

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP

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Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date 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 ('the Statement') of **Northern Arc Capital Limited** ('the NBFC') for the quarter ended **31 December 2025** and the year to date results for the period 01 April 2025 to 31 December 2025 ('the Statement') 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 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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Chartered Accountants

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

Walker Chandiok & 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

Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date 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)

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



Murad D. Daruwalla

Partner

Membership No:043334

UDIN:26043334MUGFMP5661

Place: Mumbai

Date: 30 January 2026



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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 unaudited standalone financial results of Northern Arc Capital Limited (the "Company") for the quarter and nine months ended 31 December 2025

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

Particulars	Quarter ended			Nine months ended		Year ended
	31 December 2025	30 September 2025	31 December 2024	31 December 2025	31 December 2024	31 March 2025
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations						
Interest income	62,875.45	56,546.78	52,327.62	1,75,215.61	1,63,104.96	2,18,173.69
Fee and commission income	1,780.13	1,320.36	1,186.61	4,487.22	3,214.73	4,675.51
Net gain on fair value changes	886.51	90.33	857.66	1,782.44	612.98	1,439.69
Net gain on derecognition of financial instruments	5,614.40	2,669.35	1,623.95	9,356.44	2,510.75	4,122.53
Total revenue from operations	71,156.49	60,626.82	55,995.84	1,90,841.71	1,69,443.42	2,28,411.42
Other income	270.10	122.31	445.46	616.78	924.49	1,240.04
Total income	71,426.59	60,749.13	56,441.30	1,91,458.49	1,70,367.91	2,29,651.46
Expenses						
Finance costs	22,884.92	20,578.01	21,108.14	64,849.80	62,533.04	82,286.37
Fees and commission expense	12,603.32	8,682.57	6,407.73	26,337.64	24,558.67	32,940.65
Impairment on financial instruments	13,403.80	8,804.18	7,351.03	32,510.56	20,323.70	37,852.62
Employee benefits expenses	6,037.58	6,141.46	5,309.16	17,776.03	15,324.29	20,385.29
Depreciation and amortisation	433.66	442.27	517.26	1,254.04	1,100.76	1,531.32
Other expenses	3,885.33	3,378.91	2,352.11	10,019.72	7,155.03	10,483.44
Total expenses	59,248.61	48,027.40	43,045.43	1,52,747.79	1,30,995.49	1,85,479.69
Profit before tax	12,177.98	12,721.73	13,395.87	38,710.70	39,372.42	44,171.77
Tax expense						
Current tax	1,628.51	2,953.49	4,296.00	9,870.00	12,059.00	16,170.32
Tax related to earlier years	-	-	-	-	-	(1,006.00)
Deferred tax	1,332.81	290.34	(1,126.63)	(212.27)	(2,274.29)	(5,254.05)
Total tax expense	2,961.32	3,243.83	3,169.37	9,657.73	9,784.71	9,910.27
Profit for the period / year	9,216.66	9,477.90	10,226.50	29,052.97	29,587.71	34,261.50
Other comprehensive income						
Items that will not be reclassified to profit or loss in subsequent periods						
Remeasurement (loss) on the defined benefit plan	(96.58)	(11.11)	(2.26)	(124.36)	(6.78)	(66.68)
Income tax relating to items that will not be reclassified to profit or loss	24.31	2.79	0.57	31.30	1.71	16.78
	(72.27)	(8.32)	(1.69)	(93.06)	(5.07)	(49.90)
Items that will be reclassified to profit or loss in subsequent periods						
Net gain / (loss) on financial instruments through other comprehensive income	2,763.93	774.69	(2,389.59)	5,056.10	(6,290.23)	(2,908.30)
Income tax relating to items that will be reclassified to profit or loss	(695.68)	(194.99)	601.46	(1,272.62)	1,583.25	732.02
	2,068.25	579.70	(1,788.13)	3,783.48	(4,706.98)	(2,176.28)
Net gain / (loss) on effective portion of cash flow hedges	321.15	4,384.70	3,593.15	3,781.06	3,951.57	(901.53)
Income tax relating to items that will be reclassified to profit or loss	(80.83)	(1,103.63)	(904.40)	(951.69)	(994.61)	226.92
	240.32	3,281.07	2,688.75	2,829.37	2,956.96	(674.61)
Other comprehensive income / (loss) for the period / year	2,236.30	3,852.45	898.93	6,519.79	(1,755.09)	(2,900.79)
Total comprehensive income for the period / year	11,452.96	13,330.35	11,125.43	35,572.76	27,832.62	31,360.71
Earnings per equity shares, par value of INR 10 each*						
Basic (in rupees)	5.70	5.87	6.34	17.99	19.92	22.59
Diluted (in rupees)	5.68	5.81	6.31	17.93	19.82	22.53

* Earnings per share for the quarters and nine month period are not annualized

See accompanying notes to the unaudited standalone financial results



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CIN: L65910TN1989PLC017021

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Statement of unaudited standalone financial results of Northern Arc Capital Limited (the "Company") for the quarter and nine months ended 31 December 2025

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 30 January 2026. The unaudited standalone financial results have been subjected to a limited review by the statutory auditors of the Company.

2 During the year ended 31 March 2025, the 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 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	INR in lakhs	
		Utilisation upto 31 December 2025	Unutilised as at 31 December 2025
Meet future capital requirements towards onward lending	44,984.46	44,984.46	-
Total	44,984.46	44,984.46	-

3 During the period ended 31 December 2025, 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 Details of loans transferred/ acquired during period ended 31 December 2025 under Master Directions RBI (Transfer of Loan Exposures) Directions, 2021 dated 24 September 2021 are given below:
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)	69,207.42	19,364.51	-
Number of loans (in absolute numbers)	78,034	43,796	-
Sale consideration / purchase consideration (₹ in lakhs)	62,286.67	19,364.51	-
Number of transactions (in absolute numbers)	10.00	10.00	-
Weighted average maturity (in years)	3.62	4.13	-
Weighted average holding period (in years)	1.00	0.89	-
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 / transferred any stressed loans

5 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.

6 Disclosures in compliance with Regulation 52(4) and 54(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and period ended 31 December 2025 is attached as Annexure I.

7 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.



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8 Pursuant to email communication dated 16 May 2025 received from Reserve Bank of India (RBI) directing the Company to exclude the credit enhancements under First Loss Default Guarantee (FLDG) arrangements in the computation of expected credit loss (ECL), the Company had evaluated the total impact to be INR 8,041 lakhs as at 31 March 2025 of which INR 6,835 lakhs was recorded during the quarter ended 31 March 2025. The exposure pertaining to remaining ECL of INR 1,206 lakhs has recorded / rundown during the period ended 31 December 2025.

9 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 Company 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 unaudited standalone financial results, and the Company continues to monitor developments and will review its estimates as further clarifications and Rules are notified.

10 The financial results for the quarter ended 31 December 2025 and 31 December 2024, being the balancing figures between the un-audited figures in respect of the financial results for the period ended 30 September 2025 and 30 September 2024 and the unaudited year-to-date figures of 31 December 2025 and 31 December 2024, respectively.

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

Ashish Mehrotra
Managing Director & CEO

Place: Mumbai
Date : 30 January 2026



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	Nine months ended 31 December 2025
Debt-equity ratio	1.1	2.94
Total debts to total assets	1.2	0.72
Net worth (amount in INR lakhs)	1.3	3,78,039.90
Capital redemption reserve (amount in INR lakhs)		2,660.00
Net profit after tax (amount in INR lakhs)		29,052.97
Earnings per share (of Rs. 10 each)		
- Basic		17.99
- Diluted		17.93
Gross stage 3 assets ratio	1.4	1.44%
Net stage 3 assets ratio	1.5	0.73%
Capital adequacy ratio (CRAR)	1.6	23.08%
Asset cover over listed non-convertible debentures	1.7	1.10
Net profit margin (%)	1.8	15.17%

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 period/ 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.



Table II - Statement of Compliance with Financial Covenants as mentioned in Debenture Trust Deed

S. No	Series	ISIN	Facility	Date of Trust Deed	Face Value (in Rupees)	DTD reference for financial covenants as per Debenture Trustee Deed or Information memorandum	Compliance with Financial Covenants	If No, Reason for Non-Compliance
1	IDFC NCD_175CR_28MAR2024	INE850M07467	Non-convertible Debentures	28-Mar-24	1,00,000	Clause 10.3	Complied	Not applicable
2	NCD - FMO 620 Crs - Jun 2024	INE850M07475	Non-convertible Debentures	11-Jun-24	1,00,000	Part B - Clause 2.2	Complied	Not applicable
3	SUNDARAM FIN & OTH NCD_225CR_10SEP2025	INE850M07491	Non-convertible Debentures	10-Sep-25	1,00,000	Part B - Clause 2.2	Complied	Not applicable
4	DCB & KVB OTH NCD_250CR_31DEC2025	INE850M07509	Non-convertible Debentures	24-Dec-25	1,00,000	Part B - Clause 2.2	Complied	Not applicable

For and on behalf of the Board of Directors of

Place: Mumbai
Date: 30 January 2026

Ashish Mehta
Managing Director & CEO

