Press Release

Northern Arc Capital posted its highest first-quarter results ever, with INR 114 Cr profit in Q1FY27

Net Interest Income	Credit Cost	PAT	RoA
Q1FY27 – INR 394 Cr.	Q1FY27 – 2.6%	Q1FY27 – INR 114 Cr.	Q1FY27 – 2.7%
↑32% YoY	↓ 44 bps YoY	↑41% YoY	↑ 29 bps YoY

Mumbai, July 27, 2026: Northern Arc Capital Limited, a diversified financial services platform announced its results for the quarter ended June 30, 2026.

Key highlights for Q1FY27

- **Pre-provision operating profit (PPoP) grew by 27% YoY to INR 263 Cr for Q1FY27**
- **Lending Assets Under Management (AUM) grew by 26% YoY to INR 16,855 Cr**
- **Gross NPA improved by 20 bps QoQ to 1.0%**
- **Net NPA improved by 15 bps QoQ to 0.5%**
- **Healthy capital adequacy ratio of 22.7% as on June 30, 2026**
- **Received SEBI approvals for 2 debt funds**
- **ICRA assigned the highest band 'Outstanding' ESG Impact Rating (Score of 81/100)**

Summary of Northern Arc's Q1FY27 Performance:

- **Assets & Flows**
  - Lending AUM grew by 26% YoY to INR 16,855 Cr as on June 30, 2026
  - Direct lending (D2C) AUM grew by 51% YoY to INR 10,766 Cr, share of D2C lending in AUM increased to 64%
  - Performing Credit Fund AUM stood at INR 2,988 Cr as on June 30, 2026
  - Gross Transaction Volume for Q1FY27 was INR 8,595 Cr

- **Financials**
  - Net Interest Income grew by 32% YoY to INR 394 Cr in Q1FY27
  - Fee & Other income was INR 22 Cr in Q1FY27
  - Opex ratio was flat at 3.6% in Q1FY27
  - PPoP grew by 27% YoY to INR 263 Cr in Q1FY27
  - Credit cost decreased by 44 bps YoY to 2.6% in Q1FY27
  - Profit after tax grew by 41% YoY to INR 114 Cr in Q1FY27
  - Return on Assets increased by 29 bps YoY to 2.7% for Q1FY27
  - Return on Equity increased by 220 bps YoY to 11.5% for Q1FY27

- **Asset quality**
  - Gross NPA ratio improved by 20 bps QoQ to 1.0% as on June 30, 2026
  - Net NPA ratio improved by 15 bps QoQ to 0.5% as on June 30, 2026
  - Provisioning coverage ratio on Stage III assets improved to 48.5% on June 30, 2026

➢ **Capital Adequacy**

- Capital adequacy ratio was 22.7% on June 30, 2026
- Net worth grew by 15% YoY to INR 4,056 Cr

Commenting on the Q1FY27 results, Ashish Mehrotra, MD & CEO, Northern Arc Capital said, *"Q1 FY27 marked a strong start to the year as we continued to execute with discipline and build on the momentum of our long-term strategy. We remain focused on building a granular and diversified retail lending book, with our* ***Direct lending (D2C) portfolio crossing the INR 10,000 crore milestone during the quarter****. At the same time, we witnessed continued improvement in asset quality, with* ***GNPA declining by 20 bps to 1.0% and credit cost at 2.6% for the quarter****, remaining well within our guided range of 2.7%–2.8%. This reinforces our focus on quality growth, underpinned by prudent underwriting, portfolio diversification and sustainable risk-adjusted returns.*

Further, we achieved an industry-leading 'Outstanding' ESG Impact Rating from ICRA, with a score of 81, underscoring our commitment to responsible and sustainable growth.

While we remain watchful of evolving external risks, including geopolitical developments in West Asia and the potential impact of El Niño conditions on the monsoon, we believe Northern Arc is well positioned to navigate these uncertainties. Our diversified business model, calibrated approach to risk and disciplined execution give us confidence in ***sustaining growth momentum while protecting profitability and maintaining strong portfolio quality****".*

About Northern Arc:
Northern Arc Capital Limited (NACL) is a diversified financial services platform focused on expanding the flow of credit to individuals and businesses across India. The Company operates a differentiated credit model that combines Direct-to-Customer (D2C) lending with a Credit Solutions for Origination Partners.

Under its D2C lending business, NACL lends directly from its balance sheet to end customers across the MSME, consumer, and rural segments through a nationwide network of 432 branches and 57 digital partnerships. Complementing this, the Credit Solutions business enables 373 Origination Partners to access capital through Northern Arc's fund management platform, placements from external investors, and the Company's own balance sheet. Together, this integrated approach has facilitated financing of approximately INR 2.5 lakh crore to date, impacting over 140 million lives.

As a platform, NACL manages assets aggregating INR 19,843 crore, comprising a lending balance sheet of INR 16,855 crore and assets under management of INR 2,988 crore within its fund business. In addition, the Company has facilitated credit placements of INR 1.3 lakh crore to external investors. The platform is powered by technology, data-driven underwriting, and deep sectoral expertise, positioning Northern Arc as a distinctive and scalable credit solutions franchise within the financial services ecosystem.

Northern Arc is backed by leading global investors including LeapFrog Investments, Affirma Capital, Eight Roads, the International Finance Corporation (IFC) and SMBC, and is guided by an experienced and highly regarded Board of Directors.

The Northern Arc group comprises Northern Arc Capital Limited which is the holding and operating company; Northern Arc Investment Managers Limited, which houses the fund management business; Northern Arc Securities Private Limited, which operates the online bond platform; Pragati Finserv Private Limited, exclusive rural distribution arm; and Northern Arc Foundation, the Company's CSR arm.

For more details, please visit https://www.northernarc.com/

**Disclaimer: All the numbers stated in the boilerplate are as of June 30, 2026.*

For Further Information,

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