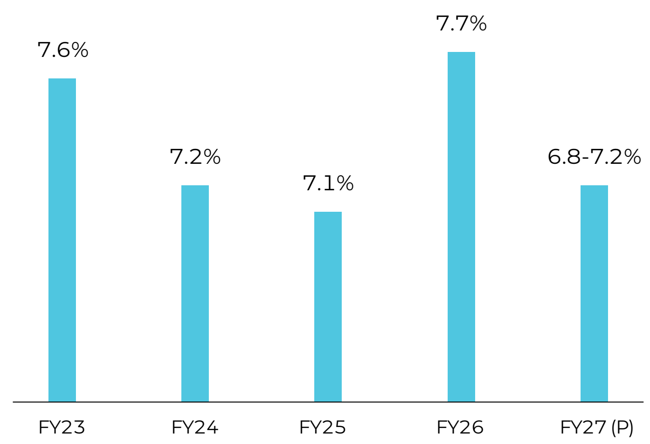
Management Discussion & Analysis

Indian economy

India continued to remain one of the world's fastest-growing major economies consistently across FY26, supported by resilient domestic demand, rising household consumption, rapid urbanisation, increasing formalisation of the economy and sustained investment activity. Expanding disposable incomes, a growing middle class and improving business confidence continued to underpin economic activity across sectors, while increasing credit penetration further supported consumption, entrepreneurship and private investment. According to the Provisional Estimates released by the Ministry of Statistics and Programme Implementation (MoSPI), India's real GDP grew by 7.7%, while Gross Value Added (GVA) expanded by 7.9%, reflecting the resilience of the country's domestically driven growth model.



(Source: PIB [FRE], PIB [SAE])

Key Numbers that Matter:

Key macro indicator	Private consumption expenditure	CPI inflation	Credit to GDP
Metric / Value FY26	61.5% of GDP	3.4% (FY26)	53%

Private Final Consumption Expenditure (PFCE) accounted for **61.5% of GDP**, the highest level since FY12, reflecting the strength of India's consumption-led growth model. Lower inflation, rising real incomes and improving consumer confidence continued to support household spending, while the Union Budget 2026-27 reinforced growth through a capital expenditure outlay of INR 12.22 Lakh Crore, accelerating investments across infrastructure, manufacturing, logistics and energy. Complementing these measures, long-term initiatives such as Viksit Bharat 2047 continued to strengthen India's structural growth prospects through a focus on infrastructure, digitalisation, energy transition and ease of doing business.

Despite a supportive domestic environment, global economic conditions remained uncertain. Geopolitical tensions in West Asia, particularly towards the end of FY26, heightened concerns over disruptions to global energy markets and trade routes, posing upside risks to crude oil prices and imported inflation. Such developments underscored the vulnerability of emerging economies to external shocks, with potential implications for input costs, exchange rate volatility and business sentiment.

Notwithstanding these external headwinds, India's macroeconomic fundamentals remained robust. The Government adhered to its fiscal consolidation roadmap, achieving its fiscal deficit target of **4.4% of GDP** for FY26 while maintaining strong public investment. Inflation also moderated with average **CPI inflation** easing to around **3.7%** during the year, However, amid geopolitical tensions following the US-Iran conflict, India's CPI inflation increased to 4.38% in June 2026, crossing the RBI's 4% medium-term target for the first time in around 17 months. We will closely monitor the impact of the recent increase in CPI inflation on the overall economy and assess its implications for our business.

India also continues to offer one of the world's largest structural credit opportunities. While over **96%** of households have access to banking services, credit penetration remains relatively low, with the country's **credit-to-GDP ratio** at around **53%** and credit card penetration at only 5% of the population. Although commercial credit outstanding increased to **INR 65.8 Lakh Crore**, only **41%** of India's **8.7 Crore** registered MSMEs have accessed formal credit, according to the latest joint report by TransUnion CIBIL and SIDBI. This significant financing gap presents a compelling opportunity for technology-enabled financial institutions to expand formal credit access across underserved retail and MSME segments, supporting India's long-term economic development.

Outlook

The outlook for the Indian economy remains positive and stable. For the upcoming FY27, real GDP is expected to grow between **6.8% and 7.2%**. This demonstrates India's ability to maintain strong momentum even during times of global uncertainty.

This growth will likely be driven by continued government spending on infrastructure, a steady increase in private sector investment, and a strengthening manufacturing base. Additionally, the services sector is expected to maintain its consistent expansion. Supported by a stable economy and steady policies, India is well-prepared to manage global challenges while ensuring that economic progress remains inclusive and sustainable over the long term.

India's domestic consumption outlook remains supported by favourable macroeconomic conditions, improving rural incomes and strengthening urban demand. According to the Economic Survey 2025-26, strong agricultural performance has supported rural consumption, while tax rationalisation measures have contributed to improved urban demand, reflecting broad-based consumption momentum across the economy. India continues to be a consumption-driven economy, with increasing access to formal credit supporting household spending and consumption activity across segments. The growing role of credit in facilitating consumption, alongside rising financial inclusion and expanding credit penetration, is expected to continue supporting domestic demand in the medium term.

(Source: PIB)

Looking ahead, the potential emergence of **El Niño** conditions during the FY27 monsoon season warrants close monitoring, given the possible implications for agricultural production, food inflation, rural incomes and demand. At the same time, geopolitical tensions in West Asia may contribute to near-term volatility in crude oil prices, inflation and financial markets. Despite these external uncertainties, India's resilient domestic consumption, diversified economic base, strong macroeconomic fundamentals and conducive policy environment are expected to provide a meaningful buffer and support sustained growth momentum.

Industry overview

Non-Banking Financial Company (NBFC) sector

India's Non-Banking Financial Company (NBFC) sector continues to play a critical role in expanding credit access and supporting financial inclusion across underserved segments of the economy. Over the years, NBFCs have emerged as important intermediaries within the financial system by catering to customer segments that are often beyond the reach of traditional banking channels, particularly in MSME finance, consumer lending, rural finance, affordable housing and vehicle finance.

The NBFC sector maintained healthy growth momentum during FY26, supported by rising credit demand, increasing formalisation of the economy and greater adoption of digital lending. According to CRISIL Ratings, NBFC assets under management (AUM) are expected to surpass **INR 50 Lakh Crore** by March 2027.

Accounting for nearly **18%–19%** of India's overall credit market, NBFCs have established a strong presence in retail and MSME financing through specialised underwriting capabilities, technology-led operating models and deeper penetration into semi-urban and rural markets. Their ability to serve customer segments that are often underserved by traditional financial institutions continues to strengthen their role in advancing financial inclusion and expanding formal credit access.

(Source: Wright Research, RBI-Annual Report)

Key growth drivers

- **Expanding credit demand across underserved segments:** NBFCs continue to benefit from rising demand for formal credit among MSMEs, self-employed individuals, rural households and first-time borrowers. Their ability to serve customer segments that remain underpenetrated by traditional banking channels creates a significant opportunity for sustained growth.

- **Digitalisation and data-driven lending:** The increasing adoption of digital onboarding, alternative data analytics, AI-led credit assessment and technology-enabled customer servicing is improving operational efficiency and enabling faster credit delivery. These capabilities are helping NBFCs expand their reach while strengthening underwriting and portfolio monitoring.

- **Supportive regulatory and monetary environment:** Recent policy measures by the Reserve Bank of India (RBI), including reductions in policy rates, restoration of standard risk weights on bank lending to NBFCs and liquidity-support initiatives, have improved funding conditions and strengthened the sector's ability to support credit growth.

- **Strengthening bank-NBFC partnerships:** The growing adoption of co-lending arrangements, securitisation transactions and partnership-based lending models is facilitating efficient capital deployment and expanding credit access across underserved markets. These collaborations enable NBFCs to leverage their distribution capabilities while benefiting from diversified funding sources.

- **Growth in retail and MSME lending:** Retail finance and MSME lending continue to remain among the fastest-growing segments within the financial sector. NBFCs are well-positioned to capitalise on this opportunity through specialised underwriting capabilities, local market knowledge and customised product offerings.

- **Financial Inclusion and Rural Penetration:** Government-led financial inclusion initiatives, expanding digital infrastructure and increasing financial awareness are creating opportunities to deepen credit penetration across rural and semi-urban markets. NBFCs play a critical role in addressing these financing gaps and supporting inclusive economic growth.

Indian MSME credit industry

India's Micro, Small and Medium Enterprises (MSME) sector remains a key pillar of economic growth, contributing approximately 31.1% of the country's GDP, 35.4% of manufacturing output and 48.6% of exports. With over 7.47 Crore enterprises employing more than 32.8 Crore people, the sector continues to play a critical role in employment generation, entrepreneurship development and regional economic inclusion.

The MSME credit ecosystem maintained strong momentum during FY26, emerging as a key driver of industrial credit growth. Demand for formal credit continued to rise, supported by increasing enterprise formalisation, expanding business activity and financing needs for working capital, capacity expansion and technology adoption. As of December 2025, MSME credit outstanding reached **INR 67.6 Lakh Crore**, while formal credit penetration among Udyam-registered enterprises remained at around **47%**, highlighting the significant headroom for further institutional lending. These structural trends continue to reinforce the long-term growth potential of India's MSME financing ecosystem.

(Source: SIDBI)

The MSME sector continued to benefit from supportive policy initiatives aimed at expanding access to formal finance. The revised MSME classification framework, effective from April 2025, broadened enterprise eligibility for priority sector lending, enabling more businesses to access institutional credit. Further, the Government strengthened the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) by enhancing the guarantee cover limit from INR 5 Crore to INR 10 Crore and extending guarantee coverage of up to 90% for eligible women-owned enterprises. These measures are expected to improve credit availability, strengthen lender confidence and accelerate formal credit penetration across the MSME sector.

Key growth drivers

- **Large addressable credit gap:** Despite significant progress in formal lending, India's MSME sector continues to face a substantial credit gap of ~INR 30 Lakh Crore, creating a significant opportunity for lenders. Formal credit penetration remains below the sector's full financing requirements, particularly among micro and small enterprises, supporting long-term demand for structured credit solutions and customised financing products.

  (Source: Indian Economic Outlook-Deloitte)

- **Formalisation and Udyam registration:** The continued adoption of Udyam registration, GST compliance and digital business records is improving borrower visibility and credit assessment capabilities. Enhanced data availability is enabling lenders to expand formal credit access while improving underwriting quality across the MSME ecosystem. Formal credit penetration among 8.8 Crore Udyam-registered MSMEs continues to improve, although significant headroom for further expansion remains.

- **Government credit guarantee support:** Government initiatives aimed at expanding guaranteed credit access have strengthened the operating environment for MSME lending. Measures such as enhancements to credit guarantee schemes and broader coverage under MSME support programmes are improving lender confidence and facilitating greater credit flow to small businesses.

- **Supportive RBI regulatory measures:** The Reserve Bank of India (RBI) continues to support credit flow to the MSME sector through regulatory initiatives. Recent measures including revised Priority Sector Lending (PSL) norms, the Unified Lending Interface, expansion of TReDS ecosystem etc. are expected to support lending growth and capital efficiency across the sector.

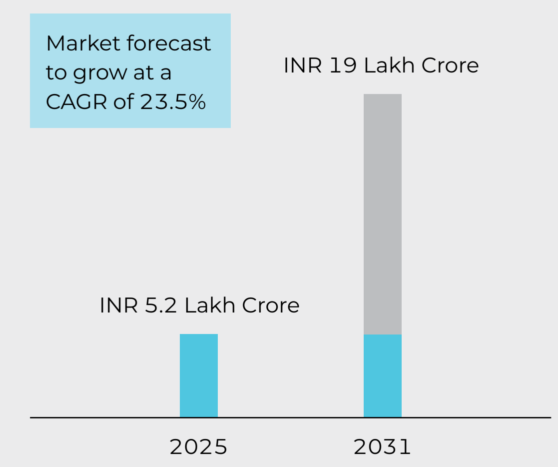
- **Digital lending and alternative underwriting:** Rapid adoption of digital lending platforms, API-based verification systems, account aggregators and alternative credit assessment models is improving access to finance for smaller enterprises. Technology-led underwriting is helping lenders reduce turnaround times, lower acquisition costs and serve previously underserved borrowers more efficiently.

Indian consumer finance industry

India's consumer finance industry has emerged as one of the fastest-growing segments within the country's financial services landscape, driven by rising household consumption, increasing urbanisation, expanding middle-income demographics and growing access to formal credit. The sector has evolved beyond traditional retail lending models, with digital platforms, fintech partnerships, and data-driven underwriting significantly broadening credit access across customer segments.

The Indian consumer finance market was valued at INR 5.2 Lakh Crore in 2025 and is projected to reach INR 19 Lakh Crore by 2031, registering a CAGR of 23.5% during the forecast period. The strong growth outlook reflects increasing demand for personal loans, consumer durable financing, credit cards, vehicle finance and other retail credit products across both urban and semi-urban markets.

Indian Consumer Finance market



The industry continues to benefit from favourable structural drivers, including a rapidly expanding middle-class population, improving disposable incomes and rising consumer aspirations. The growing penetration of digital payments, e-commerce platforms and smartphone-based financial services has further accelerated the adoption of formal credit products, particularly among younger consumers and first-time borrowers.

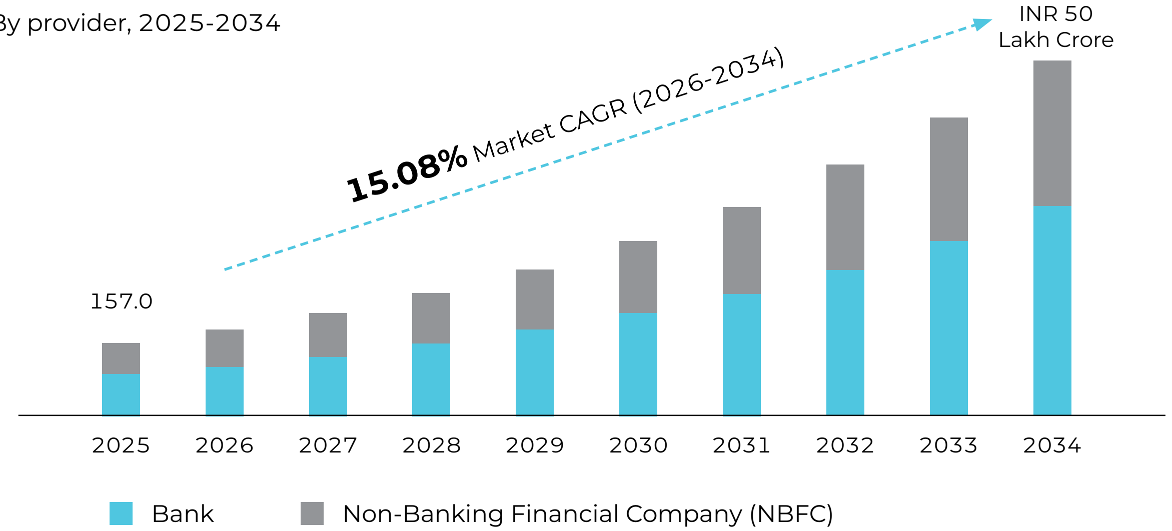
Personal loan sector

The Indian personal loan market has emerged as one of the fastest-growing segments within the retail lending landscape, supported by rising consumer spending, increasing formalisation of credit access, and rapid adoption of digital lending channels. Personal loans provide borrowers with unsecured financing for a variety of purposes, including medical expenses, education, home improvement, travel, debt consolidation and other personal requirements, making them a flexible source of credit across customer segments.

India's personal loan market continued to witness robust growth during FY26, driven by rising consumer demand, increasing digital adoption and expanding access to formal credit. The market, valued at **INR 13.6 Lakh Crore** in 2025, is projected to grow at a CAGR of **15.1%** through 2034. NBFCs continued to outpace

Indian personal loan market forecast

Size, By provider, 2025-2034



(Source: Imarc Group)

banks, particularly in the lower-ticket personal loan segment, accounting for **92%** of loan originations by volume for nine months ended December 2025. The rapid adoption of digital lending platforms and growing demand for unsecured consumer credit continue to support the long-term growth potential of the personal lending ecosystem.

(Source: Economic Times)

Digital lending: Enabling the next phase of credit inclusion

India's digital lending ecosystem has undergone a remarkable transformation over the past decade, driven by the rapid formalisation of credit, widespread digital adoption, and the emergence of robust digital public infrastructure. As smartphones, digital payments, and data-driven underwriting become increasingly mainstream, digital lending is reshaping how credit is originated, assessed, and delivered, making formal finance more accessible, affordable, and efficient.

Technology continues to be a key enabler of this transformation. The introduction of the Unified Lending Interface (ULI) marks another significant milestone in India's Digital Public Infrastructure (DPI) journey. By enabling the seamless, consent-based exchange of information between data providers and lenders, including land records, satellite imagery, and other digital datasets, ULI is expected to significantly reduce credit assessment timelines, improve underwriting accuracy, and expand access to formal credit, particularly for MSMEs, rural borrowers, and first-time credit seekers.

The increasing digital readiness of consumers is further accelerating this shift. Smartphone penetration among small borrowers continues to rise, while the widespread adoption of digital payment applications has familiarised customers with technology-enabled financial services. This growing digital ecosystem is creating favourable conditions for lenders to deliver faster, more convenient, and more personalised credit solutions at scale.

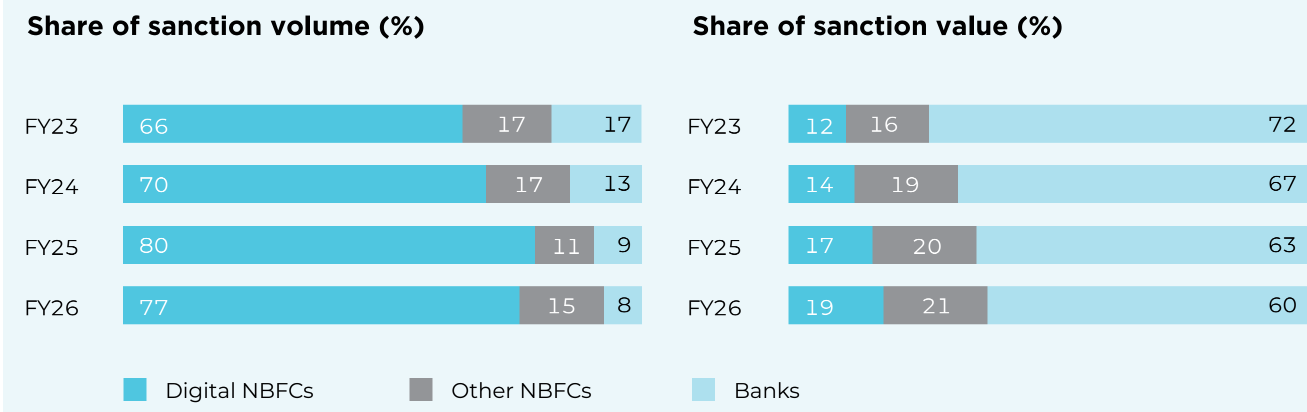
NBFCs have emerged as key drivers of this transformation by complementing traditional banking channels with technology-led credit delivery models. Leveraging alternative data, AI-driven underwriting, API-based integrations, and digital-first customer journeys, they have expanded access to formal finance for underserved individuals and small businesses while improving operational efficiency and customer experience.

The regulatory landscape has also continued to evolve, providing a stronger foundation for sustainable growth. The introduction of the **Digital Lending Directions, 2025** has further strengthened borrower protection, enhanced transparency, and reinforced governance standards across the digital lending ecosystem. These measures are expected to foster greater trust among borrowers while promoting responsible innovation and long-term sectoral growth.

According to the Fintech Association for Consumer Empowerment (FACE), digital NBFCs continued to strengthen their position in India's personal lending ecosystem during FY26. Their share of the total personal loan sanction value increased to 19% in FY26, up from 12% in FY23. During the year, digital NBFCs disbursed personal loans worth INR 2.14 Lakh Crore, compared with INR 2.36 Lakh Crore by other NBFCs and INR 6.95 Lakh Crore by banks, highlighting the growing adoption of digital lending platforms and their expanding role in meeting India's retail credit demand.

(Source: Business Standard)

Rising share of Digital NBFCs and NBFCs in Personal Loan



Note: Digital NBFCs denote loans via digital lending apps, whereas other NBFCs signify entities grouped other than digital NBFCs.

Source: Fintech Association for Consumer Empowerment (FACE)

Microfinance sector

The Indian microfinance sector has evolved significantly over the past decade, strengthening its role as a key enabler of financial inclusion and formal credit access. Following the Reserve Bank of India's 2022 Master Directions on microfinance, the sector transitioned towards an activity-based regulatory framework with greater flexibility in pricing and product design. As of early 2026, the industry comprised more than 200 regulated entities, including NBFC-MFIs, banks, Small Finance Banks (SFBs) and NBFCs, reflecting the increasing institutionalisation of microfinance within the broader financial system.

Microfinance continues to serve as a catalyst for livelihood creation and grassroots entrepreneurship. Despite the removal of regulatory restrictions on end use, 94% of loans are utilised for income-generating activities, including existing businesses, new enterprise creation and farm-related activities. Borrower financial health indicators also remain supportive, with an average Fixed Obligation to Income Ratio (FOIR) of 18.7%, significantly below the regulatory ceiling of 50%, indicating adequate repayment capacity across the borrower base.

The microfinance sector underwent a period of consolidation during FY26, following elevated delinquencies, borrower over-leverage and the implementation of stricter regulatory guardrails. As a result, industry assets under management (AUM) declined by **13% year-on-year** to **INR 3.25 Lakh Crore** as of March 2026 from **INR 3.75 Lakh Crore** a year earlier, while the number of unique borrowers reduced from **7.8 Crore** to **6.4 Crore**.

Despite the moderation in portfolio growth, the sector witnessed a marked improvement in asset quality during the second half of FY26. Portfolio at Risk (PAR 31–180 days) improved sharply to **2%** as of March 2026 from **6%** a year earlier, reflecting stronger collection efficiencies and improved underwriting discipline. Lending activity also rebounded during the January–March 2026 quarter, with disbursements rising to **INR 78,938 Crore**, signalling renewed lender confidence and the early stages of a recovery in the microfinance sector.

Key growth drivers

- **Expanding Financial Inclusion:** Continued efforts to expand access to formal financial services, particularly in rural and semi-urban markets, are increasing the addressable customer base for microfinance institutions. Greater penetration of banking services and digital financial infrastructure is enabling wider access to formal credit among previously underserved segments.

- **Large addressable credit gap:** A significant proportion of low-income households, informal workers and micro-entrepreneurs continue to have limited access to institutional finance. The persistent credit gap presents substantial opportunities for microfinance institutions to support income generation, livelihood enhancement and financial inclusion.

- **Women's financial inclusion and entrepreneurship:** Increasing participation of women in entrepreneurial and income-generating activities, supported by greater access to formal financial services and microfinance, continues to drive demand for small-ticket credit. The sector plays an important role in promoting financial independence, livelihood creation and inclusive economic development among women borrowers.

- **Digitalisation of lending operations:** Growing adoption of digital onboarding, e-KYC, digital collections, data analytics and alternative credit assessment models is improving operational efficiency, strengthening credit underwriting and expanding outreach to customers in underserved geographies.

- **Supportive regulatory and policy environment:** Continued policy emphasis on financial inclusion, responsible lending practices and strengthening the formal credit ecosystem is supporting the long-term development of the microfinance sector. Regulatory initiatives aimed at enhancing governance, transparency and customer protection are expected to contribute to sustainable industry growth.

- **Government support through Credit Guarantee schemes:** Government initiatives such as the Credit Guarantee Fund for Micro Units (CGFMU) continue to strengthen the formal microfinance ecosystem by improving credit access for eligible borrowers while enhancing lender confidence. Such initiatives are expected to support broader financial inclusion and encourage responsible expansion of institutional credit to underserved segments.

Company overview

Northern Arc Capital Limited (referred to as 'Northern Arc' or 'the Company') is a diversified financial services company focussed on addressing the credit requirements of underserved households and businesses across India. Registered with RBI as a Non-Banking Financial Company (NBFC), the Company operates at the intersection of financial inclusion, credit intermediation and capital markets, enabling the efficient flow of capital to segments that remain underpenetrated by traditional financial institutions.

Northern Arc follows a dual-engine business model that has evolved alongside the Company's growth strategy. It initially built its franchise by providing comprehensive credit solutions to originator partners through balance-sheet lending, debt placements, fund management offerings and technology-enabled platforms. These capabilities have provided a strong foundation for the Company's expansion into Direct-to-Customer lending across key retail sectors i.e. MSME, Consumer Finance and Rural Finance. This diversified model enables Northern Arc to dial-up and dial-down on the sectors according to the challenges and opportunities in respective sectors. The Company has impacted more than 140 Million lives and facilitated more than 2.5 Lakh Crore of credit till date.

Credit Solutions to Originator Partners

Northern Arc's Credit Solutions business forms the foundation of the Company's business model and has played a central role in advancing credit access for underserved and underpenetrated borrower segments across India. Through this business, the Company facilitates the flow of capital to originator partners, enabling them to expand lending activities and serve diverse customer segments across the financial ecosystem.

The Company offers a range of credit solutions, including intermediate retail lending, structured debt placements, performing credit funds and technology-enabled financing solutions tailored to the requirements of originator partners. By connecting originators with a diversified network of capital providers, Northern Arc helps improve funding access, enhance capital efficiency and support portfolio growth.

Over the years, the Credit Solutions business has enabled the Company to develop deep expertise in credit assessment, risk management, partner evaluation and capital mobilisation across diverse lending segments, including MSME, Consumer Finance, Rural Finance, Affordable Housing Finance, Vehicle Finance, Agriculture Supply Chain Finance. Since inception, Northern Arc has collaborated with and manage Funds AUM of INR 3,092 Crore.

Going forward, the Company intends to strengthen its fee-based businesses, primarily Placements and Credit Funds, to address the evolving funding requirements of its Originator Partners. At the same time, balance sheet lending will be deployed selectively to cultivate new partner relationships, demonstrate underwriting capabilities and support the development of scalable, long-term lending partnerships.

Direct-to-Customer (D2C) business

Building on the experience, ecosystem relationships and underwriting capabilities developed through its Credit Solutions business, Northern Arc transitioned into Direct-to-Customer (D2C) lending to directly address the financing needs of underserved borrower segments. Over the years, the Company has leveraged technology, data-driven underwriting, branch network and digital partnerships to scale its lending operations and expand access to formal credit.

The D2C portfolio comprises a diversified mix of lending products across MSME, Consumer Finance and Rural Finance. The Company combines its branch-led distribution network with technology-enabled sourcing and servicing capabilities to improve customer reach and operational efficiency. In addition, partnerships with digital platforms and ecosystem participants have enabled Northern Arc to expand origination channels, strengthen customer acquisition and enhance access to credit across multiple borrower segments.

A key strength of the D2C business is its network of 432 branches across 13 states and 1 UT, and partnerships with 57 Digital Partners which supports deeper market penetration in underserved regions. This physical presence is complemented by digital capabilities that enable efficient loan origination, underwriting and servicing while maintaining close engagement with customers throughout the lending lifecycle. Our D2C AUM has grown 10x in 5 years to reach INR 9,802 Crore in line with stated strategy to build granular diversified lending book.

Business Overview

In FY26, the Company achieved robust growth across all business segments despite challenging market conditions, facilitating credit of INR 37,217 Crore through Credit Solutions & Direct-to-Consumer (D2C) segments.

Assets Under Management (AUM)

Northern Arc's AUM expanded by 21.7% year-on-year, growing from INR 13,634 Crore in March 2025 to INR 16,594 Crore in March 2026. The D2C segment's contribution to total AUM increased significantly from 19% in March 2021 to 59% in March 2026.

Credit Solutions

Total credit facilitation through lending, fund deployment and placement was INR 24,170 Crore 70% of the volumes were fulfilled through Placements, Funds and Platforms. The Company onboarded 18 new originator partners in FY26.

Intermediate retail lending AUM grew by 4% year-on-year to INR 6,802 Crore in line with our stated strategy to grow fee based businesses i.e. Placement and Credit Funds. Placement fee income grew by 22% YoY to INR 31.4 Crore in FY26. Funds AUM stood at INR 3,092 Crore as on 31 March, 2026.

Direct-to-Consumer (D2C) Segment

D2C AUM grew by 38.6% year-on-year, rising from INR 7,064 Crore in March 2025 to INR 9,792 Crore in March 2026. The Company now serves over 29 Lakh borrowers across MSME, Consumer Finance, and Rural Finance segments through network of 432 branches and 57 Digital Partners.

MSME business grew **43% YoY** to **INR 3,691 Crore**	Consumer Finance AUM grew by **50% YoY** to **INR 5,092 Crore**	Rural Finance AUM stood at **INR 1,009 Crore**

Financial overview

Northern Arc delivered a healthy financial performance during FY26, supported by continued business growth and disciplined execution across its operating model. Total income increased to INR 2,387 Crore, while profit after tax rose to INR 406 Crore, reflecting sustained earnings momentum. The Company's profitability was further supported by an improvement in net interest margin to 9.4%, driven by the increasing contribution of its Direct-to-Customer lending portfolio alongside continued focus on portfolio quality and operating efficiency. The Company also maintained a prudent capital position, providing the financial capacity to support future business growth while preserving balance sheet strength.

Milestones achieved during FY26

Highest-Ever Yearly Profits

INR 406 Crore

Assets Under Management (AUM)

INR 16,594 Crore

Interest Income

Northern Arc reported interest income of INR 2,279 Crore in FY26, representing a growth of 16% over INR 1,969 Crore in FY25. The increase was primarily driven by the expansion of the Company's Assets Under Management (AUM), which grew from INR 13,634 Crore as of 31 March 2025, to INR 16,594 Crore as of 31 March 2026. A higher contribution from the Direct-to-Customer (D2C) portfolio also supported earnings growth, with the D2C mix increasing to 59% from 51.8% in the previous year.

Interest Expense

The Company's cost of funds improved by 49 basis points to 8.5% in FY26 from 9% in FY25. The decline in cost of funds reflects effective liability management and a diversified funding profile.

Operating Efficiency

Northern Arc continued to focus on operational discipline and scalable growth during the year. Despite the addition of 72 branches during FY26, operating expenses as a percentage of assets were stable at 3.6% in FY26. Our Cost to Income ratio improved by 90 bps to 35.6% in FY26. These reflect the Company's efforts to enhance productivity, optimise costs and leverage technology across business operations.

Pre-Provision Operating Profit (PPOP)

Pre-Provision Operating Profit (PPOP) increased by 21% to INR 956 Crore in FY26 from INR 793 Crore in FY25. The strong growth was driven by higher business volumes, improved spreads and greater operating efficiency, demonstrating the Company's ability to scale its operations while maintaining profitability.

Asset Quality

Northern Arc maintained a healthy asset quality profile during FY26, reflecting its prudent credit assessment framework and continuous portfolio monitoring. As of 31 March 2026, the Company's GNPA and NNPA stood at 1.2% and 0.6%, respectively.

Credit cost as a percentage of assets improved from to 2.8% in FY26 compared with 3.2% in FY25. The improvement is the outcome of strong collection efforts and stringent credit controls.

The Company recognised a reversal of one-time provision following the Reserve Bank of India's regulation relating to the treatment of credit enhancements in the Expected Credit Loss (ECL) framework under First Loss Default Guarantee (FLDG) arrangements. In addition, Northern Arc created a management overlay as a prudent measure to strengthen balance sheet resilience and maintain a conservative approach towards risk management. These actions reflect the Company's continued focus on preserving asset quality and maintaining adequate provisioning buffers in an evolving operating environment.

Net Profit

Northern Arc reported a net profit of INR 406 Crore in FY26, compared with INR 305 Crore in FY25. The year-on-year performance was mainly due to an increase in Lending AUM growth and growth in placement fee income, reduction in cost of funds, improved operational efficiencies and a decrease in credit cost.

Return ratios and capital structure

During FY26, Northern Arc saw improvement in Return on Assets (ROA) to 2.8% in FY26 from 2.4% in FY25. The Company delivered a Return on Equity (ROE) of 11.1%. The Company maintained a debt-to-equity ratio of 3.1x, with strong capital adequacy ratio of 22.6%.

A summary of the Company's key financial performance (Consolidated) indicators is presented below:

P&L					
Particulars	**INR in Crore**			**DuPont**	
	FY25	**FY26**	**YoY%**	**FY25**	**FY26**
Interest Income[1]	1,969	2,279	15.7%	15.7%	15.5%
Interest Expense	823	902	9.7%	6.5%	6.1%
Net Interest Income	**1,147**	**1,377**	**20.1%**	**9.1%**	**9.4%**
Fee & Other Income	102	108	5.5%	0.8%	0.7%
Net Revenue	**1,248**	**1,484**	**18.9%**	**9.9%**	**10.1%**
Credit Cost	405	412	1.7%	3.2%	2.8%
Risk Adjusted Net Revenue	**844**	**1,073**	**27.1%**	**6.7%**	**7.3%**
Employee Cost	285	331	16.2%	2.3%	2.3%
Other Operating Cost	171	198	15.7%	1.3%	1.3%
Total Cost	**455**	**528**	**16.0%**	**3.6%**	**3.6%**
(Profit) /Loss from Associate	2	8	-	0.0%	0.1%
Profit Before Tax	386	536	38.7%	3.1%	3.6%
Tax	85	132	55.7%	0.7%	0.8%
Profit After Tax	**301**	**404**	**33.9%**	**2.4%**	**2.8%**
Attributable to Owners	**305**	**406**	**33.3%**	**2.4%**	**2.8%**

1. Interest income is adjusted for fees and commission expense

Risk management

Northern Arc follows a disciplined and data-driven approach to risk management that is embedded across its lending and investment activities. The Company's risk framework is designed to support sustainable growth while preserving asset quality and maintaining resilience across varying economic and credit cycles.

Its risk management capabilities are underpinned by a combination of advanced analytics, proprietary assessment methodologies, sector-specific expertise and continuous portfolio monitoring. This integrated approach enables informed credit decision-making, prudent portfolio selection and the timely identification of emerging risks.

Integrated risk architecture

Northern Arc has adopted a multi-dimensional Enterprise Risk Management (ERM) Framework based on robust risk governance, deep domain expertise, ground-level insights, extensive data analytics and proprietary risk models that address a wide spectrum of risks, ensuring a robust and holistic approach to risk mitigation:

- **Financial risks:** Credit Risk, Liquidity Risk, Interest Rate Risk
- **Non-financial risks:** Operational Risk, Information Security Risk, Compliance Risk, Strategic Risk, Reputational Risk, Conduct Risk, Legal Risk

Independent and efficient collections ecosystem

The Company has established a strategically aligned and scalable collections ecosystem focussed on proactive delinquency management, early risk containment, and optimised recovery outcomes. The framework leverages a phased intervention approach combining digital engagement, centralised tele-calling, field collections, and legal enforcement mechanisms to drive collection efficiency across the asset lifecycle. Escalation protocols are calibrated based on delinquency buckets, enabling timely recovery actions, strengthened portfolio discipline, and effective collateral realisation in high-risk accounts.

Advanced analytics and technology-led risk intelligence

The Company's risk management and growth strategy is anchored in a technology-first, analytics-driven operating model powered by a proprietary database built over more than 15 years, comprising over 50 Million data points and 30+ underwriting models. By integrating granular transaction-level data, financial and operational insights, and qualitative assessments of Originator Partners, the Company has developed a robust risk intelligence framework that enables informed decision-making, proactive portfolio management, and scalable growth.

Advanced analytics, machine learning capabilities, and monitoring tools enhance predictive risk assessment, improve operational efficiency, and support the delivery of financial solutions at scale while strengthening portfolio resilience and driving sustainable long-term performance.

Operational risk management

The Company adopted a proactive and structured approach to operational risk management, aimed at identifying, mitigating, and monitoring potential disruptions across business functions. The framework is overseen by Northern Arc Operational Risk Committee (NAORC), which provides strategic direction and governance through:

- Setting clear risk reporting structures
- Regular process audits
- Risk Assessments and corrective action plans

These measures strengthen risk oversight, enable timely intervention and enhance the overall quality of the credit portfolio. As a result, Northern Arc has consistently maintained disciplined asset quality across credit cycles, with Net Non-Performing Assets (NNPA) remaining below 1% throughout the period and improving to a low of 0.1% at its strongest point. This sustained performance reflects the Company's prudent underwriting standards, robust risk management framework and resilience across changing market conditions.

Diversified funding and liability management

Northern Arc continues to maintain a well-diversified funding profile supported by longstanding relationships with banks, development finance institutions (DFIs), capital market participants and other funding partners. The Company's prudent liability management approach enables it to access multiple sources of capital, supporting business growth while maintaining financial flexibility across market cycles.

During FY26, Northern Arc raised fresh debt of approximately INR 8,850 Crore, underscoring the depth of its long-standing relationships with lenders and investors. The continued participation of a diverse set of lenders reflects confidence in the Company's business model, governance framework and credit profile.

As of 31 March 2026, Northern Arc's borrowing base comprised 57 lenders and investors. Banks remained the largest source of funding, accounting for 53% of total borrowings, followed by domestic and offshore development finance institutions at 30%. The balance was sourced from capital market participants, including mutual funds, insurance companies, private wealth platforms and other institutional investors. This diversified funding mix supports liquidity management and reduces reliance on any single source of capital.

The Company also continued to optimise its borrowing profile during the year. Despite a relatively challenging funding environment for the NBFC sector, Northern Arc reduced its average cost of funds to 8.5% in FY26 from 9% in FY25. This improvement reflects the strength of its lender relationships, disciplined treasury management practices and continued access to diversified funding channels.

Credit Ratings

Northern Arc's credit ratings continue to support its access to diversified funding sources and enhance its ability to raise capital on competitive terms. The Company's consistent credit profile reflects its prudent risk management practices, diversified business model and disciplined approach to growth.

Since 2015, Northern Arc's commercial paper programme has maintained the highest short-term rating of A1+. In addition, the Company's non-convertible debentures and long-term bank facilities have been assigned a rating of AA- by both ICRA and India Ratings since 2015 after ratings.

The continued strength of these ratings reinforces lender and investor confidence, supports funding diversification and contributes to the Company's ability to efficiently meet its financing requirements. These factors have played an important role in supporting the growth of Northern Arc's balance sheet and earning assets over the years.

Environmental, Social and Governance (ESG)

Northern Arc integrates environmental, social and governance considerations into its business strategy, risk management framework and capital allocation processes. The Company's ESG practices have been independently assessed by ICRA, which has assigned an ESG Rating of reflecting its evaluation of the Company. As a mission-driven financial services platform, the Company seeks to contribute to sustainable and inclusive growth through responsible financing, strong governance practices and a continued focus on creating positive social impact. Sustainability considerations are embedded across lending, investment and operational activities, supported by structured environmental and social due diligence processes aligned with applicable regulatory requirements and internationally recognised standards, including the IFC Performance Standards.

The Company's environmental approach focusses on responsible resource utilisation within its operations, climate risk assessment and support for businesses contributing to a low-carbon economy. Through its financing activities, Northern Arc continues to facilitate access to capital for sectors such as electric mobility, rooftop solar, water and sanitation infrastructure and circular economy solutions. The Company also incorporates climate-related considerations into its risk management processes through portfolio-level assessments and ongoing monitoring mechanisms.

From a social perspective, Northern Arc remains committed to expanding access to finance for underserved individuals, households and businesses, thereby supporting financial inclusion and economic development. The Company also continues to invest in employee development, diversity and inclusion, workplace well-being and capability building, while promoting responsible lending practices and adherence to recognised client protection principles across its operations.

Strong governance remains fundamental to Northern Arc's operating model. The Company's governance framework is supported by Board-level oversight, including supervision by the ESG Committee, comprehensive policies and codes of conduct, employee awareness programmes, internal controls and compliance mechanisms. Through continuous strengthening of governance practices, ethical standards and risk management processes, the Company seeks to create sustainable long-term value for its stakeholders.

To read more, refer to page 48.

Technology infrastructure

Northern Arc has developed a technology-enabled operating platform that supports the entire lending lifecycle, from customer acquisition and onboarding to credit assessment, disbursement and portfolio servicing. The Company's technology architecture is designed to enhance scalability, operational efficiency and customer experience while supporting the evolving needs of a diversified lending business.

The Company leverages advanced analytics, machine learning models and automated decision-making frameworks to strengthen credit evaluation and risk management processes. Integration with multiple data sources and digital verification platforms enables faster customer onboarding, improved underwriting accuracy and informed credit decisions across borrower segments.

Northern Arc's cloud-based infrastructure provides the flexibility and scalability required to support business growth and increasing transaction volumes. The technology environment is supported by automated workflows, digital process management capabilities and continuous monitoring systems that enhance operational resilience and business continuity.

The Company's technology ecosystem is supported by a suite of proprietary platforms that strengthen origination, distribution, co-lending and capital market capabilities. Nimbus serves as an integrated debt transaction platform that supports transaction structuring, risk management, exposure monitoring and compliance processes across the lending ecosystem. nPOS, the Company's cloud-native, API-based co-lending platform, enables end-to-end loan lifecycle management and seamless integration with partner institutions, supporting efficient co-lending execution and straight-through processing. The

Company's Direct Origination platform supports digital credit journeys across multiple lending products and partner ecosystems, enhancing onboarding efficiency, underwriting quality and operational consistency.

Northern Arc also continues to expand its digital distribution capabilities through Altifi, its retail bond platform that facilitates investor participation across fixed-income and mutual fund products. During FY26, the platform expanded its product offerings, strengthened integration with external investment platforms and introduced additional digital engagement capabilities to broaden investor reach and improve accessibility. These technology platforms collectively support scalable growth, operational efficiency and improved stakeholder experience across the Company's lending and capital market ecosystem.

The Company maintains a comprehensive information security framework designed to safeguard customer data, applications and technology assets. Multiple layers of security controls, proactive monitoring mechanisms and governance processes help mitigate cyber risks and support compliance with applicable regulatory requirements.

Human resources

Building a future-ready workforce

Northern Arc recognises that its people are central to the Company's long-term growth, operational effectiveness and ability to create sustainable value. The Company remains focussed on building a high-performance and inclusive workplace supported by strong leadership, continuous learning, employee well-being and merit-based growth opportunities.

Leadership and governance framework

The Company's human capital strategy is guided by an experienced leadership team and overseen by the Board of Directors and the Nomination and Remuneration Committee (NRC). This governance framework supports talent management, succession planning, employee development and workforce initiatives aligned with the Company's long-term strategic objectives.

Diverse and inclusive workforce

As of 31 March 2026, Northern Arc had a workforce of 3,163 employees across functions, levels and geographies. Women represented 13% of the workforce, while 21% of new hires were recruited from focussed diversity segments. The Company continues to promote an inclusive work environment founded on equal opportunity, meritocracy and respect, with employee advancement and recognition based on capability, performance and potential.

Talent development and capability enhancement

Northern Arc places significant emphasis on attracting, developing and retaining talent through structured onboarding, mentorship, continuous learning and leadership development programmes. The learning framework focusses on enhancing technical expertise, leadership effectiveness and operational capabilities to support business growth and service excellence.

Employee engagement and well-being

The Company continues to invest in employee well-being, engagement and professional development to create a supportive and productive workplace. Through initiatives focussed on learning, inclusive leadership and shared accountability, Northern Arc seeks to foster a culture where employees feel valued, supported and empowered to contribute meaningfully to organisational success.

Talent retention and risk management

Northern Arc actively manages human capital risks through continuous benchmarking of its people practices and enhancement of its talent management strategies. The Company's recruitment network spans multiple geographies, enabling access to a broader talent pool. Structured incentive programmes, retention initiatives and succession planning processes support workforce stability and long-term organisational capability. In addition, the Company has strengthened its compliance framework through proactive alignment with evolving labour regulations and adherence to applicable statutory requirements.

Recognition and workplace excellence

Northern Arc's people practices and workplace culture have received recognition across industry platforms. The Company was certified as a Great Place to Work® for the sixth consecutive year, reflecting its continued focus on employee experience, workplace culture and organisational development.

Focus on sustainable growth

Going forward, Northern Arc will continue to strengthen workforce diversity, leadership capabilities and employee development initiatives. By building an agile, skilled and engaged workforce, the Company aims to support its long-term growth ambitions while creating value for employees, customers and other stakeholders.

Opportunities and Threats

Opportunities

- **Expanding financial inclusion and credit penetration:** India's growing focus on financial inclusion continues to create significant opportunities for institutions serving underserved and underpenetrated borrower segments. With extensive experience across MSME, Consumer Finance and Rural Finance, Northern Arc is well-positioned to address the evolving credit requirements of individuals and businesses that remain outside the reach of traditional financial channels.
- **Growing rural and emerging market potential:** Improving rural incomes, rising consumption levels and increasing formalisation of economic activity are expected to support demand for credit across rural and semi-urban markets. Northern Arc's established presence and expanding reach across these markets provide a strong platform to deepen customer relationships and extend access to financial services.
- **Diversified growth platforms:** The Company continues to strengthen its presence across emerging business segments, including digital partnership-based lending, direct retail lending and distribution-led offerings. These businesses provide opportunities to broaden customer engagement, diversify revenue streams and enhance cross-selling potential across the financial services value chain.
- **Technology-led scalability and risk management:** Investments in technology, analytics and digital capabilities have enabled the Company to build scalable operating models and strengthen decision-making processes. Advanced underwriting frameworks, data-driven risk assessment tools and enhanced customer engagement capabilities support operational efficiency while improving credit evaluation and portfolio management.
- **Strengthening distribution and ecosystem partnerships:** Northern Arc's growing network of branches, lending partners, originators and fintech platforms enhances its ability to reach diverse borrower segments across geographies. A diversified distribution ecosystem supports business scalability, improves market penetration and enables the Company to respond effectively to evolving customer needs.
- **Strong institutional relationships and market credibility:** The Company benefits from a well-established reputation, strong governance standards and longstanding relationships with investors, lenders and ecosystem participants. Its proven track record across multiple credit cycles strengthens stakeholder confidence and supports the development of sustainable business partnerships.

Threats

- **Evolving regulatory and compliance landscape:** As a regulated financial institution, the Company operates within a dynamic regulatory environment. Changes relating to capital requirements, lending norms, customer protection standards, data governance and compliance obligations may influence business operations and require continuous adaptation.
- **Funding and liquidity risks:** Access to funding remains critical to business growth and may be affected by changing market conditions, liquidity cycles and investor sentiment. Variations in capital market activity or borrowing conditions could influence the availability and cost of funds across the financial ecosystem.
- **Macroeconomic and credit quality pressures:** Persistent inflationary pressures, slower economic growth or adverse developments affecting borrower cash flows may impact credit demand and repayment behaviour. Such conditions could increase stress across certain customer segments and influence portfolio performance.
- **Interest rate and margin volatility:** Changes in interest rates can affect borrowing costs, funding spreads and overall profitability. Effective asset-liability management and prudent pricing strategies remain important in managing interest rate cycles and maintaining financial performance.
- **Competitive intensity and market disruption:** The financial services sector continues to witness increasing competition from banks, NBFCs, fintech companies and digital lending platforms. Sustaining growth will require continuous innovation, strong customer engagement and the ability to differentiate through technology, risk management and service delivery.

Internal audit

The Company has established a strong Internal Audit function, carried out by our in-house audit team.

The Internal Audit function is guided by a risk-based internal audit (RBIA) framework, ensuring that audit coverage is aligned with the key business risks, regulatory expectations, and evolving market conditions. The internal audit plan is approved by the Audit Committee of the Board and is periodically reviewed to incorporate emerging risks and business priorities. The audit plan is comprehensive, covering all business units, processes, and support functions based on risk assessments done across all auditable entities.

The Internal Audit function works closely with various stakeholders, including business and support functions, to drive continuous improvement while maintaining its independence and objectivity. It also collaborates with risk management and compliance functions to ensure a coordinated approach under the "three lines of defence" model.

Internal control systems and their adequacy

As a part of Northern Arc's efforts to evaluate the effectiveness of internal control systems, the Company's audit teams periodically assess the adequacy of control measures periodically and recommend improvements, wherever appropriate. The Audit Committee reviews the internal audit functions, including the scope of the internal audit, as well as the adequacy and effectiveness of the internal systems and controls.

Northern Arc has a well-established and adequate internal financial control framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and to support a strong corporate governance structure, while maintaining excellence in service delivery to all stakeholders.

Appropriate controls are in place to ensure:

(a) the orderly and efficient conduct of business, including adherence to policies,

(b) safeguarding of assets,

(c) prevention and detection of fraud/errors,

(d) accuracy and completeness of the accounting records and

(e) timely preparation of reliable financial information.

Northern Arc's internal control framework includes clearly defined delegation of authority and standard operating procedures, which are implemented across all businesses and functions. These are reviewed periodically at all levels. The risk and control matrices are also reviewed periodically at all levels of the organisation. The risk and control matrices are also reviewed regularly, with control measures tested and documented.

These mechanisms help ensure that internal financial controls are commensurate with the scale of Northern Arc's operations. The findings are presented to the Audit Committee, enabling the Committee to evaluate the strength of the controls and determine any enhancements required, especially as the Company continues to ramp up operations.

Cautionary statement

Certain statements in the Management Discussion and Analysis section concerning the Company's goals, expectations, projections, estimates, and outlook may constitute forward-looking statements under applicable laws and regulations. These statements are based on currently available information, internal assumptions, and forecasts, and are subject to inherent risks, uncertainties, and other factors, many of which are beyond the Company's control, that could cause actual results to differ materially from those expressed or implied. Such factors include, but are not limited to, changes in macroeconomic conditions, competitive dynamics, regulatory and legal developments, shifts in political or economic environments, tax policies, technological changes, and market volatility.

Forward-looking statements do not guarantee future performance and should not be relied upon as such. The Company assumes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable laws.

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 financial year ended 31 March 2026 ("year under review").

FINANCIAL HIGHLIGHTS:

The Key highlights of the audited financial statements are presented in the below table:

(Amount INR in Crore)

Particulars	Standalone		Consolidated	
	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Total income	2,643.83	2,296.51	2,700.33	2,355.74
Finance costs	885.68	822.86	894.82	828.36
Net interest income	1,758.15	1,473.65	1,805.51	1,527.38
Operating expenses	759.07	638.09	830.69	716.55
Depreciation	16.70	15.31	18.79	17.88
Pre-provision profit	982.38	820.25	956.03	792.95
Impairment and write-offs	412.39	378.53	411.88	404.85
Share of loss from associates	0	0	8.59	2.02
Profit before tax	569.99	441.72	535.56	386.08
Tax expense	140.84	99.10	131.98	84.76
Profit for the period	429.15	342.62	403.58	301.32
Other comprehensive income/(loss)	40.98	(29.01)	41.12	(29.30)
Total comprehensive income	470.13	313.61	444.70	272.02
Total comprehensive income to Owners	470.13	313.61	447.11	275.28
Opening balance of retained earnings	1,177.42	902.85	1,195.95	960.35
Transfer to reserves	(85.83)	(68.52)	(85.83)	(68.52)
Appropriations and other adjustments	0.28	0.47	0.40	(0.42)
Closing balance of retained earnings	1,521.02	1,177.42	1,516.54	1,195.95
Earnings per Equity share:				
Basic (in INR)	26.57	22.59	24.99	20.08
Diluted (in INR)	26.39	22.53	24.82	20.03

FINANCIAL PERFORMANCE:

During the year ended 31 March, 2026, on a standalone basis, your company generated total income of INR 2,643.83 Crore, a growth of 15.12% over the earlier year. Net Interest Income was INR 1,758.15 Crore, representing year-on-year increase of 19.31%.

On a consolidated basis, your company generated total income of INR 2,700.33 Crore, a growth of 14.63% over the earlier year. Net Interest Income was INR 1,805.51 Crore, representing year-on-year increase of 18.21%.

There is no change in the nature of business of the Company for the year under review. Further information on the business overview and outlook and state of the affairs of the Company is mentioned in detail in the Management Discussion and Analysis Report.

SHARE CAPITAL:

Authorized Share Capital:

The authorized share capital of the Company is INR 282,00,00,000/- (Rupees Two Hundred and Eighty Two Crore only) divided into 16,50,00,000/- equity shares of INR 10/- each and 5,85,00,000 compulsorily convertible preference shares of INR 20/- each.

Issued, Subscribed and paid-up share capital:

During the financial year under review, your company had allotted 1,92,539 equity shares under the Employees Stock Option Schemes of the Company.

After the allotment of the aforesaid equity shares, the total issued, subscribed and paid-up capital of the Company as on 31 March, 2026, stood at INR 161,57,18,750/- comprising of 16,15,71,875 equity shares of INR 10/- each.

DIVIDEND:

During the financial year under review, the Board has not recommended any dividend. In terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company has formulated and adopted a Dividend Distribution Policy. The Policy has been reviewed and approved by the Board of Directors and the same is available on the Company's website at https://www.northernarc.com//assets/uploads/policies/Dividend_Distribution_Policy.pdf

DEBENTURE:

During the year under review, your company had allotted 22,500 Senior, Secured, Rated, Listed, Redeemable Non-convertible debentures ("NCDs") of face value of INR 1,00,000/- each amounting to INR 225 Crore on 10 September 2025 and 25,000 Senior, Secured, Rated, Listed, Redeemable Non-Convertible Debentures of face value of INR 1,00,000/- each amounting to INR 250 Crore on 31 December 2025. In aggregate, the Company issued a total of 47,500 NCDs amounting to INR 475 Crore during the financial year under review.

TRANSFER TO STATUTORY RESERVES

Your Company has transferred an amount of INR 85.83 Crores to the statutory 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 31 March, 2026, are summarised below:

Instrument	Rating Agency	Rated Amount (In Crore)	Rating
Commercial Paper	ICRA	35	ICRA A1+
	CARE	500	CARE A1+ (One Plus)
Secured NCDs under Private Placement Issue	ICRA	1297.90	ICRA AA- (Stable)
Term Loan from Banks	India Ratings	200	IND AA- (Stable)
	ICRA	7689	ICRA AA- (Stable)
Short Term Loan facilities from Banks	ICRA	905	[ICRA]A1+

CAPITAL ADEQUACY

The Company's capital adequacy ratio as of 31 March, 2026, was 22.56% as against 24.72% as at 31 March, 2025. The minimum capital adequacy ratio prescribed by Reserve Bank of India is 15%.

NOMINATION AND REMUNERATION POLICY

The Company has formulated Nomination and Remuneration Policy under the provisions of Section 178 of the Companies Act, 2013, and SEBI Listing Regulations and RBI (Non-Banking Financial Companies – Governance) Directions, 2025 dated November 28, 2025 and the same is available on the website of the Company at https://www.northernarc.com//assets/uploads/policies/Nomination_and_Remuneration_Policy.pdf

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

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.

As on 31 March, 2026, the Company has a total of Nine Directors, consisting of One Executive Director and Eight Non-Executive Directors. The Board of Directors comprises Four Independent Directors, one of whom is a woman Independent Director.

Mr. Sandeep Dhar (DIN: 00182797) was appointed as an Independent Director on the Board of the Company for a first term of five years with effect from 7 May, 2025, by the Board based on the recommendation of the Nomination and Remuneration Committee ("NRC") of the Company. The appointment was subsequently approved by the Members of the Company.

Mr. Trikkur Seetharaman Anantharaman (DIN: 00480136) who was representing 360 One Special Opportunities Fund as its Nominee Director, resigned as the Nominee Director of the Company with effect from 23 June, 2025, subsequent to the sale of its Equity Shares in the Company.

Ms. Anuradha Rao (DIN: 07597195) retired as a Non-Executive, Independent Director with effect from 30 October, 2025. Based on the recommendation of the NRC, the Board of Directors, at its meeting held on 31 October, 2025, appointed her as Non-Executive, Non-Independent Director of the Company for a period of one year with effect from 31 October, 2025 and subsequently, Shareholders through postal ballot dated 24 January, 2026, had approved the said appointment.

Ms. Vidya Krishnan (DIN: 09669166) was appointed as an Independent Director on the Board of the Company for a first term of up to five years with effect from 31 October, 2025, by the Board based on recommendation of the NRC of the Company. Further, the said appointment was approved by the Members through postal ballot dated 24 January, 2026.

Dr. Kshama Fernandes (DIN: 02539429) ceased to be a Director of the Company with effect from the close of business hours on 31 March, 2026, upon completion of her term, and the Board places on record its sincere appreciation for her invaluable contribution and guidance to the Company.

Mr. Vijay Chakravarthi (DIN: 08020248) will retire by rotation and being eligible, offers himself for re-appointment in accordance with the provisions of Section 152 of the Companies Act, 2013. The resolutions seeking shareholders' approval for his re-appointment forms part of the AGM Notice.

There was no change in the key managerial personnel (KMP) of the Company during the year under review. As on 31 March, 2026, the Company had the following KMPs:

1) Mr. Ashish Mehrotra, Managing Director and Chief Executive Officer

2) Mr. Atul Tibrewal, Chief Financial Officer and

3) Mr. Prakash Chandra Panda, Company Secretary and Compliance Officer

CORPORATE GOVERNANCE:

The Corporate Governance report which forms part of Board's Report states detailed corporate governance practices of the Company, together with the disclosures, 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 the Corporate Governance report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING

In accordance with Regulation 34 of the SEBI Listing Regulations, the Business Responsibility and Sustainability Report (BRSR), outlining the Company's environmental, social and governance initiatives is enclosed with the report as **Annexure – A.**

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The brief outline of the Corporate Social Responsibility (CSR) initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure B** of this report in the format prescribed in the Companies (Corporate Social Responsibility) Rules, 2014. The CSR Policy is available on the Company's website at https://www.northernarc.com//assets/uploads/policies/CSR_Policy.pdf

STATEMENT OF DEVIATION OR VARIATION IN THE USE OF PROCEEDS FROM THE OBJECTS STATED IN THE OFFER DOCUMENT FOR INITIAL PUBLIC OFFERING (IPO) UNDER REGULATION 32(4) OF SEBI LISTING REGULATIONS

The disclosure of deviation or variation, if any in the use of proceeds from the objects stated in the offer document for IPO are provided in the Corporate Governance Report.

DETAILS OF UTILISATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS

SPECIFIED UNDER REGULATION 32(7A) OF SEBI LISTING REGULATIONS

The disclosure of utilization of funds raised through preferential allotment or qualified institutions placement, if any are provided in the Corporate Governance Report.

EMPLOYEES STOCK OPTION PLAN

During the year under review, there were no material changes in the Northern Arc Employee Stock Option Plan, 2016 ("ESOP Plan"), except for an increase of ESOP options (ESOP pool size) in compliance with section 62(1)(b) of the Companies Act, 2013 and applicable provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB & SE Regulations"). These changes are not prejudicial to the interest of the employees. The ESOP Plan remains fully compliant with the SBEB & SE Regulations. The details, as required to be disclosed under the SBEB & SE Regulations and the Companies Act, 2013 are available on the Company's website at https://www.northernarc.com/annual-report.

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 along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and there has been no change in the circumstances which may affect their status as Independent Director during the year.

The Independent Directors 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 with an objective independent judgment and without any external influence.

In the opinion of Board, all the Independent Directors are possessing integrity, expertise and experience (including the proficiency) in their respective domains.

PECUNIARY TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS:

No material pecuniary relationship exists between the Non-Executive Directors and the Company, other than payment of Sitting Fees for attending the Board/ Committee Meetings and the payment of Commission to Mr. P S Jayakumar, in the capacity of Chairman and Independent Director of the Company.

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

SUBSIDIARY/ASSOCIATE AND JOINT VENTURE COMPANIES:

As on 31 March, 2026, the Company had 5 subsidiary companies, i.e., Northern Arc Investment Managers Private Limited, Northern Arc CrediTech Solutions Private Limited, (Formerly known as Northern Arc Investment Adviser Services Private Limited), Northern Arc Securities Private Limited, Pragati Finserv Private Limited and Northern Arc Foundation (a company incorporated under section 8 of the Companies Act, 2013).

The name of Northern Arc Investment Adviser Services Private Limited was changed to Northern Arc CrediTech Solutions Private Limited with effect from 27 May, 2025.

As on 31 March, 2026, the Company does not have any associate or joint venture company.

MATERIAL SUBSIDIARY:

During the year under review, the Company had no material subsidiaries. Further, as required under Regulations 16(1)(c) and 46 of the SEBI Listing Regulations, the Board has approved the Policy for determining Material Subsidiaries which is available on the website of the Company at https://www.northernarc.com//assets/uploads/policies/Policy_for_determining_material_subsidiaries.pdf.

PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES:

(i) Northern Arc Investment Managers Private Limited:

Northern Arc Investment Managers Private Limited continued to strengthen its position in India's private credit landscape during FY 2025–26. As of 31 March, 2026, the platform managed Assets Under Management (AUM) of approximately INR 3,092 Crores across Alternative Investment Funds (AIFs) and Portfolio Management Services (PMS), supported by disciplined underwriting, prudent risk management, and long-standing investor relationship.

(ii) Northern Arc CrediTech Solutions Private Limited:

In alignment with the commitment to innovation and growth in the evolving financial landscape, Northern Arc CrediTech Solutions Private Limited (NACT) (Formerly known as Northern Arc Investment Adviser Services Private Limited) has shifted its focus from being a SEBI-registered Investment Adviser to providing advanced technological solutions in credit delivery and management. In line with this shift, NACT has voluntarily surrendered its SEBI Investment Adviser Registration Certificate, and the company has been renamed as Northern Arc CrediTech Solutions Private Limited effective, 27 May, 2025.

(iii) Northern Arc Securities Private Limited:

Northern Arc Securities Private Limited is steadily establishing its position as a full-spectrum of wealth management platform catering to retail investors, HNIs, UHNIs, and institutions alike. Built on Northern Arc's foundational strength in debt markets, the platform offers a curated range of solutions spanning fixed-income products, mutual funds, insurance, PMS, and AIF with a focus to deliver a holistic financial ecosystem.

(iv) Pragati Finserv Private Limited:

Pragati Finserv Private Limited delivered a resilient and disciplined performance in FY 2025–26, expanding its reach and strengthening its operating foundation despite a challenging macro environment for microfinance industry. The company grew its portfolio outstanding to INR 1,166 Crore, serving 3.59 Lakh active clients, and increased disbursements to INR 880 Crore for the year. This growth was achieved while the broader microfinance industry contracted, reflecting Pragati's selective origination, tighter underwriting and focused collections approach.

(v) Northern Arc Foundation:

The Company implements its Corporate Social Responsibility (CSR) initiatives through the Northern Arc Foundation, which serves as the dedicated platform for conceptualising and executing impact-oriented programmes. The CSR framework is structured around four core thematic areas: Education, Environment & Sustainability, Livelihood Development, and Health & Destitute Care for vulnerable communities.

During FY 2025–26, the Company spent a CSR outlay of INR 7,52,66,825/- towards initiatives focused on healthcare, education, and community development through strategic implementing agencies and these programmes aim to improve access to essential services, strengthen community ecosystems, and deliver measurable, long-term social impact.

Information on the performance and financial position of the subsidiaries as on 31 March, 2026 are provided in form AOC 1 enclosed as **Annexure - C.**

RBI GUIDELINES AND COMPLIANCE:

The Company is registered with the Reserve Bank of India under Section 45IA of the Reserve Bank of India Act, 1934 as a Non-Banking Financial Company – Investment and Credit Company (NBFC-ICC) not accepting public deposits, vide Registration No. B-07.00430 dated 8 March, 2018, and has complied with and continues to comply with all applicable laws, rules, circulars and regulations applicable to the Company.

DEPOSITS:

The Company being 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 RBI (Non-Banking Financial Companies - Acceptance of Public Deposits) Directions, 2025.

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 117.68 Crore (previous year: INR 62.02 Crore) under the heads listed below:

(Amount INR in Crore)

Head of Expense	31 March, 2026	31 March, 2025
Subscription charges	0.03	0.17
Legal and professional charges	11.58	13.13
Finance cost	106.07	48.72
Total	**117.68**	**62.02**

MEETING OF INDEPENDENT DIRECTORS:

In terms of Para VII of Schedule IV of the Companies Act, 2013, your Company conducted a meeting of its Independent Directors on 30 March, 2026, 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:

In terms of Section 139 of the Companies Act, 2013 and the rules made thereunder, the Shareholders in the 16th Annual General Meeting had appointed M/s. Walker Chandiok & Co LLP, Chartered Accountants, having ICAI Firm Registration No.: 001076N/N500013 as statutory auditors of the Company for a period 3 (three) consecutive years, to hold office from the conclusion of 16th Annual General Meeting till the conclusion of 19th Annual General Meeting.

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

Pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), Urban Co-operative Banks and Non-Banking Financial Companies (including Housing Finance Companies) dated April 27, 2021, issued by the Reserve Bank of India ("RBI Guidelines"), Non-Banking Financial Companies having an asset size of INR 15,000 Crore and above, as at the end of the immediately preceding financial year, are required to appoint Joint Statutory Auditors, with the statutory audit to be conducted by a minimum of two audit firms.

As on 31 March, 2026, the asset size of the Company exceeded the prescribed threshold, thereby attracting the requirement for joint audit under RBI Guidelines. Accordingly, upon recommendation of the Audit Committee, the Board of Directors has approved the appointment of R. Subramaniyan and Company LLP, Chartered Accountants (Firm Registration No. (FRN: 004137S/S200041), as Joint Statutory Auditors of the Company, to hold office from the conclusion of the Eighteenth AGM till the conclusion of the Twenty-First AGM of the Company, subject to the approval of the Members at the ensuing AGM. The resolutions seeking shareholders' approval for the appointment of joint statutory auditors forms part of the AGM Notice.

SECRETARIAL AUDITORS

Pursuant to Regulation 24A(1)(b) of SEBI LODR Regulations, the shareholders at the 17th Annual General Meeting, appointed M/s. Alagar & Associates LLP (Formerly known as M. Alagar & Associates), Practicing Company Secretaries, Chennai (Firm Registration No. L2025TN019200) as Secretarial Auditors of the Company for a period of 5 (five) consecutive years, from the conclusion of the 17th AGM until the conclusion of the 22nd AGM to conduct the secretarial audit of the Company for the financial years from FY 2025-26 to FY 2029-30.

The Secretarial Audit Report for the financial year ended 31 March, 2026 is annexed herewith as "**Annexure D**" and does not contain any qualification, reservation or adverse remark in their report.

COST AUDIT AND COST RECORDS

The provisions of cost audit and the maintenance of cost records as prescribed under Section 148 of the Companies Act, 2013, 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.

CHANGES TO THE CONSTITUTIONAL DOCUMENTS DURING THE YEAR UNDER REVIEW

There were no changes in the Memorandum of Association and the Articles of Association of the Company during the year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY THAT OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENT RELATE TILL THE DATE OF THIS REPORT:

No material changes and commitments affecting the financial position of the Company have occurred between the financial year ended 31 March 2026 till the date of this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

In terms of Section 186(11) of the Companies Act, 2013 read with 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 Companies Act, 2013 for the financial year 2025-26 are provided in the notes to financial statements.

BOARD AND COMMITTEE MEETINGS

During the financial year 2025-26, 9 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 and disclosure on acceptance of Audit Committee recommendations by Board of Directors during the year under review are provided in the Corporate Governance Report, which is forming a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Board of Directors confirm that, to the best of its knowledge and belief:

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

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 Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Companies Act, 2013, and SEBI Listing Regulations. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Institute of Company Secretaries of India. In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and Chairperson of the Company was evaluated, taking into account the views of Executive and Non-Executive Directors.

At the Board meeting that followed the meeting of the Independent Directors, the performance of the Board, its committees, and individual directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board.

The Company has received declaration from each Director on fulfilling the fit and proper criteria in terms of the provisions of Reserve Bank of India (Non-Banking Financial Company - Governance) Directions, 2025 ("RBI Directions"). The Board of Directors has confirmed that all the existing Directors are fit and proper to continue to hold the appointment as Directors on the Board, as reviewed and recommended by the NRC on fit and proper criteria under RBI Directions.

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 following is a summary of complaints received and dealt with during the FY 2025-26:

(a) No. of complaints received in the year – 1

(b) No. of complaints disposed off during the year – 1

(c) No. of cases pending for more than ninety days - Nil

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) and 134(3)(a) of the Companies 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/annual-report and a copy of the Annual Return will be uploaded on the Company's website link as and when the same is filed with the Registrar of Companies, Chennai.

APPROVAL FOR FACTORING BUSINESS

During the year under review, the Company was granted a Certificate of Registration by the Reserve Bank of India (RBI) on 28 May 2025, permitting it to commence and carry on the business of factoring.

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.

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 Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions is available on website of the Company and the weblink for the same is https://www.northernarc.com//assets/uploads/policies/Policy_on_materiality_of_Related_Party_Transactions_and_dealing_with_Related_Party_Transactions.pdf. 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. Form **AOC-2** is enclosed with the report as **Annexure E**.

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

On May 12 May, the Company diluted its stake in FinReach Solutions Private Limited, and consequently, FinReach Solutions Private Limited ceased to be an associate of the Company.

COMPLIANCE WITH DOWNSTREAM INVESTMENT REGULATIONS PURSUANT TO RULE 23(6) OF THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019

Pursuant to Rule 23(6) of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Board hereby confirms that the Company has complied with the provisions relating to downstream investment made during the financial year.

The downstream investment has been made in accordance with the applicable provisions of the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, and the Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (DPIIT), as amended from time to time. The Company has duly complied with the prescribed reporting requirements and has completed all necessary statutory filings with the Reserve Bank of India and other regulatory authorities, wherever applicable.

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

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

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

Sr. No.	Name of Directors	Director's Remuneration (in INR)	Employees' Median Remuneration (in INR)	Ratio
1.	Ashish Mehrotra MD & CEO	10,65,90,002	5,58,280	1:191
2.	P S Jayakumar, Independent Director and Chairperson	1,52,50,000	5,58,280	1:27

All the other directors are not paid any remuneration except sitting fees for attending meetings of the Board and Committees thereof.

Percentage increase in remuneration of each Director, Chief Executive 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 in the financial year
P S Jayakumar, Independent Director and Chairperson	-1%
Ashish Mehrotra, MD & CEO	10%
Atul Tibrewal, Chief Financial Officer	10%
Prakash Chandra Panda, Company Secretary and Compliance Officer	9%

- Percentage increase in the median remuneration of employees in the financial year: 9%
- Number of permanent employees on the rolls of the company: 1126 (as of 31 March 2026)
- Average percentage increase in the salaries of employees other than the KMP in FY 2025-26 is 11.7%* and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration is -2%.
- 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 Nomination and 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 Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is in a separate **Annexure F** forming part of this report. A copy of the Board's Report is being sent to all the members excluding **Annexure F**. 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 cs@northernarc.com or addressed to Registered office of the Company.

DETAILS OF THE TRANSFER/S TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF) MADE DURING THE YEAR:

As per the provisions of Section 124(5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and pursuant to the Regulation 61A of the SEBI Listing Regulations the Company is required to transfer unclaimed dividend/ interest, if any, to an escrow account maintained by the Company. Upon completion of seven years from the date of transfer to the escrow account, the unclaimed amounts, if any, will be transferred to the Investor Education and Protection Fund ("IEPF"). During the reporting year under reveiw, no transfer to the Investor Education and Protection Fund (IEPF) was required to be made. Details of such unclaimed amount liable to be transferred to IEPF is hosted on the website of the Company at https://www.northernarc.com/assets/uploads/files/unclaimed-dividends.pdf.

The Company Secretary of the Company has been designated as the Nodal Officer for handling investor queries related to unclaimed amounts.

CODE OF CONDUCT

The SEBI Listing Regulations requires listed companies to lay down a code of conduct for its directors and senior management, incorporating duties of directors prescribed in the said regulations. Accordingly, the Company has a Board approved code of conduct for Board members and senior management of the Company, and the details are mentioned in the Corporate Governance Report.

All the Board members and senior management personnel have affirmed compliance with the code for the FY 2025-26.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

As per the provisions of Section 177(9) of the Companies Act, 2013, the Company has established an adequate whistle blower 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, at https://www.northernarc.com//assets/uploads/policies/Vigil_Mechanism_Whistle_blower_policy.pdf. No references under the whistle blower policy were received during the FY 2025-26. 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.

INTERNAL FINANCIALS CONTROLS

The Board of Directors confirms that your Company has laid down set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively. During the year under review, no material or serious deviation has been observed for inefficiency or inadequacy of such controls.

A STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY FOR THE COMPANY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK, IF ANY, WHICH IN THE OPINION OF THE BOARD MAY THREATEN THE EXISTENCE OF THE COMPANY:

The Board affirms that the company has developed and implemented a comprehensive Risk Management Policy. This policy outlines a structured and proactive approach to identifying, assessing, mitigating, and monitoring various risks that could potentially impact the company's operations, financial performance, and long-term sustainability.

Details of identification, assessment, mitigations, monitoring and the management of these risks are mentioned in the Management Discussion and Analysis Report appended to this Report.

OTHER DISCLOSURE:

In terms of applicable provisions of the act, the company discloses that during the year under review:

(i) The company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Companies Act, 2013, read with rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

(ii) The company has not issued any sweat equity shares and hence disclosure as per Section 54(1)(d) of the Companies Act, 2013, read with rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is not provided.

(iii) There were no instances of non-exercising of voting Rights directly by Employees in respect of shares to which the scheme relates, hence no information pursuant to section 67(3) of the Companies Act, 2013, read with rule 16(4) of Companies (Share Capital and Debenture) Rules, 2014 is furnished.

(iv) The Company is complying with the provisions relating to the Maternity Benefit Act 1961.

(v) Neither any application was made, nor any proceedings are pending under the Insolvency and Bankruptcy Code, 2016 against the Company.

(v) There were no instances of one-time settlement for any loans taken from the banks or financial institutions.

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 customers, business partners, bankers, shareholders, and other stakeholders of the Company.

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

On behalf of the Board
For Northern Arc Capital Limited

P. S. Jayakumar
Chairman and Independent Director
DIN: 01173236

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Date: 10 July, 2026
Place: Chennai

Annexure A

Business Responsibility & Sustainability Reporting

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L65910TN1989PLC017021
2.	Name of the Listed Entity	Northern Arc Captial Limited ("Northern Arc")
3.	Year of incorporation	1989
4.	Registered office address	No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani, Chennai, Tamil Nadu, India, 600113
5.	Corporate address	No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani, Chennai, Tamil Nadu, India, 600113
6.	E-mail	secretarial@northernarc.com
7.	Telephone	+91 44 6668 7000
8.	Website	www.northernarc.com
9.	Financial year for which reporting is being done	01 April 2025- 31March 2026
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11.	Paid-up Capital	161,57,18,750
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Shakeel Ahamed Head - Sustainability +91 87545 08977 sustainability@northernarc.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The disclosures are provided on standalone basis
14.	Name of assurance provider	Not Applicable
15.	Type of assurance obtained	Not Applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Financial services	Non-Banking Financial services	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Financial Services	64990	100%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	NA	91	91
International	NA	NA	NA

19. Markets served by the entity:

a. **Number of locations**

Locations	Number
National (No. of States)	8
International (No. of Countries)	NA

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**

Not Applicable – The entity is a Non-Banking Finance Company (NBFC) and does not engage in export activities

c. **A brief on types of customers.**

Northern Arc Capital serves a diverse range of customers, primarily focused on underserved and emerging segments. Their key customer types include:

1. **Rural and Retail Customers** – Individuals and small businesses in rural and semi-urban areas, served through it's rural financing platforms – Pragati Finserv Private Limited
2. **MSMEs** – Micro, Small, and Medium Enterprises needing flexible credit products such as Loan Against Property (LAP) and working capital solutions.
3. **Originator Partners** –Network of financial institution partners, technology platforms (such as Fintechs), and other entities that act as business correspondents to originate financial exposure.
4. **Emerging Corporates** – Businesses in sectors like healthcare, logistics, agriculture, clean energy, education, and B2B services that require tailored financing solutions.
5. **Institutional Investors** – Domestic and international investors from whom Northern Arc enable credit for Originator Partners through various financing products.

IV. Employees

20. Details as at the end of Financial Year, i.e. 31 March, 2026:

a. **Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1.	Permanent (D)	1126	963	85.52%	163	14.48%
2.	Other than Permanent (E)	398	307	77.14%	91	22.86%
3.	**Total employees (D + E)**	**1524**	**1270**	**83.33%**	**254**	**16.67%**
	WORKERS					
4.	Permanent (F)	Nil	Nil	Nil	Nil	Nil
5.	Other than Permanent (G)	Nil	Nil	Nil	Nil	Nil
6.	**Total workers (F + G)**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

b Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1.	Permanent (D)	1	1	100%	0	0%
2.	Other than Permanent (E)	0	0	0%	0	0%
3.	**Total differently abled employees (D + E)**	**1**	**1**	**100%**	**0**	**0%**
	WORKERS					
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	**Total workers (F + G)**	**NA**	**NA**	**NA**	**NA**	**NA**

21. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	9	3	33.33%
Key Management Personnel	3	0	0.00%

22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	31 March 2026 (Turnover rate in current FY)			31 March 2025 (Turnover rate in previous FY)			31 March 2024 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	46.5%	5.30%	51.80%	40.15%	27.22%	67.38%	43.46%	28.77%	72.22%
Permanent Workers	NA			NA					

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding/ subsidiary/ associate companies/ joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Northern Arc Investment Managers Private Limited	Subsidiary	100.00%	Yes
2	Northern Arc Creditech Solutions Private Limited (formerly known as Northern Arc Investment Advisors Private Limited)	Subsidiary	100.00%	Yes
3	Northern Arc Securities Private Limited	Subsidiary	100.00%	Yes
4	Northern Arc Foundation	Subsidiary	100.00%	Yes
5	Pragati Finserv Private Limited	Subsidiary	90.10%	Yes

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No): Yes

(ii) Turnover (in INR): 26,43,83,23,000/-

(iii) Net worth (in INR): 38,93,48,27,000/-

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	31 March 2026 Current Financial Year			31 March 2025 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	YES	0	0	Nil	0	0	Nil
Investors (other than shareholders)	YES	0	0	Nil	0	0	Nil
Shareholders	YES https://www.northernarc.com/disclosures-investor-contact	1	0	Nil	53	0	Nil
Employees and workers	YES	0	0	Nil	0	0	Nil
Customers	YES	29768	156	Nil	938	0	Nil
Value Chain Partners	YES	0	0	Nil	0	0	Nil
Other (please specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Responsible Lending & Client Engagement	Opportunity and Risk	Responsible assessment of borrower repayment capacity or alignment of financial products with customer needs prevents over-indebtedness, decreases default risk, and improves customer outcomes.	Northern Arc adopts a cash-flow-based underwriting approach, supplemented by the use of alternative data, to assess borrower capacity accurately. The company designs borrower-centric products with appropriate and flexible repayment structures, ensuring affordability and suitability. The Committee on Client Experience reviews new products and services to ensure they meet the standards of Client Protection. Robust underwriting guidelines and Fair Practices Code aligned with RBI regulations and Client Protection Principles promote responsible pricing and prevent over-indebtedness, while maintaining a fair, transparent, and non-discriminatory customer experience. Customers are supported with adequate information to enable informed decision-making.	**Positive:** (i) Improved portfolio quality and lower default rates through prudent underwriting (ii) Enhanced customer outcomes and financial well-being (iii) Strengthened trust, reputation, and stakeholder confidence (iv) Better regulatory alignment and reduced compliance risks (v) Sustainable business growth driven by responsible and customer-centric lending practices

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				Closely monitored by Client Experience Committee, customer feedback is actively collected and used to enhance service quality. A formal grievance redressal mechanism established as per RBI guidelines, led by a designated officer, promptly responds and addresses customer concerns. The contact details and escalation matrix of the grievance redressal officers are clearly shared in loan documentation and on the Company's website.	
2.	Transparent & Ethical Governance	Opportunity and Risk	As a publicly listed company and RBI-regulated NBFC, Northern Arc operates within a robust regulatory environment and serves a wide network of institutional investors and financially vulnerable borrower segments through its Originator Partners. This enables Northern Arc to differentiate itself through high standards of governance, transparency, and ethical conduct. By embedding strong governance practices, the Company can enhance investor confidence, regulatory credibility, and customer trust, while enabling sustainable growth, smoother access to capital, and responsible expansion into underserved markets. A breach can result in regulatory penalties but, more importantly, affect Northern Arc's credibility and result in reputational loss with market, investors and clients.	Northern Arc reinforces its commitment to ethical conduct through a comprehensive governance framework, including policies such as: - Anti-Bribery and Anti-Corruption Policy - Whistleblower Policy - Anti-Money Laundering (AML) Policy - Employee Code of Conduct - Code of Conduct for Directors and Senior Management - Collections Code of Conduct These are supported by centralized compliance monitoring, periodic internal and external audits, and continuous employee training on AML, POSH, and insider trading regulations. A strong whistleblower mechanism and governance oversight structures further promote transparency, accountability, and adherence to regulatory requirements, ensuring consistent ethical practices across the organization and its partner ecosystem.	**Positive:** (i) Enhanced market and investor confidence (ii) Increased trust among customers, partners, and stakeholders (iii) Reinforced brand reputation as a responsible and ethical financial institution (iv) Reduced likelihood of regulatory disruptions through proactive compliance (v) Improved organizational integrity and long-term business sustainability **Negative:** i. Reputational damage and loss of credibility ii. Declining investor and stakeholder confidence iii. Customer and market trust erosion iv. Regulatory and compliance consequences
3.	Responsible Collections & Recovery Practices	Opportunity and Risk	Responsible and customer-centric collections practices present an opportunity to differentiate through ethical conduct and borrower-centricity, particularly during periods of financial stress. By ensuring respectful and fair engagement, Northern Arc can strengthen customer trust, improve repayment behavior, and enhance its reputation as a responsible financial institution, while maintaining strong alignment with regulatory expectations. Coercive recovery practices erode customer trust due to borrower distress leading to reputational damage, and regulatory penalties (especially under RBI norms).	Northern Arc embeds Client Protection Principles at the core of its policies and processes. Its Code of Conduct and Fair Practices Code emphasize respectful treatment of borrowers, transparency, and fairness across all recovery interactions, ensuring a consistent and responsible approach to collections. A responsive grievance redressal mechanism, established as per RBI guidelines, enables resolution of grievances of customers in the event of unprofessional or unethical practices by its collection personnels.	**Positive:** (i) Enhanced market and investor confidence (ii) Improved repayment behavior and collection efficiency. (iii) Stronger alignment with regulatory expectations and industry best practices (iv) Reduced likelihood of disputes. (v) Enabling positive borrower experience across the loan lifecycle. **Negative:** i. Borrower distress and loss of customer trust and confidence ii. Reputational and brand damage iii. Regulatory and legal consequences
4.	Financial Inclusion	Opportunity	Expanding access to finance for underserved segments presents a significant opportunity to drive inclusive growth while unlocking new markets. By leveraging appropriate underwriting safeguards and customer-centric product design. Northern Arc enables responsible credit access, supporting economic and women empowerment while maintaining portfolio quality and risk discipline.	Northern Arc adopts a balanced and risk-aware approach to financial inclusion by combining cash-flow-based underwriting with the use of data to accurately assess borrower's repayment capacity. The Company follows prudent credit policies to ensure affordability and prevent over-indebtedness, while designing tailored financial products suited to the specific needs of underserved segments under the guidance of its Client Experience Committee. This approach is further strengthened through ongoing portfolio monitoring and robust partner oversight to maintain credit quality.	**Positive:** (i) Expanded access to credit for underserved communities, supporting economic participation (ii) Enhanced market reach and diversification of customer base (iii) Contribution to inclusive economic development.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5.	Prudent Enterprise Risk Management (ERM)	Opportunity and Risk	In a complex and evolving business environment, Northern Arc is exposed to a range of interconnected risks and opportunities that require systematic identification, assessment, and ongoing monitoring. The nature of its structured credit activities and partnerships necessitates a disciplined risk approach to ensure alignment with defined risk boundaries and to safeguard business continuity, particularly during periods of uncertainty or disruption. Northern Arc's exposure to a wide breadth of risk including credit, liquidity, operational, fraud, information security, compliance, strategic, reputational and other key risk categories, increases the need for rigorous risk discipline to manage evolving credit dynamics. Without strong oversight, these structures can amplify concentration risks and operational vulnerabilities.	Northern Arc has established a centralized and comprehensive ERM framework that incorporates regular stress testing, enhanced partner due diligence, and the integration of risk indicators. The Board-approved risk appetite statement establishes clear risk boundaries and guiding metrics to manage cumulative risk exposure. This enables proactive risk identification and timely decision-making. The ERM framework is subject to periodic review and oversight by the Operational Risk Committee, ensuring continuous strengthening of risk practices in line with evolving business and regulatory requirements.	**Positive:** (i) Enhanced organizational resilience and business continuity readiness (ii) Improved risk visibility and proactive decision-making through structured monitoring (iii) Preventing potential credit rating downgrades affecting cost of capital and market reputation (iv) Preventing potential deterioration in portfolio quality and financial stability (v) Improving investor confidence and market credibility **Negatives:** i. Absence of prudent enterprise risk management ii. Elevated credit and operational risks iii. Increased concentration and portfolio vulnerabilities iv. Potential financial losses and business disruptions v. Regulatory and compliance challenges v. Reputational damage and reduced stakeholder confidence

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Easing access to Credit through Technology and Digital Innovation	Opportunity and Risk	By leveraging data and digital capabilities, Northern Arc simplifies access to credit for customers, optimizes credit decisions and operational workflows thereby unlocking opportunities for innovation, improved performance, and sustainable growth. Ineffective use of technology or poorly designed models can lead to inaccurate or biased credit decisions, affecting customers through inappropriate loan offerings or exclusion from credit, and impacting the company through poor portfolio quality, regulatory scrutiny, and loss of credibility.	Northern Arc adopts a responsible and controlled approach to technology deployment by embedding robust through a well-defined governance framework that clearly delineates the roles of the Risk and Technology functions. The Risk function is responsible for the design, validation, and approval of credit decision models and governance frameworks around its digital systems and decision models guided by its, under the oversight of the Risk Committee, ensuring that all model development and policy decisions are anchored in prudent risk management principles. The Technology function, under the governance of the IT Strategy Committee. , is responsible for the secure operationalization and implementation of these approved models and governance frameworks within the Company's digital platforms. This includes ensuring robust system controls, scalability, security, and the reliable execution of risk-approved decision logic.	**Positive:** i. Enhanced operational efficiency and scalability across lending and investment processes, resulting in improved productivity, optimized operating costs, and the ability to support sustainable business growth. ii. Expanded market reach through digital channels, enabling greater penetration into underserved customer segments and creating opportunities for sustainable revenue growth. iii. Strengthened customer trust and engagement through secure, seamless, and transparent digital experiences, contributing to higher customer acquisition, improved retention, and stronger long-term franchise value. iv. Improved portfolio quality and financial resilience through risk-based digital underwriting, automated controls, continuous monitoring, and early risk detection, helping reduce credit losses, fraud risk, and operational errors while supporting prudent and consistent credit decision-making.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				The Company ensures undertakes periodic validation and monitoring of credit algorithms models to maintain predictive accuracy, performance, and minimize bias fairness, while integrating risk checks within technology platforms embed the approved risk rules and control mechanisms to support informed and enable consistent and auditable credit decision-making. Continuous system enhancements, model performance reviews, and alignment with evolving regulatory expectations enable the organization to balance innovation with accountability, ensuring that technology-driven-enabled credit processes remain secure, reliable, fair transparent, and effective accountable, supporting innovation without compromising sound risk management.	**Negative:** i. Biased or inaccurate credit outcomes ii. Customer exclusion and unfair treatment iii. Deterioration in portfolio quality iv. Regulatory and compliance risks v. Loss of credibility and stakeholder trust
7	ESG Integration	Opportunity and Risk	Embedding ESG into business strategy provides an opportunity to align with evolving capital flows and stakeholder expectations, enabling Northern Arc to build stronger investor relationships, expand into future-ready sectors, and position itself as a responsible and forward-looking financial institution. Limited integration of ESG considerations into core business and credit decisions can weaken the company's ability to identify emerging credit risks, meet evolving investor expectations, and maintain long-term portfolio quality.	Northern Arc incorporates ESG considerations into its decision-making by systematically evaluating ESG factors within credit assessments and strengthening oversight across its partner ecosystem. The Company also advances transparency through enhanced disclosures and monitoring mechanisms, while continuously refining its approach to identify, assess, and respond to ESG-related risks and opportunities in a structured manner.	**Positive:** (i) Improved quality of the credit portfolio (ii) Better risk anticipation through integration of non-financial factors (iii) Stronger alignment with evolving investor and market expectations (iv) Increased ability to capture emerging opportunities in sustainable sectors **Negative:** i. Inadequate identification of emerging ESG risks that affect credit assessment. ii. Deterioration in portfolio quality and resilience iii. Reputational risk and reduced investor confidence and stakeholder trust
8	Human Capital Development and Maintenance of Ethical Workplace	Opportunity	Investing in talent with strong domain expertise and building employee capabilities presents a significant opportunity to drive innovation, enhance client service, and support sustainable business growth. By fostering a fair, inclusive, and safe workplace that emphasizes equal opportunity, employee well-being, and respect for rights, Northern Arc promotes a professional organizational culture, improve employee engagement, and enhance its ability to attract and retain high-quality talent in the financial services sector.	Northern Arc promotes an employee-centric workplace enabling innovation, growth and a collaborative work culture. We invest in capability building through learning opportunities, leadership development, certifications, and cross-functional mentorship programs, enabling employees to grow and contribute meaningfully to the organization's long-term success. Through comprehensive policies that uphold human rights and labour standards, including compliance with applicable laws and prevention of sexual harassment. The Company actively advances diversity, equity, and inclusion (DEI) through structured employee engagement initiatives and accessible grievance redressal mechanisms. Regular training programs reinforce awareness of HR policies and expected standards of conduct.	**Positive:** (i) Improved employee satisfaction, engagement, and retention (ii) Stronger innovation and service delivery driven by skilled and motivated talent (iii) Strengthened organizational culture built on fairness, inclusion, and respect (iv) Enhanced employer brand and ability to attract diverse talent. (v) Reduced potential legal liabilities and regulatory non-compliance (e.g., labour laws, POSH violations).
9	Data Privacy & Cybersecurity	Risk	As a technology driven platform operating in the fin-tech space, Northern Arc's operations are increasingly driven by data-centric processes and digital platforms processing customer personal data. This reliance heightens exposure to evolving cyber threats, where any compromise of data integrity or system security could breach customer privacy, undermine customer trust, disrupt operations, and lead to regulatory and reputational consequences.	Northern Arc strictly follows all compliance and regulatory requirements with strong information security framework and governance. Norther Arc's Chief Information Security Officer led the enterprise-wide implementation of information security and data protection policies and controls with proactive system monitoring round the clock. The Company deploys rigorous cybersecurity controls, priorities and mitigates risk and vulnerabilities, maintains strict compliance with data privacy regulations. By continuously upgrading its security protocols, tools and techniques as per industry standards. Northern Arc actively shields their customer sensitive data and fortifies operational resilience.	**Positive:** (i) Loss of customer, partner, and investor trust due to data breaches or misuse (ii) Regulatory penalties and legal liabilities arising from non-compliance with data protection requirements (iii) Reputational damage impacting brand credibility and stakeholder confidence.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURE

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	Human Right Policy: https://www.northernarc.com/assets/uploads/pdf/Human_Rights_Policy_20240511.pdf Suppliers Code of Conduct: https://www.northernarc.com/assets/uploads/pdf/Final_Draft_Suppliers_Code_of_Conduct_20250214.pdf Employee Code of Conduct: https://www.northernarc.com/assets/uploads/pdf/Final_Northern_Arc_Employee_Code_of_Conduct.pdf Equal Opportunity Policy: https://www.northernarc.com/assets/uploads/pdf/EQUAL-OPPORTUNITY-POLICY-1628511796.pdf Anti-Bribery and Anti-Corruption Policy: https://www.northernarc.com/assets/uploads/pdf/Anti-Bribery-and-Anti-Corruption-Policy-1620722848.pdf Fair Practices Code: https://www.northernarc.com/assets/uploads/pdf/Fair-Practices-Code.pdf Other Governance related policies at: https://www.northernarc.com/disclosures-under-regulations https://www.northernarc.com/disclosures								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/ certifications/ labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	-	-	-	-	-	-	-	-	-

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	**Green Buildings:** All corporate offices will be located in certified green buildings. **ESG Capability Building:** Deliver annual, role-specific ESG training to the credit and risk functions of the corporate & emerging business to strengthen the integration of ESG considerations into credit decisioning. **Data Privacy and Cybersecurity:** Ensure completion of annual mandatory data privacy and cybersecurity awareness training for all employees. **Ethics and Responsible Conduct:** Company's Code of Conduct role-specific annual training to all employees. **Sustainable Mobility:** Launch a sustainable mobility programme for employees during FY26-27 to encourage and incentivise the adoption of electric and hybrid vehicles. **Diversity, Equity and Inclusion:** Increase women's representation in the workforce from 17% to 22% and in leadership positions from 11% to 15% by 2030. **Climate Finance:** Achieve climate finance of INR 1,000 crore by year 2030. **Financial Inclusion:** Expand financial inclusion by delivering a minimum 15% year-on-year growth in outreach from FY26-27 through FY28-29, driven by the Company's lending operations and by financing its Originator Partners. **ESG-Linked Performance Management:** During FY26-27, functional heads will assign relevant aspirational ESG objectives to their respective teams. From the upcoming fiscal year, measurable and verifiable KRAs with relevant ESG objectives will be applied. **Women Entrepreneurship:** Achieve financing of INR 4000 crore by FY28-29 to women-owned/women-led businesses. **Rural Outreach:** Expand branch operations to 15 additional underserved districts by FY28-29.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	For a detailed account of the Company's performance against the United Nations Sustainable Development Goals, kindly refer to the section titled ESG Focus: Sustainable Pathways to Financial Access.								

Governance, leadership, and oversight	
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Please refer Environmental, Social and Governance section under Management Discussion and Analysis Report.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Board of Directors
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, ESG Committee

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee	Frequency (Annually/Half yearly/ Quarterly/ Any other – please specify)
	P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9	P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9
Performance against above policies and follow up action	Committee of Board	Annually
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Committee of Board	Quarterly

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency?	**P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9**
(Yes/No). If yes, provide name of the agency.	No

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9
The entity does not consider the Principles material to its business (Yes/No)	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	
It is planned to be done in the next financial year (Yes/No)	
Any other reason (please specify)	

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

PRINCIPLE 1

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	3	• SEBI (Prohibition of Insider Trading) Regulations) • SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (LODR) • Related Party Transactions (RPTs) • Internal Financial Controls (IFC) • Product Familiarization • Risk Mitigation • Awareness program on framework for Those Charged With Governance (TCWG) and the Audit Committee	100%
Key Managerial Personnel	3		100%
Employees other than BoD, KMPs	19	(i) Mandatory Training • POSH Trainings for IC Members • Insider Trading Regulation Awareness • Information Security Training • Compliance and Regulatory Framework • POSH Training	100%

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
		(ii) Internal Training • Environmental and Social Management System Training • Knowledge Sharing Series – AI for Professionals • Anti-Bribery & Anti-Corruption • Code of Conduct • Work Ethics • Values & Behavior Program • Retail LAP Product & Process Refresher • Information Security Training (Instructor-led) • Value & Valuation Masterclass • Contract Management: Basics & Illustrations -Navigating Through Legistify (iii) External Training • Wealth Management Certification • Certification Programme on Risk Based Internal Audit by NIBM • Programme on Regulations and Compliance for FinTech's/start-ups	
Workers	NA	NA	NA

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website)** Nil

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred?(Yes/No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes, the Company has an Anti-Bribery and Anti-Corruption Policy. This policy is publicly available on its official website. The policy outlines Northern Arc's commitment to conducting business with integrity and in compliance with all applicable antibribery and anti-corruption laws. It prohibits all forms of bribery and corruption, whether direct or indirect, and applies to all employees, directors, and associated persons. The policy also provides guidance on recognizing and handling potential bribery and corruption issues, including procedures for reporting concerns and the consequences of policy violations.

The policy document can be accessed at https://www.northernarc.com/assets/uploads/pdf/Anti-Bribery-and-Anti-Corruption-Policy-1620722848.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	NA	NA

6. **Details of complaints with regard to conflict of interest:**

	31 March 2026 Current Financial Year		31 March 2025 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	NIL	NIL
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	NIL	NIL

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not applicable

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:**

	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Number of days of accounts payables	44	54

9. **Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Concentration of Purchases	a) Purchases from trading houses as % of total purchases	Nil	Nil
	b) Number of trading houses where purchases are made from	Nil	Nil
	c) Purchases from top 10 trading houses as % of total purchases from trading houses	Nil	Nil
Concentration of Sales	a) Sales to dealers / distributors as % of total sales	Nil	Nil
	b) Number of dealers / distributors to whom sales are made	Nil	Nil
	c) Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	Nil	Nil
Share of RPTs in	a) Purchases (Purchases with related parties / Total Purchases)	Nil	Nil
	b) Sales (Sales to related parties / Total Sales)	0.19%	0.45%
	c) Loans & advances (Loans & advances given to related parties / Total loans & advances)	0	0
	d) Investments (Investments in related parties / Total Investments made)	7.27%	15.62%

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	Nil	Nil

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes, the Company has established processes to manage and avoid conflicts of interest involving its Board members. The Code of Conduct for Board of Directors and Senior Management outlines the ethical standards and responsibilities expected from directors and senior management, including provisions to identify, disclose, and manage conflicts of interest.

PRINCIPLE 2

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year	Details of improvements in environmental and social impacts
R&D	0.00%	0.00%	Nil
Capex	5.75%%	19%	

Note: Northern Arc's investments in technology contributes significantly to its environmental and social impact by enabling digital operations and customer interactions, thereby reducing paper usage and costs associated with physical processes.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No):- Yes

b. If yes, what percentage of inputs were sourced sustainably?

Operational inputs:

Procurement of computers & accessories constitutes about 42.75% of the Company's total procurement of goods for the year.

Information Technology hardware (computers, peripherals, servers, networking equipment) constitutes major procurement of goods. Sustainability considerations are applied in the procurement of Information Technology hardware by selecting enterprise-grade laptops and devices from established manufacturers where such products are aligned with energy efficiency, durability, serviceability, repairability, responsible materials, and lifecycle support. Procurement decisions consider device configuration, expected useful life, warranty coverage, availability of spares, vendor service support, and suitability for reuse or redeployment within the Company. Preference is given to reliable devices that can remain productive for a longer period, thereby reducing premature replacement and limiting electronic waste generation.

Vendor sustainability programmes and disclosures are also considered where relevant, including initiatives around recycled or renewable materials, repair and recovery programmes, responsible packaging, product carbon footprint reporting, and circular-economy practices. This ensures that IT procurement is not limited to price and performance alone, but also factors in asset longevity, environmental impact, end-of-life responsibility, and alignment with the Company's broader sustainability objectives.

Core business inputs:

Financial capital, human capital, technology infrastructure, data and third-party services are the core business inputs for the Company. Capital allocation; talent management; optimum outsourcing; technology efficiency & resilience; and harnessing data for insight, analytics, and decision-making are managed sustainably.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Not applicable, owing to the nature of the Company's business and sector that the Company operates in.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same

Not Applicable.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
NA	NA	NA	NA	NA	NA

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/Service	Description of the risk/concern	Action Taken
NA	NA	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
-	-	-

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	31 March 2026 Current Financial Year			31 March 2025 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

Note: Not applicable as Northern Arc provides financial products and services wherein the products themselves do not generate or become any waste.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	

PRINCIPLE 3

BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
	Total (A)	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F /A)
Permanent employees											
Male	963	963	100%	963	100%	NA	NA	963	100%	0	0
Female	163	163	100%	163	100%	163	100%	NA	NA	0	0
Total	**1126**	**1126**	**100%**	**1126**	**100%**	**163**	**14.48%**	**963**	**85.52%**	**0**	**0**
Other than Permanent employees											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
	Total (A)	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F /A)
Permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Other than Permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Cost incurred on well- being measures as a % of total revenue of the company	0.08%	0.12%

2. **Details of retirement benefits, for current financial year and previous financial year.**

Benefits	31 March 2026 Current Financial Year			31 March 2025 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	99.64%	0%	Yes	99.00%	0%	Yes
Gratuity	100.00%	0%	Yes	100.00%	0%	Yes
ESI	1.69%	0%	Yes	7.70%	0%	Yes
Others - National Pension Scheme	3.29%	0%	Yes	4.5%	0%	Yes

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Company is committed to creating an inclusive and accessible workplace in line with the Rights of Persons with Disabilities Act, 2016. The company ensures that its corporate offices are designed to be accessible to differently abled employees and visitors, including features such as ramps, accessible entrances, elevators, and restrooms. Select branch offices are equipped with ramps and/or elevators, as made available by the respective building owners, wherever applicable.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, Northern Arc has implemented an Equal Opportunity Policy in accordance with the Rights of Persons with Disabilities Act, 2016. This policy underscores the company's commitment to providing equal employment opportunities to all individuals, including persons with disabilities, across various aspects such as hiring, training, promotions, and workplace accessibility.

The link to the policy is https://www.northernarc.com/assets/uploads/pdf/EQUAL-OPPORTUNITY-POLICY-1628511796.pdf

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	NA	NA
Female	100%	100%	NA	NA
Total	**100%**	**100%**	**NA**	**NA**

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No	(If Yes, then give details of the mechanism in brief)
Permanent Workers	Not Applicable	Not Applicable
Other than Permanent Workers	Not Applicable	Not Applicable
Permanent Employees	Yes	Northern Arc has a structured Grievance Redressal Mechanism in place for its permanent employees. Employees can raise workplace concerns, including grievances related to discrimination or accessibility, directly with the designated Liaison Officer.
Other than Permanent Employees	Yes	Northern Arc has a structured Grievance Redressal Mechanism in place for its other than permanent employees such as contract staff, interns, trainees, persons acting as consultants, and third-party workers deployed at Northern Arc. They can raise workplace concerns, including grievances related to discrimination or accessibility, directly with the designated Liaison Officer

7. **Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

Category	31 March 2026 Current Financial Year			31 March 2025 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees/ workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	**1126**	**-**	**-**	**1080**	**-**	**-**
- Male	963	-	-	904	-	-
- Female	163	-	-	176	-	-
Total Permanent Workers	NA					
- Male						
- Female						

8. Details of training given to employees and workers:

Category	31 March 2026 Current Financial Year					31 March 2025 Previous Financial Year				
		On Health and safety measures		On Skill upgradation			On Health and safety measures		On Skill upgradation	
	Total (A)	No. (B)	% (B/A)	No. (C)	% (C/A)	Total (D)	No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	963	27	2.80%	395	41.02%	904	332	36.73%	554	61.28%
Female	163	9	5.52%	57	34.97%	176	63	35.80%	136	77.27%
Total	**1126**	**36**	**3.20%**	**452**	**40.14%**	**1080**	**395**	**36.57%**	**690**	**63.89%**
Workers										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

9. Details of performance and career development reviews of employees and worker:

Category	31 March 2026 Current Financial Year			31 March 2025 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	963	723	75.08%	904	639	70.69%
Female	163	141	86.50%	176	157	89.20%
Total	**1126**	**864**	**76.73%**	**1080**	**796**	**73.70%**
Workers						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

10. Health and safety management system:

(a) Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, Northern Arc has implemented an Occupational Health and Safety Management System through the adoption of its Environment, Health and Safety (EHS) Policy. The policy affirms the company's commitment to complying with all applicable health and safety regulations. It provides for the identification and assessment of workplace risks through regular risk assessments and ensures workplace safety through periodic inspections. The policy further outlines procedures for the mitigation and management of workplace accidents and incidents, with a focus on minimizing recurrence. The offices are equipped with first aid kits and fire extinguishers. The Company has also adopted a Travel Policy emphasizing safe travel and promoting road safety during travel by employees.

(b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Northern Arc has a structured process to identify and assess work-related hazards as part of its Environment, Health and Safety (EHS) Policy. Identified risks are documented in a centralized risk register, which is regularly updated through workplace inspections, task-specific assessments, and incident investigations. All workplace incidents and near-misses are reported, analysed for root causes, and used to inform risk mitigation measures. Employee feedback is actively encouraged and integrated into the risk assessment process. These measures are supported by regular training and awareness programs.

(c) Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Yes/No)

Yes, all offices of the Northern Arc have designated administration officers, and all branches have the branch managers to record such incidents and report to the head of the administration department. All incidents are tracked in a safety register and are reviewed biannually.

(d) Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the company covers all its permanent employees under health insurance and personal accident insurance policies.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.24	-
	Workers	NA	NA
Total recordable work-related injuries	Employees	1	-
	Workers	NA	NA
No. of fatalities	Employees	-	-
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	NA	NA

*Including in the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy workplace:

The Company implements a comprehensive EHS program to ensure workplace safety and health. Hazards are recorded in a centralized risk register, updated through regular inspections, task-specific assessments, and incident investigations. All incidents and near-misses are reported and analysed to improve preventive measures. Employee feedback is encouraged and integrated into safety practices.

13. Number of Complaints on the following made by employees and workers:

	31 March 2026 Current Financial Year			31 March 2025 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	No complaints have been received			No complaints have been received		
Health Safety						

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	20% of offices and 5% of the branches were covered in the assessments.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

   (A) Employees – Yes

   (B) Workers – NA

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

   As part of the onboarding process for both service providers and contract vendors, a comprehensive compliance check is conducted, including verification of statutory registrations such as GST, PAN, PF, and ESI. Additionally, the agreements with these partners clearly outline the requirement for timely deduction and deposition of all applicable statutory dues, along with defined consequences for non-compliance.

   For contract vendors (e.g., housekeeping), statutory payment compliance is reviewed on a monthly basis prior to invoice processing. In the case of service providers (e.g., technology vendors), such compliance is addressed through contractual obligations.

   Further assurance is provided through periodic sample audits conducted by internal teams or third-party auditors, covering filings such as GST returns and PF/ESI challans. TDS is deducted at applicable rates from vendor payments, ensuring compliance with relevant regulatory requirements on the Company's part.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Employees	Nil	Nil	Nil	Nil
Workers	NA	NA	NA	NA

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

   No.

5. **Details on assessment of value chain partners:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	-
Working Conditions	-

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   Not Applicable

PRINCIPLE 4

BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   Each stakeholder group represents a distinct pillar supporting Northern Arc's business. At the centre are customers, underscoring the Company's focus on expanding access to finance for MSMEs and retail borrowers. Complementing this core are key external pillars, including shareholders, who shape strategic direction; lenders and investors, who enable capital flows; and value chain partners, such as originators and service providers, who facilitate execution and delivery.

   Within the organization, employees and the Board form integral pillars that drive performance, governance, and decision-making. Regulatory authorities, including RBI and SEBI, represent a critical pillar that guides compliance and reinforces responsible business conduct. The Company also recognizes society at large as an essential pillar, reflecting its broader commitment to social impact and transparency.

   These pillars continue to evolve and are periodically reassessed through ongoing engagement, including investor interactions, regulatory consultations, employee feedback mechanisms, customer engagement channels, and community outreach initiatives. This approach ensures Northern Arc remains responsive to changing expectations while strengthening alignment across all stakeholder pillars.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers (Borrowers)	Yes	Website, Emails, Telephone Communications, SMS, Customer Feedback, Customer Helpline, Social Media Channels, Customer Grievance Cell.	Periodic, Continuous, and Need-based.	To build and sustain customer trust and satisfaction by providing accessible, transparent, and responsible financial solutions. Engagement focuses on key aspects of the customer experience, including clarity of loan terms, efficient turnaround times, effective grievance redressal mechanisms, and flexibility in product offerings to meet diverse customer needs.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	Emails, SMS, Newspaper, Notices, Website Disclosures.	Quarterly, Half-yearly, Annually and Need-based.	To promote transparency, strengthen trust, and ensure alignment with shareholder expectations, Northern Arc engages through regular disclosures, Annual General Meetings (AGMs), and periodic reporting. Engagement covers key areas such as financial performance, returns on investment, risk management practices, corporate governance, ESG initiatives, and long-term strategic priorities.
Employees	No	Email, Website, Intranet Portal, SMS, Internal Meetings, Trainings, Surveys.	Bi-monthly, Quarterly, Continuous, and Need-based.	To cultivate skilled, engaged, and motivated talent, Northern Arc fosters continuous communication, capability building, and structured feedback mechanisms. Engagement focuses on key areas such as career progression, learning and development opportunities, adherence to ethical practices, and ensuring a safe and supportive workplace environment.
Lenders (Offshore & Domestic)	No	Website, Emails, Telephone Communications, Personal Visits, Conventions	Quarterly, Half yearly, Annually and Need-based.	To strengthen financial credibility and sustain long-term funding relationships, Northern Arc engages through regular and transparent updates on performance and risk. Engagement focuses on key areas such as credit performance, asset quality, covenant adherence, ESG alignment, and overall business resilience.
Regulators	No	• Emails, Letters, Regulatory filings, Meetings, Audits.	Quarterly, Annually and Need-based	To ensure adherence to regulatory requirements and uphold strong governance standards, Northern Arc engages through structured reporting, audits, and ongoing regulatory interactions. Engagement focuses on key areas such as regulatory compliance, data privacy, anti-money laundering measures, corporate governance, and responsible lending practices.
Value Chain Partners	No	Emails, Website, Telephone Communications, Personal Visits, Conventions	Continuous, and Need-based.	To strengthen effective and dependable partnerships with intermediaries and service providers, Northern Arc engages through consistent communication, collaboration, and operational support. Engagement focuses on key areas such as covenant monitoring, timely payments, transparency in terms, and alignment on sustainable and mutually beneficial business growth.
Society	Yes	Website, Annual Report, Quarterly Reports, CSR Initiatives, Media & Press release, Social Media Channels, Personal Visits.	Quarterly, Annually and Need-based.	To create meaningful social impact, Northern Arc engages with communities through inclusive finance, sustainability initiatives, and active community participation. Engagement focuses on key areas such as expanding financial inclusion, promoting environmental and social responsibility, supporting community development, and contributing to broader economic progress.

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   Northern Arc anchors its stakeholder engagement within a clearly defined governance structure, where oversight responsibilities are distributed across various Board committees. The Company maintains continuous communication with its stakeholder ecosystem—including customers, investors, regulators, partners, service providers and shareholders.

   These engagements are not only aimed at communication but also at capturing evolving expectations, concerns, and market signals, which are then synthesized and escalated to the Board through structured reporting channels. For more critical or strategic matters, the Company enables direct interaction forums, where select stakeholders and, at times, Board members engage in focused discussions.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Stakeholder interactions across Northern Arc spanning employees, investors, borrowers, regulators, and communities—serve as a key source of insight for identifying and prioritizing environmental and social considerations.

   Engagement with investors and lenders has contributed to sharpening the Company's emphasis on climate-aligned financing and responsible lending, while feedback from borrowers and partner institutions, particularly in rural and semi-urban markets, has guided the design of more inclusive financial solutions and outreach approaches. Internally, perspectives from employees, along with inputs from the broader community, have reinforced the importance of ethical conduct and responsible practices, influencing policies and day-to-day operations across the organization.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   Northern Arc Capital Limited strives to serve the underbanked population to foster financial inclusion and engages in continuous communication throughout the lifecycle of the loan including grievance redressal of the customers complaints. Additionally, it undertakes a range of CSR initiatives focused on supporting vulnerable and underserved communities, guided by a Board-approved Corporate Social Responsibility (CSR) policy. The Company's efforts are directed toward improving outcomes for underprivileged, economically disadvantaged, and differently abled individuals. Key initiatives include providing educational support to underserved students, promoting natural resource conservation, and enabling access to healthcare services in underserved areas. These programs are designed to address critical community needs while contributing to long-term social and economic development.

PRINCIPLE 5

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	31 March 2026 Current Financial Year			31 March 2025 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	1126	848	75.31%	1080	395	37.57%
Other than permanent	398	0	0%	402	69	17.16%
Total Employees	**1524**	**848**	**55.64%**	**1482**	**464**	**31.31%**
Workers						
Permanent	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA
Total Employees	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

2. **Details of minimum wages paid to employees and workers, in the following format**

Category	31 March 2026 Current Financial Year					31 March 2025 Previous Financial Year				
		Equal to Minimum Wage		More than Minimum Wage			Equal to Minimum Wage		More than Minimum Wage	
	Total (A)	No. (B)	% (B/A)	No. (C)	% (C/A)	Total (D)	No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	1126	0	0	1126	100%	1080	0	0	1080	100%
Male	963	0	0	963	100%	904	0	0	904	100%
Female	163	0	0	163	100%	176	0	0	176	100%
Other than Permanent	398	0	0	398	100%	30	0	0	30	100%
Male	307	0	0	307	100%	25	0	0	25	100%
Female	91	0	0	91	100%	5	0	0	5	100%
Workers										
Permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than Permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. Details of remuneration/salary/wages

a. **Median remuneration / wages:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	6	18,75,000	3	16,50,000
Key Managerial Personnel	3	2,74,28,863	0	0
Employees other than BoD and KMP	960	6,87,504	163	8,91,075
Workers	NA	NA	NA	NA

b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Gross wages paid to females as % of total	16.00%	19.00%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

At Northern Arc, robust internal mechanisms are in place to redress grievances related to human rights issues, ensuring fair, transparent, and accountable work environment. These mechanisms include:

1. **Grievance Redressal Mechanism:** Northern Arc has a structured grievance redressal system that allows employees and stakeholders to raise concerns related to human rights, workplace behavior, or unfair treatment. All grievances are reviewed in a time-bound manner and addressed by designated internal committees or officers.
2. **Equal Opportunity Policy:** The company's Equal Opportunity Policy reinforces its commitment to non-discrimination and inclusivity, particularly for women, persons with disabilities, and marginalized communities. It ensures that all individuals have access to equal treatment in hiring, training, promotions, and work conditions.
3. **Code of Conduct:** The Code of Conduct outlines expected standards of behavior for all employees and serves as a guiding document to uphold human rights, ethical practices, and respectful workplace interactions. Any violations of the Code, especially those concerning dignity, fairness, or human rights, are subject to investigation and corrective action.
4. **Whistleblower Policy:** Northern Arc's Whistleblower Policy provides a secure and confidential channel for employees and stakeholders to report concerns related to unethical behavior, human rights violations, or policy breaches without fear of retaliation. Whistleblower complaints are reviewed independently, with appropriate follow-up actions taken by the Ethics Committee or relevant authority.
5. **Safe Working Environment and Sexual Harassment Policy:** Northern Arc enforces a zero-tolerance approach to sexual harassment through its PoSH Policy. An Internal Committee (IC) is constituted in line with legal requirements to handle complaints, conduct fair investigations, and ensure appropriate redressal and support for affected individuals.

These mechanisms collectively ensures that human rights concerns are taken seriously, reported safely, and addressed effectively within the organization.

6. Number of Complaints on the following made by employees and workers:

	31 March 2026 Current Financial Year			31 March 2025 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	0	-	NIL	NIL	-
Discrimination at workplace	NIL	NIL	-	NIL	NIL	-
Child Labour	NIL	NIL	-	NIL	NIL	-
Forced Labour/ Involuntary Labour	NIL	NIL	-	NIL	NIL	-
Wages	NIL	NIL	-	NIL	NIL	-
Other human rights related issues	NIL	NIL	-	NIL	NIL	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	1	Nil
Complaints on POSH as a % of female employees / workers	0.3937%	Nil
Complaints on POSH upheld	1	Nil

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has robust safeguards to protect complainants from any adverse consequences arising from the reporting of discrimination or harassment through its Equal Opportunity Policy. The policy strictly prohibits retaliation or reprisal against individuals who raise genuine concerns or complaints. It provides for confidential reporting channels with direct submission to the designated Liaison Officer. The Liaison Officer is entrusted with the responsibility to ensure that complaints are addressed promptly, fairly, and with due sensitivity, while also taking necessary steps to prevent any form of victimization or inconvenience to the complainant. The policy further affirms that raising a bona fide concern will not affect the complainant's legal rights or employment status in any manner, reinforcing the Company's commitment to a safe, inclusive, and equitable workplace.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)*
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

*During the reporting period, the Company did not record any incidents of workplace discrimination. The Company maintains a strict zero-tolerance policy towards discrimination against employees including on grounds of age, sex, disability, religion, nationality, colour, sexual orientation, and such other characteristics protected by law. All employees are covered under the Equal Opportunity Policy and the Prevention of Sexual Harassment (POSH) framework. Age verification and eligibility checks are carried out as part of the centralised recruitment process at the Company's registered office prior to employee onboarding. This mechanism ensures that no individual below the legally permissible working age is engaged, thereby preventing child labour and ensuring strict adherence to applicable labour laws and regulatory requirements. Payment of wages is administered centrally from the Company's registered office, ensuring accuracy, timeliness, and full compliance with applicable labour laws and regulatory requirements. These processes are subject to periodic review and verification under the Company's internal audit framework, thereby reinforcing accountability and compliance.

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.**

No significant risks or material concerns were identied during the reporting year that required corrective action.

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

None

2. **Details of the scope and coverage of any Human rights due-diligence conducted.**

Not Applicable

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Northern Arc is fully committed to meet the requirements of the Rights of Persons with Disabilities Act, 2016. All buildings where Northern Arc Capital's offices are located are equipped with facilities to ensure accessibility for differently abled visitors, in line with the requirements of the Rights of Persons with Disabilities Act, 2016. The premises include features such as ramps, elevators, and accessible restrooms to support ease of movement. Northern Arc is committed to fostering an inclusive environment by ensuring its physical infrastructure does not pose a barrier and welcoming for all individuals.

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	-
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

Note: Commitment to comply with Company's Suppliers Code of Conduct is incorporated into agreements with relevant vendors, while adherence to workers' rights requirements is stipulated in agreements with applicable service providers.

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

Not Applicable

PRINCIPLE 6

BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
From renewable sources		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	-	-
From non-renewable sources		
Total electricity consumption (D)	2063.84	1801.75
Total fuel consumption (E)	35.5	-
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	2099.34	1801.75
Total energy consumed (A+B+C+D+E+F)	**2099.34**	**1801.75**
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)	0.007969	0.007878
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total energy consumed / Revenue from operations adjusted for PPP)	0.1600	0.1611
Energy intensity in terms of physical output		
Energy intensity (optional) – the relevant metric may be selected by the entity		-

*The PPP conversion factor for India has been taken as 20.09, based on the latest available 2025 data from the World Bank's International Comparison Program for the FY2025-26. For FY24-25, the PPP conversion factor for India has been taken as 20.45, based on 2024 data from the World Bank's International Comparison Program.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N). If yes, name of the external agency. No.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No. The Company does not fall under the PAT scheme of the Government of India.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others		-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	-	-
Total volume of water consumption (in kilolitres)*	**12782.26**	**12430**

Parameter	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Water intensity per rupee of turnover (Total water consumption / Revenue from operations)	0.048522	0.054419
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)** (Total water consumption / Revenue from operations adjusted for PPP)	0.9748	1.1128
Water intensity in terms of physical output	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

*The estimated water consumption is taken as 45 litres per head for each working day.

**The PPP conversion factor for India has been taken as 20.09, based on the latest available 2025 data from the World Bank's International Comparison Program for the FY2025-26. For FY24-25, the PPP conversion factor for India has been taken as 20.45, based on 2024 data from the World Bank's International Comparison Program.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) . If yes, name of the external agency. No.

4. **Provide the following details related to water discharged:**

Parameter	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) No.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Not Applicable

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
NOx	μ/m3	-	-
SOx	μ/m3	-	-
Particulate matter (PM)	μ/m3	-	-
Persistent organic pollutants (POP)	NA	-	-
Volatile organic compounds (VOC)	NA	-	-
Hazardous air pollutants (HAP)	NA	-	-
Others – please specify	NA	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Total Scope 1 emissions* (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	9.3569	7.473^
Total Scope 2 emissions** (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	926.55	753
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Per lakh of revenue from operations	0.0035	0.0033
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)*** (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Per lakh of revenue from operations adjusted for PPP	0.0716	0.07
Total Scope 1 and Scope 2 emission intensity in terms of physical output	-	-	-
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

*Scope 1 GHG emissions have been calculated considering fugitive emissions from refrigerant leakages in air conditioning units and annual leakages from fire extinguishers.

**Scope 2 GHG emissions account for indirect GHG emissions from purchased electricity, including consumption associated with the company's HVAC systems across its operation, as applicable.

***The PPP conversion factor for India has been taken as 20.09, based on the latest available 2025 data from the World Bank's International Comparison Program for the FY2025-26. For FY24-25, the PPP conversion factor for India has been taken as 20.45, based on 2024 data from the World Bank's International Comparison Program.

^ Scope 1 emissions for FY 2024–25 stands restated from 11.68 following refinement of calculation methodology to improve accuracy, consistent with FY 2025–26 reporting, with no material impact on overall emission intensity as Scope 2 remains the primary contributor.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No.

8. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

NA

9. **Provide details related to waste management by the entity, in the following format:**

Parameter	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	-	-
E-waste **(B)**	0.313	0.084
Bio-medical waste **(C)**	-	-
Construction and demolition waste (D)	-	-
Battery waste **(E)**	-	-
Radioactive waste **(F)**	-	-

Parameter	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Other Hazardous waste. Please specify, if any. **(G)**	-	-
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G + H)	**0.313**	**0.084**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.000001	0.0000003
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.000023	0.000007
Waste intensity in terms of physical output	-	-
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	-	-
(ii) Re-used	0.566	0.001
(iii) Other recovery operations	-	-
Total	**0.566**	**0.001**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		-
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	0.795*	-
Total	**0.795**	**-**

*Safely disposed via Pollution Control Board–approved recyclers.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Northern Arc Capital Limited, as a Non-Banking Finance Company (NBFC), has a limited direct environmental footprint, with electronic waste (e-waste) being the primary form of waste generated through its operations. The Company does not engage in activities involving plastic or hazardous chemical waste. To ensure responsible handling, Northern Arc has established a structured e-waste management process, whereby all discarded electronic assets are systematically collected and disposed of through authorized recyclers approved by the Pollution Control Board. Additionally, its corporate offices are located in buildings with recognised green building certifications.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

No

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

13. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not Applicable				

Leadership Indicators

1. **Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):**

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area – Not Applicable

(ii) Nature of operations - Not Applicable

(iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	-	-
Total volume of water consumption (in kilolitres)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Parameter	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	-	
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**-**	**-**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1855.11	790.54
Total Scope 3 emissions per rupee of turnover	-	0.007042	0.003461
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

*In FY 2025 -26, the Company enhanced its Scope 3 emissions reporting across Category 1 (Purchased goods and services), Category 2 (Capital goods), Category 3 (Fuel- and energy-related activities), Category 5 (Waste generated in operations), Category 6 (Business travel), and Category 7 (Employee commuting).

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

3. **With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not Applicable

4. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
Not Applicable			

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Northern Arc has a comprehensive Business Continuity and Disaster Recovery (BCDR) Plan designed to ensure the uninterrupted functioning of critical systems and swift recovery from disruptions. The plan supports the organization's ability to sustain performance and restore or replace any failed systems under adverse conditions. It is structured around defined Recovery Time Objectives (RTOs), prioritizing applications and infrastructure based on their criticality. The BCDR plan is routinely reviewed, updated, and validated through regular drills and independent third-party audits. Oversight is provided by a dedicated senior leadership team responsible for incident management and communication with both internal and external stakeholders.

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard**

Not Applicable

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Not Applicable

8. **How many Green Credits have been generated or procured:** Nil

   a. By the listed entity

   b. By the top ten (in terms of value of purchases and sales, respectively) value chain partners]

PRINCIPLE 7

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

   Seven

   b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	FIDC	National
2	MFIN	National
3	UFF (previously DLAI)	National
4	FACE	National
5	IAMAI	National
6	ASSOCHAM	National
7	FICCI	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
	-	

Leadership Indicators

1. Details of public policy positions advocated by the entity:

   The Company, is a key member of the BIS technical committee, where it works on specifications, standards, upgrades, and interfaces with BEE/ ISO standards.

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
			Nil		

PRINCIPLE 8

BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
			Not Applicable		

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
				Not Applicable		

3. Describe the mechanisms to receive and redress grievances of the community.

   Northern Arc has established a well-defined grievance redressal mechanism to ensure timely and effective resolution of customer complaints. Customers can initially reach out to the Grievance Redressal Officer (GRO) via toll-free number (1800 419 8766) or email (gro@northernarc.com), with a resolution timeline of 15 days. If unsatisfied, complaints can be escalated to the Nodal Officer through toll-free number (1800 258 7010) or email (nodal.officer@northernarc.com). In cases where the issue remains unresolved beyond 30 days, customers have the option to approach the Reserve Bank of India under the Integrated Ombudsman Scheme, 2021, through the portal https://cms.rbi.org.in. This multi-level process reflects Northern Arc's commitment to transparency, customer-centricity, and regulatory compliance.

   For shareholders and debenture holders, the Company has appointed Kfin Technologies Limited as its Registrar and Share Transfer Agent (RTA) to facilitate the resolution of queries and grievances. Complaints may be sent to cs@northernarc.com, and the Company Secretary and Compliance Officer, in coordination with the RTA, ensures timely and appropriate redressal of all concerns raised by shareholders and debenture holders.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	31 March 2026 Current Financial Year	31 March 2025 Previous Financial Year
Directly sourced from MSMEs/ small producers	51.77%	35.28%
Directly from within India	99.77%	99.86%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Job Creation

Location	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Rural	1.51%	0.04%
Semi-urban	5.99%	0.79%
Urban	9.13%	5.05%
Metropolitan	83.37%	94.11%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Nil	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
Nil			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/ vulnerable groups? (Yes/No)

   No

   (b) From which marginalized /vulnerable groups do you procure?

   Not Applicable

   (c) What percentage of total procurement (by value) does it constitute? Not Applicable

   Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)
Not applicable			

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Not applicable		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Support differently abled children with residential education program, good nutrition, and medical aid	50 differently abled children	100%
2	Providing palliative care services to people with serious health-related suffering	40	100% As all patients are terminally ill and they come for hospice care during their most vulnerable time in life.
3	Providing quality medical and healthcare education opportunities to students from economically and socially disadvantaged backgrounds.	Presently, a total of 624 students is benefiting from the CSR project, including: • 200 MBBS students • 384 Nursing students • 40 Physiotherapy students	Approximately 55% of the beneficiaries belong to vulnerable and marginalized groups.
4	FoodHeals Program	3619 month on month cumulative and indirect beneficiaries through ration program.	100%

PRINCIPLE 9

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

   The Company has established a well-defined grievance redressal mechanism to ensure timely and effective resolution of customer complaints. Customers can initially reach out to the Grievance Redressal Officer (GRO) via toll-free number (1800 419 8766) or email (gro@northernarc.com), with a resolution timeline of 15 days. If unsatisfied, complaints can be escalated to the Nodal Officer through toll-free number (1800 258 7010) or email (nodal.officer@northernarc.com). In cases where the issue remains unresolved beyond 30 days, customers have the option to approach the Reserve Bank of India under the Integrated Ombudsman Scheme, 2021, through the portal https://cms.rbi.org.in. This multi-level process reflects Northern Arc's commitment to transparency, customer-centricity, and regulatory compliance.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	31 March 2026 Current Financial Year		Remarks	31 March 2025 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	NIL	NIL		NIL	NIL	
Advertising	NIL	NIL		NIL	NIL	
Cyber-security	NIL	NIL		NIL	NIL	
Delivery of essential services	NIL	NIL	NIL	NIL	NIL	NIL
Restrictive Trade Practices	NIL	NIL		NIL	NIL	
Unfair Trade Practices	NIL	NIL		NIL	NIL	
Other	NIL	NIL		NIL	NIL	

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	-	-
Forced recalls	-	-

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/ No) If available, provide a web-link of the policy.

   Yes, an Information Security Policy is in place which outlines the organization's approach to cybersecurity operations and data privacy risks. This policy includes key controls related to data protection, access management, threat monitoring, incident handling, and compliance with applicable regulations. The privacy policy can be accessed at: https://www.northernarc.com/assets/uploads/pdf/Privacy-Policy.pdf

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services –** Nil

7. **Provide the following information relating to data breaches.**

   a. Number of data breaches involving personally identifiable information of customers:) Nil.

   c. Impact, if any, of the data breaches: Nil

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   The information on the products and services offered by Northern Arc Capital Limited can be accessed at www.northernarc.com

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   Northern Arc is committed to promoting safe and responsible usage of its products and services through a range of consumer education initiatives. The Company ensures transparent communication of product features, terms, interest rates, and associated fees across all customer bases. During the onboarding process, customers are guided through comprehensive Know Your Customer (KYC) procedures and informed of their rights and obligations. Northern Arc also ensures timely communication of policy changes and regulatory updates. A robust grievance redressal mechanism is in place, supported by a toll-free helpline, dedicated email assistance, and a defined escalation matrix. Additionally, regular training and capacity-building programs are conducted for relevant teams and frontline personnel who directly engage with customers, ensuring they are well-equipped to educate and assist consumers effectively. These measures underscore Northern Arc's focus on transparency, financial literacy, and customer protection.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Northern Arc has a business continuity plan that will be enforced during an event of a natural hazard or system downtime, to ensure that the company's services are not interrupted. In the event of any unforeseen disruption of services, the consumers of the company are informed about the disruption of essential services through email or SMS that will provide details on the nature of disruption, expected resolution time, etc. In the event of discontinuation of branch operation, the company will provide ninetydays advance notice in the leading national newspaper before closure or relocation of branches/office, as mandated by RBI.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

   No, the company discloses information about its products as mandated by the RBI.

5. **Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   No, the company has not undertaken a consumer satisfaction survey during the reporting period.

Annexure B

Annual Report on CSR Activities

1. **Brief outline on CSR Policy of the Company:**

   The Company is committed to maintaining the highest standards of governance, ethical business conduct, and inclusive management practices. As part of its Corporate Social Responsibility (CSR) commitment, the Company aims to contribute meaningfully to society by promoting equality, inclusion, and sustainable development.

   To implement its CSR initiatives, Northern Arc Capital has established the Northern Arc Foundation, a Section 8 company focused on livelihood creation, skill and vocational development, education, healthcare, and community well-being, particularly for communities traditionally marginalized by formal systems. The CSR Policy is framed in accordance with Section 135 and Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, including any amendments or modifications thereto.

   The complete CSR policy of the Company can be accessed on the company's website at https://www.northernarc.com//assets/uploads/policies/CSR_Policy.pdf.

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	3	3
2	Mr. Ashish Mehrotra	Managing Director & CEO	3	3
3	Dr. Kshama Fernandes*	Non-Executive, Non-Independent Director	3	3
4	Mr. Michael Fernandes	Non-Executive, Nominee Director	3	3

*Ms. Kshama Fernandes (DIN: 02539429) completed her tenure as a Non-Executive, Non-Independent Director of the Company with effect from the close of business hours on 31 March, 2026. Consequently, she ceased to be a member of the CSR Committee.

3. **Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company:**

Particulars	Weblink
CSR Committee	https://www.northernarc.com/assets/uploads/pdf/Composition_of_Board_Committees.pdf
CSR Policy	https://www.northernarc.com//assets/uploads/policies/CSR_Policy.pdf
CSR Projects	https://www.northernarc.com/csr-projects

4. **Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.** – Not applicable

5. (a) Average net profit of the company as per sub-section (5) of Section 135.

Financial Year	Net Profit (Amount in INR)
FY 2022 – 23	3,16,40,91,964
FY 2023 – 24	3,74,40,94,072
FY 2024 – 25	4,38,18,37,735

(b) Two percent of average net profit of the company as per sub-section (5) of Section 135 – INR 7,52,66,825/-

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. - NIL

(d) Amount required to be set-off for the financial year, if any. - NIL

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]- INR 7,52,66,825/-

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) – INR 7,52,66,825/-

(b) Amount spent in Administrative Overheads. - Nil

(c) Amount spent on Impact Assessment, if applicable. - NA

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. INR 7,52,66,825/-

(e) 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 sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
7,52,66,825/-	-	-	-	-	-

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in INR)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	INR 7,52,66,825/-
(ii)	Total amount spent for the Financial Year	INR 7,52,66,825/-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	Nil
(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)]	-

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in INR)	Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in INR)	Amount Spent in the Financial Year (in INR)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in INR)	Deficiency, if any
					Amount (in INR)	Date of Transfer		
1	FY 2022 – 23	-	-	-	-	-	-	-
2	FY 2023 – 24	-	-	-	-	-	-	-
3	FY 2024 – 25	-	-	-	-	-	-	-

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

Yes ☐ No ☑

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
	-	-	-	-		-	

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of Section 135 - Not Applicable.

For Northern Arc Capital Limited

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Ashutosh Pednekar
Chairperson of CSR Committee
DIN: 00026049

Date: July 10, 2026
Place: Chennai

Annexure C

Form AOC -1

Statement pursuant to Section 129(3) of the Companies Act, 2013

PART A: SUBSIDIARIES

Amount (INR in Lakhs)

S No	Particulars	Northern Arc Investment Managers Private Limited	Northern Arc Securities Private Limited	Northern Arc CrediTech Solutions 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	2,050.00	125.00	1.00	2501.00
5	Other Equity	4,719.42	(719.51)	255.51	70.81	(3,660.46)
6	Total Assets	11,946.13	1,705.28	381.78	75.79	3,451.93
7	Total Liabilities	6,865.71	374.79	1.27	3.98	4,611.38
8	Investments	9,913.03	451.19	121.59	-	-
9	Turnover	4,605.21	197.98	-	752.67	5,455.48
10	Profit Before Taxation	306.07	(842.58)	18.13	(6.17)	(3,237.42)
11	Provision for Taxation	91.41	(209.67)	4.66	-	(771.85)
12	Profit After Taxation	214.66	(632.91)	13.47	(6.17)	(2,465.57)
13	Total Comprehensive Income	203.85	(631.05)	13.47	(6.17)	(2,442.41)
14	Proposed Preference Dividend	Nil	Nil	Nil	Nil	Nil
15	% of Shareholding	100%	100%	100%	100%	90.10%

For Northern Arc Capital Limited

P S Jayakumar
Independent Director & Chairperson
DIN: 01173236

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Prakash Chandra Panda
Company Secretary and Compliance Officer

Date: July 10, 2026
Place: Chennai

Annexure D

Form No. MR-3
SECRETARIAL AUDIT REPORT

for the Financial Year ended 31 March, 2026

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Northern Arc Capital Limited
No. 1, Kanagam Village,10th Floor IITM Research Park,
Taramani, Chennai-600113.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Northern Arc Capital Limited** herein after called ("**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31 March, 2026 ("**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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended 31 March, 2026, according to the provisions of:

i. The Companies Act, 2013 ('Act') and the rules made thereunder, as amended from time to time including applicable Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and as mandated by the Companies Act, 2013.

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder, as amended from time to time;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended from time to time;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as amended from time to time; (Not Applicable for the during the Audit Period)

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

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

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

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

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

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

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

(i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (There were no events requiring compliance during the audit period) and

(j) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (There were no events requiring compliance during the audit period)

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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. 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 Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance or as the case may be, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions at the Board Meetings were taken unanimously and there was no instance of dissent by any director during the period under review.

We 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.

We further report that, during the audit period, except the events listed below no other events occurred which had any major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards and that the Company has complied with such of those relevant clauses thereto which are applicable:

i. During the period under review, the Company has allotted 32,500 Equity shares having face value of INR 10 each at an exercise price of INR 110 each, 17,539 Equity shares having face value of INR 10 each at an exercise price of INR 188, 1,40,000 Equity shares having face value of INR 10 each at an exercise price of INR 121 each and 2,500 Equity shares having face value of INR 10 each at an exercise price of INR 181 each at various dates to the Northern Arc Capital Employee Welfare Trust on behalf of the employees of the Company pursuant to Northern Arc Employee Stock Option Plan, 2016.

ii. During the period under review, the Company has allotted 22,500 senior, secured, rated, listed, redeemable, non-convertible debentures having face value of INR 1,00,000 each on 10 September, 2025, and 25,000 senior, secured, rated, listed, redeemable, non-convertible debentures having face value of INR 1,00,000 each on 31 December, 2025.

iii. During the period under review, the Company has issued 6000 units of Commercial Papers of face value INR 5,00,000 each, at various dates having maturity value amounting to INR 300 Crores. Out of these, 1,500 Commercial Papers amounting to INR 75 Crores were redeemed during the year.

iv. During the period under review, the shareholders of the Company passed special resolution under section 180(1)(a) and section 180(1)(c) of the Companies Act, 2013 at the Annual General Meeting held on 25 August, 2025, to create security on the assets and to increase the borrowing limits of the Company up to INR 15,000 crores.

For **Alagar & Associates LLP**
(Formerly known as M. Alagar & Associates)
Company Secretaries
Firm Registration No: L2025TN019200
Peer Review Certificate No: 6814/2025

M. Alagar
Managing Partner
FCS No: 7488
COP No: 8196
UDIN: F007488H000295259

Place: Chennai
Date: 6 May, 2026

*This Report is to be read with our letter of even date which is annexed as **Annexure I** and forms an integral part of this report.*

Annexure I

ANNEXURE TO SECRETARIAL AUDIT REPORT

To
The Members
Northern Arc Capital Limited
Our report is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

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

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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

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

For **Alagar & Associates LLP**
(Formerly known as M. Alagar & Associates)
Company Secretaries
Firm Registration No: L2025TN019200
Peer Review Certificate No: 6814/2025

M. Alagar
Managing Partner
FCS No: 7488
COP No: 8196
UDIN: F007488H000295259

Place: Chennai
Date: 6 May, 2026

Annexure E

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

SL. 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 material contracts or arrangements or transactions at Arm's length basis - NIL

SL. 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	-

For Northern Arc Capital Limited

P S Jayakumar
Independent Director & Chairperson
DIN: 01173236

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Date: 10 July, 2026
Place: Chennai

Corporate Governance Report

The Board of Directors present the Corporate Governance Report of the Company for the Financial Year 2025-26. This report outlines the Company's governance framework, policies and practices highlighting the systems and processes followed by the Company to ensure compliance with applicable Corporate Governance requirements as prescribed under relevant laws, regulations and guidelines.

The Company remains committed to maintaining the highest standards of integrity, transparency, accountability, and ethical conduct in all aspects of its operations, thereby fostering the trust of all stakeholders.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a system of rules, practices and processes on which an entity is operated, regulated and controlled. 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. You Company's Governance Structure is multi-tiered, comprising:

Board of Directors: Entrusted with oversight and strategic direction. The Board is responsible for and committed to sound principles of Corporate Governance in the Company.

Board Committees: Specialized group of board members, established to focus on key functional areas of the organization. These committees play a critical role in strengthening governance by providing detailed oversight, informed guidance, and dedicated attention within the overall governance framework. Internal sub-committees/management committees further support these Board Committees with cross-functional expertise.

Managing Director & CEO: Responsible for implementing the strategic directions and decisions of the board and overseeing the day-to-day management and operations of the Company.

Your company is a professionally managed Company functioning under the overall guidance of the Board. The Company believes that a well-functioning and informed Board of Directors are the key to good corporate governance. The Board is comprised of a core group of excellent, professionally acclaimed non-executive directors who understand their dual role of appreciating the issues put forward by management and honestly discharging their fiduciary responsibilities to safeguard the interests of all the Company's stakeholders.

By adhering to regulatory guidelines and achieving the highest standards of Corporate Governance, the Board of directors of your Company demonstrates its commitment by framing the Internal guidelines on Corporate Governance ("Corporate Governance Policy"). The Policy was framed by taking into account the relevant statutory provisions under the Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 ("RBI Directions"), the Companies Act, 2013 (the "Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), circulars and other guidelines issued by the regulators from time to time. The Corporate Governance Policy is also available at the website of the Company at https://www.northernarc.com//assets/uploads/policies/Corporate_Governance_Policy.pdf

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations and applicable RBI Directions with regard to corporate governance.

BOARD OF DIRECTORS

The Board of the Company is governed and constituted in accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder, SEBI Listing Regulations, applicable RBI Directions, the Articles of Association of the Company and other circulars & guidelines issued by the Regulators from time to time, in accordance with the best practices in Corporate Governance.

BOARD COMPOSITION

As on 31 March, 2026, the Board of Directors of the Company comprised of 9 (Nine) directors, inclusive of 1 (One) Executive Director, 2 (Two) Non-Executive Nominee Directors representing the equity investors, 2 (Two) Non-Executive Non-Independent Directors and 4 (Four) Independent Directors. Mr. P. S. Jayakumar, Non-Executive Independent Director is the Chairman of Board of Directors 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.

Composition of Board as on 31 March, 2026

Category of Directors	No. of Directors
Executive Director	1
Non-executive Non-Independent Directors	2*
Non-executive Independent Directors	4
Nominee Directors	2
Total	**9***

* Ms. Kshama Fernandes (DIN: 02539429) completed her tenure as Non Executive Non Independent Director with effect from the close of business hours on 31 March, 2026. Accordingly, the Board strength stands at 8 (eight) members with effect from 1 April, 2026.

The category of each Director, together with attendance at Board Meetings and at the last Annual General Meeting[1], Number of Directorships and Committee Chairmanships / Memberships held by them in other companies, Name of other listed entities in which the director is a director & category of directorship and Number of equity shares and convertible instruments [2] of the Company held by directors as on 31 March, 2026 are given below:

Sl. No	Name of the Director & Category	No. of Board Meetings attended out of Total Board meetings liable to attend during 31 March 2026	No. of Equity Shares held as on 31 March, 2026	No. of Directorships held in other companies[3] (as on 31 March, 2026)	Committee position(s) as per Regulation 26(1)[4] (as on 31 March, 2026)		Directorship in other Listed entities[6] & Category of directorship (as on 31 March, 2026)
					As Chairman	As Member	
1	Mr. P. S. Jayakumar (DIN: 01173236) Independent Director	8/9	1,42,585	11	3	7	1. ICRA Limited - Independent Director 2. Adani Ports and Special Economic Zone Limited - Independent Director 3. Emcure Pharmaceuticals Limited - Independent Director 4. HT Media Limited - Independent Director 5. JM Financial Limited - Independent Director 6. CG Power and Industrial Solutions Limited - Independent Director
2	Mr. Ashish Mehrotra (DIN: 07277318) Managing Director & CEO	9/9	1,48,913	13	0	1	--
3	Dr. Kshama Fernandes[7] (DIN: 02539429) Non-Executive Non-Independent Director	9/9	3,54,346	6	1	6	1. Sundaram Finance Limited - Independent Director 2. Goa Carbon Limited - Independent Director
4	Ms. Anuradha Rao[5] (DIN: 07597195) Non-Executive Non-Independent Director	9/9	Nil	2	0	2	1. Sundaram Finance Limited - Independent Director 2. SBI Cards and Payment Services Limited - Independent Director
5	Mr. Michael Jude Fernandes (DIN: 00064088) Nominee Director representing LEAPFROG Financial Inclusion India II Ltd (equity investor)	9/9	Nil	0	0	1	--
6	Mr. Vijay Chakravarthi (DIN: 08020248) Nominee Director representing Augusta Investments II Pte. Ltd (equity investor)	9/9	Nil	4	0	3	--
7	Mr. Ashutosh Pednekar (DIN: 00026049) Independent Director	9/9	Nil	5	4	5	1. Elecon Engineering Company Limited - Independent Director
8	Mr. Sandeep Dhar (DIN: 00182797) Independent Director	5/8	Nil	1	0	2	--
9	Ms. Vidya Krishnan (DIN: 09669166) Independent Director	3/3	Nil	1	1	3	1. CMS Info Systems Limited – Independent Director
10	Mr. Trikkur Seetharaman Anantharaman (DIN: 00480136) Nominee Director representing 360 One Special Opportunities Fund (equity investor)	2/2	Not applicable, since Mr. Trikkur Seetharaman Anantharaman, resigned with effect from 23 June, 2025				

[1] All the Directors except Mr. Michael Jude Fernandes and Mr. Vijay Chakravarthi were present at the last Annual General Meeting held on 25 August, 2025.

[2] None of the Directors hold any convertible instruments of the Company.

[3] Excluding Northern Arc Capital Ltd.

[4] Committee positions include all public limited companies, but excludes private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013. Only the Audit Committee and the Stakeholders Relationship Committee are considered for the purpose of reckoning committee positions.

[5] The tenure of Ms. Anuradha Rao as Independent Director was completed on 30 October, 2025 and she was appointed as Non-executive Non-Independent director of the Company with effect from 31 October, 2025.

[6] Names of entities which have listed its equity shares were disclosed (excluding Northern Arc Capital Ltd).

[7] Cessation of Directorship due to Tenure completion on 31 March, 2026.

CHANGES IN THE BOARD

(i) Mr. Sandeep Dhar (DIN: 00182797) was appointed as an Additional Director (Non Executive, Independent) of the Company with effect from 07 May, 2025, for a term of five consecutive years. His appointment as Director (Non Executive, Independent) was subsequently approved by the shareholders of the Company.

(ii) Mr. Trikkur Seetharaman Anantharaman (DIN: 00480136) resigned from the position of Non Executive Nominee Director of the Company with effect from 23 June, 2025, representing 360 One Special Opportunities Fund, subsequent to the sale of its stake in the Company.

(iii) Ms. Anuradha Rao (DIN: 07597195) retired as Independent Director of the Company with effect from 30 October, 2025. She was thereafter appointed by the Board as an Additional Director (Non Executive, Non Independent) with effect from 31 October, 2025. The shareholders approved her appointment as Director (Non Executive, Non Independent) through postal ballot dated 24 January, 2026.

(iv) Ms. Vidya Krishnan (DIN: 09669166) was appointed by the Board as an Additional Director (Non Executive, Independent) with effect from 31 October, 2025. Her appointment as Director (Non Executive, Independent) was approved by the shareholders through postal ballot on 24 January, 2026.

(v) Ms. Kshama Fernandes (DIN: 02539429) ceased to be a Director (Non Executive, Non Independent) of the Company with effect from 31 March, 2026, upon completion of her tenure.

In terms of the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Directors of the Company submit requisite disclosures regarding the positions held by them on the Board and Committees of other companies with changes therein, if any, on periodical basis. On the basis of such disclosures, it is confirmed that as on 31 March, 2026, none of the Directors of the Company:

- holds Directorship positions in more than 20 (Twenty) companies [including 10 (Ten) public limited companies and 7 (Seven) listed companies];
- who holds Managing Director / Wholetime Director position in any listed entity, serves as an Independent Director in more than 3 (Three) listed companies;
- is a Member of more than 10 (Ten) Committees and/ or Chairperson of more than 5 (Five) Committees, across all the Indian public limited companies in which they are Directors;

The Company has formulated and adopted a Policy on Fit and Proper Criteria for the Directors as per the provisions of RBI Directions. All the Directors have confirmed that they satisfy the fit and proper criteria at the time of the appointment / re-appointment and on a continuing basis and all the Directors has executed the Deed of Covenants as prescribed under the RBI Directions.

Disclosure of relationships between directors inter-se

None of the Directors are related to each other.

INDEPENDENT DIRECTORS

All Independent Directors fulfil the criteria of Independence as per Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. 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 with an objective independent judgment and without any external influence.

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 22 October, 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.

In accordance with RBI Directions, no independent director is on the Board of more than three NBFCs (NBFCs-Middle Layer or NBFCs-Upper Layer) at the same time. Further, there is no conflict arising out of independent directors being on the Board of another NBFC at the same time.

Based on the declarations received from the Independent Directors, the Board of Directors have assessed and confirmed that they are independent of the management & fulfil the conditions specified in the Companies Act, 2013 and SEBI Listing Regulations.

During the year under review, no Independent Director has resigned before the expiry of his / her tenure.

Terms and Conditions for Appointment of Independent Directors

A formal letter of appointment is issued by the Company to the newly appointed Directors which details the terms and conditions of his/her appointment. Independent Directors' tenure is fixed in terms of the provisions of the Companies Act, 2013, Listing Regulations and RBI Directions. The format of Terms and Conditions for appointment of Independent Directors is available on the website of the Company at https://www.northernarc.com/assets/uploads/pdf/Terms_and_conditions_of_ID.pdf

FAMILIARISATION PROGRAMMES

The Company's independent directors are eminent professionals and are fully conversant and familiar with the business of the Company. The Company has an ongoing familiarization programme for all directors with regard to their roles, duties, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The programme is embedded in the regular meeting agenda where alongside the review of operations, financials and Company strategy are presented on a quarterly basis. Specific topics of relevance with respect to the Company's operations are also covered as part of the Board / Committee meetings. The details of the familiarization programme attended by directors are available on the website of the company at https://www.northernarc.com/assets/uploads/policies/Familiarisation_Programme_for_Independent_Directors.pdf

CORE SKILLS/EXPERTISE/COMPETENCE OF THE BOARD

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's business for effective functioning. It is also confirmed that the directors possess these skills and competencies to ensure effective functioning of the Company.

1. Banking / NBFC Operations
2. Risk Management
3. Information Technology / Cybersecurity
4. Finance
5. Business Strategy
6. Governance
7. Accounts / Auditing

The details of core skills/expertise/competence possessed by the Board of Directors of the Company during the year under review:

Sl. No	Name of the Director & Category	Core Skills / Expertise / Competence						
		Banking / NBFC Operation	Risk Management	Information Technology / Cybersecurity	Finance	Business Strategy	Governance	Accounts/ Auditing
1	Mr. Ashish Mehrotra MD & CEO	✓	✓		✓	✓	✓	
2	Dr. Kshama Fernandes Non-Executive Non-Independent Director	✓	✓			✓	✓	
3	Ms. Anuradha Rao Non-executive Non-Independent Director	✓	✓	✓	✓	✓	✓	
4	Mr. Michael Jude Fernandes Nominee Director	✓	✓		✓	✓	✓	

Sl. No	Name of the Director & Category	Core Skills / Expertise / Competence						
		Banking / NBFC Operation	Risk Management	Information Technology / Cybersecurity	Finance	Business Strategy	Governance	Accounts/ Auditing
5	Mr. Vijay Chakravarthi Nominee Director	✓	✓		✓	✓	✓	
6	Mr. Ashutosh Pednekar Independent Director	✓	✓		✓		✓	✓
7	Mr. P S Jayakumar Independent Director	✓	✓			✓	✓	✓
8	Mr. Sandeep Dhar Independent Director	✓	✓	✓		✓	✓	✓
9	Ms. Vidya Krishnan Independent Director	✓	✓	✓		✓	✓	✓

BOARD AND COMMITTEE MEETINGS:

The Board / Committee Meetings are convened by giving appropriate notice well in advance of the meetings and the tentative annual calendar of meetings are determined at the beginning of each year. The Directors / Members are provided with appropriate information in the form of agenda in a timely manner to enable them to deliberate on each agenda item and make informed decisions and provide appropriate directions to the Management. However, in instances where any urgent business arises, the Company conducts necessary transactions by passing resolution(s) through circulation, as permitted by law. These resolutions are noted at the subsequent Meeting, ensuring compliances and timely decision-making.

Further, video conferencing or other audio-visual means facility is effectively utilized to facilitate participation of Directors, who are unable to attend the meetings in person, in compliance with the applicable laws. The Management Team attends the Board and Committee meetings upon invitation, as and when required.

The Governance framework in the Company includes an effective post-meeting follow up, review and reporting of action taken points/pending actions relating to the decisions of the Board Committees and the Board of Directors.

BOARD MEETINGS

During the year under review, 9 Board Meetings were held and the maximum time gap between any two meetings was not more than 120 days. The date of Board meetings and the attendance of each director at the meetings held during the period from 1 April, 2025 to 31 March, 2026 are mentioned below:

Name of the Director and Designation	07-05-2025	19-05-2025	02-07-2025	29-07-2025	12-09-2025	31-10-2025	11-12-2025 & 13-12-2025 [1]	30-01-2026	23-02-2026 & 24-02-2026 [2]	Attended during the Year	Attendance % (Director-wise)
Mr. P. S. Jayakumar Non-Executive Independent Director Chairman	VC	P	X	P	VC	VC	VC	P	P	8	88.89
Mr. Ashish Mehrotra Managing Director & CEO	P	P	VC	P	VC	P	VC	P	P	9	100.00
Mr. Ashutosh Pednekar Non-Executive Independent Director	P	P	VC	P	VC	P	VC	P	P	9	100.00
Ms. Anuradha Rao Non-Executive Non-Independent Director	P	VC	VC	P	VC	VC	VC	VC	VC	9	100.00
Mr. Michael Fernandes Non-Executive Nominee Director	P	P	VC	P	VC	P	VC	P	P	9	100.00
Mr. Vijay Nallan Chakravarthi Non-Executive Nominee Director	P	P	VC	P	VC	P	VC	P	P	9	100.00
Ms. Kshama Fernandes Non-Executive Non-Independent Director	P	P	VC	P	VC	VC	VC	P	P	9	100.00
Mr. T. S. Anantharaman Non-Executive Nominee Director	P	P	NA	NA	NA	NA	NA	NA	NA	2	100.00
Mr. Sandeep Dhar Non-Executive Independent Director	NA	P	X	P	X	VC	X	VC	VC	5	62.50
Ms. Vidya Krishnan Non-Executive Independent Director	NA	NA	NA	NA	NA	NA	VC	P	P	3	100.00
Attendance % (Meeting-wise)	100%	100%	75%	100%	88%	100%	89%	100%	100%	95%	

VC Attended Meeting through Video Conference P Director(s)/ Member(s) Present X Director(s)/ Member(s) Absent

Notes:

[1] The Board meeting held on 11.12.2025 was adjourned and continued on 13.12.2025. For attendance and compliance reporting, both dates are considered as a single meeting.

[2] The Board meeting held on 23.02.2026 was adjourned and continued on 24.02.2026. For attendance and compliance reporting, both dates are considered as a single meeting.

COMMITTEES OF THE BOARD

The Board has constituted various committees to enable focused decision making and discharging its responsibilities. The eight Committees of the Board are Audit committee (AC), Nomination & Remuneration committee (NRC), Stakeholders relationship committee (SRC), Risk management committee (RMC), Corporate Social Responsibility committee (CSR), Environmental, Social, and Governance committee (ESG), IT strategy committee (ITSC) and Review Committee for Wilful defaulters (RCWD). Besides, Board also constituted various executive-level committees either as per relevant regulatory guidelines or as per business requirements, in order to improve the board effectiveness and to impart special attention in areas where more focus and specific deliberations are required.

The board at the time of constitution of each committee fixes the terms of reference, delegates powers and reviews the same periodically. The Company Secretary of the Company acts as Secretary of the Committees. Various recommendations of the committees are submitted to the board for approval. During the year, the board has accepted all recommendations of the committees. The minutes of the meetings of all the committees are placed at the subsequent meeting to the Board for its information. Details of the Committees of the Board and other related information for the year under review are detailed below:

1. Audit Committee:

Audit Committee was constituted in accordance with Section 177 of the Companies Act, 2013, Regulation 18 of SEBI Listing Regulations and applicable provisions of RBI Directions as amended, from time to time.

All the members of the Committee are financially literate and have adequate knowledge in accounting and financial management. The Chairperson of the committee was present at the last Annual General Meeting. The MD & CEO, Chief Financial Officer, Statutory Auditors and Internal Auditors are invited to the meetings of the Audit Committee. In line with the requirement under RBI regulations, the committee had separate meetings every quarter with Head – Internal Audit of the company without the presence of the MD & CEO and the management team.

During the financial year 2025-26, Audit Committee met Eight (8) times and not more than one hundred and twenty days lapsed between two consecutive meetings of the Committee. The date of meetings and the attendance of each director at the meeting held during the period from 01 April, 2025 to 31 March, 2026 are mentioned below:

Audit Committee Member(s)	30-04-2025	19-05-2025	29-07-2025	19-08-2025	31-10-2025	20-11-2025	30-01-2026	16-03-2026	Attended during the Year
Mr. Ashutosh Pednekar Independent Director & Chairman of the Committee									8
Ms. Anuradha Rao Non-executive, Non-Independent Director[1] Member of the Committee					NA				7
Mr. P. S. Jayakumar Non-executive, Independent Director Member of the Committee									8
Mr. T. S. Anantharaman [2] Non-executive, Nominee Director Member of the Committee			NA	NA	NA	NA	NA	NA	2
Mr. Vijay Nallan Chakravarthi Non-executive, Nominee Director Member of the Committee [3]	NA								7
Ms. Vidya Krishnan Non-executive, Independent Director Member of the Committee [4]	NA	NA	NA	NA	NA				3
Mr. Sandeep Dhar Non-executive, Independent Director Member of the Committee [3]	NA								7
	100%	100%	100%	100%	100%	100%	100%	100%	

Attended Meeting through Video Conference   Director(s)/ Member(s) Present

[1] Ms. Anuradha Rao retired as Independent Director on 30 October, 2025 and was appointed as Non-Executive, Non-Independent Director with effect from 31 October, 2025

[2] Resigned with effect from 23 June, 2025

[3] Appointed with effect from 07 May, 2025

[4] Appointed with effect from 31 October, 2025

Terms of Reference of Audit Committee

1. In relation to Internal Control Procedures:
   (a) Review on a regular basis the adequacy of the internal control system, which includes the structure and organization of the accounts department, and all the transactions/deals recorded during the period.
   (b) Review the progress and outcome of any regulatory audit conducted on the Company and/or its subsidiaries from time to time.
   (c) Review and discuss with the accounts department and management, issues and findings arising from internal investigations into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature. Reporting all such instances to the Board.
   (d) Approve the appointment, re-appointment, removal or replacement (as the case may be) of internal auditors, and fixation of audit fee for such services and other similar services. The Audit Committee should be satisfied with the internal auditors' independence and arm's length relationship with the Company.
   (e) 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
   (f) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
   (g) Discussion with internal auditors of any significant findings and follow up there on 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;
   (h) The role of an internal auditor so appointed shall include checking for compliance with applicable laws and regulations (including but not limited to regulations of SEBI & RBI).
   (j) The Audit committee shall also ensure that an Information Systems Audit of the internal systems and processes is conducted in line with applicable RBI Guidelines and commensurate with the size and the risks of the Company, to assess operational risks faced by the Company.
2. In relation to Statutory Auditors:
   (a) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(b) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(c) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(d) 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 and

(e) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

2.1 The audit committee shall mandatorily review the following:

(a) management discussion and analysis of financial condition and results of operations;

(b) management letters / letters of internal control weaknesses issued by the statutory auditors;

(c) internal audit reports ; and

(d) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

(i) statement of deviations: quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations and annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7) Listing Regulations.

2.2 Selection and compensation

i) Recommendation of the appointment / re-appointment and removal / replacement of statutory auditors, fixation of audit fees in accordance with the Policy on Appointment of Statutory Auditors ("Policy").

ii) The Audit Committee should be satisfied with the statutory auditors' independence and arm's length relationship with the Company. Towards this, the Committee shall monitor and assess the independence of the auditors and conflict of interest position in terms of relevant regulatory provisions, standards and best practices.

2.3 Rotation of statutory auditors:

The Audit Committee shall recommend the appointment or reappointment of a firm as statutory auditor for a continuous period of three years, subject to the firm satisfying the eligibility as specified in the Policy. Any removal of the Statutory Auditors before completion of three years tenure shall be informed to the concerned SSM/RO at RBI, along with reasons/justification for the same, within a month of such a decision being taken.

An audit firm would not be eligible for reappointment in the same Entity for six years (two tenures) after completion of full or part of one term of the audit tenure.

The Audit Committee shall be guided by RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27 April, 2021, as may be amended from time to time with regard to, inter alia:

a) fulfilment of conditions pertaining to eligibility criterial for appointment of Statutory Auditor

b) ensuring the independence of the auditors

c) tenure and rotation of auditors and

d) adherence to provisions with respect to audit fees and expenses.

e) Number of Audit Firms to be appointed

f) Eligibility Criteria of Auditors

g) Professional Standards of Auditors and

h) Procedure for appointment of Auditors

2.4 Pre-audit discussions:

Discussion with statutory auditors before the audit commences about the nature, scope and approach of the audit including formulation of an audit plan to be undertaken by the auditor.

2.5 Post-audit discussions:

Post-audit discussion with statutory auditors to ascertain areas of concern and also review with the statutory auditor:

(i) any audit problems or difficulties and management's response thereon.

(ii) any "management" or "internal control" letter issued or proposed to be issued by the audit firm to the company.

3. In relation to the Company's financial statements

(i) Review of the Company's accounting policies, internal accounting controls, financial policies and such other similar matters as the Audit Committee deems appropriate.

(ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are materially correct.

(iii) Review and discuss the audited financial statements with management and the statutory auditors and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles.

(iv) Review with the management about the annual financial statements before submission to the Board focusing primarily on:

(i) Any change in accounting policies and practices

(ii) Major accounting entries based on exercise of judgment by management

(iii) Qualifications in draft audit report

(iv) Significant adjustments arising out of audit

(v) The going concern assumption

(vi) Compliance with accounting standards applicable to the Company.

(v) 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 utilized 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 institutions placement], and making appropriate recommendations to the board to take up steps in this matter.

(vi) Review before release of the financial statements audited or otherwise, the Directors' Report, and such other matters which form part of the Annual Report of the Company including, but not limited to, the schedule to the Balance Sheet that is required to be annexed in accordance with the "Prudential Norms", "Miscellaneous Instructions" prescribed by the Reserve Bank of India from time to time which apply to the Company.

(vii) Review of the:

(i) Analyses prepared by the management and/or the statutory auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements

(ii) The effect of regulatory and accounting initiatives

(iii) Off-balance sheet structures on the financial statements.

4. Other responsibilities of Audit Committee:

(i) Approval or any subsequent modification of transactions of the listed entity with related parties;

(ii) Review, on at least a quarterly basis, all related party transactions entered into by the listed entity or its subsidiaries pursuant to each omnibus approval granted, as per Regulation 23 of SEBI Listing Regulations.

(iii) Review the eligibility and recommend the appointment of Secretarial Auditors.

(iv) Scrutiny of inter-corporate loans and investments;

(v) Valuation of undertakings or assets of the listed entity, wherever it is necessary

(vi) Look 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;

(vii) Review the functioning of the whistle blower mechanism;

(viii) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(ix) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders

(x) Review and recommend Statutory Auditor appointment Policy to the Board of Directors.

(xi) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(xii) Monitor the system of internal audit of all outsourced activities

(xiii) Review the ageing analysis of entries pending reconciliation with outsourced vendors and make efforts to reduce the old outstanding items therein at the earliest.

(xiv) To approve the requirements under IND AS 109 & ECL

(xv) Oversight of IS Audit of the Company

(xvi) Ensure to have one to one meeting with Head of Internal Audit and Chief Compliance Officer of the Company, without the presence of the senior management (including the MD & CEO / WTD)

2. Nomination and Remuneration Committee:

Nomination and Remuneration Committee (NRC) was constituted in accordance with Section 178 of the Companies Act, 2013, Regulation 19 of SEBI Listing Regulations, Regulation 5 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and applicable provisions of RBI Directions as amended, from time to time.

The Committee is chaired by a Non-Executive Independent Director. The Chairperson of the committee as on the date of last Annual General Meeting was present at such meeting. The majority of the members of this committee are independent directors. In addition to the members of the Nomination & Remuneration Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis.

The date of meetings and the attendance of each director at the meeting held during the period from 1 April, 2025 to 31 March, 2026 are mentioned below:

Nomination and Remuneration Committee Member(s)	07-05-2025	20-05-2025	02-06-2025	30-10-2025	29-01-2026	Attended during the Year
Mr. P. S. Jayakumar Non-executive Independent Director Member of the Committee	👤	👤	👤	💬	👤	5
Ms. Anuradha Rao[1] Non-executive Non-Independent Director Member of the Committee	👤	💬	💬	💬	NA	4
Ms. Vidya Krishnan[2] Non-executive Independent Director Chairperson of the Committee	NA	NA	NA	NA	👤	1
Mr. Michael Fernandes Non-executive Nominee Director Member of the Committee	👤	👤	👤	💬	👤	5
	100%	100%	100%	100%	100%	

💬 Attended Meeting through Video Conference 👤 Director(s)/ Member(s) Present

[1] Ms. Anuradha Rao served as Chairperson of Committee until her retirement as Independent Director on 30 October, 2025.

[2] Appointed with effect from 31 October, 2025.

Terms of Reference of Nomination and Remuneration Committee

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

(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(3) evaluating the balance of skills, knowledge and experience on the Board and prepare a description of the role and capabilities required of an independent director, before appointment of Independent Directors.

(4) devising a policy on diversity of board of directors;

(5) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal and specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.;

(6) 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;

(7) recommend to the board, all remuneration, in whatever form, payable to senior management;

(8) 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) Regulations, 2014, as amended;

(9) ensuring 'fit and proper' status of proposed/ existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management in terms of the Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions dated 28 November, 2025, as amended ("Master Directions");

(10) overseeing the framing, review and implementation of compensation policy of the company and ensuring that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on ICAAP.

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

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

(13) framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including: (i) the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended; or (ii) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;

(14) institute an internal process to conduct due diligence of directors on a continuing basis.

(15) scrutinize the declarations received from directors and decide on the acceptance or otherwise of the Directors, where considered necessary.

(16) work in close coordination with the Risk Management Committee of the Company to achieve effective alignment between compensation and risks.

(17) Performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Regulations, the Directions issued by Reserve Bank of India and under Companies Act, 2013 each as amended from time to time or other applicable law.

Notwithstanding the generality of the foregoing, the specific goals and responsibilities of the Nomination and Remuneration Committee are as follows:

1) Recommend criteria for determining qualifications, positive attributes and

independence for appointing Executive Directors, Independent Directors and Board committees and recommending to the Board suitable candidates for appointment to the Board and Board committees (i.e. Audit Committee, Risk Management Committee,) consistent with the "Fit and Proper" Policy for appointment of directors in accordance with the RBI Directions.

2) Ensuring that there is an appropriate induction in place for new directors and Key Managerial Personnel.

3) Recommending to the Board names of individuals who may be considered for nomination and appointment as Directors by the Company

4) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

   a. use the services of an external agencies, if required;

   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

   c. consider the time commitments of the candidates

5) Recommending to the Board names of individuals who may be considered for nomination and appointment as Key Managerial Personnel and to the senior management by the Company.

6) Developing and recommending Board governance policies and practices.

7) Ensuring adequate training and education for Board members and Key Managerial Personnel.

8) Developing a succession plan for Board and Key Managerial Personnel and regularly reviewing the plan.

9) Recommending remuneration/ compensation structure (including the employees stock option plan) of the Board of Directors (excluding Independent Directors).

10) Recommending remuneration/ compensation structure (including the employees stock option plan) of the Key Managerial Personnel and other employees of the company.

11) Recommending the formation of any new committee of the Board and suggesting nominations for such committees to the Board.

12) Delegating any of its powers to one or more of its members or to a separate committee or to any other person.

13) Recommend changes in Board composition to the Board.

14) Recommending changes to the Board of Directors of the subsidiaries of the Company as well as to the charters of the respective sub-committees of the relevant Board of Directors of each subsidiary.

15) Considering any other matters at the request of the Board and such matters as may be required to be considered by law.

16) Provided that in the case of the Directors other than Independent Directors and Executive Directors, the Nomination and Remuneration Committee shall only advise the Board on whether any person nominated to be Director by any shareholder meets the fit and proper criteria prescribed by any law in force (including as may be related to RBI, SEBI or under the Companies Act, 2013) for the appointment as Directors.

Performance evaluation criteria

Nomination and Remuneration Committee formulated the methodology and criteria for evaluation of Independent Directors, Non-Independent Directors, Chairman, Committees of the Board and the Board as a whole in accordance with the relevant provisions of the Companies Act, 2013, SEBI Listing Regulations and as per the Guidance Note on Board Evaluation issued by SEBI under Master Circular no. SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11 November, 2024.

The performance evaluation of Independent Directors was carried out by the entire Board excluding the Directors being evaluated. The performance evaluation criteria for Independent Directors as formulated by the NRC inter alia includes qualifications & experience, standards of integrity, attendance in meetings, understanding of Company's business and value addition in Board Meetings, expression of independent views and judgement, independence from the management etc.,

The evaluation process was initiated by putting in place, a structured questionnaire in electronic (online mode) after taking into consideration of the inputs received from the Directors. All the Directors have evaluated the performance of Individual Directors (including independent directors), Chairperson, Board as a whole and Committees. The summary of performance evaluation exercise carried out by the directors were placed before the Board of Directors in their meeting held on 8 May, 2026. Further Independent Directors in their Separate Meeting held on 30 March, 2026 have carried out evaluation of the performance of Non-Independent directors, Board as a whole and Committees.

The disclosure in terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2018/79 dated 10 May, 2018, on board evaluation, is detailed as under:

(i) Observations of Board evaluation carried out for the year:

   The Independent Directors, in their meeting held on 30 March, 2026 have recommended strengthening organizational resilience and governance through a structured focus on talent and strategy. This includes developing a robust succession planning and talent management framework covering CXOs (including the Managing Director), with clear mechanisms for rewarding high performers and managing underperformance, alongside contingency plans for leadership vacancies.

(ii) Previous year's observations and actions taken:

   Previous year's observations were to review the Committee charters in line with Regulatory requirements and to focus on emerging business areas & provide strategic guidance; Improvements in calendar planning for Board and Committee meetings. Recommended timely onboarding of Independent Directors with relevant technology expertise; Suggested enhanced evaluation of new and emerging business opportunities, and deeper engagement with customers and business partners to strengthen stakeholder insights.

   Actions taken:

   In line with these directions, the Committee Charters have been updated in line with regulatory requirements. Implemented an improved annual calendar for Board and Committee meetings. Company has onboarded 2 Independent directors with relevant technology expertise. The focus of Board and Committees, on Strategic review of emerging business opportunities has been improved, and structured initiatives have been undertaken to increase customer and business partner engagement for improved stakeholder understanding.

(iii) Proposed action based on current year observations:

   All the observations made during performance evaluation process have been conveyed to the concerned stakeholders, for appropriate action. The status of compliance with the said observations will be reviewed by the Board.

3. Stakeholders' Relationship Committee (SRC):

The Stakeholders' Relationship Committee has been constituted accordance with the provisions of Section 178 of the Companies Act, 2013, Regulation 20 of SEBI Listing Regulations and applicable RBI guidelines issued from time to time.

The Committee is chaired by Ms. Vidya Krishnan, Non-Executive Independent Director. The Chairperson of the committee as on the date of last Annual General Meeting was present at such meeting. In addition to the members of the Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis.

The details of attendance of each Director at the meetings held during the period from 01 April, 2025 to 31 March, 2026 are mentioned below:

Stakeholder Relationship Committee Member(s)	27-06-2025	28-07-2025	30-10-2025	29-01-2026	Attended during the Year
Ms. Anuradha Rao[1] Non-executive Non-Independent Director Member of the Committee	Video Conference	Video Conference	Video Conference	Video Conference	4
Mr. Ashish Mehrotra Managing Director & CEO Member of the Committee	Video Conference	Present	Present	Present	4
Ms. Kshama Fernandes Non-executive Non-Independent Director Member of the Committee	Video Conference	Present	Video Conference	Video Conference	4
Ms. Vidya Krishnan[2] Non-executive Independent Director Chairperson of the Committee	NA	NA	NA	Present	1
Mr. Vijay Chankravarthi [3] Non-executive Nominee Director Member of the Committee	NA	NA	Present	Present	2
Mr. Michael Fernandes Non-executive Nominee Director Member of the Committee	Video Conference	Present	Present	Present	4
	100%	100%	100%	100%	

Attended Meeting through Video Conference   Director(s)/ Member(s) Present

[1] Ms. Anuradha Rao served as Chairperson of Committee until her retirement as Independent Director on October 30, 2025. She was appointed as Non Executive, Non Independent Director and Member of the Committee with effect from October 31, 2025.

[2] Appointed with effect from October 31, 2025.

[3] Appointed with effect from July 29, 2025.

Terms of Reference of Stakeholders' Relationship Committee

1) Redressal of grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, nonreceipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

2) Review of measures taken for effective exercise of voting rights by shareholders.

3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

4) Review of 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;

5) Resolving grievances of debenture holders related to creation of charge, payment of interest/ principal, maintenance of security cover and any other covenants.

6) Formulate procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from stakeholders from time to time;

7) Approve, register, refuse to register transfer or transmission of shares and other securities;

8) Sub-divide, consolidate and or replace any share or other securities of the Company;

9) Perform 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.

10) To approve the standard operating procedure for referral of complaints to the Internal Ombudsman;

11) To review and recommend to the Board of Directors of the Company for adoption various policies, codes and charters that relate to customer service; examples thereof include and are not limited to:

- Fair Practices Code
- Charter of the Client Experience Committee
- Grievance Redressal Mechanism

12) To review compliance with the Fair Practices Code adopted by the Board of Directors of the Company and the functioning of the grievances redressal mechanism and report to the Board of Directors of the Company.

13) To review all the awards against the Company with a focus on identifying issues of systemic deficiencies and the Company's plan to address these deficiencies;

14) To review data privacy & security measures rolled by the Company from a customer protection perspective;

15) To review metrics and indicators that provide information on the state of customer service in the Company and providing direction to the management of the Company on actions to be taken to improve such metrics;

16) To provide inputs on the application of the aspects of the Client Protection Principles to the products and services provided by the Company across all the delivery channels of the Company;

17) To review and approve any addition / modification of product features in the existing products including (but not limited to) the following: process enhancements/ process simplifications / journey improvement to enhance customer experience;

18) To review adherence to the Reserve Bank of India (Non-Banking Financial Companies – Internal Ombudsman) Directions, 2026 (as amended or modified or restated from time to time); and

19) The Committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board of Directors of the Company for approval.

Investor Complaints Redressal

Mr. Prakash Chandra Panda, Company Secretary acts as the Compliance Officer in terms of Regulation 6 of the SEBI Listing Regulations. The Company has appointed Kfin Technologies Limited (KFIN) as Registrar and Share Transfer Agent (RTA) for the equity shares and Non-Convertible Debt instruments (NCD) issued by the Company. Both the Company and RTA have adequate systems to ensure provision of proper service to the shareholders and NCD holders in accordance with applicable laws and as per accepted service standards.

Details of Investors complaints received and resolved during financial year 2025-26:

No. of Complaints pending as on April 01, 2025	0
No. of Complaints received during the year	1
No. of Complaints resolved during the year	1
No. of Complaints pending as on 31 March, 2026	0

All the complaints were resolved to the satisfaction of investors within the prescribed timeline and the communication of the same was duly forwarded to them.

4. Risk Management Committee (RMC):

Risk Management Committee (RMC) was constituted in accordance with Regulation 21 of SEBI Listing Regulations and applicable provisions of RBI Directions as amended, from time to time.

The Committee is chaired by a Non-Executive Independent Director. The Chairperson of the committee as on the date of last Annual General Meeting was present at such meeting. In addition to the members of the Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis.

The details of attendance of each Director at the meetings held during the period from April 01, 2025 to 31 March, 2026 are mentioned below:

Risk Management Committee Member(s)	07-05-2025	19-05-2025	02-07-2025	28-07-2025	10-09-2025	30-10-2025	29-01-2026	Attended during the Year
Mr. P. S. Jayakumar Non-executive Independent Director Member of the Committee	Video Conference	Video Conference	Absent	Present	Video Conference	Video Conference	Present	6
Mr. Ashish Mehrotra Managing Director & CEO Member of the Committee	Present	Present	Video Conference	Present	Video Conference	Present	Present	7
Mr. Ashutosh Pednekar Non-executive Independent Director Member of the Committee	Present	Present	Video Conference	Present	Video Conference	Present	Present	7
Ms. Anuradha Rao[1] Non-executive Non-Independent Director Member of the Committee	Present	Video Conference	Video Conference	Video Conference	Video Conference	Video Conference	Present	7
Mr. Michael Fernandes Non-executive Nominee Director Member of the Committee	Present	Present	Video Conference	Present	Video Conference	Present	Present	7
Mr. Vijay Nallan Chakravarthi Non-executive Nominee Director Member of the Committee	Present	Present	Video Conference	Present	Video Conference	Present	Present	7
Ms. Kshama Fernandes Non-executive Non-Independent Director Member of the Committee	Present	Present	Video Conference	Present	Video Conference	Present	Video Conference	7
Mr. Sandeep Dhar[2] Non-executive Independent Director Member of the Committee	NA	NA	NA	NA	Absent	Present	Video Conference	2
Mr. Vidya Krishnan[3] Non-executive Independent Director Chairperson of the Committee	NA	NA	NA	NA	NA	NA	Present	1
Mr. T. S. Anantharaman[4] Non-executive Nominee Director Member of the Committee	Video Conference	Present	NA	NA	NA	NA	NA	2
	100%	100%	86%	100%	88%	100%	100%	

Attended Meeting through Video Conference   Director(s)/ Member(s) Present   Director(s)/ Member(s) Absent

[1] Ms. Anuradha Rao served as Chairperson of Committee until her retirement as Independent Director on October 30, 2025. She was appointed as Non-Executive, Non-Independent Director and Member of the Committee with effect from October 31, 2025.

[2] Appointed with effect from July 29, 2025

[3] Appointed with effect from October 31, 2025

[4] Resigned with effect from June 23, 2025

Terms of Reference of Risk Management Committee

(1) To formulate 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 Committee.

b) Measures for risk mitigation including systems and processes for internal control of identified risks.

c) Business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) Review and confirm that all responsibilities outlined in the charter have been carried out.

(7) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Committee; and

(8) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and/or any other applicable laws.

The Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

The specific roles and responsibilities of the Committee are as follows:

- Evaluating the overall risks faced by the NBFC including liquidity risk and shall report to the Board
- Framing the risk policy and risk framework
- Defining acceptable broad risk thresholds for each class of risk for referral to the Board
- Periodically reviewing the risk framework
- Advising the risk team from time to time on new ideas and trends in risk management.
- The Committee in consultation with the IT Strategy Committee shall periodically review the IT related risks and cyber related risks and update the same to Board at least on a yearly basis.

In relation to the Company's risk management

The Committee's role is to ensure the following by overseeing the effective functioning of the risk management process:

- All business risks are identified as far as is reasonably foreseeable
- Each risk is appropriately assessed in terms of likelihood and consequence
- Appropriate operational and financial controls are implemented to maximize opportunities and mitigate against potential losses
- An effective system of internal compliance and control is in place
- All material risks are monitored as a whole on at least a quarterly basis
- Staff charged with risk management responsibilities will have appropriate authority to carry out their functions and have appropriate access to the Audit Committee and Risk Management Committee.
- New product development and new business exposures are undertaken within the framework of risk management and the Committee approves the launch of any new product
- All existing products and businesses are regularly reviewed to ensure that they comply with the risk policy, both from an economic and regulatory perspective
- The board of directors shall define the role and responsibility of the Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.

5. Corporate Social Responsibility Committee (CSR):

Corporate Social Responsibility Committee was constituted in accordance with Section 135 of Companies Act, 2013. The Committee is chaired by Non-Executive Independent Director.

The details of attendance of each Director at the meetings held during the period from April 01, 2025 to 31 March, 2026 are mentioned below:

CSR Committee Member(s)	28-07-2025	30-10-2025	29-01-2026	Attended during the Year
Mr. Ashutosh Pednekar Non-executive Independent Director Chairman of the Committee	👤	👤	💬	3
Mr. Ashish Mehrotra Managing Director & CEO Member of the Committee	👤	👤	👤	3
Ms. Kshama Fernandes[1] Non-executive Non-Independent Director Member of the Committee	💬	💬	👤	3
Mr. Michael Fernandes Non-executive Nominee Director Member of the Committee	👤	👤	👤	3
	100%	100%	100%	

💬 Attended Meeting through Video Conference 👤 Director(s)/ Member(s) Present

[1] Ms. Kshama Fernandes (DIN: 02539429) completed her tenure as a Non-Executive, Non-Independent Director of the Company with effect from the close of business hours on 31 March, 2026. Consequently, she ceased to be a member of the CSR Committee.

Terms of Reference of CSR Committee

1) Formulating and recommending a CSR Policy to the Board
2) Regular monitoring and overall supervision of the programs of the implementing agencies including Northern Arc Foundation.
3) Recommend to the Board CSR expenditure to be incurred
4) Recommend to the Board, modifications to CSR Policy as and when required

6. Information Technology Strategy Committee (ITSC)

The IT Strategy Committee has been constituted in accordance with the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by the Reserve Bank of India dated November 07, 2023. The Chairperson of the Committee is an Independent Director and has substantial IT expertise in managing/ guiding information technology initiatives and the members of the Committee are technically competent. In addition to the members of the Committee, these meetings were also attended by the management team members who were considered necessary for providing input to the Committee on need basis.

The details of attendance of each Director at the meetings held during the period from April 01, 2025 to 31 March, 2026 are mentioned below:

IT Strategy Committee Member(s)	26-06-2025	28-07-2025	30-10-2025	29-01-2026	Attended during the Year
Mr. Sandeep Dhar Non-executive Independent Director Chairman of the Committee	💬	💬	💬	💬	4
Ms. Anuradha Rao[1] Non-executive Non-Independent Director Member of the Committee	👤	💬	💬	💬	4
Mr. Ashish Mehrotra Managing Director & CEO Member of the Committee	👤	👤	👤	👤	4
Ms. Vidya Krishnan[2] Non-executive Independent Director Member of the Committee	NA	NA	NA	👤	1
	100%	100%	100%	100%	

💬 Attended Meeting through Video Conference 👤 Director(s)/ Member(s) Present

[1] Ms. Anuradha Rao retired as Independent Director on October 30, 2025 and was appointed as Non-Executive, Non-Independent Director with effect from October 31, 2025

[2] Appointed with effect from October 31, 2025

Terms of reference of IT Strategy Committee

1) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
2) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
3) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
4) Monitoring the method management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
5) Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.
6) Instituting an appropriate governance mechanism for outsourced processes, comprising of risk-based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end-to-end manner and undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
7) IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organization.
8) Ensure that the organization has put in place processes for assessing and managing IT and cybersecurity risks.
9) Overseeing DPDP compliance from a technology governance and strategic oversight perspective.

7. Environmental Social and Governance Committee (ESG):

With a view to strengthen the Board's commitment and oversight on ESG matters, Board has constituted an ESG Committee of the Board to consider material environmental, social and governance issues relevant to Company's activities and to help set directions for the organizations through appropriate goals and targets.

The details of attendance of each Director at the meetings held during the period from April 01, 2025 to 31 March, 2026 are mentioned below:

ESG Committee Member(s)	29-01-2026	Attended during the Year
Mr. Ashutosh Pednekar Non-executive Independent Director Chairman of the Committee	💬	1
Mr. Ashish Mehrotra Managing Director & CEO Member of the Committee	👤	1
Ms. Kshama Fernandes Non-executive Non-Independent Director Member of the Committee	👤	1
Mr. Michael Fernandes Non-executive Nominee Director Member of the Committee	👤	1
	100%	100%

💬 Attended Meeting through Video Conference 👤 Director(s)/ Member(s) Present

Terms of reference of ESG Committee:

To support the Board in:

a) Identifying, understanding and monitoring the expectations of the key stakeholders and the material ESG issues relevant to the operations of Northern Arc
b) Monitor external ESG trends and understand associated risks and opportunities and suggest necessary changes required in the ESG strategy.

c) Coordinate with other committees of the Board that assist in the ESG responsibilities as maybe relevant for discharge of its functions, viz., Board Risk Committee, Nomination & Remuneration Committee that also assist the Board in its ESG responsibilities.

d) Establishment of the overall systematic and structured improvement of environmental, social and governance performance, targeted to identify and manage ESG risks and opportunities in Northern Arc's own operations as well as in the loan and investment appraisal and management processes, integrated in the Company's organizational structure, planning activities, responsibilities, practices, procedures, processes and resources, which shall include compliance with the following ESG requirements namely:

(i) Recommending an ESG strategy, targets and indicators and roadmap to achieve the targets for the material ESG issues of Northern Arc

(ii) Monitoring and reporting to the Board on the ESG performance of the Company on the set targets

(iii) Examining ESG policies and procedures and their implementation and making recommendations for their improvement to the Board

(iv) Considering and reviewing reports from the management on the implementation of the ESG and related policies

(v) Reviewing and recommending reports to the Board on matters in relation to the ESG

(vi) Monitoring compliance status of clients with ESG requirements

(vii) Reviewing draft Business Responsibility Reports and other similar reports and disclosures of the Company and suggesting and recommending changes/ amendments in line with the best practices in the industry

(viii) Support in improving Northern Arc's ESG disclosures in order to effectively demonstrate the Group's ESG commitment to its stakeholders

(ix) Identifying and suggesting opportunities and areas for deployment of company's funds in the form of investments, etc. in ESG related areas and aid in the achievement of globally accepted Sustainable Development Goals (SDGs), as may be amended from time to time.

(x) Monitoring and review of usage of funds raised through issue of Green Bonds or other similar instruments/ facilities, and ensure the usage of their proceeds align with SDGs and/or their objectives. This monitoring also includes review of disclosures to the investors of the Green Bonds or similar instruments as part of initial and ongoing disclosure requirements.

(xi) Recommending and reviewing methods of "measurement" of impact created by the Company. The results of the impact assessment, may, subject to the approval of the Committee, be made public and be made part of disclosures and other publicity materials of the Company. An illustrative list of impact measurement along with the relevant SDGs indicated in brackets is provided below:

i. Number of microfinance loans provided (Access to essential services)

ii. Number of equal paying jobs created for women (Socioeconomic advancement and women empowerment)

iii. Number of women using technology related products (Socioeconomic advancement and women empowerment)

iv. Usage of renewable energy (Energy efficiency)

v. Number of SME (Access to essential services)

(xii) The ESG Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary in the discharge of its functions.

(xiii) Any other aspects relating to ESG that is relevant to the Company, as the Committee may deem appropriate.

8. Review Committee for Wilful Defaulters (RCWD)

In line with the RBI Master Direction on Treatment of Wilful Defaulters and Large Defaulters, Board has constituted a Board level Review Committee for Wilful Defaulters. Committee has not met during the financial year 2025-26. Composition of the Review Committee for Wilful Defaulters is mentioned below:

Sl. No	Name of Director & Category	Chairperson / Member
1.	Mr. Ashish Mehrotra MD & CEO	Chairperson
2.	Ms. Anuradha Rao Non-Executive Non-Independent Director[1]	Member
3.	Mr. Ashutosh Pednekar Independent Director	Member

[1] Ms. Anuradha Rao retired as Independent Director on October 30, 2025 and was appointed as Non-Executive, Non-Independent Director with effect from October 31, 2025

Terms of reference of the Committee

1) To consider the proposal received from the Identification Committee for classification of a borrower as a wilful defaulter

2) To provide an opportunity to borrower/ guarantor/ promoter/ director/ persons who are in charge and responsible for the management of the affairs of proposed wilful defaulter to make a written representation, within the timeframes as applicable under the RBI Circular.

3) To provide an opportunity to borrower/ guarantor/ promoter/ director/ persons who are in charge and responsible for the management of the affairs of proposed wilful defaulter for a personal hearing, within the timeframes as applicable under the RBI Circular.

4) To decide on qualifying a borrower as a wilful defaulter, after assessing the facts or material on record, including written representation and personal discussion, if any, and to pass an order in this regard.

5) To ensure that show cause notices and orders are served by the designated officials of the Company as required in the RBI Circular.

6) Such other functions as may be required to be performed under the RBI Circular.

Meetings of Independent Directors

In compliance with Regulation 25(3) of the SEBI Listing Regulations and Schedule IV of the Act, a separate meeting of Independent Directors was held on March 30, 2026, without the presence of Non-Independent Directors and members of the management, to:

- review the performance of the Non-Independent Directors and the Board as a whole;
- review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Details of Senior Management Personnel

The senior management are identified as per Listing Regulations 2015. As on 31 March, 2026, the following persons were identified as Senior Management Personnel of the Company:

Sl. No	Name	Designation
1	Mr. Ashish Mehrotra	Managing Director & CEO
2	Mr. Pardhasaradhi Rallabandi	Group Risk Officer and Governance Head
3	Mr. Atul Tibrewal	Chief Financial Officer
4	Mr. Saurabh Jaywant	Chief Legal Counsel
5	Mr. Gaurav Mehrotra	Chief Technology Officer
6	Mr. Amit Mandhanya	Executive Vice President - II
7	Ms. Moushumi Mandal	Chief People Officer
8	Mr. Chetan Tivary	Chief Internal Auditor
9	Mr. Prakash Chandra Panda	Company Secretary & Compliance Officer

Changes in Senior Management Personnel during the financial year 2025-26:

Name	Date of Change	Particulars of change
Ms. Kshama Fernandes	April 01, 2025	Designation changed from Vice-Chairperson & Non-executive, Non-Independent director to Non-executive, Non-Independent director with effect from April 01, 2025. Further, the tenure of Ms. Kshama Fernandes as Director was completed on 31 March, 2026.
Mr. C Kalyanasundaram	May 09, 2025	Resigned from the position of Chief Internal Auditor.
Mr. Chetan Tivary	May 10, 2025	Appointed as the Chief Internal Auditor.
Mr. Gaurav Shukla	July 31, 2025	Resigned from the position of Chief Business Officer (Intermediate Retail).
Ms. Umasree Parvathy	October 31, 2025	Retired from the position of Chief People Officer of the Company due to Superannuation.
Ms. Moushumi Mandal	November 01, 2025	Appointed as the Chief People Officer of the Company.

Remuneration to Directors

(i.) Sitting Fees:

All the Non-executive directors including Independent directors are entitled to receive sitting fees for attending each meeting of the Board and Committees. Pursuant to the provisions of the Companies Act, 2013, sitting fees of INR 1,00,000/- and INR 50,000/- per meeting are paid to all Non-executive Directors for attending the meetings of Board and Board Level Committees respectively.

Details of Sitting fees paid to the Directors for attending the meetings of Board and Board level Committees during FY 2025-26 is detailed below:

Sl. No	Name of Director	Sitting Fees (Amount in INR)
1	Mr. P S Jayakumar Independent Director	17,50,000
2	Mr. Ashutosh Pednekar Independent Director	18,50,000
3	Mr. Michael Jude Fernandes Nominee Director	19,00,000
4	Mr. Vijay Chakravarthi Nominee Director	17,00,000
5	Dr. Kshama Fernandes Non-Executive Non-Independent Director	16,50,000
6	Ms. Anuradha Rao Non-Executive Non-Independent Director	22,00,000
7	Mr. Sandeep Dhar Independent Director	11,50,000
8	Ms. Vidya Krishnan Independent Director	6,50,000
9	Mr. TS Anantharaman Nominee Director	4,00,000

(ii.) Remuneration to MD & CEO

The shareholders of the Company have approved the appointment of Mr. Ashish Mehrotra as MD & CEO of the Company for a period of 5 years with effect from April 01, 2022 to 31 March, 2027 along with the remuneration package which consists of Fixed & variable pay. Thereafter, the remuneration payable to Mr. Ashish Mehrotra has been revised from time to time based on the evaluation of his performance, with due consideration and recommendation of the Nomination and Remuneration Committee and approval of the Board. The requisite approvals of the shareholders have been obtained periodically, with the most recent approval being accorded at the 17th Annual General Meeting held on August 25, 2025.

Details of remuneration paid to Mr. Ashish Mehrotra, MD & CEO during FY 2025-26:

(Amount in INR.)

Fixed Pay	
- Salary and allowances	5,50,00,000
Variable Pay	2,46,50,002
- Bonus	
- Special Discretionary Payout[1]	2,10,00,000*
- Deferred Bonus for FY 2024-25[2]	59,40,000
Total Remuneration paid	**10,65,90,002**

[1] Shareholders' ratification through a Special Resolution is proposed at the ensuing AGM.

[2] Deferred Bonus of FY 2024-25 was paid in FY 2025-26

Details	Granted	Vested	Unvested	Exercised
No. of Employee Stock Options	18,27,000	7,76,500	9,11,500	1,39,000

(iii.) Commission to Chairperson:

Mr. P S Jayakumar was re-appointed as the Non-executive Independent Director of the Company for a period of 5 consecutive years from October 15, 2023 to October 14, 2028 in the Extra-Ordinary General Meeting held on September 13, 2023. Based on the recommendations of NRC and Board of Directors, shareholders of the Company have approved the revision in payment of Commission to Mr. P S Jayakumar (in the capacity of Non-Executive, Independent Director and Chairperson) in the Annual general meeting held on August 25, 2025. Accordingly, a commission of INR 1,52,50,000/- (Rupees One Crore and Fifty-Two Lakhs and Fifty Thousand only) excluding sitting fees for attending the Board and Committee meetings has been paid for the FY 2025-26.

Pecuniary relationship and/or transactions of the Non-Executive Directors with the listed entity:

During the year under review, there were no pecuniary relationships or transactions with the Non-Executive Directors of the Company, apart from remuneration paid to them by way of commission and sitting fees.

Criteria for making payment to Non-executive Directors

The criteria of making payments to Non-Executive Directors is detailed in the Nomination and Remuneration Policy of the Company and it is available on the Company's website at: https://www.northernarc.com//assets/uploads/policies/Nomination_and_Remuneration_Policy.pdf

General Body Meetings:

The details of date, time and location of last three Annual general meetings and the details of Special resolutions passed in those meetings are given below:

No. of AGM	Date & time of AGM	Mode & Location of AGM	Special resolutions passed in the AGM
15th AGM	December 29, 2023 at 4.30 PM	Physical Mode Registered office of Company at 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113.	Nil
16th AGM	December 19, 2024 at 3:00 pm	Through Video Conferencing/other audio-visual means Deemed venue: Registered office of Company at 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113.	1. Alteration of Articles of Association of the Company. 2. 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. 3. 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. 4. Revision in the terms of managerial remuneration of Mr. Ashish Mehrotra (DIN: 07277318), Managing Director & Chief Executive Officer of the Company. 5. Continuation of Dr. Kshama Fernandes (DIN: 02539429) as a non-executive and non-independent director and Vice-Chairperson of the Company.
17th AGM	August 25, 2025 at 11:00 am	Through Video Conferencing/other audio-visual means Deemed venue: Registered office of Company at 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113.	1. Approval for Creation of charges on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013 2. Approval for increase in borrowing powers in excess of the paid-up share capital, free reserves and securities premium of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013. 3. Approval for the Offer and Issue of Non-Convertible Debentures, in one or more tranches on a private placement basis. 4. Approval for Increase of ESOP Options under Northern Arc Employee Stock Option Plan 2016 5. 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 6. Revision in the terms of managerial remuneration of Mr. Ashish Mehrotra (DIN: 07277318), Managing Director & Chief Executive Officer of the Company

Postal Ballot exercise

During the financial year 2025-26, the Company has obtained the approval of shareholders through Postal ballot (only through remote E-Voting) as detailed below:

(i.) Postal Ballot Notice dated April 02, 2025

Remote E-Voting Period	From Sunday, April 6, 2025, at 9.00 a.m. IST To Monday, May 5, 2025, at 5.00 p.m. IST
Date of Declaration of Result	Tuesday, May 6, 2025
Person who conducted the Postal ballot exercise	Board has appointed Mr. M. Alagar (M. No. 7488) failing him, Mr. D. Saravanan (M. No. 60177) of M/s. M Alagar & Associates, Practicing Company Secretaries, Chennai (Firm Registration No. P2011TN078800) as the Scrutinizer, for conducting the Postal Ballot process, in a fair and transparent manner. Mr. M. Alagar has submitted Scrutiniser's report on Tuesday, May 6, 2025.

Details of Voting Pattern

Sl. No	Particulars of the Resolution & type of Resolution	Votes cast in favour of the Resolution		Votes cast against the Resolution	
		No.	%	No.	%
1	Re-Appointment of Dr. Kshama Fernandes (DIN: 02539429) as a Director (Non-Executive Non-Independent Director) - Ordinary Resolution	10,36,29,991	99.99	5,376	0.01
2	Ratification for implementation of the Northern Arc Employee Stock Option Plan 2016 and the ESOP Schemes through trust route - Special Resolution	9,97,07,720	96.21	39,27,505	3.79
3	Extension of the benefits under the Northern Arc Employee Stock Option Plan 2016 and ESOP Schemes to the employees of Holding and/or Subsidiary companies of the Company - Special Resolution	9,97,07,489	96.21	39,27,796	3.79

The results were declared on May 6, 2025 and all the resolutions were passed with requisite majority on May 6, 2025 (last date for remote e-voting).

Procedure of Postal ballot:

In compliance with Regulation 44 of the SEBI Listing Regulations, Sections 108, 110 and other applicable provisions of the Companies Act, 2013 ("Act") read with the Rules issued thereunder and the General Circulars issued in this regard by the MCA, the Company has provided e-Voting facility to all its members. The Company engaged the services of NSDL for the purpose of providing e-Voting facility to all its Members.

The Notice of Postal Ballot was sent only by electronic mode to those Members whose names appear in the Register of Members / List of Beneficial Owners maintained by the Company and as received from National Securities and Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) ('Depositories') as on Friday, March 28, 2025 (cut-off date) and whose e-mail IDs are registered with the Company / Depositories. Further, the Members had the option to vote only through remote e-Voting and voting through physical ballot papers was not provided.

The Company had also published a notice in the newspaper on April 05, 2025 declaring the details and requirements for postal ballot as mandated by the Act and applicable rules, post circulation of postal ballot notice to the Members.

Voting right(s) were reckoned on the paid-up value of shares registered in the name of the Member as on the cut-off date. The scrutiniser completed their scrutiny and submitted the report to the Chairman and the results of the voting were announced on May 6, 2025. The results along with Scrutiniser's report were submitted to the Stock exchanges and available at their websites www.bseindia.com and www.nseindia.com and on the website of the Company at https://www.northernarc.com/postal-ballot

(ii.) Postal Ballot Notice dated December 13, 2025

Remote E-Voting Period	From Friday, December 26, 2025, at 9.00 a.m. IST To Saturday, January 24, 2026, at 5.00 p.m. IST
Date of Declaration of Result	Saturday, January 24, 2026
Person who conducted the Postal ballot exercise	Board has appointed M/s. Genicon Legal LLP, Advocates and Advisors Firm, represented by its Designated Partner Mr. N. A. Srinivasan FCS: 7257 and Advocate Registration Number: M/s 2065/2006 failing him Ms. Jamuna S, Practising Company Secretary (M. No. 74911) as the Scrutinizer, for conducting the Postal Ballot process, in a fair and transparent manner. Mr. N. A. Srinivasan has submitted Scrutiniser's report on Saturday, January 24, 2026.

Details of Voting Pattern

Sl. No	Particulars of the Resolution & type of Resolution	Votes cast in favour of the Resolution		Votes cast against the Resolution	
		No.	%	No.	%
1	Appointment of Ms. Vidya Krishnan (DIN: 09669166) as an Independent Director of the Company – Special resolution	6,19,36,696	99.99	1449	0.01
2	Appointment of Ms. Anuradha Rao (DIN: 07597195), as Non-executive Non-Independent Director of the Company – Ordinary resolution	6,18,90,778	99.92	47,368	0.08

The results were declared on January 24, 2026 and all the resolutions were passed with requisite majority on January 24, 2026 (last date for remote e-voting).

Procedure of Postal ballot:

In compliance with Regulation 44 of the SEBI Listing Regulations, Sections 108, 110 and other applicable provisions of the Companies Act, 2013 ("Act") read with the Rules issued thereunder and the General Circulars issued in this regard by the MCA, the Company has provided e-Voting facility to all its members. The Company engaged the services of NSDL for the purpose of providing e-Voting facility to all its Members.

The Notice of Postal Ballot was sent only by electronic mode to those Members whose names appear in the Register of Members / List of Beneficial Owners maintained by the Company and as received from National Securities and Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) ('Depositories') as on Friday, December 12, 2025 (cut-off date) and whose e-mail IDs are registered with the Company / Depositories. Further, the Members had the option to vote only through remote e-Voting and voting through physical ballot papers was not provided.

The Company had also published a notice in the newspaper on December 25, 2025 declaring the details and requirements for postal ballot as mandated by the Act and applicable rules, post circulation of postal ballot notice to the Members.

Voting right(s) were reckoned on the paid-up value of shares registered in the name of the Member as on the cut-off date. The scrutiniser completed their scrutiny and submitted the report to the Chairman and the results of the voting were announced on January 24, 2026. The results along with Scrutiniser's report were submitted to the Stock exchanges and available at their websites www.bseindia.com and www.nseindia.com and on the website of the Company at https://www.northernarc.com/postal-ballot

No Special Resolution is proposed to be passed through Postal Ballot as on the date of this Annual Report.

Means of communication

Pursuant to Regulation 46 and 62 of SEBI Listing Regulations, the Company maintains a functional website viz., www.northernarc.com and having separate section viz., "Investors" which contains investors information about the Company such as details of its business, financial results, shareholding pattern, compliance with the corporate governance requirements and other Corporate Communications made to the Stock Exchanges, Notices & Annual Reports of the Company, unpaid/ unclaimed Interest / redemption amount details, contact details of the designated officials who are responsible for assisting and handling investor grievances etc.,

The quarterly/half yearly/annual financial results are published in Business Standard (English daily) and vernacular newspaper Makkal Kural (Tamil daily). The results and presentation on financial results were also posted on our website and also on the websites of stock exchanges i.e., www.bseindia.com and www.nseindia.com. Also, material updates/developments are disclosed to the stock exchanges and hosted on Company's website.

Company also conducts meetings with Institutional Investors and Analysts. The Schedule of Meetings, Investors Presentations, Audio recordings and transcript are forwarded to the stock exchanges as well simultaneously displayed on the Company's website. Official news / press releases (if any) would also be disseminated on the Company's website.

General Shareholder Information

18th Annual General Meeting	On Tuesday, August 18, 2026 at 11.30 a.m. through Video Conferencing / Other Audio-Visual Means as set out in the Notice convening the Annual General Meeting. Deemed venue shall be the Registered office of the Company situated at 10th Floor-Phase 1, IIT-Madras Research Park, Kanagam Village, Taramani, Chennai – 600 113. Remote E-Voting: (i) Date and time of commencement of Remote E-voting: Friday, August 14, 2026 at 9.00 am. (ii) Date and time of end of Remote E-voting : Monday, August 17, 2026 at 5.00 pm. (iii) Cut – off date: Wednesday, August 12, 2026.
Financial year	From April 01, 2025 to 31 March, 2026.
Dividend Payment Date	Not applicable as no dividend is recommended by the Board of Directors.
Listing on Stock Exchanges	Company's Equity Shares are listed on following Stock exchanges: (i.) BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Scrip Code – 544260 (ii.) 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: INE850M01015 The Non-convertible securities of the Company are listed on the debt market segment of BSE Limited and NSE Limited. Annual Listing fees for FY 2026-27 have been paid to all the stock exchanges where the securities of the Company are listed.
Suspension of securities from trading	None of the Securities of the Company have been suspended from trading by the Stock exchanges / SEBI during FY 2025-26.

Register and Share Transfer Agent (RTA)

In terms of Regulation 7 of SEBI Listing Regulations, M/s. KFin Technologies Limited was appointed as the Registrar and share transfer agent, for the equity shares and Non-convertible securities issued by the Company.

Address for correspondence:

RTA	Company
KFin Technologies Limited, SEBI Registration Number: INR000000221 Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana - 500 032. Phone: +91 40 6716 2222 Toll free: 18003094001 E-mail: einward.ris@kfintech.com	Mr. Prakash Chandra Panda Company Secretary & Compliance Officer Northern Arc Capital Limited, 10th Floor, IITM Research Park, No. 1, Kanagam Village, Taramani, Chennai - 600 113. Phone: 044-6668 7000. Email id: cs@northernarc.com

Debenture Trustees for NCD holders

Catalyst Trusteeship Ltd
(Formerly GDA Trusteeship Limited)
GDA House, First Floor, Plot No. 85, S. No. 94 & 95,
Bhusari Colony (Right), Kothrud,
Pune -411038
Phone: +91 020 25280081
Email: dt@gdatrustee.com

Share transfer system, dematerialization of shares and liquidity

The Company's shares are traded under compulsory dematerialised mode and are freely tradable. The Board of Directors have delegated the power to attend all the formalities relating to transfer of securities to the Registrar and Share Transfer Agent of the Company. As of 31 March, 2026, 100% of the Company's shares were held in dematerialised form and are regularly traded in NSE and BSE.

Distribution of shareholding

(PAN wise – without grouping)

Sl. No	Description (No. of shares)	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	88,053	91.461	6,86,84,970	4.251
2	5001- 10000	4,033	4.1891	3,16,97,930	1.9618
3	10001- 20000	1,836	1.9071	2,76,82,200	1.7133
4	20001- 30000	676	0.7022	1,69,89,870	1.0515
5	30001- 40000	358	0.3719	1,28,42,080	0.7948
6	40001- 50000	262	0.2721	1,22,60,190	0.7588
7	50001- 100000	495	0.5142	3,69,56,500	2.2873
8	100001 & Above	561	0.5827	1,40,86,05,010	87.181
	Total	**96,274**	**100**	**1,61,57,18,750**	**100**

Outstanding Global Depository Receipts (GDR) or American Depository Receipts (ADR) or warrants or any convertible instruments, conversion date and likely impact on equity

The Company does not have any outstanding GDR or ADR or warrants or any convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities

The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Further, the Company has availed External Commercial Borrowings (ECBs) during the financial year 2025-26 and has entered derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated thereon. The ECBs are fully hedged and do not possess any foreign exchange risk.

Plant locations

Being in the NBFC business, the Company does not have manufacturing plants. However, the Company has 86 branches across the nation as on 31 March, 2026. The locations of the branches are displayed on the Company's website https://www.northernarc.com/reach-us.

Credit Ratings

The details of list of all credit ratings obtained by the Company along with any revisions thereto during the financial year 2025-26 for all debt instruments of the Company are given below:

Sl. No	ISIN of the Non-Convertible Debenture (NCD)	Listed / Unlisted	Existing rating	Change in Rating during 31 March 2026	Rating Agency
1	INE850M07467	Listed	ICRA AA- (Stable)	--	ICRA
2	INE850M07475	Listed	ICRA AA- (Stable)	--	ICRA
3	INE850M07483[1]	Listed	ICRA AA- (Stable)	--	ICRA
4	INE850M07491	Listed	ICRA AA- (Stable)	--	ICRA
5	INE850M07501	Listed	ICRA AA- (Stable)	--	ICRA
6	INE850M07343[2]	Unlisted	IND AA- / Stable	--	India Rating
7	INE850M07400[3]	Unlisted	Unrated	--	--
8	INE850M07434	Unlisted	ICRA AA- (Stable)	--	ICRA

1 Matured on November 13, 2025
2 Matured on December 18, 2025
3 Matured on March 23, 2026

OTHER DISCLOSURES

(a.) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large

During the year under review, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

(b.) Details of non-compliance by the Company, penalties, strictures imposed on it by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

During the last 3 financial years, there have been instances of non-compliance of the provisions of the SEBI Listing Regulations in relation to the listed non-convertible debentures issued by our Company. Set forth below are the details of penalties/ fines levied by the BSE during FY 2022-23, FY 2023-24 and FY 2024-25:

Sl. No	ISIN	Regulation/Circular Reference	Period of non-compliance	Fine/penalty levied (INR)
FY 2024-25				
1	Not applicable	Delay in intimation of Board Meeting, Non-submission of unaudited financial results within the prescribed time and non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs	Quarter ended June 30, 2024	4,40,140
FY 2023-24				
2	Not applicable	Delay in submission of the statement of investor complaints	Quarter ended June 30, 2023	2,87,920
3	INE850M14BU4	Paragraph 8.4 of Chapter XVII of SEBI circular dated August 10, 2021	December 2023	1,19,180
4	INE850M14B07	Regulation 57(1) of the SEBI Listing Regulations	August 2023	2,47,800
FY 2022-23				
5	INE850M08085 INE850M07244 INE850M07269 INE850M07327 INE850M07442 INE850M07376 INE850M07384	Regulation 57(5) of the SEBI Listing Regulations	March 2023	8,260
6	INE850M14BG3	Regulation 57(1) of the SEBI Listing Regulations	January 2023	1,55,760
7	INE850M14BE8	Regulation 57(1) of the SEBI Listing Regulations	December 2022	1,82,900
8	INE850M14BC2	Regulation 57(1) of the SEBI Listing Regulations	November 2022	2,12,400
	INE850M14BD0	Regulation 57(1) of the SEBI Listing Regulations	November 2022	2,07,680

During the FY 2025-26, no penalties or strictures were imposed by stock exchange(s) or SEBI or any statutory authority, on any matters related to capital markets.

(c.) Details of establishment of Vigil Mechanism / Whistle Blower Policy, and affirmation that no personnel has been denied access to the audit committee

As per the provisions of Section 177(9) of the Companies Act, 2013, and Regulation 22 of the SEBI Listing Regulations, 2015, your Company has established a Vigil Mechanism and has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to approach the Audit Committee of the Company. The said policy is available on the website of Company at https://www.northernarc.com//assets/uploads/policies/Vigil_Mechanism_Whistle_blower_policy.pdf

The Vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and directors and also provides direct access to the Chairperson of the Audit Committee in exceptional circumstances. During the financial year, no complaints were received by the Company and no complaints are outstanding as on 31 March, 2026.

(d.) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all mandatory requirements under the provisions of SEBI Listing Regulations and amendments thereon from time to time.

Non-mandatory requirements:

In addition to the Mandatory Requirements, your Company has ensured the implementation of following non-mandatory requirements as suggested in Regulation 27 and Schedule II, Part E of the SEBI Listing Regulations:

(i.) Board: The Company has one woman independent director on its Board.

(ii.) Unmodified opinion(s) in audit report: The Auditors have expressed an unmodified opinion on the financial statement of the Company.

(iii.) Separate posts of Chairperson and MD & CEO: Your Company has separated the posts of Chairperson and the MD & CEO in terms of SEBI Listing Regulations. Mr. P.S. Jayakumar, Non-Executive Independent Director, is the Chairman of Company and Mr. Ashish Mehrotra is the Managing Director & CEO of the Company. The Chairman is not related to MD & CEO or any other Directors of the Company.

(iv.) Reporting of internal auditor: The internal audit function of the Company reports directly to the Audit committee.

(v.) Independent Directors: During the year under review, a separate meeting of Independent Directors was held on March 30, 2026, without the presence of non-independent directors and members of the management and all the independent directors were present at the said meeting.

(vi.) Risk Management: The Company has a Risk Management Committee in accordance with the provisions of SEBI Listing Regulations and applicable RBI Directions.

(e.) Policies / Codes:

The Company has formulated Policy for determining 'material' subsidiaries, Policy on dealing with related party transactions and such other policies / codes in accordance with Companies act, 2013, SEBI Listing Regulations and applicable RBI Directions which are displayed on the website of the Company at https://www.northernarc.com/disclosures-under-regulations.

(f.) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the year under review, your Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.

There is no variation or deviation in the use of proceeds from the objects stated in the offer document for Initial Public Offering (IPO).

(g.) Certificate on Non-disqualification of Directors

The Certificate, as mandated under Regulation 34(3) read with Schedule V Part C of SEBI Listing Regulations, has been obtained from M/s. Alagar & Associates LLP, Practicing Company Secretaries, Chennai. This certificate confirms that none of the Directors on the Board of the Company were debarred or disqualified for the Financial Year ending on 31 March, 2026, from serving or continuing as Directors of the Company by SEBI/ Ministry of Corporate Affairs (MCA) or any relevant statutory authority. The certificate forms part of this Annual report.

(h.) Details of non-acceptance of any recommendation of any committee of the board which is mandatorily required:

During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

(i.) Fees paid by the Company & its subsidiaries to Statutory Auditors (including its network firms):

The Company & its subsidiaries have paid an aggregate amount of INR 1,62,80,163/- to M/s. Walker Chandiok & Co LLP, Statutory auditors of the Company towards Audit fee and Fee for availing other Statutory certificates for the FY 2025-26.

(j.) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Complaints pending at the beginning of financial year	Complaints received during financial year	Complaints disposed-off during financial year	Complaints pending at the end of financial year
0	1	1	0

(k.) Disclosure on 'Loans and advances in the nature of loans' to firms/companies in which directors are interested

Name of the Director	Name of the Interested Entity	Term Loan as on Outstanding on 31st March 2026 (Amount in INR)
Ashish Mehrotra	Easy Home Finance Private Limited	6,36,19,953
Michael Fernandes[1]	Neogrowth Credit Private Limited	21,87,50,000

[1]Mr. Michael Fernandes interested as Director of Neogrowth Private Limited upto April 02, 2025

(l.) Material Subsidiaries

Material subsidiary means a subsidiary, whose turnover or net worth exceeds 10% (ten) of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. As per the financial statements for the year ended 31 March, 2025, the Company does not have any Material subsidiaries during FY 2025-26.

(m.) Compliance with Corporate Governance provisions

The Company has complied with and disclosed all the mandatory corporate governance requirements mentioned under sub-para (2) to (10) of Part C of Schedule V of the SEBI Listing Regulations.

(n.) Code of Conduct

Pursuant to regulation 26(3) of SEBI Listing Regulations, all the Directors and Senior Managerial Personnel of the Company have affirmed the compliance of the Code of Conduct laid down by the Company. Declaration of MD & CEO, stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct forms part of this report.

(o.) Certificate on Corporate Governance

Company has obtained a Certificate on compliance with Corporate Governance norms from M/s. Alagar & Associates LLP, Practicing Company Secretaries, Chennai and the same forms part of this report.

(p.) Demat suspense account/ unclaimed suspense account

As on 31 March, 2026, the Company does not have any equity shares lying in the unclaimed suspense account.

(q.) Disclosure of certain types of agreements binding listed entities

During the financial year 2025-26, the Shareholders, related parties, directors, key managerial personnel, employees of the Company or of its subsidiaries and associate company have not entered into any agreement among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially affects the management or control of the Company, or imposes any restriction or creates any liability on the Company. Furthermore, in accordance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations and the Companies Act, 2013, the Company does not have any identifiable promoters.

(r.) MD & CEO/CFO Certification:

The Managing Director and Chief Financial Officer's annual certificate on financial reports and internal controls to the Board in terms of Regulation 17(8) of the SEBI Listing Regulations forms part of this Annual Report. The Managing Director and Chief Financial Officer also jointly issue a quarterly compliance certificate on financial results and place the same before the Board in terms of Regulation 33(2) of the SEBI Listing Regulations.

Declaration on compliance with the Code of Conduct

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year ended 31 March, 2026.

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Place: Chennai
Date: May 08, 2026

CEO / CFO Certification

[Pursuant to Regulation 17(8) of SEBI Listing Regulations]

As stipulated under Regulation 17(8) read with Part B, Schedule II of the SEBI Listing Regulations, we hereby certify that –

a) We have reviewed financial statements and the cash flow statement for the year ended 31 March, 2025 and that to the best of our 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 and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or in violation of the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, that there are no deficiencies in the design or operation of such internal controls, of which we are aware.

d) We have also indicated to the Auditors and the Audit Committee:

(i) There are no significant changes in internal control over financial reporting during the year.

(ii) There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;

(iii) There are no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Ashish Mehrotra
Managing Director & CEO
DIN: 07277318

Atul Tibrewal
Chief Financial Officer

Place: Chennai
Date: May 08, 2026

Compliance Certificate On Corporate Governance

(Pursuant to Regulation 34(3) and Schedule V Para E of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members

NORTHERN ARC CAPITAL LIMITED

We have examined the compliance of conditions of Corporate Governance by **Northern Arc Capital Limited** ("the Company") for the period ended 31 March, 2026, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR")

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI LODR.

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

For **Alagar and Associates LLP**
(Formerly known as M. Alagar & Associates)
Company Secretaries
LLP Reg No: L2025TN019200
Peer Review Certificate No:6814/2025

Sd/-
M. Alagar
Managing Partner
FCS No: 7488
COP No. 8196
UDIN: F007488H000512476

Place: Chennai
Date: May 28, 2026

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members
Northern ARC Capital Limited
No. 1, Kanagam Village, 10th Floor IITM Research Park,
Taramani, Chennai-600113

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Northern Arc Capital Limited having CIN: L65910TN1989PLC017021 and having its registered office at No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani, Chennai-600113 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) 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 our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal http://www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31 March, 2026 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	DIN	Designation	Date of appointment / Re-appointment
1.	Palamadai Sundararajan Jayakumar	01173236	Chairman and Independent Director	15/10/2020 (Re-appointed on 15/10/2023)
2.	Ashish Mehrotra	07277318	Managing Director & CEO	14/02/2022
3.	Ashutosh Arvind Pednekar	00026049	Independent Director	14/09/2020 (Re-appointed on 14/09/2023)
4.	Anuradha Rao	07597195	Non-Executive & Non-Independent Director	31/10/2025
5.	Vijay Chakravarthi Nallan	08020248	Nominee Director	19/01/2018
6.	Michael Jude Fernandes	00064088	Nominee Director	28/03/2014
7.	Sandeep Dhar	00182797	Independent Director	07/05/2025
8.	Vidya Krishnan	09669166	Independent Director	31/10/2025
9.	Kshama Fernandes*	02539429	Non-Executive & Non-Independent Director	01/08/2012 (Re-appointed on 01/04/2025)

* Kshama Fernandes (DIN: 02539429) has completed her tenure as Non-Executive & Non-Independent Director from the close of business hours on 31 March, 2026.

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our 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.

For **Alagar and Associates LLP**
(Formerly known as M. Alagar & Associates)
Company Secretaries
LLP Reg No: L2025TN019200
Peer Review Certificate No:6814/2025

Sd/-
M. Alagar
Managing Partner
FCS No: 7488
COP No. 8196
UDIN: F007488H000512355

Place: Chennai
Date: May 28, 2026