



Press Release

**Northern Arc Capital reports highest ever quarterly profit of INR 101 Cr in Q3FY26 with AUM crossing milestone of INR 15,000 Cr**

- Profit after tax for Q3FY26 grew by 33% YoY & 10% QoQ to INR 101 Cr
- Lending Assets Under Management (AUM) grew by 23% YoY & 7% QoQ to INR 15,121 Cr
- Share of Direct to Customer (D2C) lending in AUM increased to 56%
- Net Interest Income for Q3FY26 grew by 39% YoY & 15% QoQ to INR 371 Cr
- Fee & other income for Q3FY26 grew by 49% YoY & 50% QoQ to INR 32 Cr
- Net worth grew by 11% YoY to INR 3,788 Cr as on December 31, 2025
- Healthy capital adequacy ratio of 23.1% as on December 31, 2025

**Mumbai, January 30, 2026:** Northern Arc Capital Limited announced its results for the quarter ended December 31, 2025, on January 30, 2026.

**Summary of Northern Arc's Performance – Q3FY26 & 9MFY26:**

➤ **Assets & Flows**

- Gross transaction volumes increased by 33% YoY & 18% QoQ to INR 10,401 Cr
- Lending AUM grew by 23% YoY & 7% QoQ to INR 15,121 Cr as on December 31, 2025
- Share of D2C lending in AUM increased to 56%, building diversified granular book
- Performing Credit Fund AUM grew by 15% YoY to INR 3,207 Cr as on December 31, 2025
- Placement volumes for Q3FY26 grew by 73% YoY & 43% QoQ to INR 3,669 Cr. For 9MFY26, placement volumes grew by 13% YoY to INR 9,068 Cr

➤ **Financials**

- Net Interest Income increased by 39% YoY & 15% QoQ to INR 371 Cr in Q3FY26
- Fee & Other income increased by 49% YoY & 50% QoQ to INR 32 Cr in Q3FY26
- Opex ratio was flat QoQ at 3.7% in Q3FY26. The Company is fully compliant with New Labour Code and there is no material impact on the employee cost
- PPop increased by 51% YoY & 24% QoQ to INR 265 Cr in Q3FY26
- Credit cost for Q3FY26 was INR 130 Cr
- Profit after tax increased by 33% YoY & 10% QoQ to INR 101 Cr in Q3FY26
- Return on Assets increased by 32 bps YoY to 2.7% for Q3FY26
- Return on Equity increased by 180 bps YoY & 62 bps QoQ 10.7% for Q3FY26.

➤ **Asset quality**

- Gross NPA ratio was 1.36% as on December 31, 2025
- Net NPA ratio was 0.69% as on December 31, 2025
- Provisioning coverage ratio on Stage III assets was 49% on December 31, 2025

➤ **Capital Adequacy**

Capital adequacy ratio was 23.1% on December 31, 2025.



**Commenting on the Q3FY26 results MD & CEO Ashish Mehrotra said,** “I am pleased to share that we achieved two significant milestones during the quarter. First, we crossed **Lending AUM milestone of INR 15,000 crore**, and second, we reported our **highest-ever quarterly PAT of INR 101 crore**—the highest in the history of Northern Arc Capital.

We continue to see strong momentum in consumption following the GST rate cuts in September 2025, further supported by the repo rate cut by the RBI in December 2025, which together drove a robust **AUM growth of 23% YoY and 7% QoQ**. This momentum has continued into the final quarter of the financial year, and we expect to close the year with **healthy and sustained AUM growth**.

Northern Arc remains focused on enabling the efficient and responsible flow of capital through the creation of trusted financial pathways. By reducing information and risk barriers between investors and borrowers, we enable intermediaries to deliver credit at scale while maintaining transparency, discipline, and impact.”

#### **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 372 branches and 55 digital partnerships. Complementing this, the Credit Solutions business enables 357 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 2.4 trillion to date, impacting over 130 million lives.

As a platform, NACL manages assets aggregating INR 18,328 crore, comprising a lending balance sheet of INR 15,121 crore and assets under management of INR 3,207 crore within its fund business. In addition, the Company has facilitated credit placements of INR 1,23,365 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 Limited, which operates the online bond platform; Pragati Finserv Limited, exclusive rural distribution arm; and Northern Arc Foundation, the Company’s CSR arm.

*\*Disclaimer: All the numbers stated in the boilerplate are as of December 31, 2025.*

#### **For Further Information,**

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