Walker Chandiok &Co LLP

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Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results of Northern Arc Capital Limited 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

1. We have reviewed the accompanying statement of standalone unaudited financial results of **Northern Arc Capital Limited** ('the NBFC') for the quarter ended 30 June 2026, being submitted by the NBFC 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. The Statement, which is the responsibility of the NBFC's management and approved by the NBFC's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), 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 is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Act, the RBI guidelines, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement, or that it has not been prepared in accordance with the relevant prudential norms issued by the RBI in respect of income recognition, asset classification, provisioning and other related matters.

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

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS *

Murad D. Daruwalla
Partner
Membership No. 043334

UDIN: 26043334QCVXCV4993

Place: Mumbai
Date: 27 July 2026

Northern Arc Capital Limited
CIN: L65910TN1989PLC017021
Regd. Office: IITM Research Park, Phase I, 10th Floor, Kanagam Village, Taramani, Chennai - 600 113
Statement of unaudited standalone financial results of Northern Arc Capital Limited (the "Company") for the quarter ended 30 June 2026

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

Particulars	Quarter ended			Year ended
	30 June 2026	31 March 2026	30 June 2025	31 March 2026
	Unaudited	(Refer note 10)	Unaudited	Audited
Revenue from operations				
Interest income	75,408.76	68,005.94	55,793.38	2,43,221.55
Fee and commission income	651.24	1,100.47	1,386.73	5,587.69
Net gain on fair value changes	-	-	805.60	1,234.38
Net gain on derecognition of financial instruments under amortised cost category	689.88	4,029.51	1,072.69	13,385.95
Total revenue from operations	**76,749.88**	**73,135.92**	**59,058.40**	**2,63,429.57**
Other income	270.36	336.88	224.37	953.66
Total income	**77,020.24**	**73,472.80**	**59,282.77**	**2,64,383.23**
Expenses				
Finance costs	25,797.70	23,718.08	21,386.87	88,567.88
Fees and commission expense	11,868.58	10,482.68	5,051.75	36,820.32
Net loss on fair value changes	178.22	548.06	-	-
Impairment on financial instruments	11,052.72	8,728.03	10,302.58	41,238.59
Employee benefits expenses	6,570.17	6,081.58	5,596.99	23,857.61
Depreciation and amortisation	347.97	415.65	378.11	1,669.69
Other expenses	4,927.35	5,210.10	2,755.48	15,229.82
Total expenses	**60,742.71**	**55,184.18**	**45,471.78**	**2,07,383.91**
Profit before tax	**16,277.53**	**18,288.62**	**13,810.99**	**56,999.32**
Tax expense				
Current tax	5,782.00	3,485.37	5,288.00	13,355.37
Tax related to earlier years	-	(348.00)	-	(348.00)
Deferred tax	(1,684.39)	1,288.90	(1,835.42)	1,076.63
Total tax expense	**4,097.61**	**4,426.27**	**3,452.58**	**14,084.00**
Profit for the quarter / year	**12,179.92**	**13,862.35**	**10,358.41**	**42,915.32**
Other comprehensive income				
Items that will not be reclassified to profit or loss in subsequent periods				
Remeasurement (loss) / gain on the defined benefit plan	(18.15)	51.75	(16.67)	(72.61)
Income tax relating to items that will not be reclassified to profit or loss	4.57	(13.02)	4.20	18.28
	(13.58)	**38.73**	**(12.47)**	**(54.33)**
Items that will be reclassified to profit or loss in subsequent periods				
Net gain / (loss) on financial instruments through other comprehensive income	6,355.87	(9,285.71)	1,517.48	(4,229.61)
Income tax relating to items that will be reclassified to profit or loss	(1,599.77)	2,337.21	(381.95)	1,064.59
	4,756.10	**(6,948.50)**	**1,135.53**	**(3,165.02)**
Net (loss) / gain on effective portion of cash flow hedges	(632.90)	5,996.98	(924.79)	9,778.04
Income tax relating to items that will be reclassified to profit or loss	159.30	(1,509.44)	232.77	(2,461.13)
	(473.60)	**4,487.54**	**(692.02)**	**7,316.91**
Other comprehensive income / (loss) for the quarter / year	**4,268.92**	**(2,422.23)**	**431.04**	**4,097.56**
Total comprehensive income for the quarter / year	**16,448.84**	**11,440.12**	**10,789.45**	**47,012.88**
Earnings per equity shares, par value of INR 10 each*				
Basic (in rupees)	7.54	8.58	6.42	26.57
Diluted (in rupees)	7.44	8.52	6.36	26.39

* Earnings per share for the quarters are not annualized

See accompanying notes to the unaudited standalone financial results

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Notes:

1 Northern Arc Capital Limited ("the Company") is a Non-Banking Financial Company - Middle Layer (NBFC-ML), registered with the Reserve Bank of India ("the RBI"). The unaudited standalone financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 Interim Financial Reporting ('Ind AS 34'), 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 is 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. The statement of unaudited standalone financial results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their respective meetings held on 27 July 2026. The unaudited standalone financial results have been subjected to limited review by the statutory auditors of the Company.

2 During the quarter ended 30 June 2026, pursuant to Northern Arc Employee Stock Option Scheme, 2016 and Northern Arc Employee Stock Option Scheme, 2018, the Board of Directors allotted 40,500 fully paid-up equity shares of INR 10 each.

3 Disclosures required under Reserve Bank of India (Non-Banking Financial Companies - Transfer and Distribution of Credit Risk) Directions, 2025 are given below:

a) Details of loans not in default transferred / acquired through assignment:

Particulars	Transferred	Acquired	
		Retail	Non Retail
Aggregate amount of loans transferred* / acquired through assignment *(₹ in lakhs)*	15,020.46	12,880.46	-
Number of loans *(in absolute numbers)*	21,522	15,317	-
Sale consideration / purchase consideration *(₹ in lakhs)*	13,518.41	12,880.46	-
Number of transactions *(in absolute numbers)*	2.00	3.00	-
Weighted average maturity (in years)	1.39	2.73	-
Weighted average holding period (in years)	0.58	0.84	-
Retention of beneficial economic interest by originator	10%	10%	-
Tangible security coverage	-	-	-
Rating-wise distribution of related loans	-	-	-

* Represents the amount outstanding at the time of assignment
The Company has not acquired any stressed loans.

b) Details of stressed loans transferred during quarter ended 30 June 2026 are given below:

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees (please specify)
No: of accounts (in absolute numbers)	523	-	-
Aggregate principal outstanding of loans transferred (₹ in lakhs)	3,823.16	-	-
Weighted average residual tenor of the loans transferred (in years)	9.30	-	-
Net book value of loans transferred (at the time of transfer) (₹ in lakhs)	2,807.69	-	-
Aggregate consideration (₹ in lakhs)	2,676.00	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

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c) Details of Co-Lending Arrangements (CLA) as a Partner Regulated Entity (RE)

Particulars	As at 30 June 2026
1) Quantum of CLAs (in absolute numbers)	9
2) No of outstanding loans (in absolute numbers)	8,92,458
3) Amount of gross outstanding (₹ in lakhs)	2,11,859.50
4) Weighted average rate of interest	25.95%
5) Fees charged during the year (₹ in lakhs)*	949.11
6) Broad sectors in which CLA was made	Consumer finance, Vehicle Finance and Small business loans
7) Performance of loans under CLA (₹ in lakhs)	
(i) Stage I	2,08,782.24
(ii) Stage II	2,855.78
(iii) Stage III	221.48
8) Details related to default loss guarantee	Upto 5% of total amount disbursed

* The fees does not include share of interest agreed in the co-lending agreement from time to time.

4 All secured listed non-convertible debentures issued by the 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 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. The Company has not issued any new debentures during the current quarter and hence the disclosure requirements under Regulations 52(7) and 52(7A) of the SEBI (LODR) Regulations, 2015 are not applicable.

5 Disclosures in compliance with Regulation 52(4) and 54(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended 30 June 2026 is attached as Annexure I.

6 The Company is primarily in the business of financing and accordingly there are no separate reportable segments in accordance with IND AS 108, on "Operating Segments" in respect of the Company. The Company operates in a single geographical segment, i.e., India.

7 Pursuant to the updated business model policy for managing financial assets, the Company has reclassified certain loan assets within its Loan Against Property portfolio, amounting to ₹ 948.28 lakhs, from the amortized cost measurement category to the Fair Value Through Other Comprehensive Income (FVOCI) measurement category, in accordance with Ind AS 109, Financial Instruments. Consequently, a fair value gain of ₹ 50.22 lakhs arising from this reclassification has been recognized in other comprehensive income during the current quarter.

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8 During the quarter ended 30 June 2025, the Reserve Bank of India (RBI), vide its e-mail communication dated 16 May 2025, directed the Company to exclude credit enhancements provided under Default Loss Guarantee (DLG) arrangements from the computation of Expected Credit Loss (ECL). Consequently, the DLG benefit of ₹ 714 lakhs was excluded from the ECL computation. Subsequently, the RBI issued the 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 Company recomputed ECL provision as at 31 March 2026 after considering the expected recoveries from credit enhancements under DLG arrangements which resulted in a net decrease in the ECL provision by ₹ 2,900 lakhs.

Accordingly, the comparative financial information relating to the ECL provision for the quarter ended 30 June 2025 is not strictly comparable.

9 During the quarter ended 31 March 2026, 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 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.

During the current quarter, the Company has reassessed the geopolitical uncertainties and potential impact as mentioned above on unsecured retail lending to MSMEs and individuals, including microfinance. Based on the reassessement the Company has recognized an ECL provision of ₹ 6,584 lakhs (Quarter ended 31 March 2026 ₹ 6,603 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 With respect to the financial results, the figure for the quarter ended 31 March 2026 represents the difference between the audited figure in respect of full financial year and unaudited / reviewed year to date figure for the nine months ended 31 December 2025.

For and on behalf of the Board of Directors of
Northern Arc Capital Limited

Ashish Mehrotra
Managing Director & CEO

Place: Mumbai
Date: 27 July 2026

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Annexure 1:

1 **Analytical ratios / disclosures required under Regulation 52(4) of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Particulars	Ref	Quarter ended 30 June 2026
Debt-equity ratio	1.1	3.05
Total debts to total assets	1.2	0.72
Net worth (amount in INR lakhs)	1.3	4,06,137.27
Capital redemption reserve (amount in INR lakhs)		2,660.00
Net profit after tax (amount in INR lakhs)		12,179.92
Earnings per share (of Rs. 10 each)		
- Basic		7.54
- Diluted		7.44
Gross stage 3 assets ratio	1.4	1.44%
Net stage 3 assets ratio	1.5	0.53%
Capital adequacy ratio (CRAR)	1.6	22.71%
Asset cover over listed non-convertible debentures	1.7	1.09
Net profit margin (%)	1.8	15.81%

Notes:

1.1 Debt-equity ratio is (debt securities+borrowings (other than debt securities)) / net worth i.e. total equity.

1.2 Total debts to total assets is debt securities, borrowings (other than debt securities)/ total assets.

1.3 Net worth is equal to equity share capital + other equity.

1.4 Gross stage 3 assets ratio is gross stage 3 (loans+investments) / gross loans + investments.

1.5 Net stage 3 assets ratio is gross stage 3 (loans and Investments) less impairment loss allowance for stage 3 (loans and investments)/gross (loans and investments) less impairment allowance for stage 3 (loans and investments).

1.6 Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing Company's Tier I and Tier II capital by risk weighted assets.

1.7 Asset cover over listed non-convertible debentures represents the number of times the listed non-convertible debentures is covered through the loans and investments provided as security.

1.8 Net profit margin (%) is profit after tax for the year / total income.

1.9 As per Rule 18(7)(b)(ii) of Companies (Share Capital and Debenture) Rules 2014 read with the Companies Act 2013, Debenture Redemption Reserve is not required to be created for issue of privately placed debentures by Non- Banking Finance Companies registered with Reserve Bank.

Other ratios / disclosures such as debt service coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), debenture redemption reserve, current ratio, long term debt to working capital, bad debts to account receivable ratio, current liability ratio, debtors turnover, inventory turnover and operating margin (%) are not applicable / relevant to the Company and hence not disclosed.

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