as stated)

7 Provisions

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Contingent provision for standard assets	45,485,294	30,591,426	46,277,656	32,720,217
Provision for investments	19,445,388	26,416,636	411,021,202	237,691,005
Provision for guarantees	-	-	140,792,760	54,452,375
Provision for non-performing assets	-	-	17,238,243	7,930,777
Provision for gratuity (refer note 32)	26,038,658	14,256,664	1,295,967	1,295,967
Provision for compensated absences	8,423,627	7,048,609	1,024,663	1,030,026
	99,392,967	78,313,335	617,650,491	335,120,367

8 Short-term borrowings

Secured

Loans repayable on demand from banks

- Working capital loan
- Cash credit

Unsecured

Commercial paper

Less: unamortised discount on commercial paper

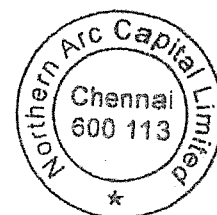
	As at March 31, 2018	As at March 31, 2017
- Working capital loan	1,649,999,524	920,900,000
- Cash credit	1,901,382,184	1,646,433,612
Commercial paper	4,250,000,000	3,350,000,000
Less: unamortised discount on commercial paper	(122,509,104)	(94,228,053)
	7,678,872,604	5,823,105,559

Notes:

8.1 Terms of repayment of borrowings:

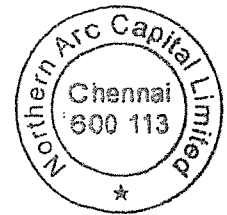
Particulars	Range of rate of interest p.a. (%) as at March 31, 2018	Tenure of the Loan	Amount outstanding as at March 31, 2018	Amount outstanding as at March 31, 2017
Working capital loan	8.50%- 9.35%	Repayable on demand	1,649,999,524	920,900,000
Cash credit from bank	9.00%- 10.20%	Repayable on demand	1,901,382,184	1,646,433,612
Commercial paper	7.90%- 9.20%	2 to 12 months	4,127,490,896	3,255,771,947

- 8.2 The Company has created a specific charge on its receivables under financing activities for its secured borrowings. The Company needs to maintain a security cover ranging from 1.1 to 1.33 times of the outstanding loan amount at any point of time.
- 8.3 Interest rates for working capital loan and cash credit facilities vary between fixed and floating rates and are payable on a monthly basis.
- 8.4 Discount rates for commercial papers are fixed and are repayable on maturity.
- 8.5 During the year, the Company has not defaulted in the repayment of dues to its lenders.



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

	As at March 31, 2018	As at March 31, 2017
9 Trade payables		
Trade payables		
- dues to micro enterprises and small enterprises (refer note 30)	-	-
- dues to creditors other than micro enterprises and small enterprises	67,759,014	95,752,634
	<u>67,759,014</u>	<u>95,752,634</u>
10 Other current liabilities		
Current maturities of long term borrowings		
- from redeemable non-convertible debentures (refer note 5)	30,000,000	2,772,500,000
- from banks (refer note 5)	6,706,140,384	3,460,251,608
- from others (refer note 5)	1,570,120,170	295,170,909
Collateral deposits from customers	31,272,328	61,246,900
Interest accrued but not due on		
- term loan from banks	38,667,258	51,881,164
- term loan from others	6,326,704	3,112,098
- non-convertible debentures	86,197,551	252,283,895
- working capital loan	2,620,302	100,000
- collateral deposits from customers	3,876,622	7,865,162
Employee benefits payable	157,700,312	78,134,197
Long term incentive	-	-
Statutory dues payable	45,065,588	3,900,506
Remittances payable - derecognised assets	37,703,452	63,867,493
Corporate social responsibility provision	-	-
Other liabilities	16,452,937	33,432,858
	<u>8,732,143,608</u>	<u>7,083,746,790</u>



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

11.1 Property plant and equipment

Particulars	Plant and machinery	Furniture and fittings	Computers and accessories	Office equipments	Servers	Leasehold improvements	Total
Gross block							
As at April 1, 2016	290,437	193,148	8,205,778	925,456	6,609,723	1,676,066	17,900,608
Additions	-	388,969	3,695,165	2,576,393	-	618,987	7,279,514
Disposals	-	-	362,799	-	-	-	362,799
As at March 31, 2017	290,437	582,117	11,538,144	3,501,849	6,609,723	2,295,053	24,817,323
Additions	-	40,500	3,486,153	1,015,578	-	-	4,542,231
Disposals	-	-	108,605	-	-	-	108,605
As at March 31, 2018	290,437	622,617	14,915,692	4,517,427	6,609,723	2,295,053	29,250,949
Accumulated depreciation							
As at April 1, 2016	227,025	142,168	6,857,127	405,683	6,561,460	1,676,066	15,869,529
Additions	34,437	267,119	3,801,501	1,923,304	28,958	146,959	6,202,278
On disposals	-	-	257,044	-	-	-	257,044
As at March 31, 2017	261,462	409,287	10,401,584	2,328,987	6,590,418	1,823,025	21,814,763
Additions	15,716	136,335	2,437,901	1,716,808	11,583	157,327	4,475,670
On disposals	-	-	106,796	-	-	-	106,796
As at March 31, 2018	277,178	545,622	12,732,689	4,045,795	6,602,001	1,980,352	26,183,637
Net block							
As at March 31, 2017	28,975	172,830	1,136,560	1,172,862	19,305	472,028	3,002,560
As at March 31, 2018	13,259	76,995	2,183,003	471,632	7,722	314,701	3,067,312



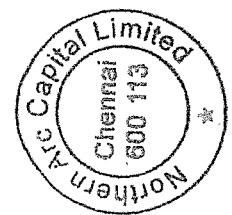
Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

11.2 Intangible fixed assets

Particulars	Softwares	Total
Gross block		
As at April 1, 2016	23,862,271	23,862,271
Additions	16,948,290	16,948,290
Disposals	-	-
As at March 31, 2017	40,810,561	40,810,561
Additions	14,132,806	14,132,806
Disposals	-	-
As at March 31, 2018	54,943,367	54,943,367
Accumulated amortisation		
As at April 1, 2016	1,193,113	1,193,113
Additions	5,831,722	5,831,722
On disposals	-	-
As at March 31, 2017	7,024,835	7,024,835
Additions	11,938,850	11,938,850
On disposals	-	-
As at March 31, 2018	18,963,685	18,963,685
Net block		
As at March 31, 2017	33,785,726	33,785,726
As at March 31, 2018	35,979,682	35,979,682

11.3 Intangible fixed assets under development

Particulars	Software under development	Total
As at April 1, 2016	8,061,371	8,061,371
Additions	10,656,183	10,656,183
Capitalized during the year	(16,948,290)	(16,948,290)
As at March 31, 2017	1,769,264	1,769,264
Additions	15,402,276	15,402,276
Capitalised during the year	(3,830,546)	(3,830,546)
As at March 31, 2018	13,340,994	13,340,994



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

12 Investments

(Valued at cost unless stated otherwise)

Non-trade investments - unquoted:

Investment in equity shares of subsidiaries

125,000 (March 31, 2017: 125,000) equity shares of INR 100 each in Northern Arc Investment Adviser Services Private Limited

12,779,670 12,779,670 - -

361,000 (March 31, 2017: 361,000) equity shares of INR 100 each in Northern Arc Investment Managers Private Limited

36,100,000 36,100,000 - -

Investment in preference shares of subsidiaries

76,000 (March 31, 2017: 76,000) 8% redeemable preference shares of INR 100 each in Northern Arc Investment Adviser Services Private Limited

7,600,000 7,600,000 - -

722,000 (March 31, 2017: 722,000) redeemable preference shares of INR 100 each in Northern Arc Investment Managers Private Limited

72,200,000 72,200,000 - -

Investments in pass through certificates

1,014,711,577

1,560,158,981

2,426,502,751

2,617,766,667

Investments in Alternative Investment Fund

2,041,180,948

950,946,409

-

-

Non-trade investments, quoted :

Investment in debentures

3,846,657,905

5,044,000,000

675,606,060

778,000,000

Investment in commercial papers

-

-

-

280,000,000

7,031,230,100 7,683,785,060 3,102,108,811 3,675,766,667

Aggregate book value and market value (NAV) of quoted investments

- Debentures

3,846,657,905

5,044,000,000

675,606,060

778,000,000

- Commercial papers

-

-

-

280,000,000

Aggregate book value of unquoted investments in

- Equity shares of subsidiaries

48,879,670

48,879,670

-

-

- Preference shares of subsidiaries

79,800,000

79,800,000

-

-

- Pass through certificates

1,014,711,577

1,560,158,981

2,426,502,751

2,617,766,667

- Alternative Investment Fund

2,041,180,948

950,946,409

-

-

13 Receivables under financing activities

Unsecured

Considered good

- Loans to related parties

112,703,923

149,690,821

-

-

- Loans to others

2,850,337,972

1,185,107,373

1,961,512,754

2,067,087,061

2,963,041,895 1,334,798,194 1,961,512,754 2,067,087,061

Secured

Considered good

- Loans to related parties

11,655,505

66,130,476

25,229,884

86,182,779

- Loans to others

8,347,574,288

6,396,618,679

9,627,929,908

6,026,784,440

8,359,229,793 6,462,749,155 9,698,320,462 6,120,897,996

11,322,271,688 7,797,547,349 11,659,833,216 8,187,985,057

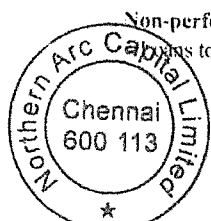
Non-performing assets
 - Loans to others

-

-

45,160,670

7,930,777



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

14 Deferred tax asset (net)

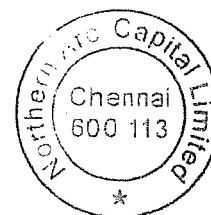
	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities		
Unamortised borrowing costs	15,418,832	11,884,268
Excess of depreciation/ amortisation under income-tax law over depreciation/ amortisation over depreciation/ amortisation provided in accounts	6,769,795	5,750,698
	22,188,627	17,634,966
Deferred tax assets		
Contingent provision for standard assets	11,443,481	6,235,571
Provision for investments	150,422,245	107,227,303
Provision for guarantees	49,198,624	3,019,429
Provision for non-performing assets	6,023,732	2,744,842
Provision for employee benefits	29,199,055	20,406,671
	246,287,137	139,633,816
Net deferred tax asset	224,098,510	121,998,850

15 Loans and advances

	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good				
Advance income tax (net of provision for tax)	51,629,739	29,587,849	-	-
Loans and advances to subsidiary	3,798,783	10,276,604	-	-
Unamortised borrowing costs	23,061,850	16,615,425	33,167,525	21,316,386
Prepaid expenses	-	-	1,801,669	3,211,272
Security deposits	-	-	18,544,797	18,279,297
Advances to employees	-	-	1,383,509	236,365
Other receivables	-	-	23,476,400	17,339,135
Balances with government authorities	-	-	13,491,365	3,291,712
Receivable from other financial services	-	-	291,363,855	98,241,632
	78,490,372	56,479,878	383,229,120	161,915,799

16 Other non-current assets

	As at March 31, 2018	As at March 31, 2017
Fixed deposits with banks	7,823,230	31,715,420
Interest accrued but not due on fixed deposits	544,991	1,416,615
Accrued income on investments in pass through certificates	9,268,810	63,634,732
	17,637,031	96,766,767



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and as stated)

17 Cash and bank balances

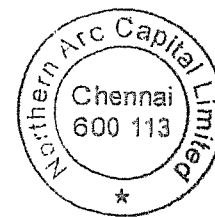
	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balance with banks		
- in current accounts	1,455,141,082	1,195,224,774
- in deposit accounts free of lien (with original maturity of less than 3 months)	350,000,000	-
	<u>1,805,141,082</u>	<u>1,195,224,774</u>
Other bank balances		
Balances with banks		
- In deposit accounts	122,574,147	64,488,982
	<u>1,927,715,229</u>	<u>1,259,713,756</u>

Note:

Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	1,805,141,082	1,195,224,774
Deposit due to mature within 12 months of reporting date included under "Other bank balances"	122,574,147	64,488,982
Deposits due to mature after 12 months of the reporting date included under "other non-current assets"	7,823,230	31,715,420

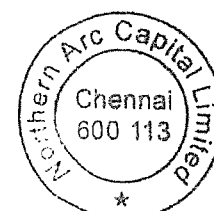
18 Other current assets

Interest accrued but not due on		
- receivables under financing activities	166,110,119	165,631,918
- fixed deposits with banks	3,347,715	6,297,965
Accrued income on investments in pass through certificates	22,164,715	106,771,735
Accrued income on investment in alternative investment fund	105,845,545	46,683,929
	<u>297,468,094</u>	<u>325,385,547</u>



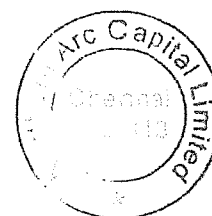
Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and as stated)

	Year ended March 31, 2018	Year ended March 31, 2017
19 Revenue from operations		
Interest income from financing activities	2,638,788,471	1,924,329,993
Income from investment in pass through certificates	405,305,574	476,166,880
Income from guarantee facility	62,318,372	38,257,915
Income from other financial services		
- Processing fee	192,608,991	126,974,500
- Professional fee	372,059,351	487,476,078
- Arranger fee for guarantee facility	55,837,500	25,855,000
Income from investment in commercial paper	18,250,836	6,852,840
Interest income from banks on collateral deposits from customers	4,995,369	13,498,528
Interest income from investment in non-convertible debentures	582,035,493	306,934,713
Income on investment in Alternative Investment Fund	206,836,295	101,438,899
Profit on sale of investments	22,692,174	65,121,658
	4,561,728,426	3,572,907,004
20 Other income		
Interest income from banks on deposits	1,316,071	5,730,633
Profit on sale of mutual fund investments	26,782,224	25,558,795
Other non operating income	-	460
	28,098,295	31,289,888
21 Finance costs		
Interest expenses on		
- term loans from banks	1,267,613,658	782,881,401
- non-convertible debentures	604,512,083	638,217,956
- cash credits and overdraft	113,540,312	69,142,695
- others	4,995,369	13,498,528
Amortisation of discount on commercial papers	269,766,544	219,959,140
Amortisation of ancillary costs relating to borrowings	36,026,777	38,022,922
	2,296,454,743	1,761,722,642
22 Employee benefits		
Salaries, wages and bonus	387,160,897	297,247,141
Contribution to provident fund (refer note 32)	15,305,030	11,498,753
Stock based compensation expense (refer note 33)	20,177,450	4,000,000
Expenses related to post-employment defined benefit plans (refer note 32)	16,960,739	6,380,086
Staff welfare expenses	13,808,329	14,608,538
	453,412,445	333,734,518
23 Depreciation and amortisation		
Depreciation of property, plant and equipment (refer note 11.1)	4,475,670	6,202,278
Amortisation of intangible fixed assets (refer note 11.2)	11,938,850	5,831,722
	16,414,520	12,034,000
24 Provision and loan losses		
Contingent provision for standard assets	28,451,307	26,154,571
Provision for non-performing assets	9,307,466	7,930,777
Provision for investments	166,358,949	252,041,788
Provision for guarantees	86,340,385	51,309,573
	290,458,107	337,436,709



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and as stated)

	Year ended March 31, 2018	Year ended March 31, 2017
25 Other expenses		
Rent	58,008,088	32,403,709
Rates and taxes	2,531,442	7,913,001
Travelling and conveyance	45,313,269	47,539,967
Legal and professional charges	181,228,900	122,743,752
Auditors' remuneration (refer note 26.1 below)	3,611,534	3,950,000
Directors' sitting fees	717,108	353,286
Repairs and maintenance - others	9,885,797	4,975,695
Communication expenses	5,338,824	5,023,015
Printing and stationery	1,448,185	933,730
Subscription charges	4,494,244	4,525,823
Advertisement and business promotion	19,115,229	3,959,486
Corporate social responsibility expenditure (refer note 26.2 below)	14,844,087	9,733,642
Bank charges	1,670,883	1,373,936
Miscellaneous expenses	4,581,476	7,940,601
	352,789,066	253,369,643
26.1 Payments to auditor (excluding service tax / goods and services tax)		
Statutory audit	2,750,000	3,700,000
Tax audit	100,000	100,000
Other services	650,000	100,000
Reimbursement of expenses	111,534	50,000
	3,611,534	3,950,000
26.2 Details of expenditure on corporate social responsibility		
(a) Amount required to be spent by the Company during the year	14,844,087	9,733,642
(b) Amount spent during the year (in cash) :		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	14,844,087	9,733,642



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and stated otherwise)

	As at March 31, 2018	As at March 31, 2017
27 Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	9,733,462	1,184,624
Undrawn committed sanctions to borrowers	6,755,730,822	1,635,000,000
28 Contingent liabilities		
Claims against the Company not acknowledged as debt		
- Service tax related matters	-	853,816
- Income tax related matters	59,525,382	59,525,382
Guarantees outstanding	2,191,540,197	928,753,593
29 Derivatives		
i. Outstanding derivatives: (notional principal amount in USD)		
- for hedging (currency & interest rate derivatives)	404,405	2,106,985
ii. Marked to market positions – asset (in INR)	656,250,000	1,070,900,000

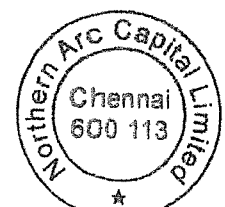
30 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at March 31, 2018	As at March 31, 2017
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	-	-
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period	-	-
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 period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

31 Expenditure in foreign currency (accrual basis)

	Year ended March 31, 2018	Year ended March 31, 2017
Travelling and conveyance	369,540	821,541
Directors' sitting fees	311,440	93,286
Subscription charges	653,835	997,956
Legal and professional charges	1,812,125	6,289,314
Advertisement and business promotion	-	395,176
Miscellaneous expenses	467,053	-



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and stated otherwise)

32 Employee benefits

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 15,305,030 (March 31, 2017: INR 11,498,753).

Defined benefit plans

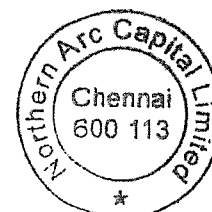
The Company's gratuity benefit scheme is a defined plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine 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 Accounting Standard 15 (Revised)

	March 31, 2018	March 31, 2017
A. Change in present value of obligations		
Present value of obligations at the beginning of the year	15,552,631	10,579,551
Current service cost	3,781,598	2,604,698
Interest cost	920,391	770,332
Past service cost	9,091,873	-
Benefits settled	(5,178,745)	(1,407,006)
Actuarial loss	3,166,877	3,005,056
Present value of obligations at the end of the year	27,334,625	15,552,631
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	-	-
Benefits settled	-	-
Fair value of plan assets at the end of the year	-	-
C. Actual Return on plan assets		
Expected return on plan assets	-	-
Actuarial 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	27,334,625	15,552,631
Fair value of plan assets	-	-
Net liability recognised in balance sheet	27,334,625	15,552,631

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

Current	1,295,967	1,295,967
Non-current	26,038,658	14,256,664
	27,334,625	15,552,631



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and stated otherwise)

32 Employee benefits (continued)	March 31, 2018	March 31, 2017
E. Expense recognised in statement of profit and loss		
Current service cost	3,781,598	2,604,698
Interest on obligation	920,391	770,332
Past service cost	9,091,873	-
Expected return on plan assets	-	-
Net actuarial loss recognised in the year	3,166,877	3,005,056
Total included in 'employee benefits'	16,960,739	6,380,086
F. Assumptions at balance sheet date		
Discount rate	7.55%	7.10%
Salary escalation	12.00%	12.00%
Mortality rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	12.00%	12.50%

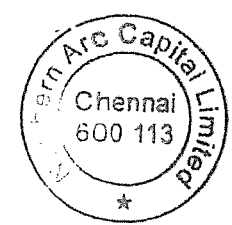
Notes:

- 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.

Five year information

Amounts for the current and previous four years are as follows:

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Present Value of benefit obligations	27,334,625	15,552,631	10,579,551	8,107,175	5,786,342
Fair value of plan assets	-	-	-	-	-
(Surplus) / deficit in the plan	-	-	-	-	-
Experience adjustments arising on plan liabilities - (gain)/loss	3,166,877	3,005,056	1,274,094	1,212,852	519,920
Experience adjustments arising on plan assets - gain/(loss)	-	-	-	-	-



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and stated otherwise)

33 Employee stock option plan (ESOP)

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

33.1 IFMR Capital Employee Stock Option Plan 2016 – (“Scheme 1”)

The IFMR Capital Employee Stock Option Plan 2016 is applicable to all employees. The options were issued on 1 March 2017, and will be exercised at INR 10. The options are vested equally over a period of 4 years.

IFMR Capital Employee Stock Option Plan 2016 – (“Plan” or “ESOP”) (“Scheme 2”)

The IFMR Capital Employee Stock Option Plan 2016 is applicable to all employees. The options were issued in four batches. The first and second batch will be exercised at INR 110, third and fourth batch will be exercised at INR 121. The options are vested equally over a period of 5 years.

33.2 Options outstanding under Scheme 1 and Scheme 2

As at March 31, 2018, the outstanding options under Scheme 1 and Scheme 2 and are as follows:

Plan	Grant date	Number of options	Exercise price in INR	Vesting period	Vesting condition
Scheme 1	1-Mar-17	421,371	10.00	1 to 4 years	performance based vesting
Scheme 2 - Batch 1	17-May-17	2,372,500	110.00	1 to 5 years	performance based vesting
Scheme 2 - Batch 2	17-Jul-17	315,000	110.00	1 to 5 years	performance based vesting
Scheme 2 - Batch 3	17-Nov-17	850,000	121.00	1 to 5 years	performance based vesting
Scheme 2 - Batch 4	18-Feb-18	465,000	121.00	1 to 5 years	performance based vesting
		4,423,871			

As at March 31, 2017, the outstanding options under Scheme 1 are as follows:

Plan	Grant date	Number of options	Exercise price in INR	Vesting period	Vesting condition
Scheme 1	1-Mar-17	721,371	10.00	1 to 4 years	performance based vesting
		721,371			

33.3 Reconciliation of outstanding options

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

Particulars	Number of options	
	As at March 31, 2018	As at March 31, 2017
Outstanding at beginning of year	721,371	-
Forfeited during the year	300,000	-
Exercised during the year	-	-
Granted during the year	4,002,500	721,371
Outstanding as at end of year	4,423,871	721,371
Vested and exercisable as at end of year	421,371	721,371



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and stated otherwise)

33.4 Fair value methodology

The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the dates of each grant using the Black Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of the Company's stock price as zero, since historical volatility of similar listed enterprise was not available. The various assumptions considered in the pricing model for the stock options granted by the Company are as follows:

	As at March 31, 2018	As at March 31, 2017
Fair value of options at grant date	103.05	103.05
Expected volatility	0%	0%
Option term	1 to 5 years	1 to 5 years
Expected dividends	0%	0%
Risk free interest rate	7.20%	7.80%

33.5 Impact of fair value method on net profit and EPS

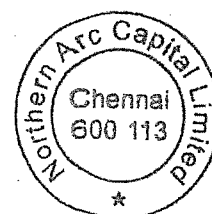
Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the pro forma amounts indicated below:

	Year ended 31 March 2018	Year ended 31 March 2017
Profit attributable to equity shareholders	774,153,316	580,851,737
Stock based compensation expenses determined under intrinsic value based method	20,177,450	4,000,000
Stock based compensation expenses determined under fair value based method	(48,840,036)	(8,052,199)
Profit / Loss for the year (pro forma)	745,490,730	576,799,538
Earnings per share (Basic)		
- Basic - in INR (reported)	9.88	7.41
- Basic - in INR (pro forma)	9.51	7.36
- Diluted - in INR (reported)	8.33	6.99
- Diluted - in INR (pro forma)	8.03	6.89

34 Related party disclosures

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

- | | |
|---------------------------------|--|
| (i) Holding company | IFMR Holdings Private Limited |
| (ii) Controlling entity | Dvara Trust (formerly IFMR Trust) represented by Dvara Trusteeship Services Private Limited (formerly IFMR Trusteeship Services Private Limited) |
| (iii) Wholly owned subsidiaries | Northern Arc Investment Adviser Services Private Limited (formerly IFMR Investment Adviser Services Private Limited)
Northern Arc Investment Managers Private Limited (formerly IFMR Investment Managers Private Limited) |
| (iv) Fellow subsidiaries | Pudhuvaru Financial Services Private Limited
IFMR Finance Foundation
IFMR Rural Channels and Services Private Limited |



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and stated otherwise)

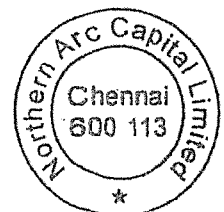
34 Related party disclosures (continued)

(v) Key Managerial Personnel (KMP)

Ms. Kshama Fernandes, Managing Director
 Mr. Vineet Sukumar, Chief Financial Officer upto June 2, 2017
 Ms. Bama Balakrishnan, Chief Financial Officer from June 3, 2017
 Ms. R. Srividhya, Company Secretary

A. Transactions during the Year :

Particulars	March 31, 2018	March 31, 2017
Dvara Trust		
Reimbursement of expenses	34,122,435	15,847,624
Reimbursement of income	-	1,369,142
IFMR Holdings Private Limited		
Reimbursement of expenses	-	2,674,151
Reimbursement of income	1,050,225	-
Purchase of ERP	5,178,688	-
Northern Arc Investment Adviser Services Private Limited		
Reimbursement of expenses	20,700	18,276
Reimbursement of income	15,150	-
Interest income	-	540,055
Purchase of fixed assets	-	20,834
Sale of fixed assets	-	5,972
Northern Arc Investment Managers Private Limited		
Reimbursement of expenses	-	1,645,430
Interest income	15,403,413	7,170,972
Loans given	59,000,000	134,000,000
Loans repaid	77,500,000	33,000,000
Purchase of fixed assets	-	5,533
Sale of fixed assets	1,809	90,002
Pudhuaru Financial Services Private Limited		
Interest paid on fixed deposits	-	551,759
Interest income	23,003,916	19,116,149
Fee received	24,885,807	32,330,485
Loan given	250,000,000	177,500,000
Loan repaid	365,427,871	158,094,675
Fixed deposit redeemed	-	11,210,735
Guarantees	250,000,000	28,551,196



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and stated otherwise)

34 Related party disclosures (continued)

	March 31, 2018	March 31, 2017
Ms. Kshama Fernandes		
Remuneration and other benefits *	20,746,049	20,263,344
Employee stock option (in units)	510,000	156,371
Mr. Vineet Sukumar		
Remuneration and other benefits *	5,596,326	17,285,660
Employee stock option (in units)	-	130,000
Ms. Bama Balakrishnan		
Remuneration and other benefits *	19,772,303	-
Employee stock option (in units)	400,000	100,000
Ms. R. Srividhya		
Remuneration *	2,635,000	2,075,000

* 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:

	As at March 31, 2018	As at March 31, 2017
Dvara Trust		
Trade payable	3,953,822	266,854
IFMR Holdings Private Limited		
Trade payable	-	543,896
Northern Arc Investment Adviser Services Private Limited		
Equity share capital	12,779,670	12,779,670
Preference share capital	7,600,000	7,600,000
Advances	66,600	315,474
Northern Arc Investment Managers Private Limited		
Equity share capital	36,100,000	36,100,000
Preference share capital	72,200,000	72,200,000
Receivable under financing activities	112,703,923	149,690,821
Advances	3,732,183	9,962,761
Interest Accrued but not due Loan	-	1,924,848
Pudhuaru Financial Services Private Limited		
Receivable under financing activities	36,885,388	152,313,255
Interest accrued but not due on fixed deposits	-	32,796
Interest accrued but not due on loan	293,062	775,626
Fee income accrued	5,162,506	8,092,132
Guarantees	49,879,640	34,801,196



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and stated otherwise)

34 Related party disclosures (continued)

	As at March 31, 2018	As at March 31, 2017
Ms. Kshama Fernandes		
Security Deposit	200,000	200,000
Amount payable	-	24,341,920
Employee stock option (in units)	666,371	156,371
Mr. Vineet Sukumar		
Amount payable	-	19,859,800
Employee stock option (in units)	-	130,000
Ms. Bama Balakrishnan		
Employee stock option (in units)	500,000	100,000

35 Segment reporting

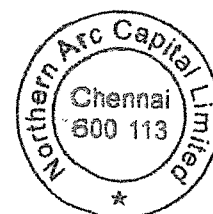
The Company operates in a single reportable business segment i.e. arranging or facilitating or providing finance either in the form of Loans or Investments or guarantees. As risks and rewards of operating such services are the same irrespective of the region, there are no geographical segments.

36 Operating leases

The Company has cancellable operating lease agreements for office space, which can be terminated by either parties after giving the notice. For the year ended March 31, 2018, an amount of INR 58,008,088 (March 31, 2017: INR 32,403,709) was recorded as expenses towards lease rentals in the statement of profit and loss.

37 Earnings per share ('EPS')

	March 31, 2018	March 31, 2017
Earnings		
Profit after tax (as reported)	774,153,316	594,684,096
Less: Dividend on preference shares and tax thereon	-	(13,832,359)
Net profit attributable to equity shareholders for calculation of basic EPS	774,153,316	580,851,737
Net profit attributable to equity shareholders for calculation of diluted EPS	774,153,316	584,851,737
Shares		
Equity shares at the beginning of the year	78,365,673	78,365,473
Shares issued during the year	-	200
Total number of equity shares outstanding at the end of the year	78,365,673	78,365,673
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	78,365,673	78,365,549
Compulsory convertible preference shares	14,207,457	5,262,558
Options granted	314,654	55,748
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	92,887,784	83,683,855
Face value per share	10.00	10.00
Earning per share		
Basic	9.88	7.41
Diluted	8.33	6.99



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)

Notes to the financial statements for the year ended March 31, 2018

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

38 Disclosure Pursuant to paragraph 26 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Gold loan portfolio

The Company has not provided loan against gold during the year ended March 31, 2018 and March 31, 2017.

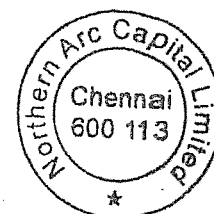
39 Capital adequacy ratio

The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines, is as follows:

Particulars	March 31, 2018	March 31, 2017
Tier I Capital	5,897,505,048	4,843,587,379
Tier II Capital	540,617,574	64,711,643
Total Capital	6,438,122,622	4,908,299,022
Total Risk Assets	37,404,932,701	29,063,730,745
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	15.77%	16.67%
Tier II Capital as a percentage of Total Risk Assets (%)	1.45%	0.22%
Total Capital (%)	17.22%	16.89%

40 Investments

Particulars	March 31, 2018	March 31, 2017
Value of investment		
Gross value of investments		
- In India	10,133,338,911	11,359,551,727
- Outside India	-	-
Provisions for investments		
- In India	430,466,590	264,107,641
- Outside India	-	-
Net value investments		
- In India	9,702,872,321	11,095,444,086
- Outside India	-	-
Movement of provisions held towards investments		
Opening balance	264,107,641	12,065,853
Add: Provisions made during the year	166,358,949	252,041,788
Less: Write off/ write back/ reversal of provision during the year	-	-
Closing balance	430,466,590	264,107,641



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and stated otherwise)

41 Disclosure Pursuant to paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

S.N. Particulars	As at March 31, 2018		As at March 31, 2017	
	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	3,565,313,381	-	4,481,283,528	-
- Unsecured	2,550,884,170	-	73,500,367	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	14,915,299,078	-	9,475,087,547	-
(d) Inter-Corporate Loans and Borrowings	-	-	-	-
(e) Commercial Paper	4,127,490,896	-	3,255,771,947	-
(f) Public Deposits	-	-	-	-
(g) Other Loans	3,554,002,010	-	2,567,433,612	-
(Represents Working Capital Demand Loans and Cash Credit from Banks)				
2 Break-up of (1)(f)above (outstanding public deposits inclusive of interest				
(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, 2018	As at March 31, 2017
Assets side:		
3 Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]:		
(a) Secured	18,057,550,255	12,583,647,151
(b) Unsecured	4,924,554,649	3,401,885,255
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	-	-



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and stated otherwise)

Particulars	As at March 31, 2018	As at March 31, 2017
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	675,606,060	778,000,000
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others		
a) commercial paper	-	280,000,000
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	2,426,502,751	2,617,766,667
Long Term Investments:		
I. Quoted:		
i. Shares		
a) Equity	-	-
b) Preference	-	-
ii. Debentures and Bonds	3,846,637,905	5,044,000,000
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others (please specify)		
II. Unquoted:		
i. Shares		
a) Equity	48,879,670	48,879,670
b) Preference	79,800,000	79,800,000
ii. Debentures and Bonds	-	-
iii. Units of Mutual Funds	-	-
iv. Government Securities	-	-
v. Others		
a) pass through certificates	1,014,711,577	1,560,158,981
b) units of alternative investment fund	2,041,180,948	950,946,409



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and stated otherwise)

6 Borrower Group-wise Classification of Assets Financed as in (3) and (4) above:

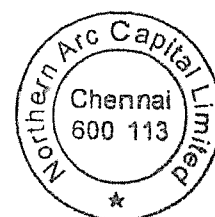
Category	As at March 31, 2018 (Net of provision for NPA)		As at March 31, 2017 (Net of provision for NPA)	
	Secured	Unsecured	Secured	Unsecured
	1. Related parties			
(a) Subsidiaries	-	112,703,923	-	149,690,821
(b) Companies in the same group	36,885,388	-	152,313,255	-
(c) Other related parties	-	-	-	-
2. Other than related parties				
	18,003,426,624	4,811,850,726	12,423,403,119	3,252,194,434
	18,040,312,012	4,924,554,649	12,575,716,374	3,401,885,255

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, 2018	Book Value as on March 31, 2018 (Net of provisions)	Market Value / Break up Value or Fair Value or Net Asset Value as on March 31, 2017	Book Value as on March 31, 2017 (Net of provisions)
	1. Related Parties			
(a) Subsidiaries	128,679,670	128,679,670	128,679,670	128,679,670
(b) Companies in the same Group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties				
	10,004,659,241	10,004,659,241	11,230,872,057	11,230,872,057
	10,133,338,911	10,133,338,911	11,359,551,727	11,359,551,727

8 Other Information

Particulars	As at March 31, 2018		As at March 31, 2017	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i) Gross Non-Performing Assets	-	45,160,670	-	7,930,777
(ii) Net Non-Performing Assets	-	27,922,427	-	-
(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-



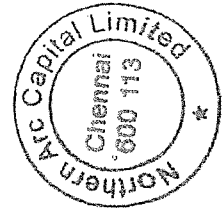
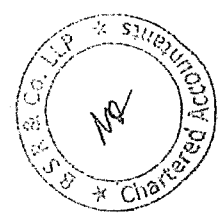
Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and stated otherwise)

42 Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities:

Particulars	1 day to 30/31 days (1 Month)	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	3,302,868,189 (1,821,851,524)	747,983,455 (255,059,462)	1,446,776,302 (1,004,894,525)	3,021,189,997 (1,053,095,172)	3,308,824,319 (2,189,963,676)	5,938,489,373 (5,543,639,987)	255,555,556 (121,031,776)	399,999,633	18,421,686,824 (11,989,536,122)
Market Borrowings	500,000,000 (2,250,000,000)	2,000,000,000 (1,000,000,000)	150,000,000 (250,000,000)	265,000,000 (11,250,000)	1,365,000,000 (2,611,250,000)	6,000,000,000 (4,280,000,000)	-	-	10,280,000,000 (11,402,500,000)
Assets									
Advances	1,104,788,883 (479,957,159)	912,680,549 (947,068,734)	817,615,799 (681,118,388)	3,234,687,002 (1,837,422,958)	5,590,060,983 (4,242,550,390)	9,891,965,993 (6,369,910,452)	1,430,305,695 (872,132,289)	(405,681,215)	22,982,104,914 (15,835,841,585)
Investments	487,404,820 (1,064,309,511)	279,790,844 (138,611,717)	293,583,915 (245,542,134)	1,145,444,996 (730,814,688)	895,884,235 (1,496,488,620)	2,058,628,244 (2,553,628,384)	2,167,085,748 (1,441,116,771)	2,805,516,109 (3,689,039,902)	10,133,338,911 (11,359,551,727)

Note:
 - The above summary is based on the information available with the Company and relied upon by the auditors.
 - Numbers in brackets represent previous year balances.



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and stated otherwise)

43 Disclosure of frauds reported during the year ended March 31, 2018

Nature of Fraud	No of Cases	Amount of fraud	Amount written off
Cash misappropriation by employee	-	-	-
Fraudulent representation by customers	-	-	-

The above summary with respect to fraud is based on the information available with the Company which has been relied upon by the auditors.

44 Exposure to Real estate sector

Particulars	March 31, 2018	March 31, 2017
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;		
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 (refer note below)	42,025,369	43,359,757
b) Commercial Real Estate	-	-

Note:

Represents investment in pass through certificates extended to housing finance companies.

45 Exposure to capital market

Particulars	March 31, 2018	March 31, 2017
(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	-	-
(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	-	-
(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)	-	-



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and stated otherwise)

46 Disclosures relating to Securitisation

46.1 Details of assignment transactions undertaken

Particulars	March 31, 2018	March 31, 2017
Number of assignment transactions	5	3
Outstanding assigned assets in books of assignee	650,250,194	503,668,106
Less: Collections not yet due to be remitted to assignee *	47,248,891	55,396,367
Outstanding Assigned Assets as per books	603,001,303	448,271,739
Book value of assets sold	3,063,662,095	1,868,643,971

46.2 Details of financial assets sold to securitisation

Particulars	March 31, 2018	March 31, 2017
Number of Securitisation Transactions	1	-
Outstanding assigned assets in books of seller	691,471,290	-
Less: Collections not yet due to be remitted to Trust *	33,952,557	-
Outstanding Assigned Assets as per books	657,518,733	-
Book value of assets sold	1,141,273,871	-
Total amount of exposure		
- Off balance sheet exposure		
First Loss		
Others		
- On balance sheet exposure		
First loss - cash collateral	91,301,910	-
Others - over collateral	57,063,694	-
	148,365,604	-

* excludes interest collected from customers on securitised assets

47 Details of non- performing financial assets purchases / sold

The Company has neither purchased nor sold any non- performing financial assets during the previous year.

48 Details of financing of Parent Company products

Nil

49 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, 2018 and March 31, 2017.

50 Advances against Intangible Securities

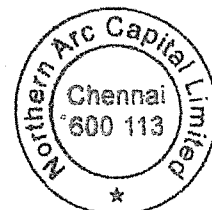
The Company has not given any loans against intangible securities

51 Registration/ licence/ authorisation obtained from other financial sector regulators :

Registration / Licence	Authority issuing the registration /	Registration / Licence reference
Certificate of Registration	Reserve Bank of India	B-07-00430 dated August 8, 2013

52 Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and Other Regulators during the financial year (FY) 2017-18 (FY 2016-17 - NIL)



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)

Notes to the financial statements for the year ended March 31, 2018

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

53 Ratings

The Credit Analysis & Research Limited (CARE) and ICRA Limited (ICRA) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Particulars	Rating agency	March 31, 2018	March 31, 2017
Bank facilities	ICRA	A+	A+
Non-convertible debentures - long term	ICRA	A+	A+
Non-convertible debentures - short term	CARE	A1+	A1+
Subordinated debt issue	ICRA	A+	A+
Commercial paper	ICRA	A1+	A1+

54 Provisions and contingencies (Break up of 'Provisions and contingencies' shown under the head expenditure)

	March 31, 2018	March 31, 2017
Provision for depreciation on investment	166,358,949	252,041,788
Provision for non-performing assets	9,307,466	7,930,777
Contingent provisions against standard assets	28,451,307	26,154,571
Provision made towards current income taxes	508,244,184	410,079,330

55 Draw down from reserves

The Company has not made any drawdown from existing reserves.

56 Concentration of advances

	As at 31 March 2018	As at 31 March 2017
Total advances to twenty largest borrowers	10,317,204,358	8,671,982,372
Percentage of advances to twenty largest borrowers to total advances	44.89%	54.25%

57 Concentration of exposures

	As at 31 March 2018	As at 31 March 2017
Total exposure to twenty largest borrowers	11,046,866,458	11,745,863,950
Percentage of exposures to twenty largest borrowers to total exposure	40.09%	43.28%

58 Concentration of NPAs

	As at 31 March 2018	As at 31 March 2017
Total exposure to top four NPA accounts	25,241,089	7,930,777

59 Sector-wise NPAs (Percentage of NPA's to total advances in that sector)

	March 31, 2018	March 31, 2017
Agriculture & allied activities	0.00%	0.00%
MSME	0.00%	0.00%
Corporate borrowers	0.04%	0.05%
Services	0.00%	0.00%
Unsecured personal loans	0.00%	0.00%
Auto loans	0.00%	0.00%
Other loans	1.96%	0.00%

The above Sector-wise NPA and advances are based on the data available with the Company which has been relied upon by the auditors.



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and stated otherwise)

60 Movement of Non-Performing Assets (NPA's)

	March 31, 2018	March 31, 2017
(a) Net NPAs to net advances (%) (Net of provision for NPAs)	0.12%	0.00%
(b) Movement of gross NPAs		
Opening balance	7,930,777	-
Additions during the year	37,229,894	7,930,777
Reductions during the year	-	-
Closing balance	45,160,671	7,930,777
(c) Movement of net NPAs		
Opening balance	-	-
Additions during the year	27,922,428	-
Reductions during the year	-	-
Closing balance	27,922,428	-
(d) Movement of provisions for NPAs (excluding contingent provisions against standard assets)		
Opening balance	7,930,777	-
Provisions made during the year	9,307,466	7,930,777
Write-off / write-back of excess provisions	-	-
Closing balance	17,238,243	7,930,777
(e) Movement of contingent provision against standard assets		
Opening balance	63,311,643	37,157,072
Additions during the year	28,451,307	26,154,571
Reductions during the year	-	-
Closing balance	91,762,950	63,311,643

60.1 Movement of provisions held towards guarantees

Opening balance		
Add: Provisions made during the year	54,452,375	3,142,802
Less: Write off/ write back/ reversal of provision during the year	86,340,385	51,309,573
Closing balance	140,792,760	54,452,375

61 Overseas assets (for those with joint ventures and subsidiaries abroad)
There are no overseas asset owned by the Company

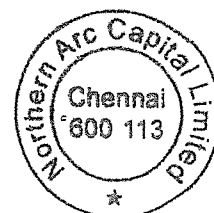
62 Off-balance sheet SPVs sponsored

There are no SPVs which are required to be consolidated as per accounting norms.

63 Customer complaints

	March 31, 2018	March 31, 2017
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	-	-
No. of complaints redressed during the year	-	-
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.



Northern Arc Capital Limited
(Formerly IFMR Capital Finance Limited)
Notes to the financial statements for the year ended March 31, 2018
(All amounts are in Indian Rupees, except share data and stated otherwise)

64 Disclosure under clause 28 of the Listing Agreement for Debt Securities

S.No.	Particulars	March 31, 2018	March 31, 2017
a)	Loans and advances in the nature of loans to subsidiaries	112,703,923	149,690,821
b)	Loans and advances in the nature of loans to associates	-	-
c)	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	-	-
d)	Loans and advances in the nature of loans to firms/companies in which directors are interested	36,885,388	152,313,255

65 Disclosure under clause 16 of the Listing Agreement for Debt Securities

The Debentures are secured by way of a first and pari passu hypothecation of receivables under financing activities, investment in pass through certificates and investment in debentures.

66 Disclosure of Specified Bank Notes ('SBN')

The disclosures regarding details of SBN held and transacted during the current year has not been made since the requirement does not pertain to financial year ended March 31, 2018. However, corresponding details of SBN for the period from November 8, 2016 to December 30, 2016 as appearing in the audited financial statements for the year ended March 31, 2017 have been disclosed below.

During the previous year ended March 31, 2017, the Company did not have specified bank notes or other denomination notes as defined in the MCA Notification G.S.R 308(E) dated March 31, 2017 on the details of SBN held and transacted during the period from November 8, 2016 to December 30, 2016. The denomination wise SBN and other notes as per the notification are given below:

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on November 8, 2016	-	-	-
Add: Permitted receipts	-	-	-
Less: Permitted payments	-	-	-
Less: Amount deposited in banks (net of withdrawal)	-	-	-
Closing cash in hand as on December 30, 2016	-	-	-

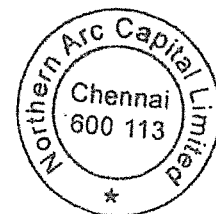
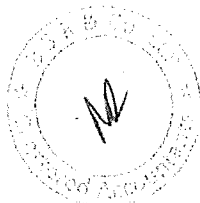
For the purpose of this clause, the term specified bank note shall have the same meaning provided in the notification of the Government of India, the Ministry of Finance - Department of Economic Affairs No. S.O.3407 (E), dated November 8, 2016.

67 During the year, the Company vide its board meeting dated 18 December 2017 had approved the Scheme of Arrangement (Demerger) & Amalgamation between the Company, IFMR Holdings Private Limited, Dvara Investments Private Limited and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013.

As per the aforesaid Scheme, the relevant sequence of demerger and amalgamation proposed to be carried out are listed below:

- The aggregator business of IFMR Holdings Private Limited and the entire investments relating to the Company held by of IFMR Holdings Private Limited to be transferred to Dvara Investments Private Limited
- Amalgamation of Dvara Investments Private Limited into the Company

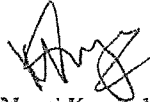
The appointed date under the aforesaid Scheme is March 31, 2017. The Company is in the process of obtaining necessary approvals from various statutory authorities and filling it with the Hon'ble National Company Law Tribunal (NCLT). Pending approval processes and filling with NCLT, no adjustment has been considered in the financial statements for the said Scheme.



Northern Arc Capital Limited
 (Formerly IFMR Capital Finance Limited)
 Notes to the financial statements for the year ended March 31, 2018
 (All amounts are in Indian Rupees, except share data and stated otherwise)

- 68 Previous year figures have been re-grouped / re-classified wherever necessary to correspond with the current year's classification / disclosure. Previous year figures has been audited by a firm other than B S R & Co LLP.

for BSR & Co. LLP
 Chartered Accountants
 ICAI Firm Registration No:101248W/W-100022



Manoj Kumar Vijai
 Partner
 Membership No. 046882

Place : London
 Date : May 11, 2018

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



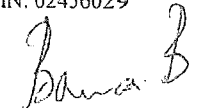
Kishana Fernandes
 Managing Director
 DIN: 02539429



R Srividhya
 Company Secretary
 Place : Chennai
 Date : May 11, 2018



Bindu Ananth
 Director
 DIN: 02456029



Bama Balakrishnan
 Chief Financial Officer



**REPORT OF THE BOARD OF DIRECTORS OF NORTHERN ARC CAPITAL LIMITED
VIZ. THE TRANSFEREE COMPANY (1) PURSUANT TO SECTION 232(2)(c) OF THE
COMPANIES ACT, 2013 WITH REGARD TO THE EFFECT OF THE SCHEME OF
ARRANGEMENT (DEMERGER) AND AMALGAMATION BETWEEN IFMR HOLDINGS
PRIVATE LIMITED AND DVARA INVESTMENTS PRIVATE LIMITED AND NORTHERN
ARC CAPITAL LIMITED (FORMERLY IFMR CAPITAL FINANCE LIMITED)**

The Demerger of the Demerged Undertaking from IFMR Holdings Private Limited to Dvara Investments Private Limited and the subsequent amalgamation of Dvara Investments Private Limited into Northern Arc Capital Limited was approved by the Board of Directors vide resolution dated 19th January 2018.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Directors explaining the effect of the Scheme of Arrangement (Demerger) and Amalgamation on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders laying out in particular the share exchange ratio, is required to be circulated to the creditors along with the notice convening the meeting.

The following is the Report taking into consideration the aforesaid provisions:

1. Effect of the Scheme on the Promoters/ Shareholders of the Applicant Company:

- a) Currently there are two layers of private equity shareholders (one layer at IFMR Capital and one layer at IFMR Holdings). This results in decision making being complex and time consuming. The Scheme will result in a single set of shareholders, thereby improving efficiency of corporate governance.
- b) Though Accion had a beneficial interest in IFMR Capital through its investment in IFMR Holdings, as a consequence of the Scheme, Accion will become a direct shareholder of IFMR Capital, further diversifying the shareholders of IFMR Capital.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH, CHENNAI

CA/161/CAA/2017

Sections 230 to 232 and other applicable

Provisions of the Companies Act, 2013;

And

In the matter of Scheme of Arrangement (Demerger) and Amalgamation between IFMR Holdings Private Limited and Dvara Investments Private Limited and Northern Arc Capital Limited

Northern Arc Capital Limited

a Company incorporated under the Companies Act, 1956,
having its Registered Office at IIT M Research Park, 10th Floor,
Kanagam Village, Taramani, Chennai – 600 113.

Form No.MGT-11

FORM OF PROXY

Name of the Secured creditor	
Registered address	
E-mail Id	

I/We, being the Secured creditor(s) of the above named Company viz., Northern Arc Capital Limited, hereby appoint:

1) _____ of _____ having e-mail id

_____ or failing him;

2) _____ of _____ having e-mail id

_____ or failing him

3) _____ of _____ having e-mail id

_____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Secured creditor meeting of the Company convened on the directions of the National Company Law Tribunal, Division Bench, Chennai, to be held on 30th October 2018 at 11.30 A.M. at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113 and at any adjournment thereof in respect of the proposal/resolution as indicated below:

Proposal/Resolution	Vote for*	Vote against*
Approval to the Scheme of Arrangement (Demerger) and Amalgamation between IFMR Holdings Private Limited and Dvara Investments Private Limited and Northern Arc Capital Limited.		

Signed this ____ day of _____ 2018 Signature of

Secured creditor _____

Signature of proxy holder(s)

<p>Affix One Rupee Revenue Stamp</p>
--

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. A proxy need not be a member of the Company.
3. Alterations, if any made in the Form of Proxy should be initialled.
4. Appointing a proxy does not prevent a creditor from attending the meeting in person if he/she so wishes.
5. In case of joint creditors, the signature of any one will be sufficient, but names of all the joint holders should be stated.

ATTENDANCE SLIP

**MEETING OF THE SECURED CREDITORS OF NORTHERN ARC CAPITAL LIMITED
CONVENED ON THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL,
CHENNAI BENCH,**

**TO BE HELD ON 30TH OCTOBER 2018 AT 11.30 A.M. AT IIT M RESEARCH PARK,
PHASE I, 10TH FLOOR, 1 KANAGAM VILLAGE (BEHIND TIDEL PARK), TARAMANI,
CHENNAI – 600 113**

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE
ENTRANCE OF THE MEETING HALL**

Amount of outstanding debt	
Name and address of the Secured Creditor (in block letters)	
Name and address of the Proxy holder (in block letters) – <i>To be filled by the proxy attending instead of the Secured creditor</i>	

I/We certify that I/We am/are Secured creditor/proxy for the Secured creditor of the Company.

I/ We hereby record my presence at the meeting convened pursuant to the Order dated 27th August 2018 of the National Company Law Tribunal, Chennai Bench, Chennai (“NCLT”) of the Secured creditors of Northern Arc Capital Limited at 30th October 2018 at 11.30 A.M. at IIT M Research Park, Phase I, 10th Floor, 1 Kanagam Village (Behind Tidel Park), Taramani, Chennai – 600 113

Secured creditor/ Proxy’s name in **BLOCK** letters

Signature of Secured creditor/Proxy

Notes:

1. Please fill in the attendance slip and hand it over at the entrance of the Meeting Hall.
2. Joint Secured creditor(s) may obtain additional attendance slip at the venue of the meeting.