



Press Release

Mumbai, July 29, 2025: Northern Arc Capital Limited announced its results for the quarter ended June 30, 2025, on July 29, 2025.

Key highlights for Q1FY26

- **Pre-provision operating profit (PPoP) grew by 18% YoY to INR 207 Cr for Q1FY26**
- **Profit after tax was INR 81 Cr for Q1FY26 compared to INR 38 Cr for Q4FY25**
- **Lending Assets Under Management (AUM) grew by 12% YoY to INR 13,351 Cr**
- **Gross NPA and Net NPA ratio was 1.13% and 0.56% respectively as on June 30, 2025**
- **Networth grew by 27% YoY to INR 3,532 Cr**
- **Healthy capital adequacy ratio of 25.5% as on June 30, 2025.**

Summary of Northern Arc's Performance – Q1FY26:

➤ **Assets & Flows**

- Lending AUM grew by 12% YoY to INR 13,351 Cr as on June 30, 2025
- Share of Direct to Customer lending in AUM increased to 53%
- Performing Credit Fund AUM grew by 15% YoY to INR 3,174 Cr as on June 30, 2025
- Placement volumes grew by 10% to INR 2,838 Cr recording highest ever Q1 placement

➤ **Financials**

- Net Interest Income grew by 10% YoY to INR 298 Cr in Q1FY26
- Fee & Other income grew by 8% YoY to INR 27 Cr in Q1FY26
- Opex ratio improved by 57 bps YoY to 3.5% in Q1FY26
- PPoP grew by 18% YoY to INR 207 Cr in Q1FY26
- Credit cost was INR 102 Cr for Q1FY26 compared to INR 194 Cr in Q4FY25 and INR 51 Cr in Q1FY25
- Profit after tax was INR 81 Cr in Q1FY26 compared to INR 38 Cr in Q4FY25 and INR 93 Cr in Q1FY25
- Return on Assets for Q1FY26 was 2.4%
- Return on Equity was 9.3% for Q1FY26. Raised fresh equity capital of INR 500 Cr since June-24

➤ **Asset quality**

- Gross NPA ratio was 1.13% as on June 30, 2025
- Net NPA ratio was 0.56% as on June 30, 2025
- Provisioning coverage ratio on Stage III assets was 50% on June 30, 2025

➤ **Capital Adequacy**

Capital adequacy ratio was 25.5% on June 30, 2025.



Commenting on the Q1FY26 results MD & CEO Ashish Mehrotra said, “FY25 was a challenging year for the lending industry, but we enter FY26 with cautious optimism. Early signs of recovery are emerging, driven by strengthening macro fundamentals in the form of rising consumption, increased corporate capex, and a favourable monsoon outlook, alongside a regulatory push toward improved liquidity through rate cuts and a gradually normalizing credit environment, especially in the MFI segment outside Karnataka.

At Northern Arc, our fee-based businesses continue to gain momentum, with core fee income growing 24% YoY against a 12% balance sheet expansion reflecting our strategic focus on building a solutions-led credit ecosystem. Excluding rural finance, where exposure remains calibrated, AUM grew 20% YoY. In rural finance, asset quality is stabilizing, with 0+ PAR reverting to March 2024 levels at 0.5%. We expect growth momentum to strengthen in the second half, supported by an improving credit cycle and liquidity.”

About Northern Arc:

Northern Arc is one of the leading players amongst India's diversified NBFCs in terms of AUM as of March 31, 2024[^] dedicated to empowering the lives of underserved individuals and businesses. Powered by technology and data, Northern Arc offers a suite of solutions including lending, placements, and fund investments in key sectors like MSME Financing, MFI, Consumer Financing, Vehicle Financing, Affordable Housing Financing, and Agricultural Supply Chain Finance. Since 2009, Northern Arc has facilitated the financing of over INR 2.2 trillion cumulatively, for its clients, spread across 691 districts in 28 states and 7 Union Territories in India. Our work, including that of our originator partners, has impacted the lives of over 124 million people.

Northern Arc handles an AUM of INR 16,525 crores through its balance sheet and active AIF funds as of June 30, 2025. The firm is backed by marquee equity investors like IFC, Sumitomo Mitsui Banking Corporation, LeapFrog, Accion, Affirma Group, Dvara Trust, and Eight Roads (a proprietary arm of Fidelity).

[^]Source: Report titled “Analysis of NBFC sector and select asset classes” dated June 2024 prepared and released by CRISIL Research

**Disclaimer: All the numbers stated in the boilerplate are as of June 30, 2025.*

For Further Information,

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