



Press Release

Mumbai, May 19, 2025: Northern Arc Capital Limited announced its results for the full year and quarter ended March 31, 2025, on May 19, 2025.

Key highlights for Q4FY25 & FY25

- **Pre-provision operating profit (PPoP) grew by 46% YoY to INR 791 Cr for FY25 and by 66% YoY to INR 229 Cr in Q4FY25**
- **Profit after tax for FY25 was INR 305 Cr in FY25**
- **Lending Assets Under Management (AUM) grew by 16% YoY to INR 13,634 Cr**
- **Gross NPA and Net NPA ratio was 0.93% and 0.36% respectively as on March 31, 2025**
- **Networth grew by 48% YoY to INR 3,434 Cr**
- **Healthy capital adequacy ratio of 24.7% as on March 31, 2025.**

Summary of Northern Arc's Performance – Q4FY25 & FY25:

➤ **Assets**

- Lending AUM grew by 16% YoY to INR 13,634 Cr as on March 31, 2025
- Performing Credit Fund AUM grew by 10% YoY to INR 3,158 Cr as on March 31, 2025
- Gross Transaction Volume for FY25 was INR 35,058 Cr, up 20% YoY
 - Of which, Disbursements grew by 33% YoY to INR 19,840 Cr
- Gross Transaction Volume for Q4FY25 was INR 10,814 Cr, up 23% YoY
 - Of which, Disbursements grew by 19% YoY to INR 5,593 Cr

➤ **Financials**

- Net Interest Income grew by 33% YoY to INR 1,147 Cr in FY25 & 39% YoY to INR 320 Cr in Q4FY25
- Fee & Other income was INR 102 Cr in FY25 and INR 30 Cr in Q4FY25
- Opex ratio improved by 40 bps YoY to 3.6% in FY25
- PPoP grew by 46% YoY to INR 791 Cr in FY25 and 66% YoY to INR 229 Cr in Q4FY25
- Credit cost was INR 405 Cr for FY25 and INR 194 Cr in Q4FY25
- Profit after tax for FY25 was flat YoY at INR 305 Cr and INR 38 Cr in Q4FY25. The performance was impacted mainly due to one-time provision of INR 68 Cr in Q4FY25. Excluding this one-time provision, PAT would have been INR 356 Cr for FY25, up 15% YoY
- Return on Assets for FY25 was 2.4% for FY25
- Return on Equity was 10.0% for FY25. Raised fresh equity capital of INR 882 Cr in FY25

➤ **Asset quality**

- Gross NPA ratio was 0.93% as on March 31, 2025
- Net NPA ratio was 0.36% as on March 31, 2025
- Provisioning coverage ratio on GNPA was 61% on March 31, 2025

➤ **Capital Adequacy**

Capital adequacy ratio was 24.7% on March 31, 2025.



Commenting on the Q4FY25 & FY25 results MD & CEO Ashish Mehrotra said, "We are pleased to report a resilient performance in FY25, with AUM growing by 16% to INR 13,634 Cr and a profit of INR 305 crores. This performance, delivered in a challenging environment, is a testament to the strength and adaptability of our diversified business model. The year was marked by macroeconomic and sectoral headwinds, along with a tightened credit environment, which had a moderating effect on overall performance. Despite these pressures, our disciplined and proactive approach to risk management allowed us to protect the quality of our portfolio. In fact, had we not taken a prudent one-time provision of INR 68 Cr on account of regulatory guidance on Default Loss Guarantee accounting, our profit would have reflected a 15% year-on-year growth highlighting the underlying robustness of our business. As we look ahead to FY26, we are cautiously optimistic. Early signs of recovery and an easing interest rate environment point to improving economic momentum. We believe this will translate into a stronger credit landscape, creating opportunities for sustainable growth. With our strong fundamentals and strategic positioning, we are confident in our ability to capitalise on these tailwinds and continue serving as an enabler for India's growing economy."

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 2.0 trillion cumulatively, for its clients, spread across 675 districts in 28 states and 7 Union Territories in India. Our work, including that of our originator partners, has impacted the lives of over 115 million people.

Northern Arc handles an AUM of INR 16,792 crores through its balance sheet and active AIF funds as of March 31, 2025. The firm is backed by marquee equity investors like IFC, Sumitomo Mitsui Banking Corporation, LeapFrog, 360 ONE (formerly known as IIFL), 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 March 31, 2025.*

For Further Information,

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