



NORTHERN ARC

Investor Presentation
Q3FY26 / 9MFY26

AA-(Stable)
By ICRA Limited & India Ratings



**Financing the Retail Credit Needs of India's
Underserved Households & Businesses across
focused sectors**

Disclaimer



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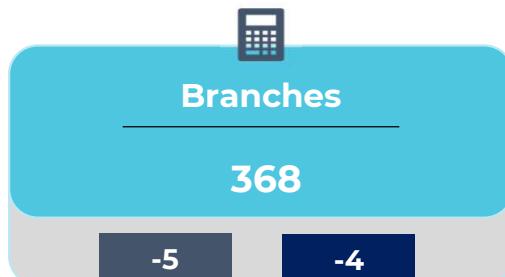
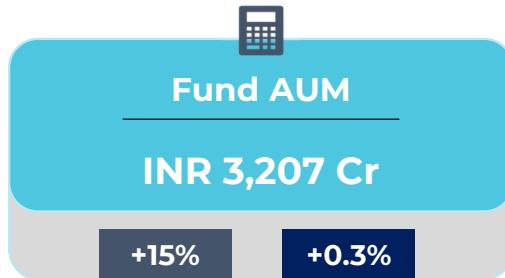
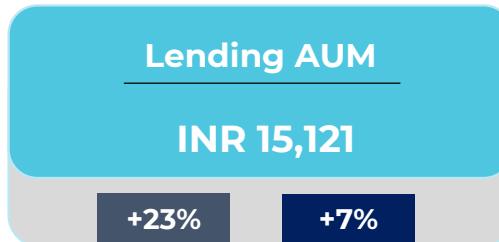
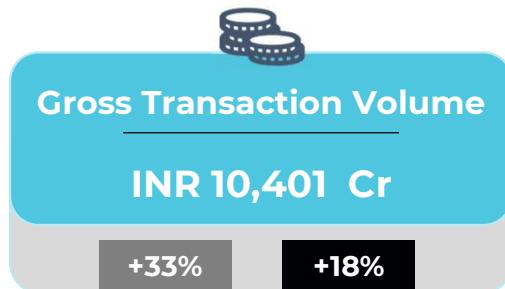


Content...

01	Business Overview	02	Direct to Customer
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07	Financials	08	Board & Management
09	Sustainability		

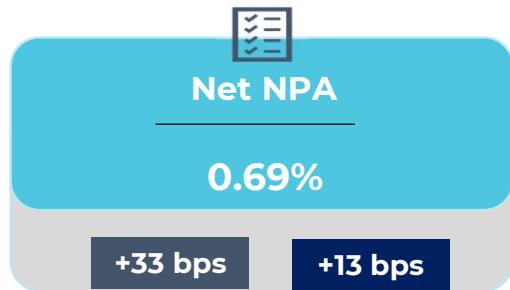
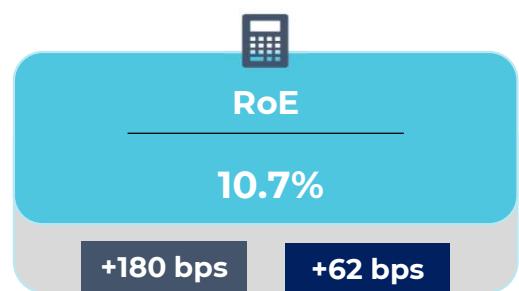
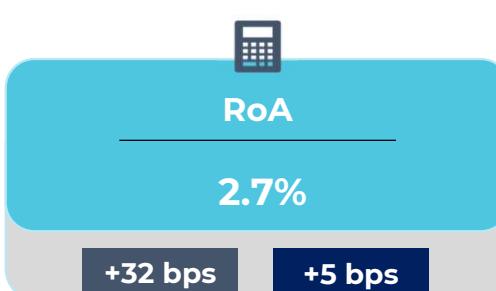
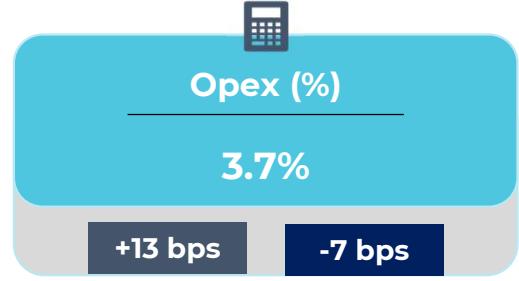
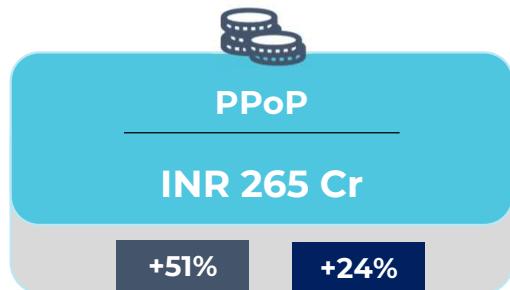
Business Overview

Business Matrix – Q3FY26



 YoY growth  QoQ growth

Financial Matrix – Q3FY26

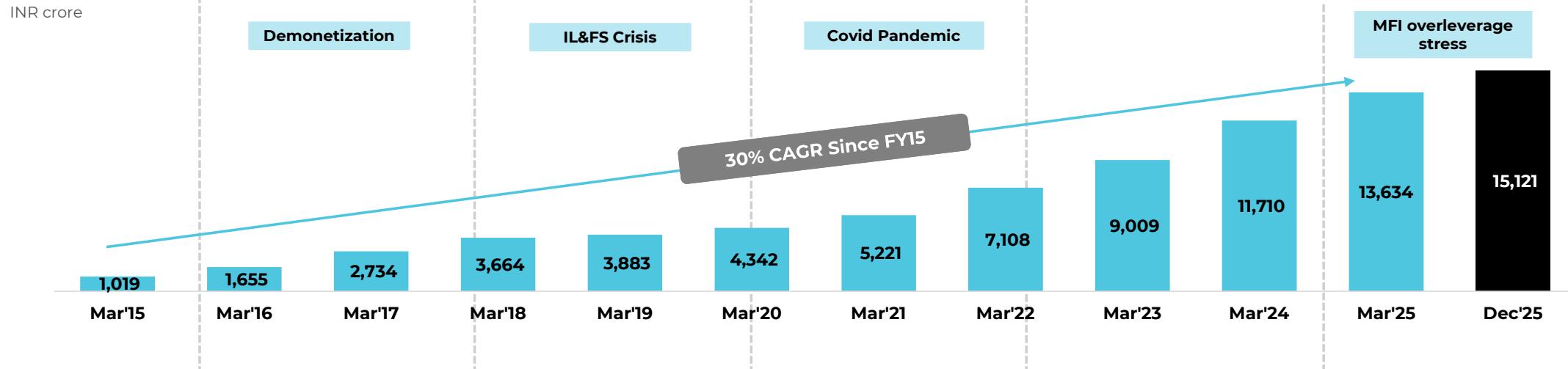


 YoY growth QoQ growth

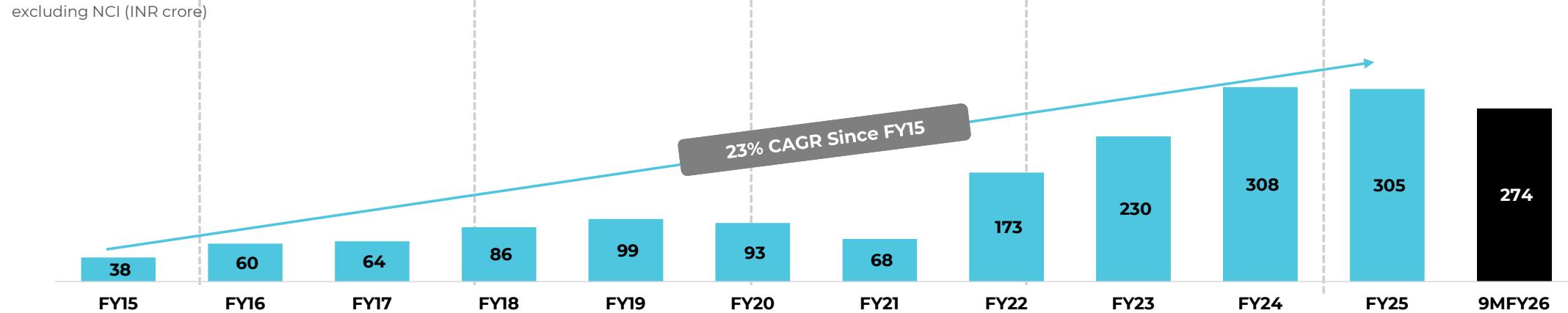


Demonstrating growth in AUM and profitability across business cycles

Asset under management



Profit After Tax



FY25 includes one time provision of INR 68 crore on account of DLG provision

Northern Arc : Business Model



Financing the Credit Needs of India's Underserved Households & Businesses

Direct to Customer Lending



Sectors

MSME

Consumer

Rural

Channels

- Branches
- Digital

Lending – AUM INR 8,492 Cr



2.6 mn +

Customers



368

Branches



55

Digital Partners



Underwriting

Credit Solutions



Solutions across focus sectors

Lending – AUM INR 6,629 Cr

Fund Management – AUM INR 3,207 Cr

Placements – Volumes INR 9,068 Cr

Tech Solutions



357

Originator Partners



1,400+

Investor Partners

Data & Tech platforms



nPOS

Altifi



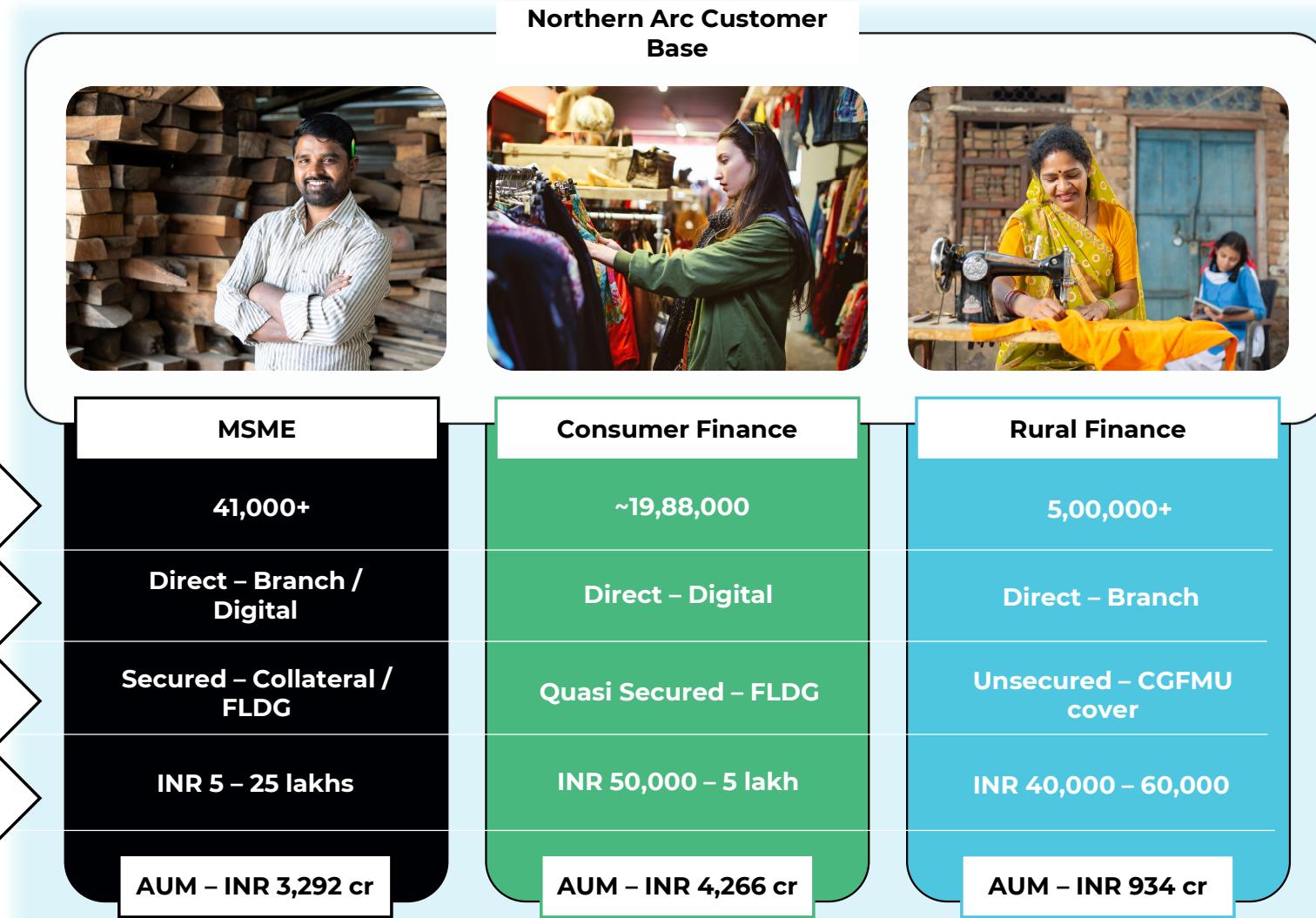
Direct to Customers Lending

Direct to Customers Lending: Built a strong retail engine



Leveraged learnings from the **IR business** to build :

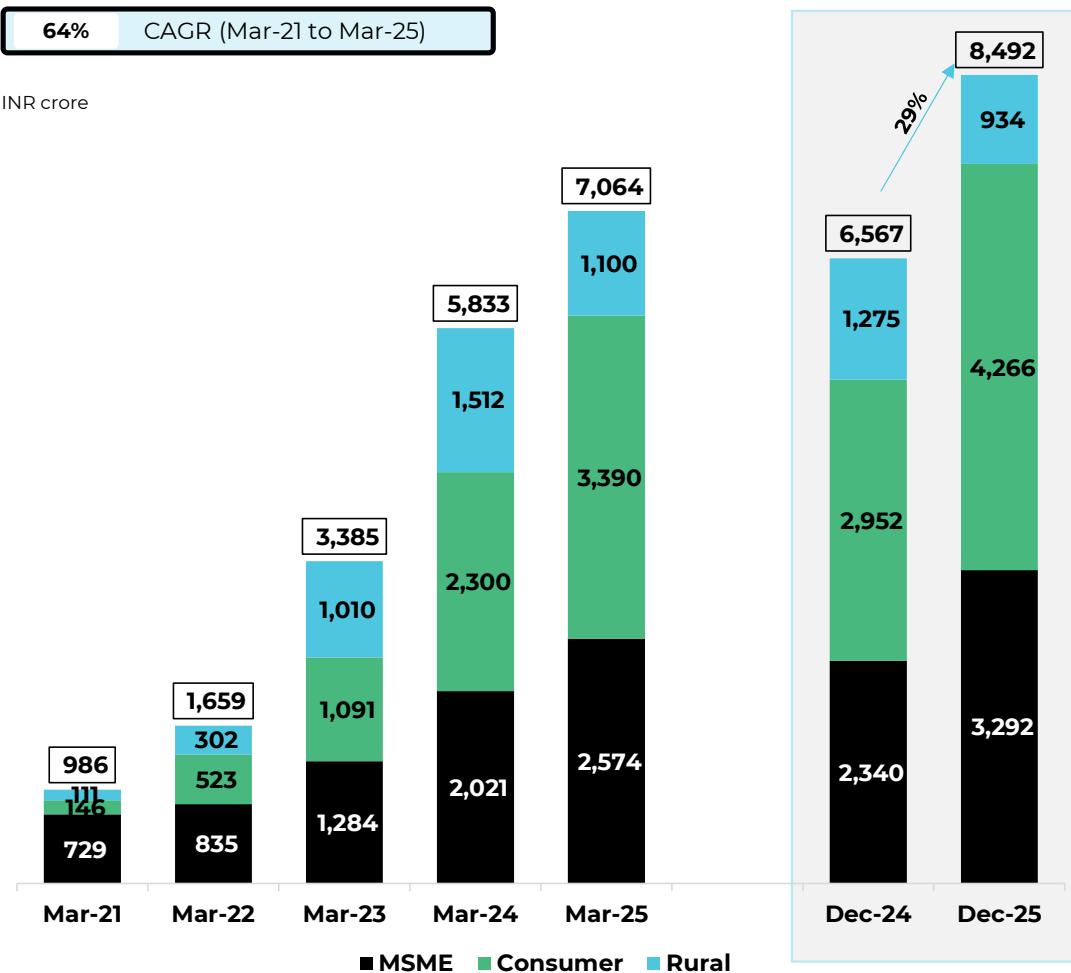
- A strong D2C engine
- A robust underwriting and product program
- A seamless Digital journey, and
- A strong Collections Infrastructure





Growth: Strong growth led by expansion and partnerships

Assets under Management



Multi-channel Distribution Model



Branches



Digital Partners

Backed by robust Underwriting & Technology



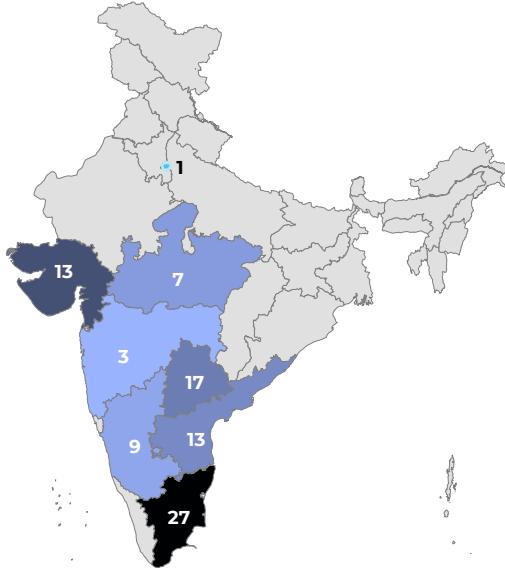
Underwriting



Co-lending & On-Lending Platform



Building strong footprint to scale granular portfolio



90 Branches

Added 17 branches in 9MFY26

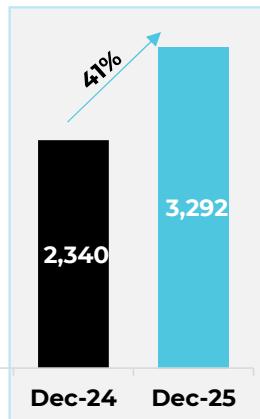
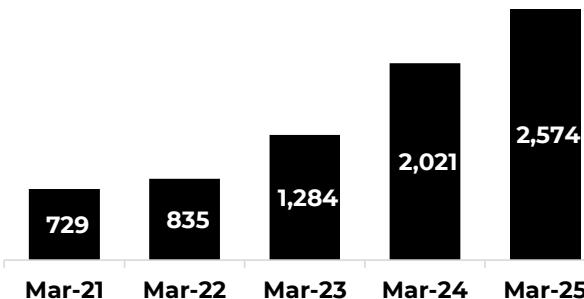
7 States

690 Employee Strength

Assets under Management

37% CAGR (Mar-21 to Mar-25)

INR crore



Northern Arc's Value Proposition



End to end digital journey



Competitive pricing



Ease of documentation



Handholding till loan closure



Strong in-house collections Infrastructure



Average Bureau – 600+

Secured LAP Product Characteristics

ATS – INR 11-15 Lakhs

Average Yield – 17% - 20%

Average LTV – 48%

Average Tenure – 10+ years

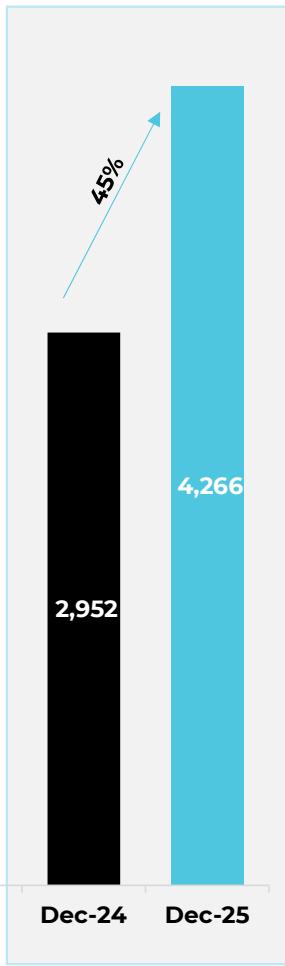
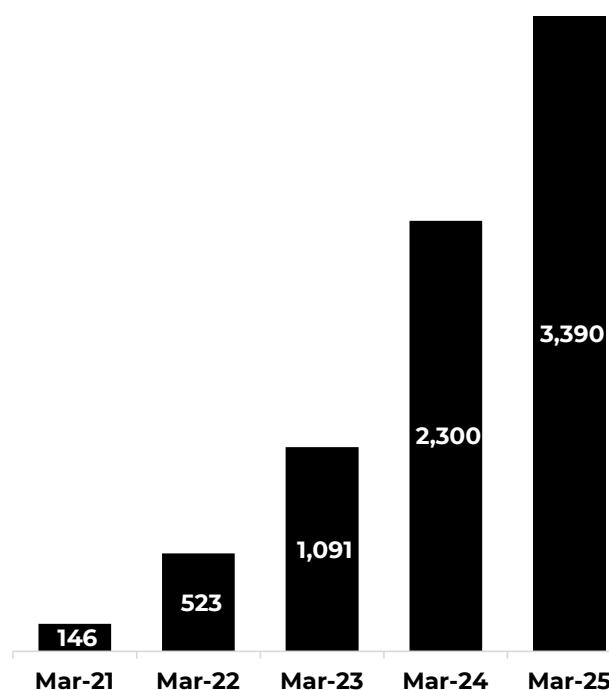


Consumer Finance

Assets under Management

120% CAGR (Mar-21 to Mar-25)

INR crore



Live Partners
23

Ticket Size
Rs. 50,000 – 5,00,000

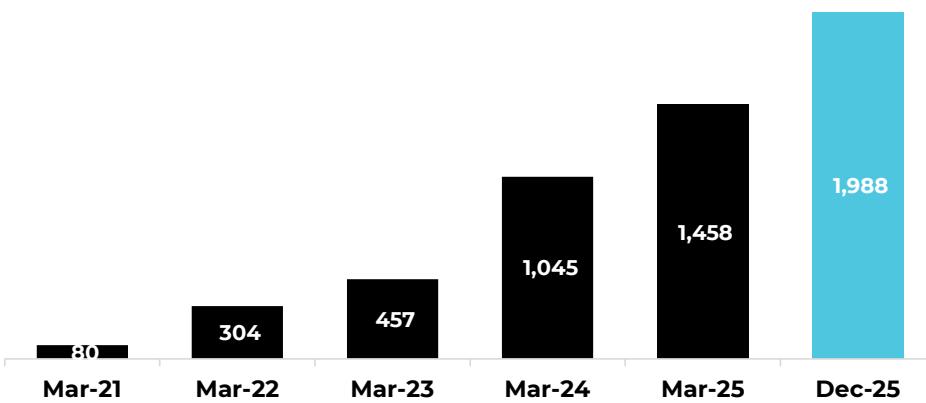
Net Yield
15% - 16%

Average Tenure
12 – 48 months

Repeat Customers
~70%

CIBIL Score
650+

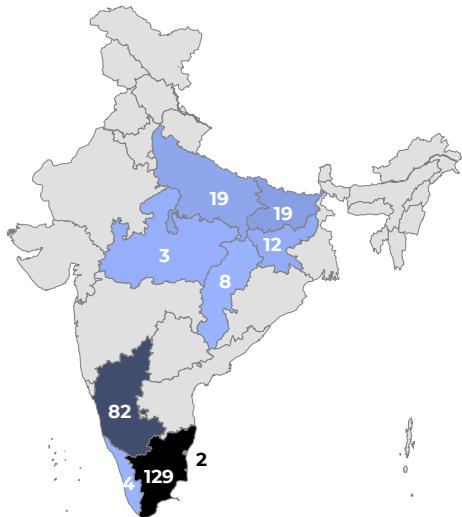
Customers ('000)



Rural Finance



Pan India Presence



278 Branches

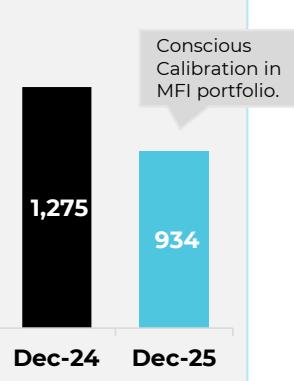
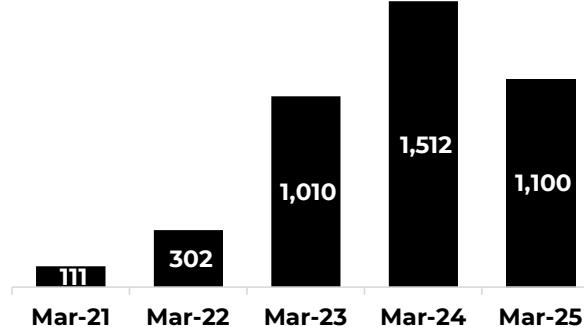
8 States and 1 UT

Total Employees – 1,801

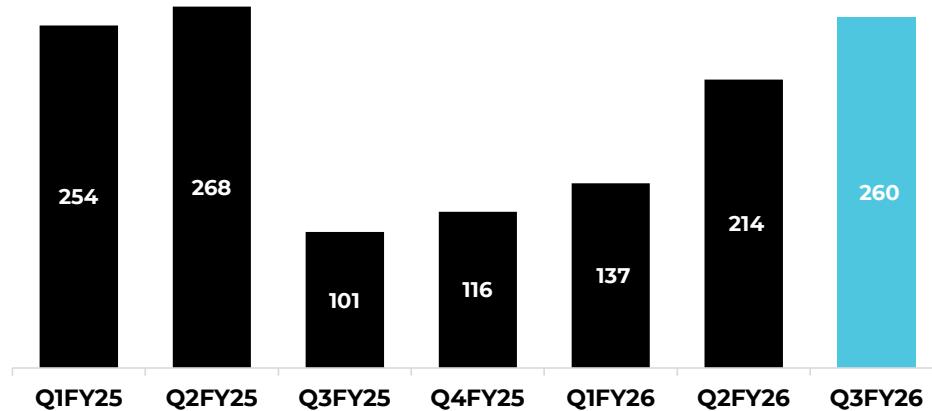
Strong Collection team
200+ employees

Assets under Management (INR crore)

77% CAGR (Mar-21 to Mar-25)

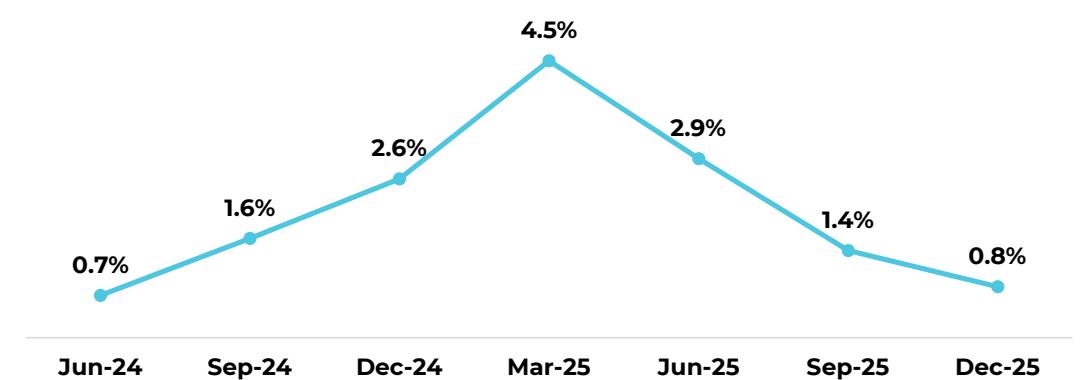


Disbursements run rate reached pre-stress level



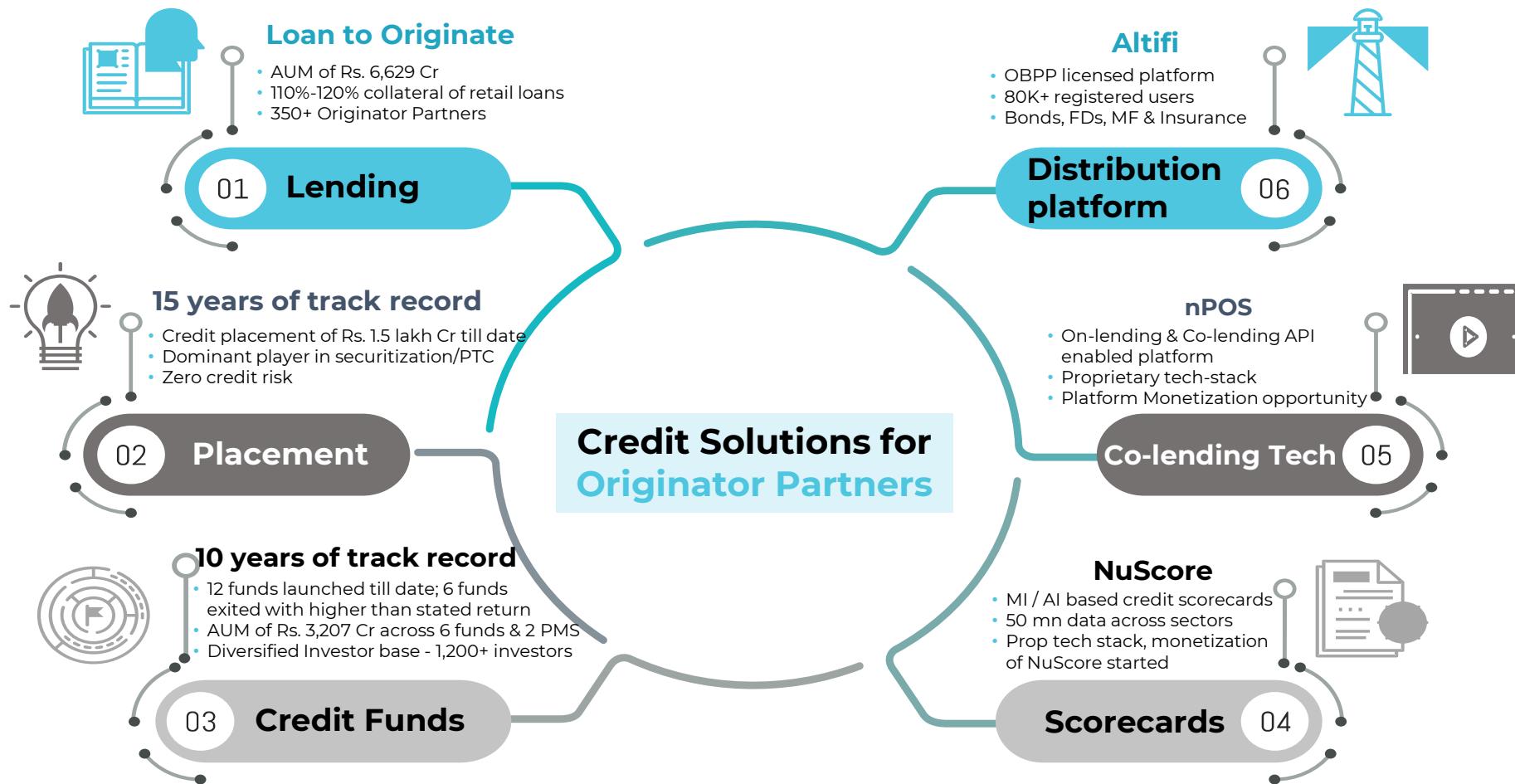
All new disbursements w.e.f. March 25 covered under CGFMU

One of the lowest PAR 30+% among MFI peers



Credit Solutions

Credit Solutions – Powering Originator Partners Across the Full Credit Continuum

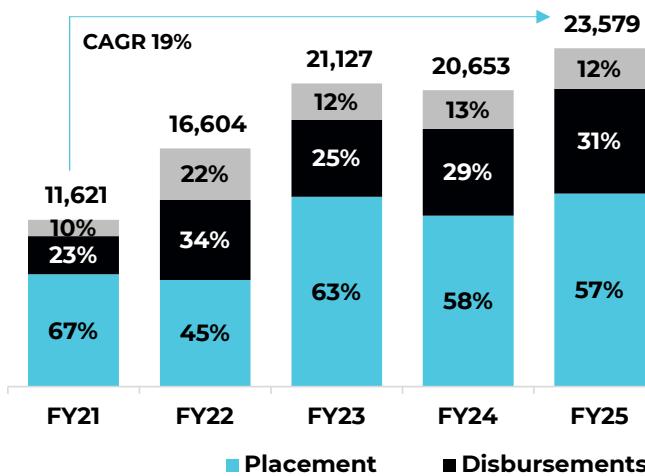




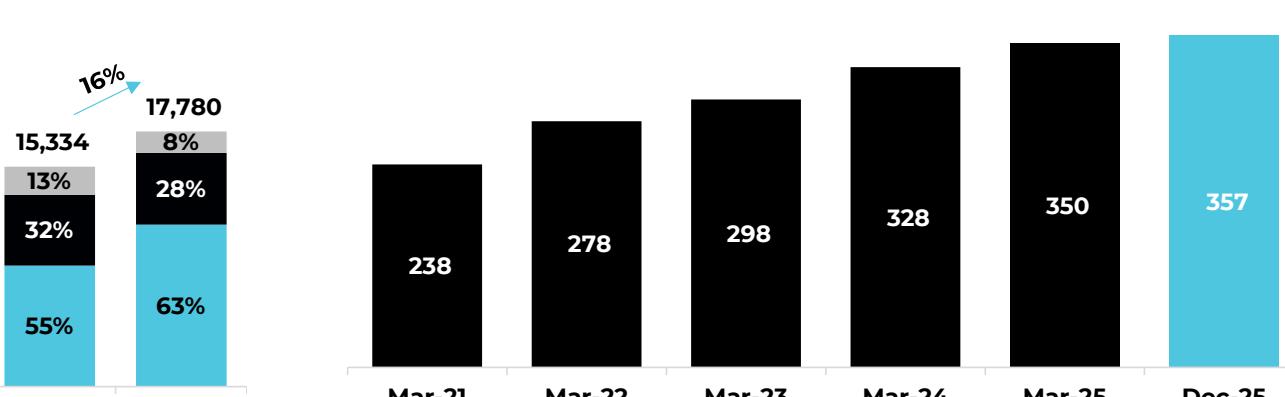
Credit Solutions – Focus on overall credit fulfilment of Originator Partners

Gross Transaction Volume

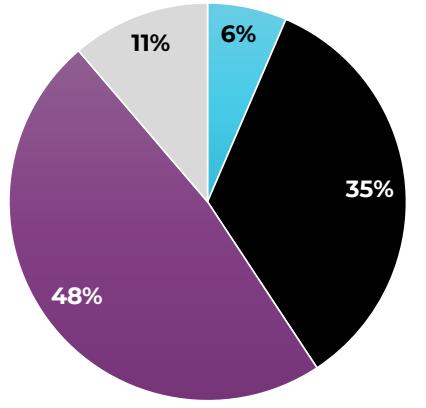
INR crore



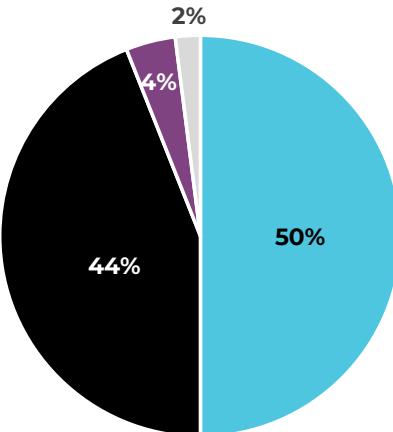
Originator Partners



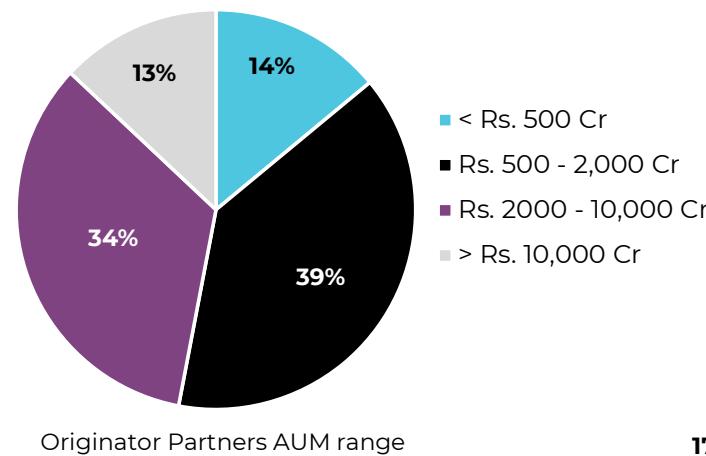
89% of Partners are BBB & above rated



94% of Partners have CRAR of 20%+



Enters Partnership at early stage



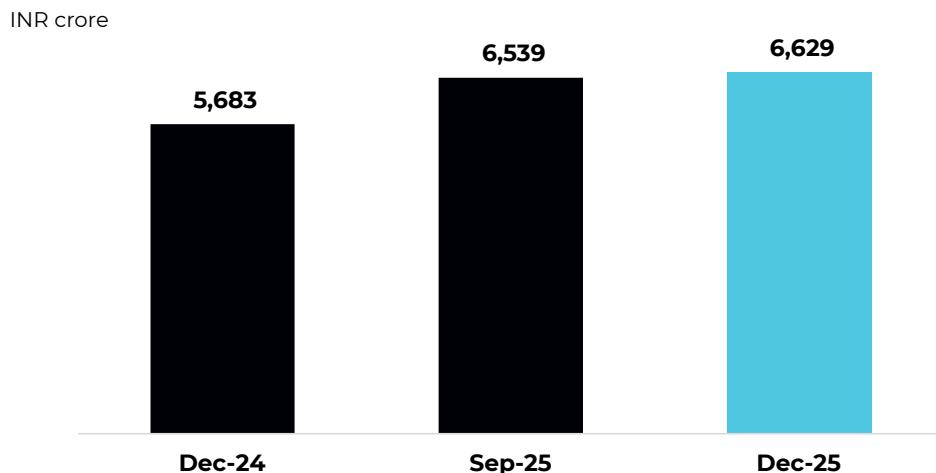
■ AA & above ■ A ■ BBB ■ BB&below

■ > 30% ■ 20 - 30% ■ 15 - 20% ■ < 15%

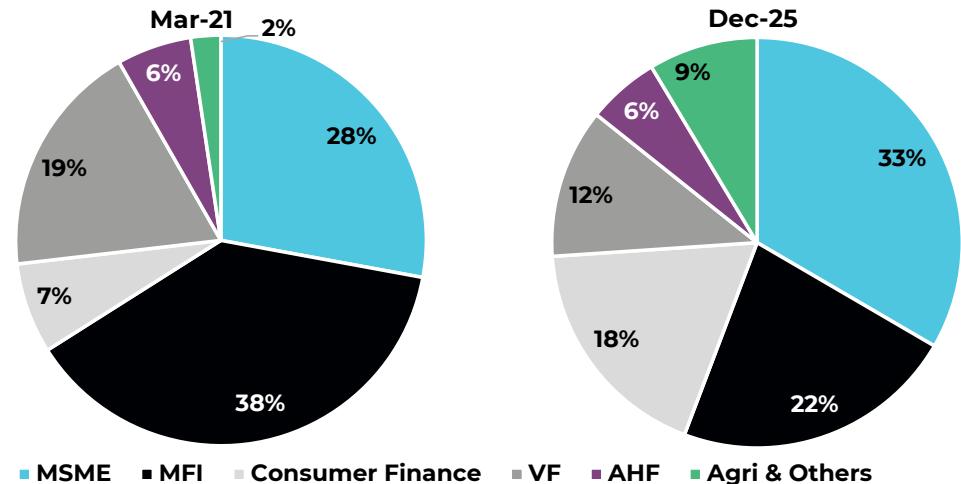
Lending – Judicious use of Balance Sheet to foster relationships



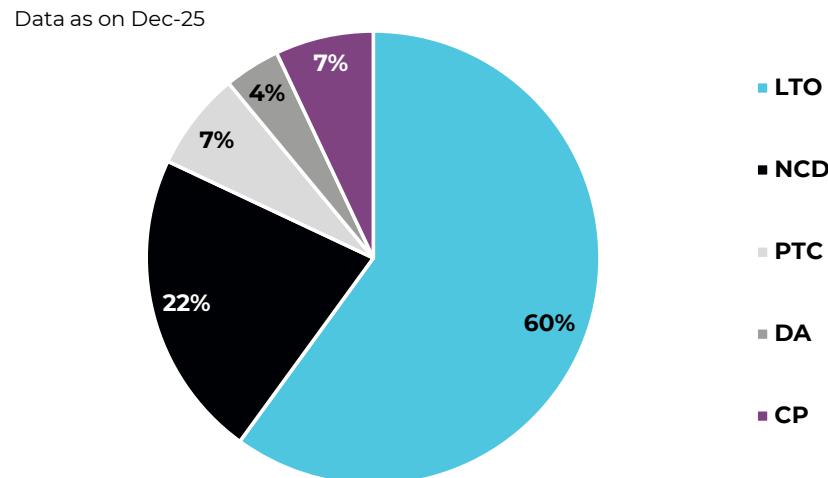
Calibration in Lending AUM with more focus on Fee based businesses



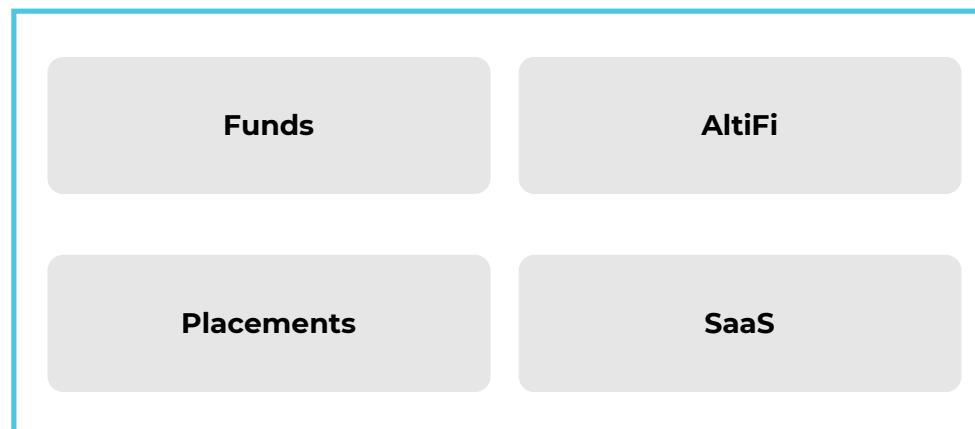
Building diversified Sector mix



Lending AUM - by Product %



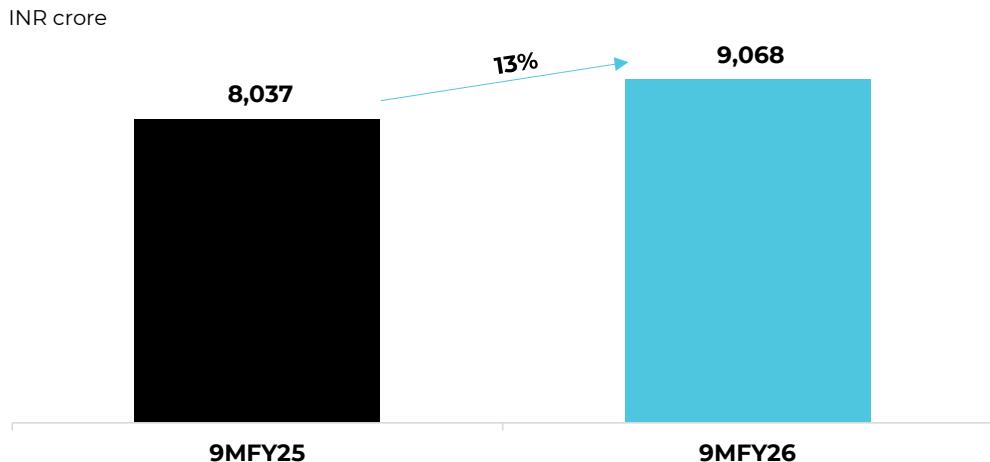
Leveraging the IR balance sheet to expand credit offerings for partners via



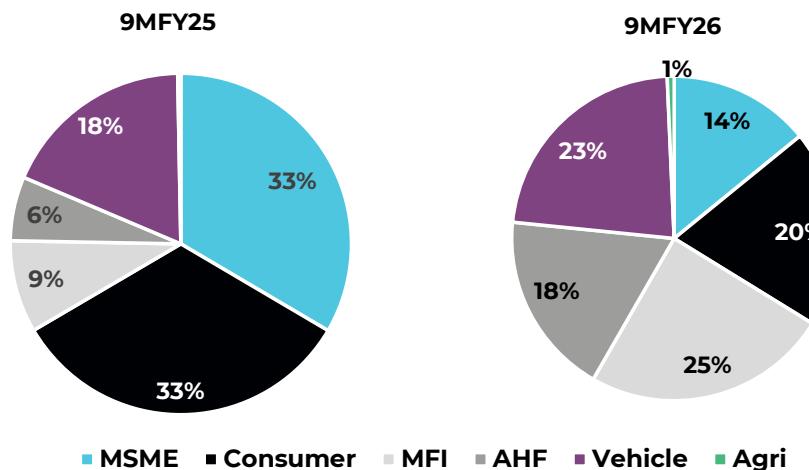


Placements – Risk free credit enablement

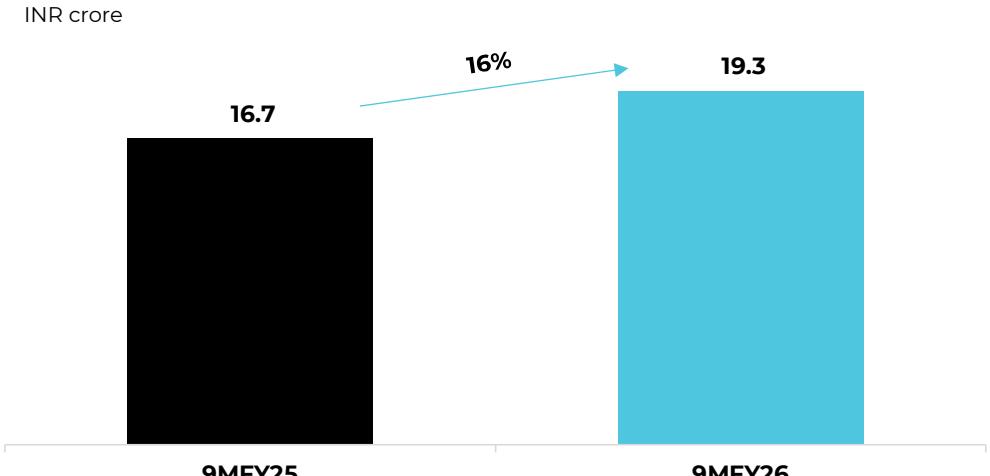
Placement volume



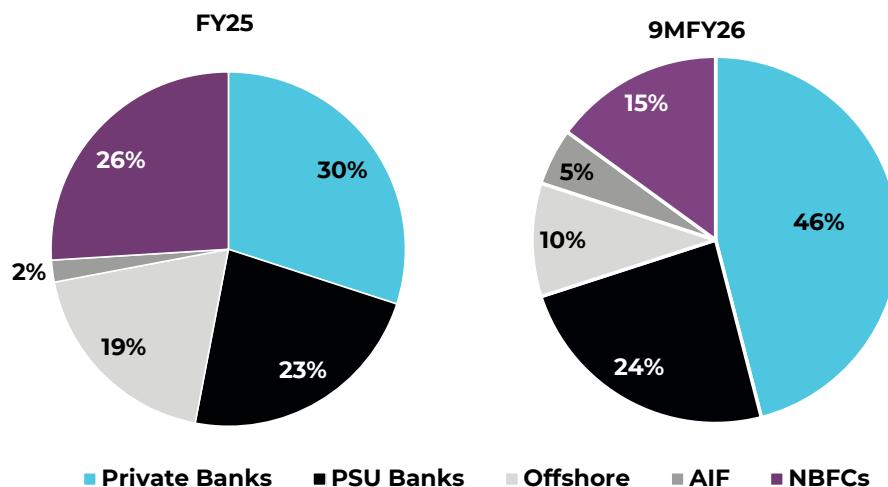
Sector mix % – Contribution of MFI started improving



Placement Fee income



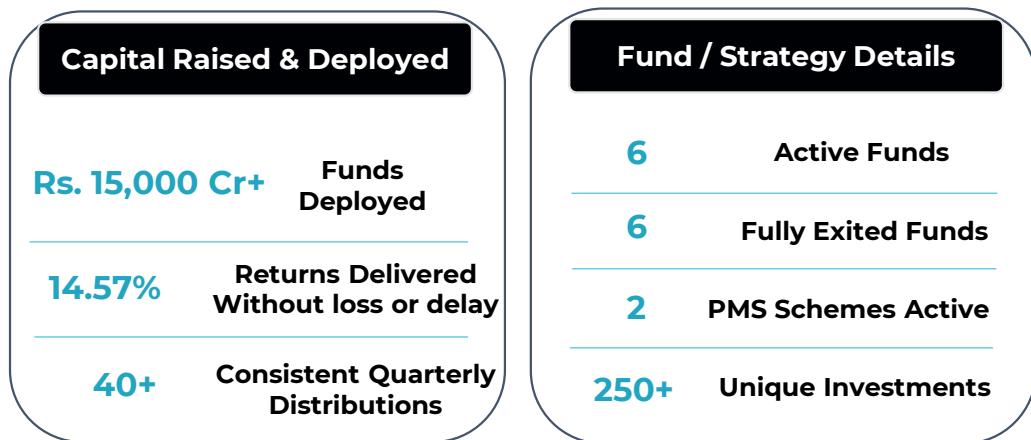
Foreign participation subdued





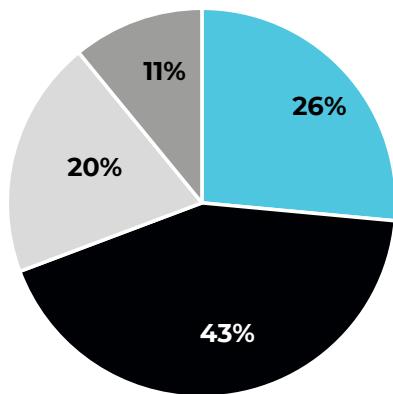
Credit Funds – Strong track record of ~10 years

Background



Diversified Investor base

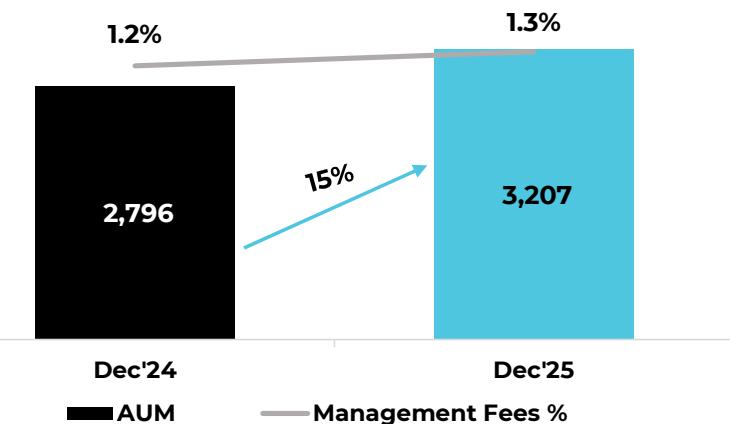
Data as on Dec'25



■ HNIs & Family Office ■ DILs ■ Offshore ■ Sponsor

Credit Funds AUM

INR crore



Marquee Investors

Offshore

GMO **QEB**

BIO
Investing in a Sustainable Future

DILs

kotak
Life Insurance

sidbi

State Bank of India

HNIs & Family Office

Azim Premji Foundation

a
AAMIR KHAN
PRODUCTIONS PVT. LTD.

raintree

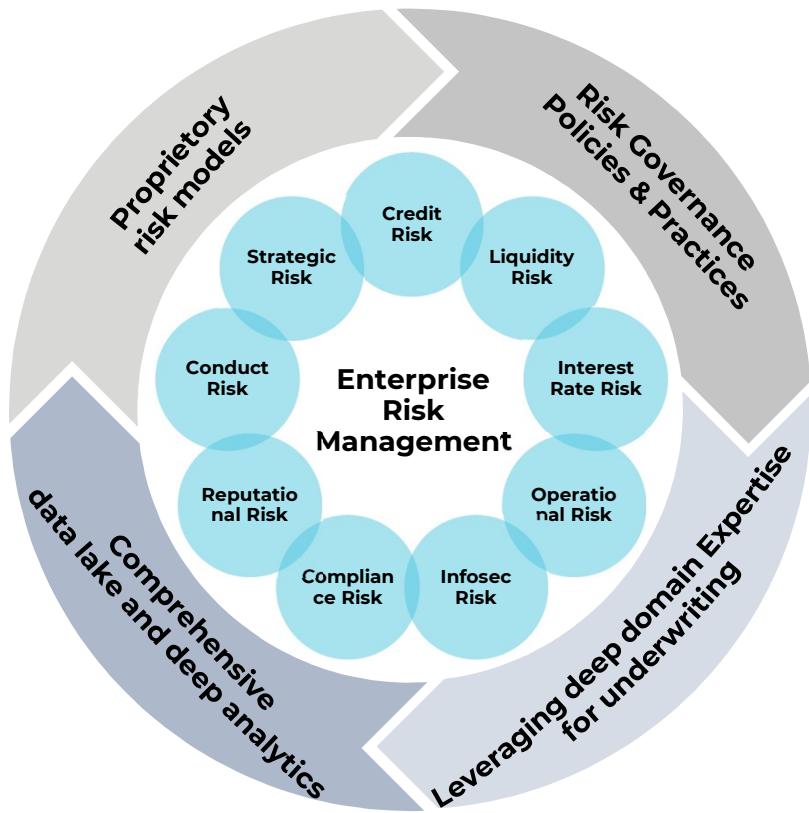
Risk Management

Robust Risk Management Framework

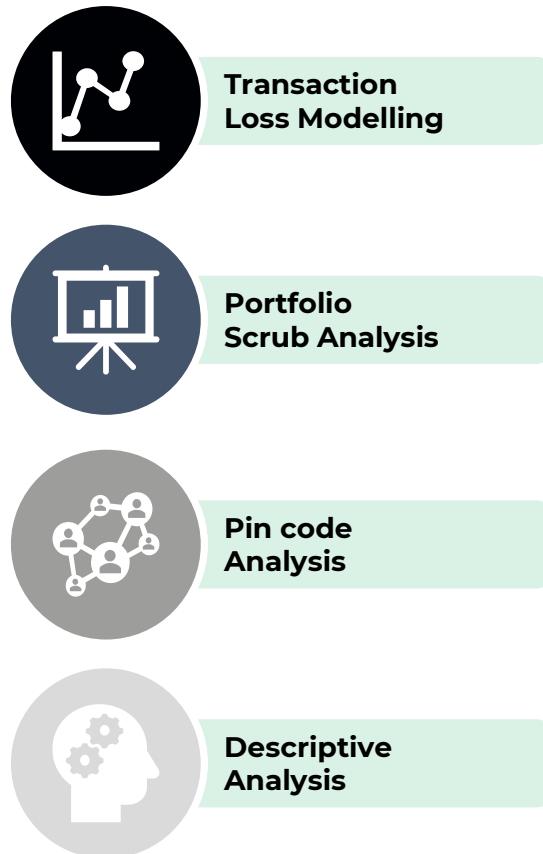


Robust risk management framework based on sector expertise, ground-level insights, extensive data analytics and proprietary risk models

Manage organizational risks



Using our Suite of Risk Analysis Tools



Through



Deep focus on collections



Pro-active monitoring to contain stress



Use of Data & Analytics across Collections lifecycle



Omni-channel payments infrastructure



Legal Cell covering all relevant laws

Pre-Delinquency Management

Predicting Bounce likelihood

Proactive Outreach

Pre-due reminders sent to customers through SMS

X Bucket Collection

Immediate customer connect

Digital Reach
Tele-calling
Field Collection

Follow up through **tele-calling**

Initial – Mid Buckets

Focus on asset protection and normalization

Behavioural data for roll back

Initiate on-field collections process along with tele-calling
Legal action through Section 25

Deep Buckets

Focus is on amicable settlements & reposessions

Prioritize collection activities

Recovery through legal action initiated:

- **Section 138**
- **SARFAESI**
- **Section 25**
- **Arbitration**
- **Lok Adalat**

Write-off Recoveries

Emphasis on Loss Reduction

Settlement / Possession Model

Actions initiated to take **physical possession and liquidate collateral**

Issue of **bailable/ non-bailable warrants**



Sector wise asset quality



INR Crores / %	AUM ¹	GNPA (%) ¹	Credit Cost (%)		
			Q1FY26	Q2FY26	Q3FY26
Intermediate Retail	6,629	0.50%	0.7%	1.3%	0.4%
MSME	3,292	4.61%	1.8%	1.8%	2.9%
Consumer	4,266	0.46%	6.1%	4.9%	6.5%
Rural	934	0.08%	7.7%	5.1%	5.3%
Total	15,121	1.36%	3.0%	2.7%	2.9%²

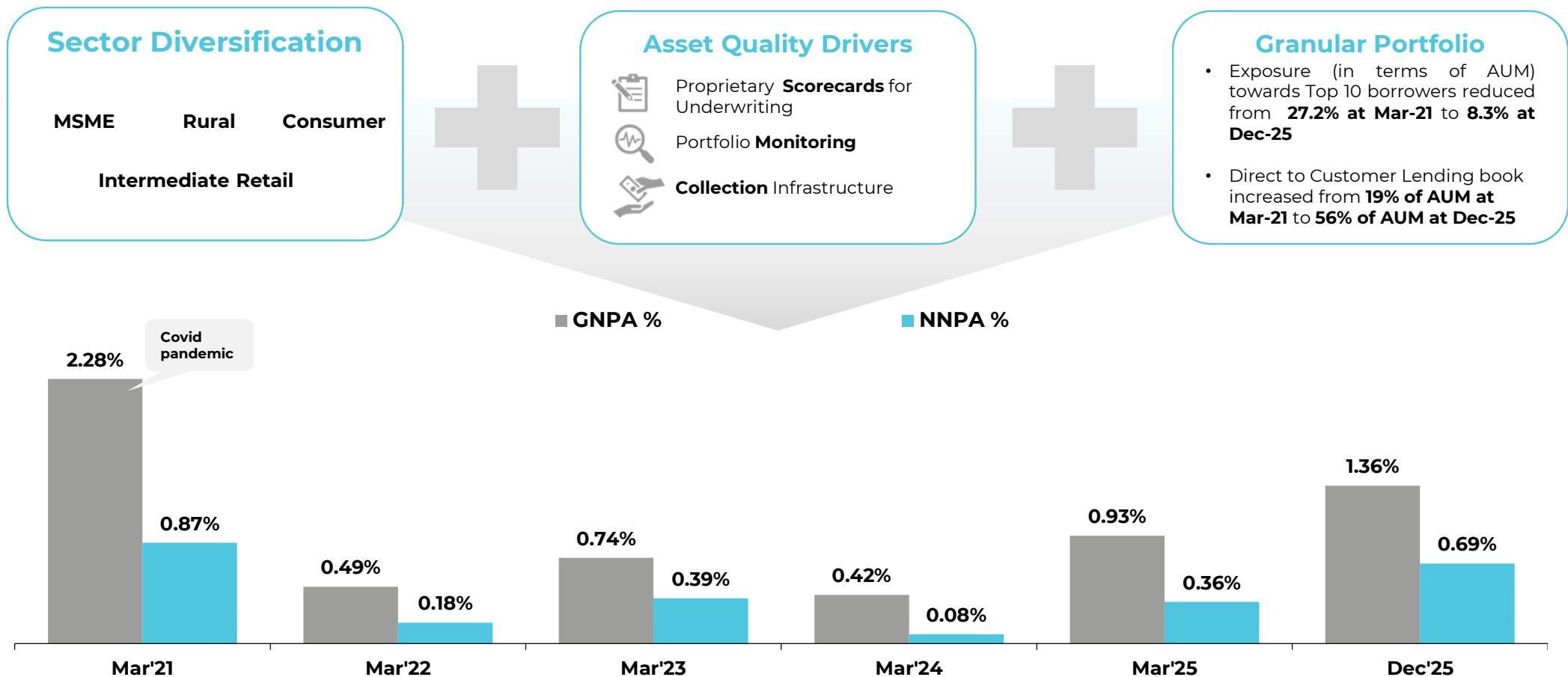
1. Data as on December 31, 2025

2. Excludes impact on account of internal reassessment of ECL for Digital business resulted in recognition of one-time credit cost of Rs. 23 Cr equivalent to 0.6% on annualised basis.

Diversified & Granular portfolio resulting in GNPA within desired range



Diversification augmented by proprietary tools and portfolio granularity driving asset quality



Portfolio Quality



INR crore/%	Assets under Management					Assets under Management (%)					ECL : Expected Credit Loss					ECL % : provision coverage for each stage				
By Staging	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25
Stage I	11,247	12,529	12,141	13,031	13,905	97.0%	97.2%	96.7%	96.2%	96.8%	124.6	232.6	246.5	252.1	272.0	1.1%	1.9%	2.0%	1.9%	2.0%
Stage II	231	239	263	359	261	2.0%	1.8%	2.1%	2.6%	1.8%	44.0	59.3	89.8	83.5	62.3	19.0%	24.8%	34.1%	23.3%	23.9%
Stage III	110	126	151	163	205	1.0%	1.0%	1.2%	1.2%	1.4%	66.2	76.9	75.8	84.6	100.1	60.2%	61.1%	50.2%	51.9%	48.9%
Total On-Book	11,588	12,894	12,555	13,553	14,370	100.0%	100.0%	100.0%	100.0%	100.0%	234.8	368.8	412.1	420.2	434.5	2.0%	2.9%	3.3%	3.1%	3.0%
Assigned Assets	662	740	796	613	751															
Overall AUM	12,250	13,634	13,351	14,166	15,121															

Robust Technology Stack



SaaS Offerings :

NuScore

A Machine-Learning-Based Solution to Aid Originators in their Underwriting



Borrower level assessment along with a detailed analytics report

Custom-built for every lending institution

Sector-specific insights over different economic and credit cycles

Integrated easily through APIs

Expand NuScore Offering to not just MFIs, but also to NBFCs, SFBs, Consumer Durables, etc.

nPOS

Connecting banks & financial institutions through APIs, enabling swift data exchange & straight through processing of loans

Co-lending / Sole lending by Financial Institution (NBFCs / Fintechs)

nPOS

- **Investors**
- **Banks**

Universe

One Platform

Offering solutions

Fully integrated with Bharat stack

Cloud-based

Seamless end-to-end journey

Robust Credit Assessment and Risk Analysis

Machine learning-driven risk assessment

Straight Through Processing of loans

Leveraging Technology Stack



Lead Generation	Customer Onboarding	Credit Underwriting	Pre-Disbursal	Loan Disbursal	Loan Servicing
<ul style="list-style-type: none"> Digital form Feet on Street Mobile app Customer reference 	<ul style="list-style-type: none"> OKYC/EKYC PAN verification ITR verification Legal verification Banking check Property valuation Bureau check Udyam verification 	<p>PD with customer CAM summary assessment</p> <p>Online valuation report assessment BRE based customer segmentation</p>	<ul style="list-style-type: none"> E-Nach E-Sign Document verification on digital platform BRE based system deviations 	<ul style="list-style-type: none"> Digital disbursement IMPS/RTGS/NEFT WhatsApp based welcome kit delivery Digital document storage 	<ul style="list-style-type: none"> Customer app CRM platform Call center BBPS enabled payments WhatsApp Digital collection Payment aggregators



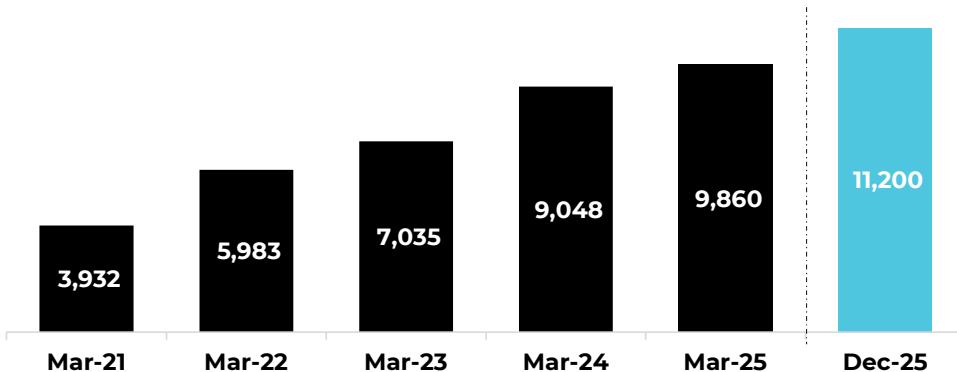
Strong Liability Franchise



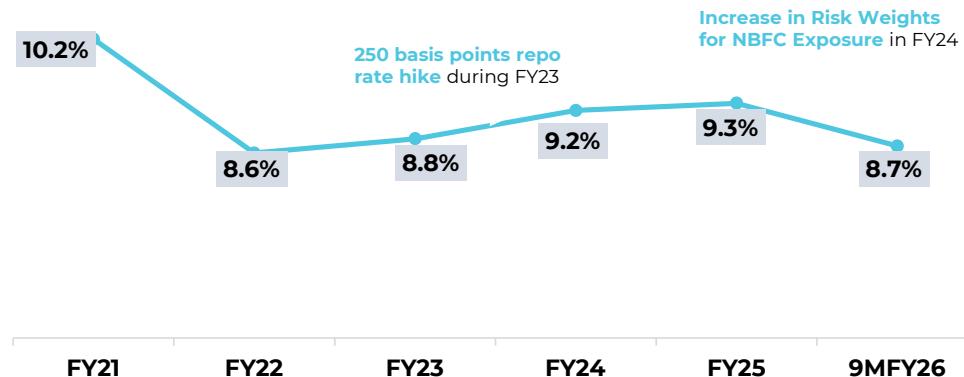
Diversified sources of funding...

Borrowings

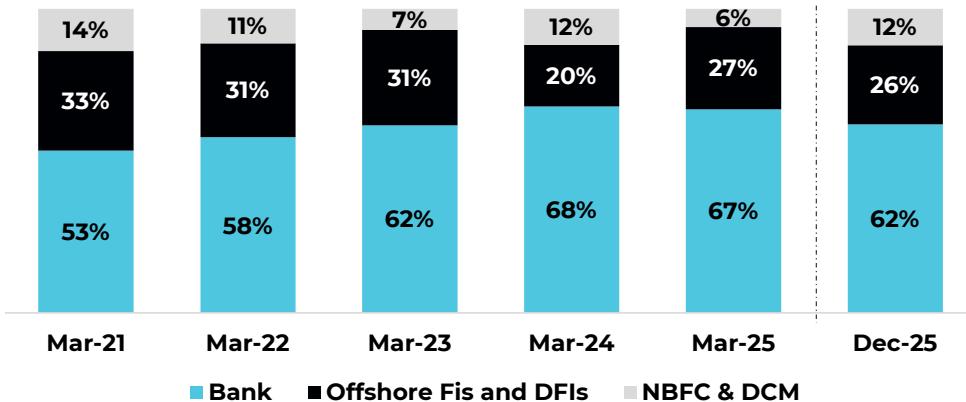
INR crore



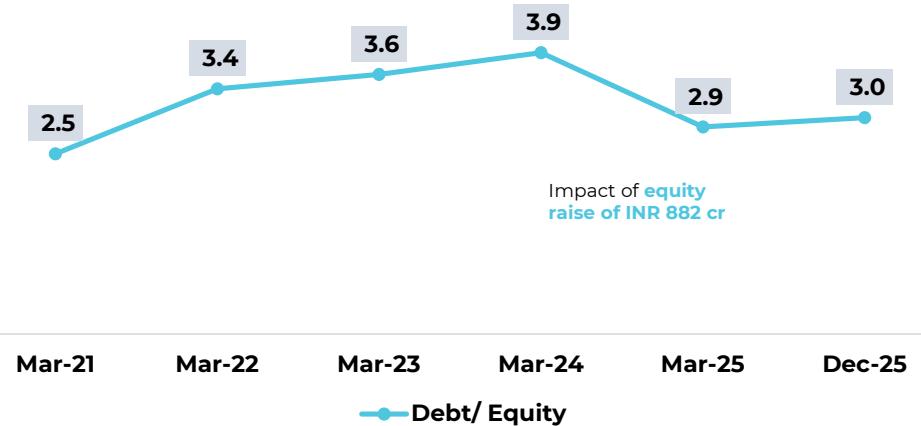
Incremental Cost of Funds ⁽¹⁾



Borrowing Mix %



Leverage levels ⁽²⁾

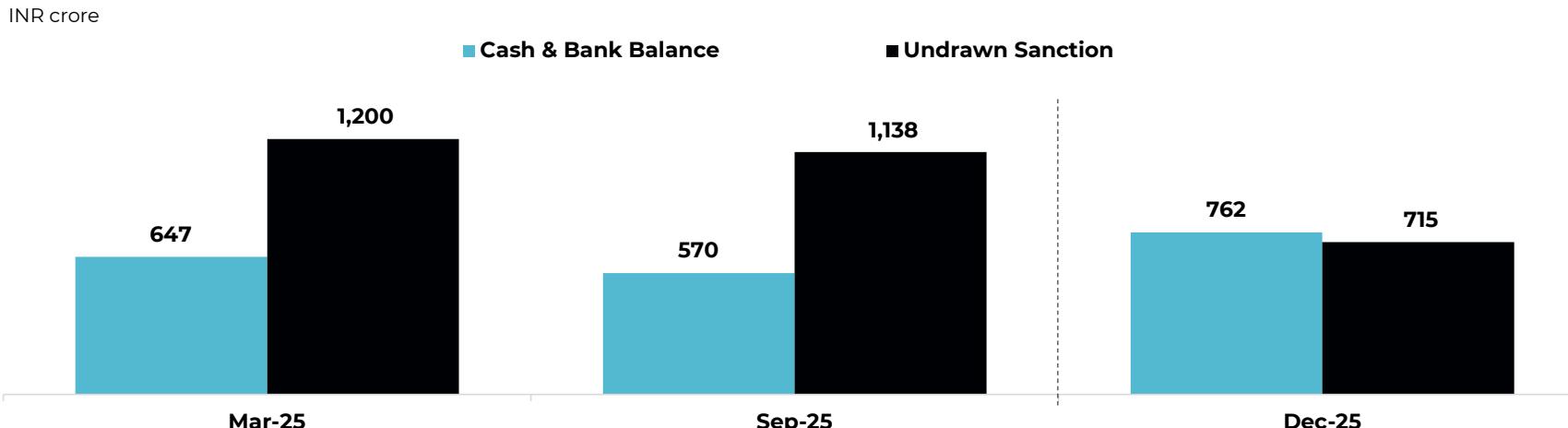


Notes: 1. Cost of Funds is based on Quarterly Average borrowings 2. Debt / Equity ratio: Equity includes NCI portion..



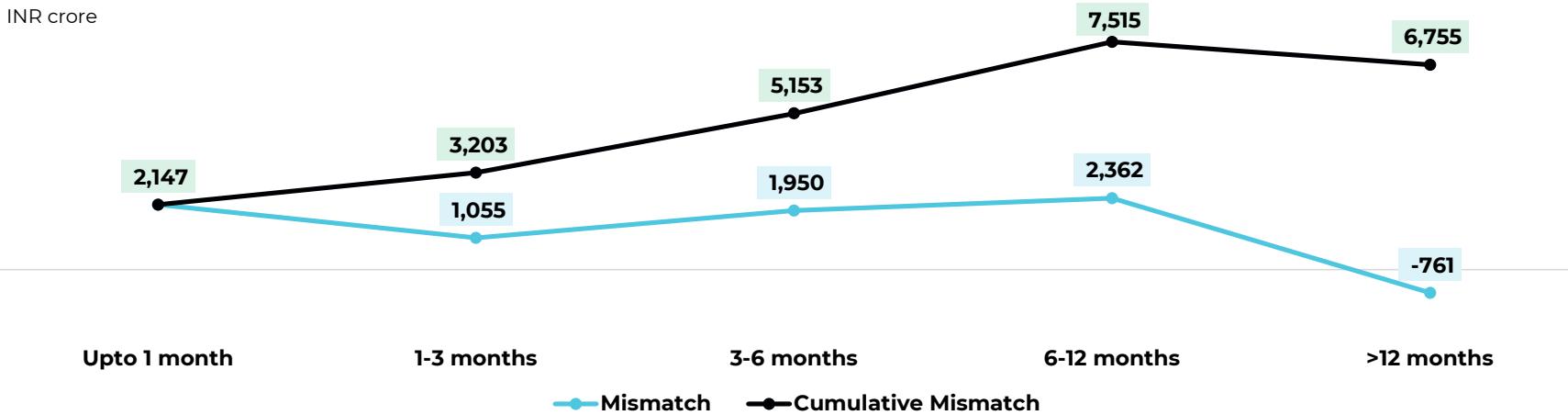
...With proactive liquidity management

Liquidity position



Consistently adhered to all **RBI norms** as well as **ALCO guidelines** clearly reflecting strong Asset Liability position

ALM Profile as on 31-Dec-25



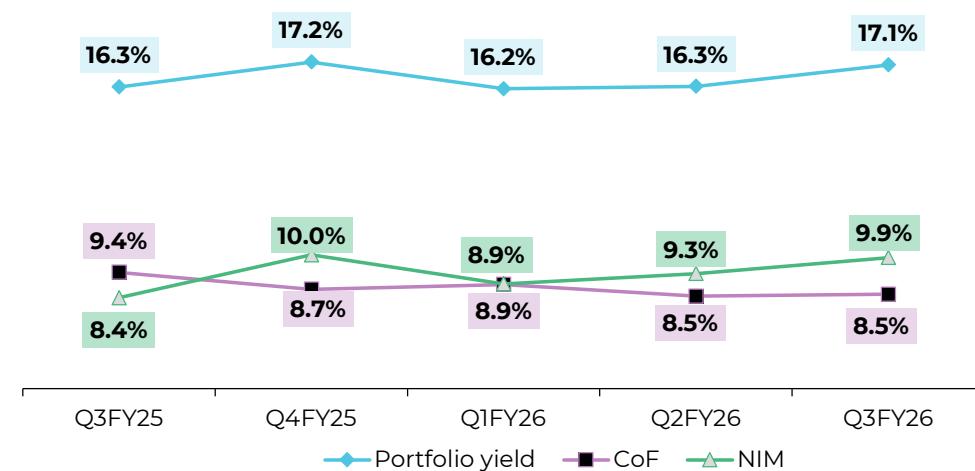
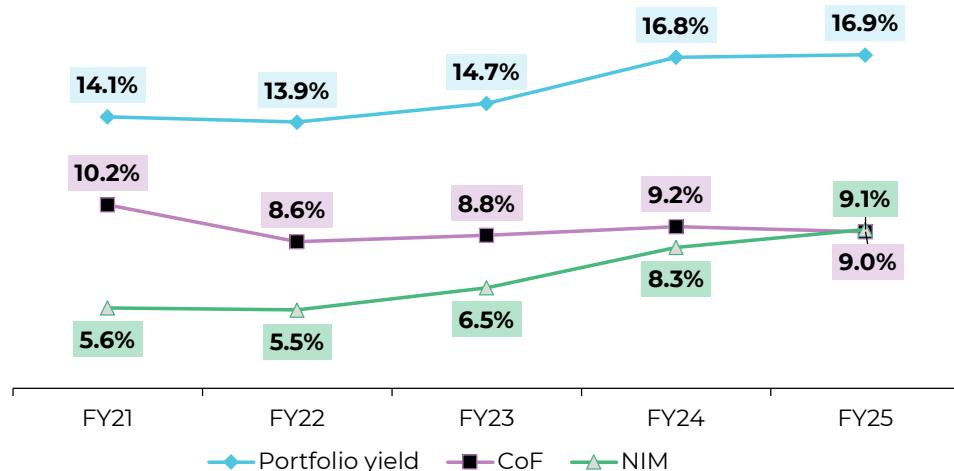
No negative cumulative mis-match across all buckets (well below prescribed 15% limit)

Asset Liability Committee of the Management (ALCO) tracks ALM closely every month

Financials

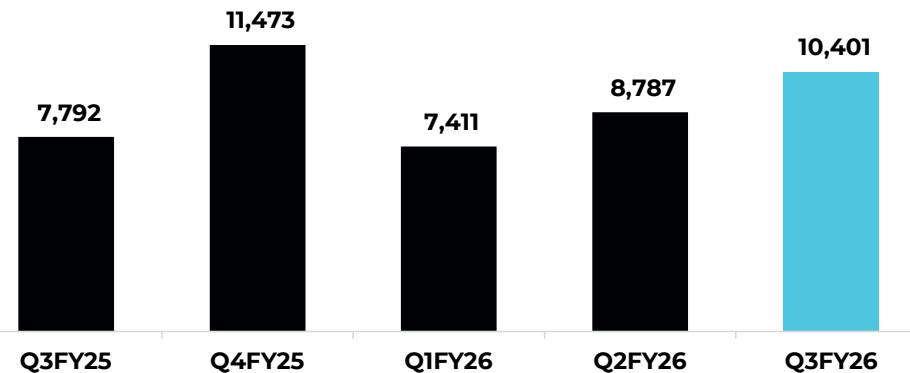
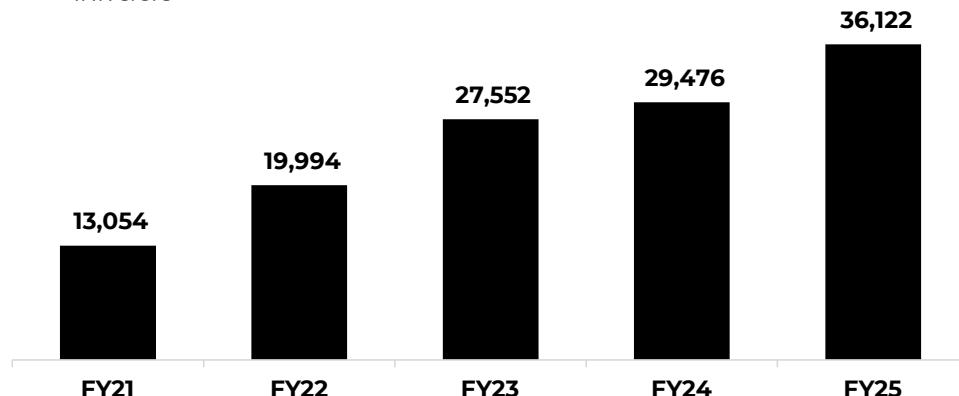
Strong Operating Parameters

Portfolio Yield % and Cost of Funds %*



Gross Transaction Volume

INR crore



Notes: * Portfolio yield is adjusted for fees and commission expense to Digital Partners

Yield: Ratio of 'Adjusted Interest Income' to 'Quarterly Average Earnings AUM'. Cost of Funds (CoF): ratio of 'Interest Expense' to 'Quarterly Average Borrowings'

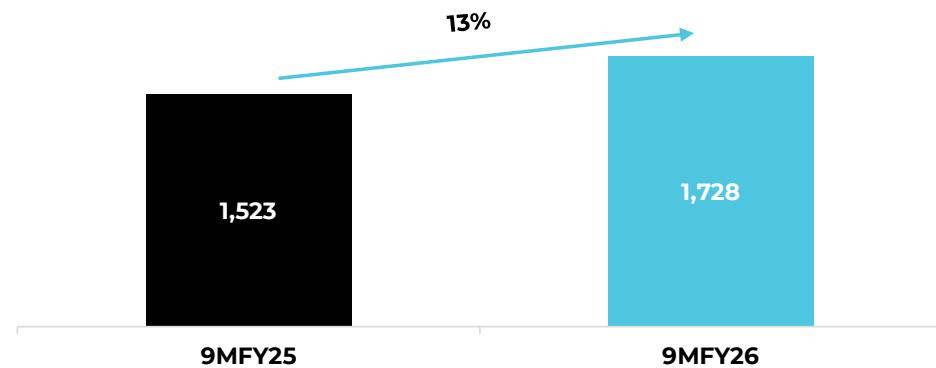
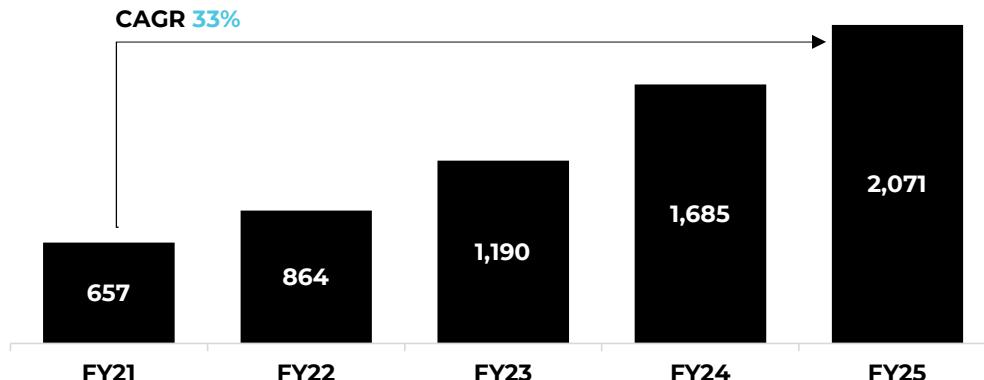
(I) NIM Ratio of Adjusted Interest Income net of Interest Expense to 'Quarterly Average Total Assets'.

Sustainable growth in profitability

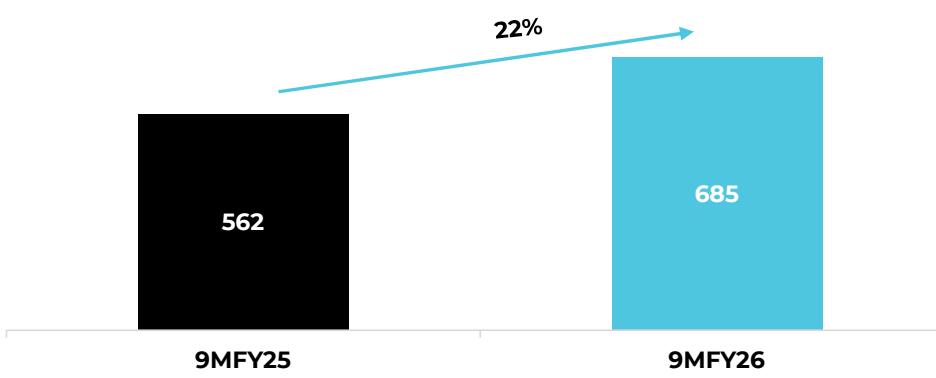
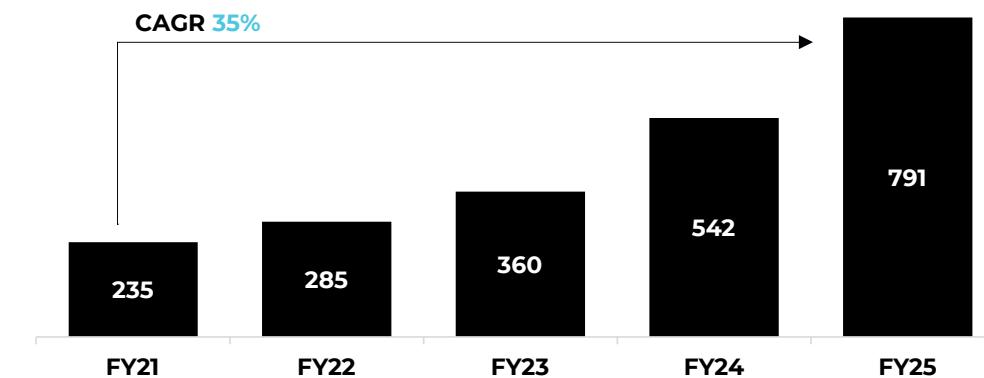


Revenue From Operations *

INR crore



Pre-Provisioning Operating Profit (PPoP) (INR Cr)



Notes: * Adjusted for fees and commission expense
Revenue from Operations is Interest Income and Fee income

Consolidated Income Statement



INR crore	Q3FY25	Q2FY26	Q3FY26	YoY %	QoQ %	9MFY25	9MFY26	YoY %
Interest income ¹	478	533	602	26%	13%	1450	1,647	14%
Interest expense	211	211	231	10%	10%	624	657	5%
Net Interest Income	267	322	371	39%	15%	826	990	20%
Fee & Other Income	21	21	32	49%	50%	72	81	11%
Net Revenue	288	343	403	39%	17%	898	1,071	19%
Employee Costs	74	84	85	15%	1%	216	245	13%
Operating Costs	39	46	53	34%	15%	120	141	17%
Total Operating Costs	113	130	138	22%	6%	336	386	15%
Pre-Provision Operating Profit (PPoP)	175	213	265	51%	24%	562	685	22%
Credit Costs	81	92	130	60%	41%	211	325	54%
Profit before tax	94	121	135	43%	11%	351	360	3%
Tax expense	21	30	33	58%	10%	88	89	1%
Profit after tax	73	91	102	39%	12%	263	271	3%
Profit after tax (excluding NCI)	76	92	101	33%	10%	267	274	3%

Notes: 1. Interest income is adjusted for fees and commission expense

Financial Dupont



Particulars	Q3FY25	Q2FY26	Q3FY26	9MFY25	9MFY26
Interest Income ¹	15.0%	15.3%	16.1%	15.6%	15.4%
Interest Expense	6.6%	6.0%	6.2%	6.7%	6.1%
Net Interest Income	8.4%	9.3%	9.9%	8.9%	9.3%
Fee and Other Income	0.7%	0.6%	0.9%	0.8%	0.7%
Net Revenue	9.0%	9.9%	10.8%	9.7%	10.0%
Employee Costs	2.3%	2.4%	2.3%	2.3%	2.3%
Operating Costs	1.2%	1.3%	1.4%	1.3%	1.3%
Total Operating Expense	3.5%	3.7%	3.7%	3.6%	3.6%
Pre-Provision Operating Profit (PPoP)	5.5%	6.2%	7.1%	6.1%	6.4%
Credit Costs	2.5%	2.7%	3.5% ²	2.3%	3.0%
Profit Before Tax	3.0%	3.5%	3.6%	3.8%	3.4%
Tax	0.6%	0.9%	0.9%	0.9%	0.8%
Profit after tax (RoA)	2.4%	2.6%	2.7%	2.9%	2.6%
Return on Equity	8.9%	10.1%	10.7%	12.0%	10.1%
Cost to income Ratio	39.0%	37.6%	34.3%	37.3%	36.0%
<i>as a % of Quarterly Average Total Assets</i>					

Notes: 1. Interest income is adjusted for fees and commission expense

2. Includes impact on account of Internal reassessment of ECL for Digital business resulted in recognition of one-time credit cost of Rs. 23 Cr equivalent to 0.6% on annualised basis.

Balance Sheet



INR crore	Dec'24	Sep'25	Dec'25
Assets			
Financial assets			
Cash and bank balances	513	570	762
Loans	9,520	10,816	11,306
Investments	1,976	2,409	2,773
Other financial assets	183	312	333
Non-financial assets	210	255	232
Total assets	12,401	14,362	15,406
Liabilities and equity			
Financial liabilities			
Borrowings & Debt Securities	8,593	10,331	11,200
Other financial liabilities	334	310	372
Other non-financial liabilities	65	55	42
Equity	3,405	3,663	3,788
Non-controlling interest	4	3	5
Total liabilities and equity	12,401	14,362	15,406
Quarterly Avg. earning Assets	11,341	13,003	13,935
Quarterly Avg. total assets	12,294	13,815	14,884

Board & Management

Board of Directors :



Mr. P S Jayakumar
Chairman & Non-Executive
Independent Director

Former MD & CEO,
Bank of Baroda
~30 years of experience



Mr. Ashish Mehrotra
Managing Director &
Chief Executive Officer

Former MD & CEO, Max Bupa
Health Insurance
MD & Retail Bank Head,
Citibank India



Dr. Kshama Fernandes
Non-Executive, Non-Independent
Director

Northern Arc Capital
~25 years of experience



Ms. Anuradha Rao
Non-Executive
Non-Independent Director

Former MD & CEO
SBI Funds Management
~36 years of experience



Mr. Michael Jude Fernandes
Non-Executive Nominee Director

Leapfrog Investments, South & SEA
~20 years of experience



Mr. Ashutosh Arvind Pednekar
Non-Executive
Independent Director

Practicing Chartered Accountant
30+ years of experience



Mr. Vijay Chakravarthi
Non-Executive Nominee Director

Affirma Capital
Partner – Affirma Capital
Former Executive Director,
Private Equity at Standard Chartered Bank



Mr. Sandeep Dhar
Non-Executive
Independent Director

35 years of experience in the BFSI
and IT services sectors



Ms. Vidya Krishnan
Non-Executive
Independent Director

Former Deputy MD – IT with State Bank of
India
~39 years of experience

**Marquee Investors
Driving Strong
Corporate
Governance
Standards**

LeapFrog
Financial
Inclusion India
(II) Ltd

16.2%

Augusta
Investments II
Pte. Ltd

16.0%

Eight Roads
Investments
Mauritius II
Limited

6.9%

International
Finance
Corporation

6.1%

Accion Africa-
Asia
Investment
Company

4.0%

Sumitomo
Mitsui Banking
Corporation

3.8%

Ashish Dhawan
& Group

3.7%

Dvara
Trust

3.1%

1. Data as on December 31, 2025

Independent Director

Nominee Director

Others



Managed by experience leadership team



Pardhasaradhi Rallabandi
Group Risk Officer & Governance Head

31+ years of experience in Banking
Previously associated with
Standard Chartered Bank



Atul Tibrewal
Chief Financial Officer

22+ years of experience in finance
Previously associated with
Magma Fincorp & Birla
Corporation



Saurabh Jaywant
Chief Legal Officer

22+ years of experience in
financial services companies
Previously associated with
ICICI Bank



Ashish Mehrotra
Managing Director
& Chief Executive Officer

Former MD & CEO, Max Bupa
Health Insurance
MD and Retail Bank Head,
Citibank India



Gaurav Mehrotra
Chief Technology Officer

26+ years of experience in
technology. Previously
associated with JP Morgan,
Goldman Sachs & Infosys



Jagadish Babu Ramadugu
Managing Director & CEO
(Pragati)

28+ years of experience
Previously associated with Vaya
Finserv, Hindustan Coca-Cola,
Spencers & Asian Paints



Amit Mandhanya
Chief Business Officer – Digital Lending

17+ years of experience
Previously associated with
Micro-Credit Ratings
International Limited



Sandeep Singh
Head – Intermediate Retail

25+ years of experience
Previously associated with India
Ratings & Research



Priyashis Das
Chief Executive Officer – Northern
Arc Securities

25+ years of experience
Previously associated with DBS,
Citibank, ABN and Tata AIA



Bhavdeep Bhatt
Chief Executive Officer – Northern
Arc Investment Managers

29+ years of experience
Previously associated with Aditya
Birla Sunlife AMC, ICICI Prudential
AMC & Kotak AMC



Moushumi Mandal
Chief People Officer

25+ years of experience
Previously associated with
National Stock Exchange (NSE)



Chetan Tivary
Chief Internal Audit Officer

30 years of experience in Audit
and Risk Management across
Mashreq Bank, HSBC Ltd, DCB
Bank and ABN AMRO Bank



Vipin G S
Chief Compliance Officer

24+ years of experience
Previously associated with
Manappuram Finance

Sustainability



ESG Focused Business Model Positively Impacting 130 Mn+ Lives

UNSDG⁽¹⁾ Alignment Built into the Business Model



Note: (1) United Nations Sustainable Development Goals

Our Sustainability Report



Robust ESG Framework with Effective Tools & Regular Monitoring



- Committed to responsible financing framework
- Adherence to Leapfrog's 'Responsible Investment Code'
- Adoption of a Group Level Environmental & Social Management System
- Adoption of an overarching Code of Conduct for ethical conduct of business
- Diverse Board
 - 4/9 – Independent Directors
 - 3/9 – Women Directors
 - 2/9 – Nominee Directors
 - 1/9 – Executive Director
- ESMS & ESDD Questionnaire were reviewed in context of the new Labor Codes and Digital Personal Data Protection Act.
- Strict Policy for Originator Partners to **adhere to fair practices** code & **customer protection norms**
- **Responsible financing framework** implemented via Underwriting guidelines
- **Impact Focused funds managed**
- Financing Originator Partners and MSMEs in the Green Energy & E-Mobility & Infrastructure Sector



Empowering community through CSR



Education



Support elementary students in Andhra Pradesh, Karnataka, and Bihar by providing learning and training materials to improve basic literacy and numeracy.



Education



Upgrading rural school infrastructure in Palghar district, Maharashtra. These includes solar power, digital classrooms, sanitation, rainwater harvesting, and kitchen gardens



Environment & Sustainability



Renovating irrigation tanks - Expect to enhance water retention in the semi-arid region, supporting agriculture post-monsoon while promoting water conservation and ecosystem restoration.



Healthcare infra



Donating Advanced Life Support ambulances to government hospitals in Tamil Nadu to enhance emergency response and pre-hospital care



Awards and Accolades



ET BFSI - Best Digital Lending Platform - nPOS



India NBFC Summit – Best Lending NBFC of the Year



ET Impactful CEO Award



Deloitte India Tech Fast 50



Hurun India Future Unicorn Award

Thank you!

For any query, please contact :

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