

# Walker ChandioK & Co LLP

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**Walker ChandioK & Co LLP**

42 nd Floor,  
Building Commerz III,  
International Business Park,  
Oberoi Garden City,  
Off Western Express Highway,  
Goregaon (East),  
Mumbai - 400063  
T +91 22 6626 2699

**Independent Auditor's Report on Consolidated Annual Financial Results of the Non-banking Finance Company (NBFC pursuant to Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors of Northern Arc Capital Limited**

**Opinion**

1. We have audited the accompanying consolidated annual financial results ('the Statement') of **Northern Arc Capital Limited** ('the NBFC' or 'the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates (refer Annexure 1 for the list of subsidiaries and associates included in the Statement) for the year ended **31 March 2026**, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate audited financial results of the subsidiaries and associates as referred to in paragraph 13 below, the Statement:
  - (i) includes the annual financial results of the entities listed in Annexure 1;
  - (ii) presents financial results in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations; and
  - (iii) gives a true and fair view, in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ('RBI Guidelines') and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive income and other financial information of the Group and its associates, for the year ended 31 March 2026.



**Northern Arc Capital Limited**  
**Independent Auditor's Report on Consolidated Annual Financial Results of the Non-banking Finance Company (NBFC pursuant to Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended))**

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in *the* Auditor's Responsibilities for the Audit of the Statement section of our report. We are independent of the Group and its associates, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial results under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter – Inclusion of Default Loss Guarantee credit in calculation of Expected Credit Loss**

4. We draw attention to Note 9 (a) of the accompanying statement, which describes that the Holding Company has included the credit enhancements under the Default Loss Guarantee (DLG) arrangements while determining the Expected Credit Loss (ECL) for the year in accordance with Ind AS 109, Financial Instruments pursuant to the amendment issued by the RBI in February 2026. Accordingly, the comparative financial information for the quarter and year ended 31 March 2025 for ECL is strictly not comparable as DLG benefit was excluded in ECL computation following RBI's directions issued to the Company in previous year. Our opinion is not modified in respect of this matter.

**Responsibilities of Management and Those Charged with Governance for the Statement**

5. The Statement has been prepared on the basis of the consolidated annual audited financial statements and has been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit and other comprehensive income, and other financial information of the Group including its associates in accordance with the Ind AS prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, RBI Guidelines and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the Statement. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group and its associates covered under the Act, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group, and its associates, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively, for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.
6. In preparing the Statement, the respective Board of Directors of the companies included in the Group and of its associates, are responsible for assessing the ability of the Group and of its associates, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Chartered Accountants

Offices in Ahmedabad, Bengaluru, Chandigarh, Chennai, Dehradun, Goa, Gurugram, Hyderabad, Indore, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

**Northern Arc Capital Limited**  
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7. Those respective Board of Directors, are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates.

**Auditor's Responsibilities for the Audit of the Statement**

8. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error, and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
9. As part of an audit in accordance with the Standards on Auditing, specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance of the Holding Company and such other entities included in the Statement, of which we are the independent auditors, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Northern Arc Capital Limited**  
**Independent Auditor's Report on Consolidated Annual Financial Results of the Non-banking Finance Company (NBFC pursuant to Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended))**

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. We also performed procedures in accordance with circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

**Other Matters**

13. We did not audit the annual financial results of five subsidiaries included in the Statement, whose financial information reflects total assets of ₹ 5,614.92 lakhs as at 31 March 2026, total revenues of ₹ 6,529.68 lakhs, total net loss after tax of ₹ 3,091.14 lakhs and net cash outflows of ₹ 270.62 lakhs for the year ended on that date, as considered in the Statement. These annual financial results have been audited by other auditors whose audit reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the audit reports of such other auditors, and the procedures performed by us as stated in paragraph 12 above.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

14. The Statement includes the consolidated financial results for the quarter ended 31 March 2026, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Registration No:001076N/N500013

**Murad D. Daruwalla**  
Partner  
Membership No:043334



**UDIN:26043334GITJUQ7601**

Place: Mumbai  
Date: 08 May 2026

**Northern Arc Capital Limited**  
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**Annexure 1**

**List of entities included in the Statement**

**Subsidiaries**

1. Northern Arc Creditech Solutions Private Limited (formerly Northern Arc Investment Adviser Services Private Limited)
2. Northern Arc Investment Managers Private Limited
3. Northern Arc Securities Private Limited
4. Pragati Finserv Private Limited
5. Northern Arc Employee Welfare Trust
6. Northern Arc Foundation

**Associates**

1. Northern Arc Emerging Corporate Bond Trust
2. FinReach Solutions Private Limited (Till 12 May 2025)



Northern Arc Capital Limited  
CIN: L65910TN1989PLC017021

Regd. Office: IITM Research Park, Phase 1, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113

Statement of audited consolidated financial results of Northern Arc Capital Limited (the Holding Company) for the quarter and year ended 31 March 2026

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

Particulars	Quarter ended			Year ended	
	31 March 2026	31 December 2025	31 March 2025	31 March 2026	31 March 2025
	Unaudited (Also refer note 11)	Unaudited	Unaudited (Also refer note 11)	Audited	Audited
<b>Revenue from operations</b>					
Interest income	68,020.74	62,872.43	55,075.98	2,43,255.45	2,17,608.94
Fee and commission income	2,115.32	2,825.33	2,641.49	9,747.18	9,264.25
Net gain on fair value changes	-	801.99	922.67	2,635.76	3,165.31
Net gain on derecognition of financial instruments	4,029.51	5,614.40	1,611.78	13,385.95	4,122.53
<b>Total revenue from operations</b>	<b>74,165.57</b>	<b>72,114.15</b>	<b>60,251.92</b>	<b>2,69,024.34</b>	<b>2,34,161.03</b>
Other income	344.21	313.50	419.88	1,009.03	1,412.70
<b>Total income</b>	<b>74,509.78</b>	<b>72,427.65</b>	<b>60,671.80</b>	<b>2,70,033.37</b>	<b>2,35,573.73</b>
<b>Expenses</b>					
Finance costs	23,908.24	23,118.97	20,005.26	89,482.08	82,835.99
Fees and commission expense	8,313.85	9,129.49	6,403.14	31,364.84	28,852.49
Net loss on fair value changes	543.56	-	-	-	-
Employee benefits expenses	8,535.39	8,507.26	6,832.23	33,081.27	28,467.30
Impairment on financial instruments	8,723.18	13,000.85	19,365.37	41,188.20	40,484.89
Depreciation and amortisation	469.60	488.33	496.33	1,878.76	1,788.18
Other expenses	5,843.52	4,785.79	4,019.38	18,623.39	14,334.86
<b>Total expenses</b>	<b>56,337.34</b>	<b>59,030.69</b>	<b>57,121.71</b>	<b>2,15,618.54</b>	<b>1,96,763.71</b>
<b>Profit before share of loss of associates and taxes</b>	<b>18,172.44</b>	<b>13,396.96</b>	<b>3,550.09</b>	<b>54,414.83</b>	<b>38,810.02</b>
Share of (loss) / profit from associates	(615.35)	68.92	(49.53)	(858.66)	(201.96)
<b>Profit before tax</b>	<b>17,557.09</b>	<b>13,465.88</b>	<b>3,500.56</b>	<b>53,556.17</b>	<b>38,608.06</b>
<b>Tax expense</b>					
Current tax	3,586.58	1,727.60	4,098.96	13,761.07	16,395.14
Adjustment of tax relating to earlier periods	(348.00)	-	(1,000.32)	(348.00)	(999.71)
Deferred tax benefit	1,053.26	1,568.27	(3,435.75)	(214.52)	(6,919.18)
<b>Total tax expense</b>	<b>4,291.84</b>	<b>3,295.87</b>	<b>(337.11)</b>	<b>13,198.55</b>	<b>8,476.25</b>
<b>Profit for the period / year</b>	<b>13,265.25</b>	<b>10,170.01</b>	<b>3,837.67</b>	<b>40,357.62</b>	<b>30,131.81</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>					
Remeasurement gain / (loss) on the defined benefit plans	60.99	(106.43)	(82.34)	(53.65)	(105.55)
Income tax relating to items that will not be reclassified to profit or loss	(15.35)	26.79	20.73	13.51	26.57
	<b>45.64</b>	<b>(79.64)</b>	<b>(61.61)</b>	<b>(40.14)</b>	<b>(78.98)</b>
<b>Items that will be reclassified to profit or loss in subsequent periods</b>					
Net (loss) / gain on financial instruments through other comprehensive income	(9,285.71)	2,763.93	3,381.93	(4,229.61)	(2,908.30)
Income tax relating to items that will be reclassified to profit or loss	2,337.21	(695.68)	(851.24)	1,064.59	732.01
	<b>(6,948.50)</b>	<b>2,068.25</b>	<b>2,530.69</b>	<b>(3,165.02)</b>	<b>(2,176.29)</b>
Net gain / (loss) on effective portion of cash flow hedges	5,996.98	321.15	(4,853.10)	9,778.04	(901.53)
Income tax relating to items that will be reclassified to profit or loss	(1,509.44)	(80.83)	1,221.53	(2,461.13)	226.92
	<b>4,487.54</b>	<b>240.32</b>	<b>(3,631.57)</b>	<b>7,316.91</b>	<b>(674.61)</b>
<b>Other comprehensive (loss) / income for the period / year (net of income taxes)</b>	<b>(2,415.32)</b>	<b>2,228.93</b>	<b>(1,162.49)</b>	<b>4,111.75</b>	<b>(2,929.88)</b>
<b>Total comprehensive income for the period / year (net of income taxes)</b>	<b>10,849.93</b>	<b>12,398.94</b>	<b>2,675.18</b>	<b>44,469.37</b>	<b>27,201.93</b>
<b>Profit for the period / year attributable to</b>					
Owners of the holding company	13,250.19	10,075.61	3,776.16	40,601.71	30,454.79
Non-controlling Interest	15.06	94.40	61.51	(244.09)	(322.98)
<b>Other comprehensive income for the period / year, net of income taxes attributable to</b>					
Owners of the holding company	(2,416.93)	2,229.70	(1,160.52)	4,109.46	(2,926.69)
Non-controlling Interest	1.61	(0.77)	(1.97)	2.29	(3.19)
<b>Total comprehensive income for the period / year, net of income taxes attributable to</b>					
Owners of the holding company	10,833.26	12,305.31	2,615.64	44,711.17	27,528.10
Non-controlling Interest	16.67	93.63	59.54	(241.80)	(326.17)
<b>Earnings per equity shares, of INR 10 each [Equity shares, par value of Rs.10 each]*</b>					
Basic (in rupees)	8.21	6.24	2.34	24.99	20.08
Diluted (in rupees)	8.16	6.21	2.33	24.82	20.03

\* Earnings per share for the quarters are not annualized

See accompanying notes to the audited consolidated financial results



Northern Arc Capital Limited  
CIN: L65910TN1989PLC017021

Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113

Statement of audited consolidated financial results of Northern Arc Capital Limited (the Holding Company) for the quarter and year ended 31 March 2026

Statement of audited consolidated assets and liabilities as at 31 March 2026

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

Particulars	As at 31 March 2026 (Audited)	As at 31 March 2025 (Audited)
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	23,052.08	33,026.83
Bank balances other than cash and cash equivalents	26,628.81	31,708.44
Derivative financial instruments	21,835.82	5,476.55
Trade receivables	2,059.69	2,069.13
Loans	12,49,276.83	10,57,237.78
Investments	2,77,985.39	1,77,715.46
Investment in associates	16,305.40	27,440.88
Other financial assets	35,851.79	6,878.70
	<b>16,52,995.81</b>	<b>13,41,553.77</b>
<b>Non-financial assets</b>		
Current tax assets (net)	1,007.37	609.51
Deferred tax assets (net)	10,150.65	11,319.20
Property, plant and equipment	995.64	1,279.68
Right of use asset	2,247.74	2,711.97
Intangible assets under development	1,598.90	593.48
Goodwill	2,340.82	2,340.82
Other intangible assets	959.61	1,285.34
Other non- financial assets	2,163.66	2,113.44
	<b>21,464.39</b>	<b>22,253.44</b>
<b>TOTAL ASSETS</b>	<b>16,74,460.20</b>	<b>13,63,807.21</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Financial liabilities</b>		
Derivative financial instruments	-	2,363.48
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	24,683.95	6,945.54
Debt securities	1,39,436.35	1,40,785.32
Borrowings (Other than debt securities)	10,86,398.13	8,45,214.61
Other financial liabilities (including lease liabilities)	27,633.47	17,971.04
	<b>12,78,151.90</b>	<b>10,13,279.99</b>
<b>Non-financial liabilities</b>		
Provisions	2,275.21	1,930.88
Current tax liabilities (net)	80.70	2,832.34
Other non-financial liabilities	3,851.74	1,807.67
	<b>6,207.65</b>	<b>6,570.89</b>
<b>EQUITY</b>		
Equity share capital	16,157.18	16,137.93
Other equity	3,73,398.78	3,27,286.94
<b>Equity attributable to the equity holders of the holding company</b>	<b>3,89,555.96</b>	<b>3,43,424.87</b>
<b>Non-controlling interest (NCI)</b>	<b>544.69</b>	<b>531.46</b>
<b>Total equity</b>	<b>3,90,100.65</b>	<b>3,43,956.33</b>
<b>Total liabilities and equity</b>	<b>16,74,460.20</b>	<b>13,63,807.21</b>

\* Earnings per share for the quarters are not annualized



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Statement of audited consolidated financial results of Northern Arc Capital Limited (the Holding Company) for the quarter and year ended 31 March 2026

Statement of audited consolidated cash flows for year ended 31 March 2026

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

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
<b>A Cash flow from operating activities</b>		
Profit before tax	53,556.17	38,608.06
<b>Adjustments to reconcile restated profit before tax to net cash flows:</b>		
Depreciation and amortisation expenses	1,878.76	1,788.65
Interest income on loans, fixed deposits and investments	(2,43,255.45)	(2,17,787.52)
Unrealised loss on investments	(2,345.24)	1,366.38
Gain on investments in mutual fund	(477.43)	(731.47)
Profit on sale of investments	186.91	(731.75)
Impairment on financial instruments and amounts written off	41,188.20	37,852.62
Employee share based payment expenses	1,153.54	1,558.91
Gain on account of lease foreclosed	-	(0.78)
Amortisation of discount on commercial papers	1,827.31	2,400.31
Share of loss of associate	858.66	201.96
Interest on income tax refund	(61.00)	(215.10)
Net gain on derecognition of financial assets	(13,385.95)	(4,122.53)
Finance costs	87,654.77	80,435.68
<b>Cash used in operations before working capital changes and adjustments</b>	<b>(71,220.75)</b>	<b>(59,376.58)</b>
<b>Changes in working capital and other changes:</b>		
Changes in other financial assets	(12,570.92)	5,416.13
Changes in trade receivables	109.27	1,978.42
Changes in loans	(3,52,141.95)	(2,86,906.59)
Changes in other non-financial assets	1,127.70	528.90
Changes in other bank balances	5,295.96	(8,952.11)
Changes in other financial liabilities	6,155.86	1,813.58
Changes in other non-financial liabilities	1,793.72	1,357.08
Changes in trade payables and provisions	18,403.73	(8,789.97)
<b>Cash used in operations before adjustments</b>	<b>(4,03,047.38)</b>	<b>(3,52,931.14)</b>
Proceeds from de-recognition of financial assets	84,525.08	81,746.19
Interest income received on loans, fixed deposits and investments	2,37,050.67	2,14,482.46
Recovery from written off assets	32,024.05	44,712.79
Finance cost paid	(88,034.78)	(82,117.66)
Income tax paid (net)	(16,578.06)	(10,560.17)
<b>Net cash flow used in operating activities</b>	<b>(1,54,060.42)</b>	<b>(1,04,667.53)</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment, other intangible assets and intangibles under development	(1,509.35)	(1,807.55)
Purchase of investments	(13,78,780.29)	(3,80,719.16)
Proceeds from sale of investments	12,83,917.56	3,70,436.47
Investment in associate	-	(26,730.49)
Sale of investment in associate	11,250.00	-
<b>Net cash used in investing activities</b>	<b>(85,122.08)</b>	<b>(38,820.73)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of debt securities	75,594.09	87,500.00
Repayment of debt securities	(77,885.41)	(87,181.54)
Proceeds from borrowings (other than debt securities)	7,16,153.13	9,98,902.61
Repayment of borrowings (other than debt securities)	(4,84,197.44)	(9,27,188.99)
Payment of principal portion of lease liabilities	(705.18)	(379.88)
Payment of interest on lease liabilities	(275.26)	(270.80)
Proceeds from issue of equity share capital including securities premium	523.83	87,154.77
Share application money received pending allotment	-	38.84
<b>Net cash flow from financing activities</b>	<b>2,29,207.76</b>	<b>1,58,575.01</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(9,974.74)</b>	<b>15,086.75</b>
Cash and cash equivalents at the beginning of the year	33,026.83	17,940.08
Cash and cash equivalents at the end of the year	<b>23,052.08</b>	<b>33,026.83</b>
<i>* Earnings per share for the quarters are not annualized</i>		



**Northern Arc Capital Limited**  
**CIN: L65910TN1989PLC017021**

**Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113**

**Statement of audited consolidated financial results of Northern Arc Capital Limited (the Holding Company) for the quarter and year ended 31 March 2026**

**Annexure I : List of entities included in the consolidated financial results**

**Subsidiaries:**

1. Northern Arc Creditech Solutions Private Limited (formerly Northern Arc Investment Adviser Services Private Limited)
2. Northern Arc Investment Managers Private Limited
3. Northern Arc Foundation
4. Pragati Finserv Private Limited
5. Northern Arc Capital Employee Welfare Trust
6. Northern Arc Securities Private Limited

**Associate:**

1. FinReach Solutions Private Limited \*\*
2. Northern Arc Emerging Corporates Bond Trust

\*\* Upto 12 May 2025



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Northern Arc Capital Limited  
CIN: L65910TN1989PLC017021

Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113

Statement of audited consolidated financial results of Northern Arc Capital Limited (the Holding Company) for the quarter and year ended 31 March 2026

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

Annexure II - Audited consolidated segment wise revenue, results, segment assets, segment liabilities and capital employed

Particulars	Quarter ended			Year ended	
	31 March 2026	31 December 2025	31 March 2025	31 March 2026	31 March 2025
<b>Segment Revenue</b>					
Financing activity	72,439.15	71,157.30	58,802.87	2,63,429.57	2,28,434.01
Investment advisory services	5.45	5.41	-	21.48	-
Investment management services	460.05	880.75	929.69	4,164.31	5,046.10
Others	2,607.51	1,991.52	86.03	6,508.20	6,034.05
<b>Total segment revenue</b>	<b>75,512.16</b>	<b>74,034.98</b>	<b>59,818.59</b>	<b>2,74,123.56</b>	<b>2,39,514.16</b>
Less: Intersegment revenue	(1,346.59)	(1,920.83)	433.33	(5,099.22)	(5,353.13)
<b>Total revenue from operations</b>	<b>74,165.57</b>	<b>72,114.15</b>	<b>60,251.92</b>	<b>2,69,024.34</b>	<b>2,34,161.03</b>
<b>Segment Results (Profit before other income)</b>					
Financing activity	18,395.32	11,911.86	7,863.12	57,226.24	46,498.77
Investment advisory services	4.59	4.41	5.21	18.08	-
Investment management services	(466.65)	288.45	(10.47)	283.17	60.67
Others	(105.03)	878.74	(4,727.65)	(4,121.69)	(9,162.12)
<b>Total</b>	<b>17,828.23</b>	<b>13,083.46</b>	<b>3,130.21</b>	<b>53,405.80</b>	<b>37,397.32</b>
Add: Other income	344.21	313.50	419.88	1,009.03	1,412.70
Less: Share of profit / (loss) post tax from associate	(615.35)	68.92	(49.53)	(858.66)	(201.96)
<b>Profit before tax</b>	<b>17,557.09</b>	<b>13,465.88</b>	<b>3,500.56</b>	<b>53,556.17</b>	<b>38,608.06</b>
<b>Segment assets</b>					
Financing activity	16,56,865.24	15,23,241.48	13,45,255.13	16,56,865.24	13,45,255.13
Investment advisory services	207.15	378.05	367.86	207.15	367.86
Investment management services	11,946.13	13,567.06	13,336.91	11,946.13	13,336.91
Others	5,267.05	5,661.16	4,672.68	5,267.05	4,672.68
Unallocated	174.63	174.63	174.63	174.63	174.63
<b>Total</b>	<b>16,74,460.20</b>	<b>15,43,022.38</b>	<b>13,63,807.21</b>	<b>16,74,460.20</b>	<b>13,63,807.21</b>
<b>Segment Liabilities</b>					
Financing activity	12,75,881.68	11,53,929.03	10,09,909.75	12,75,881.68	10,09,909.75
Investment advisory services	1.27	1.01	0.82	1.27	0.82
Investment management services	6,741.50	8,017.91	8,274.42	6,741.50	8,274.42
Others	1,735.10	1,768.31	1,665.89	1,735.10	1,665.89
<b>Total</b>	<b>12,84,359.55</b>	<b>11,63,716.26</b>	<b>10,19,850.88</b>	<b>12,84,359.55</b>	<b>10,19,850.88</b>
<b>Capital employed (Segment assets - Segment liabilities)</b>					
Financing activity	3,80,983.56	3,69,312.45	3,35,345.38	3,80,983.56	3,35,345.38
Investment advisory services	205.88	377.04	367.04	205.88	367.04
Investment management services	5,204.63	5,549.15	5,062.49	5,204.63	5,062.49
Others	3,706.58	3,609.67	3,181.42	3,706.58	3,181.42



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Statement of audited consolidated financial results of Northern Arc Capital Limited (the Holding Company) for the quarter and year ended 31 March 2026

**Notes:**

- 1 The audited consolidated financial results of the Group and associates have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS), prescribed under section 133 of the Companies Act, 2013 ('the Act'), the circulars, guidelines and directions issued by the Reserve Bank of India ('the RBI') from time to time applicable to NBFCs ('the RBI guidelines'), and other accounting principles generally accepted in India, and in compliance with Regulation 33 and Regulation 52 read with Regulation 63 (2) of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended (the "Listing Regulations"). Any application guidance / clarifications/ directions issued by the RBI are implemented as and when they are issued/ becomes applicable. These audited consolidated financial results, have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 08 May 2026 and have been subjected to an audit by the statutory auditors of the Holding Company.
- 2 The audited consolidated financial results include the financial results of the Holding Company, its subsidiaries (collectively referred as "Group") and its associates listed in Annexure I.
- 3 During the year ended 31 March 2026, pursuant to Northern Arc Employee Stock Option Scheme, 2016 and Northern Arc Employee Stock Option Scheme, 2018, the Board of Directors allotted 1,92,539 fully paid-up equity shares of INR 10 each.
- 4 During the year ended 31 March 2025, the Holding Company has completed an Initial Public Offer ("IPO") of 29,597,646 equity shares of face value of INR 10 each at an issue price of INR 263 per equity share (INR 239 per equity share reserved for employees), comprising of offer for sale of 10,532,320 equity shares by selling shareholders and fresh issue of 19,065,326 equity shares. The equity shares of the Holding Company were listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on 24 September 2024. The details of IPO proceeds of INR 44,984.46 lakhs (net of share issue expenses), are as follows:

Objects of the issue	IPO Proceeds	Utilisation upto 31 March 2026	Unutilised as at 31 March 2026
Meet future capital requirements towards onward lending	44,984.46	44,984.46	-
<b>Total</b>	<b>44,984.46</b>	<b>44,984.46</b>	<b>-</b>

- 5 The Holding Company has disposed off the shareholdings in FinReach Solutions Private Limited (FinReach) on 12 May 2025. Post dilution, the shareholding in FinReach has reduced from 24.55 % to 11.16%. Consequently, FinReach ceases to be an associate of the Holding Company.
- 6 The segment reporting in accordance with Ind AS 108 on "Operating Segments" in respect of the consolidated financial results are given in Annexure II.
- 7 All secured listed non-convertible debentures issued by the Holding Company are secured by way of an exclusive first charge on book debts with security to the extent as stated in the respective information memorandums. Further, the Holding Company has maintained asset cover as stated in the respective information memorandums which is sufficient to discharge the principal amount at all times for the non-convertible debt securities issued.
- 8 Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and year ended 31 March 2026 is attached as Annexure I to the audited standalone financial results of the Holding Company.
- 9A The Holding Company has entered into Default Loss Guarantee (DLG) arrangements with certain Lending Service Providers (LSPs) in relation to loans originated through the digital lending platform. Under these arrangements, the LSPs guarantee to cover the losses arising from borrower defaults up to a certain percentage of the loan portfolio. Based on the guidance under Ind AS 109, the Holding Company had historically considered the expected recoveries from credit enhancements under DLG arrangements in the computation of Expected Credit Loss (ECL).  
  
During the previous year ended 31 March 2025, the Reserve Bank of India (RBI), vide e-mail communication dated 16 May 2025, had directed the Holding Company to exclude the credit enhancements under DLG arrangements in the computation of Expected Credit Loss ("ECL") as at 31 March 2025 and absorb such impact by 30 June 2025. Pursuant to this, the Holding Company had evaluated the total impact of such exclusion of the credit enhancements from the ECL computation to be ₹ 8,041 lakhs as at 31 March 2025 of which the Holding Company, during the quarter ended 31 March 2025, recorded ₹ 6,835 lakhs and the remaining exposure pertaining to ECL of ₹ 1,206 lakhs had been recorded / rounded during the quarter ended 30 June 2025.  
  
In the current year, the RBI issued RBI (Non-Banking Financial Companies- Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026 dated 13 February 2026 ("the amendment directions"), which permits a NBFC to consider the DLG benefits for determining provisions under the ECL framework across all stages if those are integral to the contractual terms and not recognized separately, subject to compliance with Indian Accounting Standards, hence the Holding Company has recomputed ECL provision as at 31 March 2026 after considering the expected recoveries from credit enhancements under DLG arrangements - resulting in net reversal of ECL provision of INR 2,900 lakhs for the current quarter.
- 9B During the current quarter, management has assessed that the model driven Expected Credit Loss (ECL) estimates, while compliant with Ind AS 109 and validated through internal methodologies, may not fully capture the potential impact of heightened geopolitical uncertainties prevailing in the operating environment. This primarily affects the Holding Company's unsecured retail lending to MSMEs and individuals, including microfinance, which are inherently sensitive to changes in borrower cash flows, inflationary pressures, and broader economic stress conditions. Accordingly, management has considered it prudent to maintain an additional ECL provision of ₹ 6,631 lakhs. This provision is dynamic in nature and will be periodically reassessed based on evolving macroeconomic and portfolio conditions. The utilization or recalibration of the overlay will be considered upon the occurrence of macroeconomic events and portfolio conditions impacting the identified loan portfolios.
- 10 Pursuant to the notification of the 4 New Labour Codes by the Government of India viz the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively referred to as the "New Labour Codes") with effect from 21 November 2025, and pending issuance of the detailed rules, the Group has reassessed its employee benefit obligations based on the revised definition of wages and expanded eligibility criteria under the New Labour Codes. Based on the management's best estimates the impact of employee benefit obligations is not material to the audited consolidated financial results, and the Group continues to monitor developments and will review its estimates as further clarifications and Rules are notified.
- 11 The figures for the last quarter of the current and previous financial year are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of third quarter of the current and previous financial year which were subjected to limited review by statutory auditors.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : 08 May 2026

Anish Mehrotra  
Managing Director & CEO



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