



NORTHERN ARC

Investor Presentation
Q4FY26 / FY26

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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Sustainability

Business Overview

Key Highlights – Q4FY26



Lending AUM

INR 16,594

+22%

+10%



Direct to Customer Mix

59%

+720 bps

+285 bps



Branches

432

+72

+64



Net Interest Income

INR 387 Cr

+21%

+4%



Credit Cost

2.2%

-383bps

-126 bps



Stage II Assets

1.5%

-38bps

-34bps



PAT

INR 133 Cr

+251%

+32%



RoA

3.3%

+217 bps

+66 bps



RoE

14.0%

+951 bps

+326 bps

■ YoY growth ■ QoQ growth

Key Highlights – FY26



D2C Lending AUM

INR 9,792 Cr

+39%



Placements

INR 11,834 Cr

-5%



Direct Customers

29,55,966

+39%



NIM

9.4%

+25 bps



Credit Cost

2.8%

-42 bps



PPoP

INR 956 Cr

+21%



PAT

INR 406 Cr

+33%



RoA

2.8%

+34 bps



Book Value / Share

241

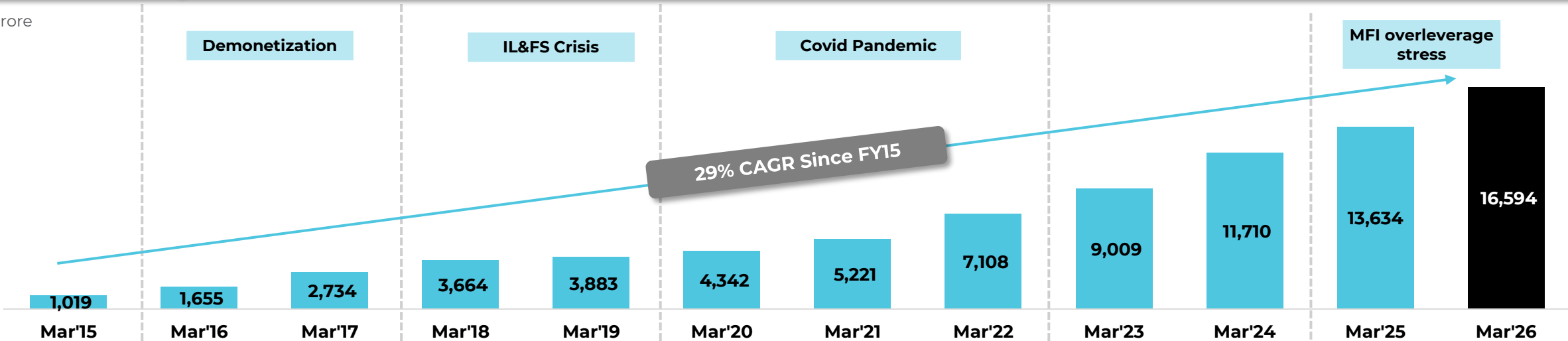
+13%

Demonstrating growth in AUM and profitability across business cycles



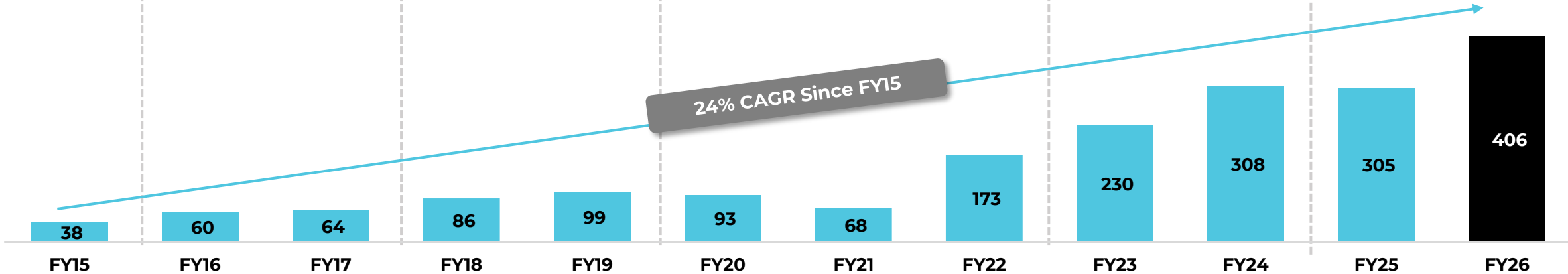
Asset under management

INR crore



Profit After Tax

excluding NCI (INR crore)



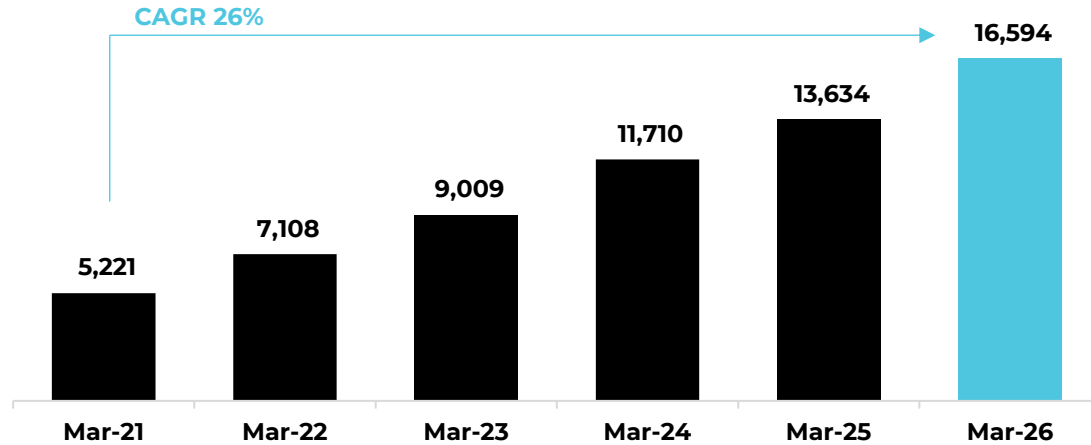
FY25 includes one time provision of INR 68 crore on account of DLG provision

Diversified, Granular Lending Book with <1% NNPA...



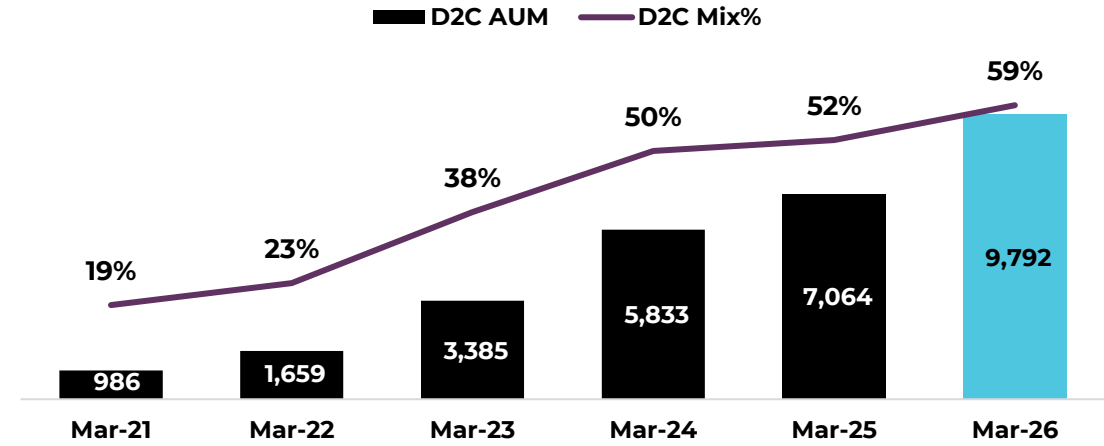
Asset Under Management

INR crore



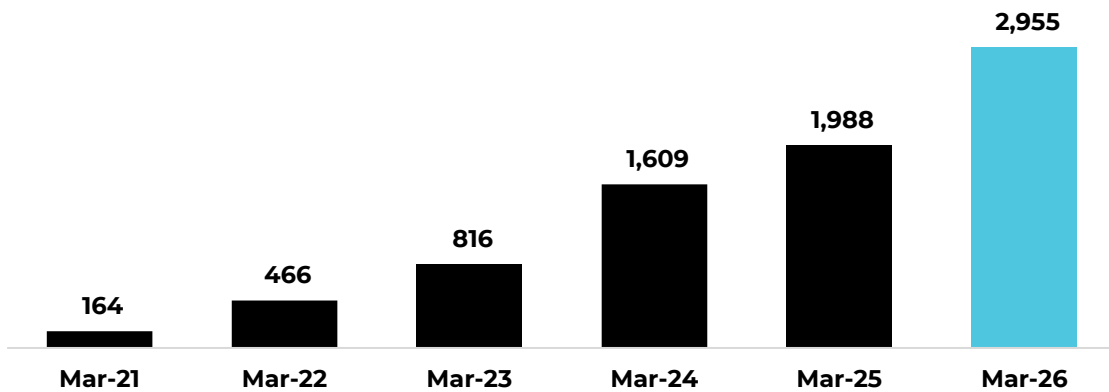
Increasing Share of Direct to Customer Lending

INR crore

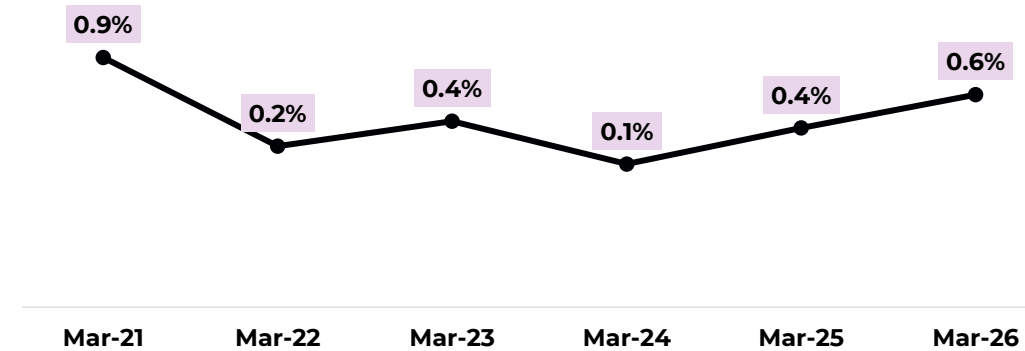


Growing Customer Base

of Direct to Customer Borrowers (000's)



Sustained NNPA of less than 1% across Cycles

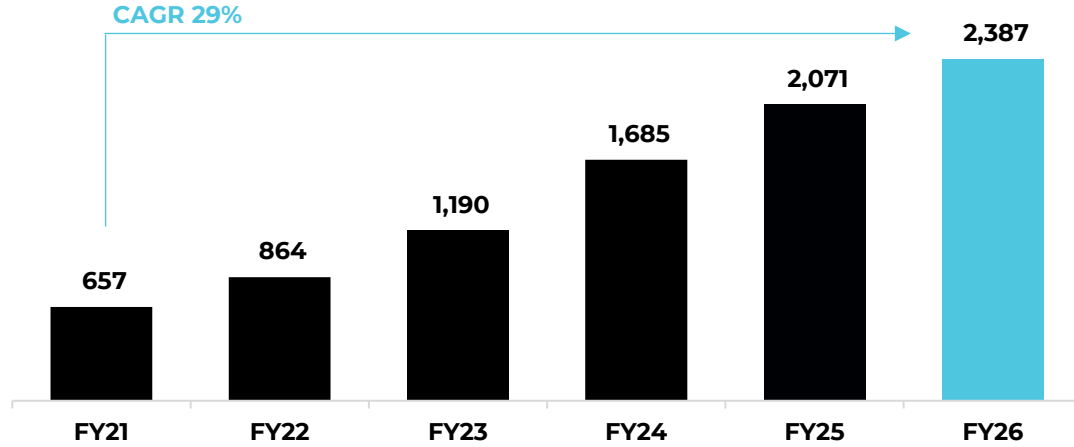


...driving higher NIMs and profitability

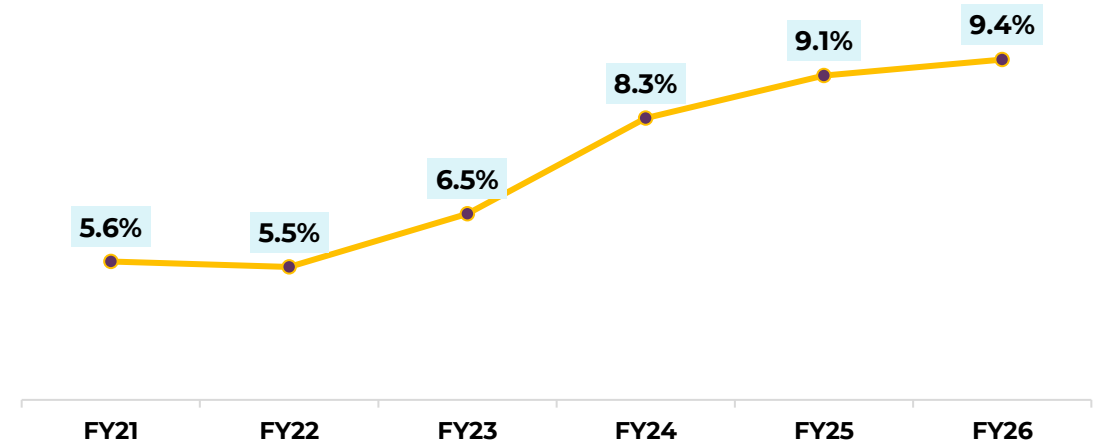


Total Income

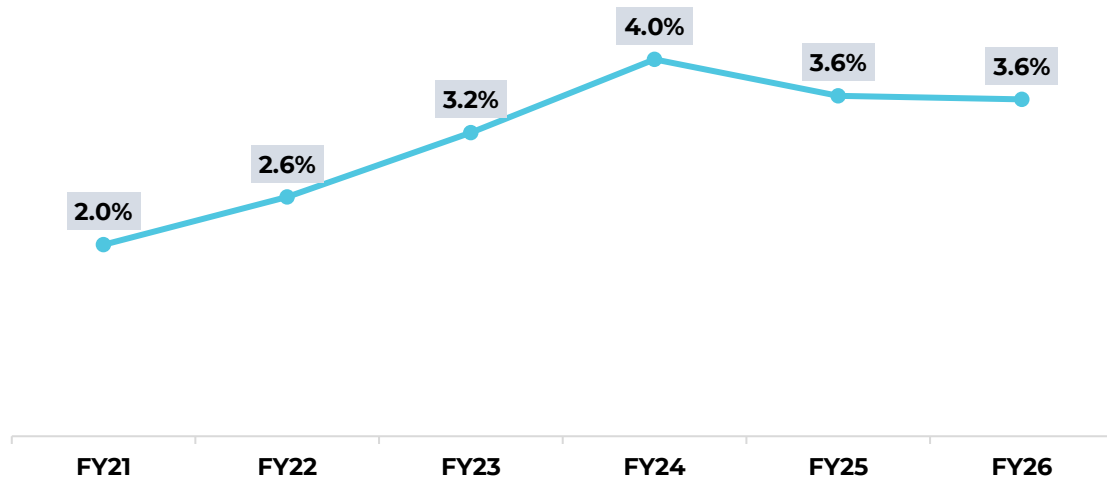
INR crore



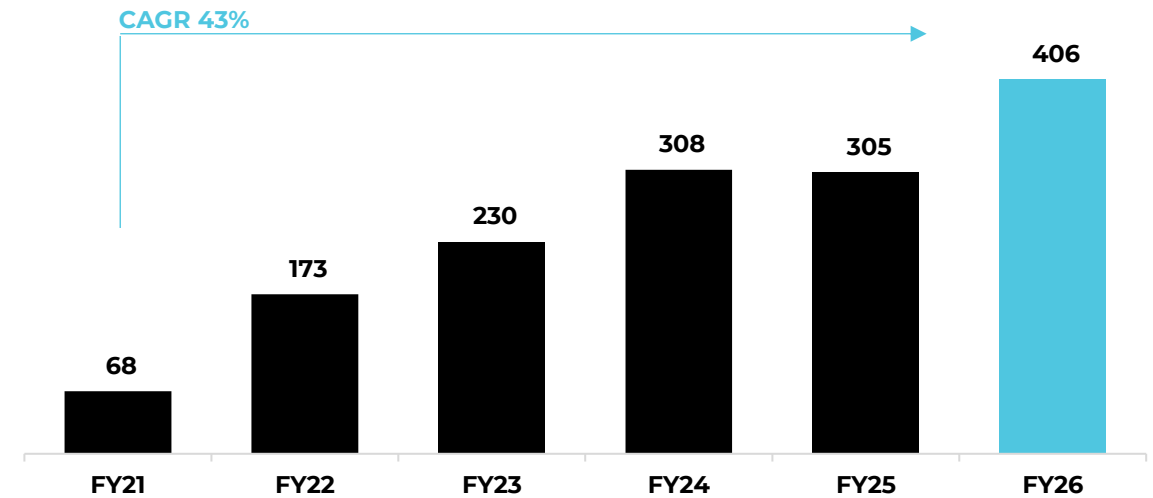
NIM %



Opex (%)



PAT





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

Direct to Customer Lending



Sectors

- MSME
- Consumer
- Rural

- ### Channels
- Branches
 - Digital

Lending – AUM INR 9,792 Cr

 **2.9 mn +**
Customers

 **432**
Branches

 **57**
Digital Partners


Underwriting

Credit Solutions



Solutions across focus sectors

Lending – AUM INR 6,802 Cr

Fund Management – AUM INR 3,092 Cr

Placements – Volumes INR 11,834 Cr

Tech Solutions

 **368**
Originator Partners

 **1,500+**
Investor Partners

Data & Tech platforms



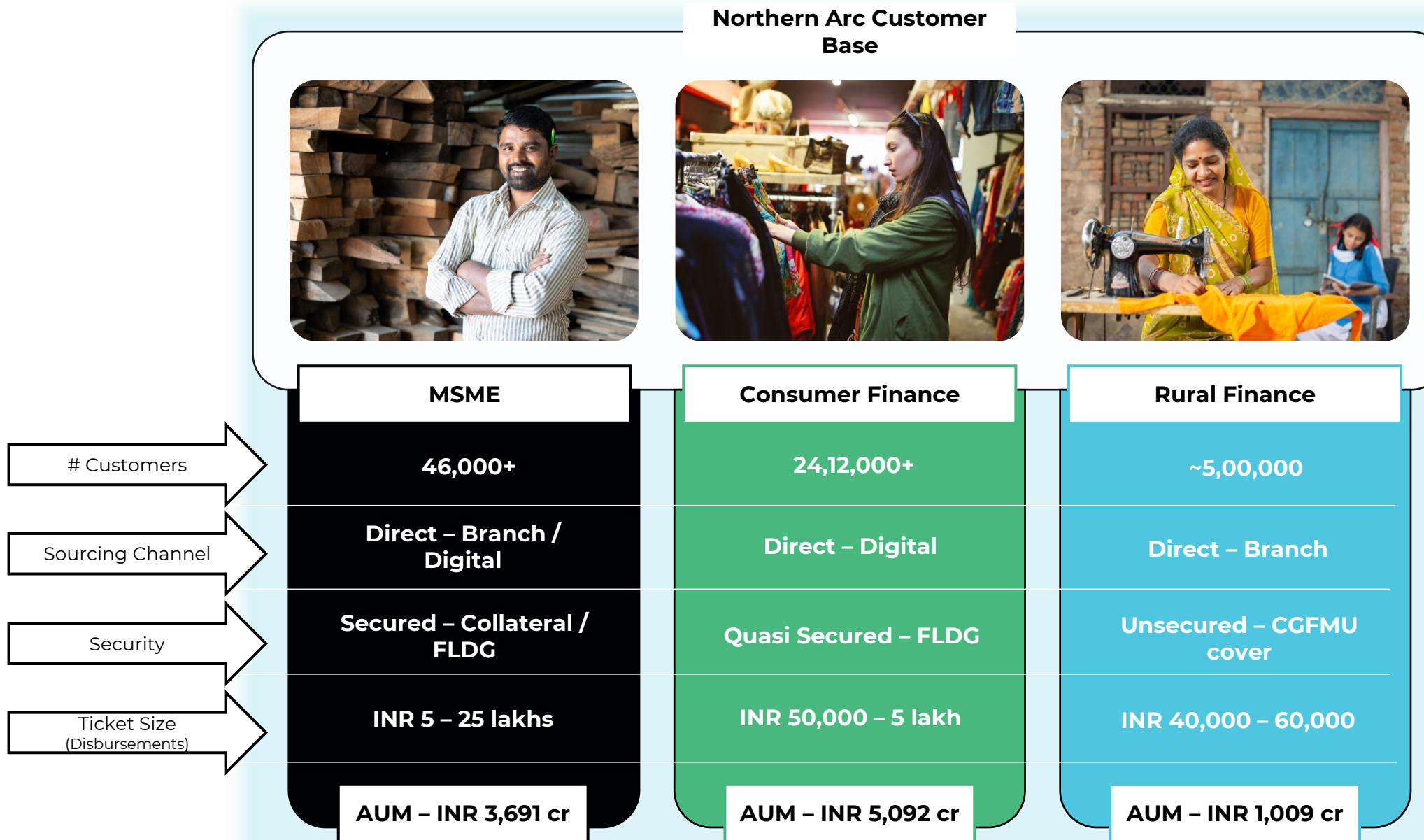
Direct to Customers Lending

Direct to Customers Lending: Built a strong retail engine



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

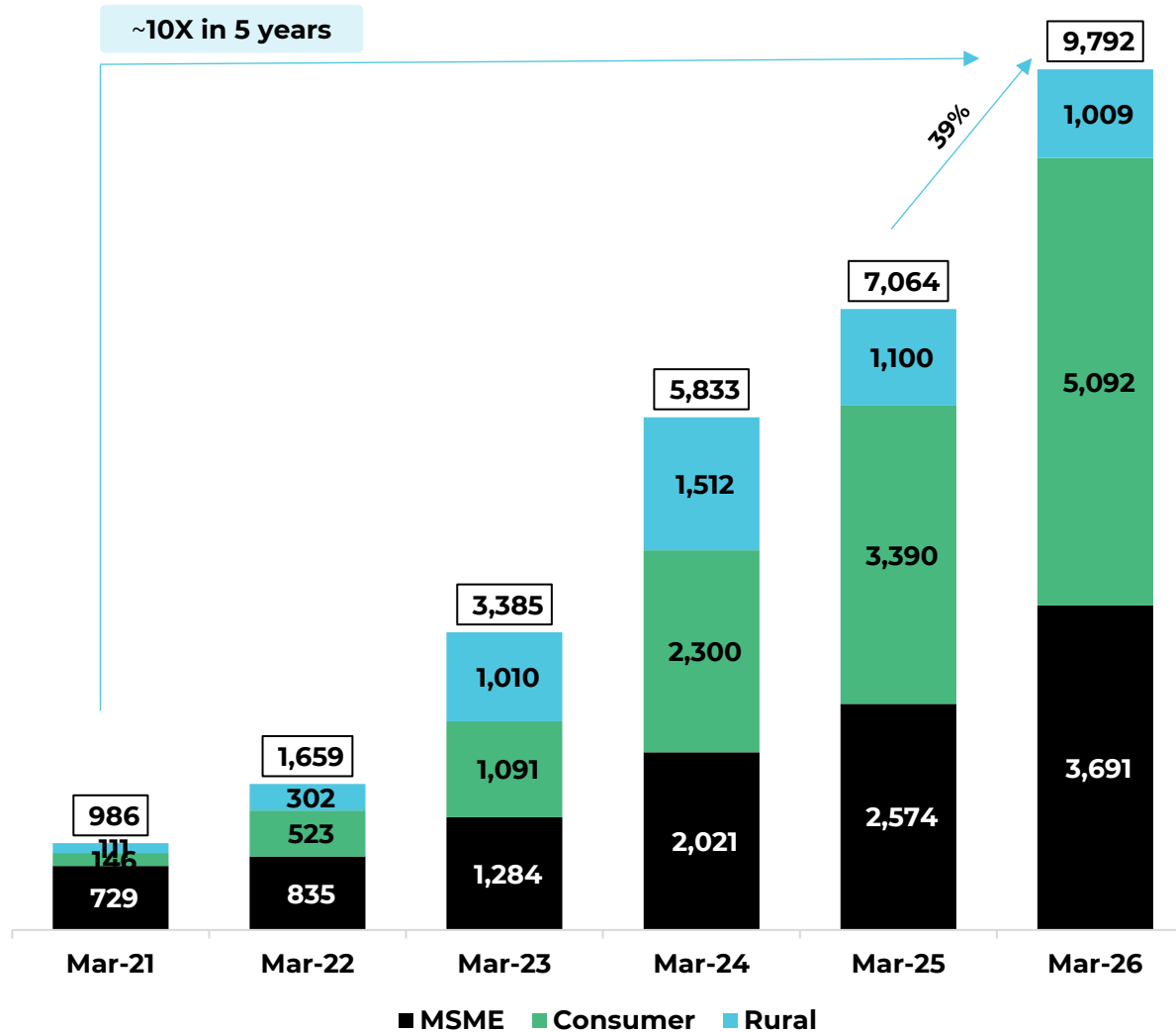
- A strong D2C engine
- A robust underwriting and product program
- A seamless Digital journey, and
- A strong Collections Infrastructure



Growth : Building granular book with D2C AUM increasing from 21% to 59% in 5 years

Assets under Management

INR crore



Multi-channel Distribution Model

 432
Branches

 57
Digital Partners

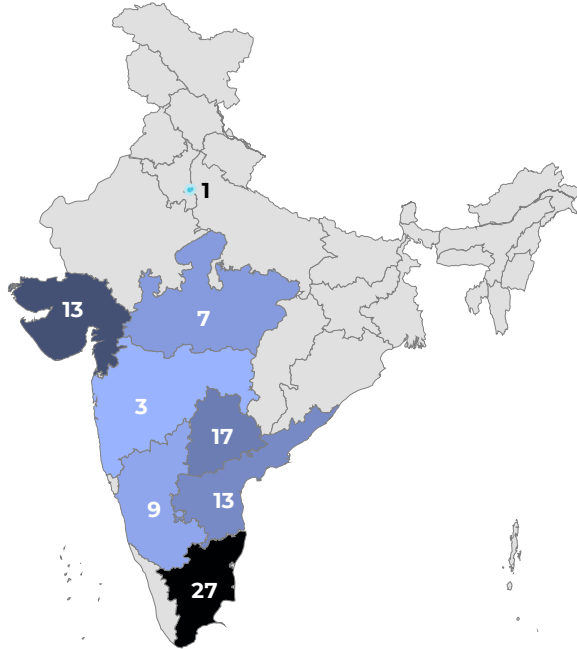
Backed by robust Underwriting & Technology


By Northern Arc
Underwriting


Co-lending & On-Lending Platform

MSME – Fulfilling business credit needs through Phygital model

Building strong footprint to scale granular portfolio



90 Branches

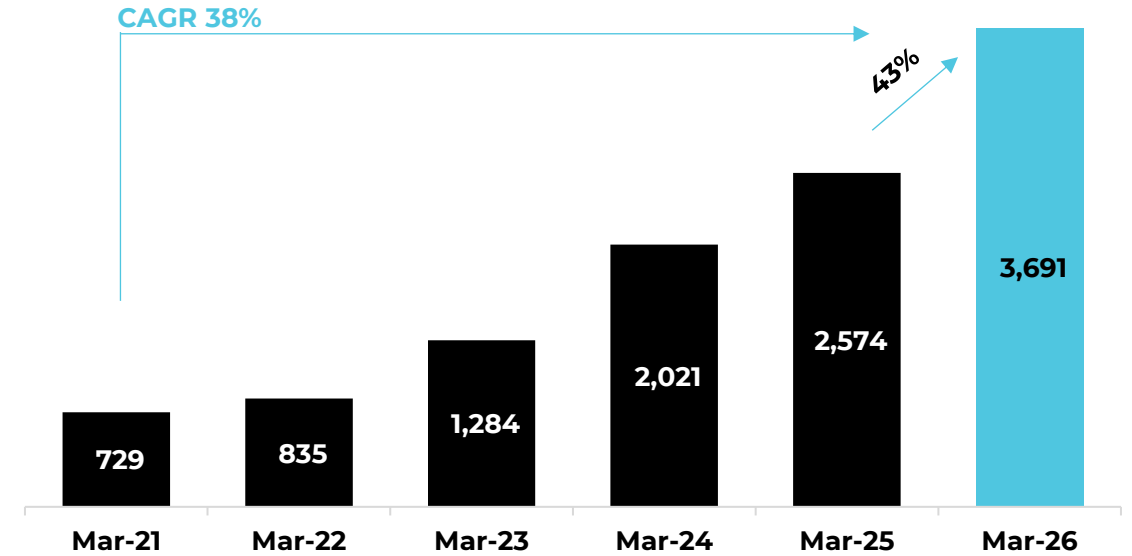
Added 17 branches in FY26

7 States

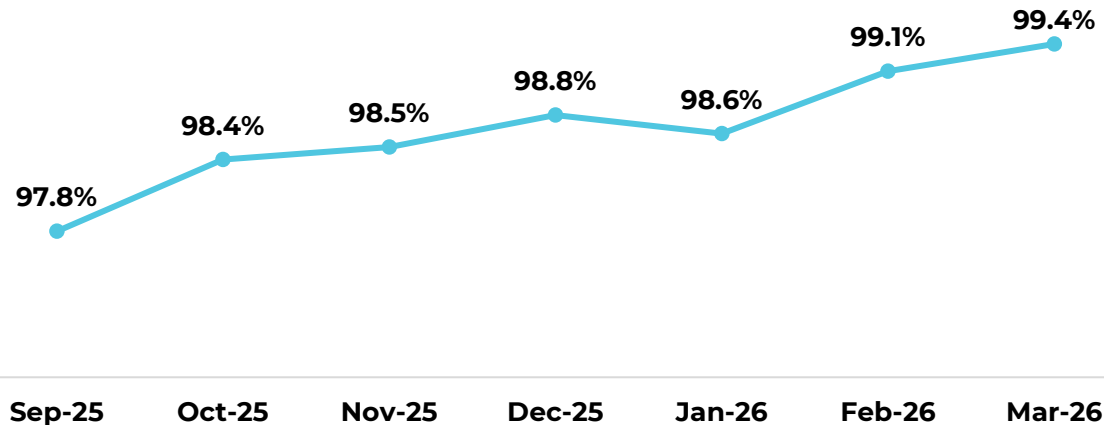
655 Employee Strength

AUM grew at 5 yr CAGR of 38%

INR crore



LAP Collection Efficiency (X-Bucket)



Secured LAP Product Characteristics

ATS
INR 11-15 Lakhs

Average Yield
17% - 19%

CIBIL Score
650+

Average LTV
48%

Average Tenure
10+ years

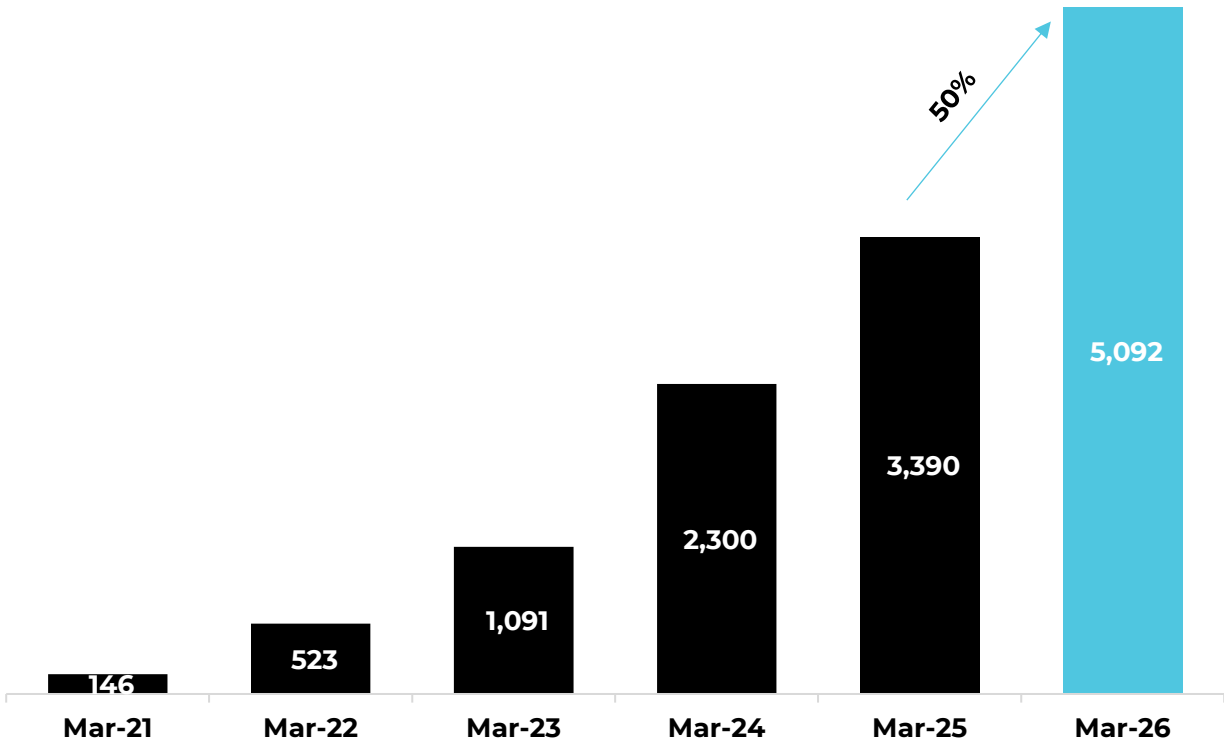
NACH Payment
100%

Consumer Finance – Focus on earning net yield of 15-16%



Assets under Management

INR crore



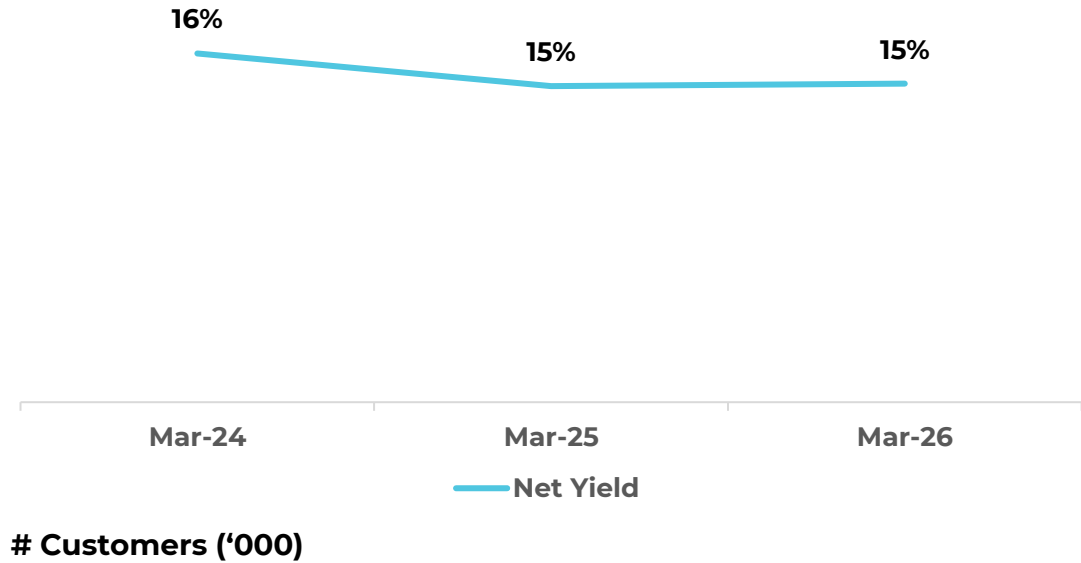
Live Partners
28

Repeat Customers
~70%

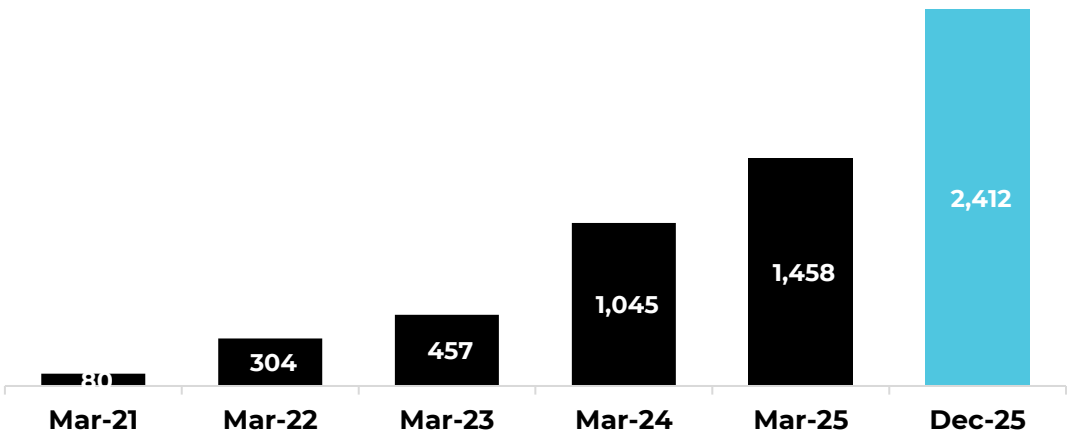
CIBIL Score
650+

Average Tenure
12 – 48 months

Net Yield holding up in midst on volatility in provisions

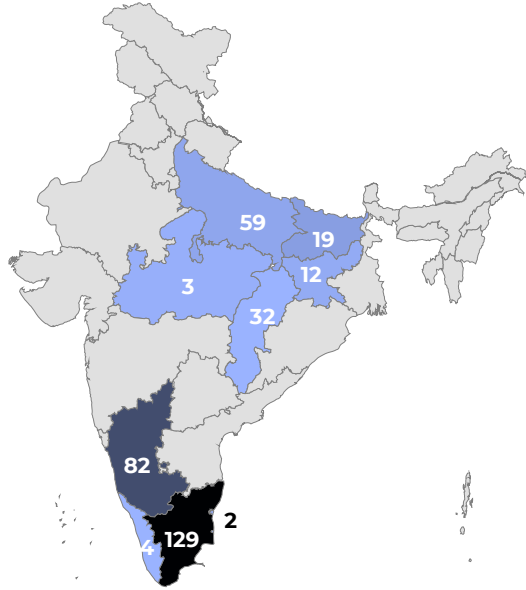


Customers ('000)



Rural Finance – Investment in branches and improved collection efficiency to drive growth

Pan India Presence



342 Branches

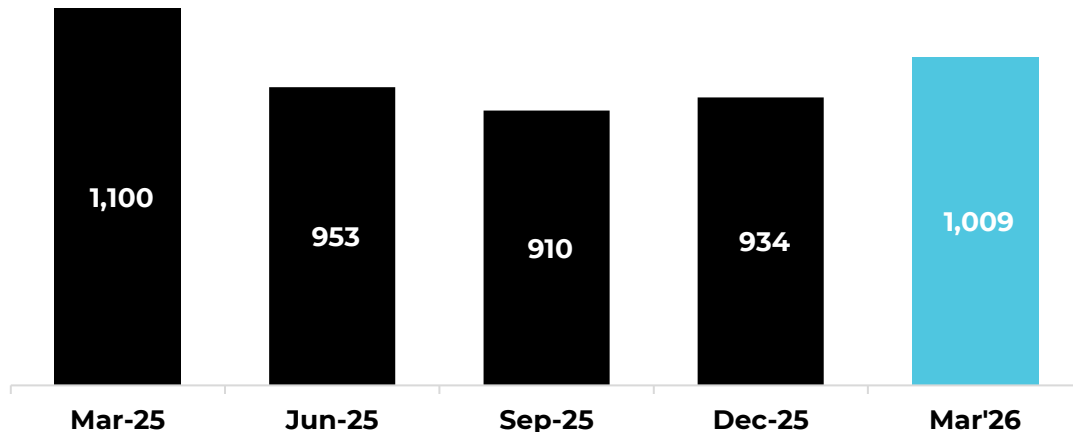
Added 64 branches in Q4FY26

8 States and 1 UT

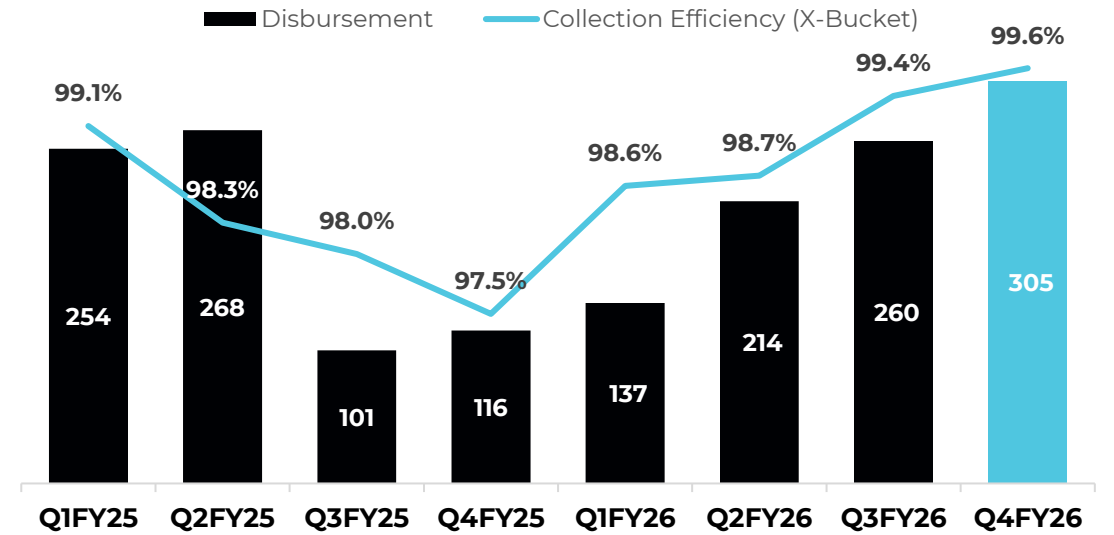
Total Employees – 1,955

**Strong Collection team
240+ employees**

Assets under Management grew by 8% QoQ

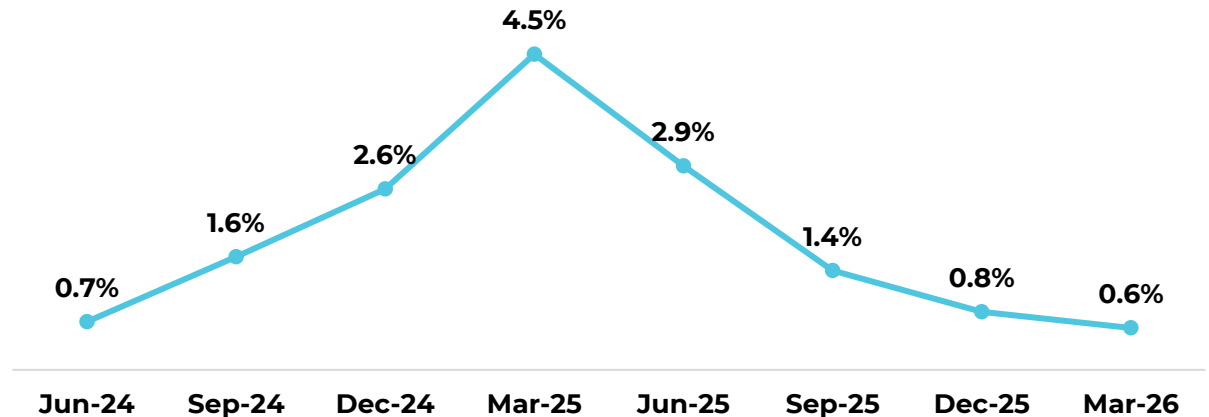


Disbursements for FY26 grew by 24% YoY

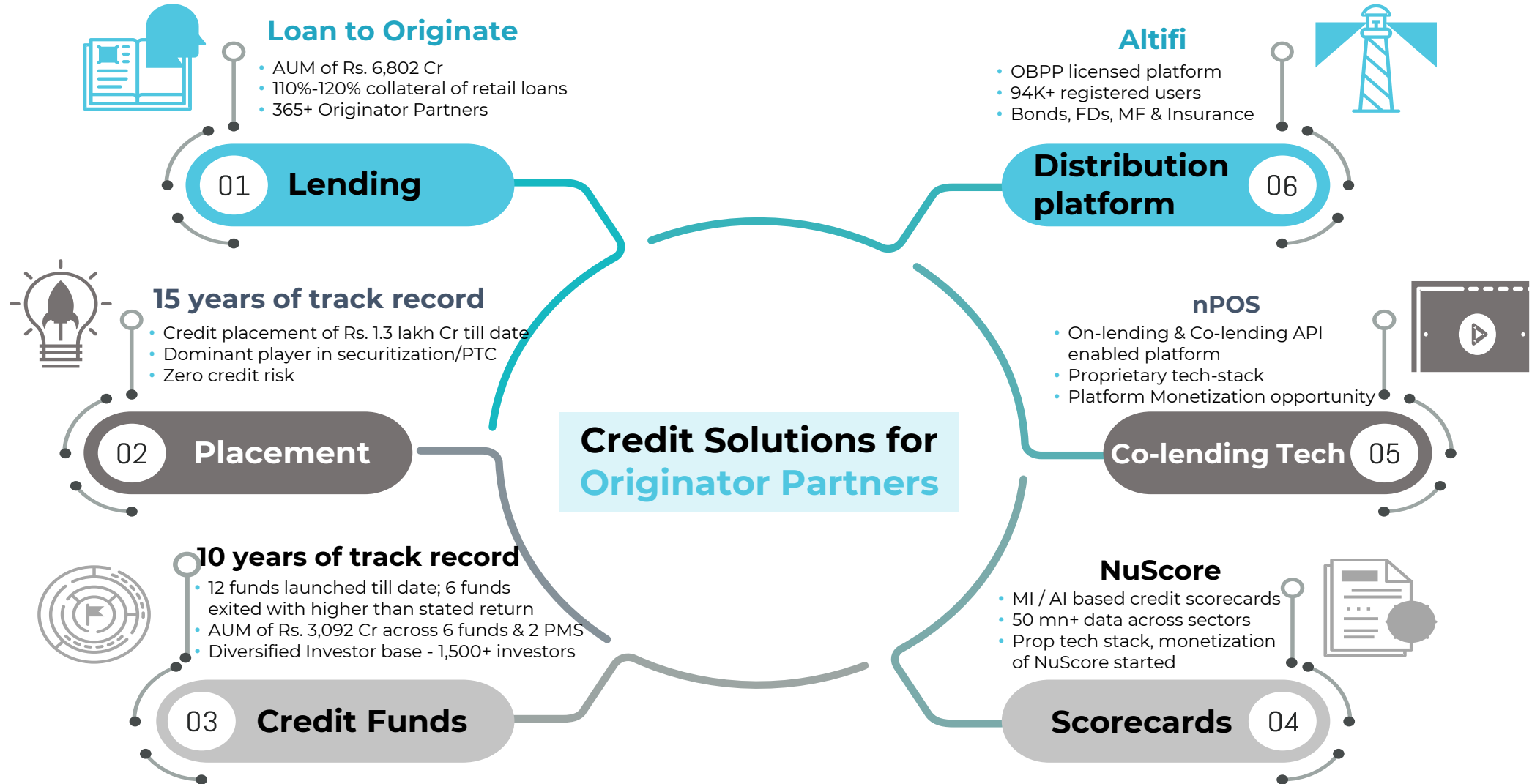


84% of portfolio covered under CGFMU

One of the lowest PAR 30+% among MFI peers



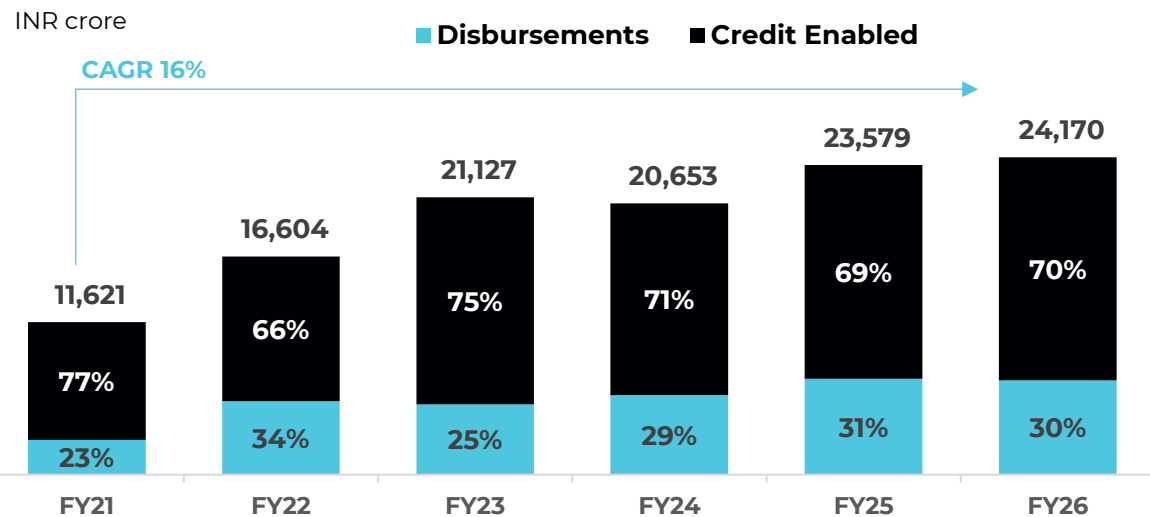
Credit Solutions



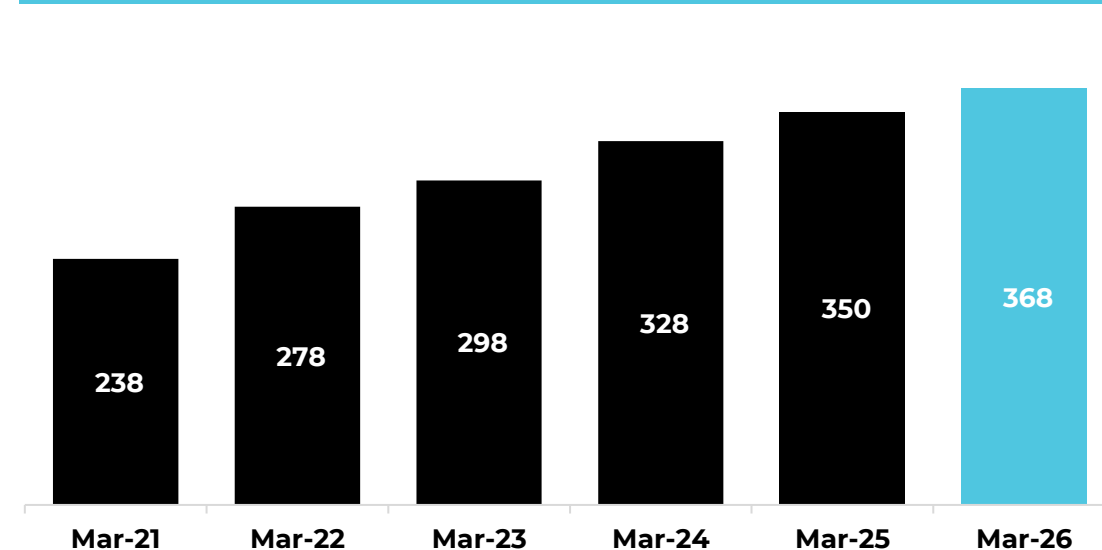
Credit Solutions – Focus on overall credit fulfilment of Originator Partners



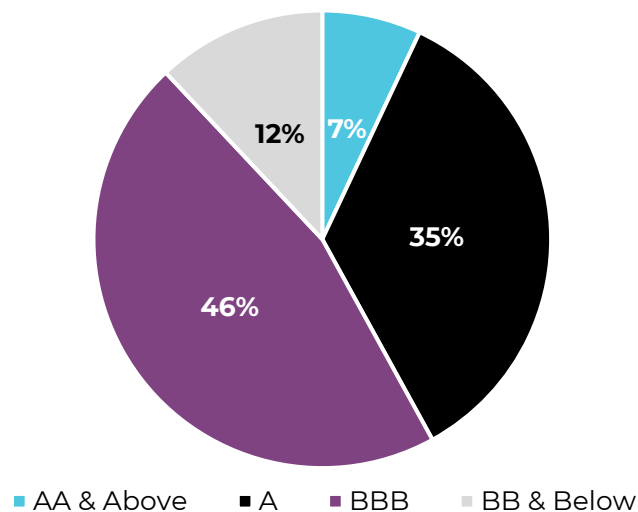
Gross Transaction Volume



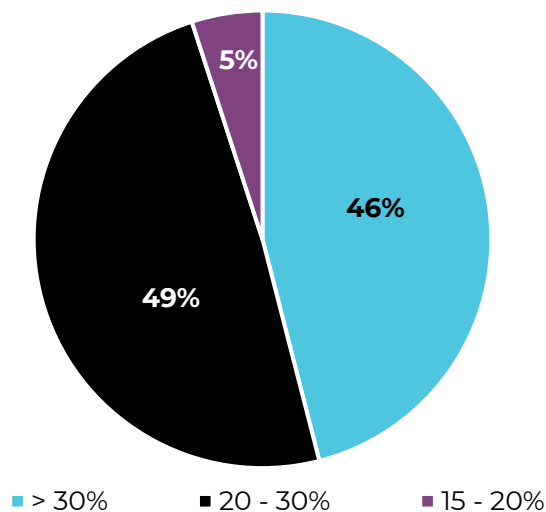
Originator Partners



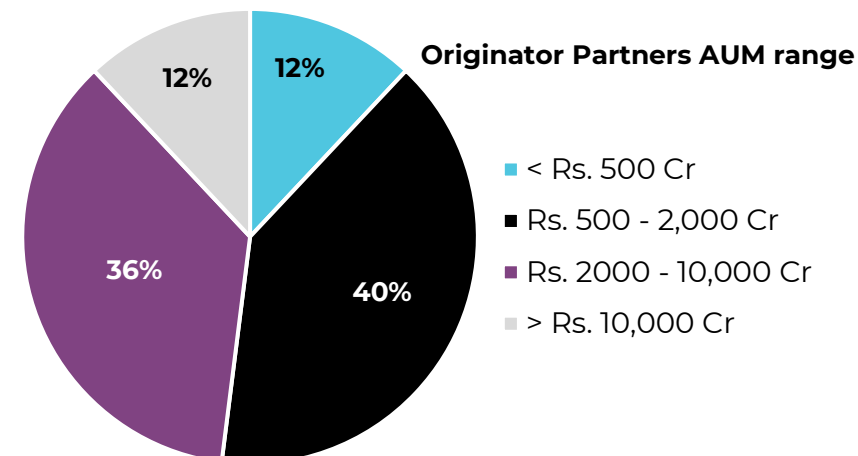
88% of Partners are BBB & above rated



95% of Partners have CRAR of 20%+



Enters Partnership at early stage

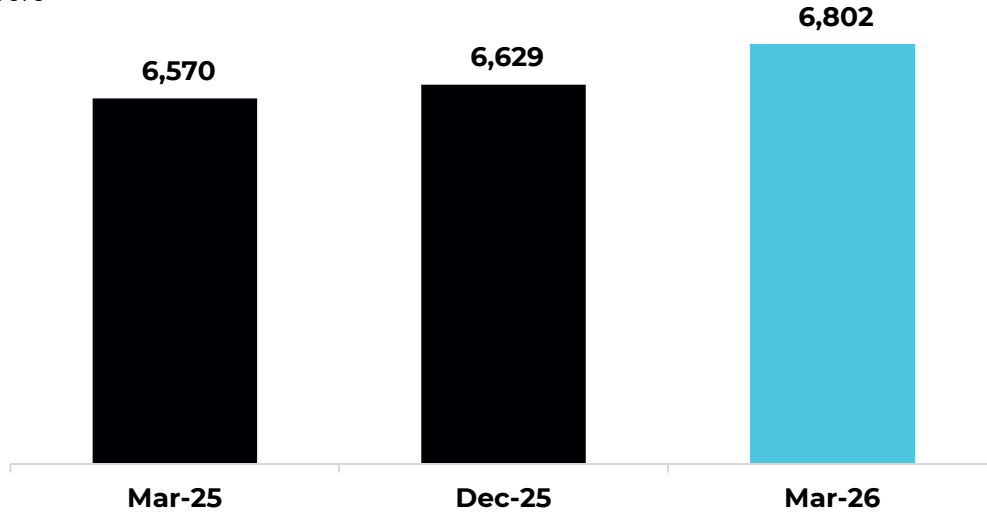


IR Lending – Judicious use of balance sheet to foster relationships

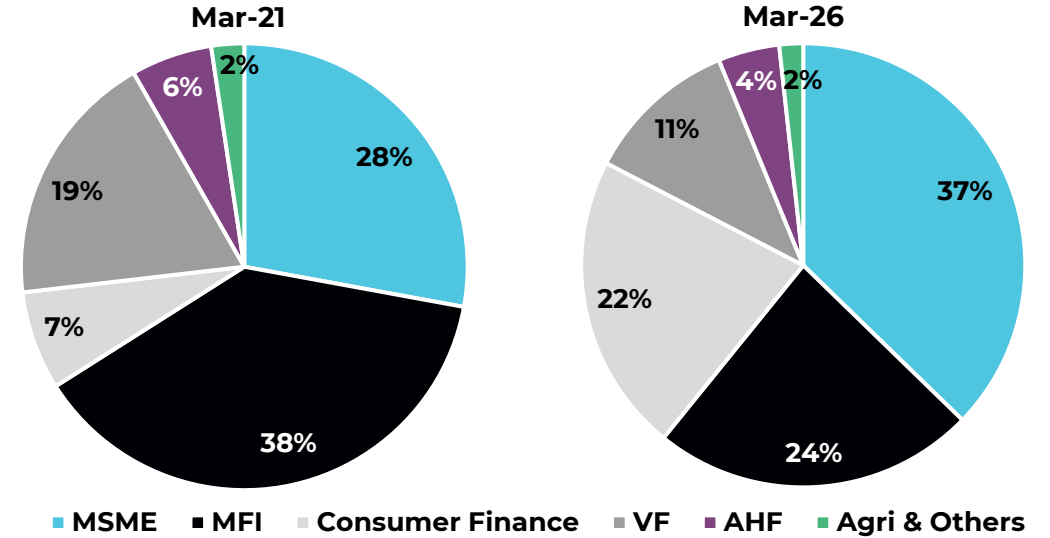


Calibration in Lending AUM with more focus on Fee based businesses

INR crore

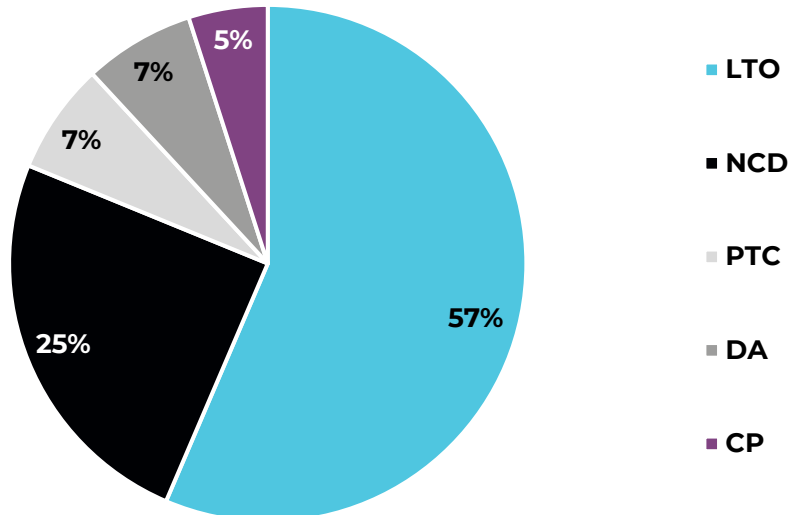


Building diversified Sector mix

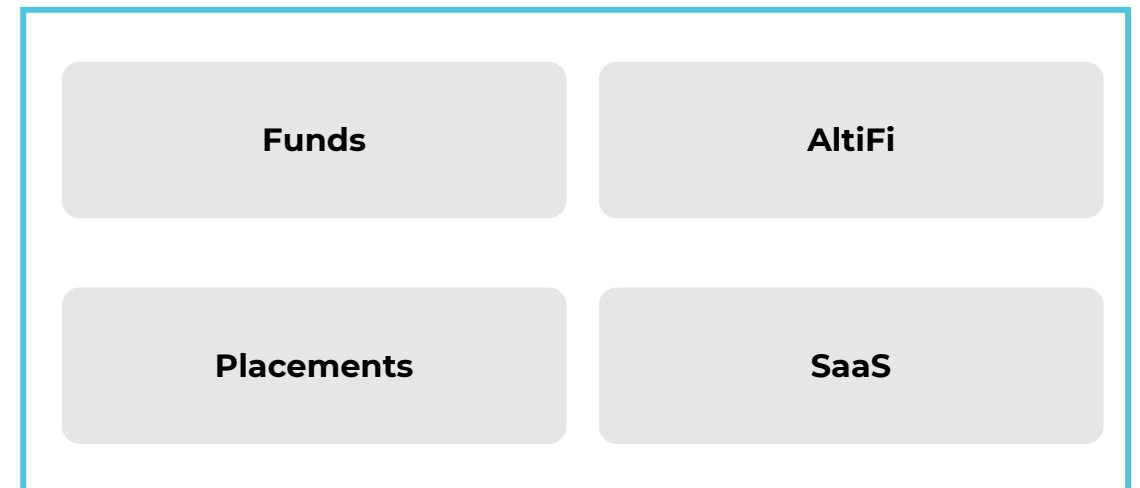


Lending AUM - by Product %

Data as on Mar-26



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

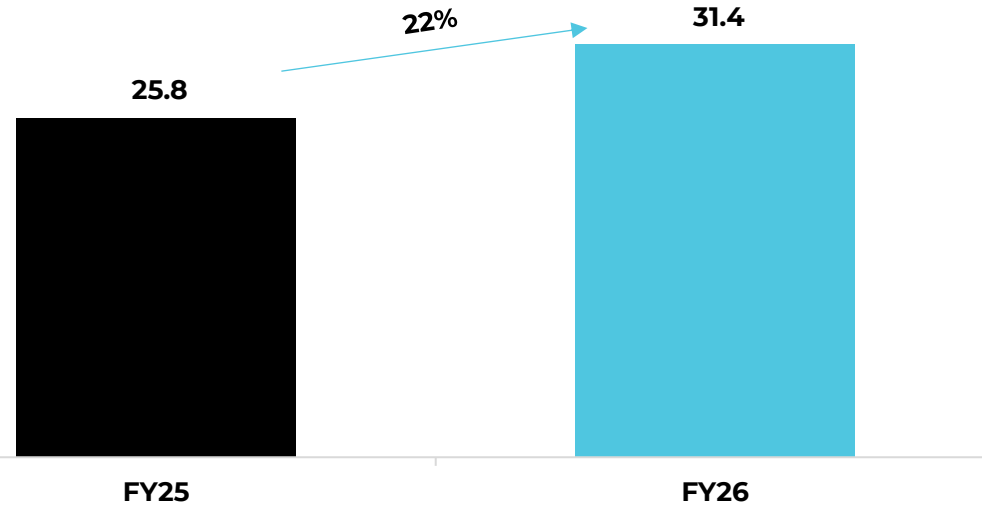


Placements – Risk-free credit enablement with skin in the game



Placement Fee income

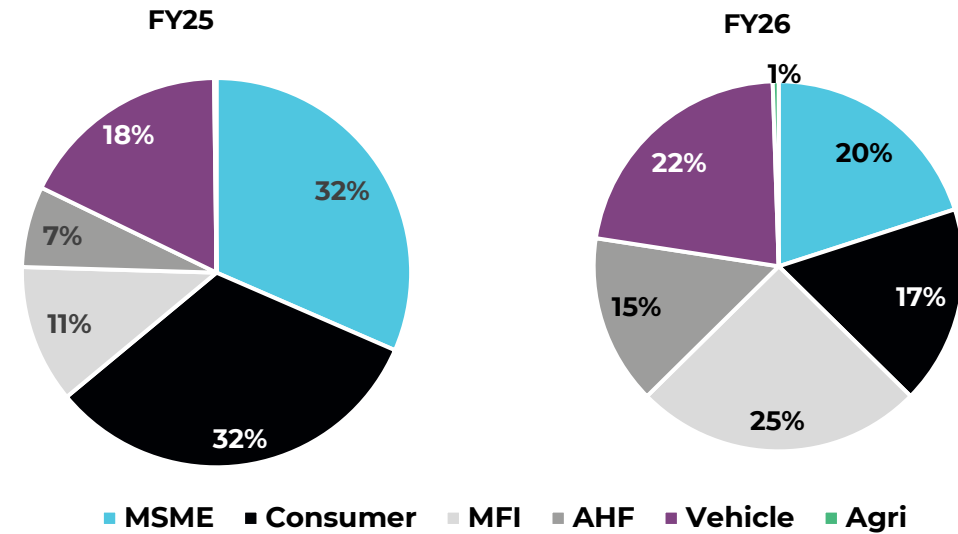
INR crore



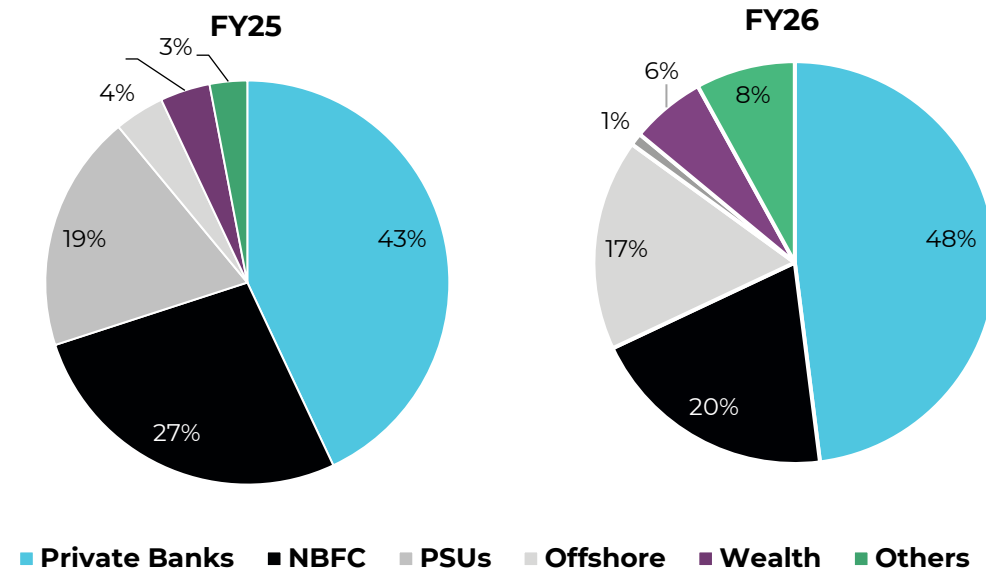
Business update

- Securitisation & Syndication were key contributors for placement volumes
- Onboarded 24 new investors in FY26
- Fee realization improved from 0.21% in FY25 to 0.27% in FY26

Sector mix % – Contribution of MFI started improving



Foreign participation subdued



Credit Funds – Strong track record of ~10 years



Background

Capital Raised & Deployed

Rs. 15,000 Cr+

Funds Deployed

14.57%

Returns Delivered Without loss or delay

40+

Consistent Quarterly Distributions

Fund / Strategy Details

6 Active Funds

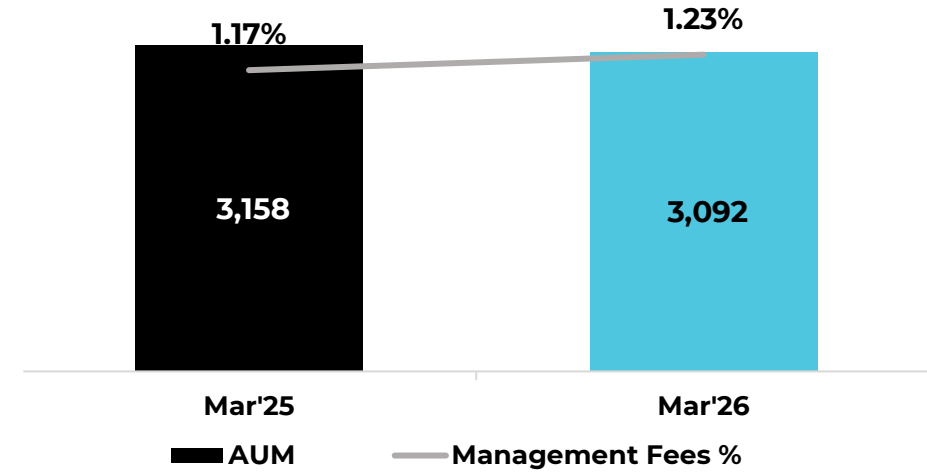
6 Fully Exited Funds

2 PMS Schemes Active

500+ Unique Investments

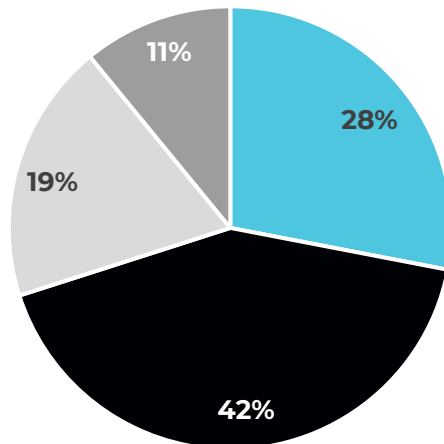
Credit Funds AUM

INR crore



Diversified Investor base

Data as on Mar'26



■ HNIs & Family Office ■ DII ■ Offshore ■ Sponsor

Marquee Investors

Offshore

GMO

QEB

BIO
Investing in a Sustainable Future

DII

kotak
Life Insurance

State Bank of India

sidbi

HNIs & Family Office

Azim Premji Foundation

a
AAMIR KHAN
PRODUCTIONS PVT. LTD.

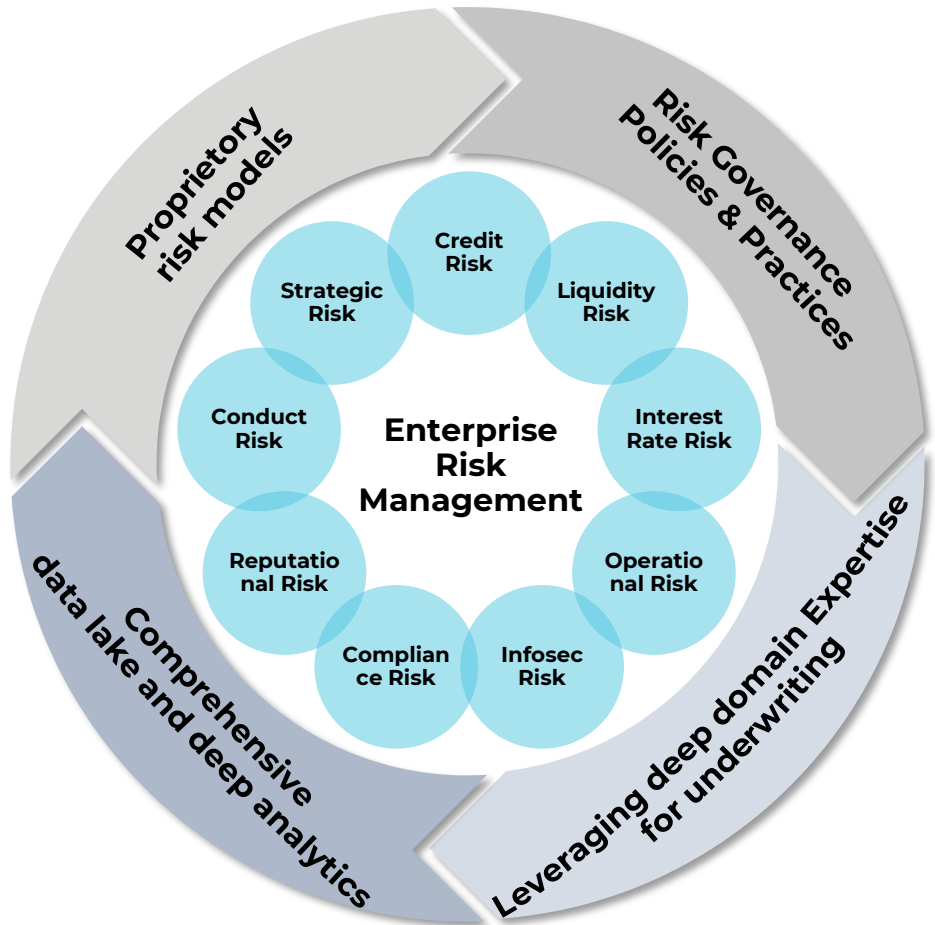
raintree

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



Transaction Loss Modelling



Portfolio Scrub Analysis



Pin code Analysis



Descriptive Analysis

Through

Deep Domain Knowledge and Qualitative **Field-Level** Insights

Proprietary underwriting models built using ML techniques

Predictive models on borrower behavior & geo-risk management

50 mn+ loan data collected over 10+ years extensively analyzed

Risk Monitoring teams that onboard and monitor each originator and geography

Strong Collection Team that can work as back-up servicing partner

Deep focus on collections



Predicting Bounce likelihood

Immediate customer connect

Focus on asset protection and normalization

Focus is on amicable settlements & repossessions

Emphasis on Loss Reduction

Proactive Outreach

Digital Reach
Tele-calling
Field Collection

Behavioural data for roll back

Prioritize collection activities

Settlement / Possession Model

Pre-due reminders sent to customers through SMS

Follow up through **tele-calling**

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

Recovery through legal action initiated:
➤ **Section 138**
➤ **SARFAESI**
➤ **Section 25**
➤ **Arbitration**
➤ **Lok Adalat**

Actions initiated to take **physical possession and liquidate collateral**
Issue of bailable/ non-bailable warrants



Sector wise asset quality – FY26 Credit cost in line with guidance of 2.8%



INR Crores / %	AUM ¹	GNPA (%)		Credit Cost (%)	
		Dec-25	Mar-26	FY25	FY26
Intermediate Retail	6,802	0.5%	0.7%	1.5%	1.1%
MSME	3,691	4.6%	3.5%	2.4%	3.1%
Consumer	5,092	0.5%	0.3%	6.0%	4.9%
Rural	1,009	0.08%	0.04%	6.7%	4.8%
Total	16,594	1.4%	1.2%	3.2%	2.8%

Portfolio Quality – Consistent improvement in early buckets (Stage II)



INR crore/%	Assets under Management					Assets under Management (%)					ECL : Expected Credit Loss					ECL % : provision coverage for each stage				
	Mar'25	Jun'25	Sep'25	Dec'25	Mar'26	Mar'25	Jun'25	Sep'25	Dec'25	Mar'26	Mar'25	Jun'25	Sep'25	Dec'25	Mar'26	Mar'25	Jun'25	Sep'25	Dec'25	Mar'26
Stage I	12,529	12,141	13,031	13,905	15,424	97.2%	96.7%	96.2%	96.8%	97.3%	232.6	246.5	252.1	272.0	285.3	1.9%	2.0%	1.9%	2.0%	1.8%
Stage II	239	263	359	261	232	1.8%	2.1%	2.6%	1.8%	1.5%	59.3	89.8	83.5	62.3	27.8	24.8%	34.1%	23.3%	23.9%	12.0%
Stage III	126	151	163	205	194	1.0%	1.2%	1.2%	1.4%	1.2%	76.9	75.8	84.6	100.1	86.3	61.1%	50.2%	51.9%	48.9%	44.5%
Total On-Book	12,894	12,555	13,553	14,370	15,850	100.0%	100.0%	100.0%	100.0%	100.0%	368.8	412.1	420.2	434.5	399.3	2.9%	3.3%	3.1%	3.0%	2.5%
Assigned Assets	740	796	613	751	744															
Overall AUM	13,634	13,351	14,166	15,121	16,594															

Robust Technology Stack

nPOS – Digital Lending proprietary platform



Connecting Banks & Fintechs through APIs, swift data exchange & straight through processing



Built and operated by lending practitioners, not just technology teams

57
Digital Partners

Extensive network of lending partners

28.1Mn+
Loans Disbursed

Cumulative retail loans across channels

5+ years
Vintage

Matured platform with proven execution

400Bn+
Cumulative Disbursements

Total value processed on the platform

700K+
Monthly Transactions

High-volume processing capacity

24x7
Disbursement Readiness

Ensuring constant operational uptime

Stress-tested & refined across multiple lending cycles and regulatory environments

Industry Recognition

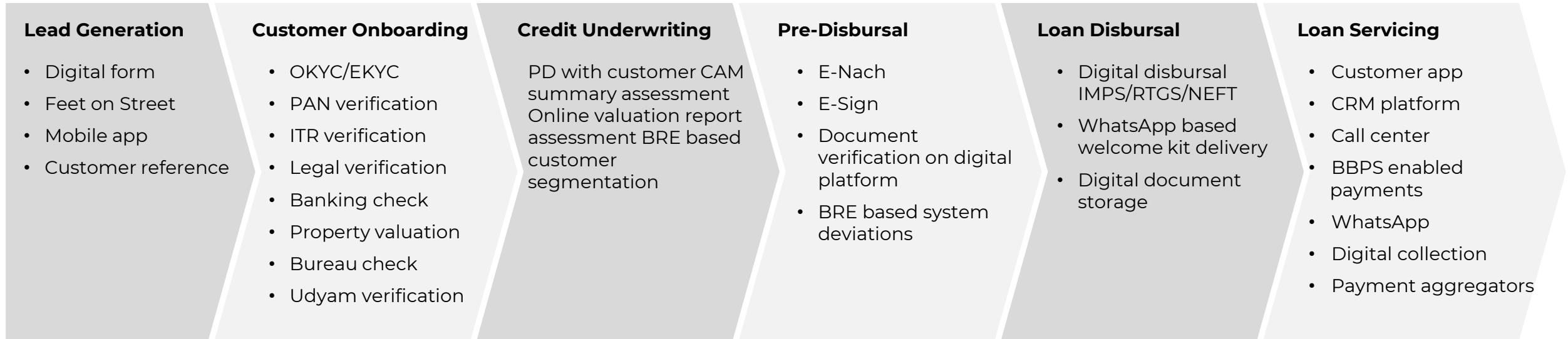


ET Edge Best Digital Lending Platform – 2025



Best Digital Lending Platform – 2025
(Bharat NBFC & Fintech Awards)

Leveraging Technology Stack

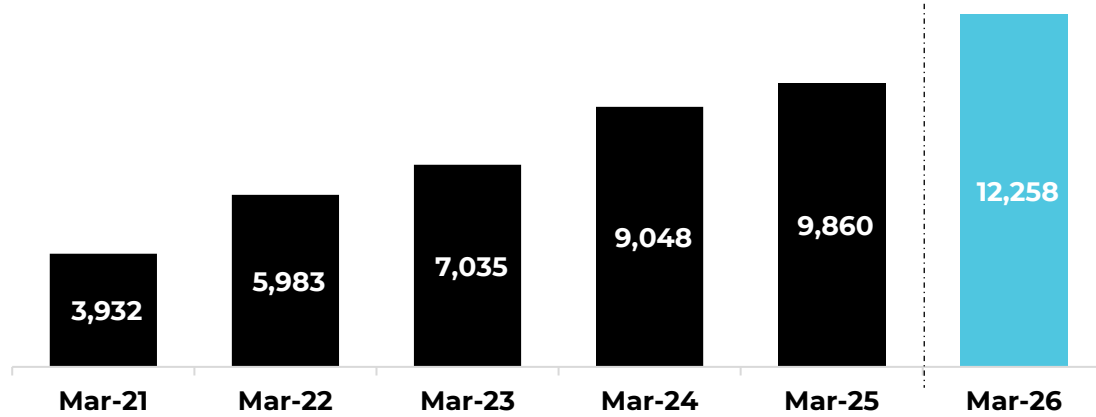


Strong Liability Franchise

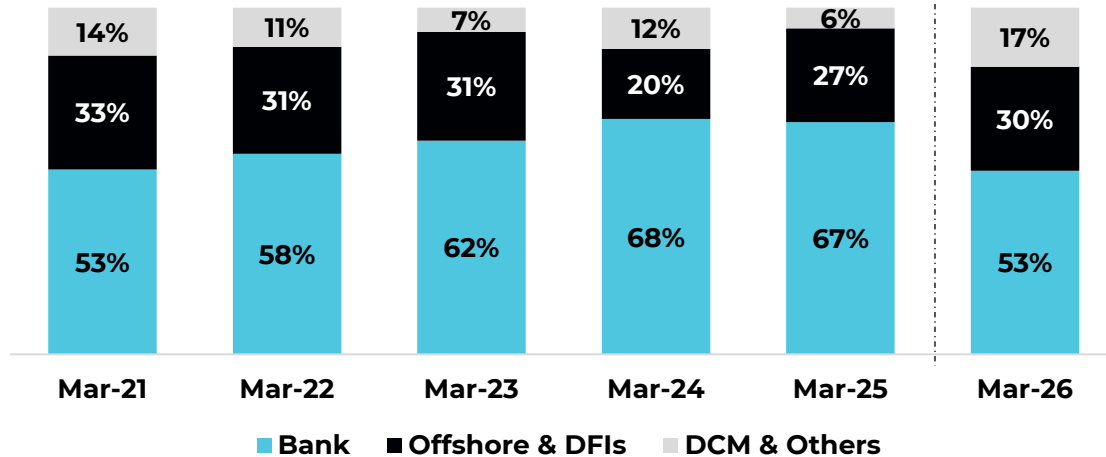
Diversified sources of funding...

Borrowings

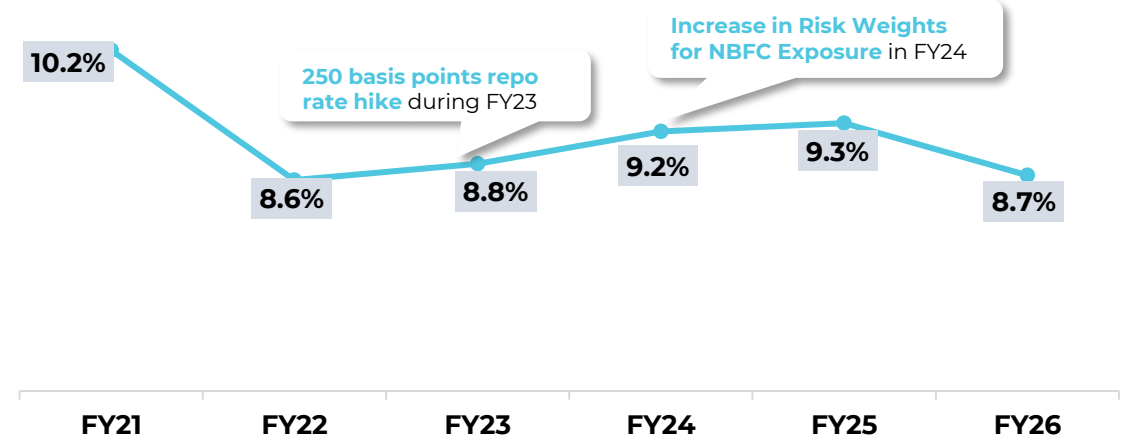
INR crore



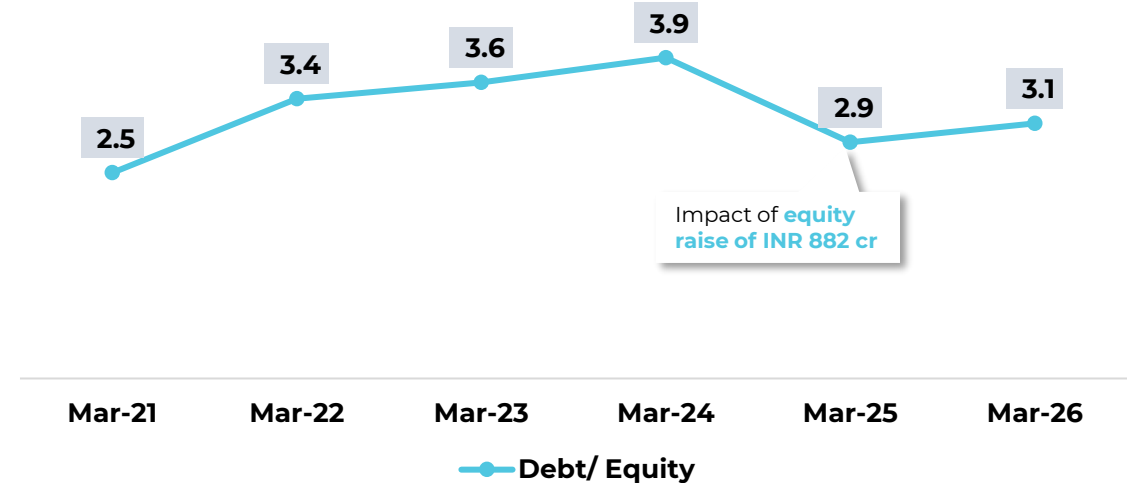
Borrowing Mix %



Incremental Cost of Funds



Leverage levels

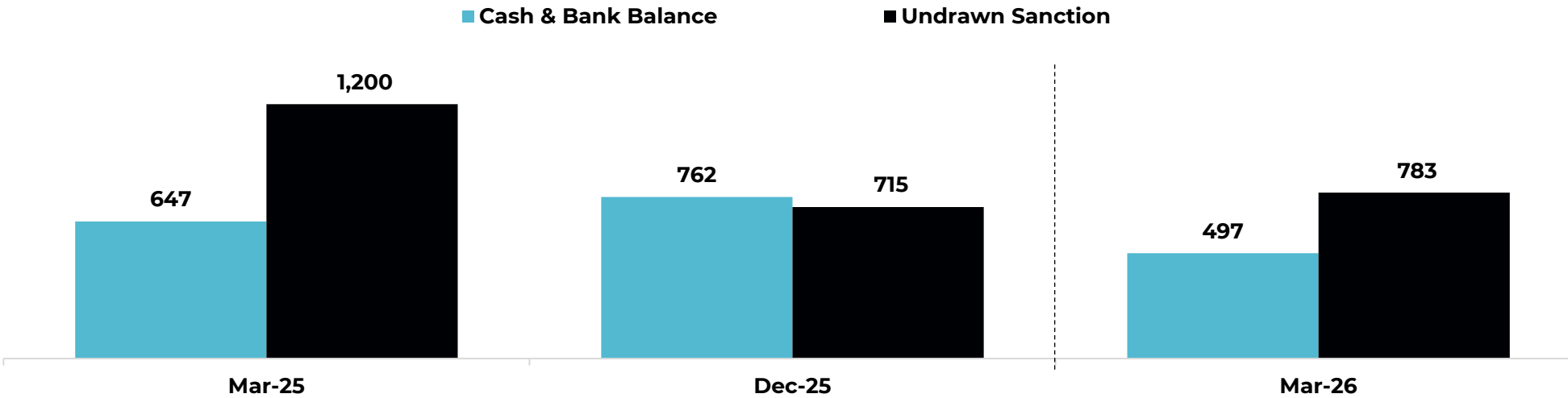


...with proactive liquidity management



Liquidity position

INR crore

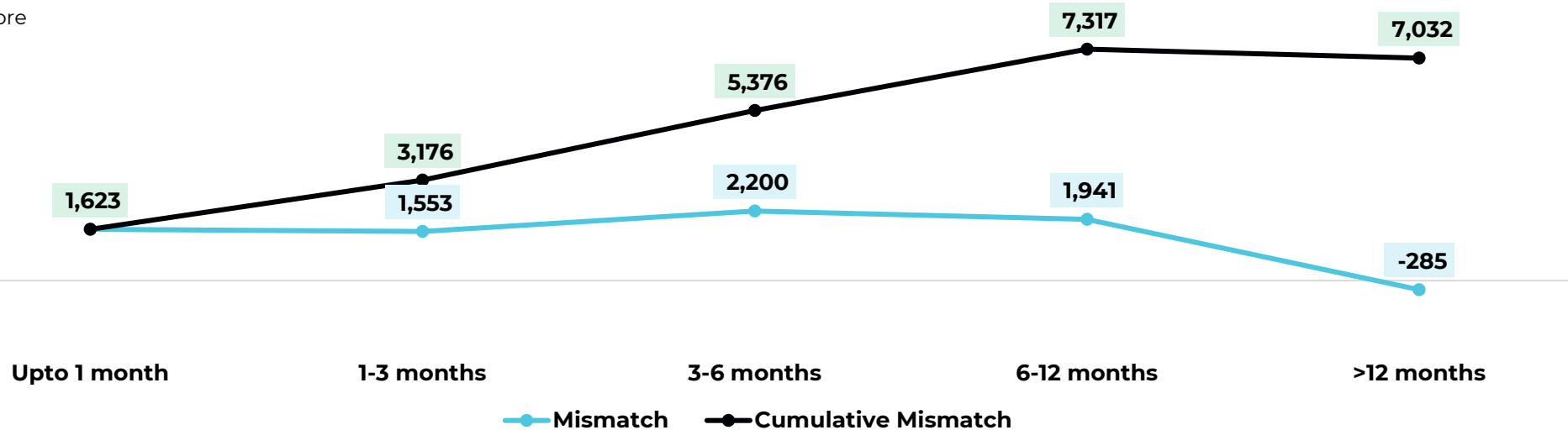


Consistently adhered to all **RBI norms** as well as **ALCO guidelines** clearly reflecting strong Asset Liability position

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

ALM Profile as on 31-Mar-26

INR crore



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

Financials

Consolidated Income Statement



INR crore	Q4FY25	Q3FY26	Q4FY26	YoY %	QoQ %	FY25	FY26	YoY %
Interest income ¹	519	602	632	22%	5%	1,969	2,279	16%
Interest expense	198	231	245	24%	6%	823	902	10%
Net Interest Income	320	370	387	21%	4%	1,147	1,377	20%
Fee & Other Income	30	31	27	-9%	-14%	102	108	6%
Net Revenue	350	402	414	18%	3%	1,248	1,484	19%
Employee Costs	68	85	85	25%	0%	285	331	16%
Operating Costs	52	53	59	13%	13%	171	198	16%
Total Operating Costs	121	138	145	20%	5%	455	529	16%
Pre-Provision Operating Profit (PPoP)	229	264	269	17%	2%	793	956	21%
Credit Costs	194	130	87	-55%	-33%	405	412	2%
Profit / (Loss) on Associates	0	1	(6)	-	-	(2)	(8)	-
Profit before tax	35	135	176	402%	30%	386	536	39%
Tax expense	-3	33	43	-	30%	85	132	56%
Profit after tax	38	102	133	246%	30%	301	404	34%
Profit after tax (excluding NCI)	38	101	133	251%	32%	305	406	33%

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



Particulars	Q4FY25	Q3FY26	Q4FY26	FY25	FY26
Interest Income ¹	16.2%	16.1%	15.9%	15.7%	15.5%
Interest Expense	6.2%	6.2%	6.2%	6.5%	6.1%
Net Interest Income	10.0%	9.9%	9.8%	9.1%	9.4%
Fee and Other Income	0.9%	0.9%	0.7%	0.8%	0.7%
Net Revenue	10.9%	10.8%	10.5%	9.9%	10.1%
Employee Costs	2.1%	2.3%	2.2%	2.3%	2.3%
Operating Costs	1.6%	1.4%	1.5%	1.3%	1.3%
Total Operating Expense	3.8%	3.7%	3.7%	3.6%	3.6%
Pre-Provision Operating Profit (PPoP)	7.1%	7.1%	6.8%	6.3%	6.5%
Credit Costs	6.0%	3.5%	2.2%	3.2%	2.8%
Profit Before Tax²	1.1%	3.6%	4.4%	3.1%	3.6%
Tax	-0.1%	0.9%	1.0%	0.7%	0.8%
Profit after tax (RoA)	1.2%	2.7%	3.3%	2.4%	2.8%
Return on Equity	4.5%	10.7%	14.0%	10.0%	11.1%
Cost to income Ratio	34.5%	34.3%	35.0%	36.5%	35.6%
<i>as a % of Quarterly Average Total Assets</i>					

1. Interest income is adjusted for fees and commission expense

2. PBT after share of profit/(loss) of associates and taxes

Balance Sheet



INR crore	Mar'25	Dec'25	Mar'26
Assets			
Financial assets			
Cash and bank balances	647	762	497
Loans	10,572	11,306	12,493
Investments	2,052	2,773	2,943
Other financial assets	144	333	597
Non-financial assets	223	232	215
Total assets	13,638	15,406	16,745
Liabilities and equity			
Financial liabilities			
Borrowings & Debt Securities	9860	11,200	12,258
Other financial liabilities	273	372	523
Other non-financial liabilities	66	42	63
Equity	3,434	3,788	3,896
Non-controlling interest	5	5	5
Total liabilities and equity	13,638	15,406	16,745
Quarterly Avg. earning Assets	11,652	13,935	15,078
Quarterly Avg. total assets	12,563	14,884	16,076

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



Ms. Anuradha Rao
Non-Executive
Non-Independent Director

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



Mr. Ashutosh Arvind Pednekar
Non-Executive
Independent Director

Practicing Chartered Accountant
30+ years of experience



Mr. Sandeep Dhar
Non-Executive
Independent Director

35 years of experience in the BFSI
and IT services sectors



Mr. Michael Jude Fernandes
Non-Executive Nominee Director


Co-lead
Leapfrog Investments, South & SEA
~20 years of experience



Mr. Vijay Chakravarthi
Non-Executive Nominee Director


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



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%

Ashish Dhawan
& Group

3.9%

Sumitomo
Mitsui Banking
Corporation

3.8%

Dvara
Trust

2.8%

Independent Director

Nominee Director

Others

1. Shareholding as on March 31, 2026

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



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



Ashish Mehrotra
Managing Director & Chief Executive Officer

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

Sustainability

Empowering community through CSR



Education



Construction of **Shri Ramchandra Institute of Medical Sciences (SRIMS) College - Nursing College Building classroom** in Aurangabad



Education



Supported 5 lakhs + elementary school students to upskill their knowledge with Foundational Literacy and Numeracy through volunteers

Environment & Sustainability



Completed Renovation of three minor irrigation tanks - Usilangulam, Vellambal, & Achatthambal in Kadaladi Block, Ramanathapuram District benefiting **850+ families**.



Healthcare infra



Strengthening health system through the donation of 2 Advanced Life Support (ALS) ambulances to enhance emergency response & pre-hospital care

Awards and Accolades (FY26)



ETBFSI – Best BFSI Brand



Deloitte India Tech Fast 50



Best Fund Management Company



Hurun India Future Unicorn Award



Recognised Great Place to Work for 6 consecutive years

Thank you!

For any query, please contact :

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