Ref No.: NACL/01/DEC/2024-25 December 13, 2024

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code: 544260	To, National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Scrip Symbol: NORTHARC

Dear Sir/Madam,

Sub: Corrigendum to the Annual Report 2023-24.

This Corrigendum is being issued with reference to our letter Ref No. NACL/05/NOV/2024-25 dated November 27, 2024 wherein the Company had enclosed its Annual Report for FY 2023-24 along with the Notice of the 16th Annual General Meeting ("AGM") to be held on Thursday, December 19, 2024, at 03:00 P.M. (IST) via Video Conference / Other Audio Visual Means.

With reference to the captioned subject, we have noticed certain inadvertent errors in the Annual Report FY 2023-24 and the list of corrections is attached as **Annexure – 1**.

We are also enclosing herewith the updated Annual Report of the Company along with the Notice of the 16th AGM for the financial year ended 2023-24 after correcting the above stated errors and the same is available on the website of the Company at www.northernarc.com

We request you to kindly take the above on record and disseminate it to all concerned.

Thanking you,

For Northern Arc Capital Limited

PRAKASH CHANDRA PANDA

Digitally signed by PRAKASH CHANDRA PANDA
Date: 2024.12.13 16:48:36 +05'30'

Prakash Chandra Panda
Company Secretary & Compliance Officer

CC:
Catalyst Trusteeship Limited,
GDA House, Plot No.85,
Bhusari Colony (Right),
Paud Road,
Pune 411 038.

Annexure -1

The following are the changes made in the Annual Report for the financial year ended 2023-24:

i. On page number 79, Annexure – D, Annual report on CSR Activities, the following are the updated numbers:

(a) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : FY 2022-23 – should be read as INR 1,21,61,630/- instead of INR 94,34,794/- and accordingly updated 7(b) and 7(c) of the CSR report.

(b) Under the head "Excess amount for set off, if any:" - Total amount spent for the financial year should be read as INR 4,34,61,630 instead of INR 4,07,34,794/-

(c) Under the head "Excess amount for set off, if any:" – (iii) Excess amount spent for the financial year should be read as INR 27,90,497/- instead of INR 63,661/- and accordingly updated 8 (g) (v) of the CSR report.

ii. On page 90, 'Annexure 1 to Independent Auditor's Report on the Audit of the Standalone Financial Statements', after Point (ix) (e), the following paragraph was inserted:

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

iii. On Page 120, 'Notes to Standalone Financial Statement for the year ended March 31, 2024' under the heading '(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12' the following paragraph shall be substituted:

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. The amendments are not expected to have a material impact on the company's financial statements.

iv. On Page 127, 'Notes to Standalone Financial Statement for the year ended March 31, 2024' under heading 'Reconciliation of ECL Balance':

a) New assets originated as at March 31, 2024 for Stage 3 should be read as 48.07 instead of 48.37.
b) Transfer to stage 2 as at March 31, 2024 for Stage 3 should be read as 0.30 instead of 0.

v. On Page 128, 'Notes to Standalone Financial Statement for the year ended March 31, 2024' under the heading Right of use asset, 'Goodwill' should be read as 'Office premises - Building'.

vi. On Page 150, 'Notes to Standalone Financial Statement for the year ended March 31, 2024' under heading 'Securities premium' the following paragraph shall be substituted:

"Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act 2013."

vii. On Page 157, 'Notes to Standalone Financial Statement for the year ended March 31, 2024' under heading 'Change in Liabilities arising from financing activities', 'Lease Liabilities -Others' should be read as (33.15) instead of (125.10).

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

viii. On Page 168, ‘Notes to Standalone Financial Statement for the year ended March 31, 2024’ under heading ‘Liquidity risk’, ‘Subordinated liabilities - As at March 31, 2023’ figures shown under ‘Over 2 months up to 3 months’ should be read as 3995.07 instead of 3995.00.

ix. On Page 179, ‘Notes to Standalone Financial Statement for the year ended March 31, 2024’ under heading ‘Disclosure of effects of hedge accounting on financial position’, ‘Fair value hedge - Overnight Indexed swap’ Maturity Date - As at March 31, 2023 should be read as ‘December 15, 2026 to September 21, 2027’ instead of ‘November 15, 2025 to September 15, 2026’.

x. On Page 188, ‘Notes to Standalone Financial Statement for the year ended March 31, 2024’ under heading ‘72. Complaints’, ‘For the year ended March 31, 2024’, Number of complaints pending at the end of the year for:

(1) CIBIL related should be read as 3 instead of 0
(2) Loans and advances – Dues and charges should be read as 3 instead of 0
(3) Total should be read as 6 instead of 0

xi. On Page 305, ‘Notes to Standalone Financial Statement for the year ended March 31, 2024’ under heading ‘Impact of hedging activities’, Disclosure of effects of hedge accounting on statement of profit and loss - For the year ended March 31, 2024:

Cross currency swaps - Change in value of the hedging instrument recognised in other comprehensive income should be read as (572.32) instead of 572.32

Apart from the above-mentioned changes, few typographical errors were noticed in the Annual report and all those errors are promptly rectified.

Northern Arc Capital Limited
Annual Report **2023-24**

Financing India's Retail Credit Needs

Contents

Financing India's Retail Credit Needs

Northern Arc Capital Limited ('Northern Arc') is committed to bridging the financial gap for underserved households and businesses across India. By leveraging innovative technology solutions and strengthening its focus on scalability, Northern Arc enables sustainable growth and financial inclusion, empowering communities to achieve economic progress and resilience.

Strong Foundation

15 years
of Experience

>10 cr
Lives Impacted*

>4.2 cr
Women Empowered*

9
UNSDGs Aligned

INR 1.73 lakh cr
Finance Facilitated*

3.52 cr
Data Points Collected*

28 states and 7 UTs
Geographical Presence

*Cumulative till date

Key Updates

1

Northern Arc's share got **listed on NSE and BSE on September 24, 2024** with an issue size of **INR 777 crore** consisting of **INR 500 crore** of primary infusion.

2

In April 2024, Northern Arc secured equity investment worth **INR 382 crore** from the International Finance Corporation (IFC) and other marquee investors.

3

Rating upgraded from **A+ to AA- by India Ratings and Research.**

4

Certified as a **Great Place To Work®** for the fourth consecutive year.

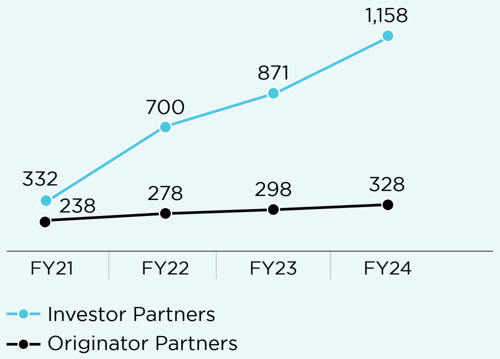
Great Place To Work® Certified FEB 2024-FEB 2025 INDIA

Operational and Financial Highlights (Past Four Years)

Consistently Growing Partner Ecosystem

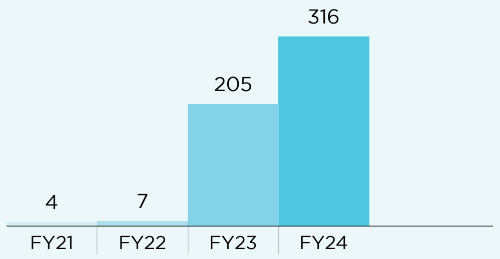
Investor & Originator Partners

(Nos)



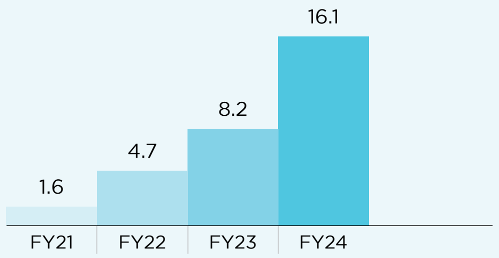
Large Distribution Network

Operation Branches (Nos)



Growing Customer Base

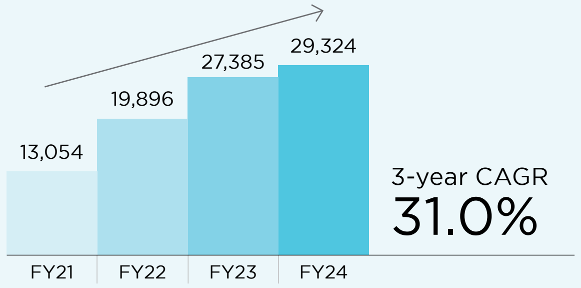
D2C Customers Segment (lakh)



Increasing Volumes Across Sectors

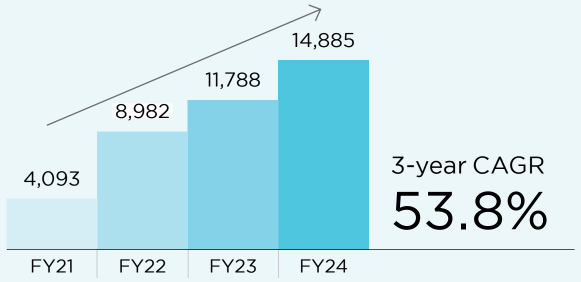
Gross Transaction Volumes

(INR cr)



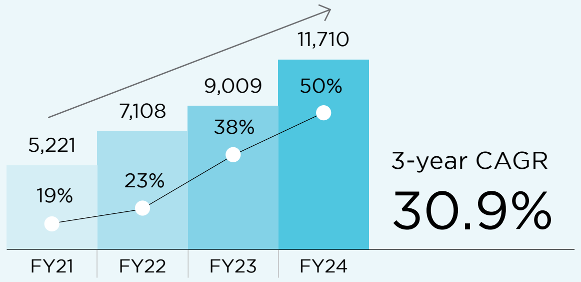
Disbursements

(INR cr)



AUM & D2C Mix

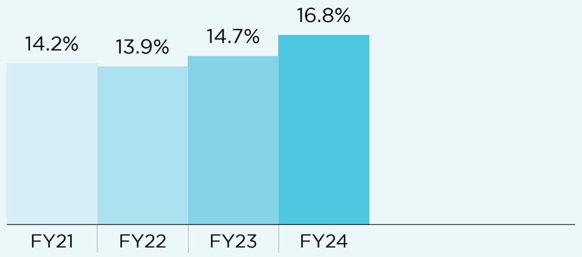
(INR cr & %)



Superior Yields and Asset Quality

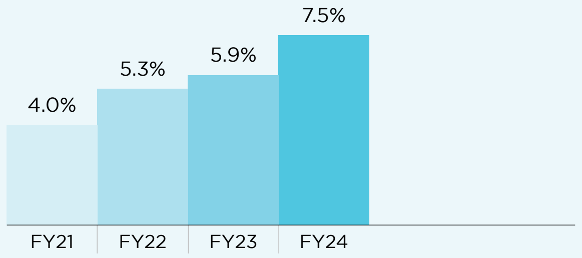
Increasing Yields

(%)



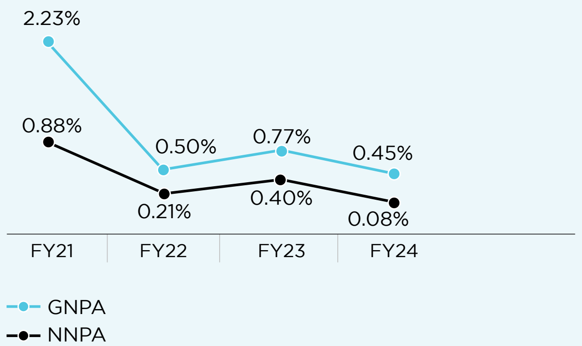
Expansion in Spreads

Increase (%)



Best-in-class Asset Quality

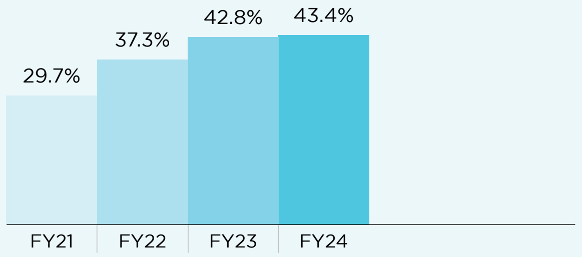
GNPA & NNPA (%)



Proven Track Record of Consistent and Resilient Financial Performance

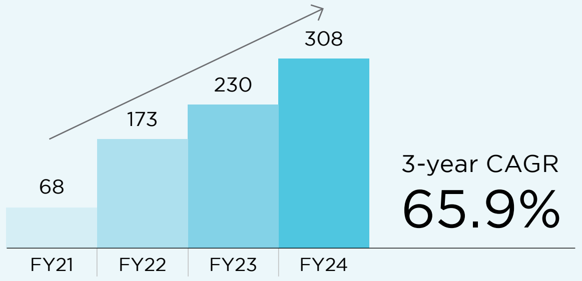
Cost-to-income Ratio

(%)



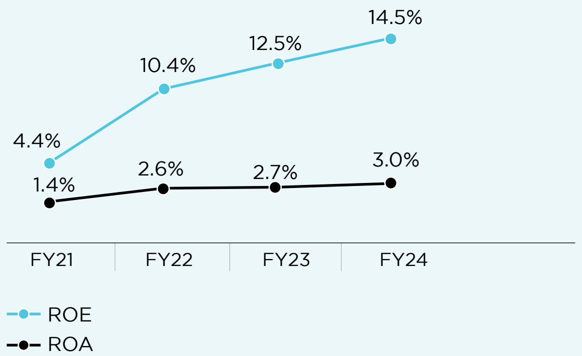
Increasing Profits

Growth (INR cr)



Improving Return Ratios

ROE & ROA (%)



Chairman's Message

Empowering Tomorrow: A Year of Transformation, Growth, and Financial Inclusion

"

In FY 2023-24, Northern Arc experienced exponential growth across business segments. A strategic emphasis on enhancing customer focus through multiple channels, achieving portfolio granularity, investing in technology and innovative products, and maintaining cost consciousness has driven our business growth".

PS Jayakumar
Chairman

Dear Shareholders,

I am pleased and proud to present the FY 2023-24 Annual Report. This year has been a transformative period for your Company, marked by rapid expansion, robust growth, strategic initiatives, and a strengthened commitment to cater to the diversified credit requirements of underserved households and businesses.

Economic Overview

In FY 2023-24, the Indian economy faced several challenges, including:

- **Inflation:** Higher, particularly in food and fuel prices, strained household budgets and posed significant challenges for monetary policy.
- **Supply Chain Disruptions:** Global supply chain disruptions, driven by geopolitical tensions and the lingering effects of the COVID-19 pandemic, impacted the manufacturing and export sectors.

Despite these hurdles, the Indian economy demonstrated remarkable resilience. Amidst global uncertainties, geopolitical tensions, and domestic challenges, India's GDP surpassed INR 172 lakh crore in FY 2023-24 and is estimated to grow at 6.8% in FY 2024-25. This performance solidified India's position as the fifth-largest economy in the world, trailing only the US, China, Germany, and Japan.

The government's emphasis on infrastructure development, digital transformation, and financial inclusion has created an optimal environment for NBFCs to flourish, contributing to the nation's economic strength. As a cornerstone of the financial ecosystem, we have been instrumental in reaching underserved and unbanked segments, impacting 10 crore lives till date and driving financial empowerment across the country.

Company Performance

In FY 2023-24, Northern Arc experienced exponential growth across business segments while maintaining a strong focus on profitability and a robust balance sheet. This year, your Company achieved healthy profit growth alongside improvements in asset quality parameters.

We have fortified our balance sheet through prudent risk management, comprehensive provisioning, healthy capital reserves, optimal asset-liability management, and adherence to regulatory compliance and governance standards. A strategic emphasis on enhancing customer focus through multiple channels, achieving portfolio granularity, investing in technology and innovative products, and maintaining cost consciousness has driven our business growth.

Commitment to ESG and CSR

Northern Arc's commitment to Environmental, Social, and Governance (ESG) principles and CSR initiatives is integral to our mission and values. We believe that sustainable growth and social responsibility are ethical imperatives and drivers of long-term value for our stakeholders and the communities we serve. Our commitment to providing efficient and reliable access to debt finance to underserved households and businesses aligns our business with nine of the 17 UN SDGs that directly acknowledge access to financial services as a relevant target to achieve by FY 2029-30. Moreover, the efforts made by us and the Northern Arc Foundation for Inclusive Growth across all of India's states and union territories have been remarkable, impacting livelihoods, societal development, and the country's progress.

Corporate Governance

Robust corporate governance and financial stability are our top priorities. Our experienced Board ensures strategic oversight, and we prioritise transparency and ethical conduct in all operations. We balance growth with prudence by maintaining a healthy capital base and proactive risk management. We strictly adhere to regulatory standards, ensuring compliance and upholding the highest governance standards. We remain committed to enhancing our governance practices and risk management capabilities, driving sustainable growth and long-term value for our stakeholders.

Outlook

As we look ahead, we remain optimistic about the opportunities and challenges that lie before us. The NBFC space will clock growth, driven by digital advancements, regulatory support, and the increasing demand for credit in underserved markets. We will focus on leveraging technology, expanding our reach with a risk-calibrated approach, and continuously innovating to meet our customers' financial needs. Furthermore, our fundraising initiatives will accelerate our expansion and enable us to create even greater value within the ecosystem. We thank all our stakeholders and look forward to your continued support.

Best wishes,
PS Jayakumar
Chairman

Message from MD and CEO

Reflecting on A Year of Transformation and Growth

"This year, Northern Arc has stayed committed to catering to the diverse retail credit requirements of India's under-served households and businesses. We have continued to create a differentiated and comprehensive play on the retail credit ecosystem in India spread across our focused sectors, using a multi-channel approach through tech and data enabled platforms".

Ashish Mehrotra
Managing Director and
Chief Executive Officer (MD & CEO)

Dear Shareholders,

This year has been a pivotal period for your Company, characterised by remarkable technological advancements and proactive risk management strategies. We have successfully executed our objective of strengthening our core operations, expanding new business lines, and reimagining our offerings through innovative technology and data-driven insights.

Northern Arc has witnessed remarkable growth, positively impacting the credit needs of underserved households and businesses across focused sectors. We are proud to report that our initiatives have touched more than 10 crore lives to date, leading to significant growth in volumes and assets under management (AUM). Our commitment to excellence has been recognised with an upgrade in our credit rating from A+ to AA- by India Ratings, affirming our strong risk profile while pursuing aggressive expansion.

Further, to fuel our growth, we raised INR 382 crore from the International Finance Corporation and other marquee investors in April 2024 and also got listed on NSE and BSE on September 24, 2024 raising INR 500 crore from the initial public offering.

Economic Context

Operating within a resilient economic landscape, India's GDP surpassed INR 172 lakh crore in FY 2023-24 and is estimated to grow at 6.8% in FY 2024-25. This growth is particularly commendable given various challenges, including geopolitical tensions and persistent inflationary pressures that have tested economic stability. Driven by a combination of favourable factors, the Indian economy will likely surpass INR 230-240 trillion by FY 2028-29.

- Key drivers of this anticipated growth include: A consistent inflow of global capital enhances liquidity in the financial markets, expands our financial sector, and fosters greater access to funding and investment opportunities.
- Significant technological initiatives—such as implementing the Goods and Services Tax (GST), the Open Network for Digital Commerce (ONDC), and advancements in payment systems like UPI—are transforming the economic landscape and facilitating seamless transactions across various sectors.

Furthermore, the rapid growth in credit penetration, with a CAGR of approximately 11%, underscores the burgeoning opportunities within the credit market, positioning us favourably to meet the evolving needs of consumers and businesses alike.

During the year, we have proactively navigated a series of regulatory challenges posed by the Reserve Bank of India (RBI), ensuring full compliance with new directives while strategically advancing our business operations. Our commitment to maintaining regulatory integrity has reinforced our reputation and enabled us to expand our market presence effectively.

Business Overview

This year, Northern Arc has stayed committed to catering to the diverse retail credit requirements of India's under-served households and businesses. We have continued to create a differentiated and comprehensive play on the retail credit ecosystem in India spread using a multi-channel approach of a) lending, b) placements, and c) fund management.

Over the years, Northern Arc has steadfastly adhered to its mission of channelling capital debt from mainstream banks and capital markets to underserved communities in a responsible, profitable, and scalable way. At the core of our operations is rigorous risk management, which we have continuously developed and tailored to suit each sector and business segment we engage in. This dedication allows us to construct a diversified portfolio while mitigating general and organisation-specific risks.

Furthermore, we have invested in a comprehensive Enterprise Risk Management system that aligns with current regulatory standards. Our risk management strategy also encompasses a framework for addressing ESG (Environmental, Social, and Governance) risks, reflecting its importance in today's global business environment.

At the heart of our approach are high-potential teams with sector-specific expertise, a robust and independent risk governance structure, meticulously documented risk management practices, and effective implementation. Developed and refined over a decade, these elements are the foundation of our risk management framework, enabling us to maintain a high-quality credit portfolio.

Our Technology Product Suite

The technology platforms Northern Arc developed have been pivotal in transforming the Company's operational capabilities and are critical drivers of future scalability, efficiency, and revenue growth. Each platform addresses specific business needs, positioning Northern Arc to lead in a competitive financial landscape.

Message from MD and CEO

As a curated debt platform, **Nimbus** enables seamless credit flow between Northern Arc and its Originator Partners through the balance sheet or Investor Partners. This flexibility allows the Company to efficiently manage and scale its credit offerings while maintaining robust partner relationships. By streamlining credit transactions and ensuring transparency, Nimbus enhances the speed and volume of credit disbursements, driving operational efficiency and market reach.

nPOS is a cloud-based API-enabled platform that optimises the partnership lending and co-lending process, connecting banks and financial institutions with Northern Arc. By automating workflow relating to loan origination, underwriting, and management, nPOS significantly reduces processing time, ensuring quicker loan disbursement and reducing the need for manual intervention. This efficiency directly translates into higher transaction volumes and better partner integration, positioning Northern Arc as a preferred technology partner in the lending ecosystem.

AltiFi democratises access to fixed-income instruments for retail investors and corporates, creating new revenue streams and so attracts a broad investor base beyond institutional investors, increasing liquidity and driving investment into the debt capital markets. This platform also enhances Northern Arc's role in financial inclusion by making investments accessible to a broader audience.

Nu Score is a machine learning-based analytical solution for financial institutions to aid in their loan underwriting process. As the Company expands into new markets and borrower segments, NuScore will mitigate risks while driving financial inclusion and sustainable growth.

These technology platforms offer Northern Arc a competitive edge by increasing efficiency, reducing risk, and expanding the credit and investment ecosystem. As the financial landscape continues to evolve, Northern Arc's proprietary platforms position the Company to scale rapidly while maintaining a sustainable and customer-focused approach.

> **"Northern Arc has achieved remarkable business growth while adhering to a disciplined risk management approach, ensuring robust asset quality. This strategic focus has driven enhanced profitability, resulting in improved ROA and ROE".**

Financial Highlights

Northern Arc achieved remarkable growth in its Assets under Management (AUM), which reached INR 11,710 crore, reflecting a 30% increase on y-o-y basis. Notably, the Direct-to-Consumer (D2C) segment grew significantly, with its share rising from 38% in FY 2022-23 to 50% in FY 2023-24, demonstrating the Company's expanding reach and focus on individual customers.

The Company delivered commendable financial results in FY 2023-24, with profit attributable to owners reaching INR 308 crore, marking a substantial 34% y-o-y increase. This growth was accompanied by improvements in key financial metrics, including Return on Equity (ROE), which rose to 14.5%, and Return on Assets (ROA), which improved to 3.0%, reflecting the Company's effective operational strategies.

Further, inspite of increase in risk weights for bank lending to NBFCs and increase in repo rate by 250 basis points (bps) in the last two years, Northern Arc has maintained a stable cost of funds of 9.2%.

Northern Arc also maintained a disciplined approach to risk management, ensuring healthy asset quality. The Company reported a low Gross Non-Performing Asset (GNPA) ratio of 0.45% and a Net Non-Performing Asset (NNPA) ratio of just 0.08%. Additionally, the Company upheld a solid capital adequacy ratio of 18.26%, reinforcing its financial stability and resilience.

This robust performance underscores Northern Arc's unwavering commitment to sustainable growth and effective risk management, ensuring long-term value creation for its stakeholders.

Strategic Pillars for Sustainable Growth

Building on our healthy financial performance and farsighted operational advancements, Northern Arc focuses on strategic initiatives to steer long-term value creation. We have structured a well-defined roadmap around core prerogatives that address evolving customer demands, leverage cutting-edge technology, and reinforce our market position. These pillars form the basis of our **'A, B, C, D'** framework for steady development and innovation.

A – Aspire to be the Preferred Platform

We aim to become the pioneer and market leader in the debt capital ecosystem for financial institutions and emerging businesses. Through an ecosystem-driven approach, we strive to extend our coverage to new classes of originators and investors. This will enable us to strengthen our position as the go-to platform for financial services, offering a seamless experience for diverse participants in the economic ecosystem.

B – Broadening the Northern Arc Franchise

A crucial part of our strategy is to deepen relationships with our customers throughout their life cycles. By expanding our offerings through a multi-channel approach—covering lending, placements, and fund management—we will cater to a wide range of end borrowers, including intermediate retail and direct customers. This multi-faceted approach will ensure that our franchise remains comprehensive and robust, meeting the evolving needs of our clients across different stages of their financial journey.

C – Customer-centricity at the Core

We have cultivated a culture of continuous improvement, where we challenge ourselves to push boundaries and enhance the customer experience. Our reliable and secure technology architecture is designed to serve a broad spectrum of customer segments quickly and precisely. We are committed to building a future-ready enterprise that prioritises convenience and cost-effective solutions while automating a significant portion of our business processes to improve efficiency and responsiveness.

D – Data and Technology-driven Growth

Our organisational structure, investments in new capabilities, and focus on data and digital initiatives are strategically aligned to support our next growth phase. By systematically expanding our capabilities and leveraging the power of data and technology, we are well-positioned to scale our operations. As we continue to build on the ecosystem we have developed over the past decade, we aim to play an even more prominent role in driving innovation and growth in the financial services sector.

This comprehensive strategy encapsulates our vision for the future, ensuring that Northern Arc remains agile, customer-focused, and driven by innovation as we continue to scale and expand our range.

Looking Ahead

As Northern Arc looks to the future, our focus remains on evolving as a diversified financial services platform, emphasising customer-centricity through digital and data-driven initiatives. Our strategy for the coming years is anchored in a four-step A-B-C-D approach designed to solidify our position in the market and foster sustainable growth.

Acknowledgement

I sincerely thank all our stakeholders—clients, lenders, employees, investors and other stakeholders—for their trust and support in helping us build a dynamic and inclusive society. I especially thank our Board for their guidance and my colleagues for their invaluable contributions, which have positioned Northern Arc as a leading financial institution.

Regards,

Ashish Mehrotra
Managing Director and
Chief Executive Officer (MD & CEO)

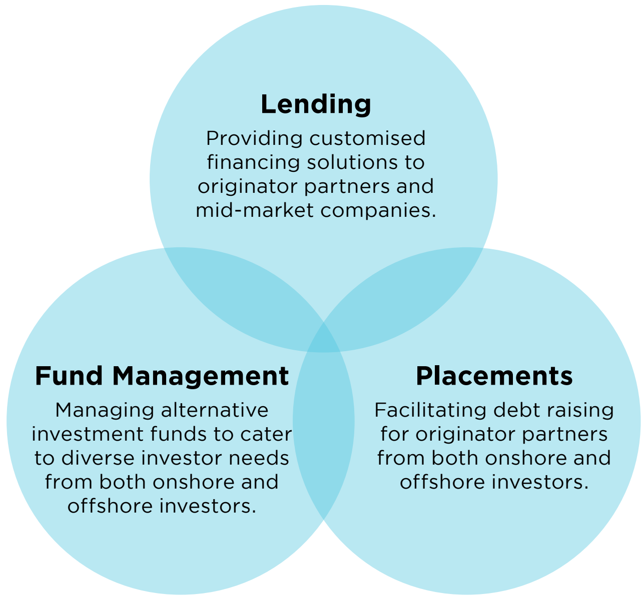
Northern Arc at a Glance

Strengthening India's Retail Credit Ecosystem

Northern Arc is a leading non-banking financial company (NBFC) dedicated to enhancing financial inclusion for underserved households and businesses across India. Over the past 15 years, the Company has developed a comprehensive presence in the retail credit ecosystem, focusing on six key sectors:

Channels and Technology

Northern Arc employs a multi-channel approach to facilitate access to debt capital, utilising three primary channels:



These channels are supported by proprietary technology platforms, including:

nimbus

A curated debt platform enabling end-to-end processing of debt transactions.

nPOS

A co-lending and co-origination technology solution based on application programming interfaces.

nu score

An analytical tool that provides a real-time data-backed input and aids in underwriting and risk assessment to optimise risk, enhance productivity, reduce TAT and scale business.

Altifi

An alternative retail debt investment platform democratising access to debt securities.

These platforms enhance efficiency, scalability, and reliability in financial services delivery.

Our Mission

To enable access to finance for the underbanked in an efficient, scalable and reliable manner.

Our Beliefs

- Unstinted commitment to our sectors, clients, investors and the nation.
- Leading, through the creation of knowledge and expertise in the space we operate in.
- Using innovation as a tool to develop new products and processes for creating investment opportunities.
- Understanding risks and pricing them fairly.
- Skin-in-the-game and long-term incentivising as a means of building a stable platform for access to finance.
- Long-term growth and profitability as important ingredients for scalability.

Our Values

Ethical

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

Responsive

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

Innovative

We push the frontiers of finance through knowledge and innovation.

Empathetic

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

Resolute

We are unwavering in our commitments and stand by them.

Our Presence

Spreading Our Influence

Northern Arc is steadily extending its footprint across India, exhibiting its commitment to reaching underserved communities and facilitating financial inclusion nationally. With in-depth experience of the manifold needs across regions, Northern Arc leverages a robust network to maximise its reach and deliver tailored financial solutions to millions.

Strengthening Geographic Reach

316 Own Branches
Core to Our Presence in Diverse Regions

328 Originator Partners
Expanding Access Through Strategic Alliances

50 Retail Lending Partners
Enhancing Reach to Underserved Areas

Growing Impact Across India

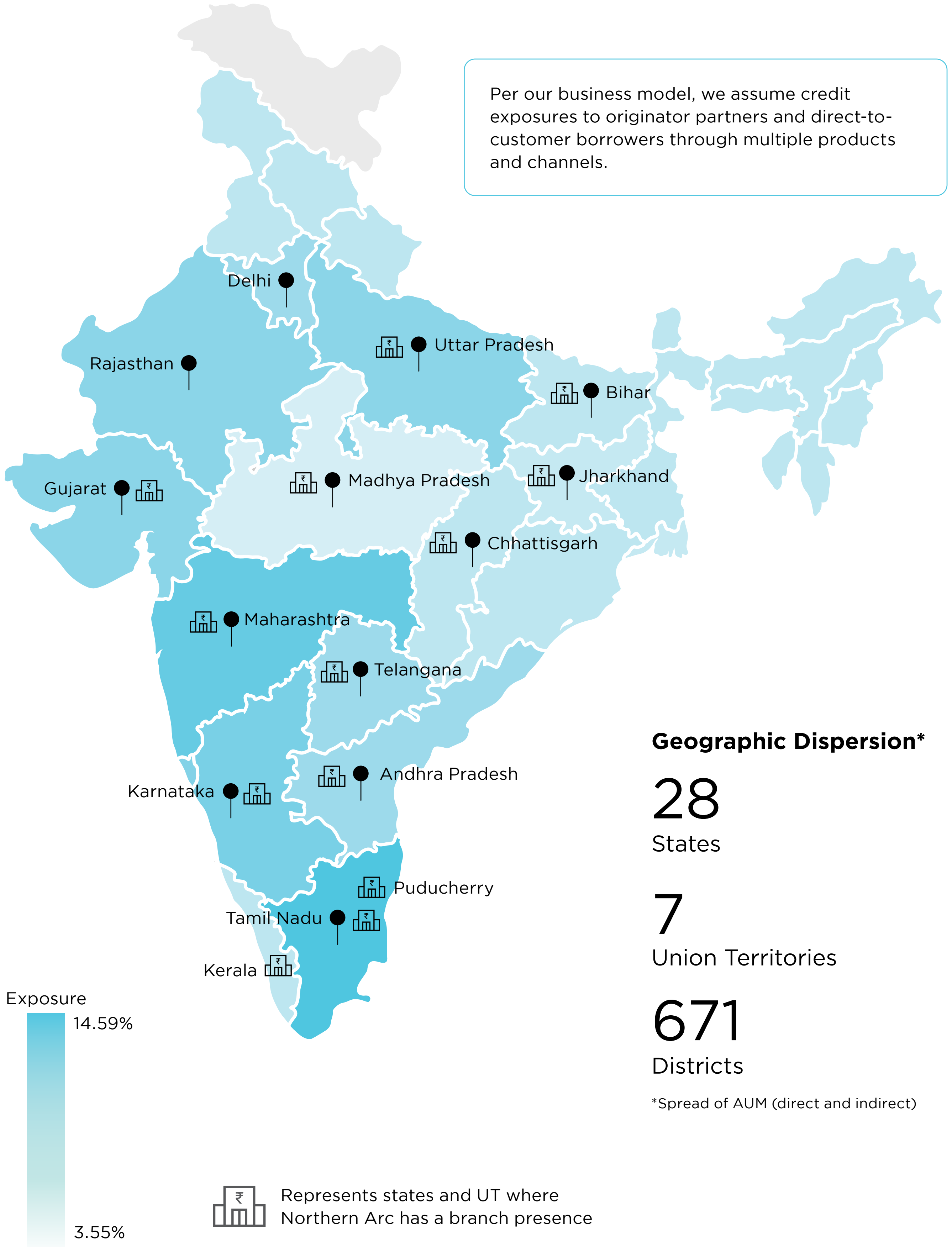
16.1 lakh
Customers Served Directly

Reimagining Financial Access

Bridging Regional Gaps with a Broad Network

Committed to Inclusive Growth and Financial Empowerment

Per our business model, we assume credit exposures to originator partners and direct-to-customer borrowers through multiple products and channels.



Geographic Dispersion*

28
States

7
Union Territories

671
Districts

*Spread of AUM (direct and indirect)

Represents states and UT where Northern Arc has a branch presence

Tailored Financial Solutions

Creating Strong Network Effects

Northern Arc is steadily extending its footprint across India, exhibiting its commitment to reaching underserved communities and facilitating financial inclusion nationally. With in-depth experience of the manifold needs across regions, Northern Arc leverages a robust network to maximise its reach and deliver tailored financial solutions to millions.

Sector & Product Diversification Provides Resilience to the Northern Arc Platform

	MSME	MFE	CF	VF	AHF	AGRI
AUM	INR 4,660 crore 40%	INR 2,712 crore 23%	INR 3,112 crore 27%	INR 726 crore 6%	INR 337 crore 3%	INR 163 crore 1%
Customer	Self-employed customers, wholesale & retail dealers, merchants, and service providers	Micro-entrepreneurs in joint liability group format	Salaried, Self Employed (Professional & Non-Professional)	Salaried and self-employed individuals	Salaried, Self Employed (Rural & Urban)	Farmers & Farmer Producer Organisations, in rural and semi-urban areas
Loan Range	INR 50,000 to INR 50 crore	INR 10,000 to INR 1,25,000	INR 1,000 to INR 5,00,000	**2W:** INR 40,000-100,000 **Used CV:** INR 2,50,000-10 lakh **New CV:** INR 8-50 lakh	INR 2,00,000 to INR 50,00,000	INR 1,00,000 to INR 3 crore
Tenor	24-84 months	Up to 24 months	Up to 48 months	Up to 60 months	Up to 180 months	3-12 months

Multi-channel approach that has impacted over 10 crore(7)+ lives across focus sectors through a 'digital & data first' approach.

Demand of Credit

Origination Funnel

328 Originator Partners(1)

316 Physical Branches(2)

50 Retail Lending Partners(3)

MSME

MFI

CF

VF

AHF

Agri & Others

Risk Management Engine

Data Analytics

Risk Models

Field Monitoring

Technology

nimbus

nPOS

Altifi

nu score

Underwriting Engine

3.52 cr Data Points(7)

30+ Proprietary Models(7)

Pin Code Analysis

Scrub Analysis

Banks

NBFC

MFs & AIFs

DFIs and Impact investors

PW, HNIs & others

Distribution Funnel

1,158 Investor Partners(4)

INR 11,710 cr AUM(5)

8 Live Funds(6)

Supply of Credit

Notes: (1) Represents the cumulative number of Originator Partners onboarded since Fiscal 2009 as of March 31, 2024 (2) Number of branches that are operated for Direct to Customer lending as of March 31, 2024 (3) Represents Retail Lending Partners through whom loans are extended directly to Direct to Customer borrowers as of March 31, 2024 (4) Represents the cumulative number of investors with whom credit has been enabled through Placements business for Originator Partners and/or have invested across Northern Arc's funds as of March 31, 2024 (5) AUM represents aggregate of loans and investments in debentures, securitised assets (including loans assigned), units of AIF funds, loans assigned by Northern Arc and guarantees outstanding as of March 31, 2024. (6) Number of live funds represents the number of AIF funds and PMS funds that are in existence or have outstanding investments as of March 31, 2024, Fund 2 has been considered as a live fund in Fiscal 2024, only due to the recoveries in progress from investees (7) Data as on March 31, 2024.

Our Strategy

Strengthen, Grow, and Reimagine

Strengthen Our Core and Mature Businesses

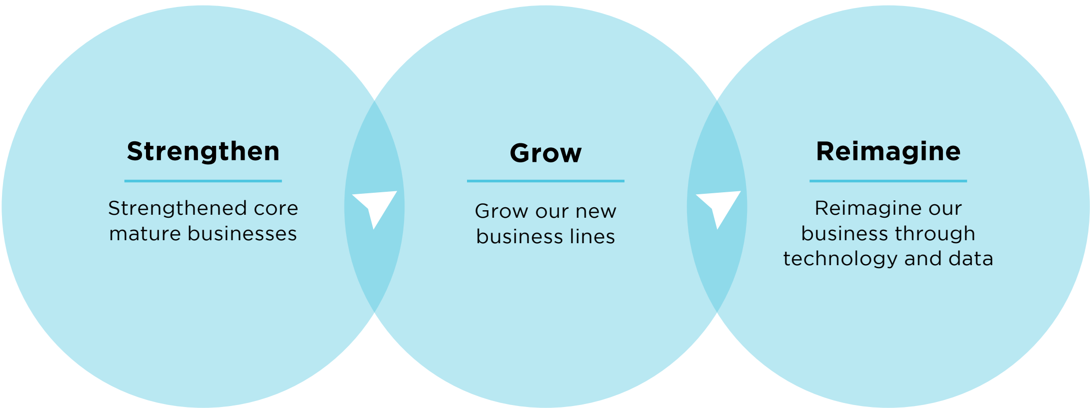
We are scaling our established businesses—Intermediate Retail, Placements, and Fund Management—by bolstering our senior leadership and building a robust liability franchise.

Initiatives

- **Strong Partnerships:** Forged enduring relationships with Originator and Investor Partners.
- **Leadership and Stability:** Bolstered senior leadership team.
- **Liability Franchise:** Built a diversified lending profile to keep the cost of funds as low as possible.

Highlights

- Build strong relationship across 328 Originator Partners and 1,158 Investor Partners over 15 years
- Limited cost of funds to 9.2% in FY 2023-24 despite multiple headwinds



Intermediate Retail

NBFCs continue to form a sizeable portion of the systemic credit owing to their innovative offerings with considerably faster turnaround time, digital channels and last mile reach. As of March 31, 2024, our Originator Partners reported a cumulative AUM of INR 4.99 lakh crore.

We enable financing to underserved and underbanked customers through our Originator Partners depending on their specific needs. This approach includes lending to and investing in debt securities issued by the partners for their on-lending activities, and the products range from loans, Non Convertible Debentures (NCDs) and Commercial papers (CPs) to securitisation and assignment of receivables (sale of assets). In addition to these, we also provide partial guarantees for borrowings of our Originator Partners and third-party credit enhancements for securitisation of receivables with other lenders. Through expanding our Markets franchise, we continue to deepen access to reliable and efficient debt capital, onshore and offshore for our Originator Partners.

Financial Products Offered

- **Lending Instruments:** Loans, NCDs, CPs, securitisation, and assignment of receivables.
- **Guarantees and Credit Enhancements:** Partial guarantees for borrowings and third-party credit enhancements for securitisation.
- **Structured Finance Solutions:** Single and pooled loans, bonds with credit enhancements, persistent and multiple securitisation structures.

Key Highlights in Structured Financing

- **Innovative Financing Structures:** Developed newer financing structures that are capital efficient and optimally priced, cementing Northern Arc as the first choice for partner funding needs.

Metrics That Matter

- **INR 11,756 crore:** Total placement volumes facilitated in FY 2023-24.
- **175 Originator Partners** facilitated finance through our lending channel in FY 2023-24.
- **Disbursed INR >6,000 crore** through our Intermediate channel resulting in 13% y-o-y growth.

Placements

In addition to assuming on-balance sheet exposure through loans and investments, we cater to the differing credit requirements of our Originator Partners by enabling credit for them through our Placements channel, which predominantly includes structures such as securitisation and direct assignment, which involve investment in their retail pools. We also arrange, syndicate, and guarantee debt for fundraising from Investor Partners.

As of March 31, 2024, we have placed INR 1,01,904 crore cumulatively since inception for our Originator Partners through our Investor Partners.

Metrics That Matter

- **INR 11,756 crore:** Total placement volumes facilitated in FY 2023-24.
- **94 Originator Partners** were financed in FY 2023-24 through the placement channel of 72 investor partners.
- **18 New Investors:** Onboarded across banks, NBFCs, wealth firms, mutual funds, corporate treasury, venture debt firms, and global investors.

Fund Management

We commenced our alternate investment fund management business, which we operate through our subsidiary Northern Arc Investment Managers (NAIM), in FY 2013-14.

Our Fund Management channel has served 1,025 investors as of March 31, 2024, and primarily enabled debt funding to a subset of the Originator Partners and mid-market companies we work with. Our fund management business has come a long way from our humble beginnings with the launch of a small INR 100 crore microfinance fund to raising our largest fund of INR 1,000 crore.

Our placement and fund management business enable us to generate sticky fee income, directly improving our net interest margins and returns.

Metrics That Matter

- NAIM handles an AUM of **INR 2,858 crore** across eight live funds.
- Investor commitments of **INR 3,745 crore**.

Our Strategy

Grow Our New Business Lines

Our Direct-to-customer (D2C) lending segment aims to directly address the retail credit needs of underserved households and businesses. This includes our Rural Financing Business, Partnership-based Lending, and Direct MSME Lending, all of which focus on expanding access to credit in underbanked regions.

We have made substantial strides in our D2C segment, diversifying our product portfolio and elevating the D2C mix to 50%.

Over the past year, we have directly contacted and served more than 16 lakh customers. Our expansion efforts have seen us establish a presence in over 300 locations, allowing us to better meet the needs of our diverse clientele.

Initiatives

- **D2C Expansion:** Grew D2C portfolio to a 50% mix.
- **Rural Finance Reach:** Serving over 400,000 borrowers through our subsidiary Pragati.
- **LAP Focus:** Launched LAP products and expanded to 50 locations.
- **Supply Chain Strengthening:** Expanded supply chain finance with tailored products.

Strategic Impact

New business lines show sustainable growth through diversified product offerings and broad geographic expansion, focusing on underserved markets.

Partnership-based Lending Business

Partnership-based lending has become a key trend in India's retail lending market, combining the strengths of traditional financial institutions and fintechs to create an inclusive lending ecosystem that reaches underserved and unbanked populations. Northern Arc leverages this model to provide diverse retail loan products—including secured and unsecured MSME loans, JLG loans, personal loans, and vehicle loans—through partnerships with NBFCs, digital lenders, payment fintechs, business correspondents, merchants, and educational institutions.

Northern Arc collaborates with NBFCs, fintechs, and other financial institutions through Partnership-based Lending to provide seamless, tech-driven lending solutions. Our nPOS platform enables fast, secure lending through API-based integration, ensuring credit decisions in seconds with minimal documentation.

Metrics That Matter

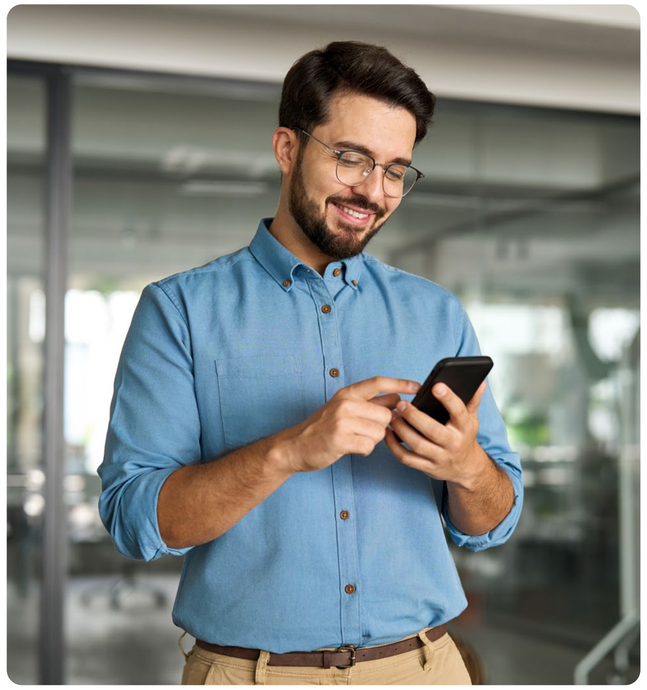
- Partnered with 50 retail lending partners till FY 2023-24.

Mid-market Loans

Our mid-market corporate lending business addresses the growth capital needs of medium enterprises, offering working capital loans, term loans and acquisition financing. We analyse the underlying business models of such mid-market companies to provide customised solutions matching their cash flows. The products include term loans, structured working capital lines and NCDs. We have worked with mid-market companies across sectors such as food, agriculture, education, healthcare, clean energy, business to business (B2B) services, logistics, and IT/ITeS. Our sectoral insights and know-how across specified sectors enable us to address client needs with efficiency and benefit our Investor Partners. Moreover, the growth in the mid-market companies' business provides us with opportunities for repeat business with them across the ecosystem, comprising vendors and customers.

Supply Chain Finance (SCF)

Northern Arc's Supply Chain Finance (SCF) business, initiated in FY 2022-23, focuses on offering liquidity to the supply chains of mid-to-large corporations. By providing access to capital for suppliers, vendors, distributors, and dealers, SCF supports the operational efficiency of the entire ecosystem.



Reimagine Our Business Through Technology and Data

Technology lies at the heart of Northern Arc's mission, helping us optimise decision-making and scale operations efficiently. Our integrated platforms, including Nimbus, nPOS, NuScore and AltiFi have been pivotal in streamlining credit origination, underwriting, and management.

We leverage our tech offerings to build and scale our business efficiently and share them with our originator and investor partners, making these solutions revenue-accretive.

Our Strategy

Tech Enablers at a Glance

Nimbus
Curated Debt Platform
- **147 active originators**
- **72 active investor partners**
- Enabled transactions totalling **INR 17,620 crore**

AltiFi
Retail Investment Platform
- **31,272** registered users
- Facilitated investments worth **INR 152 crore**
- **Democratising access to debt** securities for retail individuals and enterprises

nPOS
API-Driven Co-lending Platform
- **21 active partners**
- **Streamlined** co-lending processes
- Transactions worth **INR 5,989 crore executed**

NuScore
Data-driven Loan Underwriting
- **17,052** assessments conducted
- **First client:** Pahal

nimbus

Proprietary Integrated Tech Platform

Purpose
Enables seamless credit flow to Originator and Investor Partners via balance sheet or direct channels.

Core Features
End-to-end processing of debt transactions: Loan application, credit evaluation, legal documentation, and execution.

Real-time Monitoring
Allows Originator and Investor Partners to track deal progress.

Transparency and Efficiency
Delivers scale, precision, and faster turnaround times.

Key Advantage
Offers Investor Partners insights into Company performance and a comprehensive solution from initiation to closure.

nPOS

Co-lending Platform

Purpose
Streamlines partnership lending and co-lending processes.

Highlights
- Swift data exchange and processing of loans via APIs.
- Automates loan origination, underwriting, disbursement, and collection reconciliation.
- Integration with external parties like credit bureaus and Originator Partners for enhanced functionality.

Speed
Completes processes in a few seconds, ensuring seamless experiences for financial institutions and Originator Partners.

nu score

Real-time Data-driven Risk Assessment

Purpose
Enhances underwriting precision by integrating diverse data points.

Key Statistics
- Recognised as 'Outstanding Name in Digital Transformation' (2023 BFSI Best Tech Brands).
- Winner of 5 Prestigious Awards, including ET BFSI Excellence and Mint TechCircle Transformation Awards.

Features
- Comprehensive borrower risk assessment.
- AI-enabled solution improves decision-making accuracy and efficiency.

Altifi

Alternative Retail Debt Investment Platform

Purpose
Democratises access to debt capital markets for retail and institutional investors.

Key Milestones
- First-of-its-kind platform offering bonds, debt securities, and structured instruments to a wide investor base.
- Recognised for 'Competitive Edge for Process Innovation' at ET BFSI Awards 2024.

Investor Impact
- Attracts HNIs, corporates, and retail investors previously excluded from debt markets.
- Enhances market liquidity and diversifies investment portfolios.

Awards and Recognitions
ASSOCHAM Award for Excellence in Entity Using Technology (2024).

Northern Arc's Pillars

Providing Functional Support

Multi-dimensional Risk Management

Northern Arc's Enterprise Risk Management Framework covers a wide range of risks, ensuring a comprehensive approach:

- Credit Risk, Strategic Risk, Liquidity Risk, Interest Rate Risk
- Operational Risk, Infosec Risk, Compliance Risk, Reputational Risk
- Conduct Risk

Independent Collections Ecosystem

Supported by an efficient collections process to manage delinquent accounts:

- **Pre-due:** Payment reminders to borrowers
- **0-15 DPD:** Follow-up calls
- **15+ DPD:** Field collections initiated with tele-calling support
- **30+ DPD:** Legal action and recovery process
- **90+ DPD:** Collateral liquidation steps

Analytics and Risk Modelling

Powered by a data repository of 40 mn+ data points accumulated over a decade, including:

- Transaction-level data
- Financial and operational insights on originator partners
- Qualitative partner assessments

This framework enables Northern Arc to mitigate risks effectively while maintaining a secure and scalable growth model.

Cutting-edge Data Analytics

By leveraging real-time analytics, Northern Arc optimises customer management, enhances investor partnerships, and deepens its data capabilities, ensuring smarter, scalable growth.

- **Predictive Data-Driven Decisions:** Manages customer life-cycle with real-time portfolio actions.
- **Tailor-Made Solutions:** Empowers investor partners through customised, data-informed offerings.
- **Advanced Machine Learning:** Expands data repository with machine learning, enhancing efficiency and insights.

This tech-first approach enables Northern Arc to adapt dynamically, delivering superior solutions in the financial sector.

Diversified Lending Profile in Treasury Operations

Northern Arc maintained healthy fundraising momentum in FY 2023-24 despite sector challenges and regulatory changes. We navigated a complex economic environment while continuing to strengthen relationships with lenders and diversify our funding sources.

Strategic and Operational Highlights

- **Resilience in Fundraising:** Forged enduring and stable ties with lenders, highlighting our ability to secure funding despite sector headwinds.
- **Lender Diversification:** Expanded and diversified our lender base to enhance financial stability and reduce dependency on a limited pool of funders.

Key Financial Metrics

- **Diversified lender base:** As of March 31, 2024, we had 49 lenders, including banks, DFIs, NBFCs, offshore financial institutions and others and had an outstanding debt of INR 9,048 crore.
- **Cost of funds:** Despite headwinds including increase in risk weights for banks lending to NBFCs and increase in repo rate by 250 bps in last two years, Northern Arc's cost of funds remain stable at 9.2%.

Northern Arc has effectively navigated challenging market dynamics by maintaining a resilient treasury framework, reinforcing its financial stability and adaptability.
This approach has ensured continuity in lending operations and enabled strategic diversification of funding sources, fostering long-term growth and sustainability.

IT Infrastructure: Ensuring Security, Continuity, and Scalability

Northern Arc's IT infrastructure is powered by a blend of customised, off-the-shelf, and in-house-developed software, all hosted on Microsoft Azure for enhanced security, scalability, and reliability. This robust infrastructure supports the Company's operations and ensures smooth functioning, even during disaster scenarios.

Strategic and Operational Impact

- **Seamless Operations:** Northern Arc's IT infrastructure guarantees business continuity with a strong focus on minimising downtime and ensuring operational resilience during disaster scenarios.
- **Scalability and Security:** Microsoft Azure provides scalability to meet growing business needs and industry-leading security features to safeguard critical data and processes.

Key Features and Metrics

- **Hosted on Microsoft Azure:** Offers out-of-the-box security, scalability, and reliability for all business applications.
- **Disaster Recovery Ready:** Built-in redundancy through a Disaster Recovery Centre (DRC) ensures seamless recovery in case of any operational disruptions.

Business Continuity and Disaster Recovery (BCDR)

- **Comprehensive BCDR Plans:** Well-documented, tested, and regularly updated business continuity and disaster recovery plans ensure the uninterrupted functioning of Northern Arc's critical operations.
- **Periodic Testing and Review:** BCDR plans are periodically reviewed to ensure effectiveness and preparedness for unforeseen events.

By leveraging cloud-based infrastructure and robust disaster recovery mechanisms, Northern Arc ensures uninterrupted business operations while maintaining the highest standards of security and scalability.

Operations and Customer Service: Enhancing Customer Experience

Northern Arc's operations focus on high compliance and process control, bolstered by automation and a machine-first delivery approach, improving efficiency, reducing manual intervention, ensuring seamless service.

Strategic and Operational Impact

- **Improved Customer Experience:** Faster onboarding, seamless communication via SMS and email, and integration with banking partners ensure quick disbursement and enhanced engagement.
- **Automation Success:** 75% automation and an 80% transaction time reduction streamline operations, enabling faster, more efficient services.

Key Metrics and Achievements

- **Straight-through Processing:** Over 75% automation achieved, reducing rework rates and accelerating market entry.
- **Document Processing Efficiency:** In-house document generation system reduced transaction time by 80%.

Operational Enhancements

- **Integrated Middle Office System:** Automated document handling for lending, enabling quick liquidity for Financial Institutions and emerging corporates.
- **Retail Digital Process Upgrades:** Streamlined onboarding, faster KYC, and disbursement for Lending Partners; integrated with three banking partners for seamless credit.

Customer Engagement and Support

- **Omnichannel Customer Support:** Handles customer needs across physical, email, and phone channels, ensuring first-time-right resolution.
- **CRM Deployment:** Tracks and manages customer requests and grievances, providing consistency across all channels.

By utilising automation, advanced systems, and a customer-first approach, Northern Arc ensures efficient operations and an enhanced customer experience.

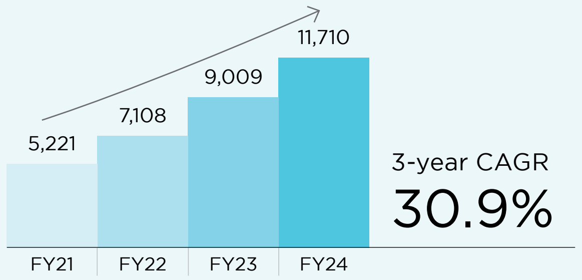
Our Performance

Financial Strength and Sustainable Growth

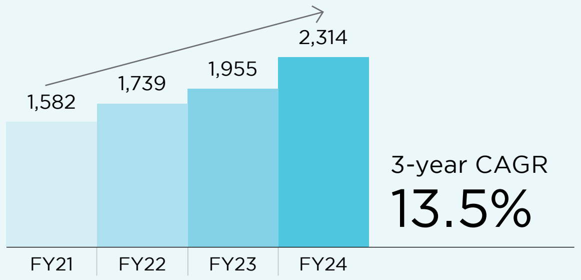
Northern Arc's recent performance showcases its commitment to operational efficiency, financial stability, and sustainable growth, reinforcing its position in India's NBFC space.

Key Financial Metrics

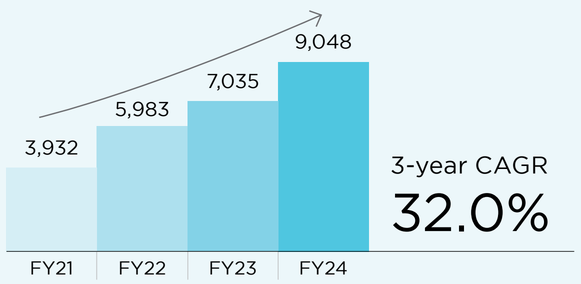
Assets Under Management (INR cr)



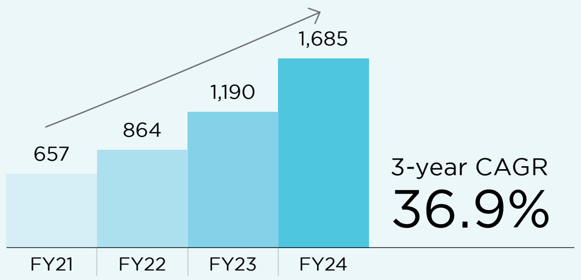
Net Worth (INR cr)



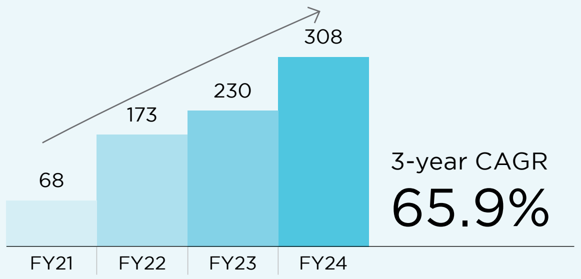
Total Borrowings (INR cr)



Total Income (INR cr)

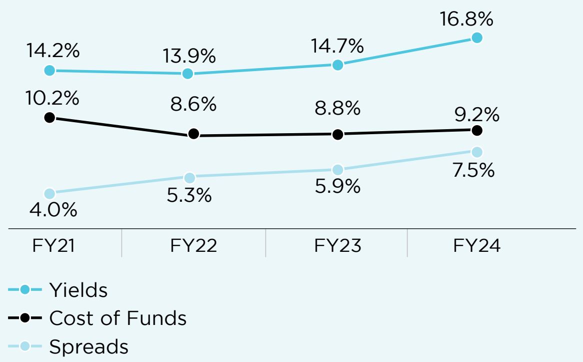


Profit After Tax (PAT) (INR cr)

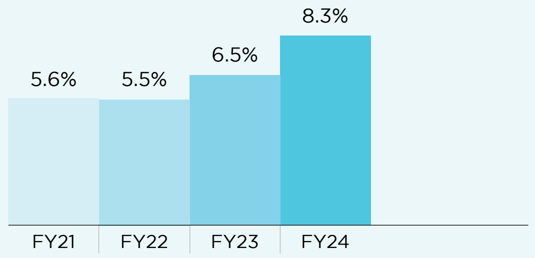


Relevant Ratios

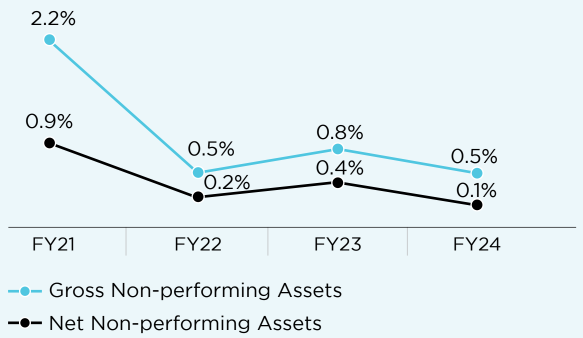
Yields, Cost of Funds and Spreads (%)



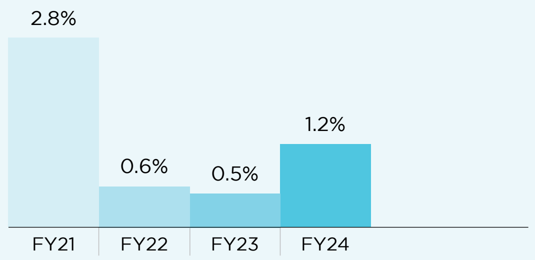
Net Interest Margin (NIM) (%)



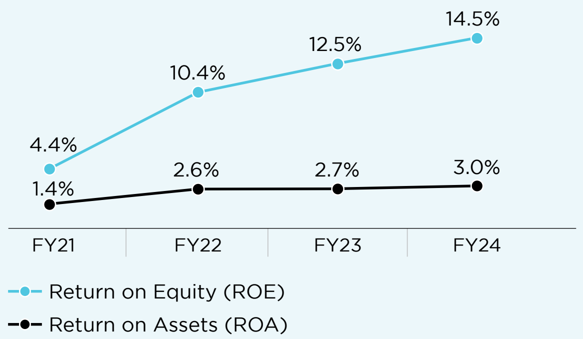
Gross & Net Non-performing Assets (%)



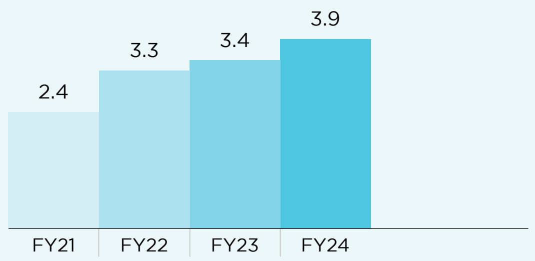
Credit Cost (%)



Return on Equity & Assets (%)



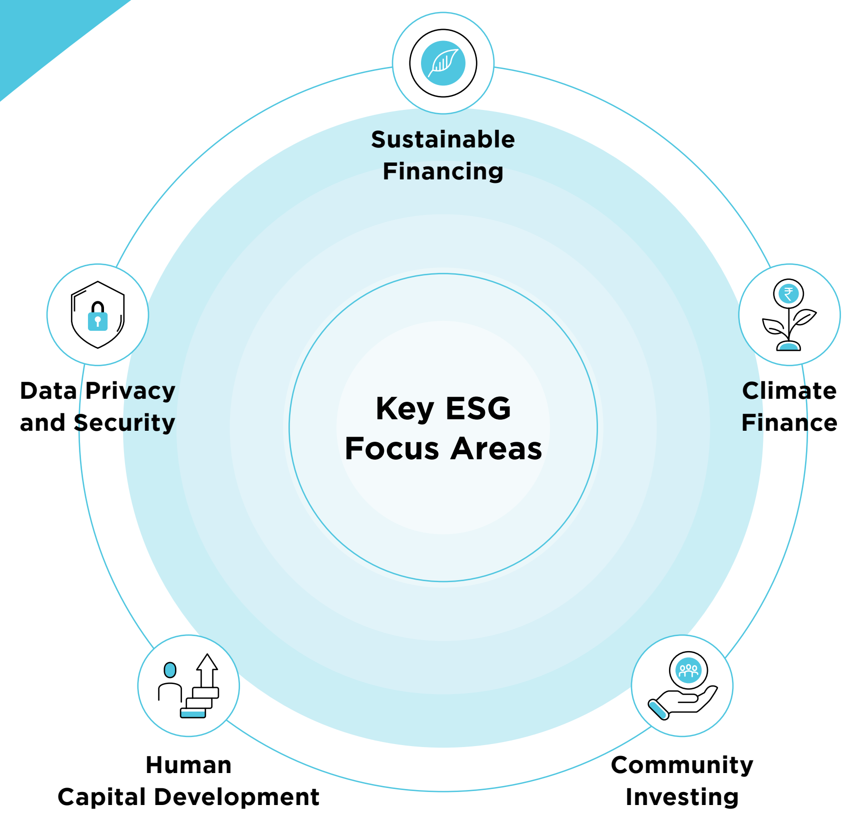
Debt-equity (D/E) Ratio (x)



ESG Focus

Sustainability at the Forefront of Our Business

Northern Arc is committed to sustainability through continuous improvement in Environmental, Social, and Governance (ESG) performance and diverse products tailored to underserved customers. ESG is integral to our business model, driving societal upliftment, ecological conservation, and risk management.



Strategic Impact

Scaling Reach
Focus on expanding lending to underserved communities while managing environmental and social risks.

Responsible Business
Upholding ethical conduct, responsible employment, and contributing to UN SDG targets.

First Sustainability Report
To be published for FY 2023-24, highlighting our ESG framework and impact.

Northern Arc integrates ESG principles into every aspect of our business, ensuring resilience, innovation, and sustainable value creation.

ESG Focus – Environmental

Embedding Sustainability in Every Step

At Northern Arc, sustainability is embedded in our business strategy, and we continuously improve our Environmental, Social, and Governance (ESG) practices. We proactively address environmental risks in our operations and financing sectors, focusing on sustainable financing and climate-focused investments to support underserved communities.

Key Highlights

Northern Arc continues to strengthen its commitment to sustainability with several vital initiatives aligning with India's climate goals. In FY 2023-24, we will release our **first Sustainability Report,** providing a comprehensive view of our ESG impact and reaffirming our dedication to transparency in sustainable practices. Additionally, our efforts align with India's Net Zero target by 2070, demonstrating our proactive approach to green growth through sustainable financing initiatives.

Impact at a Glance

Our green financing journey began in 2018 with the issuance of our first **Green Bond,** secured from a Dutch development bank. Since then, Northern Arc has raised a **USD 125 million foreign-currency private debt fund** to support climate mitigation and adaptation projects. Our financing efforts focus on critical areas such as **electric vehicles, rooftop solar energy, sustainable agriculture, electric mobility, renewable energy, the circular economy, and water management,** all vital to fostering a more sustainable future.

Strategic and Operational Impact

Northern Arc is driving impact through direct and partner-led **green financing** initiatives supporting climate mitigation and adaptation projects.

By financing mid-market companies in critical sectors, we are helping to **reduce carbon emissions** and enhance **climate resilience,** positioning these businesses for sustainable growth in an environmentally conscious market.

Looking Ahead

Northern Arc's focus on sustainable finance and green growth highlights its commitment to supporting India's climate goals and global environmental standards. Through innovative financing solutions, we are actively contributing to a more sustainable future, ensuring that our impact extends across critical sectors that are key to reducing the effects of climate change.

ESG Focus – Social

Driving Success Through People

Northern Arc's strong workforce is central to our success, supported by a collaborative NRC and Board that provides strategic leadership. We are committed to creating an inclusive, safe, and merit-based work environment that fosters professional growth and recognises individual contributions.

Key Metrics (As of March 31, 2024)

Northern Arc's commitment to its workforce is reflected in its continuous focus on growth and development. As of March 31, 2024, we had **902 employees** and were **certified as a Great Place to Work®** for four consecutive years, from 2021 to 2024, a testament to our positive workplace environment and employee-centric policies.

Human Capital Strategy

At Northern Arc, our **Diversity and Inclusion** initiatives ensure that we provide equal employment opportunities to all, irrespective of gender or ethnicity, fostering a diverse and inclusive work culture. Additionally, we emphasise **Leadership Development,** offering continuous training and reskilling programmes to support our employees in their current and future roles. This focus enhances managerial excellence and promotes employee engagement, contributing to the overall success of our organisation. Our philosophy, **Power of One,** highlights the importance of unity, collaboration, and shared success, driving a cohesive and productive work environment.

HR Risk Management

To maintain our high standards in talent management, we implement strategies focused on **Attracting and Retaining Talent.** Our HR practices are benchmarked to industry standards, and we have developed long-term retention strategies to mitigate risks like high attrition. Furthermore, our **Incentives and Recruitment** efforts are designed to be time-sensitive and geographically adaptive, ensuring that we support our growth trajectory with the right talent in place.

Accolades and Recognitions

Northern Arc's dedication to excellence has been recognised across the industry with several awards. These include being named the **Best BFSI Brand** by ET BFSI in both 2023 and 2024 and being listed in the Impact Assets 50 for the same years. Additionally, we were honoured with the **Best Lending Fintech Platform** at the CX Summit & Awards 2024 and the **Preferred NBFC of the Year** and **Best Investment Management Company of the Year** at the same event.

Looking Ahead

At Northern Arc, we firmly believe that a positive workplace culture and a commitment to people development are essential drivers of our success. We uphold quality customer service and long-term organisational success by prioritising employee satisfaction and continually enhancing our organisational capabilities.

ESG Focus – Governance

Strengthening Oversight and Control

Northern Arc employs a comprehensive risk management framework, including regular audits, internal financial controls, and robust collection and recovery systems. Our systems seek to mitigate risks, ensure compliance, and maintain high operational efficiency, contributing to the Company's stability and growth.

Key Risk Management Metrics

Northern Arc has implemented comprehensive measures to ensure effective risk management. Our Risk Based Internal Audit (RBIA) was fully implemented by March 31, 2022, in compliance with RBI guidelines. We also maintain Internal Financial Controls, ensuring continuous evaluations to uphold integrity, transparency, and adherence to the highest standards across our operations.

Audit and Risk Management Framework

Our robust audit and risk management framework safeguards the company's assets and ensures efficient risk control. Our in-house team conducts Internal Audits at both corporate and branch levels, covering risk-based assignments, financial controls, and management operations. The RBIA Compliance policy, approved by the Audit Committee and the Board of Directors, ensures that risk-based internal audits are consistently implemented. Additionally, the Financial Control Framework helps enforce strict adherence to company policies, asset safeguarding, fraud prevention, and accuracy in accounting records.

Managing Risk in Retail Lending

Northern Arc employs Advanced Risk Models to continually refine our credit underwriting and risk management systems, particularly for retail and partnership-based lending. The portfolio's strong performance in FY 2023-24, achieved through structured approaches and risk pricing, including First Loss Default Guarantee (FLDG), showcases our commitment to maintaining portfolio quality.

Collection and Recovery Process

Our Enhanced Collection Systems use a blended strategy, combining the efforts of in-house teams, collection agencies, and telecommunication services to ensure efficient recovery. Field-level support is also provided through dedicated call centres, on-field collectors, and legal teams, enabling proactive loan recovery and minimising losses due to defaults.

ESG Focus – Governance

Strategic and Operational Impact

The Audit Committee is vital in regularly reviewing internal control measures and audit findings to drive continuous improvement. Northern Arc's Proactive Collection Strategy also strengthens our ability to handle delinquencies efficiently and mitigate potential losses, ensuring stable financial performance.

Northern Arc's dependable risk management systems, rigorous audit mechanisms, and efficient collection strategies are critical to maintaining financial stability. We consistently deliver value to our stakeholders through robust governance and a proactive approach to risk control.

Managing Contingencies Prudently

Northern Arc's Board of Directors and the Risk Management Committee (RMC) oversee a robust risk management framework that adapts to evolving business needs and risk tolerance. Led by the Group Risk Officer and Governance Head (GRO), this framework ensures efficient risk identification, monitoring, and management.

Credit Risk Management

Northern Arc's credit risk management system is tailored to each sector and offering, ensuring focused oversight of portfolio quality. Our sector-specific systems help manage risk effectively, while strong portfolio concentration risk management contributes to maintaining low NPA levels, reinforcing the overall quality of our lending portfolio.

Ensuring Stability and Amenability

Northern Arc has implemented a robust risk management framework to maintain stability and adaptability. Key metrics, such as the low Gross Non-Performing Assets (GNPA) at 0.4% and Net Non-Performing Assets (NNPA) at 0.1%, reflect our robust risk management practices. The Liquidity Coverage Ratio (LCR) requirement also increased from 60% to 100% in FY 2023-24, ensuring we maintain sufficient high-quality liquid assets.

Liquidity and Interest Rate Risk Management

The Asset-liability Management Committee (ALCO) monitors liquidity and interest rate risks and ensures compliance with the Board-approved ALCO policy. The Floating Benchmark Linked Rate is a buffer against adverse interest rate movements, safeguarding the company's stability. Additionally, we maintain High Quality Liquid Assets (HQLA) to meet the 100% LCR requirement, ensuring liquidity even in challenging market conditions.

IT Risk Management

Our Comprehensive IT Policy governs all aspects of network security, business continuity, and cybersecurity measures, ensuring we can effectively manage IT-related risks. Led by the Chief Information Security Officer (CISO), the team ensures adherence to data privacy standards and security protocols. The IT Strategy Committee aligns all IT initiatives with corporate strategies and continuously monitors risks through Vulnerability Assessment and Penetration Testing (VA/PT) to safeguard against cyber threats.

Compliance Oversight and Risk Management

Our comprehensive compliance framework is overseen by the Audit Committee, which ensures strict adherence to the regulations and guidelines issued by the RBI and other regulatory bodies. Compliance Risk Management is guided by a Board-approved policy, setting clear expectations for the Board and Senior Management to manage compliance risks effectively. The Chief Compliance Officer (CCO) plays a crucial role in supervising the compliance functions and integrating compliance risks into the Company's broader risk assessment framework.

Compliance Risk Management

Northern Arc ensures full compliance with all regulatory requirements through Proactive Compliance measures. We actively monitor and manage reputational, conduct, and strategic risks with timely responses, ensuring that all transactions and processes align with the company's risk appetite and regulatory expectations.

Northern Arc's comprehensive risk management framework enables us to maintain financial stability and regulatory compliance, ensuring sustained growth and operational resilience across all business areas.

Operational Risk Management

Northern Arc's operational risk management is overseen by the NAORC (Northern Arc Operational Risk Committee), which monitors risks through clear reporting structures, process audits, and quarterly risk assessments. Risk Corrective Action Plans (R-CAPs) are implemented for all identified risks and are closely tracked to ensure timely mitigation, reducing potential operational disruptions.

Maintaining Regulatory Adherence

Northern Arc operates as a Non-Banking Finance Company—Investment and Credit Company (NBFC-ICC) regulated by the Reserve Bank of India (RBI) under the middle layer NBFC (NBFC-ML) classification, ensuring full compliance with all regulatory requirements. The Securities and Exchange Board of India (SEBI) also classifies the Company as a high-value Listed Entity. It continues to comply with all applicable regulations throughout its business operations.

Key Compliance Highlights

Northern Arc ensures full compliance with all relevant regulatory frameworks. We are registered as an NBFC-ICC and classified under the NBFC-ML category based on the RBI's Scale Based Regulation (SBR) framework. Additionally, we comply with SEBI regulations, including the Issue and Listing of Non-convertible Securities and the Listing Obligations and Disclosure Requirements, 2015. Our registration with the Pension Fund Regulatory Development Authority (PFRDA) as an NPS-POP-Lite ensures we meet all regulatory requirements under the PFRDA framework.

Strategic and Operational Impact

Northern Arc integrates its compliance functions with regular internal audits to maintain high standards. Compliance risks are evaluated as part of the internal audit process, ensuring that any issues are identified and addressed promptly. Our Proactive Compliance Management approach guarantees that we align with all RBI, SEBI, and PFRDA regulations, minimising risks and ensuring operational excellence is maintained across all business activities.

Northern Arc's rigorous compliance framework, guided by internal audits and board oversight, ensures that the Company operates within regulatory requirements and delivers transparency, efficiency, and risk management across its business.

Board of Directors

Guiding Excellence Proactively

At Northern Arc Capital, our Board of Directors brings together a wealth of experience and strategic insight, steering the Company towards its mission of financial inclusion and sustainable growth.

PS Jayakumar
Non-Executive Independent Director and Chairman

Dr. Kshama Fernandes
Non-Executive Non-Independent Director and Vice-Chairperson

Ashish Mehrotra
Managing Director and Chief Executive Officer

NT Arunkumar
Independent Director

Ashutosh Arvind Pednekar
Independent Director

Anuradha Rao
Independent Director

Michael Jude Fernandes
Nominee Director

Vijay Nallan Chakravarthi
Nominee Director

Trikkur Seetharaman Anantharaman
Nominee Director

PS Jayakumar
Non-Executive Independent Director and Chairman

With approximately 30 years of experience in the financial and real estate sectors, Mr. Jayakumar has held significant roles, including Managing Director and CEO of Bank of Baroda. He is a Chartered Accountant and holds a Master's degree in Commerce from the University of Madras and a Postgraduate Diploma in Business Management from XLRI.

NT Arunkumar
Independent Director

Mr. Arunkumar holds an Honors Post Graduate Diploma (MBA) from XLRI, Jamshedpur, and has extensive experience in global banking and financial services. He is the MD for Telstra in India and has previously served in leadership roles at UBS AG, Dun & Bradstreet TransUnion, Citigroup, and PepsiCo.

Michael Jude Fernandes
Nominee Director

Mr. Fernandes co-leads LeapFrog group's investments in South and Southeast Asia. He has around 20 years of experience in consulting and investing. He holds a Postgraduate Diploma from IIM Calcutta and a Bachelor's in Science from the University of Calcutta.

Dr. Kshama Fernandes
Non-Executive Non-Independent Director and Vice-Chairperson

Dr. Fernandes served as the Managing Director and CEO of Northern Arc from 2012 to 2022. She holds a Ph.D. in Management Studies and a Master's degree from Goa University. With over 25 years of experience spanning management, risk advisory, and academia, she is also a certified Financial Risk Manager by GARP.

Ashutosh Arvind Pednekar
Independent Director

A practising Chartered Accountant for over 30 years, Mr. Pednekar holds a Bachelor's degree in Commerce from the HR College of Commerce and Economics, University of Mumbai.

Vijay Nallan Chakravarthi
Nominee Director

Mr. Chakravarthi is a Managing Director at Affirma Capital India and has previously served as Executive Director of Private Equity at Standard Chartered Bank. He holds an MBA from the J.L. Kellogg School of Management, a Master's degree in Science from Ohio State University, and a Bachelor's in Engineering from the University of Madras.

Ashish Mehrotra
Managing Director and Chief Executive Officer

Mr. Mehrotra brings over 25 years of experience in Retail and Commercial Banking, Wealth Management, and Insurance. Prior to joining Northern Arc, he was the MD and CEO of Niva Bupa Health Insurance and held senior positions at Citibank India. He has a Master of Business Administration degree.

Anuradha Rao
Independent Director

Ms. Rao has approximately 36 years of experience in banking and finance, having worked extensively at the State Bank of India. She holds a Master's in Physics from the University of Hyderabad and a Bachelor's in Science from Osmania University.

Trikkur Seetharaman Anantharaman
Nominee Director

A Chartered Accountant from the Institute of Chartered Accountants of India, Mr. Anantharaman has over 30 years of experience in Indian capital markets and banking. He has served as Chairman of CSB Bank Ltd. and has been involved with the United Nations as an Expert in Accountancy training.

Management Team

Driving Innovation Prudently

Ashish Mehrotra
Managing Director and Chief Executive Officer

With 25 years of experience in financial services, Mr. Mehrotra leads Northern Arc's expansion and impact initiatives.

Pardhasaradhi Rallabandi
Group Risk Officer and Governance Head

Mr. Pardha, responsible for risk management, has 21 years of banking experience and holds a postgraduate diploma from IIM Calcutta.

Gaurav Mehrotra
Chief Technology Officer

With a tech background from IIT Delhi, Mr. Mehrotra drives digital transformation with 23 years of experience in global product development.

Gaurav Shukla
Chief Business Officer - Intermediate Retail Lending

A CA with a postgraduate degree from ISB, Mr. Shukla leads Intermediate Retail Lending with 24 years of experience in financial services.

Amit Mandhanya
Executive Vice President – Partnership Based Lending

Mr. Mandhanya, an IRMA alum, leads partnership-based lending and has deep experience in business development.

Prakash Chandra Panda
Company Secretary

Mr. Panda, an Associate Member of the Institute of Company Secretaries, has 16 years of experience in corporate governance and manages compliance.

Atul Tibrewal
Chief Financial Officer

A Chartered Accountant with 23 years of experience in finance, Mr. Tibrewal oversees financial and treasury activities.

Saurabh Jaywant
Chief Legal Counsel

Mr. Jaywant, who has 19 years of experience in legal affairs and holds a degree from the National Law School of India University.

Kalyanasundaram Chandran
Chief Internal Auditor

Mr. Kalyan has 18 years of experience in financial controls, holding law and commerce degrees.

Umasree Parvathy Pratap
Chief People Officer

With 20 years of experience in HR, Ms. Uma oversees human resources and holds a Master's in Personnel Management.

Jagadish Babu Ramadugu
Managing Director and Chief Executive Officer – Pragati Finserv Private Limited

Leading Pragati Finserv, Mr. Jagadish supports Northern Arc's inclusive finance mission through targeted lending initiatives.

Bhavdeep Bhatt
Chief Executive Officer - NAIM

Joined NAIM on May 7, 2024, Mr. Bhatt has 25 years of experience in the asset management industry.

Corporate Information

Board of Directors and KMPs

Mr. PS Jayakumar
Chairperson and Independent Director

Mr. Ashish Mehrotra
Managing Director & CEO

Ms. Kshama Fernandes
Non-executive Non-independent Director

Mr. NT Arunkumar
Independent Director

Mr. Ashutosh Pednekar
Independent Director

Ms. Anuradha Rao
Independent Director

Mr. Michael Jude Fernandes
Non-executive Nominee Director

Mr. Vijay Nallan Chakravarthi
Non-executive Nominee Director

Mr. TS Anantharaman
Non-executive Nominee Director

Mr. Atul Tibrewal
Chief Financial Officer

Mr. Prakash Chandra Panda
Company Secretary and Compliance Officer

Statutory Auditors

S R Batliboi & Associates LLP

6th Floor, A Block, Tidel Park, No.4,
Rajiv Gandhi Salai,
Taramani,
Chennai - 600 113.

Secretarial Auditors

M Damodaran & Associates LLP

New.No.6, Old No.12,
Appavoo Gramani 1st Street, Mandaveli,
Chennai - 600028.

List of Bankers

State bank of India
Indian Bank
IDFC First bank
Federal bank
Axis Bank

Registrar and Share Transfer Agent

KFin Technologies Limited

Selenium Tower B,
Plot No. 31 & 32 Gachibowli,
Financial District Nanakramguda,
Serilingampally,
Hyderabad - 500 032. Telangana
Tel: +91 40 6716 2222
Website: www.kfintech.com

Debenture Trustee

Catalyst Trusteeship Limited,

GDA House,
Plot No.85,
Bhusari Colony (Right),
Paud Road,
Pune 411 038.

Registered Office

10th Floor-Phase 1, IIT-Madras Research Park,
Kanagam Village, Taramani,
Chennai – 600 113, India.
CIN: U65910TN1989PLC017021
Email: secretarial@northernarc.com
Website: www.northernarc.com

Board's Report

Dear Shareholders,

Your directors have pleasure in presenting this board's report along with the audited financial statements of the Company for the year ended March 31, 2024.

Financial Highlights

(INR in lakh)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Total income	**1,84,431.68**	**1,25,787.48**	**1,90,603.25**	**1,31,120.03**
Finance costs	72,586.35	55,690.71	72,638.50	55,744.89
Net interest income	1,11,845.33	70,096.77	1,17,964.75	75,375.14
Operating expenses	60,522.55	34,871.32	61,905.72	37,939.50
Depreciation	1,467.03	1,026.14	1,694.42	1,204.43
Pre-provision profit	49,855.75	34,199.31	54,364.61	36,231.21
Impairment and write-offs	12,313.52	3,894.37	12,243.79	3,921.38
Share of loss from associates	-	-	97.21	187.27
Profit before tax	**37,542.23**	**30,304.94**	**42,023.61**	**32,122.56**
Tax expense	9,525.12	7,769.33	10,254.34	7,901.02
Profit for the period	**28,017.11**	**22,535.61**	**31,769.27**	**24,221.54**
Other comprehensive income/(loss)	1,932.22	(1,084.80)	2,025.35	(1,461.61)
Total comprehensive income	**29,949.33**	**21,450.81**	**33,794.62**	**22,759.93**
Total comprehensive income to Owners	**29,949.33**	**21,450.81**	**32,850.40**	**21,732.23**
Opening balance of retained earnings	67,717.57	49,164.53	69,899.17	51,340.90
Transfer to reserves	(5,603.42)	(4,507.12)	(5,603.43)	(4,507.12)
Appropriations and other adjustments	153.34	524.55	906.19	64.33
Closing balance of retained earnings	**90,284.60**	**67,717.57**	**96,035.32**	**69,899.17**

During the year ended March 31, 2024, on a consolidated basis, your company generated total income of INR 1,90,603.25 lakh, a growth of 45.37% over the earlier year. Net Interest Income was INR 1,17,964.75 lakh, representing year-on-year increase of 56.50%, which resulted in a profit after tax of INR 31,769.27 lakh, 31.16% higher than the previous year.

Dividend

Due to the requirement of deploying the funds back into the business for the growth of your Company, your directors have not recommended any dividend for the year under review.

Transfer To Reserves

During FY 2023-24, your Company has transferred an amount of INR 5,603.43 lakh to reserves in accordance with the requirements of Section 45-IC (1) of the Reserve Bank of India Act, 1934.

Credit Rating

The Credit ratings of the company as on March 31, 2024, are summarised below:

Instrument	Rating Agency	Rated Amount (INR Crore)	Rating and Rating Action
Commercial Papers	ICRA	300	ICRA A1+ (Stable)
	CARE	500	CARE A1+ (One Plus)
Secured NCD under Private Issue	ICRA	325	ICRA AA- (Stable)
	INDIA RATING	3,69.90	IND AA- (Stable)
Subordinated debts	ICRA	-	Withdrawn
Term loans from banks	ICRA	5,989.15	ICRA AA- (Stable)

Capital Adequacy

The company's capital adequacy ratio as of March 31, 2024, was 18.26% as against 20.77% as at March 31, 2023. The minimum capital adequacy ratio prescribed by Reserve Bank of India is 15%.

Share Capital

During the financial year, your company had allotted 3,54,127 equity shares under the Employees Stock Option Schemes of the Company.

Consequent to the aforesaid allotments of equity shares, the total paid up capital of the Company as on March 31, 2024, was INR 1,72,03,18,280/- comprising of 8,93,85,420 equity shares of INR 10 each and 4,13,23,204 compulsorily convertible preference shares of INR 20 each.

On April 22, 2024, your company had allotted compulsorily convertible preference shares ("CCPS") to the following investors:

S. No.	Name of the Investor	No. of CCPS
1.	International Finance Corporation	8,491,048
2.	RJ Corp Limited	639,386
3.	Varun Jaipuria	639,386

Your Company had allotted 5,26,16,624 fully paid-up Equity shares of INR 10/- each on August 09, 2024 upon conversion of all the existing CCPS issued by the Company. Further, your company had allotted 1,90,65,326 Equity shares on September 20, 2024 through the initial public offering of its Equity Shares.

During the period from April 01, 2024 till September 30, 2024 your company had allotted 3,11,966 equity shares under the Employee Stock Option Scheme of the Company.

Directors and Key Managerial Personnel

Directors and Key Managerial Personnel

The composition of the Board of Directors of the Company is in accordance with the provisions of section 149 and 165 of the Companies Act, 2013 read with Regulation 17 of the SEBI Listing Regulations with an appropriate combination of Executive Director, Non-Executive Directors and Independent Directors.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. T S Anantharaman (DIN: 00480136) and Mr. Vijay Chakravarthi (DIN: 08020248), retires by rotation and being eligible, offers themself for re-appointment. The resolutions seeking shareholders' approval for their appointment forms part of the Notice.

During the year under review Ms. Bama Balakrishnan, Executive Director and Chief Operating Officer (DIN: 06531188) resigned from the Board as Executive Director with effect from November 13, 2023 and continued as Chief Operating Officer of the Company till March 31, 2024. The Board places on record its appreciation of the valuable services rendered by Ms. Bama Balakrishnan during her tenure as Executive Director and Chief Operating Officer of the Company.

Ms. Srividhya was resigned from the Company as Company Secretary and Compliance Officer of the Company with effect from November 20, 2023.

Ms. Monika Gurung was appointed as Company Secretary and Compliance officer of the Company for an interim period and with effect from January 18, 2024.

Ms. Monika Gurung was ceased to be the Company Secretary and Compliance Officer and continuing as employee of the Company and Mr. Prakash Chandra Panda has been appointed as the Company Secretary and Compliance Officer of the Company with effect from April 22, 2024.

Dr. Kshama Fernandes, is a non-executive non-independent director, who was initially appointed to the Board as Executive Director with effect from August 1, 2012, and was re-designated as Non-Executive Director, Non-Independent and Vice-Chairperson of the Company with effect from April 1, 2022. Pursuant to SEBI notification dated June 14 2023 read with regulation 17(1D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulation') effective from July 15, 2023, the Board at its meeting held on August 06, 2024 had approved the continuation of Dr. Kshama Fernandes as a Non-Executive, Non-Independent Director and Vice-Chairperson of the Company for a further period of one year with effect from April 01, 2024. A resolution seeking your approval has been set forth in the notice convening of Annual General Meeting.

During the year, Mr. Ashish Mehrotra, Managing Director and Chief Executive Officer, Ms. Bama Balakrishnan, Executive Director (up to November 13, 2023) and Chief Operating Officer (up to March 31, 2024), Mr. Atul Tibrewal, Chief Financial Officer, Ms. R Srividhya, Company Secretary and Compliance Officer (upto November 20, 2023) and Ms. Monika Gurung, Company Secretary and Compliance Officer (effective January 18, 2024) of the Company have been designated as the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

The Independent Directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as independent director during the year.

Pecuniary Transactions with non-executive directors

Details of remuneration to non-executive directors are provided in the Corporate Governance Report.

Management Discussion and Analysis

Market Overview

(i) Economic Outlook

India is currently the fifth-largest economy in the world, trailing only the US, China, Germany, and Japan, with a GDP of INR 172 trillion and a strong growth rate of 6.8%. By FY 2028-29, projections indicate that India's GDP will surpass INR 230-240 trillion, with a consistent growth rate of 6.5%.

Over the past three years, the Indian economy registered an average growth rate of 8.3 %. India's real GDP growth has been pegged at 8.2 % for FY 2023-24 as per the provisional estimates released by the National Statistical Office (NSO). The GDP growth has been supported by a boost in capital expenditure particularly in infrastructure development including roads, highways, railways and housing with the Government doing the heavy lifting. Additionally, private sector investment also showed some signs of resurgence in sectors such as cement, steel, oil and gas.

On the other hand, private consumption growth slowed to 4.0% in FY 2023-24 from 6.8 % in FY 2022-23. To recall, post the pandemic, consumption had been driven by services along with high demand for premium products. However, as this pent-up demand effect waned, and interest rates started rising consumer demand slowed down in FY 2023-24. Moreover, high food inflation and an uneven monsoon weighed on rural demand recovery.

(ii) Key Drivers of Growth

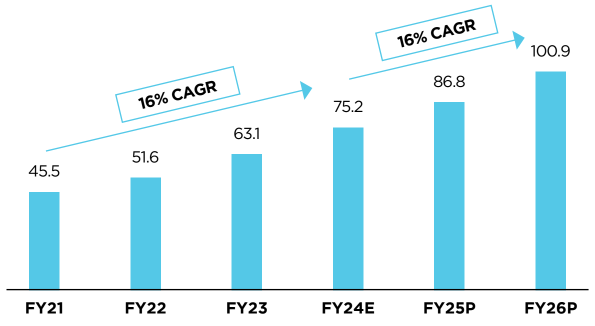
1. **Steady Inflow of Global Capital:** India continues to attract significant foreign investments, with Foreign Direct Investments (FDIs) and Foreign Portfolio Investments (FPIs) showing a 44% increase in FY 2023-24 compared to FY 2022-23. This trend reflects growing investor confidence in India's economic potential.
2. **Thriving Financial Markets Supported by a Stable Government:** The Nifty50 index has demonstrated impressive performance, delivering returns of approximately 23% compounded annually from FY 2019-20 to FY 2023-24. This underscores the resilience and stability of India's financial markets.
3. **Innovative India Tech Stack Initiatives:** Programs such as the Goods and Services Tax (GST), Open Network for Digital Commerce (ONDC), Unified Payments Interface (UPI), and Open Credit Enablement Network (OCEN) are revolutionising the economic landscape. These initiatives are improving connectivity between small businesses and consumers, streamlining financial transactions, and driving economic growth.
4. **China Plus One Policy:** India's competitive labor costs, vast workforce, and supportive policy reforms are attracting companies looking to diversify their operations beyond China. This strategic shift is fueling India's economic expansion.
5. **Expanding Middle-Class Population:** The number of middle-income households—those earning between INR 2 to INR 10 lakh annually—has been rising steadily and is projected to continue growing with increasing GDP and household incomes. According to CRISIL MI&A, there were 41 million households in this category at the end of FY 2011-12. By FY 2029-30, this figure is expected to reach 181 million, representing a compound annual growth rate (CAGR) of 9%. This surge in middle-income households will create substantial opportunities for retail, MSME financiers, and consumer goods marketers.
6. **Rapid Credit Penetration:** Credit penetration in India is expanding at a remarkable pace. Systematic credit growth has achieved a CAGR of approximately 11%, reaching INR 207 trillion in FY 2023-24. Projections suggest that systematic credit will grow at a CAGR of 13%-14%, reaching INR 264.6 trillion by FY 2025-26.

Emerging risks on the global front could pose challenges to India's growth trajectory and inflation outlook. Higher crude oil prices because of any escalation in Middle East tensions and tighter global oil supply pose a risk for domestic growth and inflation. Moreover, the impact of geopolitical tensions on global supply chains could hurt India's exports to major trading partners and escalate costs. However, while global challenges may pose some risks, the resilience and momentum shown by the domestic economy in recent years suggests it is well equipped to navigate any potential headwinds.

(iii) Retail Credit Growth

The retail credit (includes Housing finance, Vehicle Financing, Gold Loans, Education Loans, Consumer Durables, Personal loans, Credit cards and Microfinance) in India stood at INR 75.2 trillion, as of FY 2023-24 and has rapidly grown at a CAGR of 16.0% during FY 2019-20 and FY 2023-24 and is expected to further grow at CAGR of 15.83% between FY 2023-24 and FY 2025-26 to reach INR 100.9 trillion by FY 2025-26. The moderation of growth of retail credit is on account of normalisation in unsecured segment which had witnessed exuberant growth in the past and impact of RBI's risk weight circular. Moreover, the increasing demand and positive sentiments in the Indian retail credit market, presents an opportunity for both banks and NBFCs to broaden their investor base.

Retail Credit Growth (INR Tn)



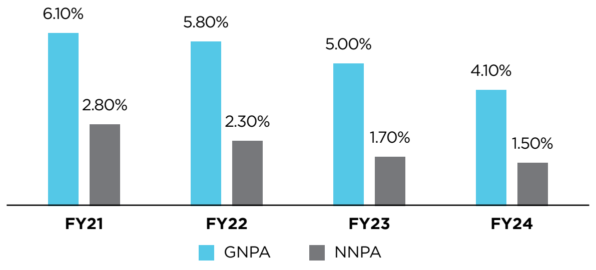
(iv) NBFC Industry Outlook

Over the years, the Non-Banking Financial Company (NBFC) sector has significantly evolved in terms of size, operations, technological sophistication, and diversification into new areas of financial services and products. The sector has witnessed substantial growth in both the number of NBFCs and their overall size, with numerous players adopting diverse business models. According to CRISIL, the share of NBFC credit in the overall systemic credit is projected to reach 21% by FY 2025-26, up from approximately 19% in FY 2023-24. The increasing penetration of neo-banking, digital authentication, mobile phone usage, and mobile internet has led to the modularisation of financial services, particularly in the credit segment.

From FY 2019-20 to FY 2023-24, NBFC credit experienced a CAGR of approximately 12%, primarily driven by the retail segment. The retail segment, which accounts for about 48% of overall NBFC credit, witnessed a CAGR of around 15%, whereas NBFC non-retail credit grew by approximately 9% during the same period. Looking ahead, the NBFC retail segment is expected to grow at a CAGR of 16-18% between FY 2023-24 and FY 2025-26, supporting the overall NBFC credit growth. The retail segment's market share is projected to stabilise at around 48.5% in FY 2025-26.

With the growth observed in the NBFC industry, Asset quality also witnessed an improvement and witnessed a fall in Industry GNPA and NNPA.

GNPA/NNPA (%)



(Source: CRISIL Report on analysis of NBFC sector and select asset class)

(v) Business Overview

In FY 2023-24, Northern Arc maintained its strategic focus on profitable growth in business within the guardrails of risk and compliance. The Company grew its credit portfolio with a focus on granularity and saw growth across segments, facilitating credit worth INR 29,324 Crore. With this we have been also able to achieve increase in our yields through our constant efforts to expand Direct-to-Customer (D2C) segment thereby resulting in expansion of spreads from 5.89% in FY 2022-23 to 7.53% in FY 2023-24 and achieving an ROE of 14.54% and an ROA of 2.97%. Even though we have expanded our business further in the D2C segment, through our robust risk management business, we have been able to lower our GNPA and NNPA in FY 2023-24 to 0.45% and 0.08% which are well below the industry standard.

Key Updates:

1. Northern Arc **raised INR 382** Crore from International Finance Corporation, a member of the World Bank Group and others. The funding round was officially closed on April 22, 2024.
2. Northern Arc Capital Limited got listed on NSE and BSE on September 24, 2024.
3. Our **credit rating** was also **upgraded to AA- (Stable)** credit rating by India Ratings in September 2023 in addition to ICRA update earlier.
4. We were certified as **Great Place to Work** for the 4th consecutive year.

(vi) Assets Under Management (AUM):

According to the CRISIL Report, we are among India's leading diversified NBFCs in terms of Assets Under Management (AUM) as of March 31, 2024.

Our AUM surpassed the INR 10,000 Crore milestone in September 2023, reaching INR 11,710 Crore in March 2024 across 671 districts, 28 states, and seven union territories in India. This represents a 3-year CAGR of 31%, primarily driven by the growth in our Direct-to-Customer (D2C) business. The D2C share of AUM increased from 38% in March 2023 to 50% in March 2024.

Intermediate Retail AUM: The intermediate retail AUM witnessed a y-o-y growth of 5%. In the FY 2023-24, we onboarded 30 new originator partners and worked with 116 repeat originators.

Direct-to-Customer (D2C) AUM: The D2C segment has witnessed accelerated growth, driven by our expansion in MSME product suite to include MSME secured LAP, Supply chain finance (SCF), Rural Finance and growth in our Partnership Based Lending. The D2C AUM grew 72.30% YoY from FY 2022-23 to FY 2023-24. As of March,21 2024, we have 16 lakh+ D2C Borrowers.

Gross Transaction Value:

The company's gross transaction value witnessed a y-o-y growth of 7% in FY 2023-24 with a growth of 26% observed in disbursements from INR 11,788 Crore in FY 2022-23 to INR 14,885 Crore in FY 2023-24.

(vii) Performance Overview:

Total Income:

Our consolidated total income increased from INR 1,311 Crore in FY 2022-23 to INR 1,906 Crore in FY 2023-24 (YoY growth of 45%). This growth was mainly due to rise in interest income from INR 1,102 Crore in FY 2022-23 to INR 1,588 Crore in FY 2023-24 a YoY growth of 44% primarily driven by:

- **Higher yields in FY 2023-24** coming from increased proportion of D2C in the company's overall AUM in FY 2023-24. Interest yields stood at 16.4%, enhancing overall spreads to 7.5% in FY 2023-24 from 5.9% in FY 2022-23.
- **Increase in earning assets:** y-o-y growth in earning assets was 27.3%, increasing from INR 8,539.2 Crore in FY 2022-23 to INR 10,869 Crore in FY 2023-24.

Profitability:

The consolidated profit after tax to the company was INR 317.6 Crore resulting in a YoY increase of 31.16%, driven by improvement Net interest margins from 6.48% in FY 2022-23 to 8.33% resultantly achieving a ROA of 2.97% (24 bps higher than FY 2022-23) and ROE of 14.54% (199 bps higher than FY 2022-23).

Asset Quality and Risk Management:

Our risk management approach has enabled us to actively identify, monitor and manage risks towards creating strong and sustainable business operations. As a result of our approach to risk management, according to the CRISIL Report, we had one of the lowest GNPA of 0.45% and NNPA of 0.08%, as of FY 2023-24 with a healthy capital adequacy ratio of 18.26% and Debt to Equity ratio of 3.9x. Our credit cost for FY 2023-24 was 1.2%.

Credit Rating:

Our credit rating was upgraded from A+ to AA- during the year by ICRA. We believe that this will help us access a more diversified set of investors and open the doors to newer segments who have a minimum AA category threshold. It should help us bring down our cost of funding, which will boost our spreads and profitability. It will also aid growth as we will be able to lend to clients who were earlier not sufficiently profitable.

(viii)Strategic Overview

Our Strategic Emphasis: Strengthen, Grow, and Reimagine

Strengthen Our Core and Mature Businesses

We are scaling our established businesses—Lending both Intermediate Retail and Direct to Consumer, Placements, and Fund Management—by bolstering our senior leadership and building a robust liability franchise with focus on robust Risk Management Culture.

Grow Our New Business Lines

We have significantly expanded in the D2C segment, diversifying our portfolio and increasing the mix to 50%. This has been achieved by developing a comprehensive MSME suite, serving over 400,000 rural finance borrowers through our subsidiary Pragati, expanding to more than 300 locations, and enhancing our supply chain proposition with multiple products.

Reimagine Our Business Through Technology and Data

We have reimagined our tech offerings (AltiFi, nuScore, nPos, and Nimbus), making them revenue accretive.

Updates on Our Tech Offerings:

AltiFi

AltiFi is a retail investment platform that democratises access to debt securities on the Northern Arc balance sheet, offering investment opportunities to retail individuals and corporates. As of March 31, 2024, AltiFi had 31,272 registered users, facilitated by distributors, enabling investments totaling INR 152 Crore in FY 2023-24.

nuScore

nuScore is a machine learning-based analytical module tailored to assist our originator partners in the loan underwriting process, enhancing credit decision effectiveness. In FY 2023-24, we began generating revenue through nuScore with our first client, Pahal, conducting 17,052 assessments.

nPos

nPos is a fully integrated API-based technology solution that connects the systems of both Originator and Investor Partners, streamlining co-lending processes. As of March 31, 2024, we have 21 active nPos partners and have executed transactions worth INR 5,989 Crore in FY 2023-24.

Nimbus

Nimbus is a curated debt platform that facilitates credit flow to our Originator Partners through our balance sheet or Investor Partners, creating a network effect. By March 31, 2024, Nimbus had 147 active originators and 72 active investor partners, enabling transactions worth INR 17,620 Crore in FY 2023-24.

Subsidiaries and Associates:

Your Company has 5 subsidiary companies, i.e., Northern Arc Investment Managers Private Limited; Pragati Finserv Private Limited, Northern Arc Foundation (a company incorporated under section 8 of the Act), Northern Arc Investment Adviser Services Private Limited and Northern Arc Securities Private Limited and one (1) associate company, i.e., Finreach Solutions Private Limited.

Information on the performance and financial position of the subsidiaries and associate company are provided in form AOC 1 enclosed as **Annexure - A**.

The details of subsidiaries and associate are as follows:

i. Northern Arc Investment Managers Private Limited (NAIM)

FY 2023-24 marks the completion of a decade of Northern Arc Investment Managers (NAIM). From our humble beginnings with the launch of a small INR 100 Crore microfinance fund to raising our largest fund ever of INR 1,000 Crore, NAIM has come a long way. Our underwriting skills have expanded from a complete microfinance focus to an ability to underwrite across our six focus sectors. We have explored a myriad of structures—including an Open-Ended CAT III Debt Fund, Unified Fund, MLD Fund, Separately Managed Account, Non-FI Fund, and leveraged fund—to provide diverse investment avenues for our extensive pool of investors, which comprises of retail investors, institutions, corporates, and Development Finance Institutions (DFIs). Notably, five of our ten funds have completed their fund cycles, each delivering higher-than-expected returns.

NAIM closed FY 2023-24 with cumulative investor commitments of INR 3,745 Crore with total investments of INR 6,600+ Crore across sectors and expanded its investor base to 800+ investors. We added 330+ new investors across corporates, family offices, high net worth individuals, global and domestic funds, and development finance institutions, highlighting the growing recognition and trust in our platform. We also have received Sebi approval for the launch of two new AIFs.

Fund raising maintained its momentum as we raised over INR 600 Crore in Northern Arc Emerging Corporates Bond Fund (ECB), thereby completing the final close of the fund in November 2023 as targeted. However, due to the extended start-up funding winter, the ECB commitments could not be completely drawn down. Northern Arc Money Market Alpha Fund (MMA) also saw an inflow of INR 600 Crore which helped it reach its highest ever AUM of INR 1,500 Crore in November, 2023. Unfortunately, the latest RBI circular related to the regulated entities (RE) exposure, the MMA fund saw a significant redemption in December 2023, leading to reduction in AUM.

We also added another esteemed offshore investor to our list from which we secured

INR 245 Crore of signed commitments, effectively doubling our offshore commitments. Additionally, offshore commitments worth INR 520 Crore are in pipeline from Development Finance Institutions for Northern Arc Climate fund, our first ever leveraged fund to be launched in GIFT City in FY 2024-25.

Within the Portfolio Management Services platform, our first ever Discretionary PMS Strategy, Northern Arc Income Builder Series A, matured in February, 2024, delivering a return of ~8.75% to all its investors. This achievement once again demonstrates our expertise across a new platform category and strengthens our position among our peers as one of the strongest contenders in the private credit market. Along with this, we launched our third Discretionary PMS Strategy, Northern Arc Credit Opportunities Strategy, which focusses on investing in securities rated A- and above and would finance companies that provide credit to financially underserved end-customers.

FY 2023-24 continued to be the year of accolades, as our accomplishments were recognised and celebrated across various platforms domestically as well as internationally. NAIM was featured in the Impact Assets 50 list for the fourth consecutive year, an annual showcase highlighting fifty fund managers worldwide who excel in creating positive social impact while generating financial returns for investors. Additionally, NAIM won the prestigious 'Best Investment Management Company' award at the CX Summit, marking another significant milestone in our journey.

The past decade has been an incredible journey for NAIM, filled with growth, learning, and milestones. With the unwavering support of our investors and the recognition we've received through numerous accolades, it has been a period of remarkable progress and transformation. Inspired by this success, we are excited to continue building on this momentum and achieving even greater heights in the coming decade.

ii. Pragati Finserv Private Limited

Pragati Finserv the rural Finance subsidiary of Northern Arc Capital was incorporated in FY 2020-21 to offer small ticket loans to under-served rural and semi-urban areas of the country through an efficient, agile and scalable combination of digital platform and physical branches. Pragati serves the diverse needs of customers belonging to low-income households of rural and semi-urban areas. It aims to become a one stop lending shop for its borrowers covering income-generating micro loans and household loans.

The current product offering of Pragati is Krushi JLG loan for rural women customers with a ticket size of INR 30,000 to 75,000. JLG Graduate Loan (Shakti) with Ticket Sizes ranging from INR 75,000 to 1,25,000 in pilot testing phase, which will meet the various end uses of customers like 2-3 wheeler, commercial vehicles, Home Improvement and WASH, Agri, Education and Dairy is expected to be launched shortly.

As of March 31, 2024 the Portfolio Outstanding of Pragati is 1,29,147.75 lakh with 4.03 lakh Active Clients and 4.40 lakh Active Loans. The current collection efficiency for the FY 2023-24 is 99.2%. The DPD 30+ portfolio of Pragati is INR 1,444 lakh which is 1.11% of the total portfolio outstanding.

Pragati has 262 operational branches across 8 states and 1 UT. During the FY 2023-24, 76 New branches have been opened with green field expansion in UP and Bihar with 19 branches each, 7 branches in Jharkhand and 31 branches in Karnataka.

Technology is the backbone of Pragati and is the key differentiator for our organisation to grow. The technology would enable Pragati to provide best in class Customer services, right-sized loans and quick turnaround time and these three would be the key focus for its product delivery. During the FY 2023-24 we have launched Aryabhatta 2.0 our internally developed front-end application with the primary purpose of improving the efficiency of our field employees. The application is live with collections, field monitoring, attendance and collection modules. Our Quality Control application "Dhruva" has inbuilt sourcing risk controls including KYC authentications, Bank account validations, Credit Bureau checks and Income assessments among others to select the best of customers. All the decisions at Pragati are data led and our Data Analytics plays a crucial role in Portfolio Monitoring, Risk assessment and Early Warning Signals. Completed integration with nPOS for quicker decision making, application quality check and faster disbursements.

There are a total of 1,817 active employees in Pragati with 1,296 Loan Officers and 274 Branch Managers, who constitute majority of the workforce. The Average portfolio Outstanding per Loan Officer Increased from INR 90 lakh in FY 2022-23 to INR 100 lakh in FY 2023-24. The number of clients handled by each Loan Officer has also increased from 263 in FY 2022-23 to 312 in FY 2023-24. Branches which have completed 12 months vintage have an average Portfolio Outstanding of INR 700 lakh in line with the NBFC-MFI standards.

Pragati being the Multi-Lingual and Multi-Cultural company, people are at the centre of all the decision-making policies. Capability Building is the core of business, and we deliver trainings through a hybrid model via the 40 Training centres across the country. "SANKALP" is the flagship strategy and ideations workshop for Mid and Senior Managers conducted in April, 2023. "SAMPARK" is the CEO-Interface with the field team conducted across all the regions in the country in May and June, 2023. The Annual rewards and recognition program "SAMPARK'24" was conducted in January, 2024 at Hyderabad. Pragati has won the "Best Upcoming Microfinance" and "Best Data Driven Microfinance of the year awards at the prestigious LendTech X Awards.

iii. Northern Arc Foundation:

Northern Arc, beyond the regulatory compliance, believes in giving back to the community and has embraced Corporate Social Responsibility (CSR) to make a meaningful and significant contribution to promote sustainable community development. The company has a strong commitment towards long term value creation through its social investing; in recognition of which has established Northern Arc Foundation ("Foundation") to implement CSR interventions for the group companies. The Foundation has been dedicated to making social investment for sustainable outcomes across the nation where Northern Arc has its presence. The areas where the Foundation makes significant contribution in FY 2023-24 are Education, Skill Development, and Healthcare. The company supported the following initiatives through its CSR contribution in FY 2023-24:

(i) Supported government run nursery school by providing educational and teaching material, school supplies to the students and supporting in extracurricular activities and teacher development programmes.

(ii) Provided monetary support for under-privileged students in the rural areas for their tuition, special coaching, and student in Mumbai Area.

(iii) Provided holistic nutritional support for children who are fighting cancer at St. John's Hospital Bangalore.

(iv) Supported students in rural areas of Tamil Nadu in the form of skill development, digital literacy, and training programs for students taking professional examination.

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

NAIA was established to provide high quality advice and products in asset classes that impact the financially excluded. NAIA is registered with the SEBI as an investment adviser in terms of the SEBI Investment Advisers Regulations.

v. Northern Arc Securities Private Limited (NAS)

NAS is a wholly owned subsidiary of the Company and registered as a stockbroker with SEBI. The Company has also obtained the Online Bond Platform Provider (OBPP) enablement in the debt segment from NSE to help democratise the debt offerings from corporate and government institutions which is offered through the platform of "Altifi".

Vi. Finreach Solutions Private Limited (Finreach)

Finreach is engaged in providing business consultancy and facilitation services to various entities including Companies, Body Corporates, Trusts, Special Purpose Vehicles, Banks, and Financial Institutions (whether incorporated in India or not) which are engaged in offering credit enhancement, credit default protection and guarantee (fund and non-fund based) solutions to lenders of Micro, Small & Medium Enterprises and similar unserved or underserved entities, and devising technological and non-technological solutions, systems and framework for undertaking such operations including identifying potential lenders, building the risk management framework including technology platforms required to provide the facilitation services, enabling administration of credit enhancement, credit default protection and guarantees (fund and non-fund based), monitoring the performance of the loan portfolio, and performing such other actions or services which are included in the value chain of the product/services offered by the various entities.

Fixed Deposits

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

Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings during the year or the previous year. Total foreign exchange outgo during the year under review was INR 4,601.97 lakh (previous year: INR 930.84 lakh) under the head listed below:

(INR in lakh)

Head of Expense	March 31, 2024	March 31, 2023
Subscription charges	5.39	-
Legal and professional charges	379.33	357.06
Directors' sitting fees	19.79	-
Finance cost	4,197.46	573.78
Total	**4,601.97**	**930.84**

Meeting of the Independent Directors

In terms of Para VII of Schedule IV of the Companies Act, 2013, your Company conducted a meeting of its independent directors during the financial year under review, without the presence of non-independent directors and members of the management. The Independent Directors inter alia,:

(a) reviewed the performance of non-independent directors and the Board as a whole.

(b) reviewed the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.

(c) assessed the quality, quantity, and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Auditors:

Statutory Auditors

The shareholders at the annual general meeting held on September 30, 2022 approved the re-appointment of S.R. Batliboi & Associates LLP, Chartered Accountants, having ICAI Firm Registration No: 101049W/E300004 as statutory auditors of the Company based on recommendation of audit committee, board of directors and after obtaining a confirmation on eligibility under Section 141 of the Act from S.R. Batliboi & Associates LLP and RBI's Guidelines dated April 27, 2021 for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), for a period of 2 years till the conclusion of the 16th Annual General Meeting to be held for the financial year ended on March 31, 2024. Your statutory auditors will be completing their current term of 2 years at the conclusion of the ensuing AGM.

In terms of Section 139 of the Companies Act, 2013 and the rules made thereunder, the Board had on the recommendations of the Audit Committee, recommended the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants, having ICAI Firm Registration No. ICAI Firm Registration No.: 001076N/N500013 as statutory auditors of the Company for a period 3 (three) consecutive terms, to hold office from the conclusion of 16th Annual General Meeting till the conclusion of 19th Annual General Meeting, subject to shareholders approval at the ensuring AGM. The resolutions seeking shareholders' approval for their appointment forms part of the Notice.

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

Secretarial Auditors

Pursuant to provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M Damodaran & Associates, Company Secretaries, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as **"Annexure B"**. The Secretarial Audit Report for the financial year ended March 31, 2024 does not contain any qualification, reservation or adverse remark in their report. However, there are certain observations which states that there is a delay in filing under SEBI LODR Regulations and SEBI Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021. The Secretarial observations are noted by the management and had taken necessary steps to ensure timely compliance under applicable SEBI LODR Regulations and SEBI Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021.

Cost Records and Cost Auditors

The provisions of Cost Audit and Records as prescribed under Section 148 of the Act, are not applicable to the Company.

Reporting of Frauds by the Auditors to the Company

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

Compliance

Your Company is registered with Reserve Bank of India under Section 45IA of the Reserve Bank of India Act, 1934. Further, your Company has complied with and continues to comply with all the laws, rules, circulars and regulations applicable to the Company.

Changes to the Constitutional Documents During the year Under Review

a. Memorandum of Association:

In order to apply for the registration as Corporate Agents under the Insurance and Development Authority of India, new clause no. 6 has been inserted under to the main object clause of the Memorandum of Association vide special resolution passed by the members at their Extra-Ordinary General Meeting held on June 30, 2023.

Considering the business plan and future requirements of the Company, the authorised capital of the Company has been reclassified by amending the capital clause of the Memorandum of Association of the Company vide ordinary resolution passed by the members at their Extra-ordinary General Meeting held on January 18, 2024.

b. Articles of Association:

A new set of Articles of Association has been adopted by the Company by amending Part II of the Articles of Association vide special resolution passed by the members at their Extra-ordinary general meeting held on June 30, 2023.

A new set of Articles of Association has been adopted by the Company by amending the existing clause 4.1.4 and insertion of Clause 108B of Part II of the Articles of Association vide special resolution passed by the members at their Extra-ordinary general meeting held on September 13, 2023.

To enable the listing of its equity shares, the articles of association of the Company has been amended by the Company to confirm the requirements and directions provided by the Securities and Exchange Board of India (SEBI) vide special resolution passed by the members at their Extra-ordinary general meeting held on January 18, 2024.

Particulars of Loans, Guarantees Or Investments in Securities

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

Details of investments under Section 186 of the Act, 2013 for the FY 2023-24 are provided in the financial statements.

Policy on Appointment of Directors and Remuneration Policy of the Company

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

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

Board and committee Meetings

During the FY 2023-24, Twelve meetings of the Board of Directors were held. The details of the composition of the Board and its committees and of the Meetings held and attendance of the Directors at such meetings are provided in the Corporate Governance Report.

Directors' Responsibility Statement

The directors' responsibility statement as required under section 134(5) of the Companies Act, 2013 are as follows:

The Directors accept the responsibility for the integrity and objectivity of the Profit & Loss Account for the year ended March 31, 2024 and the Balance

Sheet and Cash Flow Statement as at that date ("financial statements") and confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Board Evaluation

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

Evaluation criteria for independent directors and non-executive directors:

1. Understanding of the business of the company and contribution towards its strategic direction.
2. Attendance and participation in Board Meetings, whether in person, telephone or via video conferencing
3. Providing timely and effective inputs on minutes and other materials circulated to the Board
4. Inter-personal relations with the rest of the Board and management
5. Adherence to ethical standards and disclosure of non-independence, where it exists

Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

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

There were no referrals received by the Committee, during the FY 2023-24.

Extract of Annual Return

Pursuant to the provisions of Section 134(3) (a) and Section 92(3) of the Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, draft Annual return is uploaded on Company's website link https://www.northernarc.com and a copy of the Annual Return will be uploaded on the Company's website link.

Employee Stock Option Scheme

Your Company had introduced the Employee Stock Option Plan-2016, providing grants to employees of your Company and its subsidiaries. The details of the Employee Stock option schemes as required under Regulation 14 read with Part F of SEBI (Share based Employee Benefits and Sweat Equity) Regulations, 2021 is available on website of the Company and the weblink for the same is https://www.northernarc.com.

Corporate Agent

The Company has received a certificate of registration from the Insurance Regulatory and Development Authority of India ('IRDAI') to act as corporate agent (composite) with validity of three years from June 14, 2024 to June 13, 2027.

Approval for extension of time for convening of the Annual General Meeting

The Company was made an application to the Registrar of Companies (ROC), seeking approval for extension of time for convening of AGM for a further period of three months, i.e., up to December 31, 2024 for the financial year ended March 31, 2024. In this regard, the ROC, vide its letter dated September 24, 2024, had granted an extension of three (3) months, allowing the Company to conduct its AGM on or before December 31, 2024, for the financial year ended March 31, 2024. Hence, the AGM is being convened as per the extension of time approved by the ROC.

Listing

During the financial year under review, your Company had filed its Draft Red Herring Prospectus dated February 02, 2024 and the equity shares of the Company have been listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") w.e.f., September 24, 2024.

Information on material changes and commitments

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

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future

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

Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016

Neither any application was made, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 against the Company.

Related Party Transactions

The Company has adopted a policy on related party transactions for the purpose of identification, monitoring and approving of such transactions. The Related party policy is available on website of the Company and the weblink for the same is https://www.northernarc.com/ governance. During the year, your Company has not entered into any transactions with Related Parties which are not in the ordinary course of its business or not on an arm's length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Companies Act, 2013. Hence, no particulars are being provided in Form AOC-2 as set out in **Annexure C** of this Annual Report.

Companies which have become or Ceased to be Subsidiaries, Joint Ventures, Or Associates of the Company during the year.

Nil

Risk Management Policy

In the opinion of the Board, the Company has, since inception developed and implemented Risk Management policies and procedures that are sufficient to combat risks that may threaten the existence of the Company.

Internal Control Systems

The Company maintains appropriate systems of internal controls, including monitoring procedures, to ensure that all assets and investments are safeguarded against loss from unauthorised use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorised, recorded and reported correctly.

The Internal Auditor reviews the efficiency and effectiveness of these systems and procedures which included evaluating the reliability of financial and operational information and ensuring compliance with applicable laws and regulations. The Internal Auditors submit their Report periodically which is placed before and reviewed by the Audit Committee.

Corporate Governance:

The Corporate Governance report which forms a part of Board's Report which states that a detailed Company's corporate governance practices, together with the certificate from the secretarial auditors confirming compliance, as per the SEBI Listing Regulations.

A certificate from the Secretarial auditors of the Company regarding compliance of conditions of corporate governance is annexed to this report.

Corporate Social Responsibility (CSR)

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

Requirements under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

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

Sr. No.	Name of the Directors	Director's Remuneration (in INR)	Employees' Median Remuneration (in INR)	Ratio
1.	Ashish Mehrotra, MD & CEO	5,55,89,340	6,23,004	1:89
2.	Bama Balakrishnan*, Executive Director	4,98,66,170	6,23,004	1:80
3.	Dr. Kshama Fernandes, Non-Executive Non-Independent Director	65,00,004	6,23,004	1:10
4.	P S Jayakumar, Independent Director and Chairperson	90,00,000	6,23,004	1:14

* Bama Balakrishnan was resigned from the Board as Executive Director with effect from November 13, 2023 and continued as Chief operating officer of the Company and resigned on March 31, 2024.

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

Name of director/Key Managerial Personnel	% increase in remuneration vis-à-vis last financial year
Ashish Mehrotra, MD & CEO	40%
Bama Balakrishnan, Executive Director	9%
Atul Tibrewal, Chief Financial Officer	9%
R. Srividhya, Company Secretary	9%
Dr. Kshama Fernandes, Non-Executive Non-Independent Director	0
Monika Gurung, Company Secretary	0

- Percentage increase in the median remuneration of employees in the financial year: 45%
- Number of permanent employees on the rolls of the company: 902 (as of March 31, 2024)
- Average percentage increase in the salaries of employees other than the KMP in FY 2023-24: 11%* and percentage increase in key managerial remuneration: 13%
- Affirmation that the remuneration is as per the remuneration policy of the company: The Company affirms that remuneration of directors and employees of the company is in accordance with the remuneration policy of the company.

* The average increase in salaries of employees based on performance appraisal during the last year.

Particulars of Employees under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Vigil Mechanism and Whistle Blower Policy

Adequate vigil mechanism for directors and employees to report their genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct is in place and the same have been disclosed on the website of the company, https://www.northernarc.com/. No references under the whistle blower policy were received during the FY 2023-24. The same has also been affirmed by the Audit Committee of the Board on a quarterly basis.

Secretarial Standards Compliances

The company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

Conservation of energy, Technology and absorption

Being a Non-Banking Finance Company and not involved in any industrial or manufacturing activities, the Company's activities involve low energy consumption and has no particulars to report regarding conservation of energy, technology and absorption.

Acknowledgement

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

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

On behalf of the Board

For Northern Arc Capital Limited

P S Jayakumar
Independent Director & Chairperson
DIN: 01173236

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Date: September 30, 2024

Place: Chennai

Report on Corporate Governance

The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. Our Governance Structure is multi-tiered, comprising the Board of Directors, Board Committees and the Managing Director & CEO. The Board is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. Your company is a professionally managed Company functioning under the overall guidance of the Board. The Board has the ultimate authority for setting the strategy, managing, handling, directing, & enabling the long-term success of the entire business. The Chairperson heads the Board and ensures the effective participation of all Executive and Non-Executive Directors and promotes a culture of transparency and debate. The Independent Directors offer constructive feedback, strategic direction and expert advice. The Board has delegated the operational conduct of the business to the Managing Director & CEO of the Company.

The Company is in compliance with the applicable corporate governance requirements specified in Regulation 17 to 27 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, ("SEBI Listing Regulations") as applicable, with regard to corporate governance.

Board of Directors:

As on March 31, 2024, the Board of Directors of the Company comprised of nine members, inclusive of one Executive Director, 3 Non-Executive Nominee Directors representing the equity investors, 1 Non-Executive Non-Independent Director and 4 Independent Directors. The Chairperson of the Board is Non-Executive Independent Director of the Company. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 and 165 of the Companies Act, 2013 ("Act"). None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an Independent Director on more than seven listed entities. The Executive Director does not serve as an Independent Director in more than three listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2024, have been made by the Directors. None of the Directors are related to each other. All Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

A Declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors Rules), 2014 along with a declaration as provided in the Notification dated October 22, 2019, issued by the Ministry of Corporate Affairs ("MCA"), regarding the requirement relating to enrolment in the Data Bank for Independent Directors, has been received from all the Independent Directors, along with declaration made under Section 149(7) of the Act.

Board and Committee Meetings:

During the year under review, 12 Board Meetings and 1 Independent Directors Meetings were held. The Board Meetings were held on May 11, 2023, August 02, 2023, October 11, 2023, October 27, 2023, November 13, 2023, December 04, 2023, January 03, 2024, January 18, 2024, January 30, 2024, February 02, 2024, February 13, 2024 and March 28, 2024. The Independent Directors meeting was held on March 27, 2024. The category of each Director, together with attendance at Board Meetings, name of other listed entities in which the Director is a director, and the number of Directorships and Committee Chairmanships/Memberships held by them in other public limited companies as well as shareholding in the Company, as on March 31, 2024 are given below:

No.	Name of the Director	Designation & Category	DIN	No. of Board Meetings attended during 2023-24	No. of Equity Shares held as on March 31, 2024[1]	No. of convertible instruments held by non-executive directors
1.	Mr. Ashish Mehrotra	Managing Director & Chief Executive Officer	07277318	12	-	-
2.	Ms. Bama Balakrishnan*	Executive Director	06531188	5	1	-
3.	Dr. Kshama Fernandes	Non-Executive Director	02539429	12	1	-
4.	Mr. T S Anantharaman	Nominee Director (Nominated by IIFL)	00480136	11	-	-
5.	Mr. Michael Jude Fernandes	Nominee Director (Nominated by Leap Frog)	00064088	9	-	-
6.	Mr. Vijay Chakravarthi	Nominee Director (Nominated by Augusta)	08020248	11	-	-
7.	Ms. Anuradha Rao	Independent Director	07597195	12	-	-
8.	Mr. Ashutosh Pednekar	Independent Director	00026049	12	-	-
9.	Mr. P S Jayakumar	Independent Director and Chairperson	01173236	12	-	-
10.	Mr. N T Arun Kumar	Independent Director	02407722	12	-	-

* Resigned as Executive Director with effect from November 13, 2023.

[1] Excludes Equity shares held by the Northern Arc Employee welfare Trust on behalf of the Directors.

Details of number of other Board or committees in which a director of our Company is a member or chairman as on March 31, 2024:

S. No.	Name of the Director	Companies in which a director is a member or chairperson of the Board		Number of committees in which a director is a member or chairperson of the Committee		Names of listed entities where the person is a director and the category of the directorship
		Number	Name of the Companies	Membership	Chairmanship	
1.	Mr. Ashish Mehrotra	11	1. Northern Arc Foundation 2. Northern Arc Investment Adviser Services Private Limited 3. Northern Arc Securities Private Limited 4. AAPT Investment Advisors Private Limited 5. AAPT Holdings Private Limited 6. Northern Arc Investment Managers Private Limited 7. Finreach Solutions Private Limited 8. AAPT Insurance Brokers Private Limited 9. Pragati Finserv Private Limited 10. Northern Arc Capital Limited 11. AAPT Fintech Private Limited	0	1	0
2.	Ms. Bama Balakrishnan	3	1. Northern Arc Securities Private Limited 2. Dvara Research Foundation 3. Northern Arc Investment Adviser Services Private Limited	0	0	0
3.	Dr. Kshama Fernandes	8	1. Sahyadri Farms Post Harvest Care Limited 2. Sundaram Finance Limited 3. Northern Arc Investment Managers Private Limited 4. Northern Arc Foundation 5. NSE Investments Limited 6. Northern Arc Capital Limited 7. Northern Arc Investment Adviser Services Private Limited 8. Gojo & Company	3	1	1

S. No.	Name of the Director	Companies in which a director is a member or chairperson of the Board		Number of committees in which a director is a member or chairperson of the Committee		Names of listed entities where the person is a director and the category of the directorship
		Number	Name of the Companies	Membership	Chairmanship	
4.	Mr. T S Anantharaman	7	1. Enovate Lifestyles Private Limited 2. Northern Arc Capital Limited 3. Polyclinic Pvt. Ltd. 4. Inbot Properties Private Limited 5. Gosree Finance Limited 6. Kalyan Jewellers India Limited 7. Trichur Heart Hospital Ltd.	1	0	1
5.	Mr. Michael Jude Fernandes	2	1. Neogrowth Credit Private Limited 2. Northern Arc Capital Limited	0	0	0
6.	Mr. Vijay Chakravarthi	4	1. Belstar Microfinance Limited 2. Affirma Capital Investment Adviser India Private Limited 3. Pragati Finserv Private Limited 4. Northern Arc Capital Limited	1	0	0
7.	Ms. Anuradha Rao	2	1. Northern Arc Capital Limited 2. Protium Finance Limited	2	1	0
8.	Mr. Ashutosh Pednekar	6	1. Investor Services of India Limited 2. DFK Consulting Services (India) Private Limited 3. Elecon Engineering Company Limited 4. St. Jude India Childcare Centres 5. Star Union Dai-Ichi Life Insurance Company Limited 6. Northern Arc Capital Limited	0	4	1
9.	Mr. P S Jayakumar	15	1. Adani Logistics Limited 2. TVS Infrastructure Investment Manager Private Limited 3. Tata Motors Finance Limited 4. Future Generali India Life Insurance Company Limited 5. Zuventus Healthcare Limited 6. Northern Arc Capital Limited 7. Progrow Farm And Rural Mission Private Limited 8. Adani Ports And Special Economic Zone Limited 9. VBHC Private Limited 10. TVS Industrial & Logistics Parks Private Limited 11. Emcure Pharmaceuticals Limited 12. HT Media Limited 13. CG Power And Industrial Solutions Limited 14. JM Financial Limited 15. Indifi Technologies Private Limited	3	0	5
10.	Mr. N T Arun Kumar	6	1. Ghodawat Consumer Limited 2. Northern Arc Capital Limited 3. Ciel HR Services Private Limited 4. Dvara Solutions Private Limited 5. Agrosperity Tech Solutions Private Limited 6. Angel One Limited	2	1	1

* Disclosures are computed in terms of Regulation 17 and Regulation 26 of LODR Regulations.

In term of Regulation 17 and 26 of LODR Regulations, none of the Directors of the Company were members of more than 10(ten) committees or acted as the chairperson of more than 5 (five) committees across all listed companies in India in which there were/are a director. Further, based on the disclosures received from the Directors, it is confirmed that none of the directors are on the Board of more than 20 (twenty) Companies, 10(ten) public companies and 7 (seven) listed companies.

Board Meetings:

During the period under review, the Board of Directors met 12 times on the below given dates and the requisite quorum was present for all the meetings. The maximum gap between 2 meetings did not exceed one hundred and twenty days. The attendance of each director in the respective meetings are provided below:

S. No.	Name of the Director	May 11, 2023	Aug 02, 2023	Oct 11, 2023	Oct 27, 2023	Nov 13, 2023	Dec 04, 2023	Jan 03, 2024	Jan 18, 2024	Jan 30, 2024	Feb 02, 2024	Feb 13, 2024	Mar 28, 2024
1.	Mr. Ashish Mehrotra	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Ms. Bama Balakrishnan*	✓	✓	✓	✓	✓	×	×	×	×	×	×	×
3.	Dr. Kshama Fernandes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4.	Mr. T S Anantharaman	✓	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓
5.	Mr. Michael Jude Fernandes	✓	✓	✓	✓	✓	✓	✓	✓	×	×	×	✓
6.	Mr. Vijay Chakravarthi	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	✓
7.	Ms. Anuradha Rao	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.	Mr. Ashutosh Pednekar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9.	Mr. P S Jayakumar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10.	Mr. N T Arun Kumar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

* Resigned as Executive Director with effect from November 13, 2023.

Independent Directors Meeting:

S. No.	Name of the Director	March 27, 2024
1.	Ms. Anuradha Rao	✓
2.	Mr. Ashutosh Pednekar	✓
3.	Mr. P S Jayakumar	✓
4.	Mr. N T Arun Kumar	✓

Disclosure of relationships between directors inter-se:

None of the Directors of the Company are related to each other.

Committees of Directors:

Details of the various committees of the Board of Directors of the Company as on March 31, 2024, the number of committee meetings held, and the number of meetings attended by each Director (shown within brackets) during the year 2023-24 are as under:

Audit Committee:

S. No.	Name of the Director	May 11, 2023	June 07, 2023	Aug 01, 2023	Oct 27, 2023	Nov 13, 2023	Dec 04, 2023	Jan 18, 2024	Feb 13, 2024
1.	Mr. Ashutosh Pednekar	✓	✓	✓	✓	✓	✓	✓	✓
2.	Ms. Anuradha Rao	✓	✓	✓	✓	✓	✓	✓	✓
3.	Mr. P S Jayakumar	✓	×	×	✓	✓	✓	✓	✓
4.	Mr. N T Arun Kumar	✓	✓	✓	✓	✓	✓	✓	✓
5.	Mr. T S Anantharaman	✓	✓	✓	✓	✓	✓	✓	✓
6.	Mr. Vijay Chakravarthi	✓	×	✓	✓	×	✓	✓	✓

Nomination and Remuneration Committee:

S. No.	Name of the Director	May 10, 2023	Aug 01, 2023	Oct 26, 2023	Nov 13 2023	Feb 09 2024
1.	Ms. Anuradha Rao	✓	✓	✓	✓	✓
2.	Mr. P S Jayakumar	✓	×	✓	✓	✓
3.	Mr. Michael Jude Fernandes	✓	✓	✓	✓	×

Stakeholders’ Relationship Committee:

S. No.	Name of the Director	Mar 28, 2024
1.	Ms. Anuradha Rao	✓
2.	Mr. Michael Jude Fernandes	✗
3.	Mr. Ashish Mehrotra	✓
4.	Dr. Kshama Fernandes	✓

Corporate Social Responsibility Committee:

S. No.	Name of the Director	May 10, 2023	Feb 09, 2024
1.	Mr. Ashutosh Pednekar	✓	✓
2.	Mr. Michael Jude Fernandes	✓	✗
3.	Mr. Ashish Mehrotra	✓	✓
4.	Dr. Kshama Fernandes	✓	✓

Risk Management Committee:

S. No.	Name of the Director	May 10, 2023	July 13, 2023	Aug 01, 2023	September 25, 2023	Oct 27, 2023	Nov 13, 2023	Feb 09, 2024
1.	Ms. Anuradha Rao	✓	✓	✓	✓	✓	✓	✓
2.	Dr. Kshama Fernandes	✓	✓	✓	✓	✓	✓	✓
3.	Mr. Vijay Chakravarthi	✓	✗	✓	✓	✓	✗	✓
4.	Mr. Michael Jude Fernandes	✓	✓	✓	✗	✓	✓	✗
5.	Mr. P S Jayakumar	✓	✓	✗	✗	✓	✓	✓
6.	Mr. Ashish Mehrotra	✓	✓	✓	✓	✓	✓	✓
7.	Mr. T S Anantharaman	✓	✓	✓	✓	✓	✓	✓

In addition to the above, your Company has also constituted committees such as IT Strategy Committee, a Credit Committee, an ESG Committee, Finance Committee, IPO Committee and the Asset Liability Committee.

Change in Board & KMP Position:

(a) Details of Directors or Key Managerial Position appointed or resigned or details of change in designation during the financial year under review:

S. No.	Name of the Director/KMP	Change in Designation	Date of Appointment/ Change in Designation	Date of Cessation
1.	Bama Balakrishnan, Executive Director	Resignation	-	November 13, 2023
2.	Srividhya, Company Secretary & Compliance Officer	Resignation	-	November 20, 2023
3.	Monika Gurung, Company Secretary & Compliance Officer	Appointment and Resignation	January 18, 2024	April 22, 2024
4.	Prakash Chandra Panda, Company Secretary & Compliance Officer	Appointment	April 22, 2024	-

Certificate on qualification of Directors

The Company has received a certificate from M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries, to the effect that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of the Company by SEBI/Ministry of Corporate Affairs (MCA) or any such other statutory authority.

Annual Board Evaluation and Independent Director Meeting:

A formal annual evaluation of the Board of the Company was carried out by the entire Board as required under regulations. The evaluation was broadly carried out around effectiveness of Board and functioning, meeting and procedures, business strategy and risk management, Board communication and committees. The annual evaluation of the Board was found to be satisfactory by the Independent Directors.

As stipulated under the Code of Independent Directors under the Companies Act, 2013 and Rules made thereunder and LODR regulations, as amended from time to time, one meeting of the Independent Directors was held during the year on March 27, 2024 and the requisite quorum was present for the meeting.

The Board has identified the following skills/ expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

- Understanding of the company's business policies, values, vision, goals, strategic plan, corporate governance and knowledge about the securities markets.
- Accounting and Financial skills
- Risk Management
- Strategic Thinking and Decision Making

Independent Directors Meeting:

In terms of Section 149 of the Act and Regulation 25(3) of the SEBI Listing Regulations, a separate meeting of the Independent Directors was held, inter alia, to discuss:

(a) Evaluation of the Performance of Non-Independent Directors and the Board of Directors as a whole;

(b) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;

(c) Evaluation of the quality, content and timeliness of flow on information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors were present at the Meeting.

Committees of the Board

In addition to the committees of the Board described below, the Board may constitute committees for various functions from time to time.

Audit Committee:

The members of Audit Committee are:

1. Ashutosh Pednekar (Non-Executive Independent Director) (Chairperson);
2. P S Jayakumar (Non-Executive Independent Director);
3. Arunkumar N T (Non-Executive Independent Director);
4. Trikkur Seetharaman Anantharaman (Non-Executive Nominee Director);
5. Anuradha Rao (Non-Executive Independent Director); and
6. Vijay Nallan Chakravarthi (Non-Executive Nominee Director)

The Audit Committee was constituted by the Board pursuant to a resolution dated March 23, 2010 and was last reconstituted by the Board pursuant to a resolution dated February 9, 2023. The terms of reference of the Audit Committee were last revised by the Board pursuant to a resolution dated January 30, 2024.

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending to the Board, the appointment, re-appointment, and replacement, remuneration and terms of appointment of the auditors of the Company;
- reviewing and monitor the statutory auditors' independence and performance and the effectiveness of audit process;
- approval of payments to the statutory auditors for any other services rendered by statutory auditors;
- reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (a) matters required to be stated in the Directors' responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, as amended;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions; and

(g) qualifications and modified opinions in the draft audit report.

- reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- approval or any subsequent modification of transactions of the Company with related parties;
- reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutional placement, and making appropriate recommendations to the Board to take up steps in this matter;
- approving or subsequently modifying transactions of the Company with related parties;
- establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors on any significant findings and follow up thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- approval of appointment of the chief financial officer, or any other person heading the finance function or discharging that function, after assessing the qualifications, experience and background, etc. of the candidate;
- reviewing the functioning of the whistle blower mechanism;
- ensuring that an information system audit of the internal systems and process is conducted at least once in two years to assess operational risks faced by the Company;
- reviewing the utilisation of loan and/or advances from investment by the holding company in the subsidiaries exceeding INR 1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments;
- considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its Shareholders; and
- performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Companies Act, the Master Directions or other applicable law.

The Audit Committee is required to meet at least four times in a year with a maximum interval of 120 days between two meetings in accordance with the SEBI Listing Regulations. The Audit Committee has the authority to investigate into any matter in relation to the items specified under the terms of reference or such other matter as may be referred to it by the Board for such purpose.

Nomination and Remuneration Committee:

The members of the Nomination and Remuneration Committee are:

1. Anuradha Rao (Non-Executive Independent Director) (Chairperson);
2. P S Jayakumar (Non-Executive Independent Director); and
3. Michael Jude Fernandes (Non-Executive Nominee Director)

The Nomination and Remuneration Committee was constituted by the Board pursuant to a resolution dated January 17, 2011 as the Nomination Committee and was last reconstituted by the Board pursuant to a resolution dated July 28, 2022. The terms of reference of the Nomination and Remuneration Committee were last revised by the Board pursuant to a resolution dated January 30, 2024.

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, Regulation 19 of the SEBI Listing Regulations and Regulation 5 of the SEBI SBEB Regulations as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of the performance of independent directors and the Board;
- devising a policy on diversity of the Board;
- identifying persons, who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance;
- determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- recommend remuneration of executive directors and any increase therein from time to time within the limit approved by the members of the Company;
- recommending remuneration to non-executive directors in the form of sitting fees for attending meetings of the Board and its committees, remuneration for other services, commission on profits;
- recommend to the Board, all remuneration, in whatever form, payable to senior management;
- performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity Regulations), 2021, as amended;
- engaging the services of any consultant/ professional or other agency for the purpose of recommending compensation structure/policy;
- ensuring 'fit and proper' status of proposed and existing directors in terms of the Master Directions;
- analysing, monitoring and reviewing various human resource and compensation matters;
- reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

  (a) The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended; or

  (b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended; and

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

The Nomination and Remuneration Committee is required to meet at least once every year in accordance with the SEBI Listing Regulations.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Anuradha Rao (Non-Executive Independent Director) (Chairperson);
2. Ashish Mehrotra (Managing Director and the Chief Executive Officer);
3. Dr. Kshama Fernandes (Non-Executive Non-Independent Director and Vice-Chairperson); and
4. Michael Jude Fernandes (Non-Executive Nominee Director)

The Stakeholders' Relationship Committee was constituted by the Board pursuant to a resolution dated July 7, 2021 and was last reconstituted by our Board pursuant to a resolution dated May 10, 2022. The terms of reference of the Stakeholders' Relationship Committee were last revised by the Board pursuant to a resolution dated July 7, 2021.

The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- redressal of grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;

- review measures taken for effective exercise of voting rights by shareholders;
- review adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar and share transfer agent;
- review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
- formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- to approve, register, refuse to register transfer or transmission of shares and other securities;
- to sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;
- to issue duplicate share or other security(ies) certificate(s) in lieu of the original share/ security(ies) certificate(s) of the Company; and
- performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations and the Companies Act or other applicable law.

The Stakeholders' Relationship Committee is required to meet at least once in a year in accordance with the SEBI Listing Regulations.

Mr. Prakash Chandra Panda, Company Secretary of the Company is the compliance office of the Company for the purpose of SEBI (LODR) Regulations. There were no investor complaint pending as on March 31, 2024 and the statement of complaints during the year as follows:

No. of Complaints received	No. of Complaints not solved to the satisfaction of the shareholders	No. of Complaints pending at the end of the year
Nil	Nil	Nil

Risk Management Committee:

The members of the Risk Management Committee are:

1. Anuradha Rao (Non-Executive Independent Director) (Chairperson);
2. Dr. Kshama Fernandes (Non-Executive Non-Independent Director and Vice-Chairperson);
3. Michael Jude Fernandes (Non-Executive Nominee Director);
4. Vijay Nallan Chakravarthi (Non-Executive Nominee Director);
5. Trikkur Seetharaman Ananthraman (Non-Executive Nominee Director);
6. Ashish Mehrotra (Managing Director and the Chief Executive Officer); and
7. P S Jayakumar (Non-Executive Independent Director).

The Risk Management Committee was constituted by the Board pursuant to a resolution dated October 18, 2010 and was last reconstituted by the Board pursuant to a resolution dated February 9, 2023. The terms of reference of the Risk Management Committee were last revised by the Board pursuant to a resolution dated January 30, 2024.

The scope and functions of the Risk Management Committee are in accordance with Regulation 21 of the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- formulation of a detailed risk management policy which shall include:

  (a) a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;

  (b) measures for risk mitigation including systems and processes for internal control of identified risks;

  (c) business continuity plan.

- ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- monitoring and overseeing the implementation of the risk management policy, including evaluation of the adequacy of risk management systems;
- periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- keeping the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- the appointment, removal and terms of remuneration of the chief risk officer shall be subject to review by the Risk Management Committee; and
- to carry out any other function as may be required/mandated by the Board from time to time and/or mandated as per the provisions of the Listing Regulations, the Master Directions, the listing agreements to be entered into between the Company and the respective stock exchanges on which the Equity Shares of the Company are proposed to be listed and/or any other applicable laws.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, in accordance with the framework set out by the Board.

Corporate Social Responsibility Committee:

The Members of the Corporate Social Responsibility (CSR) Committee are:

1. Ashutosh Pednekar (Non-Executive Independent Director) (Chairperson);
2. Dr. Kshama Fernandes (Non-Executive Non-Independent Director and Vice-Chairperson);
3. Michael Jude Fernandes (Non-Executive Nominee Director); and
4. Ashish Mehrotra (Managing Director and the Chief Executive Officer);

The terms of reference of Corporate Social Responsibility Committee are as follows:

(a) Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company in areas or subject as specified in Schedule VII of the Act;

(b) Recommend the amount to be spent on the CSR activities;

(c) Monitor the Company's CSR policy periodically;

(d) Attend to such other matters and functions as may be prescribed from time to time.

The Annual Report on CSR activities for the year 2023-24 forms a part of the Board's Report.

Details of Senior Management:

In addition to Mr. Ashish Mehrotra, Managing Director and Chief Executive Officer, Mr. Atul Tibrewal, the Chief Financial Officer, Ms. Monika Gurung, the Company Secretary and Compliance Officer of the Company, the list of Senior Management Personnel(s) as on March 31, 2024:

Name	Designation
Pardhasaradhi Rallabandi	Chief Risk Officer
Gaurav Mehrotra	Chief Technology Officer
Saurabh Jaywant	Chief Legal Counsel
Kalyanasundaram Chandran	Chief Internal Auditor
Umasree Parvathy Pratap	Chief People Officer
Amit Mandhanya	Executive Vice-president – Partnership Based Lending
Gaurav Ajit Shukla	Chief Business Officer
Bama Balakrishnan	Chief Operating Officer

During the previous financial year, following were the changes in Senior Management:

Name	Date of change	Particulars of Change
Gaurav Ajit Shukla	March 6, 2024	Appointed as chief business officer – intermediate retail
Bama Balakrishnan	March 31, 2024	Resigned as Chief Operating Officer

Details of Remuneration of Directors:

1. Remuneration to Executive Directors:

(in INR)

S. No.	Particulars of Remuneration	Mr. Ashish Mehrotra MD & CEO	Ms. Bama Balakrishnan*, Executive Director
1.	Gross Salary	5,55,89,340	4,98,66,170
	(a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	5,20,08,092	4,94,78,388
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	35,81,248	3,87,782
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2.	Stock Option	10,40,000 options	6,29,394 options
3.	Sweat Equity	0	0
4.	Commission	0	0
	As % as profit	0	0
	Others (specify)	0	0
5.	Others, (please specify)	0	0
	Total (a) + (b)	**5,55,89,340**	**4,98,66,170**

* Bama Balakrishnan was resigned from the Board as Executive Director with effect from November 13, 2023 and continued as Chief operating officer of the Company and resigned on March 31, 2024.

a. Remuneration to Independent directors/Non-Executive Directors including pecuniary relationship

(in INR)

S. No.	Particulars of Remuneration	Name of the Directors			
1	Independent Directors	P S Jayakumar	Ms. Anuradha Rao	Mr. NT Arun Kumar	Mr. Ashutosh Pednekar
	(a) Fee for attending Board and Committee Meetings	19,00,000	22,50,000	17,50,000	16,50,000
	(b) Commission	90,00,000	-	-	-
	(c) Others, Specify				
	Total	**1,09,00,000**	**22,50,000**	**17,50,000**	**16,50,000**

(in INR)

S. No.	Particulars of Remuneration	Name of the Director
1.	Non-Executive Non-Independent Director	Kshama Fernandes
	(a) Fee for attending Board and Committee Meetings	15,50,000
	(b) Commission	65,00,004
	(c) Others, Specify	-
	Total	**80,50,004**

CEO/CFO Certification:

The Chief Executive Officer and the Chief Financial Officer have certified to the Board that:

(a) They have reviewed the financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs as on March 31, 2024 and are in compliance with the existing Ind AS, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company and have reported to the auditors and the Audit Committee that they are not aware of any deficiencies in the design or operation of internal controls. In the event such deficiencies do arise, the same shall be reported to the auditors and the Audit Committee forthwith.

(d) They have indicated to the auditors and the Audit Committee that there have been -

(i) no changes in internal control during the year;

(ii) no changes in accounting policies during the year, other than those mentioned in the Notes to the Financial Statements; and

(iii) no instances of fraud of which they have become aware and/or the involvement therein of any of the management or any employee of the Company.

General Body Meetings:

Additional disclosures required under LODR Regulations:

The Annual General Meeting of the Company will be held on Thursday, December 19, 2024 at 3:00 p.m. through video conferencing ("VC")/Other Audio-Visual means ("OVAM") and the deemed venue is registered office of the Company.

Details relating to the last three Annual General Meetings of the Company and Special Resolutions passed thereat are given.

Date	Time	Venue	Special Resolutions passed
December 29, 2023	4.30 p.m.	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113	Nil
September 30, 2022	4.30 p.m.	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113	(i) Approval for the limit of managerial remuneration payable to non-executive directors in excess of 1% of the net profits of the Company and in excess of 50% of the remuneration paid to all Non-Executive Directors. (ii) Approval for making of investments by the Company, in the ordinary course of business. (iii) Approval for the reappointment of Ms. Anuradha Rao (DIN: 07597195) as an Independent Director for a period of three years.
November 29, 2021	4.30 p.m.	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113	(i) Approval for Borrow in Excess of Paid Up Capital and Free Reserves. (ii) Approval for Creation of Security for the Borrowings of the Company.

Details of Extraordinary general meeting of the Members was held during FY 2023-2024 and Special Resolutions passed thereat are given:

Date	Time	Venue	Special Resolutions passed
June 15, 2023	4.30 PM	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113	(i) Approval of the Northern Arc Employee Stock Option Scheme IV (ESOP Scheme IV). (ii) Approval for appointing Mr. TS Anantharaman (DIN: 00480136) as a Non-Executive Nominee Director of the Company. (iii) To approve the limit of managerial remuneration payable to Mr. P S Jayakumar, Non-Executive Independent Director for FY 2023-24. (iv) Approval for Issue of Non-Convertible Debentures. (v) To approve the making of investments by the Company, in the ordinary course of business. (vi) Approval for Borrow in Excess of Paid Up Capital and Free Reserves. (vii) Approval for Creation of Security for the Borrowings of the Company.
June 30, 2023	4.30 PM	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113	(i) Approval of revised Articles of Association of the Company. (ii) Approval of revised Memorandum of Association of the Company.
September 13, 2023	4.30 PM	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113	(i) Approval for making amendments to the Northern Arc Employee Stock Option Plan, 2016. (ii) Approval for Northern Arc Employee Stock Option Scheme, IIB. (iii) Approval for Northern Arc Employee Stock Option Scheme, IVB. (iv) Approval for amendment to Employee Stock Option Scheme, IV (ESOP Scheme IV). (v) Approval for amendment of Articles of Association of the Company. (vi) Reappointment of Mr. P S Jayakumar as Non-Executive Independent Director (Chairman) of the Company for a period of 5 years. (vii) Re-Appointment of Mr. Ashutosh Pednekar (DIN: 00026049) as Independent Director of the Company.
October 26, 2023	04.30 PM	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113	Approval for increasing the ESOP pool from 68,51,758 to 78,51,758 options:
January 18, 2024	5.00 PM	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113	(i) Approval of the Initial Public Offer and the Issuance of Equity Shares in the Initial Public Offer. (ii) Adoption of revised Articles of Association of the Company.

There was no resolution passed through Postal Ballot during FY 2023-24.

General Shareholder Information:

Registered office	10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113
Annual General Meeting (Date, time and Deemed Venue)	Thursday, December 19, 2024 at 3:00 p.m. through Video Conferencing/Other Audio Visual Means as set out in the Notice convening the Annual General Meeting and the deemed venue is registered office of the Company. Remote E-Voting: (i) Date and time of commencement of Remote E-voting: Sunday, December 15, 2024 at 9:00 AM (IST). (ii) Date and time of end of Remote E-voting: Wednesday, December 18, 2024 at 5:00 PM (IST) (iii) Cut-off date: Friday, December 13, 2024
Financial year	The financial year of the Company ends on March 31, each year.
Listing on Stock Exchanges	**Equity Shares:** BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code – 544260 National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 Trading Symbol – NORTHARC ISIN – NSDL & CDSL: INE850M01015 Corporate Identification Number (CIN): U65910TN1989PLC017021 The non-convertible Securities of the Company are listed on the debt market segment of BSE Limited Listing fees have been paid to the stock exchange up to March 31, 2024.
Suspension of securities from trading	The debt listed securities of the Company were not suspended from trading except due to operational reasons, on account of delisting of respective ISIN upon maturity, from time to time during the FY 2023-24
Register and Share Transfer Agent	In terms of Regulation 7 of the LODR Regulations, KFin Technologies Limited continues to the Registrar and share transfer agent of the Company to handle all relevant share registry services.

Compliance Certificate on Corporate Governance

To
The Members,
NORTHERN ARC CAPITAL LIMITED
(CIN: U65910TN1989PLC017021)
No. 1, Kanagam Village,
10th Floor, IITM Research Park,
Taramani, Chennai – 600113.

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries, have examined the compliance of conditions of Corporate Governance by **NORTHERN ARC CAPITAL LIMITED** ("the Company"), for the financial year ended March 31, 2024 as stipulated in regulation 17 to 27 and clauses (b) to (i) and (t) of regulation 46 (2) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ["Listing Regulations"].

Management Responsibility

A. The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Certifier's Responsibility

B. My Responsibility and examination was limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

C. I have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with corporate governance requirements by the Company and also obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

Opinion

D. In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and Clause (b) to (i) and (t) of Regulation 46(2) and Para C, D and E of Schedule V of the Listing Regulations for the financial year ended March 31, 2024.

E. I, further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai
Date: May 23, 2024

For **M DAMODARAN & ASSOCIATES LLP**

M. DAMODARAN
Managing Partner
FCS No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN: F005837F000434870

Certificate of Non-Disqualification of Directors

(Pursuant to SEBI Master Circular No. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 dated May 21, 2024 read with Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of **NORTHERN ARC CAPITAL LIMITED**,
(CIN: U65910TN1989PLC017021)
No. 1, Kanagam Village, 10th Floor IITM Research Park,
Taramani Chennai 600113.

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries have examined the relevant registers, records, forms, returns and disclosures received from the Directors of NORTHERN ARC CAPITAL LIMITED having CIN: U65910TN1989PLC017021 and having registered office at No.1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai 600113 Tamil Nadu (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with SEBI Master Circular No. SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 dated May 21, 2024 read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Ashutosh Pednekar	00026049	14/09/2020
2.	Mr. Michael Jude Fernandes	00064088	28/03/2014
3.	Mr. Trikkur Anantharaman	00480136	09/02/2023
4.	Mr. Palamadai Sundararajan Jayakumar	01173236	15/10/2020
5.	Mr. Arunkumar Nerur Thiagarajan	02407722	14/02/2022
6.	Ms. Kshama Fernandes	02539429	01/08/2012
7.	Mr. Ashish Mehrotra	07277318	14/02/2022
8.	Ms. Anuradha Rao	07597195	31/10/2019
9.	Mr. Vijay Chakravarthi Nallan	08020248	19/01/2018

Ensuring the eligibility of for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai
Date: May 23, 2024

For M DAMODARAN & ASSOCIATES LLP

M. DAMODARAN
Managing Partner
Membership No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN: F005837F000434958

Annexure - A

Form AOC -1

PART A: SUBSIDIARIES

(in Lakh)

S. No.	Particulars	Northern Arc Investment Managers Private Limited	Northern Arc Securities Private Limited	Northern Arc Investment Adviser Services Private Limited	Northern Arc Foundation	Pragati Finserv Private Limited
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A	N.A	N.A	N.A	N.A
2.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A	N.A	N.A	N.A	N.A
3.	Date of acquiring subsidiary	17.04.2014	23.02.2023	27.09.2012	12.02.2019	25.02.2021
4.	Share Capital	361.00	15.00	125.00	1.00	2,501.00
5.	Other Equity	5,025.31	(0.86)	241.93	149.77	1,566.51
6.	Total Assets	16,731.92	15.17	397.55	194.52	6,760.73
7.	Total Liabilities	11,354.61	1.03	30.62	43.75	2,693.22
8.	Investments	14,374.13	0	106.76	0	2,057.73
9.	Turnover	4,546.42	0	0	337.00	9,632.25
10.	Profit Before Taxation	1,017.41	(0.24)	15.69	39.98	2,598.21
11.	Provision for Taxation	299.41	0.26	1.01	0	428.81
12.	Profit After Taxation	718.00	0.02	14.68	39.98	2,169.39
13.	Total Comprehensive Income	9.68	0	0	0	84.26
14.	Proposed Preference Dividend	0	0	0	0	0
15.	% of Shareholding	100%	100%	100%	100%	90.10%

PART B: ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S. No.	Particulars	Finreach Solutions Private Limited
1.	Latest audited Balance Sheet Date	March 31, 2024
2.	Date of acquiring Associate	April 30, 2022
3.	Shares of Associate/Joint Venture held by the Company on the year end	2,550 Equity Shares 12,07,159 Compulsorily Convertible Preference Shares
	Amount of Investment in Associates/Joint Venture	INR 8,43,53,949/-
	Extend of Holdings %	24.55%
4.	Description of how there is significant Influence	Holding more than 20% of total voting power
5.	Reason why the associate/joint venture is not consolidated	NA
6.	Net worth attributable to Shareholding as per latest Balance Sheet	INR 12,32,37,056/-
7.	Profit/Loss for the year	INR (8,71,24,923)/-
	(i) Considered in Consolidation	Yes
	(ii) Not Considered in Consolidation	-

Annexure – B

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2024

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]).

To,
The Members,
NORTHERN ARC CAPITAL LIMITED
(CIN: U65910TN1989PLC017021)
No. 1, Kanagam Village,
10th Floor, IITM Research Park,
Taramani, Chennai – 600113.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2024** ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

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

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

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

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

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

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

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

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

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

(f) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(g) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

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

I have also examined compliance with the applicable Clauses of the following:

i. Listing Agreements entered into by the Company with the BSE Limited; and

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

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

a. There was a delay in intimation of statement of investor complaints under regulation 13(3) of SEBI LODR for the quarter ended June 30, 2023 to BSE Limited (BSE). The delay was due to technical glitch in XBRL form. The Company had sent an e-mail to BSE on July 20, 2023 along with intimation under regulation 13(3) of SEBI LODR and mentioned that the technical problems faced by the company while uploading in BSE listing portal. BSE vide its e-mail communication dated April 05, 2024 has levied a fine of INR 2,44,000/- plus tax for the aforesaid delay in compliance. Such fine has been paid by the Company on April 18, 2024.

b. There were delay in intimation to BSE a certificate confirming fulfillment of payment obligations of Commercial Paper as required under Para 8.4 of Chapter XVII of SEBI Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 with respect to ISIN Nos. INE850M14B07 & INE850M14BU4. BSE vide its e-mail communication dated April 05, 2024 has levied a fine of INR 2,10,000/- plus tax & INR 1,01,000/- plus tax respectively for the aforesaid delay in compliances. Such fine has been paid by the Company on April 18, 2024.

c. There were delay in intimation to BSE a certificate confirming fulfillment of payment obligations of Commercial Paper as required under Para 8.4 of Chapter XVII of SEBI Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 with respect to ISIN Nos. INE850M14BC2, INE850M14BD0, INE850M14BE8 & INE850M14BG3 for which due dates were falls during the financial year 2022-23. BSE vide its e-mail communication dated May 25, 2023 has levied a total fine of INR 6,43,000/- plus tax for the aforesaid delay in compliance. Such fine has been paid by the Company on May 25, 2023.

d. The Company has complied with the provisions of regulation 51(2) read with Part B of the Schedule III of SEBI LODR with minor deviation.

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

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

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

I further report that the Company is in compliance with Regulation 3(5) & 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015 with respect to Structured Digital Database.

I further report that during the audit period;

a. Ms. Bama Balakrishan, Executive Director & Chief Operating Officer of the Company, has resigned from the Board of the Company as Executive Director with effective from November 13, 2023 and has resigned from the position of Chief Operating Officer of the Company with effective from March 31, 2024.

b. Ms. R. Srividhya, has resigned from the position of Company Secretary of the Company with effective from November 20, 2023.

c. Ms. Monika Gurung was appointed as a Company Secretary of the Company with effective from January 18, 2024.

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

d. issued redeemable non-convertible debentures on various dates on private placement basis.

e. redeemed the redeemable non-convertible debentures on various dates.

f. allotted 3,54,127 equity shares of INR 10/- each under Northern ARC Employee Stock Option Schemes on various dates.

I further report that during the audit period the shareholders of the company, inter alia, have;

a. passed a special resolution under section 62 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 15, 2023 to approve the Northern Arc Employee Stock Option Scheme IV (ESOP Scheme IV).

b. passed a special resolution under sections 149 and 152 of the Companies Act, 2013 and regulation 17(1A) of SEBI LODR at the Extra-ordinary General Meeting held on June 15, 2023 for appointment of Mr. T S Anantharaman (DIN: 00480136) as Non-Executive Nominee Director of the Company, as a director liable to retire by rotation.

c. passed a special resolution under sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and regulation 17 (6) (ca) of SEBI LODR at the Extra-ordinary General Meeting held on June 15, 2023 for payment of remuneration to Mr. P S Jayakumar, Non-Executive Independent Director of the company, in excess of fifty percentage of remuneration payable to all non-executive directors of the company during the FY 2023-24.

d. passed a special resolution under sections 42, 71 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 15, 2023 for issue of secured/unsecured non-convertible debentures in one or more tranches up to a maximum amount not exceeding INR 6,000 Crore during a period of one year.

e. passed a special resolution under section 186 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 15, 2023 to give consent to the Board of Directors of the Company for investing the funds of the company not exceeding INR 2,200 Crore.

f. passed a special resolution under section 180(1)(c) of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 15, 2023 to increase the Borrowing limit of the Company up to INR 12,000 Crore.

g. passed a special resolution under section 180(1)(a) of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 15, 2023 to create security on the assets of the Company up to INR 12,000 Crore.

h. passed a special resolution under applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 30, 2023 to approve revisions to the Articles of Association of the Company.

i. passed a special resolution under section 13 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on June 30, 2023 for amending the Main Object clause of the Memorandum of Association of the Company.

j. passed a special resolution under section 62 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on September 13, 2023 to approve the amendment of the Northern Arc Employee Stock Option Plan, 2016.

k. passed a special resolution under section 62 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on September 13, 2023 to approve the Northern Arc Employee Stock Option Scheme - IIB, 2023 (ESOP Scheme IIB) and grant of options thereunder.

l. passed a special resolution under section 62 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on September 13, 2023 to approve the Northern Arc Employee Stock Option Scheme - IVB, 2023 (ESOP Scheme IVB) and grant of options thereunder.

m. passed a special resolution under section 62 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on September 13, 2023 to approve the amendment of the Northern Arc Employee Stock Option Scheme IV, (ESOP Scheme IV) to include Exercise Price as a discount to the IPO price.

n. passed a special resolution under section 14 of the Companies Act, 2013 at the Extra-ordinary General Meeting held on September 13, 2023 to approve revisions to the Articles of Association of the Company.

o. passed a special resolution under sections 149 and 152 read with Schedule IV of the Companies Act, 2013 at the Extra-ordinary General Meeting held on September 13, 2023 for re-appointment of Mr. P S Jayakumar (DIN: 01173236) as an Independent Director of the Company for a period of 5 consecutive years from October 15, 2023 to October 14, 2028.

p. passed a special resolution under sections 149 and 152 read with Schedule IV of the Companies Act, 2013 at the Extra-ordinary General Meeting held on September 13, 2023 for re-appointment of Mr. Ashutosh Pednekar (DIN: 00026049) as an Independent Director of the Company for a period of 5 consecutive years from September 14, 2023 to September 13, 2028.

q. passed a special resolution under section 62 and all other applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on October 26, 2023 for increasing the ESOP pool from 68,51,758 to 78,51,758 options by the addition of 10,00,000 options to be granted to employees in accordance with the Northern Arc Employee Stock Option Plan, 2016 and schemes made thereunder.

r. passed a special resolution at the Extra-ordinary General Meeting held on January 18, 2024 for approving the Initial Public Offer and the Issuance of Equity Shares in the Initial Public Offer that the aggregate amount of consideration receivable by the Company for the Equity Shares does not exceed INR 5,000 million.

s. passed a special resolution under applicable provisions of the Companies Act, 2013 at the Extra-ordinary General Meeting held on January 18, 2024 to approve revisions to the Articles of Association of the Company.

t. passed an ordinary resolution under Sections 13, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 at the Extra-ordinary General Meeting held on 18th January, 2024 for reclassification of the existing Authorised Share Capital of the Company from INR 2,77,00,00,000/- divided into 13,70,00,000 equity shares of INR 10/- each; 6,01,00,000 compulsorily convertible preference shares of INR 20/- each and 1,98,00,000 cumulative non-convertible compulsorily redeemable preference shares of INR 10/- each to INR 2,77,00,00,000/- divided into 16,00,00,000 equity shares of INR 10/- each and 5,85,00,000 compulsorily convertible preference shares of INR 20/- each, after cancelling the existing unissued 1,98,00,000 cumulative non-convertible compulsorily redeemable preference shares of INR 10/- each and by reducing 16,00,000 compulsory convertible preference shares of INR 20/- each and thereby increasing 2,30,00,000 equity shares of INR 10/- each.

I further report that during the audit period, the Company had filed draft red herring prospectus with respect to initial public offer with Securities and Exchange Board of India (SEBI), BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE) on 03rd February, 2024. The Company has received various observations and clarification from BSE & NSE in this regard and the same was responded by the Company. The Company is in the process of responding the observations received from SEBI.

Place: Chennai
Date: May 23, 2024

For M DAMODARAN & ASSOCIATES LLP

M. DAMODARAN
Managing Partner
Membership No.: 5837
COP. No.: 5081
FRN: L2019TN006000
PR 3847/2023
ICSI UDIN: F005837F000434837

Annexure – C

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis - NIL

S. No.	Particulars	Details
a.	Name (s) of the related party & nature of relationship	
b.	Nature of contracts/arrangements/transaction	
c.	Duration of the contracts/arrangements/transaction	
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions'	
f.	Date of approval by the Board	
g.	Amount paid as advances, if any	
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis - NIL

S. No.	Particulars	Details
a.	Name (s) of the related party & nature of relationship	
b.	Nature of contracts/arrangements/transaction	
c.	Duration of the contracts/arrangements/transaction	
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	
e.	Date of approval by the Board	
f.	Amount paid as advances, if any	

Annexure – D

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company

The Company is committed to upholding the highest standards in terms of management practices and business conduct. In line with this, Company will also play its role in making a direct contribution to the society as a part of its Corporate Social Responsibility (CSR) agenda. The company has a strong commitment towards long term value creation through its social investing; in recognition of which has established Northern Arc Foundation ("Foundation") to implement CSR interventions for the group companies. The Foundation has been dedicated to making social investment for sustainable outcomes across the nation where the Company has its presence.

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

2. Composition of CSR Committee:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Ashutosh Pednekar	(Chairperson) Non-Executive, Independent Director	2	2
2	Mr. Michael Fernandes	Nominee Director	2	1
3	Dr. Kshama Fernandes	Non-Executive, Non-Independent Director	2	2
4	Mr. Ashish Mehrotra	Managing Director & CEO	2	2

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

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

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: FY 2022-23 - INR 121,61,630/-.

6. Average net profit of the company as per section 135(5): INR 2,03,35,56,630/-

7. (a) Two percent of average net profit of the company as per section 135(5): INR 4,06,71,133/-

(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: FY 2022-23 - INR 121,61,630/-

(c) Amount required to be set off for the financial year, if any: INR 121,61,630/-

(d) Total CSR obligation for the financial year (7a+7b-7c): INR 4,06,71,133/-

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

Total Amount Spent for the Financial Year (in INR)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
2,51,00,000	62,00,000	April 30, 2024	-	-	-
	22,00,000	April 26, 2024			

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

(1) S. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project		(6) Project Duration	(7) Amount Allocated For the Project (INR)	(8) Amount Spent in the current financial year (in INR)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in INR)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR registration number
1.	Vama Trust – Elder care	Construction of first floor for elders	Yes	Tamil Nadu	Tenkasi	6 months	22,00,000	Nil	22,00,000	No	Vama Charitable Trust	-

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

(1) S. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No)	(5) Location of the project		(6) Amount spent for the project (in INR)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Doorstep School	Balwadi programs for pre-primary children in the slums of Mumbai.	No	Maharashtra	Mumbai	25,00,000	No	Northern Arc Foundation	
2.	Swadha Foundation	Sponsoring education of 20 students for a period of 5 years	No	Tumkur	Karnataka	30,00,000	No	Northern Arc Foundation	
3.	Vama Charitable Trust	Elder care centre and sponsor of higher education of children	Yes	Alwarkurichi	Tamil Nadu	54,00,000	No	Northern Arc Foundation	
4.	Vama Charitable Trust	Elderly care centre food, shelter and clothing.	Yes	Alwarkurichi	Tamil Nadu	22,00,000	No	Northern Arc Foundation	
5.	Cuddles Foundation	Sponsor for St. John's Medical college and Hospital	No	Mumbai	Maharashtra	45,00,000	No	Northern Arc Foundation	
6.	Cuddles Foundation	Supply of ration kits, nutrition management, curriculum development of kids across multiple partnered hospitals of Cuddles Foundation	No	Mumbai	Maharashtra	30,00,000	No	Northern Arc Foundation	
7.	Punyatma Prabhakar Sharma Seva Mandal	Food. Medical expenses, management of poor tribal children for 6 months.	Yes	Mumbai	Maharashtra	45,00,000	No	Northern Arc Foundation	-

(d) Amount spent in Administrative Overheads: NIL

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

(f) Total amount spent for the financial year (8b+8c+8d+8e): 2,73,00,000

(g) Excess amount for set off, if any: Yes

S. No.	Particulars	Amount (in INR)
(i)	Two percent of average net profit of the company as per section 135(5)	4,06,71,133/-
(ii)	Total amount spent for the financial year	4,34,61,630/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	27,90,497/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	27,90,497/-

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

S. No.	Preceding financial year.	Amount transferred to Unspent CSR Account under section 135 (6) (in INR)	Amount spent in the reporting financial year (in INR)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in INR)
				Name of the Fund	Amount (in INR)	Date of transfer	
1.	2020-21	NIL	NIL	NA	NA	NA	NA
2.	2021-22	NIL	NIL	NA	NA	NA	NA
3.	2022-23	NIL	NIL	NA	NA	NA	NA
	Total	-	-	-	-	-	-

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

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

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

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): Nil

(b) Amount of CSR spent for creation or acquisition of capital asset: Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Nil

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Nil

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

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Ashutosh Pednekar
Chairman of CSR Committee
DIN: 00026049

Place: Chennai
Date: September 30, 2024

Independent Auditor's Report

To the Members of Northern Arc Capital Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Northern Arc Capital Limited Limited** ("the Company"), which comprise the Balance Sheet as at March 31 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Impairment loss allowance for financial instruments (loan and investments) based on expected credit loss model – refer notes 3.e, 3.f, 7, 8, 18, 28 and 37 to the standalone financial statements	
Financial instruments, which include Loans and Investments, represents a significant portion of the total assets of the Company. The Company has loans aggregating INR 9,30,987.15 lakh and investments aggregating INR 1,65,268.61 lakh as at March 31, 2024. As per the expected credit loss model of the Company developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Company is required to estimate the probability of loss and expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgement, including determination of staging of financial assets; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward-looking, micro and macro-economic factors, in estimating the expected credit losses. In view of the high degree of management's judgement involved in estimation of expected credit loss and the overall significance of the impairment loss allowance to the financial statements, it is considered as a key audit matter.	Our audit procedures included the following: • Read and assessed the Company's accounting policies for impairment of financial assets considering the requirements of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines. • For provision of expected credit loss- (ECL) against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management and tested the same on a sample basis. • Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation. • Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Performed tests of controls and details on a sample basis in respect of the staging of outstanding exposure and implementation of Company policy. • Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. • Tested assumptions used by the management in determining the overlay for macro-economic and other factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
Fair valuation of financial assets held at fair value through other comprehensive income ("FVTOCI") or fair value through profit and loss ("FVTPL") (collectively "fair value") – refer notes 3.g, 7, 8, 24 and 35 to the standalone financial statements	
The Company has classified loans aggregating to INR 2,61,483.91 lakh and investments aggregating to INR 1,30,417.23 lakh as held at fair value through OCI (FVTOCI) and investments aggregating to INR 18,993.49 lakh as held at fair value through profit and loss (FVTPL) in accordance with Ind AS 109. Additionally, the Company is also required to disclose fair value of its financial assets and liabilities held at amortised cost in accordance with Ind AS 107. The determination of the fair value of financial assets is considered to be a significant area in view of the materiality of amounts involved, judgements involved in selecting the valuation basis, and use of market data. Given the degree of complexity involved in valuation of financial instruments, relative significance of these financial instruments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence: • Evaluated and tested the design and operating effectiveness of the Company's control over the assessment of classification and valuation of investments. • Involved the internal expert to assess the reasonableness of the valuation methodology and underlying assumptions used by the management to estimate the fair value. • Assessed the appropriateness of the valuation methodology and challenged the valuation model considered for fair value computation. • Validated the source data and the arithmetical accuracy of the calculation of valuation of investments on a test check basis. • Assessed the adequacy of disclosure in the standalone financial statements.
Information Technology (IT) systems and controls	
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting. Further, the extant regulations require the Company to maintain a daily back-up of its books of account and to use accounting software which has an audit trail (edit log) feature.	Our audit procedures assisted by specialised IT auditors, focused on the IT infrastructure and applications relevant to financial reporting of the Company: • The aspects covered in the assessment of IT General Controls (ITGCs) comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications"). • Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting.

Key audit matters	How our audit addressed the key audit matter
Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records or non-compliance with regulatory requirements. Therefore, due to the pervasive nature and complexity of the IT environment and enhanced reporting requirements, the assessment of relevant system configuration, general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	• Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorisation. • Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls. Where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. • Tested the configuration of the audit trail feature in the accounting software and maintenance of back-up as per extant regulatory requirements.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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

When we read other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (**"the Order"**), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure 1"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in the paragraph (f) below on reporting under Rule 11(g);

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in

Equity dealt with by this Report are in agreement with the books of account;

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

(e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3)(b) and paragraph (i) (vi) below on reporting under Rule 11(g);

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

(h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

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

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

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

iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 84C(v) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (**"Intermediaries"**), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (**"Ultimate Beneficiaries"**) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 84C(vi) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (**"Funding Parties"**), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (**"Ultimate Beneficiaries"**) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

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

vi. Based on our examination, which included test checks and as explained in note 85, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the accounting software. During the course of our audit we have not noted any instances of the audit trail feature being tampered at the application level. However, in the absence of service organisation controls (SOC) report covering the audit trail feature at a database level, we are unable to comment on whether audit trail feature of the said software was enabled and operated throughout the year or whether there were any instances of the audit trail feature being tampered with at a database level.

Further, the Company uses various loan management system software for recording transactions relating to respective loan products. These loan management systems have a feature of recording audit trail (edit log) facility. However, such applications either have limitation in those applications in obtaining relevant information with regard to audit trail due to which we are unable to perform testing of audit trail feature, or for third party managed loan management systems, the service organisation controls (SOC) report covering the audit trail feature was not available as mentioned in Note 85 to the standalone financial statements. Accordingly, we are unable to comment on whether audit trail feature of the said loan management systems was enabled and operated throughout the year or whether there were any instances of the audit trail feature being tampered with in this regard

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

per **Bharath N S**
Partner
ICAI Membership Number: 210934
UDIN: 24210934BKFUNL4103

Place of Signature: Chennai
Date: May 29, 2024

Annexure '1'

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

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

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

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

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

(b) The Company has a planned programme of physically verifying property plant and equipment once in three years, However, such Property, Plant and Equipment have not been completely physically verified by the management during the year as per the planned programme. No material discrepancies were noticed to the extent assets were physically verified.

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

(d) The Company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets during the year ended March 31, 2024.

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

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

(b) As disclosed in note 15 & 16 to the financial statements, the Company has been sanctioned working capital limits in excess of INR five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the unaudited books of accounts of the Company. The Company do not have sanctioned working capital limits in excess of INR five crores in aggregate from financial institutions during the year on the basis of security of current assets of the Company.

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

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

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

Further, except in respect of 1,75,351 loans with aggregate exposure of principal and interest of INR 34,066.89 lakh where there are delays or defaults in repayment of principal and/or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 84B to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of loans and advances in the nature of loans, the total amount outstanding of loans classified as credit impaired ("Stage 3") is INR 5003.31 lakh in respect of 14601 loans as at March 31, 2024, as disclosed in note 84B to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

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

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and sub-section (1) of Section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it. The provisions of sub-sections (2) to (11) of Section 186 are not applicable to the Company as it is a non-banking financial company registered with the RBI engaged in the business of giving loans.

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

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

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

INR In lakh

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

*net of tax paid under protest/refund adjusted

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

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

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

(c) Monies raised during the year by the Company by way of term loans was initially invested in liquid investments payable on demand and were ultimately applied for the purpose for which they were raised.

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

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

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

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

(b) The Company has not made any preferential allotment or private placement of shares/ fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 82 to the financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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

(b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 30.2 to the financial statements.

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

per **Bharath N S**
Partner
ICAI Membership Number: 210934
UDIN: 24210934BKFUNL4103

Place of signature: Chennai
Date: May 29, 2024

Annexure '2'

to the Independent Auditor's Report of Even Date on the Standalone Financial Statements of Northern Arc Capital Limited

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

We have audited the internal financial controls with reference to standalone financial statements of Northern Arc Capital Limited (the "Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per **Bharath N S**
Partner
ICAI Membership Number: 210934
UDIN: 24210934BKFUNL4103

Place of Signature: Chennai
Date: May 29, 2024

Standalone Balance Sheet

as at March 31, 2024

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

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial assets			
Cash and cash equivalents	4	16,123.83	20,401.99
Bank balances other than cash and cash equivalents	5	22,213.03	18,314.20
Derivative financial instruments	12	5,481.94	6,104.84
Trade receivables	6	1,437.83	1,890.98
Loans	7	930,987.51	689,030.00
Investments	8	165,268.61	169,665.29
Other financial assets	9	9,123.47	4,501.98
Total financial assets		**1,150,636.22**	**909,909.28**
Non-financial assets			
Current tax assets (net)		1,206.41	2,127.90
Deferred tax assets (net)	31	3,456.92	3,442.89
Property, plant and equipment	10.1	324.97	219.85
Intangible assets under development	10.2	231.13	98.87
Goodwill	10.3	2,085.13	2,085.13
Other Intangible assets	10.4	1,178.89	1,336.01
Right of use asset	10.5	1,205.55	652.85
Other non-financial assets	11	1,631.42	601.63
Total Non-financial assets		**11,320.42**	**10,565.13**
Total assets		**1,161,956.64**	**920,474.41**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	298.65	227.59
Trade payables	13		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		13,588.16	10,642.39
Debt securities	14	141,372.46	122,431.55
Borrowings (other than debt securities)	15	763,403.14	577,029.86
Subordinated liabilities	16	-	3,995.07
Other financial liabilities (including lease liabilities)	17	14,284.24	9,780.97
Total financial liabilities		**932,946.65**	**724,107.43**
Non-financial liabilities			
Provisions	18	2,782.77	2,693.44
Other non-financial liabilities	19	1,191.89	958.45
Total Non-financial liabilities		**3,974.66**	**3,651.89**
EQUITY			
Equity Share capital	20	8,938.54	8,903.13
Instruments entirely equity in nature	20	8,264.64	8,264.64
Other Equity	21	207,832.15	175,547.32
Total Equity		**225,035.33**	**192,715.09**
Total liabilities and equity		**1,161,956.64**	**920,474.41**
Summary of material accounting policies	2 and 3		

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

As per our report of even date attached

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

Standalone Statement of Profit and Loss

for the year ended March 31, 2024

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

Particulars	Note	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations			
Interest Income	22	169,934.25	112,255.24
Fee and Commission income	23	4,243.93	5,628.15
Net gain on fair value changes	24	3,945.31	5,327.33
Net gain on derecognition of financial instruments		4,742.54	2,034.23
Total revenue from operations		**182,866.03**	**125,244.95**
Other income	25	1,565.65	542.53
Total income		**184,431.68**	**125,787.48**
Expenses			
Finance costs	26	72,586.35	55,690.71
Fees and commission expense		31,714.19	15,947.57
Employee benefits expenses	27	17,961.03	10,957.43
Impairment on financial instruments	28	12,313.52	3,894.37
Depreciation and amortisation expense	29	1,467.03	1,026.14
Other expenses	30	10,847.33	7,966.32
Total expenses		**146,889.45**	**95,482.54**
Profit before tax		**37,542.23**	**30,304.94**
Tax expense	31		
Current tax		10,189.07	9,487.00
Deferred tax		(663.95)	(1,717.67)
Total Tax expense		**9,525.12**	**7,769.33**
Profit for the year	(A)	**28,017.11**	**22,535.61**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements gain/(loss) on defined benefit plans		(9.04)	120.32
Income tax relating to items that will not be reclassified to profit or loss		2.28	(30.28)
		(6.76)	**90.04**
Items that will be reclassified subsequently to profit or loss in subsequent periods			
Fair value gain/(loss) on financial instruments through other comprehensive income (net)		1,228.99	(559.17)
Income tax relating to items that will be reclassified to profit or loss		(309.34)	140.74
		919.65	**(418.43)**
Net movement on effective portion of cash flow hedges		1,362.19	(1,010.85)
Income tax relating to items that will be reclassified to profit or loss		(342.86)	254.44
		1,019.33	**(756.41)**
Other comprehensive income for the year (net of income taxes)	(B)	**1,932.22**	**(1,084.80)**
Total comprehensive income for the year (net of income taxes)	(A+B)	**29,949.33**	**21,450.81**
Earnings per equity share of INR 10 each	32		
Basic (in rupees)		31.45	25.34
Diluted (in rupees)		21.26	17.03
Summary of material accounting policies	2 and 3		

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

As per our report of even date attached

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

Standalone Statement of Changes in Equity

as at March 31, 2024
(All amounts are in Indian Rupees in lakh unless otherwise stated)

A. Equity Share Capital

Particulars	
Equity Share capital of INR 10 each Issued, Subscribed and Fully Paid	
Balance as at April 01, 2022	**8,890.75**
Changes in equity share capital during the year (Refer Note 20)	12.38
Balance as at March 31, 2023	**8,903.13**
Changes in equity share capital during the year (Refer Note 20)	35.41
Balance as at March 31, 2024	**8,938.54**

B. Instruments entirely equity in nature

Particulars	
0.0001% Compulsorily convertible preference shares of INR 20 each Issued, Subscribed and Fully Paid	
Balance as at April 01, 2022	**8,264.64**
Changes in compulsorily convertible preference shares during the year	-
Balance as at March 31, 2023	**8,264.64**
Changes in compulsorily convertible preference shares during the year	-
Balance as at March 31, 2024	**8,264.64**

C. Other Equity

Particulars	Other equity									Total
	Reserves and surplus							Other Comprehensive Income (OCI)		
	Statutory Reserve	Capital Redemption Reserve	Capital Reserve	Share application money	Securities Premium	Shared Based Payment Reserve	Retained Earnings	Financial Instruments through OCI	Effective portion of cash flow hedge reserve	
Balance as at April 1, 2023	**17,672.46**	**2,660.00**	**3.57**	**-**	**85,679.03**	**1,700.41**	**67,717.57**	**2,818.64**	**(2,704.36)**	**175,547.32**
Change in equity for the year ended March 31, 2024										
Profit for the year	-	-	-		-	-	28,017.11	-	-	28,017.11
Fair valuation gain/(loss) of financial instrument (net)	-	-	-		-	-	-	919.65	1,019.33	1,938.98
Premium received on equity shares issued during the year	-	-	-		687.38	(225.83)	-	-	-	461.55
Transfer to retained earnings					-	(160.10)	160.10			-
Transfer to statutory reserve	5,603.42	-	-		-	-	(5,603.42)	-	-	-
Employee stock compensation expense during the year	-	-	-		-	1,790.19	-	-	-	1,790.19
Remeasurement of net defined benefit liability	-	-	-		-	-	(6.76)	-	-	(6.76)
Share application money received pending allotment				83.76						83.76
Balance as at March 31, 2024	**23,275.88**	**2,660.00**	**3.57**	**83.76**	**86,366.41**	**3,104.67**	**90,284.60**	**3,738.29**	**(1,685.03)**	**207,832.15**

Standalone Statement of Changes in Equity

as at March 31, 2024
(All amounts are in Indian Rupees in lakh unless otherwise stated)

Particulars	Other equity									Total
	Reserves and surplus							Other Comprehensive Income (OCI)		
	Statutory Reserve	Capital Redemption Reserve	Capital Reserve	Share application money	Securities Premium	Shared Based Payment Reserve	Retained Earnings	Financial Instruments through OCI	Effective portion of cash flow hedge reserve	
Balance as at April 1, 2022	**13,165.34**	**2,660.00**	**3.57**		**85,510.52**	**2,042.97**	**49,164.53**	**3,237.07**	**(1,947.95)**	**153,836.05**
Change in equity for the year ended March 31, 2023										
Profit for the year							22,535.61			22,535.61
Fair valuation gain/(loss) of financial instrument (net)								(418.43)	(756.41)	(1,174.84)
Premium received on shares issued during the year	-	-	-		168.51	(49.65)	-	-	-	118.86
Transfer to retained earnings						(434.51)	434.51			-
Transfer to statutory reserve	4,507.12	-	-		-	-	(4,507.12)	-	-	-
Employee stock compensation expense during the year	-	-	-		-	141.60	-	-	-	141.60
Remeasurement of net defined benefit liability	-	-	-		-	-	90.04	-	-	90.04
Balance as at March 31, 2023	**17,672.46**	**2,660.00**	**3.57**		**85,679.03**	**1,700.41**	**67,717.57**	**2,818.64**	**(2,704.36)**	**175,547.32**

Significant accounting policies 2 and 3

The notes referred to above form an integral part of standalone financial statements
As per our report of even date attached
For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

Standalone Statement of Cash Flows

for the year ended March 31, 2024

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

Particulars	Note	Year ended March 31, 2024	Year ended March 31, 2023
A Cash flow from operating activities			
Profit before tax		37,542.23	30,304.94
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expenses		1,467.03	1,026.14
Write off of intangible assets under development		18.59	-
Interest income on loans, fixed deposits and investments		(169,934.25)	(112,255.24)
Unrealised (gain)/loss on investments		123.07	1,335.97
Gain on investment in mutual funds		(409.27)	(720.30)
Profit on sale of investments		(1,100.67)	(1,680.78)
Impairment on financial instruments		(19,974.42)	3,894.37
Bad debts written off		32,287.94	
Employee share based payment expenses		1,735.92	148.75
Amortisation of discount on commercial papers		1,826.37	1,037.81
Finance costs		70,759.98	54,652.90
(Profit)/loss on sale of plant, property and equipments		0.85	(23.87)
Interest on income tax refund		-	(143.54)
Net gain on dercognition of financial assets		(4,742.54)	(2,034.23)
(Gain)/loss on account of lease foreclosed		(1.13)	-
Cash used in operations before working capital changes and adjustments		**(50,400.30)**	**(24,457.08)**
Changes in working capital and other changes:			
(Increase)/Decrease in other financial assets		(4,624.21)	2,672.60
(Increase)/Decrease in trade receivables		453.15	(72.69)
(Increase)/Decrease in loans (Also refer Note 8A)		(366,928.26)	(197,744.79)
(Increase)/Decrease in other non financial assets		(1,029.79)	1,356.80
(Increase)/Decrease in other bank balances		(3,665.44)	(9,792.93)
Increase/(Decrease) in other financial liabilities		3,947.59	4,182.03
Increase/(Decrease) in other non-financial liabilities		233.44	532.70
Increase/(Decrease) in trade payables and provisions		3,133.33	5,273.64
Cash used in operations before adjustments		**(418,880.49)**	**(218,049.72)**
Proceeds from de-recognition of financial assets		101,292.05	38,538.00
Recovery from bad debts written off assets		22,544.38	-
Interest income received on loans, fixed deposits and investments		164,165.32	112,273.53
Finance cost paid		(73,866.56)	(54,542.00)
Income tax paid (net)		(9,267.58)	(7,414.77)
Net cash flow from/(used in) operating activities	(A)	**(214,012.88)**	**(129,194.96)**
B Cash flows from investing activities			
Purchase of Property, plant and equipment (net of proceeds)		(1,069.76)	(1,162.05)
Purchase of investments		(702,807.95)	(684,016.85)
Proceeds from sale of investments (Also refer Note 8A)		709,319.00	679,278.39
Investment in Associate		(449.13)	(494.40)
Investment in subsidiary		(50.00)	-
Payment towards acquisition of specified assets and liabilities (net of cash)		-	(11,162.91)
Payment towards transfer of specified assets and liabilities to subsidiary (net of cash)		-	(279.55)
Net cash flow from/(used in) investing activities	(B)	**4,942.16**	**(17,837.37)**

Standalone Statement of Cash Flows

for the year ended March 31, 2024

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

Particulars	Note	Year ended March 31, 2024	Year ended March 31, 2023
C Cash flow from financing activities			
Proceeds from issue of debt securities		84,426.00	87,710.00
Repayment of debt securities		(63,589.70)	(99,890.78)
Proceeds from borrowings (other than debt securities)		770,863.11	413,787.51
Repayment of borrowings (other than debt securities)		(582,877.43)	(304,804.91)
Repayment of subordinated liabilities		(3,995.07)	-
Payment of principal portion of lease liabilities		(492.22)	(261.85)
Payment of interest on lease liabilities		(122.85)	(91.95)
Share application money received pending allotment		83.76	-
Proceeds from issue of equity share capital including securities premium		496.96	131.24
Net cash flow from/(used in) financing activities	(C)	**204,792.56**	**96,579.26**
Net (decrease)/increase in cash and cash equivalents	(A+B+C)	**(4,278.16)**	**(50,453.07)**
Cash and cash equivalents at the beginning of the year		20,401.99	70,421.30
Additions on acquisition of specified assets and liabilities		-	433.76
Cash and cash equivalents at the end of the year		**16,123.83**	**20,401.99**

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Notes to cash flow statement			
1. Components of cash and cash equivalents:	4		
Cash on hand		5.90	-
Cheques on hand		20.22	-
Balances with banks			
- in current accounts		14,922.25	18,398.28
- in deposit accounts free of lien		1,175.46	2,003.71
		16,123.83	**20,401.99**
2. The above cashflow statement has been prepared under the "indirect method" as set out in the Ind AS-7 on statement of cashflows specified under section 133 of the Companies Act, 2013.			
3a Non-cash investing activity			
Investing Activity			
Acquisition of right of use assets		1,064.10	116.73
		1,064.10	**116.73**
3b For disclosures relating to changes in liabilities arising from financing activities, refer note 33A			
Significant accounting policies	2 and 3		

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

As per our report of even date attached

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

1 Corporate Information

Northern Arc Capital Limited ("the Company"), was incorporated on March 9, 1989 and is registered as a non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated August 8, 2013 in lieu of Certificate of Registration dated June 24, 1999 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company's registered address is No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai TN 600113.

The Company is principally engaged in lending to provide liquidity and develop access to debt-capital markets for institutions and providing loans for personal, business, education and mortgage purposes to individuals.

Based on the approval of the Board of Directors of the Company in their meeting held on February 2, 2024, the Company has filed the draft red herring prospectus dated February 2, 2024 with the Securities and Exchange Board of India, pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended in connection with the initial public offering of equity shares of INR 10 each of the Company.

2 Statement of compliance and basis of preparation

2.1 Basis of preparation

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

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

These financial statements were authorised for issue by the Company's Board of Directors on May 29, 2024

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

2.2 Presentation of financial statements

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, Framework for Scale Based Regulation for Non-Banking Financial Companies ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15 DOR (NBFC). CC.PD.No.116/22.10.106/2020-21 dated 24 July 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

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

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:-

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and/or its counterparties.

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model test and the solely payments of principal and interest ('SPPI') test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income or fair value through profit and loss that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii) Fair value of financial instruments

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

iii) Effective Interest Rate ('EIR') method

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

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

iv) Impairment of financial assets

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

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

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ('LTECL') basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as consumer spending, lending interest rates and collateral values, and the effect on probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD').

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

vi) Provisions and other contingent liabilities

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

and regulatory inspections in the ordinary course of the Company's business.

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

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

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

vii) Share-based payments

The Company initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a binomial model for Senior Executive Plan (SEP) and a Monte-Carlo simulation model for General Employee Share Option Plan (GESP).The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 41.

viii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 40.

ix) Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Company's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

x) Other assumptions and estimation uncertainities

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

a) Measurement of defined benefit obligations: key actuarial assumptions;

b) Estimated useful life of property, plant and equipment and intangible assets;

c) Recognition of deferred taxes;

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

3 Summary of material accounting policies

a. Revenue from contracts with customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract and its customary business practices to determine the transaction price.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

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

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

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

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

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

Trade Receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3.c Financial Assets and Liabilities.

Recognition of interest income on loans

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

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

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

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

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

Revenue recognition for different heads of income is as under:

i. Interest income on deposits

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

ii. Fees and commission income

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

iii. Dividend income

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

iv. Other income

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

b. Financial instruments - initial recognition

Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

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

Measurement categories of financial assets and liabilities

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

i) Amortised cost

ii) Fair value through other comprehensive income ('FVOCI')

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

c. Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

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

Sole Payments of Principal and Interest (SPPI) test

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

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

Accordingly, financial assets are measured as follows:

i. Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost

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

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

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

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

The Company records investments in Alternative investment funds (AIF), mutual funds and market linked debentures at FVTPL

iv. Investment in equity instruments

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

B. Financial liability

i. Initial recognition and measurement

All financial liabilities are measured at amortised cost except for financial guarantees, and derivative financial liabilities. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii. Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest rate method.

Debt securities and other borrowed funds

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

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

Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

d. Derecognition of financial assets and liabilities

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

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

If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

b. Derecognition of financial instruments other than due to substantial modification

i. Financial Assets

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

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

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

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

ii. Financial Liability

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

e. Impairment of financial assets

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

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

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

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

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

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

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

B. Calculation of ECLs

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

PD:

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

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EAD:

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

LGD:

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

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

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

The mechanics of the ECL method are summarised below:

Stage 1:

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

Stage 2:

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

Significant increase in credit risk

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

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

Stage 3:

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

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

a. significant financial difficulty of the borrower;

b. a breach of contract such as a default or past due event;

c. the lender of the borrower, for economic or contractual reasons relating to the borrower's financial

d. difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

e. the disappearance of an active market for a security because of financial difficulties; or

f. the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

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

Loan commitments

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

Financial guarantee contracts

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

C. Financial Assets measured at FVOCI

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

D. Forward looking information

In its ECL models, the Company relies on forward looking macro parameters such as consumer spending and interest rates to estimate the impact on probability of the default at a given point of time.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

f. Write-offs

The gross carrying amount of a financial asset is written-off when there is no reasonable expectation of recovering the asset. If the amount to be written off is greater than the

accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

g. Determination of fair value

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Company's financial instruments. Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for financial instruments.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

h. Foreign currency transactions

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

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

i. Property, plant and equipment

i. Recognition and measurement

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

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

j. Intangible assets

i. Intangible assets

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

ii. Subsequent expenditure

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

iii. Internally generated: Research and development

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

Developing expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset.

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Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses. During the period of development, the asset is tested for impairment annually.

iv. Amortisation

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

Asset category	Estimated Useful life
Computer Softwares	5 years

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

v. Derecognition

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the restated statement of profit and loss when the asset is derecognised.

k. Employee benefits

i. Post-employment benefits

Defined contribution plan

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

Defined benefit plans

Gratuity

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

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

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

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

ii. Other long-term employee benefits

Compensated absences

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

iii. Short-term employee benefits

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

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

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

iv. Share based payment

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

Equity Settled Plan:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 41.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the restated statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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l. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

m. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e.the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the initial period agreed in the lease agreement, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the initial period agreed in the lease agreement.

n. Taxes

i. Current tax

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

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

ii. Deferred tax

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

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

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

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

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

o. Borrowing cost

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

p. 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.

q. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit/loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

r. Cash flow statement

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

s. Derivative financial instruments

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

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

t. Hedge accounting policy

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

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

The Company has an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its fixed rate secured loan. See Note 44 for more details.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the Effective portion of cash flow hedges, while any ineffective portion is recognised immediately in the statement of profit and loss. The Effective portion of cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses. Refer to Note 44 for more details.

The Company designates only the spot element of a forward contract as a hedging instrument. The forward element is recognised in OCI.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

u. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 2023. The company applied for the first-time these amendments.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments are not expected to have a material impact on the Company's financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosure of accounting policies, but not on the measurement, recognition or presentation of any items in the company's Financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The amendments are not expected to have a material impact on the company's financial statements.

4. Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
Cash on hand	5.90	-
Cheques on hand	20.22	-
Balances with banks		
- In current accounts	14,922.25	18,398.28
- Deposits with original maturity of less than three months (Refer note 4A below)	1,175.46	2,003.71
	16,123.83	**20,401.99**

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

4B The Company had available undrawn committed borrowing facilities of INR 3,336.40 lakh as at March 31, 2024 (as at March 31, 2023: INR 3,500 lakh).

4C For the purpose of the statement of cash flows, cash and cash equivalents comprise the following

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	5.90	-
Cheques on hand	20.22	-
Balances with banks		
- In current accounts	14,922.25	18,398.28
- Deposits with original maturity of less than three months	1,175.46	2,003.71
	16,123.83	**20,401.99**

5. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
- In deposit accounts with bank with maturity more than 3 months (Refer Note 5.1 below)	9,079.12	11,954.15
- In earmarked accounts		
- In unpaid dividend account	0.22	2.69
- Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (Refer Note 5.1 and 5.2)	13,133.69	6,357.36
	22,213.03	**18,314.20**

Note:

5.1 As at March 31, 2024, deposits with bank includes deposits amounting to INR 3,009.40 lakh (March 31, 2023 : INR 2,149.56 lakh) representing amount received from customers as cash collateral against the loans provided to them by the Company.

5.2 As at March 31, 2024, Deposits amounting to INR 2,625.51 lakh (March 31, 2023: INR Nil) have been provided as credit enhancement for securitisation transactions.

6. Trade receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured Considered good	1,429.80	1,903.28
Trade receivables which have significant increase in credit risk	18.01	1.14
Trade receivables - Credit impaired	-	-
	1,447.81	**1,904.42**

Notes

Notes to Standalone Financial Statement for the year ended March 31, 2024

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

Particulars	As at March 31, 2024	As at March 31, 2023
Less : Impairment loss allowance		
Unsecured, considered good	(7.51)	(13.35)
Trade receivables which have significant increase in credit risk	(2.47)	(0.09)
Trade receivables - Credit impaired	-	-
Total	**1,437.83**	**1,890.98**
Trade receivables from related parties	14.68	37.00

Note:

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

6.1 The ageing schedule of Trade receivables is as follows:

(i) As at March 31, 2024

Particulars	Unbilled receivables	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	131.36	-	1,270.61	19.20	8.63	-	-	1,429.80
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	18.01		-	-	-	18.01
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	**131.36**	-	**1,288.62**	**19.20**	**8.63**	**-**	**-**	**1,447.81**

(ii) As at March 31, 2023

Particulars	Unbilled receivables	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	748.33	-	1,079.70	53.69	8.21	-	-	1,889.93
(ii) Undisputed Trade receivables – which have significant increase in credit risk		-	-	1.05	-	-	-	1.05
(iii) Undisputed Trade Receivables – credit impaired		-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good		-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk		-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired		-	-	-	-	-	-	-
Total	**748.33**	-	**1,079.70**	**54.74**	**8.21**	**-**	**-**	**1,890.98**

Notes

Notes to Standalone Financial Statement for the year ended March 31, 2024

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

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

Changes in gross carrying amount

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**1,903.28**	**1.14**	**-**	**1,904.42**	**1,822.40**	**1.75**	**-**	**1,824.15**
New assets originated	1,415.66	18.01	-	1,433.67	1,903.28	1.14	-	1,904.42
Asset derecognised or repaid (excluding write off)	(1,889.15)	(1.14)	-	(1,890.28)	(1,822.40)	(1.75)	-	(1,824.15)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**1,429.80**	**18.01**	**-**	**1,447.81**	**1,903.28**	**1.14**	**-**	**1,904.42**

Reconciliation of ECL Balance

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**13.35**	**0.09**	**-**	**13.44**	**9.42**	**0.23**	**-**	**9.65**
New assets originated	4.59	2.47	-	7.06	13.35	0.09	-	13.44
Asset derecognised or repaid (excluding write off)	(10.43)	(0.09)	-	(10.52)	(9.31)	(0.23)	-	(9.54)
Transfer from stage 1	-	-	-	-	(0.11)	-	-	(0.11)
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**7.51**	**2.47**	**-**	**9.98**	**13.35**	**0.09**	**-**	**13.44**

7. Loans

Particulars	As at March 31, 2024			As at March 31, 2023		
	At Amortised cost	At Fair Value through Other Comprehensive Income	Total	At Amortised cost	At Fair Value through Other Comprehensive Income	Total
A. Based on nature						
Gross term loans	632,062.62	261,483.91	893,546.53	467,577.77	182,829.41	650,407.18
Less : Impairment loss allowance	(8,734.02)	-	(8,734.02)	(7,963.25)	-	(7,963.25)
Net term loans	**623,328.60**	**261,483.91**	**884,812.51**	**459,614.52**	**182,829.41**	**642,443.93**
Gross structured cash credit	48,084.81	-	48,084.81	47,524.98	-	47,524.98
Less : Impairment loss allowance	(1,909.81)	-	(1,909.81)	(938.91)	-	(938.91)
Net structured cash credit	**46,175.00**	**-**	**46,175.00**	**46,586.07**	**-**	**46,586.07**
Net loans	**669,503.60**	**261,483.91**	**930,987.51**	**506,200.59**	**182,829.41**	**689,030.00**
B. Based on Security						
(i) Secured by tangible assets*	463,719.53	54,823.74	518,543.27	371,267.64	54,828.28	426,095.92
(ii) Unsecured	216,427.90	206,660.17	423,088.07	143,835.11	128,001.13	271,836.24
Gross Loans	**680,147.43**	**261,483.91**	**941,631.34**	**515,102.75**	**182,829.41**	**697,932.16**
Less : Impairment loss allowance	(10,643.83)	-	(10,643.83)	(8,902.16)	-	(8,902.16)
Net Loans	**669,503.60**	**261,483.91**	**930,987.51**	**506,200.59**	**182,829.41**	**689,030.00**

Particulars	As at March 31, 2024			As at March 31, 2023		
	At Amortised cost	At Fair Value through Other Comprehensive Income	Total	At Amortised cost	At Fair Value through Other Comprehensive Income	Total
C. **Based on region**						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	680,147.43	261,483.91	941,631.34	515,102.75	182,829.41	697,932.16
Gross Loans in India	**680,147.43**	**261,483.91**	**941,631.34**	**515,102.75**	**182,829.41**	**697,932.16**
Less : Impairment loss allowance	(10,643.83)	-	(10,643.83)	(8,902.16)	-	(8,902.16)
	669,503.60	**261,483.91**	**930,987.51**	**506,200.59**	**182,829.41**	**689,030.00**
(II) Loans outside India						
Loans outside India	-	-	-	-	-	-
Total (I) and (II)	**669,503.60**	**261,483.91**	**930,987.51**	**506,200.59**	**182,829.41**	**689,030.00**

*Term loans are secured by way of hypothecation of underlying loan receivables and/or pledge of securities or hypothecation of automobile assets or pledge of equitable mortgage of property.

Notes:

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

Particulars	As at March 31, 2024	As at March 31, 2023
Gross loans to related parties (refer note 42)		
- Term Loan (Also refer note 8A)	9,842.70	-
- Structured Cash Credit	255.61	169.43
Total	**10,098.30**	**169.43**
Less : Loss allowance on loans to related parties		
- Term Loan (Also refer note 8A)	(67.92)	-
- Structured Cash Credit	(1.81)	(2.12)
Total	**(69.73)**	**(2.12)**
Net loans to related parties	**10,028.57**	**167.31**

Also refer Note 36 (i) on Credit Risk under financial risk management objectives and policies.

Notes
Notes to Standalone Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

8. Investments

Particulars	As at March 31, 2024					As at March 31, 2023				
	At Amortised cost	At Fair Value through Other Comprehensive Income	At Fair Value through Profit and loss	Others	Total	At Amortised cost	At Fair Value through Other Comprehensive Income	At Fair Value through Profit and loss	Others	Total
Investment in debentures (quoted)										
Non-convertible redeemable debentures	-	72,616.67	-	-	72,616.67	-	63,225.60	-	-	63,225.60
Market Linked debentures	-	-	18,992.53	-	18,992.53	-	-	26,435.23	-	26,435.23
Investment in debentures (unquoted)										
Non-convertible redeemable debentures	-	52,028.13	-	-	52,028.13	-	31,970.32	-	-	31,970.32
Market Linked debentures	-	-	-	-	-	-	-	45.86	-	45.86
Investment in Commercial papers (unquoted)										
Commercial papers	-	-	-	-	-	-	1,958.13	-	-	1,958.13
Investment in pass-through certificates (unquoted)										
Investment in pass-through certificates	-	5,772.43	-	-	5,772.43	-	13,120.35	-	-	13,120.35
Investment in alternate investment funds (unquoted)										
Alternative investment funds (Refer Note 8A)	-	-	-	-	-	-	-	11,511.26	-	11,511.26
Investment in other approved securities (unquoted)										
Investment in government securities	12,121.16	-	-	-	12,121.16	7,258.59	-	-	-	7,258.59
Investments in subsidiaries, at cost (Unquoted)										
Equity shares										
Northern Arc Investment Adviser Services Private Limited	-	-	-	127.80	127.80	-	-	-	127.80	127.80
Northern Arc Securities Private Limited	-	-	-	150.00	150.00	-	-	-	100.00	100.00
Northern Arc Investment Managers Private Limited	-	-	-	361.00	361.00	-	-	-	361.00	361.00
Northern Arc Foundation	-	-	-	1.00	1.00	-	-	-	1.00	1.00
Pragathi Finserv Private Limited	-	-	-	2,253.40	2,253.40	-	-	-	2,253.40	2,253.40
IFMR Fimpact Long term credit fund	-	-	-	-	-	-	-	8,342.95	-	8,342.95
Investment in Associates										
Finreach Solutions Private Limited	-	-	-	843.53	843.53	-	-	-	394.40	394.40
Northern Arc Emerging Corporates Bond Trust	-	-	-	-	-	-	-	2,558.99	-	2,558.99
Other investments (Unquoted)										
Share warrants	-	-	0.96	-	0.96	-	-	1.62	-	1.62
Sub total	**12,121.16**	**130,417.23**	**18,993.49**	**3,736.73**	**165,268.61**	**7,258.59**	**110,274.40**	**48,895.91**	**3,237.60**	**169,666.50**
Less: Impairment loss allowance for Investments	-	-	-	-	-	-	(1.21)	-	-	(1.21)
Total Investments	**12,121.16**	**130,417.23**	**18,993.49**	**3,736.73**	**165,268.61**	**7,258.59**	**110,273.19**	**48,895.91**	**3,237.60**	**169,665.29**

Also refer Note 36 (i) on Credit Risk under financial risk management objectives and policies.

The Company has designated these investments as FVOCI on the basis that these are not held for trading and held for strategic purpose.

8A Investments

The Reserve Bank of India (RBI) vide instruction RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023 which it further clarified vide its RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024 with regard to restriction of Investment in Alternative Investment Funds (AIF) by Regulated Entities (RE) ("RBI Instruction"), required entities regulated by RBI to liquidate investments in AIFs which had downstream investments in any debtor company of the regulated entity within a period of 30 days.

The Company has taken active steps to comply with such instructions and has taken the following actions by March 31, 2024:

a. liquidated units in AIFs amounting to INR 11,415.31 lakh to third parties;

b. sold subordinated units held by it in AIF aggregating INR 10,800 lakh to its wholly owned subsidiary Northern Arc Investment Managers Private Limited (NAIM) (a SEBI regulated and RBI non-regulated entity) which were funded by way of a loan extended by the Company to NAIM, with necessary approvals from the Company's Board of Directors. The Company's investments in units of AIFs managed by such wholly owned subsidiary, substantially comprise investments in subordinate unit class of AIFs, being sponsor class units as required by applicable regulations by the Securities Exchange Board of India;

c. and made a provision of INR 224 lakh in respect of those investment remaining as unsold as required by Reserve Bank of India by the required timeline;

As at March 31, 2024, the Company does not hold any investments in AIF which will require any additional provision. Further, loans or equity given to its subsidiary which is not an RBI regulated entity are considered in net owned fund computation considered for capital adequacy ratio of the Company. Based on the above actions and relevant legal and regulatory correspondence, the Company is of the view that it is fully compliant with the requirement of the RBI circular on investments in AIF.

9. Other financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good		
Unsecured - amortised cost:		
Security deposits	405.26	413.63
Advances to employees	210.60	67.73
Advance to originator partners	4,938.25	1,595.25
Other receivables#	33.02	502.56
Advances to subsidiaries (Refer note 42)*	495.65	556.38
Excess Interest spread on derecognition of financial assets (Refer Note 9.1)	3,124.39	1,392.80
Less: Impairment loss allowance	(83.70)	(26.37)
	9,123.47	**4,501.98**

*Advance to subsidiary represents amounts receivable on account of expenses incurred by the company on behalf of the subsidiaries in the normal course of business.

#Other receivables are amounts receivable from originator partners for the repayments routed through them in the normal course of business.

9.1 Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to excess interest spread (EIS) on derecognition of financial assets

Changes in gross carrying amount

Particulars	As at March 31, 2024				As at March 31, 2023			
Gross carrying amount - EIS	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**1,379.40**	**5.33**	**8.07**	**1,392.80**	**-**	**-**	**-**	**-**
New assets originated	2,437.93	20.88	43.84	2,502.65	1,379.40	5.33	8.07	1,392.80
Asset derecognised or repaid (excluding write offs)	(773.34)	-	-	(773.34)	-	-	-	-
Transfer to stage 1	-	0.73	-	0.73	-	-	-	-
Transfer to stage 2	-	-	1.55	1.55	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**3,043.99**	**26.94**	**53.46**	**3,124.39**	**1,379.40**	**5.33**	**8.07**	**1,392.80**

Reconciliation of ECL Balance

Particulars	As at March 31, 2024				As at March 31, 2023			
Impairment loss allowance - EIS	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**18.69**	**2.43**	**5.25**	**26.37**	**-**	**-**	**-**	**-**
New assets originated	11.40	9.05	48.07	68.52	18.69	2.43	5.25	26.37
Asset derecognised or repaid (excluding write offs)	(11.81)	-	-	(11.81)	-	-	-	-
Transfer to stage 1	-	0.32	-	0.32	-	-	-	-
Transfer to stage 2	-	-	0.30	0.30	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**18.28**	**11.80**	**53.62**	**83.70**	**18.69**	**2.43**	**5.25**	**26.37**

10.1 Property plant and equipment

Particulars	Plant and machinery	Furniture and fittings	Computers and accessories	Office equipments	Servers	Leasehold improvements	Total
Cost/Deemed Cost							
As at April 1, 2022	**0.29**	**20.38**	**401.05**	**149.88**	**0.19**	**145.67**	**717.46**
Additions	-	22.78	282.15	18.95	-	28.64	352.52
Addition on account of : Acquisition of specified assets and liabilities (Refer note 81)	6.22	8.33	52.36	18.37	-	-	85.28
Disposals/Discarded	-	-	-	10.31	-	-	10.31
As at March 31, 2023	**6.51**	**51.49**	**735.56**	**176.89**	**0.19**	**174.31**	**1,144.95**
Additions	-	63.83	388.40	81.80	-	53.87	587.90
Disposals/Discarded	-	-	-	-	-	1.98	1.98
As at March 31, 2024	**6.51**	**115.32**	**1,123.96**	**258.69**	**0.19**	**226.20**	**1,730.87**
Accumulated depreciation							
As at April 1, 2022	**0.29**	**5.76**	**308.93**	**142.32**	**0.19**	**102.11**	**559.60**
Depreciation for the year	5.97	25.03	282.91	25.12	-	31.19	370.22
On disposals/Discarded	-	-	-	4.72	-	-	4.72
As at March 31, 2023	**6.26**	**30.79**	**591.84**	**162.72**	**0.19**	**133.30**	**925.10**
Depreciation for the year	0.23	34.22	382.27	48.28		16.93	481.93
On disposals/Discarded	-	-	-	-	-	1.13	1.13
As at March 31, 2024	**6.49**	**65.01**	**974.11**	**211.00**	**0.19**	**149.10**	**1,405.90**
Net Block							
As at March 31, 2023	**0.25**	**20.70**	**143.73**	**14.17**	**-**	**41.01**	**219.85**
As at March 31, 2024	**0.02**	**50.31**	**149.86**	**47.69**	**-**	**77.10**	**324.97**

10.2 Intangible assets under development

Particulars	Software	Total
As at April 1, 2022	**28.44**	**28.44**
Add: Additions	839.01	839.01
Less: Capitalised during the year	(768.58)	(768.58)
As at March 31, 2023	**98.87**	**98.87**
Add: Additions	481.87	481.87
Less: Capitalised during the year	(331.02)	(331.02)
Less: Written off during the year	(18.59)	(18.59)
As at March 31, 2024	**231.13**	**231.13**

10.2.i Ageing of Intangible assets under development

As at March 31, 2024

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Projects in Progress	150.85	80.28	-	-	231.13

As at March 31, 2023

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Projects in Progress	92.87	6.00	-	-	98.87

10.2.ii As at March 31, 2024 and March 31, 2023, there were no projects whose completion is overdue or has exceeded its cost compared to its original plan

10.3 Goodwill

Particulars	Goodwill	Total
Cost/Deemed cost		
As at April 1, 2022	**-**	**-**
Addition on account of : Acquisition of specified assets and liabilities (Refer note 81)	2,321.78	2,321.78
Disposals	(236.65)	(236.65)
As at March 31, 2023	**2,085.13**	**2,085.13**
Additions	-	-
Disposals	-	-
As at March 31, 2024	**2,085.13**	**2,085.13**
Impairment		
As at April 1, 2022	**-**	**-**
Impairment for the year	-	-
As at March 31, 2023	**-**	**-**
Impairment for the year	-	-
As at March 31, 2024	**-**	**-**
Net carrying value		
As at March 31, 2023	**2,085.13**	**2,085.13**
As at March 31, 2024	**2,085.13**	**2,085.13**

Refer Note 82 for analysis of impairment

10.4 Other Intangible assets

Particulars	Softwares	Total
Cost/Deemed cost		
As at April 1, 2022	**2,021.03**	**2,021.03**
Additions	768.56	768.56
Addition on account of : Acquisition of specified assets and liabilities (Refer note 81)	30.11	30.11
Disposals	-	-
As at March 31, 2023	**2,819.70**	**2,819.70**
Additions	331.02	331.02
Disposals	-	-
As at March 31, 2024	**3,150.72**	**3,150.72**
Accumulated amortisation		
As at April 1, 2022	**1,080.93**	**1,080.93**
Amortisation for the year	402.76	402.76
On disposals	-	-
As at March 31, 2023	**1,483.69**	**1,483.69**
Amortisation for the year	488.14	488.14
On disposals	-	-
As at March 31, 2024	**1,971.83**	**1,971.83**
Net carrying value		
As at March 31, 2023	**1,336.01**	**1,336.01**
As at March 31, 2024	**1,178.89**	**1,178.89**

10.5 Right of use asset

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

Particulars	Office Premises - Building	Total
Cost/Deemed cost		
As at April 1, 2022	**1,783.19**	**1,783.19**
Additions	116.73	116.73
Addition on account of : Acquisition of specified assets and liabilities (Refer note 81)	8.37	8.37
Disposals	-	-
As at March 31, 2023	**1,908.29**	**1,908.29**
Additions	1,064.10	1,064.10
Disposals	62.11	62.11
As at March 31, 2024	**2,910.28**	**2,910.28**

Notes
Notes to Standalone Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Office Premises - Building	Total
Accumulated depreciation		
As at April 1, 2022	**1,002.28**	**1,002.28**
Additions	253.16	253.16
Disposals	-	-
As at March 31, 2023	**1,255.44**	**1,255.44**
Additions	496.96	496.96
Disposals	47.67	47.67
As at March 31, 2024	**1,704.73**	**1,704.73**
Net carrying value		
As at March 31, 2023	**652.85**	**652.85**
As at March 31, 2024	**1,205.55**	**1,205.55**

11. Other non-financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good, unsecured		
Prepaid expenses	373.73	385.23
Advances to vendors	188.06	216.40
Other advances*	1,069.63	-
	1,631.42	**601.63**

*Other advances as at March 31, 2024 represents various expenses incurrred in connection with proposed initial public offer of equity shares of the Company, recoverable from investors as a part of the agreement. This includes INR 222.93 lakh paid to statutory auditors (excluding taxes) of the Company.

12. Derivative financial instruments

Particulars	As at March 31, 2024		As at March 31, 2023	
	Notional Amount	Fair value of assets/ liabilities	Notional Amount	Fair value of assets/ liabilities
Part-I				
Asset				
(i) Currency derivatives (Refer Note 44) – measured at FVOCI				
– Cross currency swaps	75,385.93	5,346.17	100,534.25	5,879.27
– Forward Contract	-	54.12	-	-
(ii) Interest rate derivatives (Refer Note 44) – measured at FVPL				
– Overnight Indexed Swaps	39,500.00	81.65	39,500.00	225.57
	114,885.93	**5,481.94**	**140,034.25**	**6,104.84**
Liability				
(i) Currency derivatives (Refer Note 44) – measured at FVOCI				
– Cross currency swaps	8,870.97	188.53	5,000.00	149.31
– Forward Contract	-	-	-	-
(ii) Interest rate derivatives (Refer Note 44) – measured at FVPL				
– Overnight Indexed Swaps	19,825.00	110.12	19,825.00	78.28
	28,695.97	**298.65**	**24,825.00**	**227.59**
Part-II				
Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:				
Asset				
– Cash flow hedging				
– Cross currency swaps	75,385.93	5,346.17	100,534.25	5,879.27
– Forward Contract	-	54.12	-	-
– Fair Value hedging				
– Overnight Indexed Swaps	39,500.00	81.65	39,500.00	225.57
	114,885.93	**5,481.94**	**140,034.25**	**6,104.84**
Liability				
– Cash flow hedging				
– Cross currency swaps	8,870.97	188.53	5,000.00	149.31
– Forward Contract	-	-	-	-
– Fair Value hedging				
– Overnight Indexed Swaps	19,825.00	110.12	19,825.00	78.28
	28,695.97	**298.65**	**24,825.00**	**227.59**

The notional amounts in the above table refers to the foreign currency borrowing on which the Company has hedged the risk of foreign currency fluctuations and interest rate fluctuations. The Company has entered into Derivative Contracts, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place. There have been no transfer between Level 1 and Level 2 during the year. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

13. Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables (Refer Note 13A)		
- Total outstanding dues to micro enterprises and small enterprises (refer Note 39 for details of dues to micro and small enterprises)	-	-
- Total outstanding dues to creditors other than micro enterprises and small enterprises	13,588.16	10,642.39
	13,588.16	**10,642.39**

Note:
Trade payables are non interest bearing and are normally settled at the end of the subsequent month.

13.A The ageing schedule of Trade payables is as follows:

(i) As at March 31, 2024

Particulars	Unbilled dues	Current but not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	11,836.08	-	1,752.08	-	-	-	13,588.16
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-

(ii) As at March 31, 2023

Particulars	Unbilled dues	Current but not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	9,925.18	-	643.05	74.16	-	-	10,642.39
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-

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

14. Debt securities (Refer Note 14A)

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
Secured		
- Redeemable non-convertible debentures	98,448.85	117,962.08
Unsecured		
- Redeemable non-convertible debentures	-	23.51
- Commercial paper	42,923.61	4,445.96
Total debt securities	**141,372.46**	**122,431.55**
Debt securities in India	141,372.46	122,431.55
Debt securities outside India	-	-
Total debt securities	**141,372.46**	**122,431.55**

Secured Redeemable Non-Convertible Debentures are secured by specific charge on identified receivables. (Refer note 14A)

Notes
Notes to Standalone Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

14 A: Details regarding terms of issuance of debt securities

Particulars	Terms of Redemption	Earliest Repayment date	Security	Interest rate	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023
Secured, redeemable non-convertible debentures:						
- 1,000 units (March 31, 2023: 1000 units) of 9.60% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 20, 2023	Coupon payment frequency: Semi annually Principal repayment frequency: Entire principal to be repaid in 7 equal semi annual instalments after a moratorium of eighteen months Tenure of security: 60 months Redemption date: December 20, 2023	20-Jun-23	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.60%	-	2,857.14
- 500 units (March 31, 2023: 500 units) of 11.25% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 26, 2023	Coupon payment frequency: Annually Principal repayment frequency: On maturity Tenure of security: 36 months Redemption date: June 26, 2023	26-Jun-23	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	11.25%	-	833.33
- 500 units (March 31, 2023: 500 units) of 10.40% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on July 13, 2023	Coupon payment frequency: Quarterly Principal repayment frequency: 12 equal quarterly instalments Tenure of security: 36 months Redemption date: July 13, 2023	13-Jul-23	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	10.40%	-	5,000.00
- 10000 units (March 31, 2023: 10000 units) of Market Linked Redeemable non-convertible debentures of INR 1,00,000 each, maturing on July 27, 2023*	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenure of security: 26 months Redemption date: July 27, 2023	27-Jul-23	The Debentures shall be secured by way of a first ranking and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances/charge/lien.	8.75%	-	10,000.00
- 750 units (March 31, 2023: 750 units) of 11.338% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on March 28, 2024	Coupon payment frequency: Annualy Principal repayment frequency: Entire principal to be repaid in 4 equal instalments at the end of 24 months, 36 Months, 42 months and 48 months Tenure of security: 48 months Redemption date: March 28, 2024	03-Oct-23	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	11.34%	-	3,750.00
- 200 units (March 31, 2023: 200 units) of 8.95% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 30, 2024	Coupon payment frequency: Monthly Principal repayment frequency: On maturity Tenure of security: 21 months Redemption date: June 30, 2024	28-Apr-24	The Debentures shall be secured by a first ranking and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	8.95%	2,000.00	2,000.00
- 17500 units (March 31, 2023: Nil units) of 9.65% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on Mar 26, 2027	Coupon payment frequency: Quarterly Principal repayment frequency: 12 equal quarterly instalments Tenure of security: 36 months Redemption date: March 26, 2027	30-Apr-24	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	9.65%	17,500.00	-

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

Particulars	Terms of Redemption	Earliest Repayment date	Security	Interest rate	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023
- 2949 units (March 31, 2023: 2949 units) of 9.966% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 18, 2025	Coupon payment frequency: Semi annually Principal repayment frequency: 7 equal half-yearly instalments Tenure of security: 60 months Redemption date: December 18, 2025	18-Jun-24	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.97%	16,851.43	25,277.14
- 5710 units (March 31, 2023: Nil units) of 8.65% Redeemable, market linked non-convertible debentures of INR 1,00,000 each, maturing on July 12, 2024	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenor: 13 months Redemption Date: July 12, 2024	12-Jul-24	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	9.60%	5,710.00	-
- 3950 units (March 31, 2023: 3950 units) of 10.07% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on September 21, 2027	Coupon payment frequency: Semi annually Principal repayment frequency: Entire principal to be repaid in 5 equal instalments at the end of 12 months, 36 Months, 42 months, 48 months and 60 months Tenure of security: 5 years Redemption date: September 21, 2027	21-Sep-24	The Debentures shall be secured by a first ranking and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances/charge/lien	Overnight MIBOR +Spread 3.51%	31,600.00	39,500.00
- 1800 units (March 31, 2023: 1800 units) of 9.85% Redeemable,market linked non-convertible debentures of INR 10,00,000 each, maturing on March 23, 2026	Coupon payment frequency: Semi annually Principal repayment frequency: On maturity Tenure of security: 60 months Redemption date: March 23, 2026	23-Sep-24	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.85%	10,800.00	14,400.00
- 891 units (March 31, 2023: 891 units) of Market Linked Redeemable non-convertible debentures of INR 1,000,000 each, maturing on January 27, 2025*	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenure of security: 30 months Redemption date: January 27, 2025	27-Jan-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	9.10%	8,910.00	8,910.00
- 2500 units (March 31, 2023: 2500 units) of Market Linked Redeemable non-convertible debentures of INR 1,000,000 each, maturing on January 27, 2025*	Coupon payment frequency: On maturity Principal repayment frequency: On maturity Tenure of security: 30 months Redemption date: January 27, 2025	27-Jan-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	9.10%	2,500.00	2,500.00
Total					**95,871.43**	**115,027.62**
Unsecured, redeemable non-convertible debentures:						
- 235140 units (March 31, 2023: 235140 units) of 11.6% Redeemable non-convertible debentures of INR 10 each, maturing on Sep 25, 2023	Coupon payment frequency: Monthly Principal repayment frequency: On maturity Tenure of security: 4 years Redemption date: September 25, 2023	25-Sep-23	NA	11.60%	-	23.51
Total					**-**	**23.51**

Particulars	Terms of Redemption	Earliest Repayment date	Security	Interest rate	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023
Unsecured, Commercial Paper:						
NIL Units (March 31, 2023 : 400 units) of 7.99%% commercial paper of INR 500,000 each, maturing on May 5, 2023	Repayments terms: Entire amount is repaid on maturity Tenor: 91 Days Maturity Date:May 05, 2023	05-May-23	NA	7.99%	-	2,000.00
NIL Units (March 31, 2023 : 300 units) of 8.10% commercial paper of INR 500,000 each, maturing on May 31, 2023	Repayments terms: Entire amount is repaid on maturity Tenor: 91 Days Maturity Date:May 31, 2023	31-May-23	NA	8.10%	-	1,500.00
NIL Units (March 31, 2023 : 200 units) of 8.20% commercial paper of INR 500,000 each, maturing on June 28, 2023	Repayments terms: Entire amount is repaid on maturity Tenor: 91 Days Maturity Date:June 28, 2023	28-Jun-23	NA	8.20%	-	1,000.00
300 Units (March 31, 2023 : NIL units) of 8.40% commercial paper of INR 500,000 each, maturing on October 9, 2023	Repayments terms: Entire amount is repaid on maturity Tenor: 101 Days Redemption date: October 09,2023	09-Oct-23	NA	8.40%	-	-
400 Units (March 31, 2023 : NIL units) of 8.25% commercial paper of INR 500,000 each, maturing on November 23, 2023	Repayments terms: Entire amount is repaid on maturity Tenor: 91 Days Redemption date: Nov 23, 2023	23-Nov-23	NA	8.25%	-	-
600 Units (March 31, 2023 : NIL units) of 8.30% commercial paper of INR 500,000 each, maturing on December 7, 2023	Repayments terms: Entire amount is repaid on maturity Tenor: 90 Days Redemption date: Dec 07, 2023	07-Dec-23	NA	8.30%	-	-
900 Units (March 31, 2023 : NIL units) of 8.85% commercial paper of INR 500,000 each, maturing on May 28, 2024	Repayments terms: Entire amount is repaid on maturity Tenor: 91 Days Redemption date: May 28, 2024	28-May-24	NA	8.85%	4,500.00	
2000 Units (March 31, 2023 : NIL units) of 9.25% commercial paper of INR 500,000 each, maturing on June 17, 2024	Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: June 17,2024	17-Jun-24	NA	9.25%	10,000.00	-
2000 Units (March 31, 2023 : NIL units) of 9.15% commercial paper of INR 500,000 each, maturing on June 25, 2024	Repayments terms: Entire amount is repaid on maturity Tenor: 364 Days Redemption date: June 25,2024	25-Jun-24	NA	9.10%	10,000.00	-
2000 Units (March 31, 2023 : NIL units) of 10.20% commercial paper of INR 500,000 each, maturing on July 26, 2024	Repayments terms: Entire amount is repaid on maturity Tenor: 122 Days Redemption date: July 26, 2024	26-Jul-24	NA	10.20%	10,000.00	
2000 Units (March 31, 2023 : NIL units) of 9.90% commercial paper of INR 500,000 each, maturing on February 28, 2025	Repayments terms: Entire amount is repaid on maturity Tenor: 365 Days Redemption date: February 28, 2025	28-Feb-25	NA	9.90%	10,000.00	
Total					**44,500.00**	**4,500.00**

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

*Coupon rate are linked to performance of specified indices including market indicators over the period of the debentures

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

15. Borrowings (other than debt securities) (Refer Note 15A)

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
Secured		
Term loans		
- from banks	551,090.58	403,533.72
- from other financial institutions	111,097.21	127,519.69
Loans repayable on demand		
- Working capital loan from banks	62,847.50	45,976.45
- Cash credit from banks	9,828.32	-
Other loans		
- Borrowings under securitisation	28,539.53	-
Total borrowings (Other than debt securities)	**763,403.14**	**577,029.86**
Borrowings in India	679,067.73	465,507.66
Borrowings outside India	84,335.41	111,522.20
Total borrowings (Other than debt securities)	**763,403.14**	**577,029.86**

Note:

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at March 31, 2024, the rate of interest across the cash credit and working capital demand loans was in the range of 6.95 % p.a to 10.15% p.a (as on March 31, 2023 - 6.25 % p.a to 10.15% p.a). The Company has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayment during the year.

The Company has used the borrowings from banks and financial institution for the specified purpose as per the agreement with the lender.

The quarterly returns/statements of current assets filed by the Company with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.

15 A: Details regarding terms of borrowings

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Secured borrowing from banks						
Term Loan - 1	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : April 05, 2023	1 Y MCLR + Spread 0.95%	05-04-2023	-	387.41	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 2	Repayments Terms : 48 monthly instalments Tenor : 48 months Redemption Date : March 31, 2024	1 Y MCLR + Spread 2.55%	30-04-2023	-	416.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 3	Repayments Terms : 48 monthly instalments Tenor : 48 months Redemption Date : March 31, 2024	1 Y MCLR + Spread 2.25%	30-04-2023	-	406.97	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 4	Repayments Terms : 8 quaterly instalments Tenor : 27 months Redemption Date : December 28 2023	3M MCLR + Spread 3.9%	30-06-2023	-	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 5	Repayment Terms : 12 monthly instalments Tenor : 12 Months Redemption Date : July 03, 2023	Repo Rate + Spread 3.4%	03-07-2023	-	2,222.22	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 7	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : July 31, 2023	External BMLR + Spread 5%	31-07-2023	-	250.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 9	Repayments Terms : 33 monthly instalments Tenor : 36 months Redemption Date : September 29, 2024	1 Y MCLR + Spread 0.15%	30-09-2023	-	5,454.55	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 10	Repayments Terms : 10 quarterly instalments Tenor : 33 months Redemption Date : October 09, 2023	1 Y MCLR + Spread 0.05%	30-09-2023	-	880.36	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 11	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : March 31, 2024	8.60%	30-09-2023	-	1,333.33	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 12	Repayments Terms : 11 quarterly instalments Tenor : 33 months Redemption Date : December 31, 2023	6M MCLR + Spread 2.25%	30-09-2023	-	5,456.00	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 13	Repayments Terms : 11 quarterly instalments Tenor : 36 months Redemption Date : March 28, 2024	1 Y MCLR + Spread 0.65%	30-09-2023	-	363.65	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 14	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : March 31, 2024	1 Y MCLR + Spread 0.8%	30-09-2023	-	10,000.00	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 15	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : December 16, 2025	1 Y MCLR + Spread 1.1%	30-09-2023	-	9,166.67	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 16	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : December 16, 2025	1 Y MCLR + Spread 1.5%	30-09-2023	-	9,166.50	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 17	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : December 16, 2025	1 Y MCLR + Spread 1.3%	30-09-2023	-	4,583.33	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 18	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : December 14, 2025	1 Y MCLR + Spread 1.5%	30-09-2023	-	4,583.00	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 20	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : December 16, 2025	1 Y MCLR + Spread 1.4%	30-09-2023	-	9,166.50	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 21	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : December 29, 2023	8.00%	01-10-2023	-	3,748.01	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 22	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : March 29, 2024	6M MCLR + Spread 0.3%	01-10-2023	-	2,500.00	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 23	Repayments Terms : 14 monthly instalments Tenor : 48 months Redemption Date : October 01, 2025	EBLR + Spread 1.26%	01-04-2024	5,000.00	7,857.14	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 24	Repayments Terms : 12 quaterly instalments Tenor : 36 months Redemption Date : March 29, 2025	Repo Rate + Spread 4.35%	01-04-2024	2,083.33	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 25	Repayments Terms : 12 quaterly instalments Tenor : 36 months Redemption Date : March 29, 2025	Repo Rate + Spread 4.35%	01-04-2024	2,812.50	4,062.50	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 26	Repayment Terms : Bullet payment Tenor : 180 Days Redemption Date : May 27, 2024	9.20% Linked to 1 M T-Bill	01-04-2024	5,000.00	5,100.67	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 27	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : September 29, 2025	Repo Rate + Spread 3.25%	01-04-2024	4,375.00	6,875.00	First and Exclusive charge on the standard receivables with a security cover of 110%.

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Notes to Standalone Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 28	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : December 29, 2025	Repo Rate + Spread 3.25%	01-04-2024	3,333.33	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 29	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : January 31, 2026	Repo Rate + Spread 3.25%	01-04-2024	1,666.67	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 30	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : March 31, 2025	3M MCLR + Spread 0%	01-04-2024	2,500.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 31	Repayment Terms : 24 monthly instalments Tenor : 24 months Redemption Date : June 04, 2025	3Month T Bill + Spread 1.28%	01-04-2024	1,562.50	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 32	Repayment Terms : Bullet payment Tenor : 30 Days Redemption Date : April 27, 2024	9.60% Linked to Repo	01-04-2024	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 33	Repayment Terms : Bullet payment Tenor : 43 Days Redemption Date : April 05, 2024	1 Year MCLR + Spread 0.00%	01-04-2024	3,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 34	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : December 18, 2025	8.10%	01-04-2024	8,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 35	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : March 07, 2026	8.25%	01-04-2024	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 36	Repayments Terms : Bullet payment Tenor : 131 Days Redemption Date : July 16, 2024	3 M MCLR	03-04-2024	1,500.00	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 37	Repayment Terms : Bullet payment Tenor : 90 Days Redemption Date : June 04, 2024	8.50% (Repo+ Spread (2.00%)	03-04-2024	900.00	2,500.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 38	Repayments Terms : 12 Monthly instalments Tenor : 12 months Redemption Date : Sep 05, 2024	Repo Rate + Spread 2.50%	05-04-2024	2,044.60	-	First ranking Exclusive and continuing charge by way of Hypothecation of identified book debts of borrower (Principal amount) to cover 110% of the outstanding facility amount.
Term Loan - 39	Repayments Terms : 16 quaterly instalments Tenor : 48 months Redemption Date : March 06, 2027	1 Y MCLR + Spread 0.75%	06-04-2024	1,875.00	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 40	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : March 07, 2026	3M T-Bill + Spread 2.32%	07-04-2024	5,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 41	Repayments Terms : Repayment on maturity Tenor : 110 Days Redemption Date : April 08,2024	9.40% Linked to 1 M MCLR + 0.15%	08-04-2024	3,000.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 42	Repayments Terms : 31 monthly instalments Tenor : 36 months Redemption Date : March 10, 2025	"INR 13,900 - Repo Rate + Spread 3.5%, INR 5,000 - Repo Rate + Spread 3.75%"	10-04-2024	7,214.05	14,594.65	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 43	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : May 10, 2025	Repo Rate + Spread 3.75%	10-04-2024	4,666.67	8,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.

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Notes to Standalone Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 44	Repayments Terms : 10 quarterly instalments Tenor : 36 months Redemption Date : Sep 29, 2026	1 Y MCLR + Spread 1.25%	10-04-2024	9,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 45	Repayments Terms : 10 quarterly instalments Tenor : 36 months Redemption Date : December 10, 2026	1 Y MCLR + Spread 1.25%	10-04-2024	17,050.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 46	Repayments Terms : 30 monthly instalments Tenor : 36 months Redemption Date : March 11, 2025	1 Y MCLR + Spread 0%	11-04-2024	3,000.00	6,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 47	Repayments Terms : Repayment on maturity Tenor : 37 Days Redemption Date : April 12,2024	8.55%	12-04-2024	5,000.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 133%.
Term Loan - 48	Repayments Terms : 30 monthly instalments Tenor : 36 months Redemption Date : August 13, 2024	1 Y MCLR + Spread 0.5%	13-04-2024	833.33	2,833.33	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 49	Repayments Terms : 31 monthly instalments Tenor : 37 months Redemption Date : March 13, 2026	9.00%	15-04-2024	3,870.97	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 50	Repayments Terms : Repayment on maturity Tenor : 86 Days Redemption Date : April 25, 2024	8.98% P.A. Linked to 1 M MIBOR	15-04-2024	2,500.00	1,100.00	First and Exclusive charge on the standard receivables with a security cover of 115%
Term Loan - 51	Repayment Terms : 37 monthly instalments Tenor : 37 months Redemption Date : March 15, 2025	Repo Rate + Spread 2.30%	15-04-2024	4,677.46	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 52	Repayments Terms : 6 quarterly instalments Tenor : 24 months Redemption Date : December 15, 2025	3M T-Bill + Spread 2.20%	15-04-2024	4,375.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 53	Repayments Terms : Bullet payment Tenor : 180 Days Redemption Date : April 24, 2024	9.20% Linked to 1 M MIBOR	19-04-2024	8,000.00	8,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 54	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : December 20, 2025	6M MCLR + Spread 0.30%	20-04-2024	8,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 55	Repayments Terms : 31 monthly instalments Tenor : 37 months Redemption Date : Oct 20, 2026	Repo Rate + Spread 2.60%	21-04-2024	12,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 56	Repayments Terms : 31 monthly instalments Tenor : 37 months Redemption Date : Oct 20, 2026	3M MCLR + Spread 0%	21-04-2024	7,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 57	Repayments Terms : 16 quaterly instalments Tenor : 48 months Redemption Date : March 21, 2028	1 Y MCLR + Spread 0.75%	21-04-2024	10,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 58	Repayments Terms : 10 quaterly instalments Tenor : 36 months Redemption Date : December 23, 2024	1 Y MCLR + Spread 0%	23-04-2024	1,050.00	2,450.00	First and Exclusive charge over the loan receivables
Term Loan - 59	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : March 24, 2025	1 Y MCLR + Spread 0.25%	24-04-2024	6,666.67	13,333.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 60	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : March 25, 2025	364 days T Bill + Spread 3.99%	25-04-2024	983.33	1,966.67	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 61	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : September 26, 2024	8.60%	26-04-2024	1,550.00	3,850.00	First and Exclusive charge on the standard receivables with a security cover of 110%.

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Notes to Standalone Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 62	Repayments Terms : 15 monthy instalments Tenor : 18 months Redemption Date : April 26, 2024	3M T Bill + Spread 2.75%	26-04-2024	333.80	4,333.40	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 63	Repayments Terms : 9 quaterly instalments Tenor : 27 months Redemption Date : January 27, 2025	3M T Bill + Spread 2.90%	27-04-2024	2,222.25	4,444.45	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 64	Repayments Terms : 16 quarterly instalments Tenor : 48 months Redemption Date : June 28, 2027	1 Year MCLR + Spread 0.75%	28-04-2024	8,125.00	-	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 65	Repayments Terms : 14 quaterly instalments Tenor : 48 months Redemption Date : July 28, 2027	3M T bill + Spread 2.57%	28-04-2024	4,667.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 66	Repayments Terms : 14 quaterly instalments Tenor : 48 months Redemption Date : July 31, 2027	3M T bill + Spread 2.57%	28-04-2024	4,667.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 67	Repayments Terms : 31 monthly instalments Tenor : 37 months Redemption Date : Oct 28, 2026	9.35%	28-04-2024	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 68	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : Sep 28, 2025	6M MCLR + Spread 0.15%	28-04-2024	3,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 69	Repayments Terms : 15 quaterly instalments Tenor : 48 months Redemption Date : November 29, 2025	1 Y MCLR + Spread 0.75%	29-04-2024	933.33	1,466.67	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 70	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : March 29, 2025	1 Y MCLR + Spread 1.55%	29-04-2024	1,500.00	3,000.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 71	Repayments Terms : 15 quaterly instalments Tenor : 48 months Redemption Date : November 29, 2025	1 Y MCLR + Spread 0.75%	29-04-2024	1,866.67	2,933.33	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 72	Repayments Terms : 11 quarterly instalments Tenor : 36 months Redemption Date : March 29, 2026	1 Y MCLR + Spread 1.00%	29-04-2024	5,454.55	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 73	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : Sep 29, 2026	1 Y MCLR +Spread 0.45%	29-04-2024	16,666.67	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 74	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : February 28, 2026	6M MCLR + Spread 0.30%	29-04-2024	3,450.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 75	Repayments Terms : 15 quaterly instalments Tenor : 48 months Redemption Date : March 31, 2026	1 Y MCLR + Spread 1.15%	30-04-2024	2,666.67	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 76	Repayments Terms : 15 quaterly instalments Tenor : 36 months Redemption Date : December 15, 2025	1 Y MCLR + Spread 1.15%	30-04-2024	2,333.33	3,666.67	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 77	Repayments Terms : 15 quaterly instalments Tenor : 36 months Redemption Date : December 15, 2025	1 Y MCLR + Spread 1.15%	30-04-2024	2,333.33	3,666.67	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 78	Repayments Terms : 15 quarterly instalments Tenor : 48 months Redemption Date : May 30, 2026	1 Y MCLR + Spread 1.15%	30-04-2024	8,000.00	12,000.00	First and Exclusive charge on the standard receivables with a security cover of 111%.

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Notes to Standalone Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 79	Repayments Terms : Repayment on maturity Tenor : 82 Days Redemption Date : May 27, 2024	8.98% P.A. Linked to 1 M MIBOR	30-04-2024	5,000.00	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 80	Repayments Terms : 45 monthly instalments Tenor : 48 months Redemption Date : March 30, 2027	1 Y MCLR + Spread 1.15%	30-04-2024	12,000.00	15,000.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 81	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : March 23, 2026	1 Y MCLR + Spread 0%	30-04-2024	8,000.00	12,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 82	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : June 30, 2025	1 Y MCLR + Spread 0.2%	30-04-2024	5,250.00	9,450.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 83	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : June 30, 2025	1 Y MCLR + Spread 0.2%	30-04-2024	2,000.00	3,600.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 84	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : November 30, 2025	1 Y MCLR +Spread 0.8%	30-04-2024	11,099.20	17,765.86	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 85	Repayment Terms : 36 monthly instalments Tenor : 36 months Redemption Date : June 28, 2026	Repo Rate + Spread 2.75%	30-04-2024	3,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 86	Repayments Terms : 36 montly instalments Tenor : 36 months Redemption Date : December 31, 2024	1 Y MCLR + Spread 0.25%	30-04-2024	2,494.98	5,828.31	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 87	Repayments Terms : 12 quarterly instalments Tenor : 39 months Redemption Date : April 30, 2024	6M MCLR + Spread 0.5%	30-04-2024	278.29	1,446.29	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 88	Repayments Terms : 33 monthly instalments Tenor : 36 months Redemption Date : November 30, 2024	8.00%	30-04-2024	1,212.12	3,030.30	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 89	Repayments Terms : 12 quaterly instalments Tenor : 36 months Redemption Date : August 31, 2024	1 Y MCLR + Spread 0.65%	30-04-2024	1,666.67	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 90	Repayments Terms : 12 quaterly instalments Tenor : 36 months Redemption Date : August 31, 2024	1 Y MCLR + Spread 0.65%	30-04-2024	833.33	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 91	Repayments Terms : 12 quaterly instalments Tenor : 36 months Redemption Date : September 28, 2024	1 Y MCLR + Spread 0.65%	30-04-2024	833.33	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 92	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : September 30, 2024	1 Y T Bill + Spread 3.34%	30-04-2024	1,166.67	3,500.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 93	Repayments Terms : 24 monthly instalments Tenor : 33 months Redemption Date : October 21, 2024	1 Y MCLR + Spread 0.6%	30-04-2024	748.94	1,748.94	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 94	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : September 30, 2024	1 Y MCLR + Spread 1%	30-04-2024	416.67	1,250.00	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 95	Repayments Terms : Bullet payment Tenor : 179 Days Redemption Date : May 27, 2024	9.45% Linked to 1 M MIBOR	30-04-2024	4,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 120%.

Notes

Notes to Standalone Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 96	Repayments Terms : Bullet payment Tenor : 177 Days Redemption Date : July 25, 2024	9.59% Linked to 1 M MIBOR	30-04-2024	4,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 97	Repayments Terms : Bullet payment Tenor : 179 Days Redemption Date : August 23, 2024	9.59% Linked to 1 M MIBOR	30-04-2024	4,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 98	Repayments Terms : 10 quaterly instalments Tenor : 33 months Redemption Date : September 30, 2024	1 Y SOFR + Spread 2%	30-04-2024	3,000.00	9,000.00	Asset cover of 1x for derivative limit
Term Loan - 99	Repayments Terms : 12 quaterly instalments Tenor : 36 months Redemption Date : December 31, 2024	1 Y MCLR + Spread 0.3%	30-04-2024	750.00	1,750.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 100	Repayments Terms : 12 quaterly instalments Tenor : 36 months Redemption Date : March 31, 2025	1 Y MCLR + Spread 0.8%	30-04-2024	1,295.53	2,647.73	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 101	Repayments Terms : 11 qauterly instalments Tenor : 36 months Redemption Date : March 28, 2025	1 Y MCLR + Spread 1%	30-04-2024	3,636.36	7,194.77	First and Exclusive charge on the standard receivables with a security cover of 118%.
Term Loan - 102	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : June 30, 2024	364 days T Bill + Spread 5.2%	30-04-2024	183.33	916.67	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 103	Repayments Terms : Repayment on maturity Tenor : 136 Days Redemption Date : May 06,2024	9.40% Linked to 1 M MCLR + 0.15%	30-04-2024	3,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 104	Repayments Terms : Repayment on maturity Tenor : 157 Days Redemption Date : July 05,2024	9.60% Linked to 1 M MCLR + 0.15%	30-04-2024	4,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 105	Repayments Terms : 42 monthly instalments Tenor : 48 months Redemption Date : March 23, 2026	1 Y MCLR + Spread 1%	30-04-2024	1,369.05	2,083.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 106	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : May 31, 2024	External BMLR + Spread 4.2%	30-04-2024	250.00	1,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 107	Repayments Terms : 60 monthy instalments Tenor : 60 months Redemption Date : January 19, 2025	1 Y MCLR + Spread 1.5%	30-04-2024	1,984.88	6,000.00	1x security cover for hedge limits
Term Loan - 108	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : September 30, 2025	Repo Rate + Spread 4.45%	30-04-2024	3,750.00	6,250.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 109	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : October 10, 2025	7.40%	30-04-2024	2,563.81	4,185.44	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 110	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : October 31, 2025	7.40%	30-04-2024	2,702.70	4,324.32	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 111	Repayments Terms : 20 quarterly instalments Tenor : 60 months Redemption Date : December 16, 2027	1 Y MCLR + Spread 0.1%	30-04-2024	3,937.50	4,387.50	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 112	Repayments Terms : 14 quarterly instalments Tenor : 48 months Redemption Date : December 28, 2026	6M MCLR + Spread 0.55%	30-04-2024	3,668.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 113	Repayments Terms : 20 quarterly instalments Tenor : 60 months Redemption Date : December 29, 2027	1 Y MCLR + Spread 0.1%	30-04-2024	8,750.00	9,750.00	First and Exclusive charge on the standard receivables with a security cover of 115%.

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 114	Repayments Terms : 24 monthly instalments Tenor : 27 months Redemption Date : March 31, 2025	1 year MCLR + Spread 0.1%	30-04-2024	2,500.00	5,000.00	1.20 times first and exclusive charge on standard receivables on outstanding level with 1.15 times receivables being PSL qualifying assets and 0.05 times receivables being non-PSL assets.
Term Loan - 115	Repayments Terms : 20 quarterly instalments Tenor : 60 months Redemption Date : December 16, 2027	1 Y MCLR + Spread 0.1%	30-04-2024	15,750.00	17,550.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 116	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : March 31, 2026	6M T bill + Spread 0%	30-04-2024	2,666.67	4,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 117	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : March 31, 2025	6M MCLR + Spread 0.6%	30-04-2024	4,500.00	9,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 118	Repayment Terms : 12 equal quaterly instalments Tenor : 36 months Redemption Date : June 21, 2026	3Month MCLR + Spread 0.3%	30-04-2024	749.50	-	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 119	Repayment Terms : 8 equal quaterly instalments starting from 3 months from the date of first disbursement Tenor : 24 months Redemption Date : June 27, 2025	9.45%	30-04-2024	6,250.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 120	Repayment Terms : 24 monthly instalments Tenor : 24 months Redemption Date : June 30, 2025	Repo Rate + Spread 0.30%	30-04-2024	2,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 121	Repayments Terms : 48 Monthly instalments Tenor : 48 months Redemption Date : July 31, 2027	3Y MCLR + Spread 0.55%	30-04-2024	2,222.22	-	Exclusive charge on the standard receivables with a security cover/ ACR of 110%.
Term Loan - 122	Repayments Terms : 45 monthly instalments Tenor : 48 months Redemption Date : Nov 02, 2027	1 Y MCLR + Spread 0.65%	30-04-2024	13,066.67	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 123	Repayments Terms : 45 monthly instalments Tenor : 48 months Redemption Date : October 30, 2027	1 Y MCLR + Spread 0.80%	30-04-2024	5,733.33	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 124	Repayments Terms : 24 monthly instalments Tenor : 36 months Redemption Date : October 31, 2025	1 Y MCLR + Spread 0.20%	30-04-2024	5,937.50	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 125	Repayments Terms : 27 monthly instalments Tenor : 27 months Redemption Date : March 31, 2026	6 M MCLR	30-04-2024	10,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 126	Repayments Terms : 11 quarterly instalments Tenor : 36 months Redemption Date : January 31, 2027	1 Y MCLR + Spread 0.75%	30-04-2024	7,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 127	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : February 27, 2027	Repo Rate + Spread 3.00%	30-04-2024	7,291.67	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 128	Repayments Terms : 6 quaterly instalments Tenor : 24 months Redemption Date : February 28, 2026	3M T bill + Spread 2.52%	30-04-2024	10,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.

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

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 129	Repayment Terms : 12 equal quaterly instalments Tenor : 36 months Redemption Date : March 07, 2027	3M T Bill + Spread 2.64%	30-04-2024	5,000.00	-	Exclusive Charge by way of Hypothecation of loan receivables of slandered assets created out of bank finance and which are not overdue as per RBI/ Regulator guideline, with as security cover of 110%
Term Loan - 130	Repayments Terms : 6 Monthly instalments Tenor : 183 Days Redemption Date : September 17, 2024	8.80%	30-04-2024	29,836.90	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 131	Repayments Terms : 6 Monthly instalments Tenor : 183 Days Redemption Date : September 17, 2024	8.80%	30-04-2024	29,951.78	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 132	Repayments Terms : 45 monthly instalments Tenor : 48 months Redemption Date : March 28, 2028	1 Y MCLR + Spread 0.80%	30-04-2024	20,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 133	Repayments Terms : 6 Monthly instalments Tenor : 183 Days Redemption Date : September 27, 2024	9.25%	30-04-2024	11,662.06	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 134	Repayments Terms : 6 Monthly instalments Tenor : 183 Days Redemption Date : September 27, 2024	9.25%	30-04-2024	11,662.06	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 135	Repayments Terms : Repayment on maturity Tenor : 180 days Redemption Date : June 15, 2024	9.25%	01-05-2024	5,000.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 136	Repayments Terms : 15 quaterly instalments Tenor : 42 months Redemption Date : June 1, 2025	1 Y MCLR + Spread 1.15%	01-05-2024	2,076.09	3,742.76	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 137	Repayments Terms : 24 monthly instalments Tenor : 24 months Redemption Date : March 31, 2024	1 Y MCLR + Spread 0.50%	01-05-2024	7,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 138	Repayments Terms : 11 quarterly instalments Tenor : 34 months Redemption Date : December 31, 2026	9.65%	01-05-2024	25,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Total				**616,007.81**	**450,438.53**	
Secured borrowing from other financial institutions						
Term Loan - 1	Repayment Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : June 01, 2023	11.40%	01-06-2023	-	166.67	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.1 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 2	Repayment Terms : 36 monthly instalments Tenor : 36 months Redemption Date : September 21, 2023	HDFC 1Y MCLR + Spread 1.95%	21-09-2023	-	666.65	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.2 times of the outstanding principal and interest at any point of time during currency of the facility.

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 3	Repayment Terms : 36 monthly instalments Tenor : 36 months Redemption Date : March 30, 2024	9.25%	28-09-2023	-	1,457.90	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 4	Repayment Terms : 24 monthly instalments Tenor : 24 months Redemption Date : October 01, 2023	8.40%	01-10-2023	-	1,500.00	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 5	Repayment Terms : 24 monthly instalments Tenor : 24 months Redemption Date : September 28, 2024	3M MCLR + Spread 0.55%	05-04-2024	2,187.50	5,937.50	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 6	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : June 27, 2026	3Month MCLR + Spread 1.15%	05-04-2024	3,888.89	-	Exclusive hypothecation charge over receivables/loan assets/ book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 7	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : July 28, 2026	SBI 3M MCLR + Spread 1.10%	05-04-2024	4,027.78	-	Exclusive first charge on the specific & identified loan receivables, present and future, of borrower by the way of hypothecated on the loan receivable with a minimum assets cover of 115% of the principal amount.
Term Loan - 8	Repayment Terms : 36 monthly instalments Tenor : 36 months Redemption Date : July 30, 2024	HDFC 1Y MCLR + Spread 1.6%	30-04-2024	555.56	2,222.22	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 9	Repayments Terms : 36 monthly instalments Tenor : 36 months Redemption Date : Sep 01, 2026	9.35%	30-04-2024	4,819.66	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 10	Repayment Terms : 12 equal quaterly instalments Tenor : 36 months Redemption Date : October 01, 2024	LTRR + Spread 9.05%	01-05-2024	333.33	1,000.00	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 11	Repayment Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : June 01, 2024	9.10%	01-05-2024	208.33	1,041.67	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility.

Notes

Notes to Standalone Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 12	Repayments Terms : 12 quarterly instalments Tenor : 36 months Redemption Date : June 01, 2025	9.15%	01-05-2024	1,250.00	2,250.00	First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 13	Repayments Terms : 12 equal quaterly instalments Tenor : 36 months Redemption Date : July 01, 2026	LTRR+-Spread 10.85%	01-05-2024	3,000.00	-	Exclusive hypothecation charge over loan receivables/loan assets/book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 14	Repayments Terms : 11 quaterly instalments Tenor : 36 months Redemption Date : Sep 01, 2026	9.35%	01-05-2024	5,454.55	-	Exclusive hypothecation charge over receivables/loan assets/book debts with a cover of 110% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 15	Repayment Terms : 6 half yearly instalments Tenor : 60 months Redemption Date : November 17, 2025	9.35%	15-05-2024	12,298.33	18,447.50	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 16	Repayment Terms : 6 half yearly instalments Tenor : 56 months Redemption Date : November 15, 2025	9.50%	15-05-2024	12,072.50	18,108.75	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 17	Repayments Terms : 6 half yearly instalments Tenor : 60 months Redemption Date : December 15, 2026	Overnight MIBOR + Spread 4.97%	15-06-2024	19,825.00	19,825.00	First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 18	Repayment Terms : 6 half yearly instalments Tenor : 60 months Redemption Date : March 04, 2026	9.78%	04-09-2024	4,868.67	7,303.00	Exclusive hypothecation charge over loan receivables/loan assets/book debts with a cover of 120% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 19	Repayment Terms : 7 half yearly instalments Tenor : 60 months Redemption Date : September 15, 2026	7.59%	15-09-2024	26,321.43	36,850.00	Exclusive hypothecation charge over loan receivables/loan assets/book debts with a cover of 125% of the outstanding principal at any point of time during currency of the facility.
Total				**101,111.52**	**116,776.86**	

Notes

Notes to Standalone Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Borrowings under securitisation						
Securitisation loan - 1	Repayments Terms : 42 monthly instalments Tenor : 42 months Redemption Date : Sep 17, 2027	10.20%	17-04-2024	10,330.09	-	NA
Securitisation loan - 2	Repayments Terms : 14 monthly instalments Tenor : 14 months Redemption Date : February 23, 2025	8.50%	23-04-2024	8,254.34	-	NA
Securitisation loan - 3	Repayments Terms : 20 monthly instalments Tenor : 20 months Redemption Date : Dec 23, 2025	8.70%	23-05-2024	9,790.36	-	NA
Total				**28,374.79**	**-**	

16. Subordinated liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
Unsecured		
Others (Refer Note 16A)		
- from banks	-	1,498.89
- from other financial institutions	-	2,496.18
Total Subordinated liabilities	**-**	**3,995.07**
Subordinated liabilities in India	-	3,995.07
Subordinated liabilities outside India	-	-
Total Subordinated liabilities	**-**	**3,995.07**

Note:

The Company has used the borrowings from banks and financial instritution for the specified purpose as per the agreement with the lender.

The quarterly returns/statements of current assets filed by the Company with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.

16 A: Details of subordinated debt

Particulars	Terms of Redemption	Interest rate	Earliest Repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Sub debt from Bank	Repayments Terms : Entire principal to be repaid on redemption date Tenor of Security : 66 Months Redemption Date : June 28,2023	10.25%	28-06-2023	-	1,498.89	NA
Sub debt from others	Repayment Terms : Entire principal to be repaid on redemption date Tenor : 66 Months Redemption Date : June 27, 2023	10.25%	27-06-2023	-	2,496.18	NA

17. Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Collateral deposits from customers*	581.85	2,356.59
Lease liabilities (Refer Note 34)	1,345.35	789.67
Employee benefits payable	4,400.40	3,080.13
Remittances payable - derecognised financial instruments**	7,598.13	3,069.21
Income received in Advance	83.74	175.49
Other liabilities#	272.08	307.19
Unclaimed dividend on non convertible preference shares	2.69	2.69
	14,284.24	**9,780.97**

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

Note:

*Represents amounts received from customers (originator partners which includes corporates such as NBFCs, HFCs, and SFBs) as cash collateral against the loans provided by the Company to them.

**Represents the amount collected from underlying customers yet to be paid to the assignee representative as at reporting date.

#Represents distribution fee payable and other provision for expenses.

18. Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits:		
Gratuity (refer note 40)	596.57	553.22
Compensated absences	505.37	360.81
Provision for others:		
Impairment loss allowance for guarantees (Refer Note 18(A))	1,573.77	1,506.77
Impairment loss allowance for loans commitments (Refer Note 18(B))	107.06	272.64
	2,782.77	**2,693.44**

18A Impairment loss allowance for guarantees

i. Credit quality of exposure

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	6,048.75	392.83	-	6,441.58	15,668.20	720.00	-	16,388.20
Individually impaired	-	-	-	-	-	-	-	-
Total	**6,048.75**	**392.83**	**-**	**6,441.58**	**15,668.20**	**720.00**	**-**	**16,388.20**

ii. An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to guarantees is, as follows:

Gross exposure reconciliation

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**15,668.21**	**720.00**	**-**	**16,388.21**	**22,613.99**	**1,131.47**	**-**	**23,745.47**
New exposures	48.49	-	-	48.49	3,937.96	-	-	3,937.96
Asset derecognised or repaid (Excluding write off)	(9,667.95)	(327.17)		(9,995.12)	(10,883.75)	(411.47)		(11,295.22)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**6,048.75**	**392.83**	**-**	**6,441.58**	**15,668.21**	**720.00**	**-**	**16,388.21**

iii. Reconciliation of ECL balance

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**358.77**	**1,148.00**	**-**	**1,506.77**	**643.72**	**58.47**	**-**	**702.19**
New exposures	8.76	-	-	8.76	74.08	-	-	74.08
Asset derecognised or repaid	(284.96)	(56.80)	-	(341.76)	(359.03)	(7.79)	-	(366.82)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	400	-	400	-	1,097.32	-	1,097.32
Transfer from stage 3	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
As at the end of the year	**82.57**	**1,491.20**	**-**	**1,573.77**	**358.77**	**1,148.00**	**-**	**1,506.77**

18B Impairment loss allowance for loan commitments

i. Credit quality of exposure

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	13,599.00	-	-	13,599.00	12,733.82	500.00	-	13,233.82
Total	**13,599.00**	**-**	**-**	**13,599.00**	**12,733.82**	**500.00**	**-**	**13,233.82**

ii. An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loan commitments is, as follows:

Gross exposure reconciliation

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**12,733.82**	**500.00**	**-**	**13,233.82**	**29,004.00**	**-**	**-**	**29,004.00**
New exposures	13,350.00	-	-	13,350.00	13,233.82	-		13,233.82
Asset derecognised or repaid (Excluding write off)	(12,484.82)	(500.00)	-	(12,984.82)	(29,004.00)	-	-	(29,004.00)
Transfer from stage 1	-	-	-	-	(500.00)	500.00	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**13,599.00**	**-**	**-**	**13,599.00**	**12,733.82**	**500.00**	**-**	**13,233.82**

iii. Reconciliation of ECL balance

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**262.42**	**10.22**	**-**	**272.64**	**427.25**	**-**	**-**	**427.25**
New exposures	99.69			99.69	251.76	-	-	251.76
Assets converted to funded exposure	(255.05)	(10.22)	-	(265.27)	(409.77)	-	-	(409.77)
Transfer from stage 1	-	-	-	-	(6.81)	10.22	-	3.41
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**107.06**	**-**	**-**	**107.06**	**262.42**	**10.22**	**-**	**272.64**

19. Other non-financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	1,191.89	958.45
	1,191.89	**958.45**

20.Share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
160,000,000 (March 31, 2023: 137,000,000) equity shares of INR 10 each	16,000.00	13,700.00
58,500,000 (March 31, 2023: 60,100,000) 0.0001% Compulsorily convertible preference shares of INR 20 each	11,700.00	12,020.00
Nil (March 31, 2023: 19,800,000) 9.85% Cumulative non convertible compulsorily redeemable preference shares of INR 10 each	-	1,980.00
	27,700.00	**27,700.00**
Issued, subscribed and paid up		
Equity shares		
89,385,420 (March 31, 2023: 89,031,293) equity shares of INR 10 each	8,938.54	8,903.13
	8,938.54	**8,903.13**
Instruments entirely equity share in nature:		
0.0001% Compulsorily convertible preference shares		
41,323,204 (March 31,2023: 41,323,204) compulsorily convertible preference shares of INR 20 each	8,264.64	8,264.64
	8,264.64	**8,264.64**

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

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	89,031,293	8,903.13	88,907,543	8,890.75
Add : Equity Shares issued during the year - ESOP	354,127	35.41	123,750	12.38
At the end of the year	**89,385,420**	**8,938.54**	**89,031,293**	**8,903.13**
0.0001% Compulsorily convertible preference shares				
At the commencement of the year	41,323,204	8,264.64	41,323,204	8,264.64
Add : Preference Shares issued during the year	-	-	-	-
At the end of the year	**41,323,204**	**8,264.64**	**41,323,204**	**8,264.64**

(b) During the year, the Company has issued 354,127 (March 31, 2023: 123,750) equity shares which were allotted to employees who exercised their options under ESOP scheme.

(c) Shares reserved for issue under option:

Information relating to Employee Stock Option Schemes including the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 41.

(d) 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.

(e) There are no bonus shares, non-cash issues in the last 5 years

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% held	No. of shares	% held
Equity shares:				
Leapfrog Financial Inclusion India (II) Limited	29,952,665	33.51%	29,952,665	33.64%
Augusta Investments Pte II Ltd	22,630,995	25.32%	22,630,995	25.42%
Dvara Trust	9,929,257	11.11%	9,929,257	11.15%
Accion Africa Asia Investment Company	7,699,529	8.61%	7,699,529	8.65%
Sumitomo Mitsui Banking Corporation	7,004,364	7.84%	7,004,364	7.87%
	77,216,810	**86.39%**	**77,216,810**	**86.73%**
0.0001% Compulsorily convertible preference shares:				
Eight Roads Investments Mauritius (II) Limited	11,630,889	28.15%	11,630,889	28.15%
360 One Special Opportunities Fund - Series 4 (formerly IIFL Special Opportunities Fund - Series 4)	6,609,362	15.99%	6,609,362	15.99%
360 One Special Opportunities Fund - Series 5 (formerly IIFL Special Opportunities Fund - Series 5)	5,423,128	13.12%	5,423,128	13.12%
360 One Special Opportunities Fund - Series 2 (formerly IIFL Special Opportunities Fund - Series 2)	4,371,781	10.58%	4,371,781	10.58%
360 One Special Opportunities Fund (formerly IIFL Special Opportunities Fund)	4,161,142	10.07%	4,161,142	10.07%
360 One Special Opportunities Fund - Series 7 (formerly IIFL Special Opportunities Fund - Series 7)	3,693,947	8.94%	3,693,947	8.94%
Augusta Investments II Pte. Ltd.	3,256,115	7.88%	3,256,115	7.88%
	39,146,364	**94.73%**	**39,146,364**	**94.73%**

(g) The company has not identified any promoters and accordingly the disclosure on shares held by promoters is not applicable.

The determination/identification of promoters for the purpose of presentation under this disclosure has been done on the basis of information available with the company which has been solely relied upon by the auditors.

21. Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Securities premium		
At the commencement of the year	85,679.03	85,510.52
Add : Premium on equity shares issued during the year upon exercise of ESOP	687.38	168.51
At the end of the year	**86,366.41**	**85,679.03**
(b) Statutory reserve		
At the commencement of the year	17,672.46	13,165.34
Add : Transfer from retained earnings	5,603.42	4,507.12
At the end of the year	**23,275.88**	**17,672.46**
(c) Shared Based Payment Reserve		
At the commencement of the year	1,700.41	2,042.97
Add : Share based payment expense during the year	1,790.19	141.60
Less : Transfer to Retained earnings	(160.10)	(434.51)
Less : Transfer to securities premium on allotment of equity shares	(225.83)	(49.65)
At the end of the year	**3,104.66**	**1,700.41**
(d) Retained earnings		
At the commencement of the year	67,717.57	49,164.53
Add : Profit for the year	28,017.11	22,535.61
Add : Other comprehensive income for the year	(6.76)	90.04
Add : Transfer from Share Based Payment reserve	160.10	434.51
Less : Transfer to statutory reserve	(5,603.42)	(4,507.12)
At the end of the year	**90,284.60**	**67,717.57**
(e) Capital reserve		
At the commencement of the year	3.57	3.57
At the end of the year	**3.57**	**3.57**
(f) Capital redemption reserve		
At the commencement of the year	2,660.00	2,660.00
At the end of the year	**2,660.00**	**2,660.00**

Particulars	As at March 31, 2024	As at March 31, 2023
(g) Other comprehensive income - Financial Instruments through OCI		
At the commencement of the year	2,818.64	3,237.07
Add: Fair valuation of financial instruments (refer note (vii) (a) below)	919.65	(418.43)
At the end of the year	**3,738.29**	**2,818.64**
(h) Other comprehensive income - Effective Portion of Cash Flow Hedge Reserve		
At the commencement of the year	(2,704.36)	(1,947.95)
Less: Cash flow hedge reserve (refer note (vii) (b) below)	1,019.33	(756.41)
At the end of the year	**(1,685.03)**	**(2,704.36)**
(i) Share application money received pending allotment		
At the commencement of the year	-	-
Share application money received during the year	83.76	-
At the end of the year	**83.76**	**-**
Total (a+b+c+d+e+f+g+h+i)	**207,832.15**	**175,547.32**

Nature and purpose of reserve

(i) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act 2013.

(ii) Shared Based Payment Reserve

The Company has established various equity settled share based payment plans for certain categories of employees of the Company. Refer Note 41 for the details about each of the schemes. The amount represents reserve created to the extent of granted options based on the employee stock option scheme. Under Ind AS 102, fair value of the options granted is to be expelled off over the life of the vesting period as employee compensation cost reflecting period of receipt of service. Refer Note 41.

(iii) Statutory reserve

Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934 pursuant to which a Non Banking Finance Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss account, before any dividend is declared. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

(iv) Retained earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

(v) Capital reserve

During the year ended March 31, 2017, the Company approved the Scheme of Arrangement (Demerger) & Amalgamation between the Company, IFMR Holdings Private Limited ('IFMR Holdings'), Dvara Investments Private Limited and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013. Pursuant to such scheme of arrangement entered in the year ended March, 31, 2017, the Company has created a capital reserve in accordance with the applicable accounting standards.

(vi) Capital redemption reserve

The capital redemption reserve was created on account of the redemption of the Cumulative non convertible compulsorily redeemable preference shares in accordance with section 69 of Companies Act, 2013.

Notes
Notes to Standalone Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

(vii) Other comprehensive income

a) The Company has elected to recognise changes in the fair value of loans and investments in other comprehensive income. These changes are accumulated within other equity - Financial Instruments through OCI. Amounts recognised as fair value is reclassified to the statement of profit and loss when the financial instrument affects profit or loss (e.g. interest receipts).

b) The Company has applied hedge accounting for designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity as cash flow hedge reserve. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss (e.g. interest payments).

(viii) Share application money received pending allotment

The company has received share application money against exercise of 74,500 shares at face value of INR 10 each at an aggregate premium of INR 76.31 lakh from employees on March 28, 2024, which has been allotted subsequently on April 02, 2024.

22. Interest income

Particulars	Year ended March 31, 2024			Year ended March 31, 2023		
	On financial assets measured at		Total	On financial assets measured at		Total
	FVOCI	Amortised cost		FVOCI	Amortised cost	
Interest on loans	46,294.34	108,135.08	154,429.42	12,512.75	83,071.75	95,584.50
Interest from investments:						
- Pass through certificates	1,165.04	-	1,165.04	1,554.95	-	1,554.95
- Commercial paper	41.87	-	41.87	-	202.35	202.35
- Non-convertible debentures	12,132.20	-	12,132.20	13,044.23	-	13,044.23
Interest income from T-bills	-	623.62	623.62	-	-	-
Interest on deposits with banks	-	1,542.10	1,542.10	-	1,869.21	1,869.21
	59,633.45	**110,300.80**	**169,934.25**	**27,111.93**	**85,143.31**	**112,255.24**

23. Fee and commission income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from contract with customers:		
Income from guarantee facility	400.53	417.20
Income from other financial services		
- Professional fee	3,843.40	5,004.71
- Arranger fee for guarantee facility	-	206.24
	4,243.93	**5,628.15**
Timing of revenue recognition:		
- That are recognised over a certain period of time	400.53	417.20
- That are recognised at a point of time	3,843.40	5,210.95
Geographical Market		
- In India	4,243.93	5,628.15
- Outside India	-	-
Contract balances		
- Trade receivables (net of ECL)	1,437.83	1,890.98

Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days. In March 2024, INR 9.98 lakh (March 2023: INR 13.44 lakh) was recognised as provision for expected credit losses on trade receivables.

24. Net gain on fair value changes

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net gain on financial instruments at fair value through profit or loss		
On alternative investment funds	1,492.91	3,109.17
On market linked debentures	942.46	(182.92)
On mutual fund investments	409.27	720.30
Profit on sale of investments	1,100.67	1,680.78
	3,945.31	**5,327.33**
Fair value changes:		
- Realised	4,068.38	6,663.30
- Unrealised	(123.07)	(1,335.97)
	3,945.31	**5,327.33**

25. Other income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Other non-operating income*	1,477.64	277.49
Recovery from bad debts written off assets	-	97.63
Profit on sale of property, plant and equipment	-	23.87
Interest income from income tax refund	88.01	143.54
	1,565.65	**542.53**

*Comprises of charges collected from the customers in the nature of penal, pre-closure charges and other charges as applicable

26. Finance costs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Finance costs on financial liabilities measured at amortised cost		
Interest on deposits	150.07	94.61
Interest on borrowings		
- Term loans from banks and others	59,577.18	42,873.46
- Cash credits and overdraft	18.26	12.21
- Securitisation	355.36	-
Interest on debt securities	10,536.26	11,580.67
Interest on lease liability	122.85	91.95
Amortisation of discount on commercial papers	1,826.37	1,037.81
	72,586.35	**55,690.71**

27. Employee benefits

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries, wages and bonus	14,710.57	9,709.76
Contribution to provident fund	706.37	473.26
Share based payment expense (refer note 41)	1,735.92	148.75
Gratuity Expenses (refer note 40)	161.35	176.44
Staff welfare expenses	646.82	449.22
	17,961.03	**10,957.43**

Notes
Notes to Standalone Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

27.1 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

28. Impairment on financial instruments

Particulars	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	Total for the year ended March 31, 2024	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	Total for the year ended March 31, 2023
Write off on financial instruments						
Loans	32,287.94	-	32,287.94	85.58	-	85.58
Investments	-	-	-	-	-	-
Less: Recovery	(22,544.38)	-	(22,544.38)	(266.70)	-	(266.70)
Impairment loss allowance on financial instruments						
Loans	1,799.01	662.92	2,461.93	3,157.43	809.46	3,966.89
Investments	(1.21)	211.29	210.08	1.21	(546.38)	(545.17)
Others	(102.05)	-	(102.05)	653.77	-	653.77
	11,439.31	**874.21**	**12,313.52**	**3,631.29**	**263.08**	**3,894.37**

29. Depreciation and amortisation

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation of property, plant and equipment (refer note 10.1)	481.93	370.22
Depreciation on right of use asset (refer note 10.5 and note 34)	496.96	253.16
Amortisation of intangible assets (refer note 10.4)	488.14	402.76
	1,467.03	**1,026.14**

30. Other expenses

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rent expenses	595.75	702.72
Rates and taxes	23.70	6.67
Travelling and conveyance	678.42	553.08
Legal and professional charges	6,027.57	4,172.22
Auditors' remuneration (refer note 30.1 below)	151.57	138.56
Directors' sitting fees (refer note 42)	91.00	50.14
Repairs and maintenance	1,183.06	881.98
Communication expenses	316.75	211.88
Printing and stationery	70.53	40.72
Subscription charges	1,150.24	252.43
Advertisement and business promotion	280.68	535.40
Corporate social responsibility expenditure (refer note 30.2 below)	406.71	282.27
Bank charges	228.79	101.60
Miscellaneous expenses	59.10	36.65
Less: Expenses recovered	(416.54)	-
	10,847.33	**7,966.32**

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

30.1 Payments to auditor (excluding goods and services tax) (Refer note below)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Statutory audit (including limited reviews) and certificates	142.00	128.00
Tax audit	2.00	1.50
Other services	-	-
Reimbursement of expenses	7.57	9.06
	151.57	**138.56**

Note:

Excludes remuneration to predecessor and current auditor for services in connection with proposed initial public offer of equity shares of the company, which is included under Other advances (Refer Note 11). These costs will also be recoverable from selling shareholders as part of agreement.

30.2 Corporate social responsibility ("CSR") expenditure

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(a) Gross amount required to be spent by the Company during the year	406.71	282.27
(b) Amount approved by the Board to be spent during the year	406.71	350.52
(c) Amount spent during the year ended:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above		
- In Cash	226.53	350.52
- Other than Cash	-	-
(d) Details related to spent/unspent obligations:		
Contribution to Public Trust	-	-
Contribution to Charitable Trust/Section 8 company	226.53	350.52
Unspent amount in relation to:		
- Ongoing project	62.00	-
- Other than ongoing project	-	-
The primary nature of expenses include commissioning of in-depth financial inclusion survey and developing a financial inclusion index/metric, enhancement of amenities to government schools and transfer of funds to the CSR arm of the Company being the Northern Arc Foundation from where the ultimate spend would be monitored.		
All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act.		
(e) In case of S. 135(5) (Other than ongoing project):		
Opening balance	121.61	53.36
Amount deposited in Specified Fund of Sch. VII within 6 months	-	-
Amount required to be spent during the year	(406.71)	(282.27)
Amount spent during the year	226.53	350.52
Closing Balance	(58.57)	121.61
Amounts transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act, pursuant to any ongoing project	62.00	-
Closing Balance after considering the above	**3.43**	**121.61**

In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

31 A. The components of income tax expense for the year ended March 31, 2024 and March 31, 2023 are:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax		
i) Current income tax charge	10,189.07	9,487.00
ii) Adjustments in respect of current income tax of previous year	-	-
Deferred tax		
Relating to origination and reversal of temporary differences	(663.95)	(1,717.67)
Income tax expense reported in the statement of profit and loss	**9,525.12**	**7,769.33**

OCI section

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Deferred tax on		
Remeasurements of the defined benefit asset/(liability)	2.28	(30.28)
Fair valuation of Financial Instruments through OCI (Net)	(309.34)	140.74
Net movement on Effective portion of Cash Flow Hedges	(342.86)	254.44
Deferred tax charged to OCI	**(649.93)**	**364.89**

B. Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2024 and March 31, 2023 is as follows:-

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before tax	37,542.23	30,304.94
Applicable tax rate	25.17%	25.17%
Computed expected tax expense	**9,449.38**	**7,627.75**
Effect of difference in tax expenditure due to		
Permanent differences		
Provision for Corporate Social Responsibility	102.37	282.27
Penalties	3.27	-
Tax expenses recognised in the statement of profit and loss (pertaining to current year)	**9,555.02**	**7,910.02**
Effective tax rate	25.45%	26.10%

Note:

The Company has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended March 31, 2024.

C. Deferred tax

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

Particulars	As at March 31, 2023	Statement of profit and loss	Other comprehensive income	As at March 31, 2024
Component of Deferred tax asset/(liability)				
Deferred tax asset/(liability) in relation to:				
Property plant and equipment	0.17	47.71	-	47.88
Impact of fair value on financial assets measured at FVTPL	(475.54)	18.75	-	(456.79)
Impact of fair value on financial assets measured at FVOCI	241.41	-	(652.21)	(410.80)
Impairment on financial assets	2,772.13	696.64	-	3,468.77
Provision for employee benefits	230.06	45.02	2.28	277.36
Unamortised component of processing fee	1,025.20	291.64	-	1,316.84
EIS Receivable	(350.54)	(435.81)	-	(786.35)
Total	**3,442.89**	**663.95**	**(649.93)**	**3,456.91**

Notes

Notes to Standalone Financial Statement for the year ended March 31, 2024

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

Particulars	As at March 31, 2022	Statement of profit and loss	Other comprehensive income	As at March 31, 2023
Component of Deferred tax asset/(liability)				
Deferred tax asset/(liability) in relation to:				
Property plant and equipment	25.63	(25.46)	-	0.17
Impact of fair value on financial assets measured at FVTPL	(774.89)	299.35	-	(475.54)
Impact of fair value on financial assets measured at FVOCI	(153.76)	-	395.17	241.41
Impairment on financial assets	1,739.40	1,032.73	-	2,772.13
Provision for employee benefits	259.36	0.98	(30.28)	230.06
Unamortised component of processing fee	264.59	760.61	-	1,025.20
Premium accrued on preference shares	-			-
EIS Receivable	-	(350.54)	-	(350.54)
Total	**1,360.33**	**1,717.67**	**364.89**	**3,442.89**

32. Earnings per share ('EPS')

	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A	**Earnings**		
	Net profit attributable to equity shareholders for calculation of basic EPS	28,017.11	22,535.61
	Net profit attributable to equity shareholders for calculation of diluted EPS	28,017.11	22,535.61
B	**Shares**		
	Equity shares at the beginning of the year	89,031,293	88,907,543
	Equity shares issued during the year	354,127	123,750
C	**Total number of equity shares outstanding at the end of the year**	**89,385,420**	**89,031,293**
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS	89,096,560	88,968,868
	Options granted	1,339,429	2,058,026
	Compulsory convertible preference shares	41,323,204	41,323,204
D	**Weighted average number of equity shares outstanding during the year for calculation of diluted EPS**	**131,759,193**	**1,320,350,098**
	Face value per share	10.00	10.00
E	**Earning per share**		
	E1 Basic (E1 = A/C)	31.45	25.34
	E2 Diluted (E2 = A/D)	21.26	17.03

33. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	16,123.83	-	16,123.83	20,401.99	-	20,401.99
Bank balances other than cash and cash equivalents	18,255.42	3,957.61	22,213.03	7,476.40	10,837.80	18,314.20
Derivative financial instruments	54.12	5,427.82	5,481.94	-	6,104.84	6,104.84
Trade receivables	1,437.83	-	1,437.83	1,890.98	-	1,890.98
Loans	621,652.06	309,335.45	930,987.51	501,115.80	187,914.20	689,030.00
Investments	91,439.33	73,829.28	165,268.61	57,912.41	111,752.88	169,665.29
Other financial assets	8,657.83	465.64	9,123.47	3,895.85	606.13	4,501.98
Current tax assets (net)	-	1,206.41	1,206.41	-	2,127.90	2,127.90
Deferred tax assets (net)	-	3,456.92	3,456.92	-	3,442.89	3,442.89
Property, plant and equipment	-	324.97	324.97	-	219.85	219.85
Intangible assets under development	-	231.13	231.13	-	98.87	98.87
Goodwill		2,085.13	2,085.13	-	2,085.13	2,085.13
Intangible assets	-	1,178.89	1,178.89	-	1,336.01	1,336.01
Right of use asset	-	1,205.55	1,205.55		652.85	652.85
Other non- financial assets	1,608.62	22.80	1,631.42	601.63	0.00	601.63
Total Assets	**759,229.04**	**402,727.60**	**1,161,956.64**	**593,295.06**	**327,179.35**	**920,474.41**
Liabilities						
Derivative financial instruments	-	298.52	298.65	-	227.59	227.59
Trade payables			-			-
- total outstanding dues of micro and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	13,588.16	-	13,588.16	10,642.39	-	10,642.39
Debt securities	88,075.11	53,297.35	141,372.46	50,498.48	71,933.07	122,431.55
Borrowings (Other than debt securities)	458,113.61	305,289.53	763,403.14	261,728.02	315,301.84	577,029.86
Subordinated debt	-	-	-	3,995.07	-	3,995.07
Other financial liabilities	12,537.57	1,746.67	14,284.24	8,313.48	1,467.49	9,780.97
Provisions	2,031.44	751.33	2,782.77	1,998.68	694.76	2,693.44
Other non-financial liabilities	1,191.89	-	1,191.89	958.45	-	958.45
Total Liabilities	**575,537.78**	**361,383.40**	**936,921.31**	**338,134.57**	**389,624.75**	**727,759.32**
Total equity			**225,035.33**			**192,715.09**

33A Change in Liabilities arising from financing activities

Particulars	As at April 1, 2023	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2024
Debt Securities	122,431.55	20,836.30	-	(1,895.39)	-	141,372.46
Borrowings (other than debt securities)	577,029.86	187,985.68	8,614.82	(10,227.22)	-	763,403.14
Sub-ordinated Liabilities	3,995.07	(3,995.07)	-	-	-	-
Lease Liabilities	789.67	(492.22)	-	(16.20)	1,064.10	1,345.35

Particulars	As at April 1, 2022	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2023
Debt Securities	134,359.68	(12,180.78)	-	252.65	-	122,431.55
Borrowings (other than debt securities)	459,942.62	108,982.60	7,415.38	689.26	-	577,029.86
Sub-ordinated Liabilities	3,993.47	-	-	1.60	-	3,995.07
Lease Liabilities	1,051.52	(353.80)	-	(33.15)	125.10	789.67

*Others includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees, decrease in lease liability on account of termination.

33B Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31, 2024 and March 31, 2023. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

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

Particulars	As at March 31, 2024					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Financial Assets						
Cash and cash equivalents	14,947.60	1,176.23	-	-	-	16,123.83
Bank balances other than cash and cash equivalents	0.22	4,045.02	15,242.81	4,621.32	-	23,909.37
Derivative financial instruments	-	-	54.12	5,427.82	-	5,481.94
Trade receivables	-	1,437.83	-	-	-	1,437.83
Loans	-	275,292.77	403,480.05	402,159.24	70,951.95	1,151,884.01
Investments	-	17,275.81	89,202.19	77,513.22	3,737.68	187,728.91
Other financial assets	-	5,903.63	-	181.83	-	6,085.46
Total financial assets (undiscounted)*	**14,947.82**	**305,131.28**	**507,979.17**	**489,903.44**	**74,689.63**	**1,392,651.34**
Financial Liabilities						
Derivative financial instruments	-	-	-	298.52	-	298.52
Trade payables	-	-	-	-	-	-
- total outstanding dues of micro and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	-	13,588.16	-	-	-	13,588.16
Debt securities	-	33,494.61	61,823.82	61,929.39	-	157,247.82
Borrowings (Other than debt securities)	-	152,939.94	341,873.34	324,666.06	-	819,479.34
Subordinated Debt	-	-	-	-	-	-
Other financial liabilities	17.30	10,659.46	1,957.15	1,902.43	40.87	14,577.21
Total financial liabilities (undiscounted)*	**17.30**	**210,682.17**	**405,654.31**	**388,796.40**	**40.87**	**1,005,191.04**
Net financial assets/(liabilities) (undiscounted)*	**14,930.52**	**94,449.12**	**102,324.86**	**101,107.03**	**74,648.76**	**387,460.30**

*Excludes gross settled derivatives not held for trading

Particulars	As at March 31, 2023					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Financial Assets						
Cash and cash equivalents	18,398.28	2,003.71	-	-	-	20,401.99
Bank balances other than cash and cash equivalents	2.69	545.64	6,867.39	10,898.48	-	18,314.20
Derivative financial instruments	-	-	-	6,104.84	-	6,104.84
Trade receivables	-	1,890.98	-	-	-	1,890.98
Loans	-	214,777.58	356,780.10	225,343.04	14,097.81	810,998.53
Investments	-	15,585.72	51,076.29	115,096.98	5,890.80	187,649.79
Other financial assets	-	2,762.78	14.77	252.58	105.51	3,135.64
Total financial assets (undiscounted)*	**18,400.97**	**237,566.41**	**414,738.55**	**357,695.92**	**20,094.12**	**1,048,495.97**
Financial Liabilities						
Derivative financial instruments	-	-	-	227.59	-	227.59
Trade payables	-	-	-	-	-	
- total outstanding dues of micro and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	-	10,642.39	-	-	-	10,642.39
Debt securities	-	17,582.58	39,828.75	85,668.28	-	143,079.61
Borrowings (Other than debt securities)	-	102,358.43	193,251.19	338,957.70	-	634,567.32
Subordinated Debt	-	4,000.00	-	-	-	4,000.00
Other financial liabilities	507.88	7,253.76	1,395.14	493.38	35.01	9,685.17
Total financial liabilities (undiscounted)*	**507.88**	**141,837.16**	**234,475.08**	**425,346.95**	**35.01**	**802,202.08**
Net financial assets/(liabilities) (undiscounted)*	**17,893.09**	**95,729.25**	**180,263.47**	**(67,651.03)**	**20,059.11**	**246,293.89**

*Excludes gross settled derivatives not held for trading

34. Leases

The Company has operating lease agreement for office premises. The leases typically run for a period of 1.5 to 10 years, with an option to extend the lease or terminate, either at the option of lessee or lessor or on mutual agreement. The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

(i) Movement in carrying value of right of use assets

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening Balance	**652.85**	**780.91**
Add:		
Additions during the year	1,064.10	116.73
Acquisition of specified assets and liabilities	-	8.37
Less:		
Depreciation	496.96	253.16
Derecognition on termination of lease	14.44	-
Closing balance	**1,205.55**	**652.85**

(ii) Movement in lease liabilities

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening Balance	**789.67**	**1,051.52**
Additions during the year	1,064.10	125.10
Interest on lease liabilities	122.85	91.95
Rent payment	(615.70)	(478.90)
Derecognition on termination of lease	(15.57)	-
Closing balance	**1,345.35**	**789.67**

(iii) Amounts recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
a) Depreciation charge for right-of-use assets	496.96	253.16
b) Interest expense (included in finance cost)	122.85	91.95
c) Expense relating to short-term leases (included under other expenses)	595.75	702.72
d) Gain recognised on derecognition of leases	1.13	-

(iv) Cash Flows

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
The total cash outflow of leases	**615.70**	**353.80**

(v) Maturity analysis of undiscounted lease liabilities

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Not later than one year	426.60	420.81
Later than one year and not later than five years	1,168.05	333.38
Later than five years	40.87	35.01

Lease liabilities are recognised at weighted average incremental borrowing rate of 9.70%.

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

35. Financial instrument

A. Fair value measurement

Valuation principles

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

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosures are provided in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

The Following methodologies and assumptions were used to estimate the fair values of the financial assets or liabilities.

i) For all assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amount approximates fair value except as in (a) stated below. a) The fair value of loans other than fixed rate instruments are estimated by discounted cash flow models considering all significant characteristics of the loans. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs (discount rate). For fixed rate instruments not carried at fair value, carrying amount approximates fair value. b) The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.

ii) There has been no transfer in between level I, level II and level III.

iii) The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.

Financial instruments by category

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2024 were as follows:

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	261,483.91	-	-	261,483.91	261,483.91
Investments						
- Pass-through certificates	-	5,772.43	-	-	5,772.43	5,772.43
- Non convertible debentures	-	124,644.80	-	-	124,644.80	124,644.80
- Market Linked Debentures	18,992.53	-	-	-	18,992.53	18,992.53
- Alternative Investment Funds	-	-	-	-	-	-
- Share warrants	0.96	-			0.96	0.96
Derivative financial instruments	81.65	5,400.29	-	-	5,481.94	5,481.94
Financial liabilities:						
Derivative financial instruments	110.12	188.53	-	-	298.65	298.65

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2023 were as follows

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	182,829.41	-	-	182,829.41	182,829.41
Investments						
- Pass-through certificates	-	13,120.35	-	-	13,120.35	13,120.35
- Non convertible debentures	-	95,195.92	-	-	95,195.92	95,195.92
- Market Linked Debentures	26,481.09	-	-	-	26,481.09	26,481.09
- Commercial paper		1,958.13	-	-	1,958.13	1,958.13
- Alternative Investment Funds	22,413.20	-	-	-	22,413.20	22,413.20
- Share warrants	1.62	-	-	-	1.62	1.62
Derivative financial instruments	225.57	5,879.27	-	-	6,104.84	6,104.84
Financial liabilities:						
Derivative financial instruments	78.28	149.31	-	-	227.59	227.59

Reconciliation of level 3 fair value measurement is as follows

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Financial assets measured at FVOCI		
Balance at the beginning of the year	2,818.64	3,237.07
Total gains measured through OCI for additions made during the year	919.65	(418.43)
Balance at the end of the year	**3,738.29**	**2,818.64**
Financial assets measured at FVTPL		
Balance at the beginning of the year	22,414.82	33,985.59
Total gains measured through PL for additions made during the year	(3,421.33)	(11,570.77)
Balance at the end of the year	**18,993.49**	**22,414.82**

Sensitivity analysis - Increase/decrease of 100 basis points of discount rate

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Financial assets:				
Loans	(1,916.46)	1,916.46	1,828.29	(1,828.29)
Investments				
- Pass through securities	(52.99)	52.99	131.20	(131.20)
- Non-convertible debentures	(1,332.47)	1,332.47	951.96	(951.96)
- Market Linked debentures	(85.29)	85.29	264.81	(264.81)
- Alternative Investment Funds	-	-	224.13	(224.13)
- Share warrants	(0.01)	0.01	0.02	(0.02)
Derivative financial instruments	54.82	54.82	61.05	(61.05)
Financial liabilities:				
Derivative financial instruments	(2.99)	2.99	(2.28)	2.28

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

The carrying value and fair value of other financial instruments by categories as of March 31, 2024 were as follows:

Particulars	Carrying Value	Fair Value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	16,123.83	-	-	16,123.83	16,123.83
Bank balances other than cash and cash equivalents	22,213.03	-	-	22,213.03	22,213.03
Trade receivables	1,437.83	-	-	1,437.83	1,437.83
Loans	680,147.43	-	-	683,438.68	683,438.68
Investments	12,121.16	-	-	12,121.16	12,121.16
Other financial assets	9,123.47	-	-	9,123.47	9,123.47
Financial liabilities not measured at fair value:					
Trade payables					
- total outstanding dues of micro and small enterprises	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	13,588.16	-	-	13,588.16	13,588.16
Debt securities	141,372.46	-	-	141,372.46	141,372.46
Borrowings (Other than debt securities)	763,403.14	-	-	763,403.14	763,403.14
Subordinated debt	-	-	-	-	-
Other financial liabilities	14,284.24	-	-	14,284.24	14,284.24

The carrying value and fair value of financial instruments by categories as of March 31, 2023 were as follows:

Particulars	Carrying Value	Fair Value			
	Fair Value	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	20,401.99	-	-	20,401.99	20,401.99
Bank balances other than cash and cash equivalents	18,314.20	-	-	18,314.20	18,314.20
Trade receivables	1,890.98	-	-	1,890.98	1,890.98
Loans	515,102.75	-	-	515,211.25	515,211.25
Investments	10,496.19	-	-	10,496.19	10,496.19
Other financial assets	4,501.98	-	-	4,501.98	4,501.98
Financial liabilities not measured at fair value:					
Trade payables					
- total outstanding dues of micro and small enterprises	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	10,642.39	-	-	10,642.39	10,642.39
Debt securities	122,431.55	-	-	122,431.55	122,431.55
Borrowings (Other than debt securities)	577,029.86	-	-	577,029.86	577,029.86
Subordinated debt	3,995.07	-	-	3,995.07	3,995.07
Other financial liabilities	9,780.97	-	-	9,780.97	9,780.97

Transfer of financial assets

The following table provides the summary of financial assets that have been transferred in such a way that the part or all of the transferred financial assets does not qualify for derecognition, together with associated liabilities. The Company has securitised certain loans, however the Company has not transferrred substantially the risks and rewards, hence these assets have not been derecognised in its entirety.

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying amout of assets	29,834.84	-
Carrying amount of associated liabilities	28,539.53	-
Fair value of assets	30,170.57	-
Fair value of associated liabilities	28,539.53	-

B. Capital management

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

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

The Company's gearing ratio is as follows:

	Particulars	As at March 31, 2024	As at March 31, 2023
i	Debt securities	141,372.46	122,431.55
ii	Borrowings (other than debt securities)	763,403.14	577,029.86
iii	Subordinated liabilities	-	3,995.07
iv	Less: cash and cash equivalents	(16,123.83)	(20,401.99)
v	**Adjusted net debt (v = i + ii + iii - iv)**	**888,651.77**	**683,054.49**
vi	Total equity	225,035.33	192,715.09
vii	**Gearing ratio (vii = v/vi)**	**3.95**	**3.54**

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital, Compulsorily convertible preference share capital and other equity are considered for the purpose of Company's capital management. Also refer note 47. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2024 and March 31, 2023.

36. Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings from banks, issue of debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans and advances, investments and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk, market risk, foreign currency risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee and Asset Liability Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Risk management framework

The Company's board of directors and risk management committee has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors and risk management committee along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

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

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

A. Loans

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

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

Particulars	Carrying Amount	
	As at March 31, 2024	As at March 31, 2023
Gross Term loans and structured cash credit	941,631.34	697,932.16
Less: Impairment loss allowance	(10,643.83)	(8,902.16)
	930,987.51	**689,030.00**

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

Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3. In line with the requirements of Ind-AS 109 read with circular on implementation of Indian Accounting Standards dated March 13, 2020 issued by the Reserve Bank of India, the Company is guided by the definition of default/ credit impaired used for regulatory purposes for the purpose of accounting.

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

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

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

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

Also refer note 80

Grouping

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

- Loans
- Guarantees to pooled issuances
- Other guarantees
- Undrawn exposure
- Second loss credit enhancement
- Investments in pass through securities
- Investments in non convertible debentures

36. Financial Risk Management objectives and policies (contd.)

i. Credit Risk (contd.)

Expected credit loss ("ECL"):

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

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

Marginal probability of default:

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

For computation of PD, Pluto Tash Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last four years historical data.

Marginal probability:

The PDs derived from the Autoregressive integrated moving average (ARIMA) model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

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

The probability of default was calculated for 3 scenarios: upside, downside and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. Considering the low expertise in default and recovery, the Company has considered an LGD of 65% as recommended by the Foundation Internal Ratings Based (FIRB) approach under Basel II guidelines issued by RBI.

EAD:

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

The Company has considered expected cash flows, undrawn exposures and second loss credit enhancement (SLCE) for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

Discounting:

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

ECL computation:

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

Conditional ECL for year (yt) = EAD (yt)* conditional PD (yt)* LGD (yt)* discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

Particulars	Provisions	As at March 31, 2024	As at March 31, 2023
Stage 1	12 month provision	5,365.90	5,176.46
Stage 2	Life time provision	1,141.93	519.40
Stage 3	Life time provision	4,136.00	3,206.30
Amount of expected credit loss provided		**10,643.83**	**8,902.16**

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

Particulars	As at March 31, 2024	As at March 31, 2023
ECL allowance - opening balance	8,902.16	5,771.71
Addition during the year	40,675.52	3,071.85
Reversal during the year	(6,645.91)	144.18
Write offs during the year	(32,287.94)	(85.58)
Closing provision of ECL	**10,643.83**	**8,902.16**

Analysis of credit quality of exposure, changes in the gross carrying amount of loans and the corresponding ECL allowance in relation to Loans:

Changes in gross carrying amount

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - loans								
As at the beginning of the year	**685,957.59**	**5,272.09**	**6,702.48**	**697,932.16**	**516,600.02**	**8,184.54**	**3,252.56**	**528,037.12**
New assets originated*	798,244.38	9,624.37	18,924.21	826,792.96	520,824.38	3,698.15	2,588.00	527,110.53
Asset derecognised or repaid	(336,693.86)	(4,941.76)	(3,844.25)	(345,479.87)	(341,635.62)	(6,378.03)	(552.10)	(348,565.75)
Transfer from stage 1	(211,922.59)	5,460.06	1,457.86	(205,004.67)	(11,251.26)	1,295.39	2,610.73	(7,345.14)
Transfer from stage 2	376.49	(2,205.72)	1,771.49	(57.74)	1,417.49	(1,529.43)	390.51	278.57
Transfer from stage 3	143.84	55.55	(462.95)	(263.56)	2.58	1.47	(1,501.64)	(1,497.59)
Write offs	(11,677.38)	(1,065.02)	(19,545.54)	(32,287.94)	-	-	(85.58)	(85.58)
As at the end of the year	**924,428.47**	**12,199.57**	**5,003.30**	**941,631.34**	**685,957.59**	**5,272.09**	**6,702.48**	**697,932.16**

*New assets originated are those assets which have originated during the year.

Reconciliation of ECL Balance

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**5,176.46**	**519.40**	**3,206.30**	**8,902.16**	**3,323.31**	**441.23**	**2,007.17**	**5,771.71**
New assets originated	17,549.38	1,547.40	21,239.33	40,336.11	3,550.34	249.77	108.33	3,908.44
Asset derecognised or repaid	(2,813.83)	(321.45)	(1,450.77)	(4,586.05)	(608.49)	(104.06)	20.14	(692.41)
Transfer from stage 1	(2,969.29)	552.49	368.73	(2,048.07)	(1,113.23)	27.81	1,085.42	-
Transfer from stage 2	47.49	(110.93)	51.66	(11.78)	24.53	(95.35)	70.82	-
Transfer from stage 3	53.07	20.04	266.29	339.40	-	-	-	-
Write offs	(11,677.38)	(1,065.02)	(19,545.54)	(32,287.94)	-	-	(85.58)	(85.58)
As at the end of the year	**5,365.90**	**1,141.93**	**4,136.00**	**10,643.83**	**5,176.46**	**519.40**	**3,206.30**	**8,902.16**

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, vehicles, loan portfolios and mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.

B. Investments

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The exposure to credit risk for investments is to other non-banking finance companies and financial institutions.

The risk committee has established a credit policy under which each new investee pool is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc. For investments the collateral is the underlying loan pool purchased from the financial institutions.

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

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

Analysis of credit quality of exposure and changes in the gross carrying amount of Investments

Credit quality of exposure

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	165,268.61	-	-	165,268.61	169,666.50	-	-	169,666.50
Sub-standard	-	-	-	-	-	-	-	-
Total	**165,268.61**	**-**	**-**	**165,268.61**	**169,666.50**	**-**	**-**	**169,666.50**

Changes in gross carrying amount

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**169,666.50**	**-**	**-**	**169,666.50**	**163,203.35**	**481.66**	**249.07**	**163,934.08**
New assets originated *	109,678.03	-	-	109,678.03	122,121.12	-	-	122,121.12
Asset derecognised or repaid	114,075.92	-	-	114,075.92	(115,657.97)	(481.66)	(249.07)	(116,388.70)
Transfer from stage 1	-	-	-	-	-	-	-	-
Transfer from stage 2	-	-	-	-	-	-	-	-
Transfer from stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**165,268.61**	**-**	**-**	**165,268.61**	**169,666.50**	**-**	**-**	**169,666.50**

*New assets originated are those assets which have originated during the year.

C. Cash and cash equivalent and Bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term deposits with banks

(ii) Liquidity risk

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

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

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

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

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
As at March 31, 2024								
Borrowings	56,963.84	39,182.93	51,896.09	166,930.82	143,139.93	279,222.75	26,066.78	-
Debt securities	2,996.06	4,500.00	27,671.19	20,768.33	32,139.52	47,392.38	5,904.97	-
Subordinated liabilities	-	-	-	-	-	-	-	-
As at March 31, 2023								
Borrowings	32,959.78	32,452.44	30,542.09	64,735.17	101,038.61	271,947.52	43,354.25	-
Debt securities	4,079.48	3,465.69	11,621.70	18,340.18	12,991.43	56,861.43	15,071.64	-
Subordinated liabilities	-	-	3,995.07	-		-	-	-

Note:

- The balances are gross of accrued interest and unamortised borrowing costs.
- Estimated expected cashflows considering the moratorium availed from lenders.

Also refer note 33B for detailed disclosure on Analysis of financial assets and liabilities by remaining contractual maturities

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed rate instruments		
Financial assets	684,001.17	292,583.52
Financial liabilities	372,622.57	221,838.48
	1,056,623.74	**514,422.00**
Variable rate instruments		
Financial assets	412,912.31	416,761.70
Financial liabilities	532,153.03	481,618.00
	945,065.34	**898,379.70**

Sensitivity analysis of interest rate - Increase/decrease of 100 basis points

The Company's profit before tax is affected through the impact on floating rate instruments, as follows:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Loans	3,411.54	(3,411.54)	3,964.46	(3,964.46)
Borrowings	(5,321.53)	5,321.53	(4,816.18)	4,816.18

(iv) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering into cross currency interest rate swaps. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till payment.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilites in active markets or inputs that are directly or indirectly observable in market place. Also refer note 44.

(v) Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

a. For corporate and small business lending, charges over trade receivables and

b. For retail lending, collateral in the form of first loss guarantee is obtained from the servicing entity or over identified fixed asset of the borrower

Management monitors the market value of collateral and will request for additional collateral in accordance with the underlying agreement. In its normal course of business, the Company does not physically repossess assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

(vi) Technology risk

Technology risk Technology risk may arise from potential impact to IT systems and data because of hardware or software failure, human errors, as well as engineered cyber-attacks. In an era where technology is an imperative to drive efficiency, effectiveness and innovation, it becomes essential for the NBFC to have well-defined policies and procedures, necessary infrastructure and controls, and periodic audits to guard itself against any looming threats. The Company has implemented the Master Directions on Technology notified by the Reserve Bank of India and has put in place the necessary policies, procedures, controls and governance mechanisms to mitigate this risk. In addition, the Company also undergoes an IT audit by an independent firm on a yearly basis, has periodic vulnerability and penetration tests conducted by a third-party agency to identify and plug any loopholes in its technology infrastructure, process controls and remediation preparedness. The IT Strategy Committee of the Company looks into all these aspects to protect the Company's technology and data assets, and ensure adequate preparedness to manage these risks.

37. Commitments

Particulars	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	800.00	28,300.00
Undrawn committed sanctions to borrowers	13,599.00	13,733.83

38. Contingent liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Claims against the Company not acknowledged as debt		
- Income tax related matters	428.53	428.53
Guarantees outstanding	6,441.59	16,388.20

i. Matters wherein management has concluded the Company's liability to be probable have accordingly been provided for in the books. Also refer note 18A.

ii. Matters wherein management has concluded the Company's liability to be possible have accordingly been disclosed in above note.

Matters wherein management is confident of suceeding in these litigations and have concluded the Company's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims in different stages of process.

39. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under Micro, Small and Medium Enterprise Development Act, 2006 ('MSMED') which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. Based on the information and records available with management and to the extent of confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year is furnished as under. The disclosure provided below are based on the information and records maintained by the management and have been relied upon by the auditor.

Notes
Notes to Standalone Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

	Particulars	As at March 31, 2024	As at March 31, 2023
a.	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
	Principal	-	-
	Interest	-	-
b.	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d.	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

40. Retirement Benefit Plan

Defined contribution plans

The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised 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 period aggregated to INR 706.37 lakh (March 31, 2023: INR 473.26 lakh).

Defined benefit plans

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

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

A. Change in present value of obligations

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligations at the beginning of the year	553.22	697.64
Current service cost	125.63	128.60
Interest cost	34.96	38.46
Past service cost	0.75	-
Benefits settled	(127.03)	(154.65)
Actuarial (gain)/loss recognised in the other comprehensive income		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	(50.45)	(98.72)
- Experience adjustment	59.49	(58.11)
Present value of obligations at the end of the year	**596.57**	**553.22**

B. Change in plan assets

Particulars	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains/(loss)	-	-
Employer contributions	127.03	154.65
Benefits paid	(127.03)	(154.65)
Fair value of plan assets at the end of the year	**-**	**-**

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

C. Reconciliation of present value of the obligation and the fair value of the plan assets

Particulars	As at March 31, 2024	As at March 31, 2023
Change in projected benefit obligation		
Present value of obligations at the end of the year	596.57	553.22
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**596.57**	**553.22**
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	170.08	122.83
Non-current	426.49	430.39
	596.57	**553.22**

D. Expense recognised in statement of profit and loss

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost	125.63	128.60
Interest on obligation	34.96	38.46
Transfer of employee cost to subsidiary (on account of transfer of employee)	-	9.38
Past service cost	0.75	-
Total included in statement of profit and loss	**161.34**	**176.44**

E. Remeasurements recognised in other comprehensive income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Actuarial (gain) loss on defined benefit obligation	9.04	(156.83)
Transfer of employee cost to subsidiary (on account of transfer of employee)	-	36.51
Total included in other comprehensive income	**9.04**	**(120.32)**

F. Assumptions at balance sheet date

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	6.95%	7.14%
Salary escalation	8.00%	8.00%
Attrition rate	32.00%	23.00%

Note:

(a) The estimates in future salary increases, considered in actuarial valuation, takes account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employee market.

(b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated term of the obligation.

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	579.60	614.61	532.78	575.29
Future salary growth (1% movement)	617.02	576.99	577.40	530.41
Attrition rate (1% movement)	591.33	601.98	549.48	557.07

Additional disclosures required under Ind AS 19

Particulars	As at March 31, 2024	As at March 31, 2023
Average duration of defined benefit obligation (in years)	3.62	4.60
Projected undiscounted expected benefit outgo (mid year cash flows)		
Year 1	152.33	107.46
Year 2	126.51	103.46
Year 3	100.35	81.70
Year 4	91.79	81.32
Year 5	81.32	80.32
Next 5 years	161.42	201.82
Exected benefit payments for the next annual reporting year	152.33	107.46

41. Share Based Payaments

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

41.1 Northern Arc Capital Employee Stock Option Scheme 2016 – "Scheme 1"

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued on March 1, 2017, and will be exercised at INR 10. The options are vested over a period of 4 years in 40:20:20:20 proportion.

Northern Arc Capital Employee Stock Option Scheme 2016 – "Scheme II"

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued in seventeen tranches. The exercise price ranging between INR 110 to INR 275. The options are vested equally over a period of 5 years.

Northern Arc Employee Stock Option Scheme 2023 – "Scheme- II B"

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued on 9th September 2021. The exercise price is INR 275. The options are vested equally over a period of 5 years.

Northern Arc Capital Employee Stock Option Scheme 2018 – "Scheme III"

The Northern Arc Capital Employee Stock Option Scheme 2016 is applicable to all employees including employees of subsidiaries. The options were issued in five tranches. The exercise price ranging between INR 10 to INR 275. The options are vested over a period of 3 years in 30:30:40 proportion.

Northern Arc Capital Employee Stock Option Scheme 2022 – "Scheme- IV"

The Northern Arc Capital Employee Stock Option Scheme 2022 is applicable to all employees including employees of subsidiaries. The options under this scheme were issued on 21st July, 2021. The exercise price is INR 324 price per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

Northern Arc Capital Employee Stock Option Scheme 2023 – "Scheme- IVB"

The Northern Arc Capital Employee Stock Option Scheme 2023 is applicable to all employees including employees of subsidiaries. The options under this scheme were issued on five tranches. The exercise price is 275 per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

41.2 Options outstanding under Scheme I, Scheme II, Scheme IIB, Scheme III, Scheme IV and Scheme IVB

Particulars	As at March 31, 2024					As at March 31, 2023		
Plan	Scheme II	Scheme IIB	Scheme III	Scheme IV	Scheme IV B	Scheme I	Scheme II	Scheme III
Grant date	Various	13-Sep-23	Various	13-Sep-23	Various	Various	Various	Various
Number of options	1,503,000	279,500	832,254	150,000	2,160,000	8,000	2,378,000	899,984
Exercise price in INR	110 to 275	275	10 to 275	324	275	10	110 to 210	181 to 275
Vesting period	1 to 5 years	1 to 5 years	1 to 3 years	1 to 4 years	1 to 4 years	1 to 4 years	1 to 5 years	1 to 3 years
Option Price	31.85 to 121.09	160.14	65.57 to 298.36	56.14	128.88 to 146.45	113.65	31.85 to 121.09	65.57 to 92.33
Weighted average exercise price in INR	147.01	275.00	172.71	324.00	275.00	10.00	163.21	203.79
Weighted average remaining contractual life (in years)	0.22	5	0.20	0.40	1.49	-	0.74	0.27
Weighted average remaining contractual life including exercise period(in years)	2.58	7.46	3.85	5.31	6.90	1.92	3.92	4.30
Vesting condition	Time based vesting							

41.3 Reconciliation of outstanding options

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

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	173.95	3,285,984	173.08	4,469,313
Add : Granted during the year	263.89	2,440,000	-	-
Less : Forfeited during the year	196.01	372,603	176.13	1,047,179
Less : Exercised during the year and allotted	140.34	354,127	112.20	123,750
Less : Exercised during the year but not allotted	112.43	74,500	181.13	12,400
Outstanding as at end of year	**216.84**	**4,924,754**	**173.95**	**3,285,984**
Vested and exercisable as at end of year	**175.64**	**2,176,354**	**158.67**	**3,026,466**
Amount expensed of in Statement of Profit and Loss (in INR lakh)		1,735.92		148.75

41.4 Fair value methodology

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Dividend yield	0.00%	NA
Historical Volatility Estimate	34.41% - 45.13%	NA
Risk free interest rate	6.96% - 7.11%	NA
Expected life of the option (in years)	1.07 - 3	NA

42. Related party disclosures

Related party relationships and transactions:

Nature of Relationship	Name of Related Party
(i) Subsidiaries	Northern Arc Investment Adviser Services Private Limited
	Northern Arc Investment Managers Private Limited
	Northern Arc Foundation
	IFMR Fimpact Long term credit fund (upto November 21, 2023)
	Pragathi Finserv Private Limited
	Northern Arc Capital Employee Welfare Trust
	Northern Arc Securities Private Limited (incorporated w.e.f February 23, 2023)
(ii) Associate	Finreach Solutions Private Limited (w.e.f 30th April, 2022)
	IFMR Fimpact Long term credit fund (w.e.f November 22, 2023 till January 12, 2024)
	Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto April 26, 2023)
(ii) Key Managerial Personnel (KMP)	Mr. Ashish Mehrotra, Managing Director & CEO
	Mr. Atul Tibrewal, Chief Financial Officer
	Ms. Bama Balakrishnan Executive Director and Chief Operating Officer (till November 13, 2023)
	Mrs. Srividhya, Company Secretary (upto November 20, 2023)
	Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024)
	Mr. Prakash Chandra Panda, Company Secretary (w.e.f April 23,2024)
(iii) Director and relative of Key Management Personnel/ Director	Ms. Kshama Fernandes, Non - Executive Director
	Mr. Ashutosh Arvind Pednekar - Independent director
	Mr. Amit Mehta -Nominee Director (upto May 2, 2022)
	Mr. P S Jayakumar - Independent director
	Ms. Anuradha Rao - Independent director
	Mr. Michael Jude Fernandes - Nominee director
	Mr. Vijay Chakravarthi Nallan - Nominee director
	Mr Arunkumar Nerur Thiagarajan - Independent director
	Mr. T.S. Anantharaman - Nominee director (w.e.f. February 9, 2023)
	Mr. Samir Shah - Nominee Director (upto December 28, 2022)

A. Transactions during the Year:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Northern Arc Investment Managers Private Limited		
Fee Income	404.12	260.97
Reimbursement of income (net of GST)	130.10	204.72
Interest income	363.07	89.06
Loans given	14,176.97	2,745.37
Receipt of money on ESOP receivable	170.30	-
Loans repaid	4,526.27	3,931.69
Sale of Investments	10,868.76	-
Reimbursement of expenses on account of transfer of employee	-	45.91
Northern Arc Investment Adviser Services Private Limited		
Expenses incurred by the Company on behalf of NAIA	20.22	-
Expenses incurred by the NAIA on behalf of Company	30.87	32.91
ESOP transferred	-	-
Pragathi Finserv Private Limited		
Transfer of assembled work force	-	236.63
Servicer fee	9,632.25	4,532.27
Expenses incurred by the Company on behalf of Pragathi	12.44	44.97
Expenses incurred by the Pragathi on behalf of Company	17.26	-
Northern Arc Foundation		
Contribution to CSR	313.00	350.52
IFMR Fimpact Long term credit fund (upto November 21, 2023)		
Reimbursment of expenses	403.03	336.47
Transfer of surplus	659.05	1,050.81

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
IFMR Fimpact Long term credit fund (w.e.f November 22, 2023 till January 12, 2024)		
Reimbursment of expenses	50.00	-
Transfer of surplus	103.45	-
Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto April 26, 2023)		
Investments in Alternate Investment Funds	-	2,500.00
Transfer of surplus	39.35	70.60
Reimbursement of expenses	-	3.52
Finreach Solutions Private Limited (w.e.f April 3, 2022)		
Investments	449.13	394.40
Guarantee Management Service Fee	17.27	11.21
Fee Income	-	37.00
Northern Arc Securities Private Limited (incorporated w.e.f February 23, 2023)		
Investments	50.00	100.00
Ms. Kshama Fernandes, Non - Executive Director		
Commission	65.00	70.85
Sitting fees	15.50	8.72
Share based payment	-	2.85
Ms. Bama Balakrishnan Executive Director and COO (till November 13, 2023)		
Short-term employee benefits		
- Remuneration and other benefits *	215.48	251.32
Share based payment	-	2.48
Post employment benefits	61.84	-
Receipt of money on issue of shares	55.00	-
Mr. P S Jayakumar - Independent director		
Commission	90.00	84.47
Sitting fees	19.00	11.45
Mrs. Srividhya, Company Secretary (upto November 20, 2023)		
Short-term employee benefits		
- Remuneration and other benefits*	41.00	52.44
Receipt of money on issue of shares	18.70	-
Share based payments	0.60	2.02
Post employment benefits	17.63	-
Advances given	4.00	-
Advances repaid	4.00	-
Mr. Atul Tibrewal, Chief Financial Officer		
Short-term employee benefits		
- Remuneration and other benefits*	190.60	173.27
Share based payments	57.19	39.40
Mr. Ashutosh Arvind Pednekar - Independent director		
Sitting fees	16.50	8.72
Ms. Anuradha Rao - Independent director		
Sitting fees	22.50	13.08
Mr Arunkumar Nerur Thiagarajan - Independent director		
Sitting fees	17.50	8.18
Mr. Ashish Mehrotra, Managing Director & CEO		
Short-term employee benefits		
- Remuneration and other benefits*	542.95	400.00
Share based payments	812.52	88.20
Receipt of money on issue of shares	210.00	-
Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024)		
Short-term employee benefits		
- Remuneration and other benefits *	5.86	-
Advances	0.25	-

*Amount attributable to post employment benefits (except actual payments) have not been disclosed as the same cannot be identified distinctly in the actuarial valuation. Amount excludes transfer from Share Based payment reserve to securities premium on exercise of employee stock options.

B. Balances as at year end:

	As at March 31, 2024	As at March 31, 2023
Northern Arc Investment Adviser Services Private Limited		
Equity share capital	127.80	127.80
ESOP Receivable	24.96	24.96
Advances	-	11.94
Trade payable	-	32.91
Northern Arc Investment Managers Private Limited		
Equity share capital	361.00	361.00
ESOP Receivable	37.49	167.82
Loans	10,098.31	169.43
Advances	225.85	324.61
Trade payable	58.50	220.14
Payable on account of transfer of employee	-	45.91
Northern Arc Foundation		
Equity share capital	1.00	1.00
Advances	34.91	20.87
Pragathi Finserv Private Limited		
Equity share capital	2,253.40	2,253.40
Trade Receivables	14.68	-
Other advances	768.20	588.87
Servicer fee payable	1,107.78	667.56
Finreach Solutions Private Limited (w.e.f 30th April, 2022)		
Investments	843.53	394.40
Trade Receivables	-	37.00
Trade Payables	0.37	11.21
Northern Arc Securities Private Limited (incorporated w.e.f February 23, 2023)		
Equity share capital	150.00	100.00
Advances	9.00	8.83
IFMR Fimpact Long Term Credit Fund		
Investments in Alternate Investment Funds	-	8,342.95
Other receivables	-	200.45
Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto 26th April, 2023)		
Investments in Alternate Investment Funds	-	2,558.99
Ms. Kshama Fernandes, Non - Executive Director		
Provision for share based payment	-	217.67
Ms. Bama Balakrishnan Executive Director and COO (till November 13, 2023)		
Share application money received pending allotment	-	154.85
Advances	-	-
Mr. Ashish Mehrotra, Managing Director & CEO		
Provision for share based payment	994.79	186.31
Advances	10.32	
Mr. P S Jayakumar - Independent director		
Commision Payable	22.50	-
Mrs. Srividhya, Company Secretary (upto November 20, 2023)		
Provision for share based payment	-	20.28
Advances	-	
Mr. Atul Tibrewal, Chief Financial Officer		
Provision for share based payment	151.79	94.63
Advances	4.00	
Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024)		
Advances	0.25	-

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

43. The details of the investments held by the Company in the Alternative Investment Funds managed by the Company's wholly owned subsidiary, Northern Arc Investment Managers Private Limited, as disclosed in the respective standalone financial statements (aggregate amounts) are as follows:

Fund	March 31, 2024		March 31, 2023	
	Purchases	Redemption *	Purchases	Redemption *
IFMR Fimpact Long Term Multi Asset Fund	-	-	-	5,491.53
IFMR Fimpact Long Term Credit Fund	-	7,560.49	-	2,186.40
IFMR Fimpact Medium Term Opportunities Fund	-	-	-	1,968.35
IFMR Fimpact Income Builder Fund	-	-	-	1,829.58
Northern Arc Money Market Alpha Trust Fund	4,595.59	111,489.96	1,158,966.51	7,566,483.70
Northern Arc India Impact Fund	-	6,317.09	2,763.78	-
Northern Arc Income Builder (Series II) Fund	-	2,681.36	84.20	84.20
Northern Arc Emerging corporates Bond Fund	-	2,500.00	2,500.00	-

*represents the dividend received in respect of cum dividend investment

Fund	Fair value changes	
	Year ended March 31, 2024	Year ended March 31, 2023
IFMR Fimpact Long Term Multi Asset Fund	-	94.25
IFMR Fimpact Long Term Credit Fund	332.21	1,050.81
IFMR Fimpact Medium Term Opportunities Fund	-	378.02
IFMR Fimpact Income Builder Fund	-	339.49
Northern Arc Money Market Alpha Trust Fund	7.06	87.09
Northern Arc India Impact Fund	35.13	1,059.19
Northern Arc Income Builder (Series II) Fund	275.59	471.63
Northern Arc Emerging corporates Bond Fund	221.87	70.59

Outstanding balances (Investment) at carrying value

Fund	As at March 31, 2024		As at March 31, 2023	
	Units**	Carrying value	Units**	Carrying value
IFMR Fimpact Long Term Multi Asset Fund	-	-	-	34.38
IFMR Fimpact Long Term Credit Fund#	208.68	-	7,769.17	8,342.95
Northern Arc Money Market Alpha Trust Fund	-	-	106,894.37	109.07
Northern Arc India Impact Fund	-	-	6,317.09	7,246.96
Northern Arc Income Builder (Series II) Fund	-	-	2,681.36	4,120.85
Northern Arc Emerging corporates Bond Fund	-	-	2,500.00	2,558.99

**The units disclosed are in absolute figures
#Refer Note 8A

44. Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position:

Type of hedge risks	As at March 31, 2024						
	Notional Amount	Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
		Assets	Liabilities				
Cash flow hedge							
Cross currency swaps	84,256.90	5,346.17	188.53	November 15, 2025 to December 15,2026	(572.32)	572.32	Borrowings (other than debt securities)
Forward contract	-	54.12	-	September 29, 2024	54.12	(54.12)	Borrowings (other than debt securities)
Fair value hedge							
Overnight Indexed swap	59,325.00	81.65	110.12	December 15, 2026 to September 21, 2027	(175.75)	175.75	- Debt securities - Borrowings (other than debt securities)

Type of hedge risks	As at March 31, 2023						
	Notional Amount	Carrying amount of hedging instrument		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
		Assets	Liabilities				
Cash flow hedge							
Cross currency swaps	105,534.25	5,879.27	149.31	November 15, 2025 to September 15,2026	6,246.45	(6,246.45)	Borrowings (other than debt securities) (Refer Note 15A to 15)
Fair value hedge							
Overnight Indexed swap	59,325.00	225.57	78.28	December 15, 2026 to September 21, 2027	147.29	(147.29)	

(b) Disclosure of effects of hedge accounting on statement of profit and loss:

Type of hedge	As at March 31, 2024			
	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency swaps	(572.32)	-	-	NA
Forward Contract	54.12	-	-	

Type of hedge	As at March 31, 2024			
	Change in value of the hedging instrument recognised in Statement of profit and loss	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Fair value hedge				
Overnight Indexed swap	(175.75)	-	-	

Type of hedge	As at March 31, 2023			
	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency swaps	6,246.45	-	-	NA

Type of hedge	As at March 31, 2023			
	Change in value of the hedging instrument recognised in Statement of profit and loss	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Fair value hedge				
Overnight Indexed swap	147.29	-	-	NA

45.Segment reporting

Operating segments

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

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

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

46. Balance sheet disclosure as required under Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

The disclosures in note from 46A to 78 are made pursuant to Reserve Bank of India Master Direction DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, as updated, to the extent applicable to the Company.

46A. Gold loan portfolio

The Company has not provided loan against security of gold during the period ended March 31, 2024 and year ended March 31, 2023.

47. Capital adequacy ratio

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Tier I Capital	205,781.74	181,902.83
Tier II Capital	2,152.68	5,620.28
Total Capital	**207,934.42**	**187,523.11**
Total Risk Assets	1,138,683.23	902,860.91
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	18.07%	20.15%
Tier II Capital as a percentage of Total Risk Assets (%)	0.19%	0.62%
Total Capital (%)	**18.26%**	**20.77%**
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier I). Tier I and Tier II has been reported on the basis of Ind AS financial information.

*The above computations are as per Ind AS. RBI related accounting implications on account of Ind AS adoption are not considered in the above computations, as RBI is yet to provide guidance on Ind AS implications in Capital Risk Adequacy Ratio (CRAR) computations.

48. Investments

Particulars	As at March 31, 2024	As at March 31, 2023
Value of investment		
Gross value of investments		
- In India	165,268.61	169,666.50
- Outside India	-	-
Provision for Depreciation (Also refer Note 8A)		
- In India	-	1.21
- Outside India	-	-
Net value investments		
- In India	165,268.61	169,665.29
- Outside India	-	-
Movement of provisions held towards investments		
Opening balance	**1.21**	**-**
Add : Provisions made during the year (Also refer Note 8A)	-	1.21
Less : Write off/write back/reversal of provision during the year	(1.21)	-
Closing balance	**-**	**1.21**

49. Derivatives

(a) Forward Rate Agreement (FRA)/Interest Rate Swap (IRS)

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	The notional principal of swap agreements/forward cover/Overnight Indexed swap	143,581.90	164,859.25
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	-	-
(iii)	Collateral required by the Company upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	NA	NA
(v)	The fair value of the swap book (Asset/(Liability))	5,183.29	5,877.25

(b) Exchange Traded Interest Rate (IR) Derivatives

The Company has not entered into any exchange traded derivative in the current year and in the previous year.

(c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

(i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

(ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

(iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures

S. No.	Particulars	As at March 31, 2024		As at March 31, 2023	
		Currency Derivatives*	Interest Rate Derivatives#	Currency Derivatives*	Interest Rate Derivatives#
(i)	Derivatives (Notional Principal Amount) - For hedging	84,256.90	59,325.00	105,534.25	59,325.00
(ii)	Marked to Market Positions	5,400.29	81.65	5,879.27	225.57
	(a) Asset [+] Estimated gain				
	(b) Liability [-] Estimated loss	(188.53)	(110.12)	(149.31)	(78.28)
(iii)	Credit exposure	84,256.90	59,325.00	105,534.25	59,325.00
(iv)	Unhedged exposures	-	-	-	-

*Cross currency swap and Forward Contracts
#Overnight indexed swap

50. Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities:

As at March 31, 2024

Particulars	1 - 7 Days	8 - 14 days	15 - 31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	67,582.77	6,998.31	31,368.35	77,274.08	65,272.50	148,242.64	185,805.70	278,198.37	46,720.47	23,524.32	**930,987.51**
Investments	876.36	162.38	2,319.50	4,043.24	7,483.35	29,627.63	46,938.75	58,869.74	11,209.96	3,737.69	**165,268.61**
Borrowings	21,176.38	6,365.05	32,418.43	36,963.72	76,263.12	181,217.70	159,401.13	282,985.85	23,648.81	-	**820,440.19**
Foreign Currency Liabilities	-	-	-	6,719.21	3,304.17	6,481.45	15,878.33	43,629.27	8,322.98	-	**84,335.41**

As at March 31, 2023

Particulars	1 - 7 Days	8 - 14 days	15 - 31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances	36,221.02	4,983.66	21,106.44	64,225.64	62,117.34	125,817.44	180,054.53	186,285.09	7,913.40	305.44	689,030.00
Investments	3,265.98	321.43	3,202.49	3,291.44	5,937.47	16,530.93	26,488.32	80,350.41	27,252.76	3,024.06	169,665.29
Borrowings	5,329.11	1,882.39	29,827.76	28,710.80	46,158.79	76,593.90	101,455.88	265,295.64	36,680.00	-	591,934.27
Foreign Currency Liabilities	-	-	-	7,207.33	-	6,481.45	12,574.16	63,513.31	21,745.96	-	111,522.21

51. Disclosures in respect of fraud as per the Master Direction DNBS. PPD.01/66.15.001/2016-17,dated September 29, 2016

Particulars	Less than INR 1 lakh		More than INR 1 lakh and less than INR 25 lakh		Above 25 lakh		Total	
	Number of instances	INR In lakh	Number of instances	INR In lakh	Number of instances	INR In lakh	Number of instances	INR In lakh
Person involved								
Staff	-	-	4	14.09	-	-	4	14.09
Outsiders	2	0.57	-	-	-	-	2	0.57
Total	**2**	**0.57**	**4**	**14.09**	**-**	**-**	**6**	**14.66**
Type of fraud:								
Cash Mishandeling	-	-	4	14.09	-	-	4	14.09
Others	2	0.57	-	-	-	-	2	0.57
Total	**2**	**0.57**	**4**	**14.09**	**-**	**-**	**6**	**14.66**

52. Public disclosure on Liquidity Risk

Particulars	No. of Significant counterparty	Amount (in lakh)	% of Total Liability
(i) Funding concentration based on significant counterparty (borrowings)	32	810,363.31	86.49%

Note:

Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities.

Total Liabilities has been computed as Total Assets less Total Equity.

Particulars	Amount (in lakh)	% of Total Deposits
(ii) Top 20 large deposits (amount in INR lakh and % of the deposits)	NA	NA

Particulars	Amount (in lakh)	% of Total Borrowings
(iii) Top 10 borrowings (amount in INR lakh and % of the total borrowings)	242,100.30	26.76%

Name of Instrument/project	Amount (in lakh)	% of Total Liabilities
(iv) Funding Concentration based on significant instrument/product**		
Term Loan from Banks	551,090.58	58.82%
Term Loan from other financial institutions	26,761.80	2.86%
Working capital loan from banks	62,847.50	6.71%
Cash credit from banks	9,828.32	1.05%
Borrowings under securitisation	28,539.53	3.05%
ECBs	84,335.41	9.00%
Commercial Paper	42,923.61	4.58%
Redeemable non-convertible debentures (secured)	98,448.85	10.51%

Note:

Significant instrument/product" is defined as a single instrument/product of group of similar instruments/ products which in aggregate amount to more than 1% of the total liabilities.

Total Liabilities has been computed as Total Assets less Total Equity.

Name of Instrument/project	Percentage
(v) Stock Ratios	
Commercial papers as a % of total public funds	4.70%
Commercial papers as a % of total liabilities	4.58%
Commercial papers as a % of total asset	3.75%
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	NA
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	NA
Non-convertible debentures (original maturity of less than one year) as a % of total asset	NA
Other short term liabilities as a % of total public funds	2.99%
Other short term liabilities as a % of total liabilities	2.92%
Other short term liabilities as a % of total asset	2.39%

Note:

Other short term liablities have been computed as a sum of trade payables, other financial liabilities and other non-financial liabilities which have a maturity of within 12 months.

Total Liabilities have been computed as Total Assets less Total Equity.

Total assets represents total assets as per the Balance Sheet netted off by intangible assets.

53. Exposure to Real estate sector

Particulars	As at March 31, 2024	As at March 31, 2023
A. Direct Exposure		
i. Residential Mortgages	53,826.72	10,047.49
(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)	7,392.53	1,670.11
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
B. Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
Total	**61,219.25**	**11,717.60**

54. Exposure to capital market

Particulars		As at March 31, 2024	As at March 31, 2023
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	3,736.73	-
ii.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPO's/ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	-	-
iii.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	-	-
iv.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds ' does not fully cover the advances ;	752.51	2,332.64
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.	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix.	Financing to stockbrokers for margin trading	-	-
x.	All exposures to Alternative Investment Funds: (Refer note 8A)		
	(i) Category I	-	-
	(ii) Category II	-	22,304.13
	(iii) Category III	-	109.07
Total		**4,489.24**	**24,745.84**

55. Disclosures relating to Securitisation

Disclosure pertaining to RBI Master Direction - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021

Particulars		As at March 31, 2024	As at March 31, 2023
i.	No of SPVs sponsored by the NBFC for securitisation transactions	3	-
ii.	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	28,539.53	-
iii.	Total amount of exposures retained by the NBFC to comply with the Minimum Retention Ratio (MRR) as on the date of the balance sheet		
	a) Off-balance sheet exposures		
	* First loss	-	-
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss	2,607.69	-
	* Others - over collateral	2,920.45	-
iv.	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	1,260.59	-
	* Others - corporate guarantee	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss - cash collateral	-	-
	* Others	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
v.	Sale consideration received for securitised assets and gains or loss on account of sale of securitisation	30,660.96	-
vi.	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc	-	-
vii.	Performance of facility provided (Credit Enhancement)		
	(a) Amount Paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding Amount	6,788.73	-
viii.	Average default rate of portfolios observed in the past	1.96%	-
ix.	Amount and number of additional/top up loan given on same underlying asset		
	- Amount (lakh)	-	-
	- Number	-	-
x.	Investor Complaints		
	(a) Directly/Indirectly received	-	-
	(b) Complaints Outstanding	-	-

56. Details of non- performing financial assets purchases/sold

Details of loans transferred/acquired during the year ended March 31, 2024 under Master Directions RBI (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 are given below

Details of loans not in default transferred/acquired through assignment:

Particulars	Loan Participation	Transferred*	Acquired	
			Retail	Non-Retail
Aggregate amount of loans transferred/acquired through assignment	-	96,549.51	15,863.82	-
Weighted average maturity (in years)	-	2.07	1.88	-
Weighted average holding period (in years)	-	0.69	0.68	-
Retention of beneficial economic interest by originator	-	11,556.56	1,762.65	-
Tangible security coverage	-	-	-	-
Rating-wise distribution of related loans	-	-	-	-

*Represents the amount of assigned portfolio

57. Details of financing of Parent Company products

Not applicable as the company does not have a Parent Company.

58. 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, 2024 and March 31, 2023.

59. Advances against Intangible Securities

The Company has not given any loans against intangible securities such as rights, licenses, authoriteis etc. as collateral securities hence this disclousre is not applicable.

60. Registration/licence/authorisation obtained from other financial sector regulators:

Registration/Licence	Authority issuing the registration/ license	Registration/Licence reference
Certificate of Registration	Reserve Bank of India	B-07-00430 dated March 8, 2018 (Original certificate dated August 8, 2013)
Company Identification Number	Ministry of Corporate Affairs	U65910TN1989PLC017021

61. Penalties imposed by RBI and other regulators

During the financial year 2023-24, INR 5.50 lakh has been imposed as penalty by Bombay stock exchange for non-filing of investors compliant and Non-intimation of payment confirmation on maturity of commercial paper. There are no other penalties have been imposed by RBI and other regulators during the FY 2023-24 (FY 2022-23 - Nil).

62. Ratings

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

Particulars	Rating agency	As at March 31, 2024	As at March 31, 2023
Bank facilities	ICRA	A1+	A1+
Non-convertible debentures - long term	ICRA	AA-	AA-
Non-convertible debentures - long term	IND	AA-	A+
Subordinated debt	ICRA	NA*	AA-
Bank facilities	IND	NA*	A+
Market linked debentures	ICRA	PP-MLD AA-	PP-MLD AA-
Market linked debentures	IND	NA*	PP-MLD A+
Commercial paper	CARE	A1+	A1+
Commercial paper	ICRA	A1+	A1+

*Withdrawn during the year

63. Provisions and contingencies (Break up of 'provisions and contingencies' shown under the head expenditure)

Particulars	As at March 31, 2024	As at March 31, 2023
Loss allowance on financial assets (Impairment on financial instruments) (net off recoveries)	12,313.52	3,894.37
Provision made towards current income taxes	10,189.07	9,487.00

64. Draw down from reserves

The Company has not made any drawdown from existing reserves.

65. Concentration of advances

Particulars	As at March 31, 2024	As at March 31, 2023
Total advances to twenty largest borrowers	212,080.54	174,643.45
Percentage of advances to twenty largest borrowers to total advances	21.34%	24.84%

66. Concentration of exposures

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to twenty largest borrowers	251,518.78	231,289.13
Percentage of exposures to twenty largest borrowers to total exposure	22.37%	25.76%

67. Concentration of NPA Contracts*

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to top four NPA accounts	2,791.60	1,782.71

*represents stage 3 contracts (net of write offs).

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

Sector	As at March 31, 2024			As at March 31, 2023		
	Total Exposure (includes on balance sheet and offbalance sheet exposure)	Gross NPA	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and offbalance sheet exposure)	Gross NPA	Percentage of Gross NPAs to total exposure in that sector
Agriculture & allied activities	-	-	0.00%	-	-	0.00%
Industry:						
MSME	-	-	0.00%	-	-	0.00%
Corporate borrowers	650,601.29	2,845.37	0.44%	449,143.80	1,778.83	0.40%
Services:			0.00%	-	-	0.00%
Auto loans	2,624.92	224.65	8.56%	4,763.63	413.16	8.67%
Unsecured personal loans	368,620.82	1,312.11	0.36%	239,153.87	4,478.56	1.87%
Other personal loans	79,020.64	765.52	0.97%	12,770.43	40.00	0.31%

The above Sector-wise NPA and advances are based on the data available with the Company which has been relied upon by the auditors. NPA contracts represents the Stage 3 contracts (net of write offs).

69. Movement of Non-Performing Assets (NPA's)

		As at March 31, 2024	As at March 31, 2023
(a)	**Net NPAs to net advances (%)**	0.09%	0.41%
	(Net of provision for NPAs)		
(b)	**Movement of gross NPAs**		
	Opening balance	6,702.48	3,501.63
	Additions during the year	30,788.28	3,286.43
	Reductions during the year	-	-
	Written off during the year	(32,287.94)	(85.58)
	Closing balance	**5,202.82**	**6,702.48**
(c)	**Movement of net NPAs**		
	Opening balance	3,496.17	1,245.39
	Additions/(reduction) during the year	(2,535.58)	2,250.78
	Closing balance	**960.59**	**3,496.17**
(d)	**Movement of provisions for NPAs (excluding contingent provisions against standard assets)**		
	Opening balance	3,206.31	2,256.24
	Additions during the year	33,323.86	1,035.65
	Reductions during the year	-	-
	Written off during the year	(32,287.94)	(85.58)
	Closing balance	**4,242.23**	**3,206.31**

Note:

NPA represents financial instrument classified as stage 3 (net of write offs) and the NPA Provision represents the Loss allowance on Stage 3 assets.

During the previous year ended March 31, 2023, as a result of business combination (refer note 81) the Company has acquired loan portfolio having a outstanding balance of INR 29,287.08 lakh (acquired at fair value of INR 23,218.25 lakh) out of which INR 4,928.55 lakh as at March 31, 2024 and INR 5,163.39 lakh as at March 31, 2023 were valued at Nil balance. Thereby, such assets are not considered in the note mentioned above.

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

69A. Movement of provisions held towards off-balance sheet exposure

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	1,779.41	1,129.44
Add : Provisions made during the year	508.45	649.97
Less : Write off/write back/reversal of provision during the year	(607.03)	-
Closing balance	**1,680.83**	**1,779.41**

Note: The above disclosure also includes the loss allowance towards undrawn loans.

70. Overseas assets (for those with joint ventures and subsidiaries abroad)

There are no subsidiaries abroad and no overseas assets owned by the company hence this disclosure is not applicable

71. Off-balance sheet SPVs sponsored

There are no SPVs which are required to be consolidated as per accounting norms hence this disclosure is not applicable.

72. Complaints

Summary information on complaints received by the Company from customers and from the Offices of the Ombudsman

Particulars	As at March 31, 2024	As at March 31, 2023
A. Complaints received by the NBFC from its customers		
1. No. of complaints pending at the beginning of the year	-	-
2. No. of complaints received during the year	91	90
3. No. of complaints disposed during the year	90	90
3.1. Of which, No. of complaints rejected by the NBFC	-	-
4. No. of complaints pending at the end of the year	1	-
B. Maintainable complaints received by the NBFC from Office of Ombudsman		
5. No. of maintainable complaints received by the NBFC from Office of Ombudsman	159	84
5.1. Of 5, No. of complaints resolved in favour of the NBFC by Office of Ombudsman	154	84
5.2. Of 5, No. of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
5.3. Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6. No. of Awards unimplemented within the stipulated time (other than those appealed)	-	-

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.

Top five grounds of complaints received by the Company from customers

For the year ended March 31, 2024

Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
1. CIBIL related	-	85	2%	3	-
2. Loans and Advances – Dues and Charges	-	87	47%	3	-
3. Application related	-	2	-33%	-	-
4. Closure & NOC related	-	7	133%	-	-
5. Staff Interaction/Collection related	-	53	2550%	-	-
6. Others	-	16	100%	-	-
Total	**-**	**250**	**58%**	**6**	**-**

For the year ended March 31, 2023

Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
1. CIBIL related	0	83	-65%	-	-
2. Loans and Advances – Dues and Charges	0	59	51%	-	-
3. Application related	0	3	100%	-	-
4. Closure & NOC related	0	3	200%	-	-
5. Staff Interaction/Collection related	0	2	-33%	-	-
6. Others	0	8	300%	-	-
Total	**-**	**158**	**-44%**	**-**	**-**

73. Disclosure under clause 28 of the Listing Agreement for Debt Securities

Particulars	As at March 31, 2024	As at March 31, 2023
Loans and advances in the nature of loans to subsidiaries	10,098.30	169.43
Loans and advances in the nature of loans to associates	-	-
Loans and advances in the nature of loans where there is -		
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013	-	-
Loans and advances in the nature of loans to firms/companies in which directors are interested	30,578.06	28,259.72

74. Disclosure under clause 16 of the Listing Agreement for Debt Securities

The Debentures are secured by way of an exclusive hypothecation of loans, investment in pass through certificates and investment in debentures.

75. Disclosure pursuant to Reserve Bank of India notification DOR (NBFC). CC.PD.No.109/22.10.106/2019- 20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms

As at March 31, 2024

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) =(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	976,312.25	6,846.64	969,465.61	3,905.25	2,941.39
	Stage 2	12,199.57	1,744.40	10,455.17	48.80	1,695.60
Subtotal for Standard		**988,511.82**	**8,591.04**	**979,920.78**	**3,954.05**	**4,636.99**
Non Performing Assets (NPA)						
Substandard	Stage 3	4,937.46	3,983.15	954.31	493.75	3,489.40
Doubtful - upto 1 year	Stage 3	42.37	41.41	0.96	8.47	32.94
1 - 3 years	Stage 3	167.82	164.05	3.77	50.35	113.70
More than 3 years	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**5,147.65**	**4,188.61**	**959.04**	**552.57**	**3,636.04**
Other items such as guarantees, loan commitment etc., which are in the scope of Ind AS 109 but not covered under Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	102,841.03	331.76	102,509.27	-	331.76
	Stage 2	419.77	1,503.00	(1,083.23)	-	1,503.00
	Stage 3	53.46	53.46	-	-	53.46
Subtotal		**103,314.26**	**1,888.22**	**101,426.04**	**-**	**1,888.22**
Total	**Stage 1**	**1,079,153.28**	**7,178.40**	**1,071,974.88**	**3,905.25**	**3,273.15**
	Stage 2	**12,619.34**	**3,247.40**	**9,371.94**	**48.80**	**3,198.60**
	Stage 3	**5,201.11**	**4,242.07**	**959.04**	**552.57**	**3,689.50**
		1,096,973.73	**14,667.87**	**1,082,305.86**	**4,506.62**	**10,161.25**

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

As at March 31, 2023

Asset Classification as per RBI norms	Asset Classification as per IND AS 109	Gross Carrying amount as per IND AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) =(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	843,384.67	6,287.52	837,097.15	3,373.54	2,913.98
	Stage 2	5,273.24	506.84	4,766.40	21.09	485.75
Subtotal for Standard		**848,657.91**	**6,794.36**	**841,863.55**	**3,394.63**	**3,399.73**
Non Performing Assets (NPA)						
Substandard	Stage 3	6,099.08	2,743.86	3,355.22	607.39	2,136.47
Doubtful - upto 1 year	Stage 3	335.53	200.70	134.83	258.47	(57.77)
1 - 3 years	Stage 3	267.87	256.49	11.38	80.36	176.13
More than 3 years	Stage 3	-	-	-		-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**6,702.48**	**3,201.05**	**3,501.43**	**946.22**	**2,254.83**
Other items such as guarantees, loan commitment etc., which are in the scope of Ind AS 109 but not covered under Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	28,902.03	621.20	28,280.83	-	621.20
	Stage 2	1,220.00	1,158.22	61.78	-	1,158.22
	Stage 3	-		-	-	-
Subtotal		**30,122.03**	**1,779.42**	**28,342.61**	**-**	**1,779.42**
Total	**Stage 1**	**872,286.70**	**6,908.72**	**865,377.98**	**3,373.54**	**3,535.18**
	Stage 2	**6,493.24**	**1,665.06**	**4,828.18**	**21.09**	**1,643.97**
	Stage 3	**6,702.48**	**3,201.05**	**3,501.43**	**946.22**	**2,254.83**
		885,482.42	**11,774.83**	**873,707.59**	**4,340.85**	**7,433.98**

In terms of the requirement as per RBI notifications no. RBI/2019-20/170 DOR (NBFC).CC. PD No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian accounting standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income recognition, Asset Classification and Provisioning (IRACP) Norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at March 31, 2024 and accordingly, no amount is required to be transferred to impairment reserve.

76. Schedule to the Balance Sheet of a non deposit taking Non-Banking Financial Company (Pursuant to Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023:

S. No.	Particulars	As at March 31, 2024		As at March 31, 2023	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	Liabilities side:				
1.	**Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:**				
	(a) Debentures				
	– Secured (net of unamortised borrowing cost)	98,448.85	-	117,962.08	-
	– Unsecured (net of unamortised borrowing cost) (other than falling within the meaning of public deposits)	-	-	23.51	-
	(b) Deferred Credits		-		-
	(c) Term Loans (net of unamortised borrowing cost)	662,187.79	-	535,048.48	-
	(d) Inter-Corporate Loans and Borrowings	-	-	-	-
	(e) Commercial Paper	42,923.61	-	4,445.96	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans (net of unamortised borrowing cost) (Represents Working Capital Demand Loans and Cash Credit from Banks)	101,215.35	-	45,976.45	-

S. No.	Particulars	As at March 31, 2024		As at March 31, 2023	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
2.	**Break-up of (1)(f)above (outstanding public deposits inclusive of interest accrued thereon but not paid)**				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
	Assets side:		
3.	**Break-up of Loans and Advances* including Bills Receivables [other than those included in (4) below]:**		
	(a) Secured	518,543.27	426,095.92
	(b) Unsecured (Excludes loss allowance and includes unamortised fee)	423,088.07	271,836.24
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	-	-
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	26,775.23	29,147.35
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others		
	(a) commercial paper	-	-
	II. Unquoted:		
	i. Shares	-	-
	(a) Equity	-	-
	(b) Preference	-	-
	ii. Debentures and Bonds	16,196.09	10,428.34
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	12,121.16	7,258.59
	v. Others		
	(a) pass through certificates	2,996.80	7,532.69
	(b) units of alternative investment fund	-	-
	(c) commercial paper	-	1,958.13
	Long Term Investments:		
	I. Quoted:		
	i. Shares	-	-
	(a) Equity	-	-
	(b) Preference	-	-
	ii. Debentures and Bonds	64,833.97	82,101.32
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
	II. Unquoted:		
	i. Shares		
	(a) Equity	3,736.73	3,237.60
	(b) Preference	-	-
	ii. Debentures and Bonds	35,832.04	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others		
	(a) pass through certificates	2,775.63	5,587.66
	(b) units of alternative investment fund	-	22,413.20
	(c) share warrants	0.96	1.62

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

Category	As at March 31, 2024 (Net of provision for NPA)		As at March 31, 2023 (Net of provision for NPA)	
	Secured	Unsecured	Secured	Unsecured
1. Related parties				
(a) Subsidiaries	-	10,098.30	-	169.43
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	515,247.73	411,989.46	424,805.92	270,949.64
	515,247.73	**422,087.76**	**424,805.92**	**271,119.07**

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, 2024	Book Value as on March 31, 2024 (Net of provisions)	Market Value/ Break up Value or Fair Value or Net Asset Value as on March 31, 2023	Book Value as on March 31, 2023 (Net of provisions)
1. Related Parties				
(a) Subsidiaries	2,893.20	2,893.20	11,186.15	11,186.15
(b) Companies in the same Group	843.53	843.53	2,953.39	2,953.39
(c) Other related parties	-	-	-	-
2. Other than related parties	161,531.88	161,531.88	155,525.75	155,525.75
	165,268.61	**165,268.61**	**169,665.29**	**169,665.29**

8. Other Disclosures - Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

8.1 Other Information

Particulars	As at March 31, 2024		As at March 31, 2023	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
i. Gross Non-Performing Assets	-	5,202.82	-	6,702.48
ii. Net Non-Performing Assets	-	960.59	-	3,496.17
iii. Assets Acquired in Satisfaction of Debt	-	-	-	-

Note: NPA contracts represents the Stage 3 contracts (net of write offs). Also this excludes the impact of the fair value changes on the financial assets.

8.2 Remuneration to non-executive directors

The Company has incurred commission of INR 155.00 lakh and sitting fee of INR 91.00 lakh during the year ended March 31, 2024 (March 31, 2023: commission - INR 84.48 lakh; sitting fee - INR 46.00 lakh)

8.3 Related Party Transaction

Details of all material transactions with related parties are disclosed in Note 42.

8.4 Net Profit or Loss for the period, prior period items and changes in accounting policies

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

8.5 Revenue Recognition

There are no prior period items that have impact on the current year's profit and loss.

77. Disclosure Pursuant to paragraph 8 of Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale based Regulation Direction 2023)

Type of Restructuring		Other than CDR and SME Debt Restructuring*					Total				
Asset Classification details		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Restructured assets as on April 01, 2023	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Fresh restructuring during the year	No.of borrowers	-	1	-	-	1	-	1	-	-	1
	Amount Outstanding	-	10.22	-	-	10.22	-	10.22	-	-	10.22
	Provision there on	-	5.72	-	-	5.72	-	5.72	-	-	5.72
Upgradations to restructured standard category during the year	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Downgradation of restructured accounts during the year	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-
Write off restructured accounts during the year	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
Restructured accounts as on March 31, 2024	No.of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-	-

*One time Restructuring under notification no RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated August 6, 2021

78. Disclosure as per format prescribed under notification RBI/2020-21/16 DOR No BP BC/3/21.04 048/2020-21 dated August 06, 2020 and RBI/2021- 22/31/ DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 for the year ended March 31, 2024 (borrowers who has been provided restructuring under RBI Resolution Framework – 2.0):

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year (B)	Of (A) amount written off during the half-year (C)	Of (A) amount paid by the borrowers during the half-year (D)	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of March 31 2024 (E)
Personal Loans	-	-	-	-	-
Corporate persons					
Of which, MSMEs	0.86	-	-	0.86	-
Others	-	-	-	-	-
Total	**0.86**	**-**	**-**	**0.86**	**-**

The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts.

79. Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5,000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2022, with the minimum LCR to be 60%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. Compliance with LCR is monitored by Asset Liability Management Committee (ALCO) of the Company.

Qualitative information:

Main drivers to the LCR numbers:

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

Composition of HQLA:

The HQLA maintained by the Company comprises Government securities (including Treasury bills) and cash balance maintained in current account. The details are given below.

- For the period April to March 2024, the average HQLA of (INR 18,725.44 lakh) comprised of INR 7,082.58 lakh in cash and INR 11,642.86 lakh in G Sec Investments.

Concentration of funding sources:

The company maintains diversified sources of funding comprising short/long term loans from banks, NCDs, and sub-ordinated, ECBs and CPs. The funding pattern is reviewed regularly by the management

Derivative exposures and potential collateral calls:

As on March 31, 2024, the company has fully hedged interest and principal outflows on the foreign currency ECBs. Hence, derivative exposures are considered NIL.

Currency mismatch in LCR:

There is NIL mismatch to be reported in LCR as on March 31, 2024 since foreign currency ECBs are fully hedged for the corresponding interest and principal components.

Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile

Nil

Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

Detailed LCR template is presented below according to the format given in RBI circular

Particulars	Quarter ended June 30, 2023		Quarter ended September 30, 2023		Quarter ended December 31, 2023		Quarter ended March 31, 2024	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets								
1. **Total High Quality Liquid Assets (HQLA)	12,805.06	12,805.06	14,437.50	14,437.50	16,396.66	16,396.66	18,725.44	18,725.44
Cash Outflows								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	2,835.42	3,260.73	2,698.15	3,102.88	1,777.17	2,043.75	989.01	1,137.36
4. Secured wholesale funding	37,998.82	43,698.64	44,099.04	50,713.90	41,619.70	47,862.65	36,386.12	41,844.03
5. Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	-	-	-	-	-	-	-	-
7. Other contingent funding obligations	5,314.06	6,111.17	2,846.35	3,273.30	10,201.85	11,732.13	9,615.84	11,058.22
8. **Total Cash Outflows**	**46,148.30**	**53,070.54**	**49,643.54**	**57,090.08**	**53,598.72**	**61,638.53**	**46,990.97**	**54,039.61**
Cash Inflows								
9. Secured lending	88,774.60	66,580.95	92,441.55	69,331.16	107,566.45	80,674.84	120,356.07	90,267.05
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	7,545.12	5,658.84	11,716.14	8,787.11	7,551.92	5,663.94	7,979.29	5,984.47
12. **Total Cash Inflows**	**96,319.72**	**72,239.79**	**104,157.69**	**78,118.27**	**115,118.37**	**86,338.78**	**128,335.36**	**96,251.52**

	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
13. Total HQLA	NA	12,805.06	NA	14,437.50	NA	16,396.66	NA	18,725.44
14. Total Net Cash Outflows	NA	13,267.63	NA	14,272.52	NA	15,409.63	NA	13,509.90
15. Liquidity Coverage Ratio (%)	NA	96.51%	NA	101.16%	NA	106.41%	NA	138.61%

Notes:

1. The average weighted and unweighted amounts are calculated based on simple average of daily observations. The weightage factor applied to compute weighted average value is constant for all the quarters.
2. Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.
3. Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
4. The disclosures above are based on the information and records maintained and compiled by the management and have been relied upon by the auditors.
5. RBI has mandated minimum liquidity coverage ratio (LCR) of 60% to be maintained by December 2021, which is to be gradually increased to 100% by December 2024. The Company has LCR of 138.61% as of March 31, 2024 as against the LCR the rate mandated by RBI.

80. Other RBI disclosures

a. The Company does not have off-balance sheet SPVs sponsored, which are required to be consolidated as per the accounting norms, during the year ended March 31, 2024

b. There are no divergences in asset classification and provisioning.

c. Intra Group exposure:

Particulars	As at March 31, 2024	As at March 31, 2023
Total amount of intra-group exposures	10,098.30	169.43
Total amount of top 20 intra-group exposures	10,098.30	169.43
Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	1.07%	0.02%

81. Business Combination [Acquisitions during the previous year ended March 31, 2023]

A) Acquisition of S.M.I.L.E Microfinance Limited limted

During the previous year ended March 31, 2023, the Company had acquired specifically identified assets and liabilities of S.M.I.L.E Microfinance Limited (S.M.I.L.E), a un-listed company based in India. The excess of the purchase consideration over the value of specifically identified assets and liabilities resulted in a goodwill of INR 2,085.13 lakh for the Company, which comprises the value of expected synergies arising from the acquisition and Intangibles assets recognised in accordance with Ind AS 38 (i.e. Technical know-how, Non Compete, Order book etc). The entire amount of goodwill is considered to be associated with Pragati portfolio (CGU), which is part of the business of the Company (arranging or facilitating or providing finance either in the form of loans or investments or guarantees).

(B) Assets and Liabilities assumed: The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Particulars	Amount (In lakh)
Assets:	
Financial assets	
Cash and cash equivalents	433.76
Bank balances other than cash and cash equivalents	161.94
Loans	23,218.25
Loans given to staff	11.01
Other financial assets	107.01
Non-financial assets	
Property, plant and equipment	85.28
Right of use	8.37
Other intangible assets	30.11
Other non-financial assets	150.84
Total Assets (A)	**24,206.57**

Particulars	Amount (In lakh)
Liabilities:	
Financial liabilities:	
Borrowings ((including loans given by NACL)	14,722.22
Trade payables	28.80
Lease liabilities	9.12
Other financial liabilities	14.50
Non-financial liabilities	
Provisions (including employee benefits)	494.97
Other non financial liabilities	95.83
Total Liabilities (B)	**15,365.44**
Net assets taken over (C=A-B)	**8,841.13**
Purchase consideration (F)	11,162.91
Goodwill on acquisition (F-E)	**2,321.78**
Less: Transferred to Subsidiary	(236.65)
Balance goodwill	**2,085.13**

Other Matters

i. The fair value of the Loans amounts to INR 23,218.25 lakh. The gross amount of loans is INR 29,287.93 lakh. However, none of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

- An assumed discount rate of 23.88%
- There is no terminal value since the entire loan is estimated to end before three years.

ii. The entire purchase consideration was paid through cash. There is no contingent consideration to be paid as per the definite agreements and transactions has to be recognised separately from acquisition of assets and assumption of liabilities.

iii. The goodwill of INR 2,085.14 lakh comprises the value of expected synergies arising from the acquisition and Intangibles assets recognised in accordance with Ind AS 38 (ie, Technical know-how, Non Compete, Order book etc). None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, the business contribution on revenue and Profit/(Loss) before tax from continuing operations of the Company during the perious year is as follows:

Particulars	Amount (In lakh)
Revenue	9,910.98
Profit/(Loss) before tax from continuing operations	5,182.73

iv. Transaction costs of INR 22.57 lakh was expensed and included in other expenses in the previous year.

v. The deferred tax liability mainly comprises the tax effect of the fair value of tangible and intangible assets due to the acquisitions.

vi. If the combination had taken place at the beginning of the previous year ended 31st March 2023, the contribution to Compeny's revenue from operations and profit before tax would have been as follows

Particulars	Amount (In lakh)
Revenue	9,910.98
Profit/(Loss) before tax from continuing Operation	5,182.73

Goodwill Impairment

The Company performed its annual impairment test for year ended March 31, 2024 and March 31, 2023. The Company considers the relationship between recoverable value of net assets taken over and its carrying value, among other factors, when reviewing for indicators of impairment. As at March 31, 2024 and March 31, 2023, the recoverable value of the net assets taken over was higher than the carrying value and no other indicators of impairment were identified. Therefore, no impairment loss allowance is provided for the year ended March 31, 2024 and March 31, 2023.

Particulars	Pragathi	
	As at March 31, 2024	As at March 31, 2023
Goodwill	2,085.13	2,085.13
Total	**2,085.13**	**2,085.13**

Specified assets taken over – CGU

The recoverable amount of the CGU, INR 80,441.07 lakh as at March 31, 2024, has been determined based on a value in use calculation using future cash flows from existing loan asset balances. The future cash flows have been adjusted for the direct service cost that will be incurred for the purpose of servicing the loan assets. The pre-tax discount rate applied to cash flow projections for impairment testing during the current year is 7.16%. It was concluded that the recoverable value or value in use exceeded the carrying value of the loan assets. As a result of this analysis, management has not recognised any impairment charge in the current or previous year.

Assumptions:

a. Discount rate of 7.16% used represents the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated term of the portfolio.

82. Analytical ratios/disclosures required under Regulation 52/54 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	Ref	As at March 31, 2024	As at March 31, 2023	Reason for variance
Debt-equity ratio	1.1	4.02	3.65	
Total debts to total assets	1.2	0.78	0.76	
Net worth	1.3	225,035.33	192,715.09	
Capital redemption reserve (Amount in lakh)		2,660.00	2,660.00	
Gross Non-Performing Assets (GNPA) Ratio	1.4	0.47%	0.75%	On account of reduction in Stage 3 EAD balance
Net Non-Performing Assets (NNPA) Ratio	1.5	0.09%	0.32%	
Capital adequacy ratio (CRAR)	1.6	18.26%	20.77%	
Asset cover over listed non-convertible debentures	1.7	1.15	1.14	
Net profit margin (%)	1.8	16.24%	17.05%	

1.1 Debt-equity ratio is (debt securities+borrowings (other than debt securities)+subordinated liabilities)/net worth i.e. equity share capital + instruments entirely equity in nature + other equity.

1.2 Total debts to total assets is debt securities, borrowings (other than debt securities) and subordinated liabilities/total assets.

1.3 Net worth is equal to equity share capital + instruments entirely equity in nature + other equity

1.4 GNPA Ratio is Gross Stage 3 (loans and investments)/Gross loans and investments

1.5 NNPA Ratio is gross stage 3 (loans and investments) less impairment loss allowance for stage 3 (loans and investments)/(gross (loans and investments) less Impairment allowance for Stage 3 (loans and investments)

1.6 Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

1.7 Asset cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures is covered through the loans and investments provided as security.

1.8 Net profit margin (%) is Total comprehensive income for the period, net of income tax/total Income.

Other ratios/disclosures such as debt service coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), capital redemption reserve/debenture redemption reserve, current ratio, long term debt to working capital, bad debts to account receivable ratio, current liability ratio, debtors turnover, inventory turnover and operating margin (%) are not applicable/relevant to the Company and hence not disclosed.

83 Event after reporting date

Subsequent to year end, the Company made private placement offer and raise funds up to INR 38,199.99 lakh by offering and issuing (i) 84,91,048 Series C CCPS having a face value of INR 20 each for a consideration of INR 391 per Series C CCPS, amounting to a consideration of INR 33,199.99 lakh and; (ii) 12,78,772 Series C2 CCPS having a face value of INR 20 each for a consideration of INR 391 per Series C2 CCPS, amounting to a consideration of INR 4,999.99 lakh on a private placement basis by way of preferential allotment pursuant to the approbal by the Board of Directors at its meeting held on April 04, 2024 which was followed by the approval of shareholders in the Extraordinary General Meeting held on April 15, 2024.

84 Other Statutory Information

A. Proper books of account as required by law have been kept by the company. Back-up of the books of account and other books and papers maintained in electronic mode on servers physically located in India, except in case of books of accounts maintained in electronic mode with respect to certain application maintained by third parties. In respect of such application, the backups are taken on a periodic basis and maintained outside India. The Company is taking steps to ensure backups for such applications maintained by third party are taken on a daily basis in a server physically located in India

B. Stage wise Overdue (DPD) based Loan disclosure

Particulars	As at March 31, 2024				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	1,633,094	906,982.49	450.19	131.78	907,564.46
Accounts with Overdues	175,351	17,445.98	11,749.38	4,871.53	34,066.89
Total	**1,808,445**	**924,428.47**	**12,199.57**	**5,003.31**	**941,631.35**

Particulars	As at March 31, 2023				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	985,324	678,814.11	2,507.41	443.32	681,764.84
Accounts with Overdues	186,826	7,615.40	2,750.93	5,867.60	16,233.93
Total	**1,172,150**	**686,429.51**	**5,258.34**	**6,310.92**	**697,998.77**

C. (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off as per section 248 of Companies Act, 2013, except as stated below:

Name of the Struck off Company	Nature of transactions	Balance as at		Relationship with the Struck off company
		March 31, 2024	March 31, 2023	
TVMServer Hosting Solutions Private Limited	Loan provided	-	1.90	None

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) As part of the normal business, the Company invests in Alternate Investment Fund managed by its subsidiary and also lends loan to its subsidiary for onward investment into these AIFs. The AIFs invests in debt instruments issued by various originators based on decision made by the investment committee of the respective funds. These transactions are part of the Company's normal investment activities/business, which is conducted after exercising proper due diligence including adherence to terms of private placement memorandum of respective AIFs and other guidelines. Other than the nature of transactions described above: The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

85 Audit Trail as per MCA Requirement

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that –

(a) in respect of general ledger application which is a (SaaS), cloud-based service provided by a third party, the audit trail feature was enabled, operated throughout the year and was not tampered with at the application level. However, management is not in possession of Service Organisation Controls report to determine whether audit trail feature of the said application was enabled and operated throughout the year for all relevant transactions recorded in the application at a database level. In respect to the underlying database for SaaS application, any change to the supporting database can only be made using a service request to third party vendor support team. The management is in discussion with the third-party software service provider to report on the audit trail feature in their Service Organisation Controls report going forward;

Notes
Notes to Standalone Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

(b) the company uses various loan management systems (LMS) for the various loan products offered. These loan management systems have a feature of recording audit trail (edit log) facility. However, management is not in possession of Service Organisation Controls report to determine whether audit trail feature of LMS managed by third party was enabled and operated throughout the year. Further, for the loan management systems, there are system limitation in testing the operation of audit trail feature. The Company is in discussion with the vendor of the application to assess feasibility to enable such feature as per the requirements of regulation. The Company currently relies on alternate manual controls in place around reports produced from the loan management systems.

As per our report of even date attached
For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

Independent Auditor's Report

To the Members of Northern Arc Capital Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Northern Arc Capital Limited** (hereinafter referred to as **"the Holding Company"**), its subsidiaries (the Holding Company and its subsidiaries together referred to as **"the Group"**) and its associate comprising of the consolidated Balance sheet as at March 31 2024, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as **"the consolidated financial statements"**).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2024, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment loss allowance for financial instruments (loan and investments) based on expected credit loss model – refer notes 3.e, 3.f, 8, 9, 19, 30 and 39 to the consolidated financial statements</td></tr>
<tr><td>Financial instruments, which include Loans and Investments, represents a significant portion of the total assets of the Group. The Holding Company has loans aggregating INR 9,20,958.93 lakh and investments aggregating INR 1,78,070.50 lakh as at March 31, 2024.

As per the expected credit loss model of the Holding Company developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Holding Company is required to estimate the probability of loss/expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgement, including determination of staging of financial assets; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward-looking factors, micro and macro-economic factors, in estimating the expected credit losses.

In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statements, it is considered as a key audit matter.</td><td>Our audit procedures included the following:
• Read and assessed the Holding Company's accounting policies for impairment of financial assets considering the requirements of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines.
• For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Holding Company's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management and tested the same on a sample basis.
• Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation.
• Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages.
• Performed tests of controls and details on a sample basis in respect of the staging of outstanding exposure, implementation of Company policy.
• Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors.
• Tested assumptions used by the management in determining the overlay for macro-economic and other factors.
• Assessed disclosures included in the standalone and consolidated financial statements in respect of expected credit losses.</td></tr>
<tr><td colspan="2">Fair valuation of financial assets held at fair value through other comprehensive income ("FVTOCI") or fair value through profit and loss ("FVTPL") (collectively "fair value") – refer notes 3.g, 8, 9, 26 and 37 to the consolidated financial statements</td></tr>
<tr><td>The Holding Company has classified loans aggregating to INR 2,61,483.91 lakh and investments aggregating to INR 1,30,417.24 lakh as held at fair value through OCI (FVTOCI) and investments aggregating to INR 35,532.10 lakh as held at fair value through profit and loss (FVTPL) in accordance with Ind AS 109. Additionally, the Holding Company is also required to disclose fair value of its financial assets and liabilities held at amortised cost in accordance with Ind AS 107.

The determination of the fair value of financial assets is considered to be a significant area in view of the materiality of amounts involved, judgements involved in selecting the valuation basis, and use of market data.

Given the degree of complexity involved in valuation of financial instruments, relative significance of these financial instruments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.</td><td>In view of the significance of the matter, we applied the following key audit procedures, among others to obtain sufficient appropriate audit evidence:
• Evaluated and tested the design and operating effectiveness of the Holding Company's control over the assessment of valuation of investments.
• Involved the internal expert to assess the reasonableness of the valuation methodology and underlying assumptions used by the management to estimate the fair value for sample of investments.
• Assessed the appropriateness of the valuation methodology and challenged the valuation model considered for fair value computation.
• Validated the source data and the arithmetical accuracy of the calculation of valuation of investments.
• Assessed the adequacy of disclosure in the standalone financial statements</td></tr>
<tr><td colspan="2">Information Technology (IT) systems and controls</td></tr>
<tr><td>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction, hence we identified IT systems and controls as a key audit matter for the Holding Company.

Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting. Further, the extant regulations require the Company to maintain a daily back-up of its books of account and to use accounting software which has an audit trail (edit log) feature.</td><td>Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting of the Holding Company:
• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting ("in-scope applications").</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records or non-compliance with regulatory requirements. Therefore, due to the pervasive nature and complexity of the IT environment and enhanced reporting requirements, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	• Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting. • Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorisation. • Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. • Tested the configuration of the audit trail feature in the accounting software and maintenance of back-up as per extant regulatory requirements.

Other Information

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

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the respective companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of their respective companies.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of four subsidiaries, whose financial statements include total assets of INR 7,107.15 lakh as at March 31, 2024, and total revenues of INR 11,027.72 lakh and net cash inflows of INR 1,158.53 lakh for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net loss of INR 216.08 lakh for the year ended March 31, 2024, as considered in the consolidated financial statements, in respect of one associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies and associate company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of subsidiaries, associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors, except for the matters stated in the paragraph (f) below on reporting under Rule 11(g);

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

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

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate company, none of the directors of the Group's companies, its associate, incorporated in India, is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above on reporting under Section 143(3) (b) and paragraph (i)(vi) below on reporting under Rule 11(g).

   (g) Three subsidiary Companies of the Group i.e. Northern Arc Investment Adviser Services Private Limited, Northern Arc Securities Private Limited and Northern Arc Foundation and one associate i.e. Finreach Solutions Private Limited are exempted under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 from the requirement of its auditors' reporting on whether the Company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls. Further, Northern Arc Employee Welfare Trust is not a company as defined under the Act and, therefore the requirements of its auditors' reporting on adequate internal financial controls with reference to the financial statements is not applicable. With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, its other subsidiary companies incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid/provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act. The provision of section 197 is not applicable to subsidiaries and associate;

   (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate, as noted in the 'Other matter' paragraph:

      i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated financial statements – Refer Note 40 to the consolidated financial statements;

      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 6 and Note 13 to the consolidated financial statements in respect of such items as it relates to the Group and its associate and (b) the Group's share of net loss in respect of its associate;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates, incorporated in India during the year ended March 31, 2024.

      iv. a) The respective managements of the Holding Company and its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, other than as disclosed in the note 49(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and associate to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The respective managements of the Holding Company and its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, other than as disclosed in the note 49(vi) to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries and associate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding Company, its subsidiaries and associate companies, incorporated in India.

vi) Based on our examination which included test checks and as explained in note 51 and that performed by the respective auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company, subsidiaries and associate have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except for the instances mentioned below. Further, for the applications and periods for which audit trail feature is enabled and operated, we and respective auditors of the subsidiaries and associate did not come across any instance of audit trail feature being tampered with:

As regards the Holding Company:

(a) In respect of application relating to general ledger, the audit trail feature at the database level could not be commented in the absence of Service Organisation Report from the third party service provider;

(b) In respect of Loan Management systems, such applications either have limitation in those applications in obtaining relevant information with regard to audit trail due to which we are unable to perform testing of audit trail feature, or for third party managed loan management systems, the service organisation controls (SOC) report covering the audit trail feature was not available;

As regards subsidiary companies incorporated in India:

(a) In respect of two subsidiaries, in the absence of Service Organisation Report from the third party service provider, the audit trail feature at the database level could not be commented upon;

(b) In respect of one subsidiary, the audit trail feature, was enabled for only part of the year for all relevant transactions recorded in the software used;

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

per **Bharath N S**
Partner
Membership Number: 210934
UDIN: 24210934BKFUNM3650

Place of Signature: Chennai
Date: May 29, 2024

Annexure '1'

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

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

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief and consideration of report of the other auditors on separate financial statements of the subsidiary companies and associate company incorporated in India, we state that:

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S. No.	Name	CIN	Holding company/ subsidiary/associate/ joint venture	Clause number of the CARO report which is qualified or is adverse
1.	Northern Arc Capital Limited	U65910TN1989PLC017021	Holding Company	(i)(b), (vii)(a)
2.	Northern Arc Investment Managers Private Limited	U74120TN2014PTC095064	Subsidiary company	(vii)(a)

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

per **Bharath N S**
Partner
Membership Number: 210934
UDIN: 24210934BKFUNM3650

Place of Signature: Chennai
Date: May 29, 2024

Annexure '2'

Annexure to The Independent Auditor's Report Of Even Date On The Consolidated Financial Statements Of Northern Arc Capital Limited

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

In conjunction with our audit of the consolidated financial statements of Northern Arc Capital Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries not exempted under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2024, based on [the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per **Bharath N S**
Partner
Membership Number: 210934
UDIN: 24210934BKFUNM3650

Place of Signature: Chennai
Date: May 29, 2024

Consolidated Balance Sheet

as at March 31, 2024

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

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial assets			
Cash and cash equivalents	4	17,940.08	23,233.95
Bank balances other than cash and cash equivalents	5	22,834.26	19,025.87
Derivative financial instruments	6	5,481.94	6,104.84
Trade receivables	7	2,534.94	2,861.42
Loans	8	920,958.93	688,860.57
Investments	9	178,070.50	176,273.36
Other financial assets	10	8,391.42	5,058.96
Total financial assets		**1,156,212.07**	**921,418.97**
Non-financial assets			
Current tax assets (net)	33	2,404.34	2,911.60
Deferred tax assets (net)	33	3,475.92	3,517.88
Property, plant and equipment	11.1	666.22	381.46
Intangible assets under development	11.2	231.13	98.87
Goodwill	11.3	2,347.77	2,407.02
Other intangible assets	11.4	1,179.25	1,337.09
Right of use asset	11.5	1,472.23	966.70
Investment in associates	23	388.65	2,726.64
Other non- financial assets	12	2,388.31	1,390.89
Total Non-financial assets		**14,553.82**	**15,738.15**
Total assets		**1,170,765.89**	**937,157.12**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	13	298.65	227.59
Trade payables	14		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		12,848.32	10,961.20
Debt securities	15	141,372.46	122,431.55
Borrowings (Other than debt securities)	16	763,403.15	577,029.86
Subordinated liabilities	17	-	3,995.07
Other financial liabilities (including lease liabilities)	18	15,505.82	11,019.30
Total financial liabilities		**933,428.40**	**725,664.57**
Non-financial liabilities			
Provisions	19	3,206.48	3,335.35
Current tax liabilities (net)		461.50	-
Deferred tax liabilities (net)	33	71.89	20.02
Other non-financial liabilities	20	1,556.46	1,364.13
Total Non-financial liabilities		**5,296.33**	**4,719.50**
EQUITY			
Equity share capital	21	8,938.54	8,903.13
Instruments entirely equity in nature	21	8,264.64	8,264.64
Other equity	22	214,235.38	178,374.85
Equity attributable to the equity holder of the holding company		**231,438.56**	**195,542.62**
Non-controlling interest (NCI)	23	602.60	11,230.43
Total equity		**232,041.16**	**206,773.05**
Total liabilities and equity		**1,170,765.89**	**937,157.12**
Summary of material accounting policies	2		

The accompanying notes form an integral part of consolidated financial statements

As per our report of even date attached

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

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

Particulars	Note	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations			
Interest income	24	171,211.16	114,838.77
Fee and Commission income	25	8,492.77	8,561.60
Net gain on fair value changes	26	4,561.95	5,062.45
Net gain on derecognition of financial instruments		4,742.54	2,034.23
Total revenue from operations		**189,008.42**	**130,497.05**
Other income	27	1,594.83	622.98
Total income		**190,603.25**	**131,120.03**
Expenses			
Finance costs	28	72,638.50	55,744.89
Fees and commission expense		22,081.94	12,142.03
Employee benefits expenses	29	24,160.72	14,892.45
Impairment on financial instruments	30	12,243.79	3,921.38
Depreciation and amortisation	31	1,694.42	1,204.43
Other expenses	32	15,663.06	10,905.02
Total expenses		**148,482.43**	**98,810.20**
Profit before share of profit/(loss) of associate and taxes		**42,120.82**	**32,309.83**
Share of loss from Associates	23	(97.21)	(187.27)
Profit before tax		**42,023.61**	**32,122.56**
Tax expense	33		
Current tax		10,881.12	9,702.26
Adjustment of tax relating to earlier periods		46.92	-
Deferred tax charge/(benefit)		(673.70)	(1,801.24)
Total Tax expense		**10,254.34**	**7,901.02**
Profit for the year	**(A)**	**31,769.27**	**24,221.54**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurement gain/(loss) on defined benefit plans		116.50	80.67
Income tax relating to items that will not be reclassified to profit or loss		(29.32)	(26.59)
		87.18	**54.08**
Items that will be reclassified to profit or loss in subsequent periods			
Fair value gain/(loss) on financial instruments through other comprehensive income (net)		1,228.99	(900.02)
Income tax relating to items that will be reclassified to profit or loss		(309.34)	140.74
		919.65	**(759.28)**
Net movement on effective portion of cash flow hedges		1,362.19	(1,010.85)
Income tax relating to items that will be reclassified to profit or loss		(342.86)	254.44
		1,019.33	**(756.41)**
Share of other comprehensive income from associates		(0.81)	-
Income tax relating to items that will be reclassified to profit or loss		-	-
		(0.81)	**-**
Other comprehensive income for the year (net of income taxes)	**(B)**	**2,025.35**	**(1,461.61)**
Total comprehensive income for the year (net of income taxes)	**(A+B)**	**33,794.62**	**22,759.93**
Profit for the year attributable to			
Owners of the holding company		30,833.39	23,001.06
Non-controlling Interest	23	935.88	1,242.30
Other comprehensive income for the year (net of income taxes)			
Owners of the holding company		2,017.01	(1,268.84)
Non-controlling Interest	23	8.34	(192.77)
Total comprehensive income for the year (net of income taxes)			
Owners of the holding company		32,850.40	21,732.23
Non-controlling Interest	23	944.22	1,049.53
Earnings per equity share of INR 10 each [Equity shares, par value of INR 10 each]	34		
Basic (in rupees)		34.61	25.85
Diluted (in rupees)		23.40	17.38
Summary of material accounting policies	2		

The accompanying notes form an integral part of consolidated financial statements

As per our report of even date attached

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakh unless otherwise stated)

A. Equity Share Capital

Particulars	
Equity Share capital of INR 10 each Issued, Subscribed and Fully paid	
Balance as at April 01, 2022	**8,890.75**
Changes in equity share capital during the year (Refer Note 21)	12.38
Balance as at March 31, 2023	**8,903.13**
Changes in equity share capital during the year (Refer Note 21)	5.38
Balance as at March 31, 2024	**8,908.51**

B. Instruments entirely equity in nature

Particulars	
Balance as at April 01, 2022	**8,264.64**
Changes in compulsorily convertible preference shares during the year	-
Balance as at March 31, 2023	**8,264.64**
Changes in compulsorily convertible preference shares during the period	-
Balance as at March 31, 2024	**8,264.64**

C. Other Equity

Particulars	Other equity									Total attributable to Equity Holders of the Holding Company	Total Non-Controling Interest (NCI)	Total
	Reserves and surplus							Other Comprehensive Income (OCI)				
	Share application money pending allotment	Statutory Reserve	Capital Redemption Reserve	Capital Reserve	Securities Premium	Share based payment reserve	Retained Earnings	Financial Instruments through OCI	Effective portion of cash flow hedge reserve			
Balance as at April 1, 2022	**-**	**13,165.35**	**3,467.00**	**3.57**	**85,510.51**	**2,042.98**	**51,340.90**	**3,170.00**	**(1,947.96)**	**156,752.34**	**9,303.40**	**166,055.74**
Change in equity for the year ended March 31, 2023												
Profit for the year	-	-	-	-	-	-	23,001.06	-	-	23,001.06	1,242.30	24,243.36
Fair valuation gain/(loss) of financial instruments (net)	-	-	-	-	-	-	-	(512.43)	(756.41)	(1,268.84)	(192.77)	(1,461.61)
Change in unit holding in funds (subsidiary)	-	-	-	-	-	-	(424.26)	-	-	(424.26)	2,176.69	1,752.43
Premium received on equity shares issued during the year	-	-	-	-	168.51	(49.65)	-	-	-	118.86	-	118.86
Transfer to retained earnings	-	-	-	-	-	(434.51)	434.51	-	-	-	-	-
Distributions of surplus in funds to NCI	-	-	-	-	-	-	-	-	-	-	(1,299.19)	(1,299.19)
Transfer to statutory reserve	-	4,507.12	-	-	-	-	(4,507.12)	-	-	-	-	-
Employee compensation expense during the year	-	-	-	-	-	141.61	-	-	-	141.61	-	141.61
Remeasurement of net defined benefit plan	-	-	-	-	-	-	54.08	-	-	54.08	-	54.08
Balance as at March 31, 2023	**-**	**17,672.47**	**3,467.00**	**3.57**	**85,679.02**	**1,700.43**	**69,899.17**	**2,657.57**	**(2,704.38)**	**178,374.85**	**11,230.43**	**189,605.28**

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakh unless otherwise stated)

Particulars	Other equity									Total attributable to Equity Holders of the Holding Company	Total Non-Controling Interest (NCI)	Total
	Reserves and surplus							Other Comprehensive Income (OCI)				
	Share application money pending allotment	Statutory Reserve	Capital Redemption Reserve	Capital Reserve	Securities Premium	Share based payment reserve	Retained Earnings	Financial Instruments through OCI	Effective portion of cash flow hedge reserve			
Balance as at April 1, 2023	**-**	**17,672.47**	**3,467.00**	**3.57**	**85,679.02**	**1,700.43**	**69,899.17**	**2,657.57**	**(2,704.38)**	**178,374.85**	**11,230.43**	**189,605.28**
Change in equity for the year ended March 31, 2024												
Profit for the year	-	-	-	-	-	-	30,833.39	-	-	30,833.39	935.88	31,769.27
Fair valuation gain/(loss) of financial instruments (net)	-	-	-	-	-	-	-	919.66	1,019.33	1,938.99	-	1,938.99
Amount reclassified to Profit and loss	-	-	-	-	-	-	-	6.56	-	6.56	-	6.56
Change in unit holding in funds (subsidiary) - loss of control	-	-	-	-	-	-	-	-	-	-	(11,793.93)	(11,793.93)
Premium received on equity shares issued during the year	-	-	-	-	687.38	(225.83)	-	-	-	461.55	-	461.55
Transfer to retained earnings		-	-	-	-	(160.10)	827.35	-	-	667.25	-	667.25
Share application money received pending allotment	83.76	-	-	-	-	-	-	-	-	83.76	-	83.76
Transfer to statutory reserve	-	5,603.43	-	-	-	-	(5,603.43)	-	-	-	-	-
Employee compensation expense during the year	-	-	-	-	-	1,790.19	-	-	-	1,790.19	221.88	2,012.07
Remeasurement of net defined benefit plan	-	-	-	-	-	-	78.84	-	-	78.84	8.34	87.18
Balance as at March 31, 2024	**83.76**	**23,275.90**	**3,467.00**	**3.57**	**86,366.40**	**3,104.69**	**96,035.32**	**3,583.79**	**(1,685.05)**	**214,235.38**	**602.60**	**214,837.98**

Summary of material accounting policies (Refer note 2)

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

As per our report of even date attached
For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

Consolidated Statement of Cash Flows

for the year ended March 31, 2024

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

Particulars		Note	Year ended March 31, 2024	Year ended March 31, 2023
A	**Cash flow from operating activities**			
	Profit before tax		42,023.61	32,122.56
	Adjustments to reconcile restated profit before tax to net cash flows:			
	Depreciation and amortisation expenses		1,694.42	1,204.40
	Write off of intangible assets under development		18.59	768.50
	Unrealised (gain)/loss on investments		572.50	258.70
	Interest income on loans, fixed deposits and investments		(169,653.43)	(115,868.16)
	Gain on investments in mutual fund		(1,046.17)	(776.70)
	(Profit)/Loss on sale of investments		(1,175.93)	(1,680.80)
	Impairment on financial instruments		(20,044.15)	3,806.80
	Bad debts written off		32,287.94	85.60
	Employee share based payment expenses		1,735.92	157.40
	(Profit)/loss on sale of plant, property and equipments		0.85	(23.90)
	(Gain)/loss on account of lease foreclosed		(1.13)	-
	Amortisation of discount on commercial papers		1,826.37	-
	Share of loss of Associate		97.21	187.30
	Interest on income tax refund		-	(149.80)
	Net gain on derecognition of financial assets		(4,742.54)	(2,034.20)
	Finance costs		70,838.64	55,744.90
	Cash used in operations before working capital changes and adjustments		**(45,567.30)**	**(26,197.40)**
	Changes in working capital and other changes:			
	(Increase)/Decrease in other financial assets		(2,076.75)	232.80
	(Increase)/Decrease in trade receivables		932.10	(940.20)
	(Increase)/Decrease in loans (Also refer Note 9A)		(356,829.95)	(198,579.60)
	(Increase)/Decrease in other non-financial assets		(949.23)	1,306.80
	(Increase)/Decrease in other bank balances		(3,665.44)	(9,792.90)
	(Increase)/Decrease in Investments		(14,053.95)	1,424.90
	(Increase)/Decrease in other financial liabilities		2,211.05	247.20
	(Decrease)/Increase in other non-financial liabilities		306.67	1,353.50
	(Decrease)/Increase in trade payables and provisions		2,351.89	11,106.87
	Cash used in operations before adjustments		**(417,340.91)**	**(219,838.03)**
	Proceeds from de-recognition of financial assets		101,292.05	38,538.00
	Interest income received on loans, fixed deposits and investments		163,802.25	114,877.20
	Recovery from bad debts written off assets		22,544.38	-
	Finance cost paid		(73,866.56)	(54,542.00)
	Income tax paid (net)		(9,875.68)	(8,600.60)
	Net cash flow from/(used in) operating activities		**(213,444.47)**	**(129,565.43)**
B	**Cash flows from investing activities**			
	Purchase of property, plant and equipment (net of proceeds)		(1,369.88)	1,066.20
	Purchase of investments		(704,676.81)	(683,601.80)
	Proceeds from sale of investments (Also refer Note 8A)		709,927.60	680,334.30
	Term deposit with scheduled banks		103.11	(358.00)
	Payment towards acquisition of specified assets and liabilities (net of cash)		-	(8,435.90)
	Payment towards transfer of specified assets & liabilities to subsidiary (net of cash)		-	(279.60)
	Investment in associate		(449.13)	(672.30)
	Interest income received		69.58	-
	Net cash flow from/(used in) investing activities		**3,604.47**	**(11,947.10)**

Consolidated Statement of Cash Flows

for the year ended March 31, 2024

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

Particulars		Note	Year ended March 31, 2024	Year ended March 31, 2023
C	**Cash flow from financing activities**			
	Proceeds from issue of debt securities		84,426.00	87,710.00
	Repayment of debt securities		(63,589.70)	(100,679.10)
	Proceeds from borrowings (other than debt securities)		785,124.40	416,298.60
	Repayment of borrowings (other than debt securities)		(597,309.15)	(308,704.50)
	Repayment of Subordinated liabilities		(3,995.07)	-
	Payment of principal portion of lease liabilities		(516.06)	(515.60)
	Payment of interest on lease liabilities		(175.01)	(146.10)
	Proceeds from issue of equity share capital including securities premium		496.96	131.20
	Share application money received pending allotment		83.76	
	Distributions of surplus in funds to NCI		-	(1,299.20)
	Net cash flow from/(used in) financing activities		**204,546.13**	**92,795.30**
	Net increase/(decrease) in cash and cash equivalents		**(5,293.87)**	**(48,717.23)**
	Cash and cash equivalents at the beginning of the year		23,233.95	71,517.38
	Additions on acquisition of specified assets and liabilities		-	433.80
	Cash and cash equivalents at the end of the year		**17,940.08**	**23,233.95**

Particulars		Note	As at March 31, 2024	As at March 31, 2023
	Notes to Consolidated Statement of Cash Flows			
1.	**Components of cash and cash equivalents:**	4		
	Cash on hand		7.75	0.32
	Cheques on hand		20.22	
	Balances with banks			
	- in current accounts		15,836.65	21,229.92
	- in deposit accounts free of lien		2,075.46	2,003.71
			17,940.08	**23,233.95**
2.	**The above cashflow statement has been prepared under the "indirect method" as set out in the Ind AS-7 on statement of cashflows specified under section 133 of the Companies Act, 2013**			
3.	**Non cash financing and investing activity**			

Particulars		Note	As at March 31, 2024	As at March 31, 2023
a.	**Investing Activity**			
	Acquisition of right of use assets		1,064.10	142.72
	Total		**1,064.10**	**142.72**
b.	For disclosures relating to changes in liabilities arising from financing activities, refer Note 36A			
Summary of material accounting policies		2		

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

As per our report of even date attached

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

1 Reporting entity

Northern Arc Capital Limited (the "Holding Company", or the "Parent Company") was incorporated on March 9, 1989 and is registered as a non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated August 8, 2013 in lieu of Certificate of Registration dated June 24, 1999 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company's registered address is No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai TN 600113.

The Holding Company, its subsidiaries and its associates (together known as the "Group") are principally engaged in lending and allied services such as advisory, syndication and portfolio management to provide liquidity and develop access to debt-capital markets for institutions and providing loans for personal, business, education and mortgage purposes to individuals by setting up microfinance institution, online debt trading platforms and alternative investment funds.

Name of the AIF	Nature of interest		Years of consolidation
IFMR FImpact Long Term Credit Fund	Subsidiary	NA	Year ended March 31, 2023
Northern Arc Emerging corporates Bond Fund	Associate	NA	Year ended March 31, 2023

The Group structure is as follows:

Entity	Country of Incorporation	Nature of Interest	% of Shareholding	
			As at March 31, 2024	As at March 31, 2023
Northern Arc Capital Limited (NACL)	India	Parent Company	Not applicable	Not applicable
Northern Arc Investment Managers Private Limited (NAIM)	India	Wholly owned subsidiary	100%	100%
Northern Arc Investment Adviser Services Private Limited (NAIA)	India	Wholly owned subsidiary	100%	100%
Northern Arc Foundation (NAF)	India	Wholly owned subsidiary	100%	100%
Northern Arc Securities Private Limited	India	Wholly owned subsidiary	100%	100%
Pragati Finserv Private Limited	India	Subsidiary	90.10%	90.10%
Northern Arc Employee Welfare Trust*	India	Subsidiary	Not applicable	Not applicable
Finreach Solutions Private Limited	India	Associate	24.55%	27.18%
IFMR FImpact Long Term Credit Fund	India	Subsidiary (Upto Nov 21, 2023) Associate (From Nov 22, 2023 to Jan 12, 2024)	Not applicable	44.17%
Northern Arc Emerging corporates Bond Fund	India	Associate (Upto April 26, 2023)	Not applicable	28.87%

*Northern Arc Capital Limited consolidated this entity based on defacto control with effect from April 1, 2021.

Northern Arc Capital Limited, Northern Arc Investment Managers Private Limited, Northern Arc Investment Adviser Services Private Limited, Northern Arc Foundation, Northern Arc Securities Private Limited, Pragati Finserv Private Limited, Northern Arc Employee Welfare Trust, Finreach Solutions Private Limited are together referred to as "Group".

Based on the approval of the Board of Directors of the Holding Company in their meeting held on February 2, 2024, the Holding Company has filed the draft red herring prospectus dated February 2, 2024 with the Securities and Exchange Board of India, pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended in connection with the initial public offering of equity shares of INR 10 each of the Holding Company.

2 Material Accounting Policies

2.1 Basis of preparation

The Consolidated Financial Statements of the Group comprises of the Consolidated Balance Sheet as at March 31, 2024 and March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows

Notes
Notes to Consolidated Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

for the year ended March 31, 2024 and March 31, 2023 and the notes to the Consolidated Financial Statements. These Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

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

These consolidated financial statements were authorised for issue by the Board of Directors on May 29, 2024

Details of the Group's material policies are disclosed in note 3.

i) Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 and RBI/2020-21/15 DOR (NBFC).CC.PD. No.116/22.10.106/2020-21 dated 24 July 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The consolidated financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Group. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity, are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 -Statement of Cash Flows. The Group presents its Consolidated Balance Sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented separately.

Financial assets and financial liabilities are generally reported on a gross basis in the Consolidated Balance Sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties.

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Holding Company, its subsidiaries and its associate. All amounts have been rounded-off to the nearest lakh (two decimals), unless otherwise indicated.

iii) Use of estimates and judgements

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

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

i) Business model assessment

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

ii) Fair value of financial instruments

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

iii) Effective Interest Rate ('EIR') method

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

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

iv) Impairment of financial assets

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

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

a) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ('LTECL') basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as consumer spending, lending interest rates and collateral values, and the effect on probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD').

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v) Impairment of non financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In asessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

vi) Provisions and other contingent liabilities

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

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

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

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

vii) Share-based payments

The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for Senior Executive Plan (SEP) and a Monte-Carlo simulation model for General Employee Share Option Plan (GESP).The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 43.

viii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 42.

ix) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

x) Other assumptions and estimation uncertainties

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

a) Measurement of defined benefit obligations: key actuarial assumptions;

b) Estimated useful life of property, plant and equipment and intangible assets;

c) Recognition of deferred taxes;

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

2.2 Basis of Consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are fully consolidated from the date on which the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies and accounting period in line with those used by the Group. All intra-group transactions, balances, income and expenses and cash flows are eliminated on consolidation.

ii) Non-controlling interests (NCI)

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests in the net assets of consolidated subsidiary are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the business combination and the non-controlling interests' share of changes in equity since that date. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction

iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

iv) Change in ownership without loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a. Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost

b. Derecognises the carrying amount of any non-controlling interests

c. Derecognises the cumulative translation differences recorded in equity

d. Recognises the fair value of the consideration received

e. Recognises the fair value of any investment retained

f. Recognises any surplus or deficit in profit or loss

g. Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners

h. Reclassifies the parent's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Summary of material accounting policies

a. Revenue from contract with customers

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group consider the terms of the contract and its customary business practices to determine the transaction price. The Group applies the five-step approach for the recognition of revenue.

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

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

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

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

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

Notes

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Trade Receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 3.c Financial Assets and Liabilities.

Recognition of interest income on loans

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

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

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

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

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

Revenue recognition for different heads of income is as under:

i. Interest income on deposits

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

ii. Fees and commission income

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

iii. Dividend income

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

iv. Other Income

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

b. Financial instruments - initial recognition

Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

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

Measurement categories of financial assets and liabilities

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

i) Amortised cost

ii) Fair value through other comprehensive income ('FVOCI')

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

c. Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

c) Financial assets and liabilities

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

Sole Payments of Principal and Interest (SPPI) test

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

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

Accordingly, financial assets are measured as follows:

i. Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Bank balances, Loans, Trade receivables and other financial investments that meet the above conditions are measured at amortised cost

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

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

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

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

The Group records investments in alternative investment funds, mutual funds and treasury bills at FVTPL.

iv. Investment in equity instruments

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

B. Financial liabilities

i. Initial recognition and measurement

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

ii. Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest rate method.

Debt securities and other borrowed funds

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

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

Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

d. Derecognition of financial assets and liabilities

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

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

If the modification is such that the instrument would no longer meet the SPPI criterion. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

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

i. Financial Assets

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

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

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

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

ii. Financial Liability

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

e Impairment of financial assets

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

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

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

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

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

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

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

Stage 1:

When financial assets are first recognised, the Group recognises an allowance based on 12-months ECL. Stage 1 financial assets includes those financial assets where there is no significant increase in credit risk

observed and also includes facilities where credit risk has been improved and the financial asset has been reclassified from stage 2 or stage 3.

Stage 2:

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

Stage 3:

Financial assets are considered credit impaired if they are past due for more than 90 days. The Group records an allowance for life time ECL.

B. Calculation of ECLs (continued)

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

PD:

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

EAD:

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

LGD:

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

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of financial assets and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1:

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

Stage 2:

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

Significant increase in credit risk

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

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

Stage 3:

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

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

a. significant financial difficulty of the borrower;

b. a breach of contract such as a default or past due event;

c. the lender of the borrower, for economic or contractual reasons relating to the borrower's financial

d. difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

e. the disappearance of an active market for a security because of financial difficulties; or

f. the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

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

Loan commitments

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

Financial guarantee contracts

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

C. Financial assets measured at FVOCI

The ECLs for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured

at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Group relies on forward looking macro parameters such as consumer spending and interest rates to estimate the impact on probability of the default at a given point of time.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

f. Write-offs

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

g. Determination of fair value

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's financial instruments. Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for financial instruments.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

h. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. For each entity in the Group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency

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

i. Property, plant and equipment

i. Recognition and measurement

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

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial

year end and adjusted prospectively, if appropriate

j. Intangible assets

i. Intangible assets

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

ii. Subsequent expenditure

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

iii. Internally generated: Research and development

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

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

During the period of development, the asset is tested for impairment annually

iv. Amortisation

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

Asset category	Estimated Useful life
Computer softwares	5 years

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

v. Derecognition

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognised

k. Employee benefits

i. Post-employment benefits

Defined contribution plan

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

Defined benefit plans

Gratuity

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

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

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

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

ii. Other long-term employee benefits

Compensated absences

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

iii. Short-term employee benefits

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

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

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

iv. Share based payment

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

Equity Settled Plan:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 43.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award

and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

l. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

m. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e.the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group determines the lease term as the initial period agreed in the lease agreement, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the initial period agreed in the lease agreement.

n. Taxes

i. Current tax

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

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

ii. Deferred tax

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

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

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefit ts in the form of availability of set off against future income tax liability.

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

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

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

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

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

o. Borrowing cost

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

p. 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.

q. Segment reporting- Identification of segments:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

r. Earnings per share

The Group reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit/loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

s. Cash flow statement

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

t. Derivative financial instruments

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

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

u. Hedge accounting policy

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

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

The Group has an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its fixed rate secured loan. See Note 47 for more details.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the Effective portion of cash flow hedges, while any ineffective portion is recognised immediately in the statement of profit and loss. The Effective portion of cash flow hedges is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses. Refer to Note 47 for more details.

The Group designates only the spot element of a forward contract as a hedging instrument. The forward element is recognised in OCI.

Notes
Notes to Consolidated Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

v. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Holding Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

w. Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining whether significant influence are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate or exceeds its interest in the associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss outside operating profit.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit and loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss

New and amended standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023. The Group applied for the first-time these amendments.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments are not expected to have a material impact on the Group's financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosure of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's Financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

4. Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
Cash on hand	7.75	0.32
Cheques on hand	20.22	-
Balance with banks		
- In current accounts	15,836.65	21,229.92
- In deposit with original maturity of less than three months (Refer note 4A below)	2,075.46	2,003.71
	17,940.08	**23,233.95**

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

4B The Group had available undrawn committed borrowing facilities of INR 3,336.40 lakh as at March 31, 2024 (as at 31 March 2023: INR 3,500 lakh).

4C For the purpose of the statement of cash flows, cash and cash equivalents comprise the following

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	7.75	0.32
Cheques on hand	20.22	-
Balances with banks		
- In current accounts	15,836.65	21,229.92
- Deposits with original maturity of less than three months	2,075.46	2,003.71
	17,940.08	**23,233.95**

5. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
- In deposit with bank with original maturity more than 3 months (Refer Note 5.1)	9,700.35	12,665.82
In earmarked accounts:		
- In unpaid dividend account	0.22	2.69
- - Deposit with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (Refer Note 5.1 and Note 5.2).	13,133.69	6,357.36
	22,834.26	**19,025.87**

Note:

5.1 As at 31 March 2024, Deposit with bank includes deposits amounting to INR 3,009.40 lakh (March 31, 2023 : INR 2,149.56 lakh) representing amount received from customers as cash collateral against the loans provided to them by the Group.

5.2 As at 31 March 2024, Deposits amounting to INR 2,625.51 lakh (31 March 2023: INR Nil) have been provided as credit enhancement for securitisation transactions.

6. Derivative financial instruments

Particulars	As at March 31, 2024		As at March 31, 2023	
	Notional Amount	Fair value of Asset	Notional Amount	Fair value of Asset
Part-I				
Asset				
(i) Currency derivatives (Refer Note 47) - measured at FVOCI				
- Cross currency swaps	75,385.93	5,346.17	100,534.25	5,879.27
- Forward contract	-	54.12	-	-
(ii Interest rate derivatives (Refer Note 47) - measured at FVPL				
- Overnight Indexed Swaps	39,500.00	81.65	39,500.00	225.57
	114,885.93	**5,481.94**	**140,034.25**	**6,104.84**

Particulars	As at March 31, 2024		As at March 31, 2023	
	Notional Amount	Fair value of Asset	Notional Amount	Fair value of Asset
Part-II				
Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:				
Asset				
Derivative designated as hedge				
Cash flow Hedging				
- Cross currency swaps	75,385.93	5,346.17	100,534.25	5,879.27
- Forward Contract	-	54.12	-	-
Fair Value Hedging				
- Overnight Indexed Swaps	39,500.00	81.65	39,500.00	225.57
	114,885.93	**5,481.94**	**140,034.25**	**6,104.84**

The notional amounts in the above table refers to the foreign currency borrowing on which the Group has hedged the risk of foreign currency fluctuations and interest rate fluctuations. The Group has entered into derivative contracts, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place. There have been no transfer between Level 1 and Level 2 during the year. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

7. Trade receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured - considered good	2,526.91	2,873.72
Trade receivables which have significant increase in credit risk	18.01	1.14
Trade receivables - Credit impaired	-	-
	2,544.92	**2,874.86**
Less: Impairment loss allowance:		
Unsecured - considered good	(7.51)	(13.35)
Trade receivables which have significant increase in credit risk	(2.47)	(0.09)
Trade receivables - Credit impaired	-	-
Total	**2,534.94**	**2,861.42**

Note:

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

7.1 The ageing schedule of Trade receivables is as follows:

(i) As at March 31, 2024

Particulars	Unbilled receivables	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	131.36	-	2,367.72	19.20	8.63	-	-	2,526.91
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	18.01	-	-	-	-	18.01
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	**131.36**	**-**	**2,385.73**	**19.20**	**8.63**	**-**	**-**	**2,544.92**

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

(ii) As at March 31, 2023

Particulars	Unbilled receivables	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	799.33	-	2,012.49	53.69	8.21	-	-	2,873.72
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	1.14	-	-	-	1.14
(iii) Undisputed Trade Receivables – credit impaired		-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good		-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk		-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired		-	-	-	-	-	-	-
Total	**799.33**	**-**	**2,012.49**	**54.83**	**8.21**	**-**	**-**	**2,874.86**

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

Changes in gross carrying amount

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	2,873.72	1.14	-	2,874.86	1,926.27	1.76	-	1,928.03
New assets originated	1,542.34	18.01	-	1,560.35	2,873.72	1.14	-	2,874.86
Asset derecognised or repaid (excluding write off)	(1,889.15)	(1.14)	-	(1,890.29)	(1,926.27)	(1.76)	-	(1,928.03)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**2,526.91**	**18.01**	**-**	**2,544.92**	**2,873.72**	**1.14**	**-**	**2,874.86**

Reconciliation of ECL Balance

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	13.35	0.09	-	13.44	9.42	0.23	-	9.65
New assets originated	4.59	2.47	-	7.06	13.35	0.09	-	13.44
Asset derecognised or repaid (excluding write off)	(10.43)	(0.09)	-	(10.52)	(9.31)	(0.23)	-	(9.54)
Transfer to stage 1	-	-	-	-	(0.11)	-	-	(0.11)
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**7.51**	**2.47**	**-**	**9.98**	**13.35**	**0.09**	**-**	**13.44**

8. Loans

Particulars	As at March 31, 2024			As at March 31, 2023		
	At Amortised cost	At Fair Value through Other Comprehensive Income	Total	At Amortised cost	At Fair Value through Other Comprehensive Income	Total
A. Based on nature						
Gross term loans	622,219.92	261,483.91	883,703.83	467,577.77	182,829.41	650,407.18
Less : Impairment loss allowance	(8,666.10)	-	(8,666.10)	(7,963.25)	-	(7,963.25)
Net term loans	**613,553.82**	**261,483.91**	**875,037.73**	**459,614.52**	**182,829.41**	**642,443.93**
Gross structured cash credit	47,829.20	-	47,829.20	47,355.55	-	47,355.55
Less : Impairment loss allowance	(1,908.00)	-	(1,908.00)	(938.91)	-	(938.91)
Net structured cash credit	**45,921.20**	**-**	**45,921.20**	**46,416.64**	**-**	**46,416.64**

Particulars	As at March 31, 2024			As at March 31, 2023		
	At Amortised cost	At Fair Value through Other Comprehensive Income	Total	At Amortised cost	At Fair Value through Other Comprehensive Income	Total
Net loans	**659,475.02**	**261,483.91**	**920,958.93**	**506,031.16**	**182,829.41**	**688,860.57**
B. Based on Security						
(i) Secured by tangible assets *	463,719.52	54,823.74	518,543.26	371,269.44	54,828.28	426,097.72
(ii) Unsecured	206,329.60	206,660.17	412,989.77	143,663.88	128,001.13	271,665.01
Gross Loans	**670,049.12**	**261,483.91**	**931,533.03**	**514,933.32**	**182,829.41**	**697,762.73**
Less: Impairment loss allowance	(10,574.10)	-	(10,574.10)	(8,902.16)	-	(8,902.16)
Net Loans	**659,475.02**	**261,483.91**	**920,958.93**	**506,031.16**	**182,829.41**	**688,860.57**
C. Based on region						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	670,049.12	261,483.91	931,533.03	514,933.32	182,829.41	697,762.73
Gross Loans	**670,049.12**	**261,483.91**	**931,533.03**	**514,933.32**	**182,829.41**	**697,762.73**
Less: Impairment loss allowance	(10,574.10)	-	(10,574.10)	(8,902.16)	-	(8,902.16)
	659,475.02	**261,483.91**	**920,958.93**	**506,031.16**	**182,829.41**	**688,860.57**
(II) Loans outside India						
Loans outside India	-	-	-	-	-	-
Net Loans	**659,475.02**	**261,483.91**	**920,958.93**	**506,031.16**	**182,829.41**	**688,860.57**

*Term loans are secured by way of hypothecation of underlying loan receivables and/or pledge of securities or hypothecation of automobile assets or pledge of equitable mortgage of property.

Also refer Note 38 (i) on Credit Risk under financial risk management objectives and policies.

9. Investments

Particulars	As at March 31, 2024				As at March 31, 2023			
	At Amortised cost	At Fair value through Other Comprehensive Income	At Fair Value through Profit and Loss	Total	At Amortised cost	At Fair value through Other Comprehensive Income	At Fair Value through Profit and Loss	Total
Investment in debentures (quoted)								
Non-convertible redeemable debentures	-	72,616.67		72,616.67	-	63,225.60		63,225.60
Market Linked debentures	-	-	18,992.53	18,992.53	-	-	26,435.23	26,435.23
Investment in debentures (unquoted)								
Non-convertible redeemable debentures	-	52,028.13	-	52,028.13	-	44,629.47	-	44,629.47
Market Linked debentures	-	-	-	-	-	-	2,922.31	2,922.31
Investment in Commercial papers (quoted)								
Commercial papers	-	-	-	-	-	3,408.03	-	3,408.03
Investment in pass-through certificates (unquoted)								
Investment in pass-through certificates	-	5,772.44	-	5,772.44	-	13,120.35	-	13,120.35
Investment in alternate investment funds (unquoted)								
Alternative Investment Funds (unquoted)	-	-	14,374.13	14,374.13	-	-	14,301.93	14,301.93
Investment in Other approved securities (unquoted)								
Investment in Goverment securities	12,121.16	-	-	12,121.16	7,258.59	-	-	7,258.59
Investment in mutual funds (quoted)								
Investment in Mutual Funds	-	-	2,164.48	2,164.48	-	-	970.23	970.23

Particulars	As at March 31, 2024				As at March 31, 2023			
	At Amortised cost	At Fair value through Other Comprehensive Income	At Fair Value through Profit and Loss	Total	At Amortised cost	At Fair value through Other Comprehensive Income	At Fair Value through Profit and Loss	Total
Other investments (Unquoted)								
Share warrants	-	-	0.96	0.96	-	-	1.62	1.62
Sub total	**12,121.16**	**130,417.24**	**35,532.10**	**178,070.50**	**7,258.59**	**124,383.45**	**44,631.32**	**176,273.36**
Less: Impairment loss allowance for Investments	-	-	-	-	-	-	-	-
Total Investments	**12,121.16**	**130,417.24**	**35,532.10**	**178,070.50**	**7,258.59**	**124,383.45**	**44,631.32**	**176,273.36**
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	12,121.16	130,417.24	35,532.10	178,070.50	7,258.59	124,383.45	44,631.32	176,273.36
Total Investments	**12,121.16**	**130,417.24**	**35,532.10**	**178,070.50**	**7,258.59**	**124,383.45**	**44,631.32**	**176,273.36**

Also refer Note 38 (i) on Credit Risk under financial risk management objectives and policies.

The group has designated these investments as FVOCI on the basis that these are not held for trading and held for strategic purpose.

9A Investments

The Reserve Bank of India (RBI) vide instruction RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023 which it further clarified vide its RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024 with regard to restriction of Investment in Alternative Investment Funds (AIF) by Regulated Entities (RE) ("RBI Instruction"), required entities regulated by RBI to liquidate investments in AIFs which had downstream investments in any debtor company of the regulated entity within a period of 30 days.

The Holding Company has taken active steps to comply with such instructions and has taken the following actions by March 31, 2024:

a. liquidated units in AIFs amounting to INR 11,415.31 lakh to third parties;

b. sold subordinated units held by it in AIF aggregating INR 10,800 lakh to its wholly owned subsidiary Northern Arc Investment Managers Private Limited (NAIM) (a SEBI regulated and RBI non-regulated entity) which were funded by way of a loan extended by the Holding Company to NAIM, with necessary approvals from the Holding Company's Board of Directors. The Holding Company's investments in units of AIFs managed by such wholly owned subsidiary, substantially comprise investments in subordinate unit class of AIFs, being sponsor class units as required by applicable regulations by the Securities Exchange Board of India;

c. and made a provision/reduced fair value of INR 224 lakh in respect of those investment remaining as unsold as required by Reserve Bank of India by the required timeline;

As at March 31, 2024, the Holding Company does not hold any investments in AIF which will require any additional provision. Further, loans or equity given to its subsidiary which is not an RBI regulated entity are considered in net owned fund computation considered for capital adequacy ratio of the Holding Company. Based on the above actions and relevant legal and regulatory correspondence, the Holding Company is of the view that it is fully compliant with the requirement of the RBI circular on investments in AIF.

10. Other financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good		
Unsecured - amortised cost:		
Security deposits	543.61	533.55
Advances to employees	252.84	68.93
Advance to originator partners	4,333.58	1,146.96
Other receivables*	220.70	1,943.09
Excess Interest spread on derecognition of financial assets (Refer Note 10.1)	3,124.39	1,392.80
Less: Impairment loss allowance	(83.70)	(26.37)
	8,391.42	**5,058.96**

*Receivable from AIF's managed by NAIM

10.1 Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to excess interest spread (EIS) on derecognition of financial assets

Changes in gross carrying amount

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - EIS								
As at the beginning of the year	1,379.40	5.33	8.07	1,392.80	-	-	-	-
New assets originated	2,437.93	20.88	43.84	2,502.65	1,379.40	5.33	8.07	1,392.80
Asset derecognised or repaid (excluding write offs)	(773.34)	-	-	(773.34)	-	-	-	-
Transfer to stage 1	-	0.73	-	0.73	-	-	-	-
Transfer to stage 2	-	-	1.55	1.55	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**3,043.99**	**26.94**	**53.46**	**3,124.39**	**1,379.40**	**5.33**	**8.07**	**1,392.80**

Reconciliation of ECL Balance

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - EIS								
As at the beginning of the year	18.69	2.43	5.25	26.37	-	-	-	-
New assets originated	11.40	9.05	48.07	68.52	18.69	2.43	5.25	26.37
Asset derecognised or repaid (excluding write offs)	(11.81)	-	-	(11.81)	-	-	-	-
Transfer to stage 1	-	0.32	-	0.32	-	-	-	-
Transfer to stage 2	-	-	0.30	0.30	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**18.28**	**11.80**	**53.62**	**83.70**	**18.69**	**2.43**	**5.25**	**26.37**

11.1 Property, plant and equipment

Particulars	Plant and machinery	Furniture and fittings	Computers and accessories	Office equipments	Servers	Leasehold improvements	Total
Cost/Deemed cost							
As at April 1, 2022	**0.29**	**33.71**	**444.39**	**156.85**	**0.19**	**145.67**	**781.10**
Additions	-	122.74	339.65	28.11	-	28.64	519.14
Addition on account of : Acquisition of specified assets and liabilities (Refer note 48)	6.22	8.33	52.36	18.37	-	-	85.28
Disposals/Discarded	-	-	-	(10.31)	-	-	(10.31)
As at March 31, 2023	**6.51**	**164.78**	**836.40**	**193.02**	**0.19**	**174.31**	**1,375.21**
Additions	-	242.31	503.29	88.56	-	53.87	888.03
Disposals/Discarded	-	-	(4.17)	(0.80)	-	(1.98)	(6.95)
As at March 31, 2024	**6.51**	**407.09**	**1,335.52**	**280.78**	**0.19**	**226.20**	**2,256.29**
Accumulated depreciation							
As at April 1, 2022	0.29	6.81	331.78	144.59	0.19	102.11	585.77
Depreciation for the year	5.97	37.60	310.00	27.93	-	31.19	412.69
Disposals/Discarded	-	-	-	(4.72)	-	-	(4.72)
As at March 31, 2023	**6.26**	**44.41**	**641.78**	**167.80**	**0.19**	**133.30**	**993.74**
Depreciation for the year	0.23	69.73	462.38	53.05	-	16.93	602.32
Disposals/Discarded	-	-	(4.09)	(0.81)	-	(1.09)	(5.99)
As at March 31, 2024	**6.49**	**114.14**	**1,100.07**	**220.04**	**0.19**	**149.14**	**1,590.07**
Net block							
As at March 31, 2023	**0.25**	**120.37**	**194.62**	**25.22**	**-**	**41.01**	**381.46**
As at March 31, 2024	**0.02**	**292.95**	**235.45**	**60.74**	**-**	**77.06**	**666.22**

Notes

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

11.2 Intangible assets under development

Particulars	Software	Total
Cost/Deemed cost		
As at April 1, 2022	28.44	28.44
Add: Additions	839.01	839.01
Less: Capitalised during the year	(768.58)	(768.58)
As at March 31, 2023	**98.87**	**98.87**
Add: Additions	481.87	481.87
Less: Capitalised during the year	(331.02)	(331.02)
Less: Written off during the year	(18.59)	(18.59)
As at March 31, 2024	**231.13**	**231.13**

11.2.i Ageing of Intangible assets under development

As at March 31, 2024

Intangible assets under development for a period of	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Projects in Progress	150.85	80.28	-	-	231.13

As at March 31, 2023

Intangible assets under development for a period of	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Projects in Progress	92.87	6.00	-	-	98.87

11.2.ii As at March 31, 2024 and March 31, 2023, there were no projects whose completion is overdue or has exceeded its cost compared to its original plan

11.3 Goodwill

Particulars	Goodwill	Total
Cost/Deemed cost		
As at April 1, 2022	**174.63**	**174.63**
Addition on account of : Acquisition of specified assets and liabilities (Refer note 48)	2,321.78	2,321.78
Disposals	-	-
As at March 31, 2023	**2,496.41**	**2,496.41**
Additions	-	-
Disposals	-	-
As at March 31, 2024	**2,496.41**	**2,496.41**
Accumulated amortisation and impairment		
As at April 1, 2022	**-**	**-**
Impairment for the year	89.38	89.38
As at March 31, 2023	**89.38**	**89.38**
Impairment for the year	59.26	59.26
As at March 31, 2024	**148.64**	**148.64**
Net carrying value		
As at March 31, 2023	**2,407.02**	**2,407.02**
As at March 31, 2024	**2,347.77**	**2,347.77**

11.4 Other Intangible assets

Particulars	Software	Total
Cost/Deemed cost		
As at April 1, 2022	**2,024.03**	**2,024.03**
Additions	768.56	768.56
Addition on account of : Acquisition of specified assets and liabilities (Refer note 48)	30.11	30.11
Disposals	-	-
As at March 31, 2023	**2,822.70**	**2,822.70**

Particulars	Software	Total
Additions	331.02	331.02
Acquisition of business	-	-
Disposals	-	-
As at March 31, 2024	**3,153.72**	**3,153.72**
Accumulated amortisation		
As at April 1, 2022	**1,081.06**	**1,081.06**
Amortisation for the year	404.55	404.55
On disposals	-	-
As at March 31, 2023	**1,485.61**	**1,485.61**
Amortisation for the year	488.85	488.85
On disposals	-	-
As at March 31, 2024	**1,974.46**	**1,974.46**
Net carrying value		
As at March 31, 2023	**1,337.09**	**1,337.09**
As at March 31, 2024	**1,179.25**	**1,179.25**

11.5 Right of use asset

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

Particulars	Office Premises-Buildings	Total
Cost/Deemed cost		
As at April 1, 2022	**2,155.06**	**2,155.06**
Additions	134.35	134.35
Addition on account of : Acquisition of specified assets and liabilities (Refer note 48)	8.37	8.37
Disposals	-	-
As at March 31, 2023	**2,297.78**	**2,297.78**
Additions	1,064.10	1,064.10
Disposals	(62.11)	(62.11)
As at March 31, 2024	**3,299.76**	**3,299.76**
Accumulated depreciation		
As at April 1, 2022	**1,033.27**	**1,033.27**
Additions	297.81	297.81
Disposals	-	-
As at March 31, 2023	**1,331.08**	**1,331.08**
Additions	543.99	543.99
Disposals	(47.54)	(47.54)
As at March 31, 2024	**1,827.53**	**1,827.53**
Net carrying value:		
As at March 31, 2023	**966.70**	**966.70**
As at March 31, 2024	**1,472.23**	**1,472.23**

12. Other non-financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good, unsecured		
Prepaid expense	962.28	998.45
Balances with government authorities	109.65	163.78
Capital advances	40.23	-
Advances to vendors	206.52	228.66
Other advances*	1,069.63	-
	2,388.31	**1,390.89**

*Other advances as at March 31, 2024 represents various expenses incurrred in connection with proposed initial public offer of equity shares of the Holding Company, recoverable from investors as part of the agreement. This includes INR 222.93 lakh paid to the statutory auditors (excluding taxes) of the Holding Company.

13. Derivative financial instruments

Particulars	As at March 31, 2024		As at March 31, 2023	
	Notional Amount	Fair value of liabilities	Notional Amount	Fair value of liabilities
Part-I				
(i) Currency derivatives (Refer Note 47) – measured at FVOCI				
– Cross currency swaps	8,870.97	188.53	5,000.00	149.31
– Forward contract	-	-	-	-
(ii) Interest rate derivatives (Refer Note 47) – measured at FVPL				
– Overnight Indexed Swaps	19,825.00	110.12	19,825.00	78.28
	28,695.97	**298.65**	**24,825.00**	**227.59**
Part-II				
Included in the above (Part-I) are derivatives held for hedging and risk management purposes as follows:				
– Cash flow hedging				
– Cross currency swaps	8,870.97	188.53	5,000.00	149.31
– Forward Contract	-	-	-	-
– Fair Value hedging				
– Overnight Indexed Swaps	19,825.00	110.12	19,825.00	78.28
	28,695.97	**298.65**	**24,825.00**	**227.59**

The notional amounts in the above table refers to the foreign currency borrowing on which the Group has hedged the risk of foreign currency fluctuations and interest rate fluctuations. The Group has entered into derivative contracts, with scheduled banks with Investment grade credit rating. Derivatives are fair valued using inputs that are directly or indirectly observable in market place. There have been no transfer between Level 1, Level 2 and Level 3 during the year. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

14. Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables (Refer Note 14A)		
- -Total outstanding dues to micro enterprises and small enterprises (refer note 41 for details of dues to micro and small enterprises)	-	-
- -Total outstanding dues to creditors other than micro enterprises and small enterprises	12,848.32	10,961.20
	12,848.32	**10,961.20**

Note:
Trade payables are non interest bearing and are normally settled at the end of the subsequent month.

Notes
Notes to Consolidated Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

14A The ageing schedule of Trade payables is as follows:

(i) As at March 31, 2024

Particulars	Unbilled and not due	Current but not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	11,836.77	-	1,011.55	-	-	-	12,848.32
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-

(ii) As at March 31, 2023

Particulars	Unbilled and not due	Current but not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	9,925.18	-	961.86	74.16	-	-	10,961.20
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-

Refer Note 41 for details of dues to micro and small enterprises.

15. Debt securities (Refer Note 15A)

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
Secured:		
- Redeemable non-convertible debentures:	98,448.85	117,962.08
Unsecured:		
- Redeemable non-convertible debentures	-	23.51
- Commercial paper	42,923.61	4,445.96
Total Debt securities	**141,372.46**	**122,431.55**
Debt securities in India	141,372.46	122,431.55
Debt securities outside India	-	-
Total Debt securities	**141,372.46**	**122,431.55**

Secured Redeemable Non-Convertible Debentures are secured by specific charge on identified receivables (Refer Note 15A).

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

15 A: Details regarding terms of issuance of debt securities

Particulars	Terms of Redemption	Earliest Repayment date	Security	Interest rate	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023
Secured, redeemable non-convertible debentures:						
- 1,000 units (March 31, 2023: 1000 units) of 9.60% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 20, 2023	Coupon payment frequency : Semi annually Principal repayment frequency : Entire principal to be repaid in 7 equal semi annual instalments after a moratorium of eighteen months Tenure of security : 60 months Redemption date : December 20, 2023	20-Jun-23	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.60%	-	2,857.14
- 500 units (March 31, 2023: 500 units) of 11.25% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 26, 2023	Coupon payment frequency : Annually Principal repayment frequency : On maturity Tenure of security : 36 months Redemption date : June 26, 2023	26-Jun-23	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	11.25%	-	833.33
- 500 units (March 31, 2023: 500 units) of 10.40% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on July 13, 2023	Coupon payment frequency : Quarterly Principal repayment frequency : 12 equal quarterly instalments Tenure of security : 36 months Redemption date : July 13, 2023	13-Jul-23	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	10.40%	-	5,000.00
- 10000 units (March 31, 2023: 10000 units) of Market Linked Redeemable non-convertible debentures of INR 1,00,000 each, maturing on July 27, 2023*	Coupon payment frequency : On maturity Principal repayment frequency : On maturity Tenure of security : 26 months Redemption date : July 27, 2023	27-Jul-23	The Debentures shall be secured by way of a first ranking and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances/charge/lien .	8.75%	-	10,000.00
- 750 units (March 31, 2023: 750 units) of 11.338% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on March 28, 2024	Coupon payment frequency : Annually Principal repayment frequency : Entire principal to be repaid in 4 equal instalments at the end of 24 months, 36 Months, 42 months and 48 months Tenure of security : 48 months Redemption date : March 28, 2024	03-Oct-23	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	11.34%	-	3,750.00
- 200 units (March 31, 2023: 200 units) of 8.95% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on June 30, 2024	Coupon payment frequency : Monthly Principal repayment frequency : On maturity Tenure of security : 21 months Redemption date : June 30, 2024	28-Apr-24	The Debentures shall be secured by a first ranking and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	8.95%	5,710.00	2,000.00
- 17500 units (March 31, 2023: Nil units) of 9.65% Redeemable non-convertible debentures of INR 1,00,000 each, maturing on Mar 26, 2027	Coupon payment frequency : Quarterly Principal repayment frequency : 12 equal quarterly instalments Tenure of security : 36 months Redemption date : March 26, 2027	30-Apr-24	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	9.65%	16,851.43	-
- 2949 units (March 31, 2023: 2949 units) of 9.966% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on December 18, 2025	Coupon payment frequency : Semi annually Principal repayment frequency : 7 equal half-yearly instalments Tenure of security : 60 months Redemption date : December 18, 2025	18-Jun-24	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.97%	10,800.00	25,277.14
- 5710 units (March 31, 2023: Nil units) of 8.65% Redeemable, market linked non-convertible debentures of INR 1,00,000 each, maturing on July 12, 2024	Coupon payment frequency : On maturity Principal repayment frequency : On maturity Tenor : 13 months Redemption date : July 12, 2024	12-Jul-24	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	9.60%	2,000.00	-

Particulars	Terms of Redemption	Earliest Repayment date	Security	Interest rate	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023
- 3950 units (March 31, 2023: 3950 units) of 10.07% Redeemable non-convertible debentures of INR 1,000,000 each, maturing on September 21, 2027	Coupon payment frequency : Semi annually Principal repayment frequency : Entire principal to be repaid in 5 equal instalments at the end of 12 months, 36 Months, 42 months, 48 months and 60 months Tenure of security : 5 years Redemption date : September 21, 2027	21-Sep-24	The Debentures shall be secured by a first ranking and exclusive charge of 1.05x over identified loan receivables and investments which are free from any encumbrances/charge/lien	Overnight MIBOR +Spread 3.51%	31,600.00	39,500.00
- 1800 units (March 31, 2023: 1800 units) of 9.85% Redeemable,market linked non-convertible debentures of INR 10,00,000 each, maturing on March 23, 2026	Coupon payment frequency : Semi annually Principal repayment frequency : On maturity Tenure of security : 60 months Redemption date : March 23, 2026	23-Sep-24	The Debentures shall be secured by way of a first ranking, exclusive, and continuing charge to the present and future loan receivables	9.85%	8,910.00	14,400.00
- 891 units (March 31, 2023: 891 units) of Market Linked Redeemable non-convertible debentures of INR 1,000,000 each, maturing on January 27, 2025*	Coupon payment frequency : On maturity Principal repayment frequency : On maturity Tenure of security : 30 months Redemption date : January 27, 2025	27-Jan-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	9.10%	2,500.00	8,910.00
- 2500 units (March 31, 2023: 2500 units) of Market Linked Redeemable non-convertible debentures of INR 1,000,000 each, maturing on January 27, 2025*	Coupon payment frequency : On maturity Principal repayment frequency : On maturity Tenure of security : 30 months Redemption date : January 27, 2025	27-Jan-25	The Debentures shall be secured by a first ranking, fixed and exclusive charge of 1.10x over identified loan receivables and investments which are free from any encumbrances/charge/lien	9.10%	17,500.00	2,500.00
Total					**95,871.43**	**115,027.62**
Unsecured, redeemable non-convertible debentures:						
- 235140 units (March 31, 2023: 235140 units) of 11.6% Redeemable non-convertible debentures of INR 10 each, maturing on Sep 25, 2023	Coupon payment frequency : Monthly Principal repayment frequency : On maturity Tenure of security : 4 years Redemption date : September 25, 2023	25-Sep-23	NA	11.60%	-	23.51
Total					**-**	**23.51**
Unsecured, Commercial Paper:						
NIL Units (March 31, 2023 : 400 units) of 7.99%% commercial paper of INR 500,000 each, maturing on May 5, 2023	Repayments terms : Entire amount is repaid on maturity Tenor : 91 Days Maturity Date : May 05, 2023	05-May-23	NA	7.99%	-	2,000.00
NIL Units (March 31, 2023 : 300 units) of 8.10% commercial paper of INR 500,000 each, maturing on May 31, 2023	Repayments terms : Entire amount is repaid on maturity Tenor : 91 Days Maturity Date : May 31, 2023	31-May-23	NA	8.10%	-	1,500.00
NIL Units (March 31, 2023 : 200 units) of 8.20% commercial paper of INR 500,000 each, maturing on June 28, 2023	Repayments terms : Entire amount is repaid on maturity Tenor : 91 Days Maturity Date : June 28, 2023	28-Jun-23	NA	8.20%	-	1,000.00

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

Particulars	Terms of Redemption	Earliest Repayment date	Security	Interest rate	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023
300 Units (March 31, 2023 : NIL units) of 8.40% commercial paper of INR 500,000 each, maturing on October 9, 2023	Repayments terms : Entire amount is repaid on maturity Tenor : 101 Days Redemption date : October 09,2023	09-Oct-23	NA	8.40%	-	-
400 Units (March 31, 2023 : NIL units) of 8.25% commercial paper of INR 500,000 each, maturing on November 23, 2023	Repayments terms : Entire amount is repaid on maturity Tenor : 91 Days Redemption date : Nov 23, 2023	23-Nov-23	NA	8.25%	-	-
600 Units (March 31, 2023 : NIL units) of 8.30% commercial paper of INR 500,000 each, maturing on December 7, 2023	Repayments terms : Entire amount is repaid on maturity Tenor : 90 Days Redemption date : Dec 07, 2023	07-Dec-23	NA	8.30%	-	-
900 Units (March 31, 2023 : NIL units) of 8.85% commercial paper of INR 500,000 each, maturing on May 28, 2024	Repayments terms : Entire amount is repaid on maturity Tenor : 91 Days Redemption date : May 28, 2024	28-May-24	NA	8.85%	4,500.00	
2000 Units (March 31, 2023 : NIL units) of 9.25% commercial paper of INR 500,000 each, maturing on June 17, 2024	Repayments terms : Entire amount is repaid on maturity Tenor : 364 Days Redemption date : June 17,2024	17-Jun-24	NA	9.25%	10,000.00	-
2000 Units (March 31, 2023 : NIL units) of 9.15% commercial paper of INR 500,000 each, maturing on June 25, 2024	Repayments terms : Entire amount is repaid on maturity Tenor : 364 Days Redemption date : June 25,2024	25-Jun-24	NA	9.10%	10,000.00	-
2000 Units (March 31, 2023 : NIL units) of 10.20% commercial paper of INR 500,000 each, maturing on July 26, 2024	Repayments terms : Entire amount is repaid on maturity Tenor : 122 Days Redemption date : July 26, 2024	26-Jul-24	NA	10.20%	10,000.00	
2000 Units (March 31, 2023 : NIL units) of 9.90% commercial paper of INR 500,000 each, maturing on February 28, 2025	Repayments terms : Entire amount is repaid on maturity Tenor : 365 Days Redemption date : February 28, 2025	28-Feb-25	NA	9.90%	10,000.00	
Total					**44,500.00**	**4,500.00**

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

*Coupon rate are linked to performance of specified indices including maket indicators over the period of the debentures

16. Borrowings (Other than debt securities) (Refer Note 16A)

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
Secured		
Term Loans		
– from banks	551,090.55	403,533.72
– from other financial institutions	111,097.24	127,518.69
Loans repayable on demand from banks		
– working capital loan from banks	62,847.50	45,976.45
– cash credit from banks	9,828.33	-
Other loans		
– Borrowings under securitisation	28,539.53	-
	763,403.15	**577,028.86**
Unsecured		
Loan From others	-	1.00
	-	**1.00**
Total borrowings (Other than debt securities)	**763,403.15**	**577,029.86**
Borrowings in India	679,067.74	465,507.66
Borrowings outside India	84,335.41	111,522.20
Total borrowings (Other than debt securities)	**763,403.15**	**577,029.86**

Note:

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at March 31, 2024, the rate of interest across the cash credit and working capital demand loans was in the range of 6.95 % p.a to 10.15% p.a (as on 31 March 2023 - 6.25 % p.a to 10.15% p.a). The Group has not defaulted in the repayment of the borrowings (including debt securities) and was regular in repayment during the year.

The Group has used the borrowings from banks and financial institution for the specified purpose as per the agreement with the lender.

The quarterly returns/statements of current assets filed by the Group with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.

Unsecured loan from others represent loan taken by Pragathi Finserv Private Limited (subsidiary company) from one of its directors. The same is interest free and repayable on demand.

16 A: Details regarding terms of borrowings

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Secured borrowing from banks						
Term Loan - 1	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : April 05, 2023	1 Y MCLR + Spread 0.95%	05-04-2023	-	387.41	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 2	Repayments terms : 48 monthly instalments Tenor : 48 months Redemption date : March 31, 2024	1 Y MCLR + Spread 2.55%	30-04-2023	-	416.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 3	Repayments terms : 48 monthly instalments Tenor : 48 months Redemption date : March 31, 2024	1 Y MCLR + Spread 2.25%	30-04-2023	-	406.97	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 4	Repayments terms : 8 quarterly instalments Tenor : 27 months Redemption date : December 28 2023	3M MCLR + Spread 3.9%	30-06-2023	-	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 5	Repayment Terms : 12 monthly instalments Tenor : 12 Months Redemption date : July 03, 2023	Repo Rate + Spread 3.4%	03-07-2023	-	2,222.22	First and Exclusive charge on the standard receivables with a security cover of 115%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 6	Repayments terms : Bullet payment Tenor : 12 months Redemption date : March 15, 2024	10.00%	19-07-2023	-	-	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 7	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : July 31, 2023	External BMLR + Spread 5%	31-07-2023	-	250.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 8	Repayments terms : 10 quarterly instalments Tenor : 36 months Redemption date : Oct 01, 2026	6 M MCLR + Spread 1.30%	29-09-2023	-	-	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 9	Repayments terms : 33 monthly instalments Tenor : 36 months Redemption date : September 29, 2024	1 Y MCLR + Spread 0.15%	30-09-2023	-	5,454.55	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 10	Repayments terms : 10 quarterly instalments Tenor : 33 months Redemption date : October 09, 2023	1 Y MCLR + Spread 0.05%	30-09-2023	-	880.36	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 11	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : March 31, 2024	8.60%	30-09-2023	-	1,333.33	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 12	Repayments terms : 11 quarterly instalments Tenor : 33 months Redemption date : December 31, 2023	6M MCLR + Spread 2.25%	30-09-2023	-	5,456.00	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 13	Repayments terms : 11 quarterly instalments Tenor : 36 months Redemption date : March 28, 2024	1 Y MCLR + Spread 0.65%	30-09-2023	-	363.65	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 14	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : March 31, 2024	1 Y MCLR + Spread 0.8%	30-09-2023	-	10,000.00	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 15	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : December 16, 2025	1 Y MCLR + Spread 1.1%	30-09-2023	-	9,166.67	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 16	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : December 16, 2025	1 Y MCLR + Spread 1.5%	30-09-2023	-	9,166.50	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 17	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : December 16, 2025	1 Y MCLR + Spread 1.3%	30-09-2023	-	4,583.33	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 18	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : December 14, 2025	1 Y MCLR + Spread 1.5%	30-09-2023	-	4,583.00	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 19	Repayments terms : 10 quarterly instalments Tenor : 36 months Redemption date : September 29, 2026	6 M MCLR + Spread 1.0%	30-09-2023	-	-	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 20	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : December 16, 2025	1 Y MCLR + Spread 1.4%	30-09-2023	-	9,166.50	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 21	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : December 29, 2023	8.00%	01-10-2023	-	3,748.01	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 22	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : March 29, 2024	6M MCLR + Spread 0.3%	01-10-2023	-	2,500.00	First and Exclusive charge over the loan receivables with a security cover of 110%.

Notes
Notes to Consolidated Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 23	Repayments terms : 14 monthly instalments Tenor : 48 months Redemption date : October 01, 2025	EBLR + Spread 1.26%	01-04-2024	5,000.00	7,857.14	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 24	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : March 29, 2025	Repo Rate + Spread 4.35%	01-04-2024	2,083.33	3,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 25	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : March 29, 2025	Repo Rate + Spread 4.35%	01-04-2024	2,812.50	4,062.50	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 26	Repayment Terms : Bullet payment Tenor : 180 Days Redemption date : May 27, 2024	9.20% Linked to 1 M T-Bill	01-04-2024	5,000.00	5,100.67	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 27	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : September 29, 2025	Repo Rate + Spread 3.25%	01-04-2024	4,375.00	6,875.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 28	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : December 29, 2025	Repo Rate + Spread 3.25%	01-04-2024	3,333.33	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 29	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : January 31, 2026	Repo Rate + Spread 3.25%	01-04-2024	1,666.67	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 30	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : March 31, 2025	3M MCLR + Spread 0%	01-04-2024	2,500.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 31	Repayment Terms : 24 monthly instalments Tenor : 24 months Redemption date : June 04, 2025	3Month T Bill + Spread 1.28%	01-04-2024	1,562.50	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 32	Repayment Terms : Bullet payment Tenor : 30 Days Redemption date : April 27, 2024	9.60% Linked to Repo	01-04-2024	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 33	Repayment Terms : Bullet payment Tenor : 43 Days Redemption date : April 05, 2024	1 Year MCLR + Spread 0.00%	01-04-2024	3,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 34	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : December 18, 2025	8.10%	01-04-2024	8,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 35	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : March 07, 2026	8.25%	01-04-2024	5,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 36	Repayments terms : Bullet payment Tenor : 131 Days Redemption date : July 16, 2024	3 M MCLR	03-04-2024	1,500.00	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 37	Repayment Terms : Bullet payment Tenor : 90 Days Redemption date : June 04, 2024	8.50% (Repo+ Spread (2.00%)	03-04-2024	900.00	2,500.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 38	Repayments terms : 12 Monthly instalments Tenor : 12 months Redemption date : September 05, 2024	Repo Rate + Spread 2.50%	05-04-2024	2,044.60	-	First ranking Exclusive and continuing charge by way of Hypothecation of identified book debts of borrower (Principal amount) to cover 110% of the outstanding facility amount.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 39	Repayments terms : 16 quarterly instalments Tenor : 48 months Redemption date : March 06, 2027	1 Y MCLR + Spread 0.75%	06-04-2024	1,875.00	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 40	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : March 07, 2026	3M T-Bill + Spread 2.32%	07-04-2024	5,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 41	Repayments terms : Repayment on maturity Tenor : 110 Days Redemption date : April 08,2024	9.40% Linked to 1 M MCLR + 0.15%	08-04-2024	3,000.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 42	Repayments terms : 31 monthly instalments Tenor : 36 months Redemption date : March 10, 2025	INR 13,900 - Repo Rate + Spread 3.5%, INR 5,000 - Repo Rate + Spread 3.75%	10-04-2024	7,214.05	14,594.65	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 43	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : May 10, 2025	Repo Rate + Spread 3.75%	10-04-2024	4,666.67	8,666.67	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 44	Repayments terms : 10 quarterly instalments Tenor : 36 months Redemption date : September 29, 2026	1 Y MCLR + Spread 1.25%	10-04-2024	9,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 45	Repayments terms : 10 quarterly instalments Tenor : 36 months Redemption date : December 10, 2026	1 Y MCLR + Spread 1.25%	10-04-2024	17,050.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 46	Repayments terms : 30 monthly instalments Tenor : 36 months Redemption date : March 11, 2025	1 Y MCLR + Spread 0%	11-04-2024	3,000.00	6,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 47	Repayments terms : Repayment on maturity Tenor : 37 Days Redemption date : April 12,2024	8.55%	12-04-2024	5,000.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 133%.
Term Loan - 48	Repayments terms : 30 monthly instalments Tenor : 36 months Redemption date : August 13, 2024	1 Y MCLR + Spread 0.5%	13-04-2024	833.33	2,833.33	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 49	Repayments terms : 31 monthly instalments Tenor : 37 months Redemption date : March 13, 2026	9.00%	15-04-2024	3,870.97	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 50	Repayments terms : Repayment on maturity Tenor : 86 Days Redemption date : April 25, 2024	8.98% P.A. Linked to 1 M MIBOR	15-04-2024	2,500.00	1,100.00	First and Exclusive charge on the standard receivables with a security cover of 115%
Term Loan - 51	Repayment Terms : 37 monthly instalments Tenor : 37 months Redemption date : March 15, 2025	Repo Rate + Spread 2.30%	15-04-2024	4,677.46	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 52	Repayments terms : 6 quarterly instalments Tenor : 24 months Redemption date : December 15, 2025	3M T-Bill + Spread 2.20%	15-04-2024	4,375.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 53	Repayments terms : Bullet payment Tenor : 180 Days Redemption date : April 24, 2024	9.20% Linked to 1 M MIBOR	19-04-2024	8,000.00	8,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 54	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : December 20, 2025	6M MCLR + Spread 0.30%	20-04-2024	8,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 55	Repayments terms : 31 monthly instalments Tenor : 37 months Redemption date : Oct 20, 2026	Repo Rate + Spread 2.60%	21-04-2024	12,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 56	Repayments terms : 31 monthly instalments Tenor : 37 months Redemption date : Oct 20, 2026	3M MCLR + Spread 0%	21-04-2024	7,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 57	Repayments terms : 16 quarterly instalments Tenor : 48 months Redemption date : March 21, 2028	1 Y MCLR + Spread 0.75%	21-04-2024	10,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 58	Repayments terms : 10 quarterly instalments Tenor : 36 months Redemption date : December 23, 2024	1 Y MCLR + Spread 0%	23-04-2024	1,050.00	2,450.00	First and Exclusive charge over the loan receivables
Term Loan - 59	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : March 24, 2025	1 Y MCLR + Spread 0.25%	24-04-2024	6,666.67	13,333.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 60	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : March 25, 2025	364 days T Bill + Spread 3.99%	25-04-2024	983.33	1,966.67	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 61	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : September 26, 2024	8.60%	26-04-2024	1,550.00	3,850.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 62	Repayments terms : 15 monthly instalments Tenor : 18 months Redemption date : April 26, 2024	3M T Bill + Spread 2.75%	26-04-2024	333.80	4,333.40	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 63	Repayments terms : 9 quarterly instalments Tenor : 27 months Redemption date : January 27, 2025	3M T Bill + Spread 2.90%	27-04-2024	2,222.25	4,444.45	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 64	Repayments terms : 16 quarterly instalments Tenor : 48 months Redemption date : June 28, 2027	1 Year MCLR + Spread 0.75%	28-04-2024	8,125.00	-	First and Exclusive charge on the standard receivables with a security cover of 125%.
Term Loan - 65	Repayments terms : 14 quarterly instalments Tenor : 48 months Redemption date : July 28, 2027	3M T bill + Spread 2.57%	28-04-2024	4,667.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 66	Repayments terms : 14 quarterly instalments Tenor : 48 months Redemption date : July 31, 2027	3M T bill + Spread 2.57%	28-04-2024	4,667.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 67	Repayments terms : 31 monthly instalments Tenor : 37 months Redemption date : Oct 20, 2026	9.35%	28-04-2024	5,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 68	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : September 28, 2025	6M MCLR + Spread 0.15%	28-04-2024	3,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 69	Repayments terms : 15 quarterly instalments Tenor : 48 months Redemption date : November 29, 2025	1 Y MCLR + Spread 0.75%	29-04-2024	933.33	1,466.67	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 70	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : March 29, 2025	1 Y MCLR + Spread 1.55%	29-04-2024	1,500.00	3,000.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 71	Repayments terms : 15 quarterly instalments Tenor : 48 months Redemption date : November 29, 2025	1 Y MCLR + Spread 0.75%	29-04-2024	1,866.67	2,933.33	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 72	Repayments terms : 11 quarterly instalments Tenor : 36 months Redemption date : March 29, 2026	1 Y MCLR + Spread 1.00%	29-04-2024	5,454.55	7,500.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 73	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : September 29, 2026	1 Y MCLR +Spread 0.45%	29-04-2024	16,666.67	-	First and Exclusive charge on the standard receivables with a security cover of 120%.

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 74	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : February 28, 2026	6M MCLR + Spread 0.30%	29-04-2024	3,450.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 75	Repayments terms : 15 quarterly instalments Tenor : 48 months Redemption date : March 31, 2026	1 Y MCLR + Spread 1.15%	30-04-2024	2,666.67	4,000.00	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 76	Repayments terms : 15 quarterly instalments Tenor : 36 months Redemption date : December 15, 2025	1 Y MCLR + Spread 1.15%	30-04-2024	2,333.33	3,666.67	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 77	Repayments terms:15 quarterly instalments Tenor : 36 months Redemption date : December 15, 2025	1 Y MCLR + Spread 1.15%	30-04-2024	2,333.33	3,666.67	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 78	Repayments terms : 15 quarterly instalments Tenor : 48 months Redemption date : May 30, 2026	1 Y MCLR + Spread 1.15%	30-04-2024	8,000.00	12,000.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 79	Repayments terms : Repayment on maturity Tenor : 82 Days Redemption date : May 27, 2024	8.98% P.A. Linked to 1 M MIBOR	30-04-2024	5,000.00	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 80	Repayments terms : 45 monthly instalments Tenor : 48 months Redemption date : March 30, 2027	1 Y MCLR + Spread 1.15%	30-04-2024	12,000.00	15,000.00	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 81	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : March 23, 2026	1 Y MCLR + Spread 0%	30-04-2024	8,000.00	12,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 82	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : June 30, 2025	1 Y MCLR + Spread 0.2%	30-04-2024	5,250.00	9,450.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 83	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : June 30, 2025	1 Y MCLR + Spread 0.2%	30-04-2024	2,000.00	3,600.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 84	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : November 30, 2025	1 Y MCLR +Spread 0.8%	30-04-2024	11,099.20	17,765.86	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 85	Repayment Terms : 36 monthly instalments Tenor : 36 months Redemption date : June 28, 2026	Repo Rate + Spread 2.75%	30-04-2024	3,750.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 86	Repayments terms : 36 montly instalments Tenor : 36 months Redemption date : December 31, 2024	1 Y MCLR + Spread 0.25%	30-04-2024	2,494.98	5,828.31	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 87	Repayments terms : 12 quarterly instalments Tenor : 39 months Redemption date : April 30, 2024	6M MCLR + Spread 0.5%	30-04-2024	278.29	1,446.29	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 88	Repayments terms : 33 monthly instalments Tenor : 36 months Redemption date : November 30, 2024	8.00%	30-04-2024	1,212.12	3,030.30	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 89	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : August 31, 2024	1 Y MCLR + Spread 0.65%	30-04-2024	1,666.67	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 90	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : August 31, 2024	1 Y MCLR + Spread 0.65%	30-04-2024	833.33	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 91	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : September 28, 2024	1 Y MCLR + Spread 0.65%	30-04-2024	833.33	2,500.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 92	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : September 30, 2024	1 Y T Bill + Spread 3.34%	30-04-2024	1,166.67	3,500.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 93	Repayments terms : 24 monthly instalments Tenor : 33 months Redemption date : October 21, 2024	1 Y MCLR + Spread 0.6%	30-04-2024	748.94	1,748.94	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 94	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : September 30, 2024	1 Y MCLR + Spread 1%	30-04-2024	416.67	1,250.00	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 95	Repayments terms : Bullet payment Tenor : 179 Days Redemption date : May 27, 2024	9.45% Linked to 1 M MIBOR	30-04-2024	4,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 96	Repayments terms : Bullet payment Tenor : 177 Days Redemption date : July 25, 2024	9.59% Linked to 1 M MIBOR	30-04-2024	4,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 97	Repayments terms : Bullet payment Tenor : 179 Days Redemption date : August 23, 2024	9.59% Linked to 1 M MIBOR	30-04-2024	4,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 98	Repayments terms : 10 quarterly instalments Tenor : 33 months Redemption date : September 30, 2024	1 Y SOFR + Spread 2%	30-04-2024	3,000.00	9,000.00	Asset cover of 1x for derivative limit
Term Loan - 99	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : December 31, 2024	1 Y MCLR + Spread 0.3%	30-04-2024	750.00	1,750.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 100	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : March 31, 2025	1 Y MCLR + Spread 0.8%	30-04-2024	1,295.53	2,647.73	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 101	Repayments terms : 11 quarterly instalments Tenor : 36 months Redemption date : March 28, 2025	1 Y MCLR + Spread 1%	30-04-2024	3,636.36	7,194.77	First and Exclusive charge on the standard receivables with a security cover of 118%.
Term Loan - 102	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : June 30, 2024	364 days T Bill + Spread 5.2%	30-04-2024	183.33	916.67	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 103	Repayments terms : Repayment on maturity Tenor : 136 Days Redemption date : May 06, 2024	9.40% Linked to 1 M MCLR + 0.15%	30-04-2024	3,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 104	Repayments terms : Repayment on maturity Tenor : 157 Days Redemption date : July 05,2024	9.60% Linked to 1 M MCLR + 0.15%	30-04-2024	4,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 111%.
Term Loan - 105	Repayments terms : 42 monthly instalments Tenor : 48 months Redemption date : March 23, 2026	1 Y MCLR + Spread 1%	30-04-2024	1,369.05	2,083.33	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 106	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : May 31, 2024	External BMLR + Spread 4.2%	30-04-2024	250.00	1,750.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 107	Repayments terms : 60 monthly instalments Tenor : 60 months Redemption date : January 19, 2025	1 Y MCLR + Spread 1.5%	30-04-2024	1,984.88	6,000.00	1x security cover for hedge limits
Term Loan - 108	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : September 30, 2025	Repo Rate + Spread 4.45%	30-04-2024	3,750.00	6,250.00	First and Exclusive charge on the standard receivables with a security cover of 110%.

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Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 109	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : October 10, 2025	7.40%	30-04-2024	2,563.81	4,185.44	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 110	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : October 31, 2025	7.40%	30-04-2024	2,702.70	4,324.32	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 111	Repayments terms : 20 quarterly instalments Tenor : 60 months Redemption date : December 16, 2027	1 Y MCLR + Spread 0.1%	30-04-2024	3,937.50	4,387.50	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 112	Repayments terms : 14 quarterly instalments Tenor : 48 months Redemption date : December 28, 2026	6M MCLR + Spread 0.55%	30-04-2024	3,668.00	5,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 113	Repayments terms : 20 quarterly instalments Tenor : 60 months Redemption date : December 29, 2027	1 Y MCLR + Spread 0.1%	30-04-2024	8,750.00	9,750.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 114	Repayments terms : 24 monthly instalments Tenor : 27 months Redemption date : March 31, 2025	1 year MCLR + Spread 0.1%	30-04-2024	2,500.00	5,000.00	1.20 times first and exclusive charge on standard receivables on outstanding level with 1.15 times receivables being PSL qualifying assets and 0.05 times receivables being non-PSL assets.
Term Loan - 115	Repayments terms : 20 quarterly instalments Tenor : 60 months Redemption date : December 16, 2027	1 Y MCLR + Spread 0.1%	30-04-2024	15,750.00	17,550.00	First and Exclusive charge on the standard receivables with a security cover of 115%.
Term Loan - 116	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : March 31, 2026	6M T bill + Spread 0%	30-04-2024	2,666.67	4,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 117	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : March 31, 2025	6M MCLR + Spread 0.6%	30-04-2024	4,500.00	9,000.00	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 118	Repayment Terms : 12 equal quarterly instalments Tenor : 36 months Redemption date : June 21, 2026	3Month MCLR + Spread 0.3%	30-04-2024	749.50	-	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 119	Repayment Terms : 8 equal quarterly instalments starting from 3 months from the date of first disbursement Tenor : 24 months Redemption date : June 27, 2025	9.45%	30-04-2024	6,250.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 120	Repayment Terms : 24 monthly instalments Tenor : 24 months Redemption date : June 30, 2025	Repo Rate + Spread 0.30%	30-04-2024	2,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 121	Repayments terms : 48 Monthly instalments Tenor : 48 months Redemption date : July 31, 2027	3Y MCLR + Spread 0.55%	30-04-2024	2,222.22	-	Exclusive charge on the standard receivables with a security cover/ACR of 110%.
Term Loan - 122	Repayments terms : 45 monthly instalments Tenor : 48 months Redemption date : Nov 02, 2027	1 Y MCLR + Spread 0.65%	30-04-2024	13,066.67	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 123	Repayments terms : 45 monthly instalments Tenor : 48 months Redemption date : October 30, 2027	1 Y MCLR + Spread 0.80%	30-04-2024	5,733.33	-	First and Exclusive charge on the standard receivables with a security cover of 111%.

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Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 124	Repayments terms : 24 monthly instalments Tenor : 36 months Redemption date : October 31, 2025	1 Y MCLR + Spread 0.20%	30-04-2024	5,937.50	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Term Loan - 125	Repayments terms : 27 monthly instalments Tenor : 27 months Redemption date : March 31, 2026	6 M MCLR	30-04-2024	10,000.00	-	First and Exclusive charge over the loan receivables with a security cover of 115%.
Term Loan - 126	Repayments terms : 11 quarterly instalments Tenor : 36 months Redemption date : January 31, 2027	1 Y MCLR + Spread 0.75%	30-04-2024	7,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 127	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : February 27, 2027	Repo Rate + Spread 3.00%	30-04-2024	7,291.67	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 128	Repayments terms : 6 quarterly instalments Tenor : 24 months Redemption date : February 28, 2026	3M T bill + Spread 2.52%	30-04-2024	10,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 129	Repayment Terms : 12 equal quarterly instalments Tenor : 36 months Redemption date : March 07, 2027	3M T Bill + Spread 2.64%	30-04-2024	5,000.00	-	Exclusive Charge by way of Hypothecation of loan receivables of slandered assets created out of bank finance and which are not overdue as per RBI/Regulator guideline, with as security cover of 110%
Term Loan - 130	Repayments terms : 6 Monthly instalments Tenor : 183 Days Redemption date : September 17, 2024	8.80%	30-04-2024	29,836.90	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 131	Repayments terms : 6 Monthly instalments Tenor : 183 Days Redemption date : September 17, 2024	8.80%	30-04-2024	29,951.78	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 132	Repayments terms : 45 monthly instalments Tenor : 48 months Redemption date : March 28, 2028	1 Y MCLR + Spread 0.80%	30-04-2024	20,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 111%.
Term Loan - 133	Repayments terms : 6 Monthly instalments Tenor : 183 Days Redemption date : September 27, 2024	9.25%	30-04-2024	11,662.06	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 134	Repayments terms : 6 Monthly instalments Tenor : 183 Days Redemption date : September 27, 2024	9.25%	30-04-2024	11,662.06	-	First and Exclusive charge over the loan receivables with a security cover of 125%.
Term Loan - 135	Repayments terms : Repayment on maturity Tenor : 180 days Redemption date : June 15, 2024	9.25%	01-05-2024	5,000.00	5,000.00	First and Exclusive charge over the loan receivables with a security cover of 120%.
Term Loan - 136	Repayments terms : 15 quarterly instalments Tenor : 42 months Redemption date : June 1, 2025	1 Y MCLR + Spread 1.15%	01-05-2024	2,076.09	3,742.76	First and Exclusive charge over the loan receivables with a security cover of 110%.
Term Loan - 137	Repayments terms : 24 monthly instalments Tenor : 24 months Redemption date : March 31, 2024	1 Y MCLR + Spread 0.50%	01-05-2024	7,500.00	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 138	Repayments terms : 11 quarterly instalments Tenor : 34 months Redemption date : December 31, 2026	9.65%	01-05-2024	25,000.00	-	First and Exclusive charge on the standard receivables with a security cover of 120%.
Total				**616,007.81**	**450,438.53**	

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Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Secured borrowing from other financial institutions						
Term Loan - 1	Repayment Terms : 12 quarterly instalments Tenor : 36 months Redemption date : June 01, 2023	11.40%	01-06-2023	-	166.67	Exclusive hypothecation charge over receivables/ loan assets/book debts with a cover of 1.1 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 2	Repayment Terms : 36 monthly instalments Tenor : 36 months Redemption date : September 21, 2023	HDFC 1Y MCLR + Spread 1.95%	21-09-2023	-	666.65	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.2 times of the outstanding principal and interest at any point of time during currency of the facility.
Term Loan - 6	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : June 27, 2026	3Month MCLR + Spread 1.15%	05-04-2024	3,888.89	-	Exclusive hypothecation charge over receivables/ loan assets/book debts with a cover of 1.15 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 7	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : July 28, 2026	SBI 3M MCLR + Spread 1.10%	05-04-2024	4,027.78	-	Exclusive first charge on the specific & identified loan receivables, present and future, of borrower by the way of hypothecated on the loan receivable with a minimum assets cover of 115% of the principal amount.
Term Loan - 8	Repayment Terms : 36 monthly instalments Tenor : 36 months Redemption date : July 30, 2024	HDFC 1Y MCLR + Spread 1.6%	30-04-2024	555.56	2,222.22	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 9	Repayments terms : 36 monthly instalments Tenor : 36 months Redemption date : September 01, 2026	9.35%	30-04-2024	4,819.66	-	First and Exclusive charge on the standard receivables with a security cover of 110%.
Term Loan - 10	Repayment Terms : 12 equal quarterly instalments Tenor : 36 months Redemption date : October 01, 2024	LTRR + Spread 9.05%	01-05-2024	333.33	1,000.00	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 11	Repayment Terms : 12 quarterly instalments Tenor : 36 months Redemption date : June 01, 2024	9.10%	01-05-2024	208.33	1,041.67	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.10 times of the outstanding principal at any point of time during currency of the facility.

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Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Term Loan - 12	Repayments terms : 12 quarterly instalments Tenor : 36 months Redemption date : June 01, 2025	9.15%	01-05-2024	1,250.00	2,250.00	First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 13	Repayments terms : 12 equal quarterly instalments Tenor : 36 months Redemption date : July 01, 2026	LTRR+- Spread 10.85%	01-05-2024	3,000.00	-	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 1.20 times of the outstanding principal at any point of time during currency of the facility.
Term Loan - 14	Repayments terms : 11 quarterly instalments Tenor : 36 months Redemption date : September 01, 2026	9.35%	01-05-2024	5,454.55	-	Exclusive hypothecation charge over receivables/ loan assets/book debts with a cover of 110% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 15	Repayment Terms : 6 half yearly instalments Tenor : 60 months Redemption date : November 17, 2025	9.35%	15-05-2024	12,298.33	18,447.50	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 16	Repayment Terms : 6 half yearly instalments Tenor : 56 months Redemption date : November 15, 2025	9.50%	15-05-2024	12,072.50	18,108.75	First-ranking exclusive charge with cover of 125% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 17	Repayments terms : 6 half yearly instalments Tenor : 60 months Redemption date : December 15, 2026	Overnight MIBOR + Spread 4.97%	15-06-2024	19,825.00	19,825.00	First-ranking exclusive charge with cover of 110% of the Outstanding principal (or valid, first priority, perfected security interest) or hypothecation on the Secured Assets
Term Loan - 18	Repayment Terms : 6 half yearly instalments Tenor : 60 months Redemption date : March 04, 2026	9.78%	04-09-2024	4,868.67	7,303.00	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 120% of the outstanding principal at any point of time during currency of the facility.
Term Loan - 19	Repayment Terms : 7 half yearly instalments Tenor : 60 months Redemption date : September 15, 2026	7.59%	15-09-2024	26,321.43	36,850.00	Exclusive hypothecation charge over loan receivables/loan assets/ book debts with a cover of 125% of the outstanding principal at any point of time during currency of the facility.
Total				**101,111.52**	**116,776.86**	

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Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Particulars	Terms of Redemption	Interest rate	Earliest repayment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Borrowings under securitisation						
Securitisation loan - 1	Repayments terms : 42 monthly instalments Tenor : 42 months Redemption date : September 17, 2027	10.20%	17-04-2024	10,330.09	-	NA
Securitisation loan - 2	Repayments terms : 14 monthly instalments Tenor : 14 months Redemption date : February 23, 2025	8.50%	23-04-2024	8,254.34	-	NA
Securitisation loan - 3	Repayments terms : 20 monthly instalments Tenor : 20 months Redemption date : Dec 23, 2025	8.70%	23-05-2024	9,790.36	-	NA
Total				**28,374.79**	**-**	

17. Subordinated liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Measured at amortised cost:		
Others (Refer Note 17A)		
– from banks	-	1,498.89
– from other financial institutions	-	2,496.18
Total Subordinated liabilities	**-**	**3,995.07**
Subordinated liabilities in India	-	3,995.07
Subordinated liabilities outside India	-	-
Total Subordinated liabilities	**-**	**3,995.07**

Note:

The Group has used the borrowings from banks and financial institution for the specified purpose as per the agreement with the lender.

The quarterly returns/statements of current assets filed by the Group with the banks and financial institutions in relation to secured borrowings whenever applicable, are in agreement with the books of accounts.

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

17 A: Details of subordinated debt

Particulars	Terms of Redemption	Interest rate	Earliest instalment date	Gross Balance as at March 31, 2024	Gross Balance as at March 31, 2023	Security
Sub debt from Bank	Repayments terms : Entire principal to be repaid on redemption date Tenor of Security : 66 Months Redemption date : June 28, 2023	10.25%	28-06-2023	-	1,498.89	NA
Sub debt from others	Repayment Terms : Entire principal to be repaid on redemption date Tenor : 66 Months Redemption date : June 27, 2023	10.25%	27-06-2023	-	2,496.18	NA
				-	**3,995.07**	

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

Notes

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

18. Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Collateral deposits from customers*	581.85	2,356.59
Employee related payable	4,820.02	3,465.49
Remittances payable - derecognised financial instruments**	7,598.13	3,069.21
Income received in advance	83.74	175.49
Other liabilities#	721.19	783.47
Unclaimed amount on Non convertible Preference shares	2.69	2.69
Lease Liability (Refer Note 35)	1,698.20	1,166.36
	15,505.82	**11,019.30**

*Represents amounts received from customers (originator partners which includes corporates such as NBFCs, HFCs, and SFBs) as cash collateral for the loans provided by the Group.

**Represents the amount collected from underlying customers yet to be paid to the assignee representative as at reporting date.

#Represents distribution fee payable and other provision for expenses.

19. Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits:		
– Gratuity (refer note 42)	914.06	1,054.53
– Compensated absences	607.28	501.41
Provision for others:		
– Impairment loss allowance for guarantees (Refer Note 19(A))	1,573.77	1,506.77
– Impairment loss allowance for loan commitments (Refer Note 19(B))	107.06	272.64
– Others*	4.31	-
	3,206.48	**3,335.35**

*Pertains to the provision of liability under BC agreement

19A Impairment loss allowance for guarantees

i. Credit quality of exposure

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	6,048.75	392.83	-	6,441.58	15,668.20	720.00	-	16,388.20
Individually impaired	-	-	-	-	-	-	-	-
Total	**6,048.75**	**392.83**	**-**	**6,441.58**	**15,668.20**	**720.00**	**-**	**16,388.20**

ii. An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to guarantees is, as follows:

Gross exposure reconciliation

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**15,668.20**	**720.00**	**-**	**16,388.20**	**22,613.99**	**1,131.47**	**-**	**23,745.46**
New exposures	48.49	-	-	48.49	3,937.96	-	-	3,937.96
Asset derecognised or repaid (Excluding write off)	(9,667.95)	(327.17)	-	(9,995.12)	(10,883.75)	(411.47)		(11,295.22)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**6,048.74**	**392.83**	**-**	**6,441.57**	**15,668.20**	**720.00**	**-**	**16,388.20**

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

iii. Reconciliation of ECL balance

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**358.77**	**1,148.00**	**-**	**1,506.77**	**643.72**	**58.47**	**-**	**702.19**
New exposures	8.76	-	-	8.76	74.08	-	-	74.08
Asset derecognised or repaid (Excluding write off)	(284.96)	(56.80)	-	(341.76)	(359.03)	(7.79)	-	(366.82)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	400.00	-	400.00	-	1,097.32	-	1,097.32
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**82.57**	**1,491.20**	**-**	**1,573.77**	**358.77**	**1,148.00**	**-**	**1,506.77**

19B Impairment loss allowance for loan commitments

i. Credit quality of exposure

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	13,599.00	-	-	13,599.00	12,733.82	500.00	-	13,233.82
Total	**13,599.00**	**-**	**-**	**13,599.00**	**12,733.82**	**500.00**	**-**	**13,233.82**

ii. An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loan commitments is, as follows:

Gross exposure reconciliation

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**12,733.82**	**500.00**	**-**	**13,233.82**	**29,004.00**	**-**	**-**	**29,004.00**
New exposures	13,350.00	-	-	13,350.00	13,233.82	-		13,233.82
Asset derecognised or repaid	(12,484.82)	(500.00)	-	(12,984.82)	(29,004.00)	-	-	(29,004.00)
Transfer to stage 1	-	-	-	-	(500.00)	500.00	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**13,599.00**	**-**	**-**	**13,599.00**	**12,733.82**	**500.00**	**-**	**13,233.82**

iii. Reconciliation of ECL balance

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**262.42**	**10.22**	**-**	**272.64**	**427.25**	**-**	**-**	**427.25**
New exposures	99.69			99.69	251.76	-	-	251.76
Asset derecognised or repaid	(255.05)	(10.22)	-	(265.27)	(409.77)	-	-	(409.77)
Transfer to stage 1	-	-	-	-	(6.82)	10.22	-	3.40
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**107.06**	**-**	**-**	**107.06**	**262.42**	**10.22**	**-**	**272.64**

20. Other non-financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	1,556.46	1,308.92
Deferred income	-	55.21
	1,556.46	**1,364.13**

21. Share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
160,000,000 (March 31, 2023: 137,000,000) equity shares of INR 10 each	16,000.00	13,700.00
58,500,000 (March 31, 2023: 60,100,000) 0.0001% Compulsorily convertible preference shares of INR 20 each	11,700.00	12,020.00
Nil (March 31, 2023: 19,800,000) 9.85% Cumulative non convertible compulsorily redeemable preference shares of INR 10 each	-	1,980.00
	27,700.00	**27,700.00**
Issued, subscribed and paid up		
Equity Shares		
89,385,420 (March 31, 2023: 89,031,293) equity shares of INR 10 each	8,938.54	8,903.13
	8,938.54	**8,903.13**
Instruments entirely equity in nature:		
0.0001% Compulsorily convertible preference shares		
41,323,204 (March 31,2023 : 41,323,204) 0.0001% compulsorily convertible preference share of INR 20 each	8,264.64	8,264.64
	8,264.64	**8,264.64**

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	89,031,293	8,903.13	88,907,543	8,890.75
Add: Equity Shares issued during the year - ESOP	354,127	35.41	123,750	12.38
At the end of the year	**89,385,420**	**8,938.54**	**89,031,293**	**8,903.13**
0.0001% Compulsorily convertible preference shares				
At the commencement of the year	41,323,204	8,264.64	41,323,204	8,264.64
Add: preference shares issued during the year	-	-	-	-
At the end of the year	**41,323,204**	**8,264.64**	**41,323,204**	**8,264.64**

(b) During the period, the Holding Company has issued 354,127 shares (March 31, 2023 : 123,750) equity shares which were allotted to employees who exercised their options under ESOP scheme.

(c) Shares reserved for issue under option:

Information relating to Employee Stock Option Schemes including the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 43.

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

(i) Equity shares

The Holding company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Holding Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the 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:

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

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.

(e) There are no bonus shares, non-cash shares issued in the last 5 years

(f) Details of shareholders holding more than 5% shares in the Holding Company

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% held	No. of shares	% held
Equity shares:				
Leapfrog Financial Inclusion India (II) Limited	29,952,665	33.51%	29,952,665	33.64%
Augusta Investments Pte II Ltd	22,630,995	25.32%	22,630,995	25.42%
Dvara Trust	9,929,257	11.11%	9,929,257	11.15%
Accion Africa Asia Investment Company	7,699,529	8.61%	7,699,529	8.65%
Sumitomo Mitsui Banking Corporation	7,004,364	7.84%	7,004,364	7.87%
	77,216,810	**86.39%**	**77,216,810**	**86.73%**
0.0001% Compulsorily convertible preference shares:				
Eight Roads Investments Mauritius (II) Limited	11,630,889	28.15%	11,630,889	28.15%
360 One Special Opportunities Fund - Series 4 (formerly IIFL Special Opportunities Fund - Series 4)	6,609,362	15.99%	6,609,362	15.99%
360 One Special Opportunities Fund - Series 5 (formerly IIFL Special Opportunities Fund - Series 5)	5,423,128	13.12%	5,423,128	13.12%
360 One Special Opportunities Fund - Series 2 (formerly IIFL Special Opportunities Fund - Series 2)	4,371,781	10.58%	4,371,781	10.58%
360 One Special Opportunities Fund (formerly IIFL Special Opportunities Fund)	4,161,142	10.07%	4,161,142	10.07%
360 One Special Opportunities Fund - Series 7 (formerly IIFL Special Opportunities Fund - Series 7)	3,693,947	8.94%	3,693,947	8.94%
Augusta Investments Pte II Ltd	3,256,115	7.88%	3,256,115	7.88%
	39,146,364	**94.73%**	**39,146,364**	**94.73%**

(g) The Group has not identified any promoters and accordingly the disclosure on shares held by promoters is not applicable

The determination/identification of promoters for the purpose of presentation under this disclosure has been done on the basis of information available with the group which has been solely relied upon by the auditors.

22. Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
a) **Securities premium**		
At the commencement of the year	85,679.02	85,510.51
Add: Premium received on shares issued during the year upon exercise of ESOP	687.38	168.51
At the end of the year	**86,366.40**	**85,679.02**
b) **Statutory reserve**		
At the commencement of the year	17,672.47	13,165.36
Add : Transfer from retained earnings	5,603.43	4,507.12
At the end of the year	**23,275.90**	**17,672.47**

Particulars	As at March 31, 2024	As at March 31, 2023
c) **Share based payment reserve**		
At the commencement of the year	1,700.43	2,042.98
Add: Share based payment expense during the year	1,790.19	141.61
Less:Transfer to retained earnings	(160.10)	(434.51)
Less:Transfer to securities premium on allotment of shares	(225.83)	(49.65)
At the end of the year	**3,104.69**	**1,700.43**
d) **Retained earnings**		
At the commencement of the year	69,899.16	51,340.89
Add: Profit for the year	30,833.39	23,001.06
Add: Other comprehensive income for the year	78.84	54.08
Add: Transfer from Share Based Payment reserve	827.35	434.51
Less: Transfer to statutory reserve	(5,603.43)	(4,507.12)
Add: Change in the ownership interest in subsidiaries/funds resulting in change of control	-	(424.26)
At the end of the year	**96,035.32**	**69,899.16**
e) **Capital Redemption Reserve**		
At the commencement of the year	3,467.00	3,467.00
At the end of the year	3,467.00	3,467.00
f) **Capital Reserve**		
At the commencement of the year	3.57	3.57
At the end of the year	**3.57**	**3.57**
g) **Other comprehensive income - Financial instruments through OCI**		
At the commencement of the year	2,657.57	3,170.00
Less : Fair valuation of financial instrument (refer note (vii)(a) below)	919.66	(512.43)
Add: Amount reclassified to Profit and loss	6.56	-
At the end of the year	**3,583.79**	**2,657.57**
h) **Other comprehensive income - Effective Portion of Cash Flow Hedge Reserve**		
At the commencement of the year	(2,704.37)	(1,947.96)
Less: Cash flow hedge reserve (refer note (vii)(b) below)	1,019.33	(756.41)
At the end of the year	**(1,685.04)**	**(2,704.37)**
i) **Share application money received pending allotment**		
At the commencement of the year	-	
Share application money received during the year	83.76	-
At the end of the year	**83.76**	**-**
Total (a+b+c+d+e+f+g+h+i)	**214,235.37**	**178,374.85**

Nature and purpose of reserve

(i) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act 2013.

(ii) Share based payment reserve

The Holding Company has established various equity settled share based payment plans for certain categories of employees of the Group. Refer Note 43 for the details about each of the schemes. The amount represents reserve created to the extent of granted options based on the employee stock option scheme. Under Ind AS 102, fair value of the options granted is to be expelled off over the life of the vesting period as employee compensation cost reflecting period of receipt of service. Also refer note 43.

(iii) Statutory reserve

Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934 pursuant to which a Non Banking Finance Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss account, before any dividend is declared. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the non-banking finance company except for the purpose as may be specified by RBI.

(iv) Retained earnings

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

(v) Capital reserve

During the year ended march 31, 2017, the Holding Company approved the Scheme of Arrangement (Demerger) & Amalgamation between the Company, IFMR Holdings Private Limited ('IFMR Holdings'), Dvara Investments Private Limited and their respective shareholders and creditors under sections 230 to 232 of the Companies Act, 2013. Pursuant to such scheme of arrangement entered in the year ended March, 31, 2017, the Group has created a capital reserve in accordance with the applicable accounting standards.

(vi) Capital redemption reserve

The capital redemption reserve was created on account of the redemption of the cumulative non convertible compulsorily redeemable preference shares.

(vii) Other comprehensive income

a) The Group has elected to recognise changes in the fair value of financial instrument in other comprehensive income. These changes are accumulated within other equity - Financial Instruments through OCI. Amounts recognised as fair value is reclassified to the statement of profit and loss when the financial instrument affects profit or loss (e.g. interest receipts).

b) The Group has applied hedge accounting for designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity as cash flow hedge reserve. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss (e.g. interest payments).

(viii) Share application money received pending allotment

The Holding Company has received share application money against exercise of 74,500 shares at face value of INR 10 each at an aggregate premium of INR 76.31 lakh from employees on March 28, 2024, which has been allotted subsequently on April 02, 2024

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Notes to Consolidated Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

23. Additional information as required under Schedule III to the Companies Act 2013, of entities consolidated as subsidiaries/associates/joint ventures

Particulars	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated of total comprehensive income	Amount
As at March 31, 2024								
Holding Company								
Northern Arc Capital Limited	96.98%	225,035.33	88.19%	28,017.11	95.40%	1,932.22	88.62%	29,949.32
Indian Subsidiaries - (Holding Company's share)								
Northern Arc Investment Adviser Services Private Limited	0.16%	366.94	0.05%	14.67	0.00%	-	0.04%	14.67
Northern Arc Investment Managers Private Limited	2.32%	5,386.31	2.26%	718.00	0.48%	9.68	2.15%	727.68
IFMR Fimpact Long Term Credit Fund	0.00%	-	2.11%	671.35	0.00%	-	1.99%	671.35
Northern Arc Foundation	0.06%	150.77	0.13%	40.00	0.00%	-	0.12%	40.00
Northern Arc Capital Employee Welfare Trust	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-
Northern Arc Securities Private Limited	0.06%	141.40	0.00%	0.23	0.00%	-	0.00%	0.23
Pragati Finserv Private Limited	1.49%	3,465.00	6.15%	1,954.63	3.75%	75.92	6.01%	2,030.55
Non-controlling interests in all subsidiaries	0.26%	602.60	2.95%	935.88	0.41%	8.34	2.79%	944.22
Associates (Investment accounted as per equity method)								
Finreach Solutions Private Limited			(0.30%)	(97.21)	-0.04%	(0.81)	(0.29%)	(98.02)
Eliminations	**(1.34%)**	**(3,107.19)**	**(1.53%)**	**(485.38)**	**0.00%**	**0.00**	**(1.45%)**	**(485.39)**
As at March 31, 2024	**100.00%**	**232,041.16**	**100.00%**	**31,769.27**	**100.00%**	**2,025.35**	**100.00%**	**33,794.62**
As at March 31, 2023								
Holding Company								
Northern Arc Capital Limited	98.55%	192,715.09	93.61%	22,672.70	74.22%	(1,084.80)	94.85%	21,587.90
Indian Subsidiaries - (Holding Company's share)								
Northern Arc Investment Adviser Services Private Limited	0.18%	352.26	0.04%	9.35	0.00%	-	0.04%	9.35
Northern Arc Investment Managers Private Limited	2.38%	4,658.63	3.77%	912.80	0.75%	(10.97)	3.96%	901.83
IFMR Fimpact Long Term Credit Fund	4.30%	8,403.78	4.21%	1,019.08	10.30%	(150.55)	3.82%	868.53
Northern Arc Foundation	0.06%	110.79	(0.18%)	(44.30)	0.00%	-	(0.19%)	(44.30)
Northern Arc Capital Employee Welfare Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Northern Arc Securities Private Limited	0.05%	91.18	(0.03%)	(8.22)	0.00%	-	(0.04%)	(8.22)
Pragati Finserv Private Limited	0.73%	1,434.38	(1.72%)	(416.81)	1.54%	(22.52)	(1.93%)	(439.33)
Non-controlling interests in all subsidiaries	5.74%	11,230.43	5.13%	1,242.30	13.19%	(192.77)	4.61%	1,049.53
Eliminations	**(11.99%)**	**(23,453.92)**	**(4.83%)**	**(1,165.37)**	**0.00%**	**-**	**(5.12%)**	**(1,165.37)**
As at March 31, 2023	**100.00%**	**195,542.62**	**100.00%**	**24,221.54**	**100.00%**	**(1,461.61)**	**100.00%**	**22,759.93**

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Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Investment in Associates (Investment accounted as per equity method)

23. Additional information as required under Schedule III to the Companies Act 2013, of entities consolidated as subsidiaries/associates/joint ventures.

The following table illustrates the summarised financial information of the Group's investment in Associates as at 31 March 2024 and 31 March 2023

Particulars	As at March 31, 2024	As at March 31, 2023	
	Finreach Solutions Private Limited	Finreach Solutions Private Limited	Northern Arc Emerging Corporate Bond Fund
Financial Assets	1,521.21	288.32	9,202.68
Non-Financial Assets	174.24	179.37	-
Financial Liabilities	(367.24)	(310.61)	(23.30)
Non-Financial Liabilities	(95.84)	(75.31)	(276.61)
Equity	**1,232.37**	**81.77**	**8,902.77**
Group's Share in equity	24.55%	27.18%	28.87%
Goodwill	-	-	-
Group's carrying amount of the investment	**388.65**	**156.41**	**2,570.23**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023	
	Finreach Solutions Private Limited	Finreach Solutions Private Limited	Northern Arc Emerging Corporate Bond Fund
Revenue from contract with customers	118.24	44.29	278.88
Finance costs	(16.06)	(17.80)	-
Investment management fees	-	-	(26.18)
Impairment on financial instruments	-	-	(85.09)
Employee benefits expenses	(759.77)	(619.12)	-
Depreciation and amortisation	(50.61)	(42.09)	-
Other expenses	(163.04)	(198.11)	(32.20)
Profit before tax	**(871.24)**	**(832.83)**	**135.40**
Income tax expenses	-	-	-
Profit for the period (continuing operations)	**(871.24)**	**(832.83)**	**135.40**
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	-	-	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	(3.94)	-	-
Total comprehensive income for the period (continuing operations)	**(875.18)**	**(832.83)**	**135.40**
Group's share of profit for the period	**(216.08)**	**(226.36)**	**39.09**

The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The parent does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at March 31, 2024 and March 31, 2023

24. Interest income

Particulars	Year ended March 31, 2024			Year ended March 31, 2023		
	On financial assets measured at		Total	On financial assets measured at		Total
	Amortised cost	FVOCI		Amortised cost	FVOCI	
Interest on loans	107,772.02	46,294.34	154,066.36	82,982.70	12,512.75	95,495.45
Interest from investments:						
- Pass through certificates	-	1,165.04	1,165.04	-	1,554.95	1,554.95
- Commercial paper	-	41.87	41.87	202.35		202.35
- Non-convertible debentures	-	13,686.58	13,686.58	-	15,685.28	15,685.28
Interest income from T-bills	623.62		623.62		-	-
Interest on deposits with banks	1,627.69	-	1,627.69	1,900.74	-	1,900.74
	110,023.33	**61,187.83**	**171,211.16**	**85,085.79**	**29,752.98**	**114,838.77**

25. Fee and commission income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from contract with customers		
Income from guarantee facility	400.54	417.20
Income from other financial services		
– Professional fee	3,843.39	5,023.96
– Management fee	2,804.48	2,615.78
– Arranger fee for guarantee facility	-	206.24
Others	1,444.36	298.42
	8,492.77	**8,561.60**
Timing of revenue recognition:		
– That are recognised over a period of time	400.54	417.20
– That are recognised at a point of time	8,092.23	8,144.40
Geographical Market		
– In India	8,492.77	8,561.60
– Outside India	-	-
Contract balances		
– Trade receivables (net of ECL)	2,534.94	2,861.42

Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days. In March 2024, INR 9.98 lakh (March 2023: INR 13.44 lakh) was recognised as provision for expected credit losses on trade receivables.

26. Net gain on fair value changes

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net gain on financial instruments at fair value through profit or loss		
On Alternative investment funds	1,935.27	2,728.01
On market linked debentures	942.46	(182.92)
On mutual fund investments	553.25	821.24
Profit on sale of investments	1,130.97	1,696.12
	4,561.95	**5,062.45**
Fair value changes:		
– Realised	4,320.02	6,267.55
– Unrealised	241.93	(1,205.10)
	4,561.95	**5,062.45**

27. Other income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest Income on Income tax refund	92.17	149.83
Profit on sale of property, plant and equipment	-	23.87
Recovery from bad debts written off assets	-	97.63
Other non operating income*	1,502.66	351.65
	1,594.83	**622.98**

*Comprises of charges collected from the customers in the nature of penal, pre-closure charges and other charges as applicable

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Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

28. Finance costs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Finance costs on financial liabilities measured at amortised cost		
Interest on deposits	150.07	94.61
Interest on borrowings		
- Term loans from banks and others	59,577.18	42,873.46
- Cash credits and overdraft	18.26	12.21
- Securitised portfolio	355.36	-
Interest on debt securities	10,536.25	11,580.67
Interest on lease liabilities	175.01	146.13
Amortisation of discount on commercial papers	1,826.37	1,037.81
	72,638.50	**55,744.89**

29. Employee benefits expense

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries, wages and bonus	19,980.30	13,178.06
Contribution to provident fund	1,134.63	733.96
Share based payment expenses (Refer Note 43)	1,997.77	157.44
Gratuity Expenses (refer note 42)	253.76	255.98
Staff welfare expenses	794.26	567.01
	24,160.72	**14,892.45**

30. Impairment on financial instruments

Particulars	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	Total for the year ended March 31, 2024	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	Total for the year ended March 31, 2023
Write off on financial instruments						
Loans	32,287.94	-	32,287.94	85.58	-	85.58
Less: Recovery	(22,544.38)	-	(22,544.38)	(266.70)	-	(266.70)
Impairment loss allowance on financial instruments						
Loans	2,129.28	438.56	2,567.84	3,157.43	809.46	3,966.89
Investments	(1.21)	435.65	434.44	1.21	(519.37)	(518.16)
Others	(502.05)	-	(502.05)	653.77	-	653.77
	11,369.58	**874.21**	**12,243.79**	**3,631.29**	**290.09**	**3,921.38**

31. Depreciation and amortisation expense

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation of property, plant and equipment (refer note 11.1)	602.32	412.69
Depreciation on right of use asset (refer note 11.5 and 35)	543.99	297.81
Impairment of goodwill (refer note 11.3)	59.26	89.38
Amortisation of intangible assets (refer note 11.4)	488.85	404.55
	1,694.42	**1,204.43**

Notes

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

32. Other expenses

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rent expenses	958.67	987.68
Rates and taxes	47.91	19.44
Travelling and conveyance	1,544.00	1,068.45
Legal and professional charges	6,741.12	5,217.71
Distribution fee expense	951.77	527.24
Auditors' remuneration (refer note 32.1 below)	168.07	152.81
Directors' sitting fees	156.90	72.77
Net Loss on fair value changes of Alternate Investment Fund	-	121.37
Repairs and maintenance expenses	1,365.68	1,001.41
Communication expenses	359.80	242.61
Printing and stationery expenses	181.74	106.36
Subscription charges	1,166.08	325.19
Advertisement and business promotion expenses	280.68	535.40
Corporate social responsibility expenditure (refer note 32.2 below)	368.71	320.25
Bank charges	370.10	160.92
Miscellaneous expenses	1,001.83	45.41
	15,663.06	**10,905.02**

32.1 Payments to auditor (excluding goods and services tax)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Auditor of Holding Company (Refer note below)		
Statutory audit (including limited reviews) and certificates	150.77	137.54
Tax audit	2.50	2.00
Other services	-	1.00
Reimbursement of expenses	8.55	9.22
	161.82	**149.76**
Other Auditor		
Statutory audit	5.50	2.30
Tax audit	0.75	0.75
Other services	-	-
Reimbursement of expenses	-	-
	6.25	**3.05**
Total Auditors' remuneration	**168.07**	**152.81**

Note:

Excludes remuneration to predecessor and current auditor for services in connection with proposed initial public offer of equity shares of the holding company, which is included under Other advances (Refer Note 12). These costs will be recoverable from selling shareholders as part of agreement.

32.2 Corporate social responsibility ("CSR") expenditure

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(a) Gross amount required to be spent by the Group during the year	430.71	298.07
(b) Amount approved by the Board to be spent during the year	430.71	366.32
(c) Amount spent during the year:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above		
- In Cash	250.53	369.82
- Other than cash	-	-

Notes

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(d) Details related to spent/unspent obligations:		
Contribution to Public Trust	-	-
Contribution to Charitable Trust/Section 8 company	250.53	369.82
Unspent amount in relation to:		
- Ongoing project	62.00	-
- Other than ongoing project	-	-
The primary nature of expenses include commissioning of in-depth financial inclusion survey and developing a financial inclusion index/metric, enhancement of amenities to government schools and transfer of funds to the CSR arm of the Company being the Northern Arc Foundation from where the ultimate spend would be monitored.		
All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with provisions of sub section (6) of section 135 of the said Act.		
(e) In case of S. 135(5) (Other than ongoing project):		
Opening balance	121.71	49.96
Amount deposited in Specified Fund of Sch. VII within 6 months		-
Amount required to be spent during the year	(430.71)	(298.07)
Amount spent during the year	250.53	369.82
Closing Balance	(58.47)	121.71
Amounts transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act, pursuant to any ongoing project	**62.00**	**-**
Closing Balance after considering the above	**3.53**	**121.71**

In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act

32.3 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the holding company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The holding company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

33. Income tax

A. The components of income tax expense for the year ended 31 March 2024 and 31 March 2023 are:

Profit or loss section

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax		
i) current income tax charge	10,881.12	9,702.26
ii) Adjustments in respect of current income tax of previous year	46.92	-
Deferred tax		
Relating to origination and reversal of temporary differences	(673.70)	(1,801.24)
Income tax expense recognised in the consolidated statement of profit and loss	**10,254.34**	**7,901.03**

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Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Deferred tax recognised in OCI

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Deferred tax on		
Remeasurements of the defined benefit asset/(liability)	(29.32)	(26.59)
Net gain/(loss) of Financial Instruments through OCI (Net)	(309.34)	140.74
Net gain/(loss) movement on Effective portion of Cash Flow Hedges	(342.86)	254.44
Deferred tax charged to OCI	**(681.52)**	**368.59**

B. Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31 2024 and March 31, 2023 is, as follows:-

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before tax	42,023.61	32,122.56
Less/(Add): Exempted profit	(1,250.67)	(1,242.30)
Profit before tax attributable to equity holders	40,772.94	30,880.26
Applicable tax rate	25.17%	25.17%
Computed expected tax expense	**10,262.55**	**7,772.56**
Effect of difference in tax expenditure due to differential tax rates applicable for subsidiaries*	0.13	0.03
Permanent differences		
- Adjustments in respect of Current income Tax of previous year	(178.27)	-
- Provision for Corporate Social Responsibility	169.93	128.43
Tax expenses recognised in the statement of profit and loss	**10,254.34**	**7,901.02**
Effective tax rate	25.15%	25.59%

Note:

Note: The Holding Company and its subsidiary (Northern Arc Investment Managers Private Limited) has elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Holding Company has recognised provision for income tax and remeasured its net deferred tax asset at concessional rate for the year ended 31 March 2024.

*Tax rates applicable for subsidiaries are as follows

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Northern Arc Investment Managers Private Limited	25.17%	25.17%
Northern Arc Investment Adviser Services Private Limited	26.00%	26.00%
Northern Arc Foundation	NA	NA
Northern Arc Securities Private Limited	25.17%	25.17%
Pragati Finserv Private Limited	25.17%	25.17%
IFMR FImpact Long Term Credit Fund	NA	NA
Northern Arc Employee Welfare Trust	NA	NA

C. Deferred tax

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

Particulars	As at March 31, 2023	Statement of profit and loss	Other comprehensive income	MAT utilisation	As at March 31, 2024
Component of Deferred tax asset/(liability)					
Deferred tax asset/(liability) in relation to:					
Property plant and equipment	1.21	35.87	-	-	37.08
Impact of fair value on financial assets measured at FVTPL	(562.11)	(73.91)	-	-	(636.02)

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

Particulars	As at March 31, 2023	Statement of profit and loss	Other comprehensive income	MAT utilisation	As at March 31, 2024
Impact of fair value on financial assets measured at FVOCI	1,664.42	-	(652.20)	-	1,012.22
Impairment on financial assets	1,444.16	693.91	-	-	2,138.07
Provision for employee benefits	261.63	78.20	(29.32)	-	310.51
Unamortised component of processing fee	1,025.20	291.66	-	-	1,316.86
EIS Receivable	(350.54)	(435.84)	-	-	(786.38)
Minimum alternative tax	13.89	(2.20)	-	-	11.69
Total	**3,497.86**	**587.69**	**(681.52)**	**-**	**3,404.03**

Particulars	As at March 31, 2022	Statement of profit and loss	Other comprehensive income	MAT utilisation	As at March 31, 2023
Component of Deferred tax asset/(liability)					
Deferred tax asset/(liability) in relation to:					
Property plant and equipment	26.23	(25.02)	-	-	1.21
Impact of fair value on financial assets measured at FVTPL	(887.03)	324.92	-	-	(562.11)
Impact of fair value on financial assets measured at FVOCI	1,216.26	-	448.16	-	1,664.42
Impairment on financial assets	398.63	1,045.53	-	-	1,444.16
Provision for employee benefits	269.08	19.14	(26.59)	-	261.63
Unamortised component of processing fee	264.59	760.61	-	-	1,025.20
EIS Receivable	-	(350.54)	-	-	(350.54)
Minimum alternative tax	9.05	-	-	4.84	13.89
Total	**1,296.81**	**1,774.64**	**421.57**	**4.84**	**3,497.86**

34. Earnings per share ('EPS')

	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A	**Earnings**		
	Net profit attributable to equity shareholders for calculation of basic EPS	30,833.39	23,001.06
	Net profit attributable to equity shareholders for calculation of diluted EPS	30,833.39	23,001.06
B	**Shares**		
	Equity shares at the beginning of the year	89,031,293	88,907,543
	Shares issued during the year	354,127	123,750
C	**Total number of equity shares outstanding at the end of the year**	**89,385,420**	**89,031,293**
	Weighted average number of equity shares outstanding during the year for calculation of basic EPS	89,096,560	88,968,868
	Options granted	1,339,429	2,058,026
	Compulsory convertible preference shares	41,323,204	41,323,204
D	**Weighted average number of equity shares outstanding during the year for calculation of diluted EPS**	**131,759,193**	**132,350,098**
	Face value per share	10.00	10.00
E	**Earnings per share**		
E1	Basic (E1 = A/C)	34.61	25.85
E2	Diluted (E2 = A/D)	23.40	17.38

35. Leases

The Group has operating lease agreement primarily for office premises. The leases typically run for a period of 1.5 to 10 years, with an option to extend the lease or terminate, either at the option of lessee or lessor or on mutual agreement. The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the year:

(i) Movement in carrying value of right of use assets

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening Balance	**966.70**	**1,121.79**
Additions during the period	1,064.10	134.35
Acquisition of specified assets and liabilities (Refer note 48)	-	8.37
Depreciation	(543.99)	(297.81)
Derecognition on termination of lease	(14.58)	-
Closing balance	**1,472.23**	**966.70**

(ii) Movement in lease liabilities

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening Balance	**1,166.36**	**1,429.21**
Additions during the year/period	1,064.10	142.72
Interest on lease liabilities	175.01	146.13
Rent payment	(691.07)	(551.70)
Derecognition on termination of lease	(16.20)	-
Closing balance	**1,698.20**	**1,166.36**

(iii) Amounts recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
a) Depreciation charge for right-of-use assets	543.99	297.81
b) Interest expense (included in finance cost)	175.01	146.13
c) Expense relating to short-term leases	958.67	987.68
d) Gain recognised on derecognition of leases	(1.13)	-

(iv) Cash Flows

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
The total cash outflow of leases	**691.07**	**515.64**

(v) Maturity analysis of undiscounted lease liabilities

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Not later than one year	510.75	445.13
Later than one year and not later than five years	1,510.09	511.48
Later than five years	154.92	209.76

Lease liabilities are recognised at weighted average incremental borrowing rate ranging between 9.70% and 14.25%.

36. Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

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

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	17,940.08	-	17,940.08	23,233.95	-	23,233.95
Bank balances other than cash and cash equivalents	18,876.65	3,957.61	22,834.26	8,188.07	10,837.80	19,025.87
Derivative financial instruments	54.12	5,427.82	5,481.94	-	6,104.84	6,104.84
Trade receivables	2,534.94	0.00	2,534.94	2,861.42	-	2,861.42
Loans	621,103.81	299,855.12	920,958.93	500,946.37	187,914.20	688,860.57
Investments	95,836.74	82,233.76	178,070.50	68,399.86	107,873.50	176,273.36
Other financial assets	7,795.46	595.96	8,391.42	4,338.53	720.43	5,058.96
Current tax assets (net)	-	2,404.34	2,404.34	-	2,911.60	2,911.60
Deferred tax assets (net)	-	3,475.92	3,475.92	-	3,517.88	3,517.88
Property, plant and equipment	-	666.22	666.22	-	381.46	381.46
Intangible assets under development	-	231.13	231.13	-	98.87	98.87
Goodwill	-	2,347.77	2,347.77	-	2,407.02	2,407.02
Other intangible assets	-	1,179.25	1,179.25	-	1,337.09	1,337.09
Right of use asset	-	1,472.23	1,472.23	-	966.70	966.70
Investment in associates	-	388.65	388.65	-	2,726.64	2,726.64
Other non- financial assets	2,365.51	22.80	2,388.31	1,390.89	-	1,390.89
Total Assets	**766,507.31**	**404,258.58**	**1,170,765.89**	**609,359.09**	**327,798.03**	**937,157.12**
Liabilities						
Derivative financial instruments	-	298.65	298.65	-	227.59	227.59
Trade payables						
Total outstanding dues of micro enterprises and small enterprises				-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	12,848.32	-	12,848.32	10,961.20	-	10,961.20
Debt securities	88,075.11	53,297.35	141,372.46	50,498.48	71,933.07	122,431.55
Borrowings (Other than debt securities)	458,113.61	305,289.54	763,403.15	261,729.03	315,300.83	577,029.86
Subordinated liabilities	-	-	-	3,995.07	-	3,995.07
Other financial liabilities	13,454.45	2,051.37	15,505.82	9,204.23	1,815.07	11,019.30
Provisions	2,330.37	876.11	3,206.48	2,064.89	1,270.46	3,335.35
Current tax liabilities (net)	461.50	-	461.50	-	-	-
Deferred tax liabilities (net)	-	71.89	71.89	-	20.02	20.02
Other non-financial liabilities	1,556.46	-	1,556.46	1,308.92	55.21	1,364.13
Total Liabilities	**576,839.82**	**361,884.91**	**938,724.73**	**339,761.82**	**390,622.25**	**730,384.07**
Total equity			**232,041.16**			**206,773.05**

36A. Change in Liabilities arising from financing activities

Particulars	As at April 1, 2023	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2024
Debt Securities	122,431.55	20,836.30	-	(1,895.39)	-	141,372.46
Borrowings (other than debt securities)	577,029.86	187,815.25	8,614.82	(10,056.78)	-	763,403.15
Sub-ordinated Liabilities	3,995.07	(3,995.07)	-	-	-	-
Lease Liabilities	1,166.36	(691.07)	-	158.81	1,064.10	1,698.20

Particulars	As at April 1, 2022	Cash flows	Exchange difference	Others*	New Leases	As at March 31, 2023
Debt Securities	134,359.68	(12,180.78)	-	252.65	-	122,431.55
Borrowings (other than debt securities)	459,942.61	107,594.16	7,415.38	2,077.71	-	577,029.86
Sub-ordinated Liabilities	3,993.47	-	-	1.60	-	3,995.07
Lease Liabilities	1,429.21	(515.64)	-	110.07	142.72	1,166.36

*Others includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees, decrease in lease liability on account of termination.

36 B Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at March 31, 2024 and March 31, 2023. All derivatives used for hedging and natural hedges are shown by maturity, based on their contractual undiscounted payment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

Particulars	As at March 31, 2024					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Finacial Assets						
Cash and cash equivalents	15,864.62	2,075.46	-	-	-	17,940.08
Bank balances other than cash and cash equivalents	0.22	4,449.26	15,470.34	4,621.32	-	24,541.14
Derivative financial instruments	-	-	54.12	5,427.83	-	5,481.95
Trade receivables	-	2,534.94	-	-	-	2,534.94
Loans	-	275,037.16	402,190.80	388,949.89	70,951.95	1,137,129.80
Investments	2,164.49	17,275.81	91,435.11	88,294.09	1,361.29	200,530.79
Other financial assets	-	5,169.24	-	178.80	-	5,348.04
Total financial assets (undiscounted)*	**18,029.33**	**306,541.87**	**509,150.37**	**487,471.93**	**72,313.24**	**1,393,506.74**
Financial Liabilities						
Derivative financial instruments	-	-	-	298.65	-	298.65
Trade payables						
- total outstanding dues of micro and small enterprises	-		-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	-	12,848.32	-	-	-	12,848.32
Debt securities	-	33,494.61	61,823.82	61,929.39	-	157,247.82
Borrowings (Other than debt securities)	-	152,939.94	341,873.34	324,666.06	-	819,479.34
Subordinated liabilities	-	-	-	-	-	-
Other financial liabilities	17.30	11,485.21	2,016.66	2,240.62	154.92	15,914.71
Total financial liabilities (undiscounted)*	**17.30**	**210,768.08**	**405,713.82**	**389,134.72**	**154.92**	**1,005,788.84**
Net financial assets/(liabilities) (undiscounted)*	**18,012.03**	**95,773.79**	**103,436.55**	**98,337.21**	**72,158.32**	**387,717.90**

*Excludes gross settled derivatives not held for trading

Particulars	As at March 31, 2023					
	On Demand	Less than 3 months	3 to 12 Months	1 to 5 years	Over 5 years	Total
Finacial Assets						
Cash and cash equivalents	21,230.24	2,003.71	-	-	-	23,233.95
Bank balances other than cash and cash equivalents	2.69	1,257.32	6,867.39	10,898.47	-	19,025.87
Derivative financial instruments	-	-	-	6,104.84	-	6,104.84
Trade receivables	-	2,861.42	-	-	-	2,861.42
Loans	-	214,608.15	356,780.10	225,343.04	14,097.81	810,829.10
Investments	-	22,027.24	56,244.68	112,699.93	5,890.80	196,862.65
Other financial assets	-	2,049.25	1,171.39	365.25	106.64	3,692.53
Total financial assets (undiscounted)*	**21,232.93**	**244,807.09**	**421,063.56**	**355,411.53**	**20,095.25**	**1,062,610.36**
Financial Liabilities						
Derivative financial instruments	-	-	-	227.59	-	227.59
Trade payables			-			
- total outstanding dues of micro and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	-	10,961.20	-	-	-	10,961.20
Debt securities	-	17,582.58	39,828.75	85,668.28	-	143,079.61
Borrowings (Other than debt securities)	-	102,358.43	193,251.19	338,957.70	-	634,567.32
Subordinated liabilities	-	4,099.97	-	-	-	4,099.97
Other financial liabilities	507.88	8,137.78	1,395.14	846.18	35.01	10,921.99
Total financial liabilities (undiscounted) *	**507.88**	**143,139.96**	**234,475.08**	**425,699.75**	**35.01**	**803,857.68**
Net financial assets/(liabilities) (undiscounted)*	**20,725.05**	**101,667.13**	**186,588.48**	**(70,288.22)**	**20,060.24**	**258,752.68**

*Excludes gross settled derivatives not held for trading

37. Financial instrument

A. Fair value measurement

Valuation principles

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

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosures are provided in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Following methodologies and assumptions were used to estimate the fair values of the financial assets or liabilities

i) For all assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amount approximates fair value except as in (a) stated below.

   a) The fair value of loans other than fixed rate instruments are estimated by discounted cash flow models considering all significant characteristics of the loans. They are classified as Level 3 fair values in the fair value hierarchy due to the use of unobservable inputs (discount rate). For fixed rate instruments not carried at fair value, carrying amount approximates fair value.

   b) The fair value of investment in Government securities are derived from rate equal to the rate near to the reporting date of the comparable product.

ii) There has been no transfer in between level I, level II and level III.

iii) The fair value of Derivatives are determined using inputs that are directly or indirectly observable in market place.

Financial instruments by category

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2024 were as follows:

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	261,483.91	-	-	261,483.91	261,483.91
Investments	-	-	-	-	-	-
- Commercial papers	-	-	-	-	-	-
- Pass through certificates	-	5,772.44	-	-	5,772.44	5,772.44
- Non convertible debentures	-	124,644.80	-	-	124,644.80	124,644.80
- Market Linked debentures	18,992.53	-	-	-	18,992.53	18,992.53
- Alternate Investment Funds	14,374.13	-	-	-	14,374.13	14,374.13
- Share warrants	0.96	-	-	-	0.96	0.96
- Mutual funds	2,164.48	-	2,164.48	-	-	2,164.48
Derivative financial instruments	81.65	5,400.29	-	-	5,481.94	5,481.94
Financial liabilities:	-	-	-	-	-	-
Derivative financial instruments	110.12	188.53	-	-	298.65	298.65

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Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

The carrying value and fair value of financial instruments measured at fair value as of March 31, 2023 were as follows:

Particulars	Carrying amount		Fair value			
	FVTPL	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets:						
Loans	-	182,829.41	-	-	182,829.41	182,829.41
Investments						
- Pass-through certificates	-	13,120.35	-	-	13,120.35	13,120.35
- Non convertible debentures	-	107,855.07	-	-	107,855.07	107,855.07
- Market Linked debentures	29,357.54				29,357.54	29,357.54
- Alternative Investment Funds	14,301.93	-	-	-	14,301.93	14,301.93
- Share warrants	1.62	-	-	-	1.62	1.62
- Commercial Papers		3,409.20	-	-	3,409.20	3,409.20
- Mutual funds	970.23	-	970.23	-	-	970.23
Derivative financial instruments	-	6,104.84	-	-	6,104.84	6,104.84
Financial liabilities:						
Derivative financial instruments		227.59	-	-	227.59	227.59

Reconciliation of level 3 fair value measurement is as follows

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Financial assets measured at FVOCI		
Balance at the beginning of the year	2,068.24	2,968.26
Total gains measured through OCI for additions made during the year	1,515.55	(900.02)
Balance at the end of the year	**3,583.79**	**2,068.24**
Financial assets measured at FVTPL		
Balance at the beginning of the year	14,303.55	27,361.35
Total gains measured through PL for additions made during the year	21,310.20	(13,057.80)
Balance at the end of the year	**35,613.75**	**14,303.55**

Sensitivity analysis - Increase/decrease of 100 basis points of discount rate

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Financial assets:				
Loans	(1,916.46)	1,916.46	1,828.29	(1,828.29)
Investments	-	-	-	-
- Pass through securities	(52.99)	52.99	131.20	(131.20)
- Non convertible debentures	(1,332.47)	1,332.47	1,078.55	(1,078.55)
- Market Linked debentures	(85.29)	85.29	293.58	(293.58)
- Alternative Investment Funds	(134.18)	134.18	143.02	(143.02)
- Mutual funds	21.64	(21.64)	9.70	(9.70)
- Share warrants	0.01	(0.01)	0.02	(0.02)
Derivative financial instruments	54.82	(54.82)	61.05	(61.05)
Financial liabilities:	-	-	-	-
Derivative financial instruments	2.99	(2.99)	2.28	(2.28)

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

The carrying value and fair value of other financial instruments by categories as of March 31, 2024 were as follows:

Particulars	Carrying Value	Fair Value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	17,940.08	-	-	17,940.08	17,940.08
Bank balances other than cash and cash equivalents	22,834.26	-	-	22,834.26	22,834.26
Trade receivables	2,534.94	-	-	2,534.94	2,534.94
Loans	670,049.13	-	-	673,340.38	673,340.38
Investments	12,121.16	-	-	12,121.16	12,121.16
Other financial assets	8,391.42	-	-	8,391.42	8,391.42
Financial liabilities not measured at fair value:					
Trade payables					
- total outstanding dues of micro and small enterprises	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	12,848.32	-	-	12,848.32	12,848.32
Debt securities	141,372.46	-	-	141,372.46	141,372.46
Borrowings (Other than debt securities)	763,403.15	-	-	763,403.15	763,403.15
Subordinated liabilities	-	-	-	-	-
Other financial liabilities	15,505.82	-	-	15,505.82	15,505.82

The carrying value and fair value of financial instruments by categories as of March 31, 2023 were as follows:

Particulars	Carrying Value	Fair Value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:					
Cash and cash equivalents	23,233.95	-	-	23,233.95	23,233.95
Bank balances other than cash and cash equivalents	19,025.87	-	-	19,025.87	19,025.87
Trade receivables	2,861.42	-	-	2,861.42	2,861.42
Loans	514,933.32	-	-	515,041.82	515,041.82
Investments	7,258.60			7,258.60	7,258.60
Other financial assets	5,058.96	-	-	5,058.96	5,058.96
Financial liabilities not measured at fair value:					
Trade payables					
- total outstanding dues of micro and small enterprises	-	-	-	-	-
- total outstanding dues of creditors other than micro and small enterprises	10,961.20	-	-	10,961.20	10,961.20
Debt securities	122,431.55	-	-	122,431.55	122,431.55
Borrowings (Other than debt securities)	577,029.86	-	-	577,029.86	577,029.86
Subordinated liabilities	3,995.07	-	-	3,995.07	3,995.07
Other financial liabilities	11,019.30	-	-	11,019.30	11,019.30

Note:

For all of the financial assets and liabilities which are not carried at fair value, the carrying amounts approximates the fair values except for loans where considering the limited/lack of availability of observable inputs for fair valuation and considering the nature of such items/transactions, management has disclosed the carrying amounts as the fair values.

B. Capital management

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

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

The Group's adjusted gearing ratio is as follows:

	Particulars	As at March 31, 2024	As at March 31, 2023
i	Debt securities	141,372.46	122,431.55
ii	Borrowings (other than debt securities)	763,403.15	577,029.86
iii	Subordinated liabilities	-	3,995.07
iv	Less: cash and cash equivalents	(17,940.08)	(23,233.95)
v	**Adjusted net debt (v = i + ii + iii - iv)**	**886,835.53**	**680,222.53**
vi	Total equity	232,041.16	206,773.05
vii	**Gearing ratio (vii = v/vi)**	**3.82**	**3.29**

The Holding Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Holding Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital, Compulsorily convertible preference share capital and other equity are considered for the purpose of Company's capital management.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2024 and March 31, 2023.

Regulatory capital of the holding company

Particulars	Carrying Amount	
	As at March 31, 2024	As at March 31, 2023
Tier I Capital	205,781.74	181,902.83
Tier II Capital	2,152.68	5,620.28
Total Capital	**207,934.42**	**187,523.12**
Risk weighted assets	1,138,683.23	902,860.91
Tier I Capital Ratio (%)	18.07%	20.15%
Tier II Capital Ratio (%)	0.19%	0.62%
CRAR (%)	**18.26%**	**20.77%**
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier I). Tier I and Tier II has been reported on the basis of Ind AS financial information.

*The above computations are as per Ind AS. RBI related accounting implications on account of Ind AS adoption are not considered in the above computations, as RBI is yet to provide guidance on Ind AS implications in Capital Risk Adequacy Ratio (CRAR) computations.

38. Financial risk management objectives and policies

The Group's principal financial liabilities comprise borrowings from banks, issue of debentures and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk, market risk and foreign currency risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee and asset liability committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

Risk management framework

The Groups's board of directors and risk management committee has overall responsibility for the establishment and oversight of the Groups's risk management framework. The board of directors and risk management committee along with the top management are responsible for developing and monitoring the Groups's risk management policies.

The Groups's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's risk management committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(I) Credit risk

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

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

Loans

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

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

Particulars	Carrying Amount	
	As at March 31, 2024	As at March 31, 2023
Gross Term loans and structured cash credit	931,533.03	697,762.73
Less : Impairment loss allowance	(10,574.10)	(8,902.16)
	920,958.93	**688,860.57**

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

Staging:

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

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

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

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

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

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

Grouping

As per Ind AS 109, the Group categorises the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

- Loans
- Guarantees to pooled issuances
- Other guarantees
- Undrawn exposure
- Second loss credit enhancement
- Investments in pass through securities
- Investments in non convertible debentures

Expected credit loss ("ECL"):

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

a. Marginal probability of default ("MPD")

b. Loss given default ("LGD")

c. Exposure at default ("EAD")

d. Discount factor ("D")

Marginal probability of default:

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

For computation of probability of default ("PD"), internal rating matrix model, pluto tasche model, markov chains model and net flow rate model were used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Group has worked out on PD based on the last four years historical data.

Marginal probability:

The PDs derived from the autoregressive integrated moving average model (ARIMA), are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

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

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside, downside and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. Considering the low expertise in default and recovery, the Group has considered an LGD of 65% as recommended by the Foundation Internal Ratings Based (FIRB) approach under Basel II guidelines issued by RBI.

EAD:

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

The Group has considered expected cash flows, undrawn exposures and second loss credit enhancement (SLCE) for all the loans at DPD bucket level for each of the risk segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

Discounting:

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

ECL computation:

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

Conditional ECL for year (yt) = EAD (yt)* conditional PD (yt)* LGD (yt)* discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

Particulars	Provisions	As at March 31, 2024	As at March 31, 2023
Stage 1	12 month provision	5,296.17	5,201.35
Stage 2	Life time provision	1,141.93	494.51
Stage 3	Life time provision	4,136.00	3,206.30
Amount of expected credit loss provided		**10,574.10**	**8,902.16**

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Particulars	As at March 31, 2024	As at March 31, 2023
ECL allowance - opening balance	**8,902.16**	**5,771.71**
Addition during the year	40,605.79	3,071.85
Reversal during the year	(6,645.91)	144.18
Write offs during the year	(32,287.94)	(85.58)
Closing provision of ECL	**10,574.10**	**8,902.16**

Analysis of changes in the gross carrying amount of loans and the corresponding ECL allowance in relation to Loans:

Changes in gross carrying amount

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - loans								
As at the beginning of the year	**685,788.16**	**5,272.09**	**6,702.48**	**697,762.73**	**515,210.14**	**8,184.54**	**3,252.56**	**526,647.24**
New assets originated*	788,315.51	9,624.37	18,924.21	816,864.09	522,044.83	3,698.15	2,588.00	528,330.98
Asset derecognised or repaid (excluding write off)	(336,693.86)	(4,941.76)	(3,844.25)	(345,479.87)	(341,635.62)	(6,378.03)	(637.68)	(348,651.33)
Transfer to stage 1	(211,922.59)	5,460.06	1,457.86	(205,004.67)	(11,251.26)	1,295.39	2,610.73	(7,345.14)
Transfer to stage 2	376.49	(2,205.72)	1,771.49	(57.74)	1,417.49	(1,529.43)	390.51	278.57
Transfer to stage 3	143.84	55.55	(462.95)	(263.56)	2.58	1.47	(1,501.64)	(1,497.59)
Write offs	(11,677.38)	(1,065.02)	(19,545.54)	(32,287.94)	-	-	-	-
As at the end of the year	**914,330.17**	**12,199.57**	**5,003.30**	**931,533.04**	**685,788.16**	**5,272.09**	**6,702.48**	**697,762.73**

*New assets originated are those assets which have originated during the year.

Reconciliation of ECL Balance

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the year	**5,201.35**	**494.51**	**3,206.30**	**8,902.16**	**3,348.21**	**416.34**	**2,007.16**	**5,771.71**
New assets originated	17,454.76	1,572.28	21,239.33	40,266.37	2,279.06	249.77	108.33	2,637.16
Asset derecognised or repaid	(2,813.83)	(321.45)	(1,450.77)	(4,586.05)	(2,960.09)	(104.06)	(65.44)	(3,129.59)
Transfer to stage 1	(2,969.29)	552.49	368.73	(2,048.07)	(235.37)	27.81	1,085.42	877.86
Transfer to stage 2	47.49	(110.93)	51.66	(11.78)	4.97	(95.35)	70.83	(19.55)
Transfer to stage 3	53.07	20.05	266.29	339.41	-	-	-	-
Write offs	(11,677.38)	(1,065.02)	(19,545.54)	(32,287.94)	-	-	-	-
As at the end of the year	**5,296.17**	**1,141.93**	**4,136.00**	**10,574.10**	**5,201.35**	**494.51**	**3,206.30**	**8,902.16**

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are, vehicles, loan portfolios and mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.

B. Investments

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The exposure to credit risk for investments is to other non-banking finance companies and financial institutions.

The risk committee has established a credit policy under which each new investee pool is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc. For investments the collateral is the underlying loan pool purchased from the financial institutions.

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

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

Analysis of credit quality of exposure and changes in the gross carrying amount of Investments

Credit quality of exposure

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	178,070.50	-	-	178,070.50	176,274.57	-	-	176,274.57
Sub-standard	-	-	-	-	-	-	-	-
Total	**178,070.50**	**-**	**-**	**178,070.50**	**176,274.57**	**-**	**-**	**176,274.57**

Changes in gross carrying amount

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Investments								
As at the beginning of the year	**176,274.57**	**-**	**-**	**176,274.57**	**175,844.38**	**481.66**	**249.07**	**176,575.11**
New assets originated *	123,146.67	-	-	123,146.67	115,018.59	141.67	-	115,160.26
Asset derecognised or repaid	(121,350.74)	-	-	(121,350.74)	(114,588.40)	(623.33)	(249.07)	(115,460.80)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
As at the end of the year	**178,070.50**	**-**	**-**	**178,070.50**	**176,274.57**	**-**	**-**	**176,274.57**

C. Cash and cash equivalent and Bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Group generally invests in term deposits with banks

(ii) Liquidity risk

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

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

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

The table below provides details regarding the undiscounted contractual maturities of financial liabilities including interest as at March 31, 2024:

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
As at 31 March 2024								
Borrowings (other than debt securities)	56,963.84	39,182.93	51,896.09	166,930.82	143,139.93	279,222.75	26,066.79	-
Debt securities	2,996.06	4,500.00	27,671.19	20,768.33	32,139.52	47,392.38	5,904.97	-
Subordinated liabilities	-	-	-	-	-	-	-	-
As at 31 March 2023								
Borrowings (other than debt securities)	32,959.78	32,452.44	34,537.09	64,735.17	101,038.61	271,947.52	43,354.32	-
Debt securities	4,079.48	3,465.69	11,621.70	18,340.18	12,991.43	56,861.43	15,071.65	-
Subordinated liabilities	-	-	4,000.00	-	-	-	-	-

Note:

- The balances are gross of accrued interest and unamortised borrowing costs.
- Estimated expected cashflows considering the moratorium availed from lenders.

Also refer note 36B for detailed disclosure on Analysis of financial assets and liabilities by remaining contractual maturities

(iii) Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate lending. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The interest rate profile of the Group's interest bearing financial instruments is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed rate instruments		
Financial Assets	692,032.45	292,583.52
Financial Liabilities	372,622.58	221,838.48
	1,064,655.04	**514,422.00**
Variable rate instruments		
Financial Assets	412,912.31	416,761.70
Financial Liabilities	532,153.03	481,618.00
	945,065.34	**898,379.70**

Sensitivity analysis of interest rate - Increase/decrease of 100 basis points

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Bank Deposits	-	-	203.15	(203.15)
Loans	3,411.54	(3,411.54)	3,964.46	(3,964.46)
Borrowings	(5,321.53)	5,321.53	(4,816.18)	4,816.18

(iv) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arises majorly on account of foreign currency borrowings. The Group manages this foreign currency risk by entering into cross currency interest rate swaps. When a derivative is entered into for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till payment.

The Group holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilites in active markets or inputs that are directly or indirectly observable in market place.

(v) Collateral and other Credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

a. For corporate and small business lending, charges over trade receivables and

b. For retail lending, collateral in the form of first loss guarantee is obtained from the servicing entity or over identified fixed asset of the borrower.

(vi) Price risk

The Group is exposed to price risk arising from investment in mutual funds and classified in the balance sheet at fair value through profit & loss. If the NAV of the mutual fund had been higher/lower by 1% from market price existing as at March 31, 2024, profit or loss(pre-tax) for the year ended March 31, 2024 would increase/decrease by INR 21.64 lakh (Previous Year: 0.29 lakh) with a corresponding increase/decrease in the Total Equity of the Group as at March 31, 2024.

39. Commitments

Particulars	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	800.00	28,550.00
Undrawn committed sanctions to borrowers	13,599.00	13,733.83

40. Contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Claims against the Group not acknowledged as debt		
- Income tax related matters	525.20	440.58
Guarantees outstanding	6,441.59	16,388.20

i. Matters wherein management has concluded the Group's liability to be probable have accordingly been provided for in the books. Also refer note 19.

ii. Matters wherein management has concluded the Group's liability to be possible have accordingly been disclosed in above note.

Matters wherein management is confident of suceeding in these litigations and have concluded the Group's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims in different stages of process.

41. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is NIL. The disclosure provided below are based on the information and records maintained by the management and have been relied upon by the auditor.

	Particulars	As at March 31, 2024	As at March 31, 2023
a.	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period		
	Principal	-	-
	Interest	-	-
b.	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d.	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

42. Retirement Benefit Plan

Defined contribution plans

The Group makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Group's contribution is recognised 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 1134.63 lakh (March 31, 2023: INR 733.96 lakh).

Defined benefit plans

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

Employee benefits

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

A. Change in present value of obligations

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligations at the beginning of the year	1,054.53	746.40
Current service cost	186.06	200.92
Interest cost	66.38	55.06
Past service cost	1.32	-
Benefits settled	(277.73)	(234.40)
Acquisition of specified assets and liabilities (Refer note 48)	-	367.22
Actuarial (gain)/loss recognised in the other comprehensive income	-	-
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	(54.65)	(102.52)
- Experience adjustment	(61.85)	21.85
Present value of obligations at the end of the year	**914.06**	**1,054.53**

B. Change in plan assets

Particulars	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains/(loss)	-	-
Employer contributions	277.73	234.40
Benefits paid	(277.73)	(234.40)
Fair value of plan assets at the end of the year	**-**	**-**

C. Reconciliation of present value of the obligation and the fair value of the plan assets

Particulars	As at March 31, 2024	As at March 31, 2023
Change in projected benefit obligation		
Present value of obligations at the end of the year	914.06	1,054.53
Fair value of plan assets	-	-
Net liability recognised in balance sheet	**914.06**	**1,054.53**
The liability in respect of the gratuity plan comprises of the following non-current and current portions:		
Current	220.73	172.21
Non-current	693.33	882.32
	914.06	**1,054.53**

Notes

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

D. Expense recognised in statement of profit and loss

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost	186.06	200.92
Interest on obligation	66.38	55.06
Past service cost	1.32	-
Total included in statement of profit and loss	**253.76**	**255.98**

E. Remeasurements recognised in other comprehensive income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net actuarial loss recognised in the year	(116.50)	(80.67)
Total included in other comprehensive income	**(116.50)**	**(80.67)**

F. Assumptions at balance sheet date

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	6.95% to 7.10%	7.14% to 7.33%
Salary escalation	5% to 8%	5% to 8%
Attrition rate	3% to 33%	2% to 23%

Notes:

(a) The estimates in future salary increases, considered in actuarial valuation, takes account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employee market.

(b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated term of the obligation.

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	875.44	957.15	577.56	716.94
Future salary growth (1% movement)	972.68	862.39	628.16	778.08
Attrition rate (1% movement)	914.25	914.67	595.77	737.06

Additional disclosures required under Ind AS 19

Particulars	As at March 31, 2024	As at March 31, 2023
Average duration of defined benefit obligation (in years)	2.94 to 8.03 years	4.6 to 6.9 years
Projected undiscounted expected benefit outgo (mid year cash flows)		
Year 1	193.69	122.77
Year 2	158.86	129.82
Year 3	125.58	106.73
Year 4	111.62	138.91
Year 5	106.94	97.76
Next 5 years	964.09	293.48
Exected benefit payments for the next annual reporting year	193.69	122.77

43.Share Based Payments

A ESOP disclsoure related to Holding Company

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

Notes

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

43.1 Northern Arc Capital Employee Stock Option Scheme 2016 – "Scheme 1"

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued on March 1, 2017, and will be exercised at INR 10. The options are vested over a period of 4 years in 40:20:20:20 proportion.

Northern Arc Capital Employee Stock Option Scheme 2016 – "Scheme II"

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued in seventeen tranches. The exercise price ranging between INR 110 to INR 275. The options are vested equally over a period of 5 years.

Northern Arc Employee Stock Option Scheme 2023 – "Scheme- II B"

The Northern Arc Capital Employee Stock Option Plan 2016 is applicable to all employees including employees of subsidiaries. The options were issued on 9th September 2021. The exercise price is INR 275. The options are vested equally over a period of 5 years.

Northern Arc Capital Employee Stock Option Scheme 2018 – "Scheme III"

The Northern Arc Capital Employee Stock Option Scheme 2016 is applicable to all employees including employees of subsidiaries. The options were issued in five tranches. The exercise price ranging between INR 10 to INR 275. The options are vested over a period of 3 years in 30:30:40 proportion.

Northern Arc Capital Employee Stock Option Scheme 2022 – "Scheme- IV"

The Northern Arc Capital Employee Stock Option Scheme 2022 is applicable to all employees including employees of subsidiaries. The options under this scheme were issued on 21st July, 2021 . The exercise price is INR 324 price per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

Northern Arc Capital Employee Stock Option Scheme 2023 – "Scheme- IVB"

The Northern Arc Capital Employee Stock Option Scheme 2023 is applicable to all employees including employees of subsidiaries. The options under this scheme were issued on five tranches. The exercise price is 275 per share. The options are vested over a period of 4 years in 25:25:25:25 proportion.

43.2 Options outstanding under Scheme I, Scheme II, Scheme IIB, Scheme III, Scheme IV and Scheme IVB

Particulars	As at March 31, 2024					As at March 31, 2023		
Plan	**Scheme II**	**Scheme IIB**	**Scheme III**	**Scheme IV**	**Scheme IV B**	**Scheme 1**	**Scheme 2**	**Scheme 3**
Grant date	**Various**	**13-Sep-23**	**Various**	**13-Sep-23**	**Various**	**Various**	**Various**	**Various**
Number of options	1,503,000	279,500	832,254	150,000	2,160,000	8,000	2,378,000	899,984
Exercise price in INR	110 to 275	275	10 to 275	324	275	10	110 to 275	181 to 275
Vesting period	1 to 5 years	1 to 5 years	1 to 3 years	1 to 4 years	1 to 4 years	1 to 4 years	1 to 5 years	1 to 3 years
Option Price	31.85 to 121.09	160.14	65.57 to 298.36	56.14	128.88 to 146.45	113.65	31.85 to 121.09	65.57 to 92.33
Weighted average exercise price in INR	147.01	275.00	172.71	324	275	10.00	163.21	203.79
Weighted average remaining contractual life (in years)	0.22	5.00	0.20	0.40	1.49	-	0.74	0.27
Weighted average remaining contractual life including exercise period(in years)	2.58	7.46	3.85	5.31	6.90	1.92	3.92	4.30
Vesting condition	Time based vesting							

43.3 Reconciliation of outstanding options

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

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Weighted average exercise price per option (in INR)	Number of options	Weighted average exercise price per option (in INR)	Number of options
Outstanding at beginning of year	173.95	3,285,984	173.08	4,469,313
Add: Granted during the year	263.89	2,440,000	-	-
Less: Forfeited during the year	196.01	372,603	176.13	1,047,179
Less: Exercised during the year and allotted	140.34	354,127	112.20	123,750
Less: Exercised during the year but not allotted	112.43	74,500	181.13	12,400
Outstanding as at end of year	**216.84**	**4,924,754**	**173.95**	**3,285,984**
Vested and exercisable as at end of year	**175.64**	**2,176,354**	**158.67**	**3,026,866**
Amount expensed of in Statement of Profit and Loss (in INR Lakh)		1,775.89		157.44

43.4 Fair value methodology

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. The shares of the Holding company are not listed on any stock exchange. Accordingly, the Holding company has considered the volatility of the Company's stock price based on historical volatility of similar listed enterprise. The various assumptions considered in the pricing model for the stock options granted by the Holding company are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Dividend yield	0.00%	NA
Historical volatality estimate	34.41% - 45.13%	NA
Risk free interest rate	6.96% - 7.11%	NA
Expected life of option (in years)	1.07 - 3	NA

B ESOP disclsoure related to Pragati Finserv Private Limited (Subsidiary)

The Company offers equity based option plans to its selected employees through the Company's stock option plan introduced in 2021.

i Description of share based payments

Pragati Employee Stock Option Scheme 2021 - Scheme I [ESOP 2021 - Scheme 1]

The Company introduced an Employee Stock Option Scheme 2021 - Scheme I, which was approved by the Pragati Finserv Private Limited shareholders with an intention to provide equity settled incentive to high performing employees of the Company.

The options granted on 7th May 2021 will be exercised at INR 10 per option and will vest over 5 years in the proportion of 15.75 : 15.75 : 21 : 21 : 26.5 (allocated portion) on the basis of performance, subject to 30% of the allocated portion being definitive vesting. It shall be exercised within the period mentioned in the grant letter. It shall be settled by way of equity shares of the company.

The options granted on 2nd August 2022 will be exercised at INR 10 per option and will vest over 4 years in the proportion of 31.5 : 21 : 21 : 26.5 (allocated portion) on the basis of performance, subject to 30% of the allocated portion being definitive vesting. It shall be exercised within the period mentioned in the grant letter. It shall be settled by way of equity shares of the company.

No modification has been made to the plan during the reporting period.

ii Summary of share based payments

a) Reconciliation of outstanding options

Particulars	ESOP 2021 - Scheme 1	
	As at March 31, 2024	As at March 31, 2023
Outstanding balance at the beginning of the period	17,392,756	16,193,182
Options granted	-	4,250,000
Options vested	(3,731,676)	(2,550,426)
Options exercised	-	-
Options forfeited	-	-
Options expired	-	-
Options lapsed	-	(500,000)
Options outstanding at the end of the period	13,661,080	17,392,756
Options exercisable at the end of the period	**6,282,102**	**2,550,426**
For share options exercised:		
Weighted average exercise price at date of exercise	N.A.	N.A.
Money realised by exercise of options (in actual rupees)	N.A.	N.A.

b) For share options outstanding:

Particulars	As at 31 March 2024		As at 31 March 2023	
	ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares	ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares	ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares	ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares
Range of exercise prices	10	10	10	10
Average remaining contractual life of options (years)	3.31	4.06	4.31	5.06
Modification of plans	N.A.	N.A.	N.A.	N.A.
Incremental fair value on modification	N.A.	N.A.	N.A.	N.A.

c) Valuation of stock options

Particulars	ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares	ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares
Share price	10	10
Exercise Price	10	10
Fair value of option	5.93	5.98
Valuation date	31-Dec-21	02-Aug-22
Valuation model used	Blackscholes model	Blackscholes model
Expected Volatility	0.54	0.56
Basis of determination of expected volatility	Median historical volatility of comparable companies	Median historical volatility of comparable companies
Contractual Option Life (years)	6.1	5.72
Expected dividends*	0	0
Risk free interest rate	6.27%	7.08%
Valuation of incremental fair value on modification	N.A	N.A

*Expected Dividends is considered zero, as no dividend payout is expected in the foreseeable future.

Options granted and inputs used for measurement of fair value of options, for the key managerial employees and other senior employees

Notes

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

d)

Name of the Employee	ESOP 2021 - Scheme 1			
	As at March 31, 2024		As at March 31, 2023	
	KMP	Others	KMP	Others
	(In Nos.)	(In Nos.)	(In Nos.)	(In Nos.)
Options Granted	16,193,182	4,250,000	16,193,182	4,250,000
Options Vested	5,100,852	1,181,250	2,550,426	-
Options Lapsed	-	500,000	-	500,000
Options yet to vest	11,092,330	2,568,750	13,642,756	3,750,000
Options Exercised	-	-	-	-

e) Impact on Statement of profit and loss and balance sheet for such share based payments

Expense recognised for employee services received during the year are as below:

Particulars	As at March 31, 2024	As at March 31, 2023
Expense arising from equity-settled share-based payment transactions (Refer note 29)	221.88	-

44. Related party disclosures

44.1 Disclosure post elimination of intra-group transactions:

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

Nature of Relationship	Name of Related Party
(i) Associate	Finreach Solutions Private Limited (w.e.f 30th April, 2022)
	Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto 26th April, 2023)
	IFMR Fimpact Long term credit fund (w.e.f November 22, 2023 till January 12, 2024)
(ii) Key Managerial Personnel (KMP)	Mr. Ashish Mehrotra, Managing Director & CEO
	Mr. Atul Tibrewal, Chief Financial Officer
	Ms. Bama Balakrishnan Executive Director and COO (till November 13, 2023)
	Mrs. Srividhya, Company Secretary (upto November 20, 2023)
	Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024)
	Mr.Prakash Chandra Panda, Company Secretary (w.e.f April 23, 2024)
(iii) Director and relative of Key Management Personnel/Director	Ms. Kshama Fernandes, Non - Executive Director
	Mr. Ashutosh Arvind Pednekar - Independent director
	Mr. Amit Mehta -Nominee Director (upto May 2, 2022)
	Mr. P S Jayakumar - Independent director
	Ms. Anuradha Rao - Independent director
	Mr. Michael Jude Fernandes - Nominee director
	Mr. Vijay Chakravarthi Nallan - Nominee director
	Mr Arunkumar Nerur Thiagarajan - Independent director
	Mr. T.S. Anantharaman - Nominee direcotor (w.e.f. February 9, 2023)
	Mr. Samir Shah - Nominee Director (upto December 28, 2022)

A. Transactions during the Year:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Finreach Solutions Private Limited (w.e.f. April 30, 2022)		
Investments	449.13	394.40
Guarantee Management Service Fee	17.27	11.21
Fee Income	-	37.00
Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto 26th April, 2023)		
Investments in Alternate Investment Funds	-	2,500.00
Distribution of surplus	43.47	70.60
Fee Income	19.98	-
Reimbursement of expenses	3.32	3.52

Notes

Notes to Consolidated Financial Statement for the year ended March 31, 2024

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
IFMR Fimpact Long term credit fund (w.e.f November 22, 2023 till January 12, 2024)		
Distribution of surplus	201.18	-
Fee Income	77.62	-
Reimbursement of expenses	50.00	-
Ms. Kshama Fernandes, Non - Executive Director		
Commission	65.00	70.85
Sitting fees	15.50	8.72
Share based payment expense	-	2.85
Ms. Bama Balakrishnan Executive Director and COO (till November 13, 2023)		
Short-term employee benefits		
- Remuneration and other benefits*	215.48	251.32
Share based payments	-	2.48
Post employment benefits	61.84	-
Receipt of money on issue of shares	55.00	
Mr. Atul Tibrewal, Chief Financial Officer, Holding company		
Short-term employee benefits		
- Remuneration and other benefits*	190.60	173.27
Share based payment expense	57.19	39.40
Mr. P S Jayakumar - Independent director, Holding company		
Commission	90.00	84.47
Sitting Fees	19.00	11.45
Mr. Ashish Mehrotra, Managing Director & CEO		
Short-term employee benefits		
- Remuneration and other benefits*	542.95	400.00
Share based payment expense	812.52	88.20
Receipt of money on issue of shares	210.00	
Mrs. Srividhya, Company Secretary (upto November 20, 2023)		
Short-term employee benefits		
- Remuneration and other benefits*	41.00	52.44
Receipt of money on issue of shares	18.70	-
Share based payments	0.60	2.02
Post employment benefits	17.63	-
Advances given	4.00	-
Advances repaid	4.00	-
Mr. Ashutosh Arvind Pednekar - Independent director		
Sitting Fees	16.50	8.72
Ms. Anuradha Rao - Independent director		
Sitting Fees	22.50	13.08
Mr Arunkumar Nerur Thiagarajan - Independent director		
Sitting Fees	17.50	8.18
Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024)		
Short-term employee benefits		
- Remuneration and other benefits*	5.86	-
Advances	0.25	-

*Amount attributable to post employment benefits (except actual payments) have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

B. Balances as at year end:

Particulars	As at March 31, 2024	As at March 31, 2023
Finreach Solutions Private Limited (w.e.f 30th April, 2022)		
Investments	843.53	394.40
Trade Receivables	-	37.00
Trade Payables	0.37	11.21
Northern Arc Emerging Corporates Bond Trust (w.e.f April 4, 2022 upto 26th April, 2023)		
Investments	-	2,558.99
Ms. Kshama Fernandes, Non - Executive Director		
Provision for share based payment	-	217.67
Ms. Bama Balakrishnan Executive Director and COO (till November 13, 2023)		
Provision for share based payment	-	154.85
Mr. Ashish Mehrotra, Managing Director & CEO		
Provision for share based payment	994.79	186.31
Advances	10.32	-
Mr. P S Jayakumar - Independent director, Holding company		
Commision Payable	22.50	-
Mr. Atul Tibrewal, Chief Financial Officer, Holding company		
Provision for share based payment	151.79	94.63
Advances	4.00	-
Mrs. Srividhya, Company Secretary (upto November 20, 2023)		
Provision for share based payment	-	20.28
Ms. Monika Gurung, Company Secretary (from January 18, 2024 till April 22, 2024)		
Advances	0.25	-

45. The details of the investments held by the group in the Alternative Investment Funds managed by the Company's wholly owned subsidiary, Northern Arc Investment Managers Private Limited, as disclosed in the respective standalone financial statements (aggregate amounts) are as follows:

Fund	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Purchases	Redemption#	Purchases	Redemption#
IFMR Fimpact Investment Fund	-	-	-	-
IFMR Fimpact Long Term Multi Asset Fund	-	-	-	6,428.16
IFMR Fimpact Long Term Credit Fund	-	5,562.25	-	2,186.40
IFMR Fimpact Medium Term Opportunities Fund	-	-	-	2,468.35
IFMR Fimpact Income Builder Fund	-	-	-	2,323.38
Northern Arc Money Market Alpha Trust Fund	379,599.16	422,162.10	1,229,242.00	7,566,483.70
Northern Arc India Impact Fund	1,374.21	1,693.69	2,763.78	-
Northern Arc Income Builder (Series II) Fund	-	1,661.30	84.20	84.20
Northern Arc Emerging corporates Bond Fund	1,800.89	4,058.10	2,745.58	-

#represents the dividend received in respect of cum dividend investment

Fund	Fair value changes	
	For the Year ended March 31, 2024	For the Year ended March 31, 2023
IFMR Fimpact Long Term Multi Asset Fund	-	83.03
IFMR Fimpact Long Term Credit Fund*	379.43	1,049.40
IFMR Fimpact Medium Term Opportunities Fund	-	403.49
IFMR Fimpact Income Builder Fund	-	433.69
Northern Arc Money Market Alpha Trust Fund	51.87	157.36
Northern Arc India Impact Fund	272.63	1,079.24
Northern Arc Income Builder (Series II) Fund	437.44	562.49
Northern Arc Emerging corporates Bond Fund	226.62	71.72

Notes
Notes to Consolidated Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

Outstanding balances (Investment) at carrying value

Fund	As at March 31, 2024		As at March 31, 2023	
	Units**	Carrying value	Units**	Carrying value
IFMR Fimpact Long Term Multi Asset Fund	-	-	-	34.38
IFMR Fimpact Long Term Credit Fund*#	2,706.92	2,731.77	8,269.17	8,887.80
Northern Arc Money Market Alpha Trust Fund	1,301,982.63	1,360.34	1,344,545.47	1,373.11
Northern Arc India Impact Fund	6,476.57	7,524.80	6,796.06	7,797.00
Northern Arc Income Builder (Series II) Fund	1,476.48	2,232.95	3,137.79	4,846.45
Northern Arc Emerging corporates Bond Fund	488.37	524.28	2,745.58	2,809.97

*IFMR Fimpact Long Term Credit Fund has been considered for consolidation in these financial statements. Also refer note 1.

#Refer Note 9A

**The units disclosed are in absolute figures

46. Segment reporting

The Group's operations predominantly relate to arranging or facilitating or providing finance either in the form of loans or investments or guarantees, providing portfolio management, investment advisory and investment management services. The information relating to this operating segment is reviewed regularly by the Group's Board of Directors (Chief Operating Decision Maker (CODM)) to make decisions about resources to be allocated and to assess their performance.

The Group has four reportable segments Viz., Financing activity, Investment advisory services, Investment management services, Portfolio Management services. For each of the business, CODM reviews internal anagement reports on periodic basis.

As of and for the year ended March 31, 2024

Particulars	Financing activity*	Investment advisory services	Investment Management services	Portfolio Management Services	Others/ Unallocated	Total reportable segments	Eliminations	Total
(i) Segment revenue (within India)								
- External Revenue	183,025.99	-	3,311.48	1,628.10	883.76	188,849.33	-	188,849.33
- Inter segment revenue	1,022.12	-	239.00	-	9,632.25	10,893.37	(10,734.28)	159.09
Total segment revenue	**184,048.11**	**-**	**3,550.48**	**1,628.10**	**10,516.01**	**199,742.70**	**(10,734.28)**	**189,008.42**
*Income from financing activities represents interest income								
(ii) Segment result before tax								
Add:								
Other Income	1,565.65	-	15.17	-	368.28	1,949.10	(354.27)	1,594.83
Less:								
Finance costs	72,586.35	-	363.07	-	52.15	73,001.57	(363.07)	72,638.50
Fees and commission expense	31,714.19	-	-	-	-	31,714.19	(9,632.25)	22,081.94
Employee benefit expense	17,961.03	-	1,019.33	-	5,180.36	24,160.72	-	24,160.72
Impairment on financial instruments	12,313.52	-	-	-	-	12,313.52	(69.73)	12,243.79
Depreciation and amortisation	1,467.03	-	0.12	-	227.27	1,694.42	-	1,694.42
Other expenses	10,847.33	6.30	2,182.39	235.64	2,931.10	16,202.76	(539.70)	15,663.06
Profit/(loss) before tax	**38,724.31**	**(6.30)**	**0.74**	**1,392.46**	**2,493.41**	**42,604.62**	**(581.01)**	**42,023.61**
(iii) Segment Assets (within India)	1,161,956.64	397.55	16,731.92	-	7,105.17	1,186,191.28	(15,425.40)	1,170,765.88
(iv) Investments accounted for using equity method	843.53	-	-	-	-	843.53	(454.88)	388.65
(v) Segment liabilities	936,921.31	30.62	11,345.61	-	2,747.09	951,044.63	(12,319.89)	938,724.74
(vi) Capital Expenditure	2,133.86	-	-	-	300.12	2,433.98	-	2,433.98
(Vii) Share of profit/(loss) from investments accounted for using equity method	-	-	-	-	-	-	(97.21)	(97.21)

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

As of and for the year ended March 31, 2023

Particulars	Financing activity*	Investment advisory services	Investment Management services	Portfolio Management Services	Others/ Unallocated	Total reportable segments	Eliminations	Total
(i) **Segment revenue (within India)**								
- External Revenue	123,872.00	35.10	3,619.60	2,697.35	273.00	130,497.05	-	130,497.05
- Inter segment revenue	1,373.00	-	415.20	-	3,608.10	5,396.30	(5,396.30)	-
Total segment revenue	**125,245.00**	**35.10**	**4,034.80**	**2,697.35**	**3,881.10**	**135,893.35**	**(5,396.30)**	**130,497.05**
*Income from financing activities represents interest income								
(ii) **Segment result before tax**								
Add:								
Other Income	542.50	2.60	3.60	-	488.70	1,037.40	(414.50)	622.90
Less:								
Finance costs	55,690.70	-	89.10	-	54.20	55,834.00	(89.10)	55,744.90
Fees and commission expense	15,947.60	-	-	-	-	15,947.60	(3,805.60)	12,142.00
Employee benefit expense	10,957.40	16.40	997.00	-	3,103.40	15,074.20	(181.70)	14,892.50
Impairment on financial instruments	3,894.40	-	-	-	-	3,894.40	27.00	3,921.40
Depreciation and amortisation	1,026.10	-	5.20	-	173.10	1,204.40	-	1,204.40
Other expenses	7,966.30	9.10	1,669.00	363.20	1,555.90	11,563.50	(658.50)	10,905.00
Profit/(loss) before tax	**30,305.00**	**12.20**	**1,278.10**	**2,334.15**	**(516.80)**	**33,412.65**	**(1,290.17)**	**32,122.48**
(iii) **Segment Assets (within India)**	920,474.40	399.20	5,974.10	20,062.70	3,666.39	950,576.79	(13,419.67)	937,157.12
(iv) **Investments accounted for using equity method**	2,953.40	-	-	-	-	2,953.40	(226.76)	2,726.64
(v) **Segment liabilities**	727,759.30	47.00	1,315.40	1,036.70	1,873.50	732,031.90	(1,647.75)	730,384.15
(vi) **Capital Expenditure**	1,393.52	-	5.24	-	420.87	1,819.63	-	1,819.63
(Vii) **Share of profit/(loss) from investments accounted for using equity method**							(187.27)	(187.27)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Reconciliation of profits		
Segment results	42,604.62	33,412.65
Impairment on financial instruments	69.73	(27.00)
Share of loss from associates	(97.21)	(187.27)
Net gain on fair value changes	(553.54)	(1,075.90)
Segment result before tax	**42,023.61**	**32,122.48**

Particulars	As at March 31, 2024	As at March 31, 2023
Reconciliation of assets		
Segment assets	1,186,191.28	950,576.79
Trade receivables	(1,122.46)	(667.56)
Loans	(10,028.58)	(169.43)
Investments	(2,893.20)	(8,961.34)
Other financial assets	(1,100.90)	(1,126.55)
Deferred tax assets (net)	-	57.00
Goodwill	174.63	174.63
Investments in Associate	(454.88)	(2,726.42)
Total Assets	**1,170,765.89**	**937,157.12**
Reconciliation of liabilities		
Segment liabilities	951,044.63	732,031.82
Trade payables	(1,107.78)	(401.15)
Borrowings (Other than debt securities)	(10,098.31)	(169.43)
Other financial liabilities	(1,113.79)	(1,077.17)
Total liabilities	**938,724.75**	**730,384.07**

47. Impact of hedging activities

(a) Disclosure of effects of hedge accounting on balance sheet:

As at March 31, 2024

Type of hedge risks	As at March 31, 2024						
Cash flow hedge	Notional Amount	Carrying amount of hedging instrument: Assets	Carrying amount of hedging instrument: Liabilities	Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cross currency swaps	84,256.90	5,346.17	188.53	November 15, 2025 to December 15,2026	(572.32)	572.32	Borrowings (Other than debt securities)
Forward contract	-	54.12	-	September 29, 2024	54.12	(54.12)	Borrowings (Other than debt securities)
Overnight Indexed Swap	59,325.00	81.65	110.12	December 15, 2026 to September 21, 2027	(175.75)	175.75	- Debt Securities - Borrowings (Other than debt securities)

As at March 31, 2023

Type of hedge risks	As at March 31, 2023						
Cash flow hedge	Notional Amount	Carrying amount of hedging instrument: Assets	Carrying amount of hedging instrument: Liabilities	Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cross currency swaps	105,534.25	5,879.27	149.31	November 15, 2025 to September 15,2026	6,246.45	(6,246.45)	Borrowings (Other than debt securities)
Overnight Indexed Swap	59,325.00	225.57	78.28	December 15, 2026 to September 21, 2027	147.29	(147.29)	- Debt Securities - Borrowings (Other than debt securities)

(b) Disclosure of effects of hedge accounting on statement of profit and loss:

For the year ended March 31, 2024

Type of hedge	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency swaps	(572.32)		-	NA
Forward Contract	54.12	-	-	NA

Type of hedge	Change in value of the hedging instrument recognised in Statement of profit and loss	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Fair value hedge				
Forward Contract	(175.75)	-	-	NA

For the year ended March 31, 2023

Type of hedge	Change in value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
Cross currency swaps	6,246.45	-	-	NA

Type of hedge	Change in value of the hedging instrument recognised in Statement of profit and loss	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Fair value hedge				
Overnight Indexed Swap	147.29	-	-	NA

48. Business Combination [Acquisitions during the previous year ended March 31, 2023]

A) Acquisition of S.M.I.L.E Microfinance Limited

During the previous year ended March 31, 2023, the holding company had acquired specifically identified assets and liabilities of S.M.I.L.E Microfinance Limited (S.M.I.L.E), a un-listed company based in India. The excess of the purchase consideration over the value of specifically identified assets and liabilities resulted in a goodwill of INR 2,085.13 lakh for the holding company, which comprises the value of expected synergies arising from the acquisition and Intangibles assets recognised in accordance with Ind AS 38 (ie, Technical know-how, Non Compete, Order book etc). The entire amount of goodwill is considered to be associated with Pragati portfolio (CGU), which is part of the business of the holding company (arranging or facilitating or providing finance either in the form of loans or investments or guarantees).

B) Assets and Liabilities assumed: The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Particulars	Amount (In lakh)
Assets:	
Financial assets:	
Cash and cash equivalents	433.76
Bank balances other than cash and cash equivalents	161.94
Loans	23,218.25
Loans given to staff	11.01
Other financial assets	107.01
Non-financial assets	
Property, plant and equipment	85.28
Right of use	8.37
Other intangible assets	30.11
Other non-financial assets	150.84
Total Assets (A)	**24,206.57**
Liabilities:	
Financial liabilities:	
Borrowings (including loans given by NACL)	14,722.22
Trade payables	28.80
Lease liabilities	9.12
Other financial liabilities	14.50
Non-financial liabilities	
Provisions (including employee benefits)	494.97
Other non financial liabilities	95.83
Total Liabilities (B)	**15,365.44**
Net assets taken over (C=A-B)	**8,841.13**
Purchase consideration (F)	11,162.91
Goodwill on acquisition (F-E)	**2,321.78**
Less: Transferred to Subsidiary	(236.65)
Balance goodwill	**2,085.13**

Other Matters

i. The fair value of the Loans amounts to INR 23,218.25 lakh. The gross amount of loans is INR 29,287.93 lakh. However, none of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.
The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:
- An assumed discount rate of 23.88%
- There is no terminal value since the entire loan is estimated to end before three years.

ii. The entire purchase consideration was paid through cash. There is no contingent consideration to be paid as per the definite agreements and transactions has to be recognised separately from acquisition of assets and assumption of liabilities.

iii. The goodwill of INR 2,085.14 lakh comprises the value of expected synergies arising from the acquisition and Intangibles assets recognised in accordance with Ind AS 38 (ie, Technical know-how, Non Compete, Order book etc). None of the goodwill recognised is expected to be deductible for income tax purposes.

Notes
Notes to Consolidated Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

From the date of acquisition, the business contribution on revenue and Profit/(Loss) before tax from continuing operations of the Company during the perious year is as follows:

Particulars	Amount (In lakh)
Revenue	9,910.98
Profit/(Loss) before tax from continuing operations	5,182.73

iv. Transaction costs of ₹ 22.57 lakh was expensed and included in other expenses in the previous year.

v. The deferred tax liability mainly comprises the tax effect of the fair value of tangible and intangible assets due to the acquisitions.

vi. If the combination had taken place at the beginning of the previous year ended 31st March 2023, the contribution to Compeny's revenue from operations and profit before tax would have been as follows

Particulars	Amount (In lakh)
Revenue	9,910.98
Profit/(Loss) before tax from continuing Operation	5,182.73

A) Goodwill Impairment

The Holding performed its annual impairment test for year ended March 31, 2024 and March 31, 2023. The Group considers the relationship between recoverable value of net assets taken over and its carrying value, among other factors, when reviewing for indicators of impairment. As at March 31, 2024 and March 31, 2023, the recoverable value of the net assets taken over was higher than the carrying value and no other indicators of impairment were identified. Therefore, no impairment loss allowance is provided for the year ended March 31, 2024 and March 31, 2023.

Particulars	Goodwill	
	As at March 31, 2024	As at March 31, 2023
Pragathi	2,085.13	2,085.13
NAIM	168.80	168.80
NAIA	5.83	5.83
Total	**2,259.76**	**2,259.76**

Specified assets taken over – CGU

The recoverable amount of the CGU, INR 80,441.07 lakh as at March 31, 2024, has been determined based on a value in use calculation using future cash flows from existing loan asset balances. The future cash flows have been adjusted for the direct service cost that will be incurred for the purpose of servicing the loan assets. The pre-tax discount rate applied to cash flow projections for impairment testing during the current year is 7.16%. It was concluded that the recoverable value or value in use exceeded the carrying value of the loan assets. As a result of this analysis, management has not recognised any impairment charge in the current or previous year.

Assumptions:

a. Discount rate of 7.16% used represents the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated term of the portfolio.

B) Goodwill in Subsidiary:

Particulars	Pragati Finserv Private Limited (Subsidiary)	
	As at March 31, 2024	As at March 31, 2023
Opening Balance	147.27	236.65
Less: Impairment	(59.26)	(89.38)
Total	**88.01**	**147.27**

These goodwill related to transfer of employees from S.M.I.L.E Microfinance Limited (acquired entity as specified above) to Pragati Finserv Private Limited. Impairment has been evaluated annually considering the attrition of employees.

49. Other Statutory Information*

A. The Group is maintaining its books of accounts in electronic mode and these books of accounts are accessible at all time and the back-up of books of accounts has been kept in servers physically located in india on a daily basis from the applicability date of the Accounts rule, i.e August 5, 2022 onwards. Also refer note 52.

B. Stage wise Overdue (DPD) based Loan disclosure

Particulars	As at March 31, 2024				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	1,633,093	896,884.19	450.19	131.78	897,466.16
Accounts with Overdues	175,351	17,445.98	11,749.38	4,871.53	34,066.89
Total	**1,808,444**	**914,330.17**	**12,199.57**	**5,003.31**	**931,533.05**

Particulars	As at March 31, 2023				
	Count	Stage 1	Stage 2	Stage 3	Total
Gross amount					
Accounts with No Overdues	985,324	678,814.11	2,507.41	443.32	681,764.84
Accounts with Overdues	186,826	7,615.40	2,750.93	5,867.60	16,233.93
Total	**1,172,150**	**686,429.51**	**5,258.34**	**6,310.92**	**697,998.77**

C. (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group does not have any transactions with companies struck off as per section 248 of Companies Act, 2013, except as stated below:

Name of the Struck off Company	Nature of transactions	Balance as at		Relationship with the Struck off company
		March 31, 2024	March 31, 2023	
TVMServer Hosting Solutions Private Limited	Loans	-	1.90	None

(iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

As part of the normal business, the Group invests in Alternate Investment Fund managed by the subsidiary of the Holding Company and also lends loan to the subsidiary for onward investment into these AIFs. The AIFs invests in debt instruments issued by various originators based on decision made by the investment committee of the respective funds. These transactions are part of the Group's normal investment activities/business, which is conducted after exercising proper due diligence including adherence to terms of private placement memorandum of respective AIFs and other guidelines. Other than the nature of transactions described above: ((v) & (vi))

(v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

*Disclosure applicable only for NACL, NAIM, NAIA, NAF, Northern Arc Securities Private Limited and Pragati Finserv Private Limited in the group.

Notes
Notes to Consolidated Financial Statement for the year ended March 31, 2024
(All amounts are in Indian Rupees in lakhs unless otherwise stated)

50 Events after reporting period

Subsequent to year end, the Holding Company made private placement offer and raise funds up to INR 38,199.99 lakh by offering and issuing

(i) 84,91,048 Series C CCPS having a face value of INR 20 each for a consideration of INR 391 per Series C CCPS, amounting to a consideration of INR 33,199.99 lakh and;

(ii) 12,78,772 Series C2 CCPS having a face value of INR 20 each for a consideration of INR 391 per Series C2 CCPS, amounting to a consideration of INR 4,999.99 lakh on a private placement basis by way of preferential allotment pursuant to the approval by the Board of Directors at its meeting held on April 04, 2024 which was followed by the approval of shareholders in the Extraordinary General Meeting held on April 15, 2024.

51 Audit trial as per MCA Requirement

The Holding Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that

a. in respect of general ledger application which is a (SaaS), cloud-based service provided by a third party, the audit trail feature was enabled, operated throughout the year and was not tampered with at the application level. However, management is not in possession of Service Organisation Controls report to determine whether audit trail feature of the said application was enabled and operated throughout the year for all relevant transactions recorded in the application at a database level. In respect to the underlying database for SaaS application, any change to the supporting database can only be made using a service request to third party vendor support team. The management is in discussion with the third-party software service provider to report on the audit trail feature in their Service Organisation Controls report going forward.

b. the holding company uses various loan management systems (LMS) for the various loan products offered. Management is not in possession of Service Organisation Controls report to determine whether audit trail feature of LMS managed by third party was enabled and operated throughout the year. Further, for the loan management systems, there are system limitation in testing the operation of audit trail feature. The Company is in discussion with the vendor of the application to assess feasibility to enable testing of such feature as per the requirements of regulation. The Company currently relies on alternate manual controls in place around reports produced from the loan management systems.

The subsidiary companies and associate company which are companies incorporated in India and whose financial statements have been audited under the Act, have used accounting software for maintaining their respective books of account which has a feature of recording audit trail (edit log) facility, and the same has operated throughout the year for all relevant transactions recorded in the software, except that

a. In respect of Northern Arc Investment Managers Private Limited and Northern Arc Investment Advisers Private Limited, management is not in possession of Service Organisation Controls report to determine whether audit trail feature of the said application was enabled and operated throughout the year for all relevant transactions recorded in the application at a database level.

b. In respect of Pragathi Finserv Private Limited, the audit trail feature was enabled from May 29,2023 for all relevant transactions recorded in the software used.

As per our report of even date attached
For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration no.: 101049W/E300004

per Bharath N S
Partner
Membership No. 210934

Place: Chennai
Date: May 29, 2024

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

P. S. Jayakumar
Chairman
DIN: 01173236

Ashish Mehrotra
Managing Director and Chief Executive Officer
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary
Membership No: A22585

Place: Mumbai
Date: May 29, 2024

Notice of Annual General Meeting

NOTICE is hereby given that the 16th Annual General Meeting of the members of Northern Arc Capital Limited (the "Company") will be held on **Thursday, December 19, 2024 at 3:00 pm [IST]** through video conferencing ("VC")/Other Audio-Visual means ("OVAM") and the deemed venue is registered office of the Company to transact the following businesses:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the audited annual standalone and consolidated financial statements of the company for the financial year ended March 31, 2024, and the Reports of the Board of Directors and Auditors thereon.**

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

   "RESOLVED THAT the audited annual standalone and consolidated financial statements of the Company for the financial year ended March 31, 2024 along with the audited balance sheet as at March 31, 2024 along with the notes to accounts and cash flow statement for the financial year ended on that date together with the reports of the Board of Directors and Auditors thereon as circulated to the shareholders, be and are hereby considered and adopted."

2. **To appoint director in place of Mr. T S Anantharaman (DIN: 00480136) who retires by rotation and being eligible offers himself for reappointment.**

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

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. T S Anantharaman (DIN: 00480136), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

3. **To appoint director in place of Mr. Vijay Chakravarthi (DIN: 08020248) who retires by rotation and being eligible offers himself for reappointment.**

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

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vijay Chakravarthi (DIN: 08020248), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

4. **To appointment M/s. Walker Chandiok & Co LLP, Chartered Accountants as statutory auditors of the Company, in place of the retiring statutory auditors M/s. S.R. Batliboi & Associates LLP to hold office for a term of 3 years and to authorise the Board of Directors of the Company to fix their remuneration.**

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

   "RESOLVED THAT pursuant to the guidelines for appointment of statutory auditors of Non-banking Financial Companies issued by the Reserve Bank of India on 27th April 2021 ('RBI Guidelines') and provisions of Sections 139,142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Walker Chandiok & Co LLP, Chartered Accountants, (ICAI Firm Registration No.: 001076N/N500013) be and are hereby appointed as statutory auditors of the Company, in place of the retiring Statutory Auditors M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/ E300004), to hold office for a term of three years from the conclusion of the sixteenth annual general meeting (AGM) until the conclusion of the nineteenth AGM of the Company, on such remuneration as may be mutually agreed upon between the board of directors and the auditors."

   RESOLVED FURTHER THAT the Board and the Company Secretary of the Company be and is hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required to give effect to this resolution.

SPECIAL BUSINESS:

5. **Alteration of Articles of Association of the Company**

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

   "RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with Rules made thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to insert a new Article 103A after Article 103 of the Articles of Association of the Company as follows:

   103A. (i) Subject to clauses 103A(ii) and 103A (iii), each Shareholder of the Company is permitted to nominate Director(s) to the Board in accordance with the threshold set out below:

Shareholding* threshold for acquiring a Board Seat	Shareholding* threshold for losing an existing Board Seat
12% or more – acquires 1 (one) board seat	Less than 10% – board seat drops

   * Shareholding in the share capital of the Company, held together with a shareholder's Affiliates, on a Fully Diluted Basis excluding any unvested and vested employee stock options which have not been exercised.

   In the event that any Shareholder's shareholding falls below 10% of the share capital of the Company (on a Fully Diluted Basis excluding any unvested and vested employee stock options which have not been exercised)' such Shareholder's nominee Director(s) shall immediately resign from the Board. It is clarified that if a Shareholder ceases to hold 10% of the share capital of the Company (on a Fully Diluted Basis excluding any unvested and vested employee stock options which have not been exercised), then such Shareholder may nominate a director only after an increase in such Shareholder's shareholding to 12% or more in accordance with this Clause 103(A) (i).

   Notwithstanding anything contained in this Clause, IFC shall be entitled to nominate 1 (one) Director so long as IFC is amongst the top 3 (three) Investors with the highest shareholding in the Company on a Fully Diluted Basis. It is clarified that in the event IFC is not amongst the top 3 (three) Investors with the highest shareholding in the Company on a Fully Diluted Basis excluding any unvested and vested employee stock options which have not been exercised, IFC shall not have the right to nominate a Director.

   (ii) The appointment of Directors to the Board shall be made in compliance with Applicable Law, including the Companies Act and applicable directions of the RBI. The appointment of Directors to the Board shall be subject to the approval of Shareholders at a general meeting as required under Applicable Law. It is further clarified that the composition of the Board (including in particular, the number of Independent Directors) shall at all times comply with Applicable Law, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

   (iii) Any Shareholder that seeks to exercise its rights under Clause 103A(i) shall provide a written notice to the Company, which notice shall also set out the shareholding in the Company of such Shareholder and its Affiliate(s), if any, including the relationship between such Shareholder and such Affiliate(s).

   (iv) Each Shareholder shall promptly inform the Company of any change in the shareholding in the Company of the relevant Shareholder, if such change results in a change in the nomination right available to such Shareholder in terms of Clause 103A(i).

   (v) The chairperson of the Board and of all committees of the Board shall be an Independent Director. However, if no Independent Director is able to attend a particular meeting, the members of the Board or the relevant committee, as the case may be, shall, subject to Applicable Law, choose one among them to act as the chairperson for that meeting. The chairperson shall not have a casting vote. Nothing in this Clause 103A(v) shall apply to any committee of the Board that does not include an Independent Director in its composition.

   RESOLVED FURTHER THAT each of the directors of the Company or the Company Secretary be and are hereby severally authorised to do all such acts, deeds and things as may be required to give effect to the above resolution.

6. **Ratification of the Northern Arc Employee Stock Option Plan, 2016 and Northern Arc Employee Stock Option Schemes formulated by the Company prior to its Initial Public Offer.**

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

   "RESOLVED THAT in accordance with applicable provisions Section 62(1)(b) of the Companies Act, 2013 read with the rules framed thereunder, and regulation 12 of the SEBI(Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended ("SEBI SBEB Regulations"), the memorandum of association and articles of association of the Company, the Northern Arc Employee Stock Option Plan, 2016 ("ESOP Plan") and the Northern Arc Employee Stock Option Scheme 2016 – Scheme- I, Northern Arc Employee Stock Option Scheme 2016 – Scheme II, Northern Arc Employee Stock Option Scheme 2023 – Scheme– II B, Northern Arc Employee Stock Option Scheme 2018 – Scheme– III, Northern Arc Employee Stock Option Scheme 2022 –Scheme– IV and Northern Arc Employee Stock Option Scheme 2023 – Scheme– IVB (collectively, the "ESOP Schemes") as approved by the members of the Company on July 2, 2024, prior to the listing of the equity shares of the Company on the BSE Limited and the National Stock Exchange of India Limited, be and is hereby ratified within the meaning of the SEBI SBEB Regulations, as detailed in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT pursuant to the applicable laws, the authority of the Board on behalf of the Company, to make any modifications, changes, variations, alterations or revisions in the ESOP Plan and ESOP Schemes from time to time or to suspend, withdraw or revive the ESOP Plan and ESOP Schemes from time to time, as may be specified by any statutory authority and/or to give effect to any laws, rules, regulations, amendment(s) thereto, provided that such changes are not detrimental to the eligible employees and is in accordance with Applicable Laws, and to do all other acts, deeds, matters and things as are necessary to give effect to the above resolution and with power on behalf of the Company to settle any questions or difficulties that may arise with regard to the creation, offer, issue and allotment of shares without requiring the Board to secure any further consent or approval of the Members of the Company in this regard, be and is hereby ratified;

RESOLVED FURTHER THAT each of the directors of the Company or the Company Secretary be and are hereby severally authorised to do all such acts, deeds and things as may be required to give effect to the above resolution.

7. Revision in payment of remuneration by way of commission to Mr. P S Jayakumar (DIN: 01173236) as Non-Executive Independent Director and Chairperson of the Company.

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

"RESOLVED THAT pursuant to Section 197, 198 and all other applicable provisions of the Companies Act, 2013 and rules made thereunder and Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), based on the recommendation of the Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded in relation to revision in payment of remuneration by way of commission to the tune of INR 1,54,00,000/- (Rupees One Crore and Fifty Four Lakh only) excluding sitting fees for attending the Board and Committee meetings for the FY 2024-25 to Mr. P S Jayakumar (DIN: 01173236) Non-Executive Independent Director and Chairperson of the Company, which is within the prescribed limits of 1% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013 but exceeds fifty percentage of total annual remuneration to be payable to all non-executive directors of the company for the FY 2024-25 in accordance with Listing Regulations.

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

RESOLVED FURTHER THAT any one of the Director or Company Secretary of the Company be and is hereby authorised to sign and issue a certified true copy of the resolutions and do all such other things as required and such necessary forms with ROC, Chennai.

8. Revision in the terms of managerial remuneration of Mr. Ashish Mehrotra (DIN: 07277318), Managing Director & Chief Executive Officer of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 ("the Act"), if any, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the enabling provisions of Articles of Association of the Company, based on the recommendation of the Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to the revision in terms of the managerial remuneration of Mr. Ashish Mehrotra (DIN: 07277318) for the financial 2024-25 from INR 3,50,00,000/- (Rupees Three Crores and Fifty Lakh) to INR 5,00,00,000/- (Rupees Five Crores) per annum as fixed pay and the revised variable Bonus is INR 2,97,00,000/- (Rupees Two Crores and Ninety Seven Lakh) per annum out of which 20% of variable Bonus will be paid on a deferral basis in the FY 2025-26 and aggregating up to INR 7,97,00,000/- (Rupees Seven Crores and Ninety Seven Lakh Only) per annum and special discretionary bonus payable in November, 2024, which shall be a Cash compensation of INR 1 Crore (Rupees One Crore) calculated as per the provisions of Section 198 of the Act, subject to total managerial remuneration payable to all the director(s) including managing director of the Company taken together in any financial year shall not exceed the limit of 11% of net profit of the Company as prescribed under Section 197 of the Act read with rules made thereunder or other applicable provisions or any statutory modifications thereof.

RESOLVED FURTHER THAT save and except as aforesaid, all other terms and conditions of appointment of Mr. Ashish Mehrotra (DIN: 07277318) as Managing Director and Chief Executive Officer of the Company passed by the members at the 5th (2021-22) Extra-Ordinary General Meeting of the Company held on March 26, 2022 shall continue to remain in force and effect.

RESOLVED FURTHER THAT any of the Director and the Company Secretary of the Company be and is hereby severally authorised to sign and issue certified true copy of the resolutions and do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required to give effect to this resolution.

9. Continuation of Dr. Kshama Fernandes (DIN: 02539429) as a non-executive and non-independent director and Vice-Chairperson of the Company.

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

"RESOLVED THAT pursuant to regulation 17(1D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') and other applicable provisions of the SEBI Listing Regulations and subject to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('Act'), including the rules made thereunder, based on the recommendation of the Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company, the consent of the members be and is hereby accorded for the continuation of Dr. Kshama Fernandes (DIN: 02539429) as a Non-Executive and Non-Independent Director and Vice-Chairperson of the Company, who is liable to retire by rotation, for a period of one (1) year with effect from April 01, 2024.

RESOLVED FURTHER THAT approval be and is hereby accorded for payment of sitting fees and reimbursement of expenses for attending the meeting of the Board of Directors and other committee meetings being paid as applicable to Non-Executive Independent Directors of the Company.

RESOLVED FURTHER THAT any of the Director and the Company Secretary of the Company be and is hereby severally authorised to sign and issue certified true copy of the resolutions and do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required to give effect to this resolution.

On behalf of the Board,
For **Northern Arc Capital Limited**

Prakash Chandra Panda
Company Secretary & Compliance Officer
M. No. A22585
Place: Chennai
Date: October 28, 2024

NOTES:

1. The Ministry of Corporate Affairs ('MCA") vide its various circulars issued from time to time have permitted the holding of the AGM through VC/OAVM in accordance with the requirements laid down in Para 3 and Para 4 of the General Circular No. 20/2020 dated May 05, 2020 and accordingly the Sixteenth AGM is being conducted through VC/OAVM. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. The deemed venue of AGM shall be the registered office of the Company at 10th Floor, Phase – I, IIT- Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113.

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and therefore proxy form and attendance slip are not annexed to this AGM notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at https://www.northernarc.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

7. Inspection of documents: In accordance with the MCA circulars, following registers along with other documents referred in the Notice will be made accessible for inspection through electronic mode and shall remain open and be accessible to any member during the continuance of the meeting:

   (a) Register of contracts or arrangements in which directors are interested under section 189 of the Act.

   (b) Register of directors and key managerial personnel and their shareholding under section 170 of the Act.

   (c) Certificate from Secretarial Auditor of the Company certifying that the Employee Stock Option Scheme of the Company is being implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

   (d) Copy of Articles of Association.

8. Since the meeting will be conducted through VC/OAVM facility, the route map is not annexed to this Notice.

9. In compliance with the MCA Circulars and SEBI Circular dated October 7, 2023 and October 3, 2024, Notice of the AGM along with the Annual Report for the financial year 2023-24 is being sent only through electronic mode to those members whose e-mail address is registered with the Company/Registrar and Transfer Agent/Depository Participants/Depositories. Members may note that this Notice and Annual Report for the FY 2023-24 will also be available on the Company's website at www.northernarc.com, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and on the website of Company's Registrar and Transfer Agent, KFin Technologies Limited ("KFinTech") at https://evoting.kfintech.com

10. Mr. M. Alagar (M. No. 7488) as a Scrutinizer failing him, Mr. D. Saravanan (M. No. 60177) of M/s. M Alagar & Associates, Practicing Company Secretaries, Chennai (Firm Registration No. P2011TN078800) is appointed as Scrutiniser to scrutinise the remote e-voting and e-voting during the meeting in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose. The Scrutiniser's decision on the validity of the votes cast through remote e-voting and e-voting during the meeting shall be final.

THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) The voting period begins on Sunday, December 15, 2024 at 9:00 am [IST] and ends on Wednesday, December 18, 2024 at 5:00 pm [IST]. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of Friday, December 13, 2024 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, it has been decided to enable e-voting to **all the demat account holders**, **by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

(iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL Depository**	1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2. After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com or www.evotingindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL Depository**	1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants (DP)**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09911
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at: 022 - 4886 7000 and 022 - 2499 7000

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

(1) The shareholders should log on to the e-voting website www.evotingindia.com.

(2) Click on "Shareholders" module.

(3) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

(4) Next enter the Image Verification as displayed and Click on Login.

(5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id/folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutiniser for verification.

(xvii) **Additional Facility for Non – Individual Shareholders and Custodians – For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- Alternatively, Non Individual shareholders are required mandatory to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutiniser and to the Company at the email address viz; secretarial@northernarc.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at secretarial@northernarc.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at secretarial@northernarc.com. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09911

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 21 09911.

ANNEXURE TO THE NOTICE

Disclosure relating to Directors pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings:

Item No. 2, 3, 7, 8 and 9:

Name of the Director	T S Anantharaman	Vijay Chakravarthi
DIN	00480136	08020248
Age	76	48
Qualifications	A bachelor's degree in commerce from the University of Kerala (Faculty of Commerce) and is a member of the Institute of Chartered Accountants of India	A Master of Business Administration degree from the J. L. Kellogg School of Management, Northwestern University, a master's degree in science from the Ohio State University and Bachelor of Engineering degree from the University of Madras.
Experience	Over 30 years	25 years
Brief Profile and nature of their expertise in specific functional areas	A Non-Executive Nominee Director of our Company was appointed to the Board with effect from February 9, 2023. He holds a bachelor's degree in commerce from the University of Kerala (Faculty of Commerce) and is a member of the Institute of Chartered Accountants of India. Previously, he was associated with CSB Bank Limited (formerly known as The Catholic Syrian Bank Limited), Motilal Oswal Financial Services Limited, St. Thomas College, Thrissur and the International Labour Office (United Nations). He was awarded the Lifetime Achievement Award by Businessonlive, Kerala Business Summit 2019, the TMA-Manappuram Group Lifetime Achievement Award 2016 by the Thrissur Management Association and the Life Time Achievement Award by JEMECE (School of Management Studies, University of Calicut, Dr. John Matthai Centre, Thrissur) in 2014.	A Non-Executive Nominee Director of our Company was appointed to the Board on January 19, 2018. He holds a master of business administration degree from the J. L. Kellogg School of Management, Northwestern University, a master's degree in science from Ohio State University and bachelor of engineering degree from the University of Madras. He is currently a managing director at Affirma Capital India and formerly was an executive director, private equity at Standard Chartered Bank. He is involved with Affirma's investments in certain portfolio companies.
Terms and conditions of appointment/Re-appointment	liable to retire by rotation	liable to retire by rotation
Date of first appointment on the Board	February 09, 2023	January 19, 2018
Number of Shares held in the Company	Nil	Nil
Relationship with other directors and key managerial personnel of the Company	NIL	Nil
No. of Board Meeting attended during the financial year 2023-24	Attended 11 out 12 Meetings	Attended 11 out 12 Meetings
Remuneration last drawn (F Y 2023-24)	Nil	Nil
Directorship held in other Companies	1. Enovate Lifestyles Private Limited 2. Northern Arc Capital Limited 3. Polyclinic Pvt Ltd 4. Inbot Properties Private Limited 5. Gosree Finance Limited 6. Kalyan Jewellers India Limited 7. Trichur Heart Hospital Ltd	1. Belstar Microfinance Limited 2. Affirma Capital Investment Adviser India Private Limited 3. Pragati Finserv Private Limited 4. Northern Arc Capital Limited
Membership/Chairmanship of Committees of other Companies	Member in Audit committee of Northern Arc Capital Limited	Member in Audit committee of Northern Arc Capital Limited
Listed entities from which the director has resigned from directorship in the past three years	Nil	Nil

Name of the Director	P S Jayakumar	Ashish Mehrotra	Dr. Kshama Fernandes
DIN	01173236	07277318	02539429
Age	62	55	55
Qualifications	A chartered accountant and holds a master's degree in commerce from the University of Madras and a postgraduate diploma in business management from the Xavier Labour Relations Institute.	A master's in business administration from the Institute of Management Studies, Devi Ahilya Vishwavidyalaya, Indore, Madhya Pradesh, India and has also successfully completed the senior executive leadership program offered by the Harvard Business School	A bachelor's degree in science from Goa University, and a master's degree as a well as a Ph.D. in management studies from Goa University.
Experience	30	25	25
Brief Profile and nature of their expertise in specific functional areas	A Non-Executive Independent Director and the Chairman of the Board. He was appointed to the Board on October 15, 2020. He has approximately 30 years of work experience, covering both the financial sector and real estate sector. He is a chartered accountant and holds a master's degree in commerce from the University of Madras and a postgraduate diploma in business management from the Xavier Labour Relations Institute. Previously, he worked at Citibank N. A. and has also served as the managing director and chief executive officer of VBHC Value Home Private Limited and the Bank of Baroda.	The Managing Director and the Chief Executive Officer of our Company and oversees the overall management of the Company. He has been associated with our Company since July 1, 2021 and was appointed to the Board with effect from February 14, 2022 and designated as a Managing Director and Chief Executive Officer with effect from April 1, 2022. He has a masters in business administration from the Institute of Management Studies, Devi Ahilya Vishwavidyalaya, Indore, Madhya Pradesh, India and has also successfully completed the senior executive leadership program offered by the Harvard Business School. Previously, he was the managing director and chief executive officer of Max Bupa Health Insurance Company Limited and has held various positions at Citibank N.A. including managing director and retail bank head, in India.	A Non-Executive Non-Independent Director and Vice-Chairperson of our Company and the executive, non-independent chairperson of our Subsidiary, NAIM since April 1, 2022 for a period of three years. She was appointed to the Board with effect from August 1, 2012 and was redesignated as a Non-Executive Director with effect from April 1, 2022. She holds a bachelor's degree in science from Goa University, and a master's degree as a well as a PhD in management studies from Goa University. She has over 25 years of experience spanning across management, risk advisory and academia. Dr. Fernandes is a financial risk manager certified by the Global Association of Risk Professionals (GARP). Prior to joining us, she was a professor at the Goa Institute of Management. She has also served as our chief risk officer and our managing director.
Terms and conditions of appointment/ Re-appointment	NA	NA	Continuation of Ms. Kshama Fernandes a non-executive and non-independent director and Vice-Chairperson of the Company.
Date of first appointment on the Board	October 15, 2020	July 1, 2021	August 1, 2012
Number of Shares held in the Company	Nil	Nil	1*
Relationship with other directors and key managerial personnel of the Company	NIL	Nil	Nil
No. of Board Meeting attended during the FY 2023-24	Attended all the 12 Meetings	Attended all the 12 Meetings	Attended all the 12 Meetings
Remuneration last drawn (FY 2023-24)	90,00,000	5,55,89,340	65,00,004

*Excludes Equity shares held by the Northern Arc Employee welfare Trust on behalf of the Directors.

Name of the Director	P S Jayakumar	Ashish Mehrotra	Dr. Kshama Fernandes
Directorship held in other Companies	1. Adani Logistics Limited 2. TVS Infrastructure Investment Manager Private Limited 3. Tata Motors Finance Limited 4. Future Generali India Life Insurance Company Limited 5. Zuventus Healthcare Limited 6. Northern Arc Capital Limited 7. Progrow Farm And Rural Mission Private Limited 8. Adani Ports And Special Economic Zone Limited 9. VBHC Private Limited 10. TVS Industrial & Logistics Parks Private Limited 11. Emcure Pharmaceuticals Limited 12. HT Media Limited 13. CG Power And Industrial Solutions Limited 14. JM Financial Limited 15. Indifi Technologies Private Limited	1. Northern Arc Foundation 2. Northern Arc Investment Adviser Services Private Limited 3. Northern Arc Securities Private Limited 4. AAPT Investment Advisors Private Limited 5. AAPT Holdings Private Limited 6. Northern Arc Investment Managers Private Limited 7. Finreach Solutions Private Limited 8. AAPT Insurance Brokers Private Limited 9. Pragati Finserv Private Limited 10. Northern Arc Capital Limited 11. AAPT Fintech Private Limited	1. Sahyadri Farms Post Harvest Care Limited 2. Sundaram Finance Limited 3. Northern Arc Investment Managers Private Limited 4. Northern Arc Foundation 5. NSE Investments Limited 6. Northern Arc Capital Limited 7. Northern Arc Investment Adviser Services Private Limited 8. Gojo & Company
Membership/ Chairmanship of Committees of other Companies	11	1 Chairman	3 Member 1 Chairman

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

To appoint M/s. Walker Chandiok & Co LLP, Chartered Accountants as statutory auditors of the Company, in place of the retiring statutory auditors M/s. S.R. Batliboi & Associates LLP to hold office for a term of 3 years and to authorise the Board of Directors of the Company to fix their remuneration.

The shareholders at the annual general meeting held on September 30, 2022 approved the re-appointment of S.R. Batliboi & Associates LLP, Chartered Accountants, having ICAI Firm Registration No: 101049W/E300004 as statutory auditors of the Company based on recommendation of audit committee, board of directors and by obtaining a confirmation on eligibility under Section 141 of the Act from S.R. Batliboi & Associates LLP and RBI's Guidelines dated April 27, 2021 for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), for a period of 2 years till the conclusion of the 16th Annual General Meeting to be held for the financial year ended on March 31, 2024 Your statutory auditors will be completing their current term of 2 years at the conclusion of the ensuing AGM.

Further, pursuant to the RBI circular dated April 27, 2021 on Guidelines for appointment of statutory auditors of banks and NBFCs, the appointed audit firms would not be eligible for re-appointment in the same regulated entity for six years (two tenures) after completion of full or part of one term of the audit tenure. Accordingly, the Board on the recommendation of Audit Committee have considered the appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants, (ICAI Firm Registration No.: 001076N/N500013) as statutory auditors of the company for a period of three years from the conclusion of 16th Annual General Meeting till the conclusion of 19th Annual General Meeting, subject to shareholders approval at the ensuring AGM.

Disclosure pertaining to Regulation 36(5) of SEBI LODR Regulations, 2015:

Proposed statutory audit fee payable to auditors	About 127 lakh (excluding reimbursement of expenses) for FY 2024-25.
Terms of appointment	M/s. Walker Chandiok & Co LLP, Chartered Accountants, (ICAI Firm Registration No.: 001076N/N500013) are recommended for appointment as a statutory auditors for a term of 3 years from the closure of 16th Annual General Meeting till the conclusion of 19th Annual General Meeting, subject to shareholders approval at the ensuring AGM.
Material changes in fee payable	No material changes in fee for the proposed auditors.
Basis of recommendation and auditor credentials	The recommendations are based on the fulfilment of the eligibility criteria prescribed by RBI guidelines and the Companies Act, 2013 with regard to the full-time partners, statutory and branch audit experience of the firms, capability, independence assessment, audit experience of banks and NBFCs.

Item No. 5

Alteration of Articles of Association of the Company

In accordance with the Amendment and Termination Agreement dated February 02, 2024 entered by and between Northern Arc Capital Limited ("Company") and Dvara Trust, Accion Africa-Asia Investment Company, Leapfrog Financial Inclusion India (II) Ltd, Eight Roads Investments Mauritius II Limited, 360 ONE Asset Management Limited, Augusta Investments II PTE Limited, Sumitomo Mitsui Banking Corporation and International Finance Corporation, the Company is required to amend the Articles of Association of the Company such that shareholders shall have the following rights to nominate director to the Board in accordance with the threshold set out below by inserting a new Article 103A after Article 103 of the Articles of Association of the Company as follows:

103A. (i) Subject to clauses 103A(ii) and 103A (iii), each Shareholder of the Company is permitted to nominate Director(s) to the Board in accordance with the threshold set out below:

Shareholding* threshold for acquiring a Board Seat	Shareholding* threshold for losing an existing Board Seat
12% or more - acquires 1 (one) board seat	Less than 10% - board seat drops

*Shareholding in the share capital of the Company, held together with a shareholder's Affiliates, on a Fully Diluted Basis excluding any unvested and vested employee stock options which have not been exercised.

In the event that any Shareholder's shareholding falls below 10% of the share capital of the Company (on a Fully Diluted Basis excluding any unvested and vested employee stock options which have not been exercised)' such Shareholder's nominee Director(s) shall immediately resign from the Board. It is clarified that if a Shareholder ceases to hold 10% of the share capital of the Company (on a Fully Diluted Basis excluding any unvested and vested employee stock options which have not been exercised), then such Shareholder may nominate a director only after an increase in such Shareholder's shareholding to 12% or more in accordance with this Clause 103(A)(i).

Notwithstanding anything contained in this Clause, IFC shall be entitled to nominate 1 (one) Director so long as IFC is amongst the top 3 (three) Investors with the highest shareholding in the Company on a Fully Diluted Basis. It is clarified that in the event IFC is not amongst the top 3 (three) Investors with the highest shareholding in the Company on a Fully Diluted Basis excluding any unvested and vested employee stock options which have not been exercised, IFC shall not have the right to nominate a Director.

(ii) The appointment of Directors to the Board shall be made in compliance with Applicable Law, including the Companies Act and applicable directions of the RBI. The appointment of Directors to the Board shall be subject to the approval of Shareholders at a general meeting as required under Applicable Law. It is further clarified that the composition of the Board (including in particular, the number of Independent Directors) shall at all times comply with Applicable Law, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

(iii) Any Shareholder that seeks to exercise its rights under Clause 103A(i) shall provide a written notice to the Company, which notice shall also set out the shareholding in the Company of such Shareholder and its Affiliate(s), if any, including the relationship between such Shareholder and such Affiliate(s).

(iv) Each Shareholder shall promptly inform the Company of any change in the shareholding in the Company of the relevant Shareholder, if such change results in a change in the nomination right available to such Shareholder in terms of Clause 103A(i).

(v) The chairperson of the Board and of all committees of the Board shall be an Independent Director. However, if no Independent Director is able to attend a particular meeting, the members of the Board or the relevant committee, as the case may be, shall, subject to Applicable Law, choose one among them to act as the chairperson for that meeting. The chairperson shall not have a casting vote. Nothing in this Clause 103A(v) shall apply to any committee of the Board that does not include an Independent Director in its composition.

The provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) require the Company to the seek the approval of the members for the alteration of its articles of association by way of a Special Resolution. A copy of the articles of association is available for inspection at the registered office of the Company on all working days during the working hours between 10 a.m. to 6 p.m., and at the Annual General Meeting.

None of the directors of the Company are directly or indirectly, interested in the proposed resolution, except to the extent of their shareholding in the company. In view of the above, the Board of Directors of the Company recommends the passing of resolution set out in Item No. 5 as a Special Resolution.

Item No. 6

Ratification of the Northern Arc Employee Stock Option Plan, 2016 and Northern Arc Employee Stock Option Schemes formulated by the Company prior to its Initial Public Offer.

The Northern Arc Employee Stock Option Plan, 2016 ("ESOP Plan") and the Northern Arc Employee Stock Option Scheme 2016 – Scheme– I, Northern Arc Employee Stock Option Scheme 2016 – Scheme II, Northern Arc Employee Stock Option Scheme 2023 – Scheme– II B, Northern Arc Employee Stock Option Scheme 2018 – Scheme– III, Northern Arc Employee Stock Option Scheme 2022 –Scheme–IV and Northern Arc Employee Stock Option Scheme 2023 – Scheme– IVB (collectively, the "ESOP Schemes") has been formulated by the Nomination and Remuneration Committee with an aim to encourage and motivate employees of the Company in strengthening and improving their performance, thereby contributing to the overall growth of the Company. In terms of Regulation 12(1) of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations"), no company is permitted to make any fresh grant which involves allotment or transfer of shares to its employees under an employee stock option plan and its schemes formulated prior to listing of its shares unless such scheme is in conformity with the SEBI SBEB Regulations and is ratified by its members after the listing of the shares of the Company. Approval of the Members is being sought for ratification of the ESOP Plan and ESOP Schemes and the issue of employee stock options ("ESOPs") to the eligible employees as may be determined by the Nomination and Remuneration Committee in accordance with the ESOP Plan 2016.

S. No.	Requirement	Disclosure
a.	The total number of stock options granted	8274361
b.	Identification of classes of employees entitled to participate and be beneficiaries in the ESOP Plan and the ESOP Schemes	All grades are eligible to participate.
c.	The requirements of vesting and period of vesting	All ESOPs will vest 12 months post grant and depending on the scheme will complete vesting as per the schedule of each scheme. Scheme 1 – 4 years Scheme 2 & 2B – 5 years Scheme 3 – 3 years Scheme 4 & 4B – 4 years
d.	The maximum period within which the options shall be vested	This will depend on the particular scheme and its schedule. Scheme 1 – 4 years Scheme 2 & 2B – 5 years Scheme 3 – 3 years Scheme 4 & 4B – 4 years
e.	The exercise price or the formula for arriving at the same	The exercise price is decided as per the valuation report at the time of grant.
f.	The exercise period and process of exercise	The maximum period for exercise is 8 years from grant date.
g.	The appraisal process for determining the eligibility of employees for the ESOP Plan and the ESOP Schemes	Performance for the year at a rating of 3 and above (with 4&5 being the highest rating till 2023) and 3 and below (with 2 &1 being the highest rating currently).
h.	The maximum number of options and quantum of benefits to be granted and provided per employee and in aggregate	During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting.
i.	The amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilisation, repayment terms etc.,	Nil
j.	Maximum percentage of secondary acquisition that can be made by the trust for the purposes of the Scheme(s)	NA
k.	The method which the company shall use to value its options	Fair value of options is calculated by way of Black Scholes model taking into account the various factors like time value, interest rate, volatility, dividend yield, etc.
l.	The lock-in period, if any	The Shares allotted/ transferred pursuant to the Exercise of the Vested Options shall be subject to a lock- in until the shares are listed on a Recognised stock Exchange or until the happening of any event such as strategic buy out, unless the Committee decides otherwise.
m.	The conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct	1. Resignation and not exercised vested options before the last working day. 2. Termination for cause
n.	The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee	Exercise of the vested options should be done within the last working day in case of resignation of the employee. In case of termination with cause, all options shall stand automatically forfeited.

Particulars of the ESOP Plan and the ESOP Schemes will be made available for inspection at the registered office of the Company on all working days during the working hours between 10 a.m. to 6 p.m., and at the Annual General Meeting.

None of the Directors or Key Managerial Personnel (as defined under the Act) and their immediate relatives are concerned or interested, financially or otherwise, except to the extent that the stock options may be granted to any of them pursuant to the ESOP Plan 2016.

7. Revision in payment of remuneration by way of commission to Mr. P S Jayakumar (DIN: 01173236) as Non-Executive Independent Director and Chairperson of the Company.

The shareholders at the Extra-Ordinary General Meeting held on September 13, 2023 had approved the re-appointment of Mr. P S Jaya Kumar as Non-executive Independent Director of the Company for a period of 5 consecutive years from October 15, 2023 to October 14, 2028 and shall not be liable to retire by rotation.

The Nomination and Remuneration Committee was reviewed the business and financial performance of the Company, activities handled/supervised by Mr. P S Jayakumar, time spent for attending to the board and committee meetings and discussion on business performance of the Company and also taken into an account of performance evaluation. Further on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on August 6, 2024, approved and recommends a revised commission to Mr. P S Jayakumar in the capacity of Non-Executive Independent Director and Chairperson to the tune of INR 1,54,00,000/- (Rupees One Crore and Fifty Four Lakh only) excluding sitting fees for attending the Board and Committee meetings for the FY 2024-25.

Pursuant to Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of shareholders by special resolution is required to be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds 50% of the total annual remuneration payable to all Non-Executive Directors. Since the commission amount payable to Mr. P S Jayakumar exceeds 50% of the total remuneration payable to all Non-Executive Directors for the year ended March 31, 2024, approval of the shareholders is sought by way of special resolution.

Except Mr. P S Jayakumar none of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financial or otherwise, in the said resolution.

8. **Revision in the terms of managerial remuneration of Mr. Ashish Mehrotra (DIN: 07277318), Managing Director & Chief Executive Officer of the Company.**

The Members of the Company at the 5th (2021-22) Extra-Ordinary General Meeting of the Company held on March 26, 2022, had approved the appointment and payment of remuneration to Mr. Ashish Mehrotra (DIN: 07277318) as the Managing Director & Chief Executive Officer with effect from April 01, 2022 to March 31, 2027 on the terms and conditions of remuneration payable to him.

Further to the recommendation of the Nomination and Remuneration Committee that Mr. Ashish Mehrotra plays a vital role in managing the company and its group entities. One of his primary roles in the Company includes guiding the strategic team from strength to strength, mentoring the senior management in the group, providing directions to various strategic initiatives, overseeing group wide business initiatives and responsible for the excellent performance of the Company on various metrics like shareholder value, overall business performance, revenue, profits etc., Under the leadership of Mr. Ashish Mehrotra, the Company received investments from International Finance Corporation (IFC) during this financial year and his key role in the process of Initial Public offer, the Board of Directors at its Meeting held on August 06, 2024, approved and accordingly recommends the revision in the terms of remuneration payable to Mr. Ashish Mehrotra for the FY 2024-25 are as follows:

(i) Revision of Remuneration from INR 3, 50,00,000/- (Rupees Three Crores and Fifty Lakh) to INR 5,00,00,000/- (Rupees Five Crores) per annum as fixed pay.

(ii) Revised variable Bonus is INR 2,97,00,000/- (Rupees Two Crores and Ninety Seven Lakh) per annum out of which 20% of variable Bonus will be paid on a deferral basis in the FY 2025-26.

(iii) a Special discretionary bonus which shall be a Cash compensation of INR 1 Crore (Rupees One Crore) and additional ESOP options as per the plan applicable to Executive Directors of the Company.

Except Mr. Ashish Mehrotra none of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financial or otherwise, in the said resolution.

9. **Continuation of Dr. Kshama Fernandes (DIN: 02539429) as a non-executive and non-independent director and Vice-Chairperson of the Company.**

Pursuant to SEBI notification dated 14 June 2023 read with regulation 17(1D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulation') effective from 15 July 2023, the continuation of a director serving on the board of a listed entity shall be subject to the approval by the shareholders in a general meeting at least once in every five years.

Dr. Kshama Fernandes, is a non-executive non-independent director, who was initially appointed to the Board with effect from August 1, 2012 and was re-designated as non-executive director with effect from April 1, 2022 and liable to be retired by rotation. She was also the executive and non-independent Chairman of Northern Arc Investment Managers Private Limited, Subsidiary of the Company.

Further to the recommendation of Nomination and Remuneration Committee ('NRC'), the Board of Directors at its meeting held on 06th August 2024 approved and recommends the approval of the shareholders for continuation of Dr. Kshama Fernandes as a non-executive and non-independent director of the Company for a period of one year with effect from 1 April 2024.

Except Dr. Kshama Fernandes, none of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financial or otherwise, in the said resolution.

On **behalf of the Company**
For Northern Arc Capital Limited

Prakash Chandra Panda
Company Secretary & Compliance Officer
M. No. A22585

Note

Note

NORTHERN ARC

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