Northern Arc Diversified Debt Fund Raises Rs. 400 Crore+

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Northern Arc Investment Managers Private Limited ("Northern Arc Investment Manager"), the asset management subsidiary of Northern Arc Capital Limited, a diversified financial services platform has announced the first close of its **Northern Arc Diversified Debt Fund**, with **commitments exceeding Rs. 400 crore** from institutions, family offices, ultra-high-net-worth individuals (UHNIs) and high-net-worth individuals (HNIs).

This fund is Northern Arc Investment Manager's **15th private credit fund, a sector-agnostic Category II Alternative Investment Fund (AIF)** focused on performing private credit opportunities. **Rated AA (SO) by CareEdge Ratings**, the fund

targets a corpus of Rs. 1,500 crore, with an additional greenshoe option of Rs. 500 crore, taking its potential size to Rs. 2,000 crore, **with a tenure of five years, the fund targets 16% XIRR.**



Ashish Mehrotra, Managing Director and Chief Executive Officer, Northern Arc Capital

The announcement coincides with the maturity of **Northern Arc India Impact Fund**, which channelled global capital into financial inclusion opportunities across India. Over its tenure, the **fund supported 60 businesses across credit cycles**, with gross deployment of over Rs. 1398 crore at fund Level, backed by investments from ultra-high-net-worth individuals (UHNIs), family offices, and domestic and global institutional

investors.

Commenting on the announcements, **Ashish Mehrotra, Managing Director and Chief Executive Officer, Northern Arc Capital**, said, *"The first close of the Northern Arc Diversified Debt Fund reflects continued investor interest in private credit and its evolving role in sophisticated investment portfolios. The maturity of our Northern Arc India Impact Fund further demonstrates our experience in managing private credit investments across credit cycles. Together, these milestones reinforce our focus on disciplined credit selection, portfolio diversification and risk management. Over the past decade, we have built a diversified private credit platform that has deployed over Rs. 16,500 crores across 15 AIFs and two PMS offerings and served more than 1,500 investors across institutional and wealth segments. As private credit becomes an increasingly strategic allocation for investors, we remain focused on connecting capital with businesses across sectors while creating opportunities for risk-adjusted returns."*

Since its inception in 2014, Northern Arc Investment Manager has launched 15 funds, of which **seven have fully matured delivering returns to the investors at a weighted average XIRR of over 14.5%**, in line with targeted returns, without any extension or principal loss to the investors. Northern Arc Investment Manager has **cumulatively distributed over Rs. 10,000 crore** of principal and coupon since inception and manages private credit funds and investment mandates.

Alongside these milestones, Northern Arc Capital continued to deliver a strong operating performance in Q2FY27, reporting a 41% YoY growth in consolidated PAT to Rs. 129 crore and a 32% YoY increase in NII to Rs. 425 crore. Lending AUM grew 34% YoY

to Rs. 19,003 crore, supported by robust 64% growth in direct lending AUM to Rs. 12,502 crore, which now accounts for 66% of the overall portfolio. Credit costs also improved by 11 bps YoY to 2.66%, reflecting the resilience of its lending franchise. Together, these developments highlight Northern Arc’s ability to scale its lending and investment management businesses while maintaining a strong focus on portfolio quality, disciplined growth and sustainable value creation.

*Disclaimer: All the numbers stated are as of September 30, 2026.

Past performance is not indicative of future results. Target returns are not assured, and investment in AIFs is subject to market, credit, liquidity and other risks, including loss of capital. This release is for information only and is not an offer or solicitation; units are offered only by private placement through the private placement memorandum, which investors should read. The CareEdge ratings is not a recommendation and does not eliminate credit risk.