



NORTHERN ARC

Investor Presentation
Q3FY26 / 9MFY26

AA-(Stable)

By ICRA Limited & India Ratings



Financing the Retail Credit Needs of India's
Underserved Households & Businesses across
focused sectors

Disclaimer



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Business Overview

Business Matrix – Q3FY26



Gross Transaction Volume

INR 10,401 Cr

+33%

+18%

Lending AUM

INR 15,121

+23%

+7%



Direct to Customer Mix

56%

+255 bps

+239 bps



Fund AUM

INR 3,207 Cr

+15%

+0.3%



Placements

INR 3,669 Cr

+73%

+43%



Direct Customers

25,79,251

+27%

+15%



Branches

368

-5

-4



Digital Partners

55

+1

Flat



Origination Partners

357

+15

Flat

YoY growth QoQ growth

Financial Matrix – Q3FY26



PPoP

INR 265 Cr

+51%

+24%



NIM

9.9%

+150 bps

+61 bps



Opex (%)

3.7%

+13 bps

-7 bps



PAT

INR 101 Cr

+33%

+10%



RoA

2.7%

+32 bps

+5 bps



RoE

10.7%

+180 bps

+62 bps



Net NPA

0.69%

+33 bps

+13 bps



Net worth

INR 3,788 Cr

+11%

+3%



Book Value / Share

INR 235

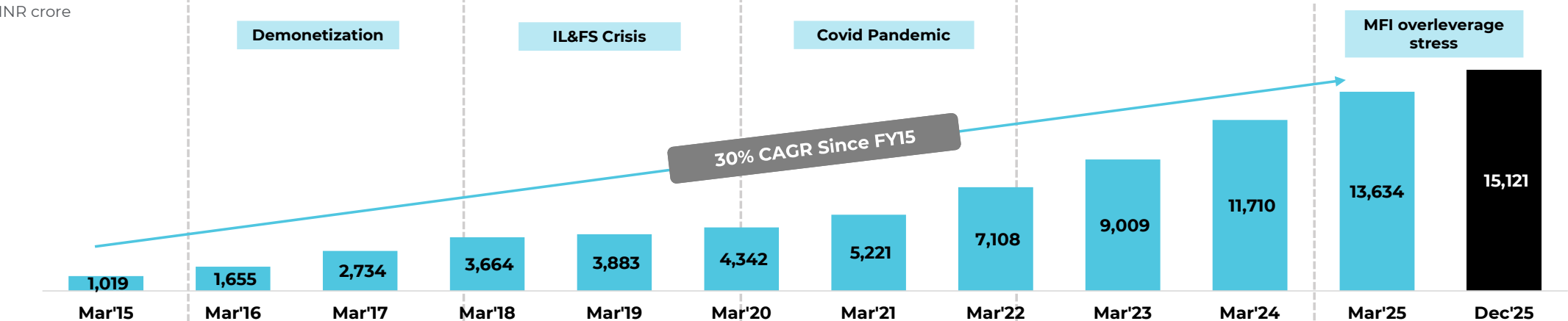
+11%

+3%

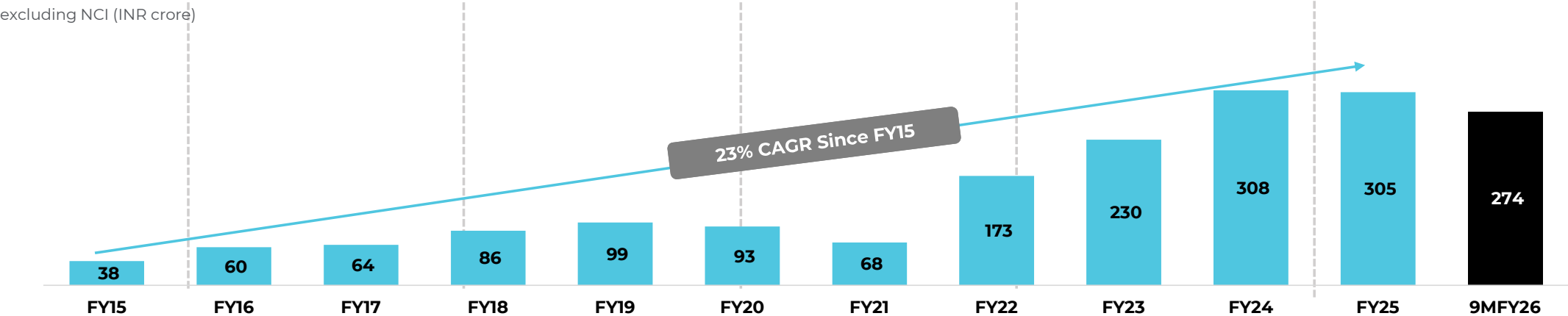
YoY growth QoQ growth

Demonstrating growth in AUM and profitability across business cycles

Asset under management



Profit After Tax



FY25 includes one time provision of INR 68 crore on account of DLG provision

Northern Arc : Business Model

Financing the Credit Needs of India's Underserved Households & Businesses

Direct to Customer Lending



Sectors

MSME


Consumer


Rural


Channels


- Branches
- Digital

Lending – AUM INR 8,492 Cr

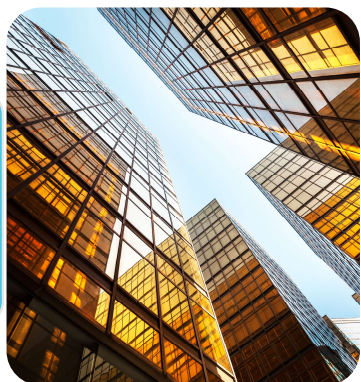
 **2.6 mn +**
Customers

 **368**
Branches

 **55**
Digital Partners


Underwriting

Credit Solutions




Solutions across focus sectors


Lending – AUM INR 6,629 Cr

Fund Management – AUM INR 3,207 Cr





Placements – Volumes INR 9,068 Cr

Tech Solutions

 **357**
Originator Partners

 **1,400+**
Investor Partners

Data & Tech platforms

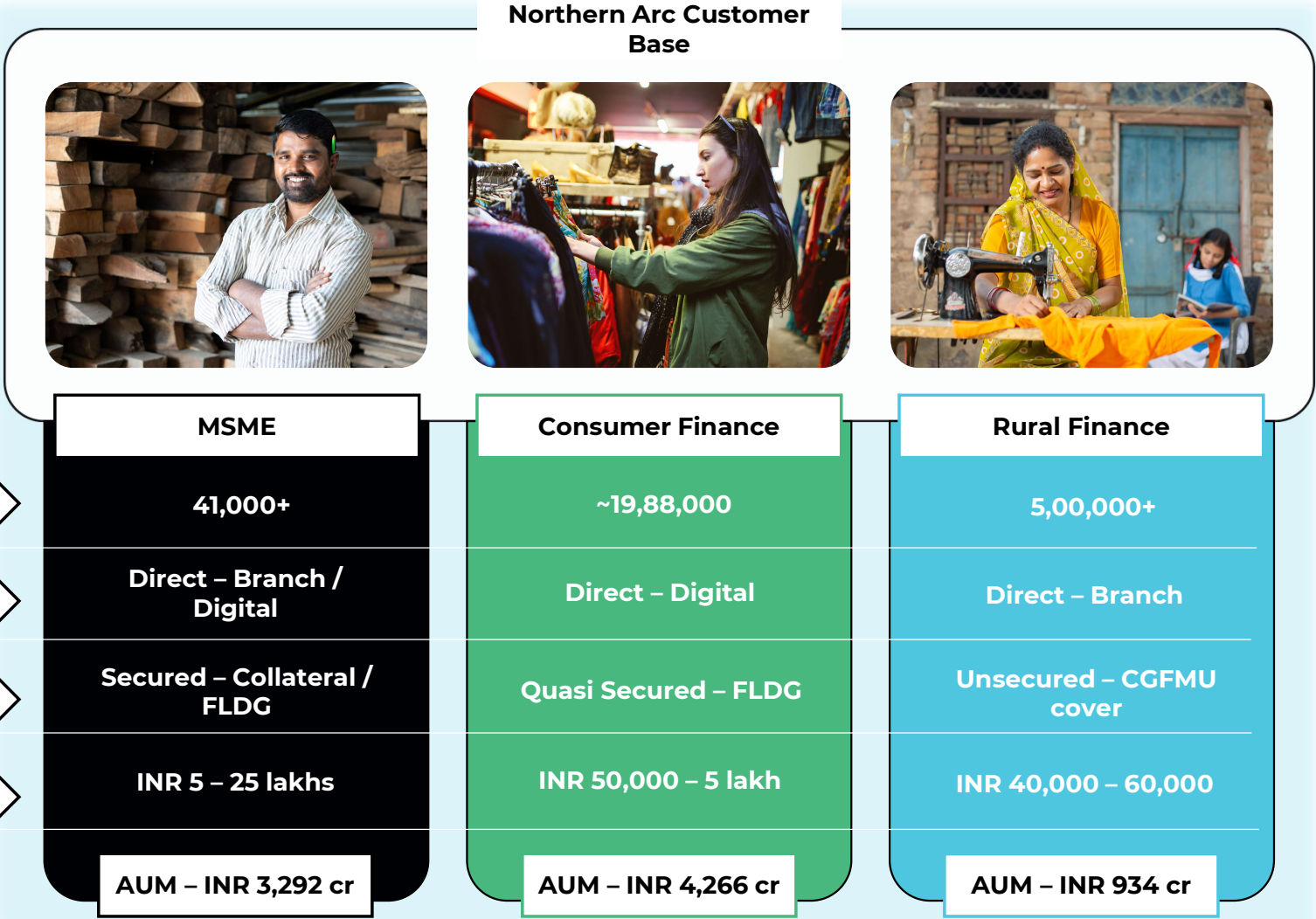
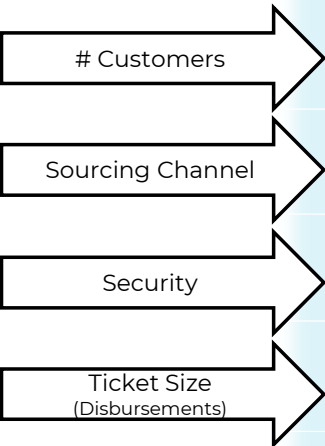
   

Direct to Customers Lending

Direct to Customers Lending: Built a strong retail engine

Leveraged learnings from the **IR business** to build :

- A strong D2C engine
- A robust underwriting and product program
- A seamless Digital journey, and
- A strong Collections Infrastructure

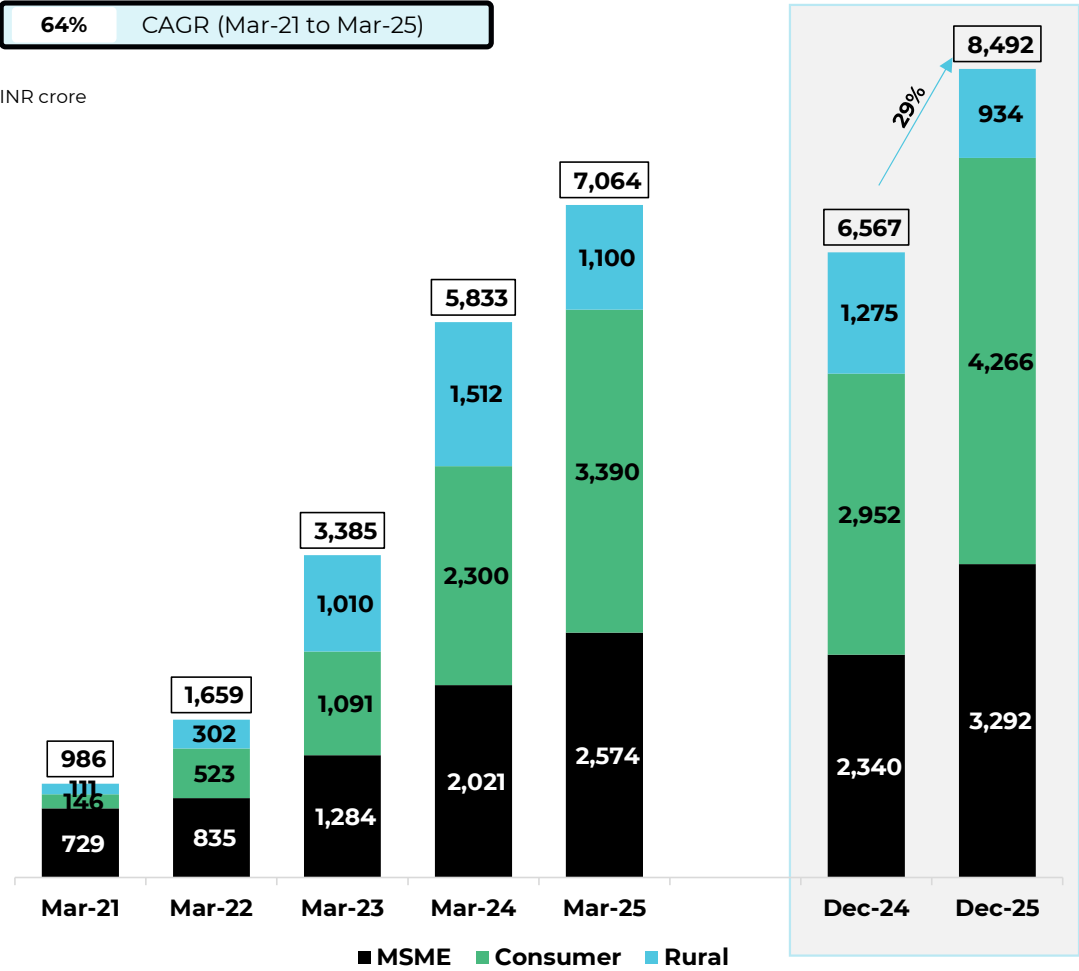


Growth : Strong growth led by expansion and partnerships

Assets under Management

64% CAGR (Mar-21 to Mar-25)

INR crore



Multi-channel Distribution Model

 368
Branches

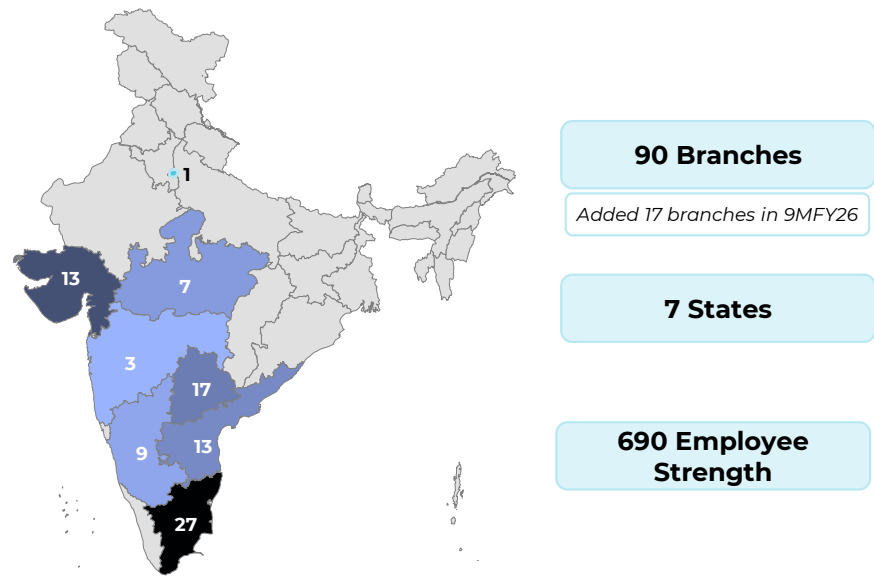
 55
Digital Partners

Backed by robust Underwriting & Technology

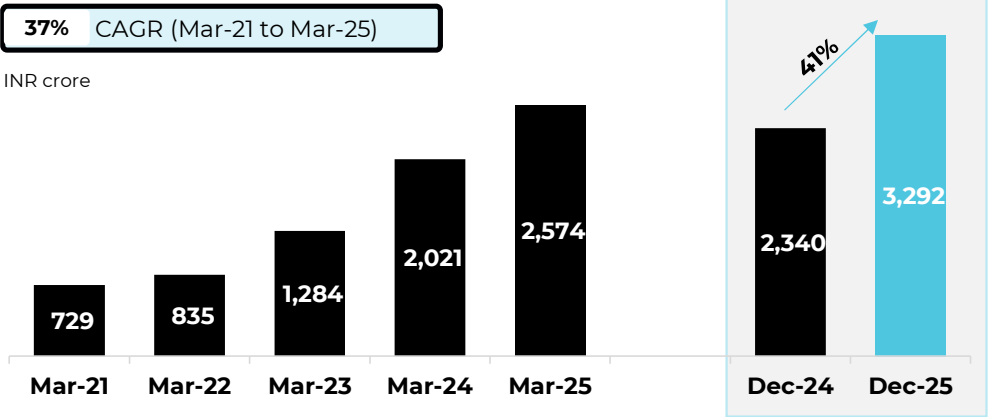

By Northern Arc
Underwriting


Co-lending & On-Lending Platform







Building strong footprint to scale granular portfolio



Assets under Management



Northern Arc's Value Proposition

 End to end digital journey	 Competitive pricing
 Ease of documentation	 Handholding till loan closure
 Strong in-house collections Infrastructure	 Average Bureau – 600+

Secured LAP Product Characteristics

ATS – INR 11-15 Lakhs	Average Yield – 17% - 20%
Average LTV – 48%	Average Tenure – 10+ years

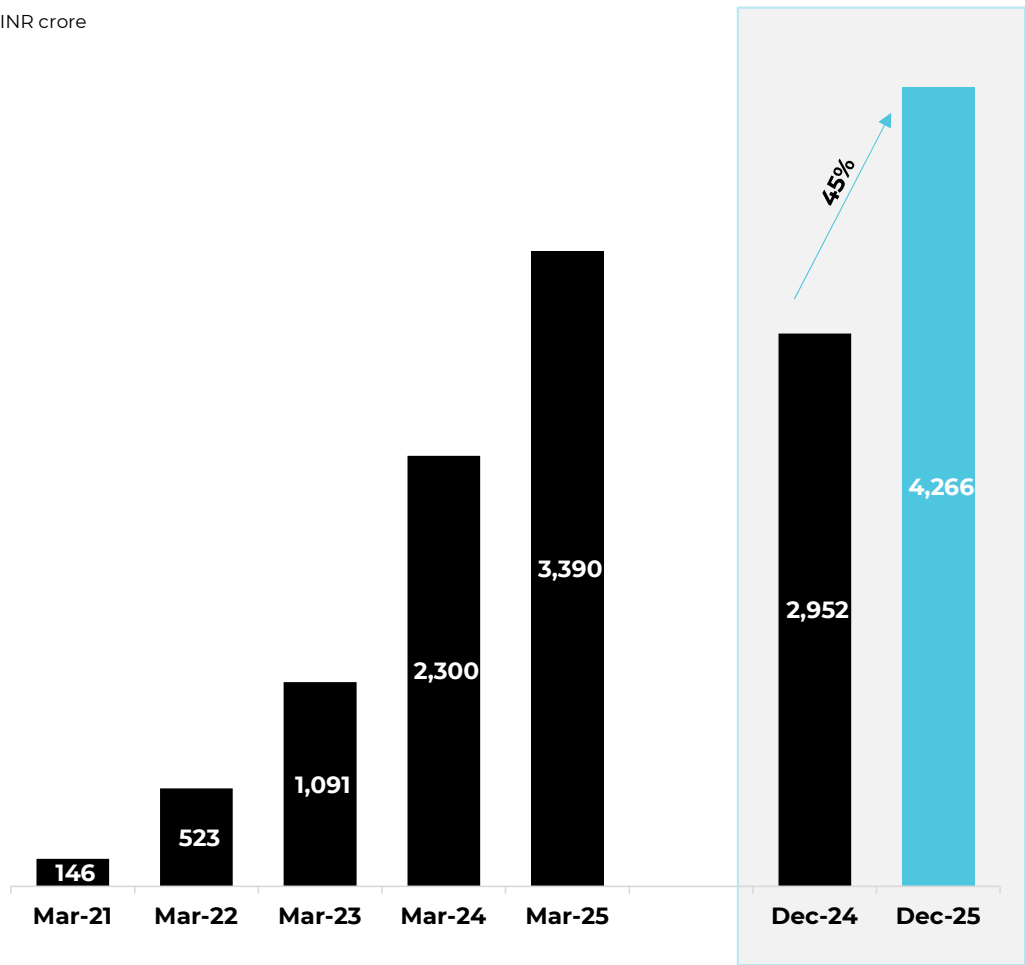
Consumer Finance



Assets under Management

120% CAGR (Mar-21 to Mar-25)

INR crore



Live Partners
23

Ticket Size
Rs. 50,000 – 5,00,000

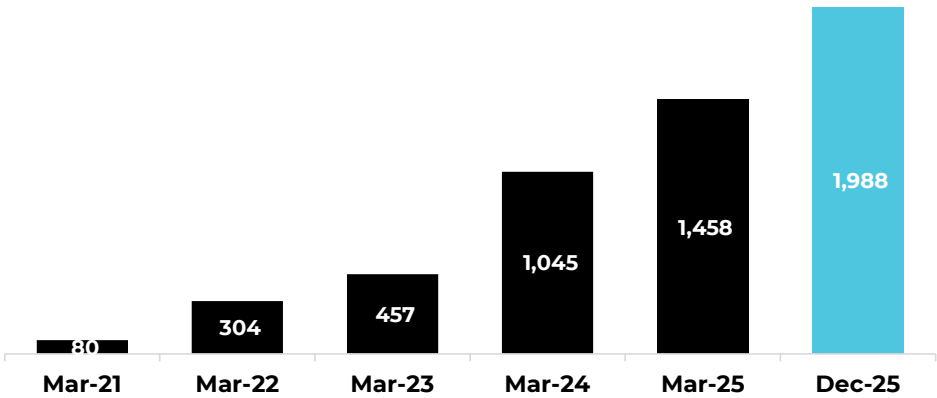
Net Yield
15% - 16%

Average Tenure
12 – 48 months

Repeat Customers
~70%

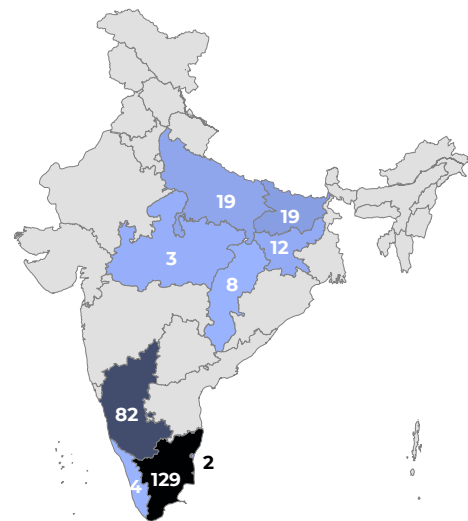
CIBIL Score
650+

Customers ('000)



Rural Finance

Pan India Presence



278 Branches

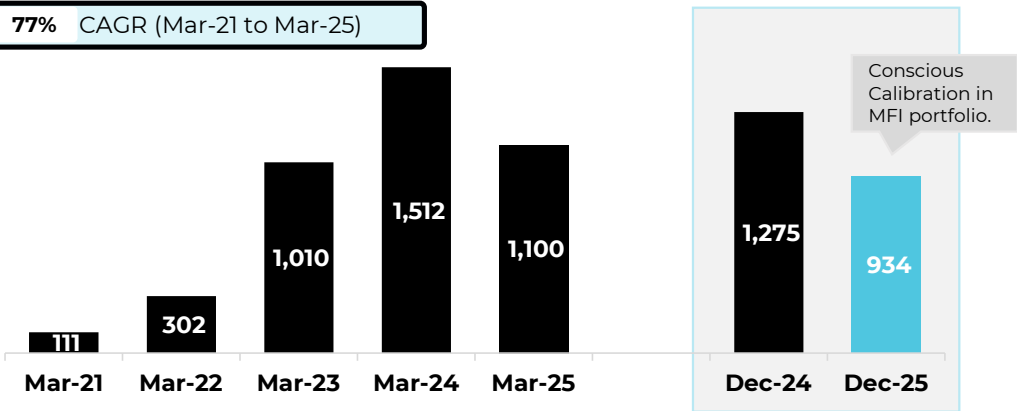
8 States and 1 UT

Total Employees – 1,801

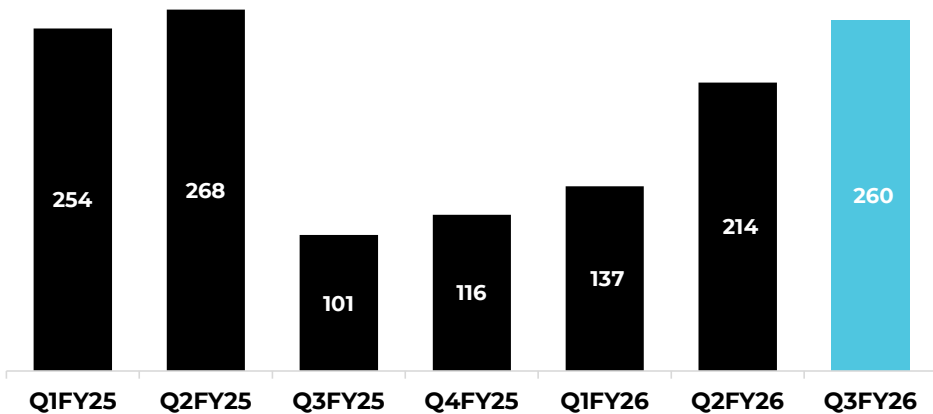
Strong Collection team
200+ employees

Assets under Management (INR crore)

77% CAGR (Mar-21 to Mar-25)

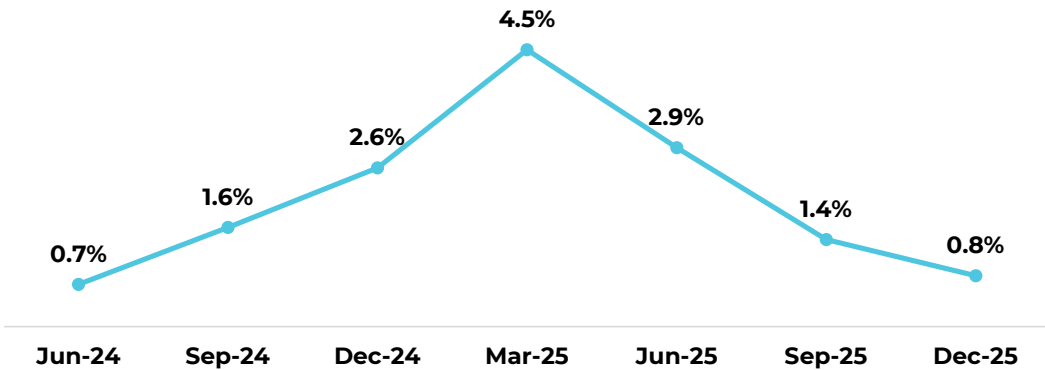


Disbursements run rate reached pre-stress level



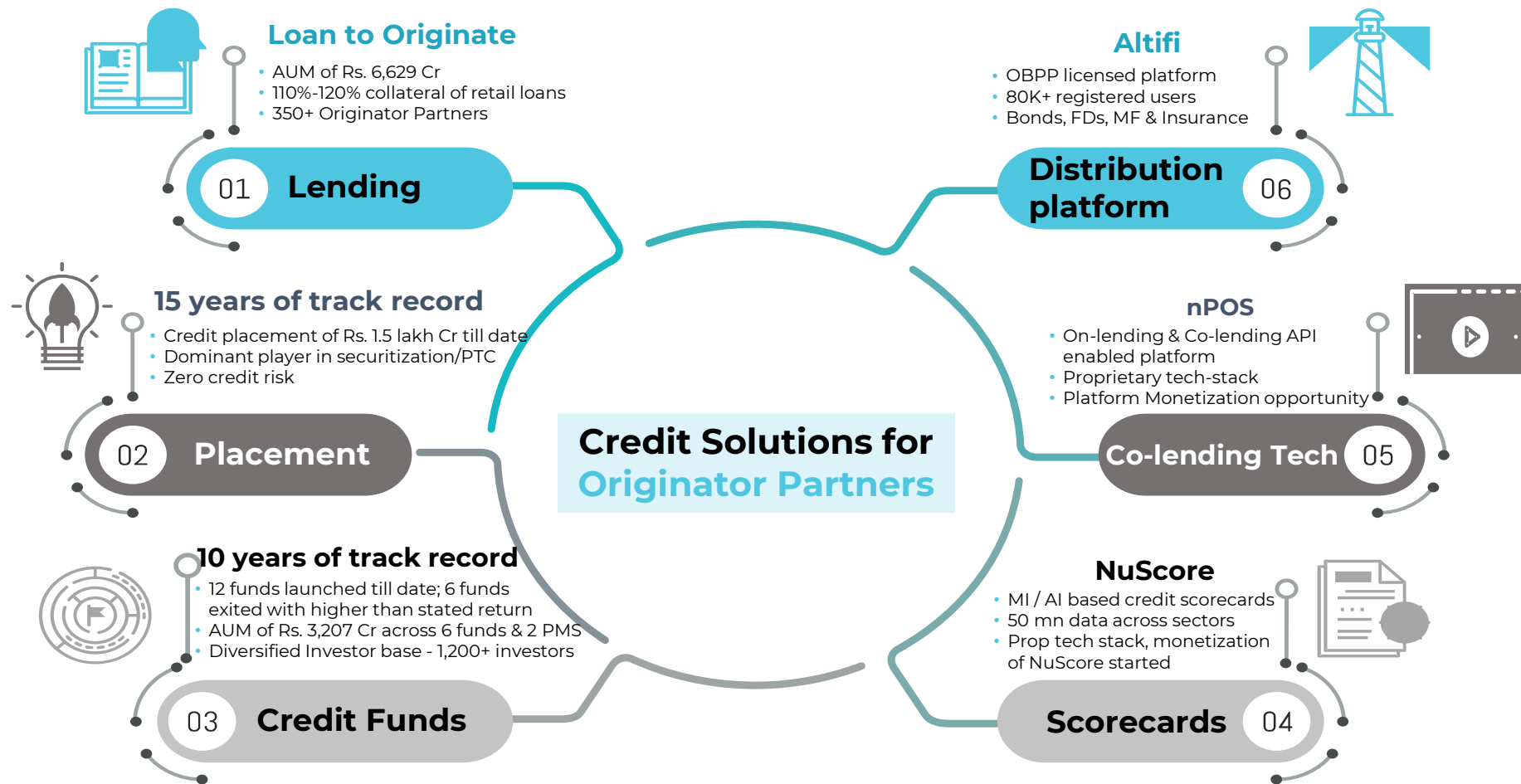
All new disbursements w.e.f. March 25 covered under CGFMU

One of the lowest PAR 30+% among MFI peers



Credit Solutions

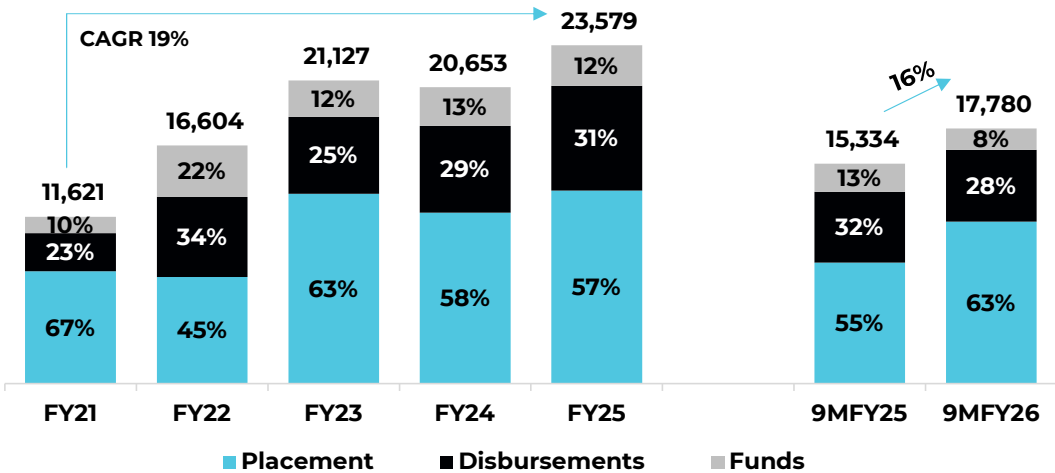
Credit Solutions – Powering Originator Partners Across the Full Credit Continuum



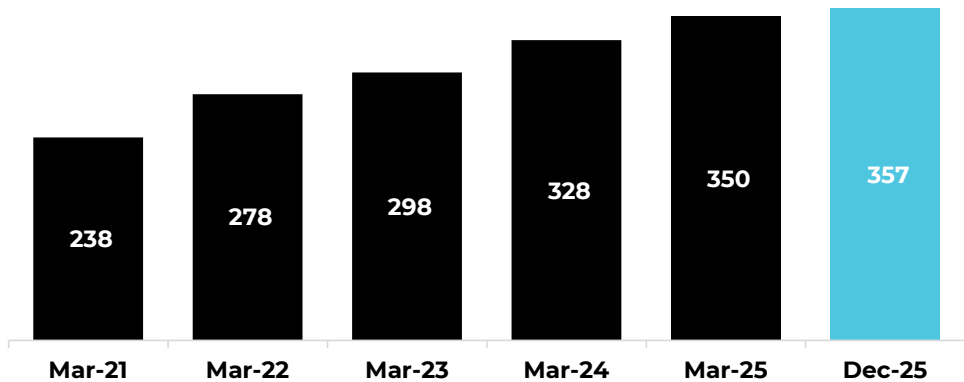
Credit Solutions – Focus on overall credit fulfilment of Originator Partners

Gross Transaction Volume

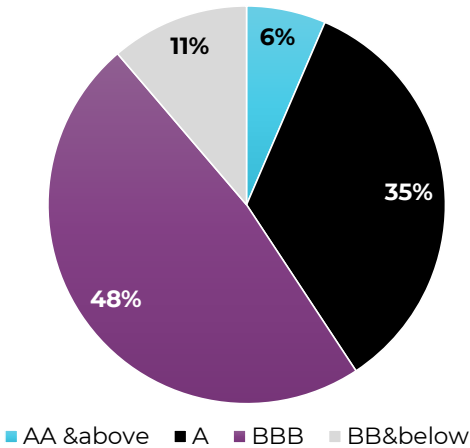
INR crore



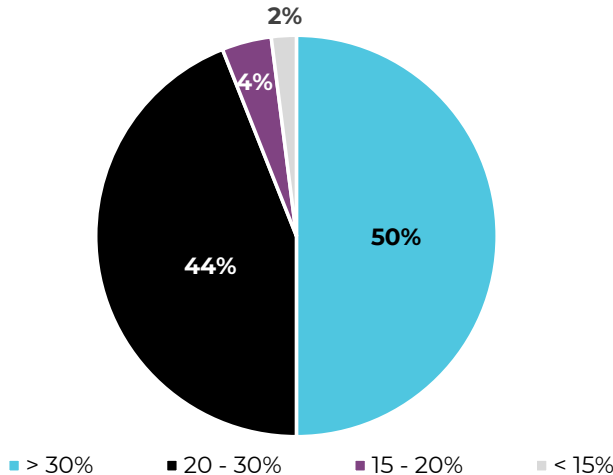
Originator Partners



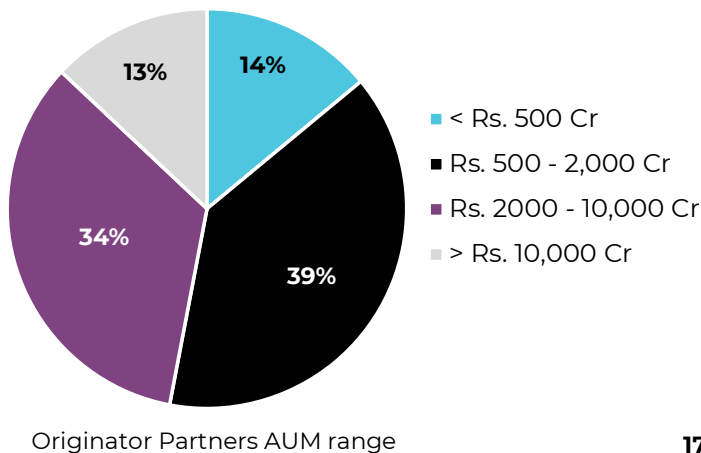
89% of Partners are BBB & above rated



94% of Partners have CRAR of 20%+

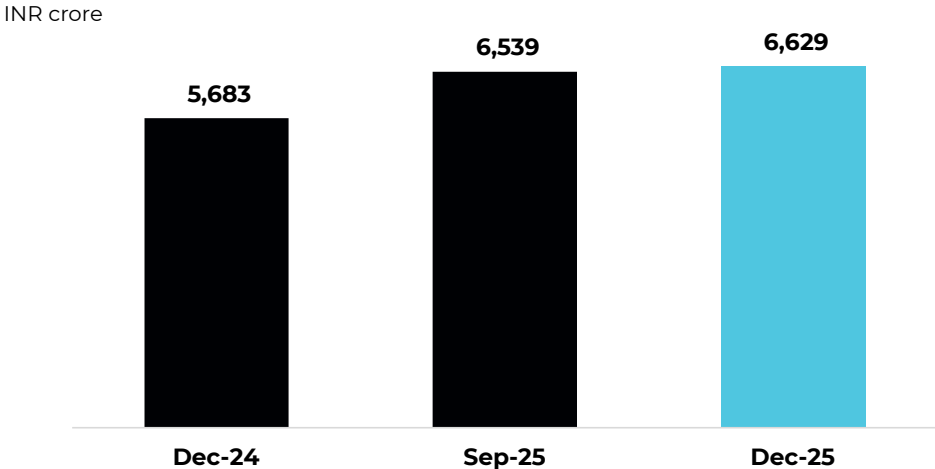


Enters Partnership at early stage

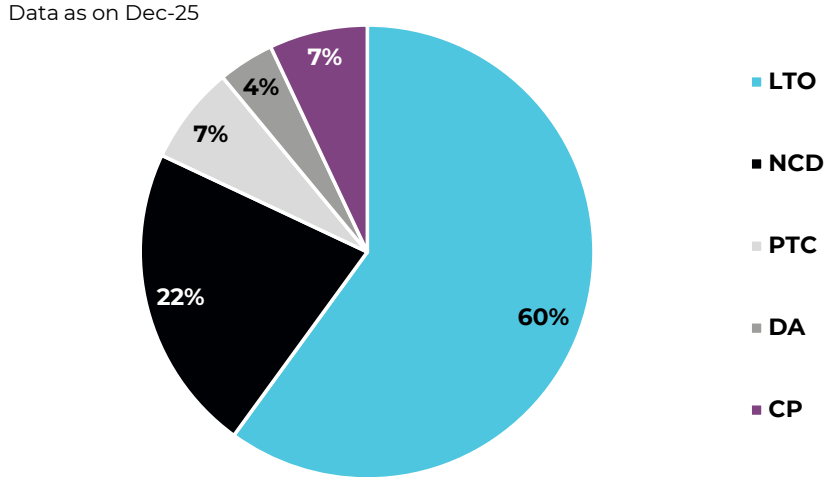


Lending – Judicious use of Balance Sheet to foster relationships

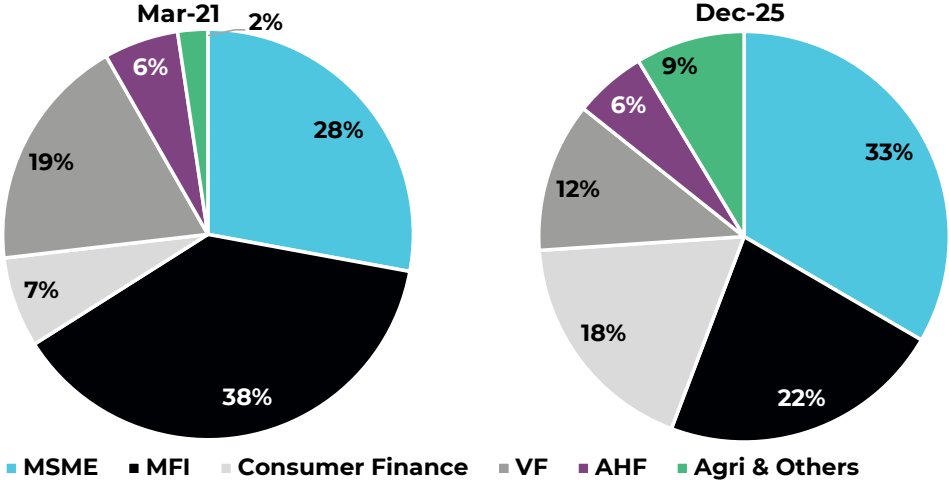
Calibration in Lending AUM with more focus on Fee based businesses



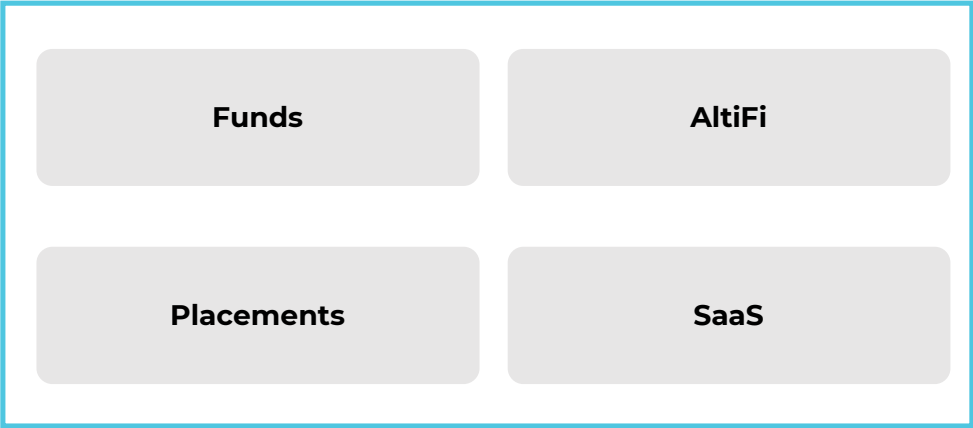
Lending AUM - by Product %



Building diversified Sector mix

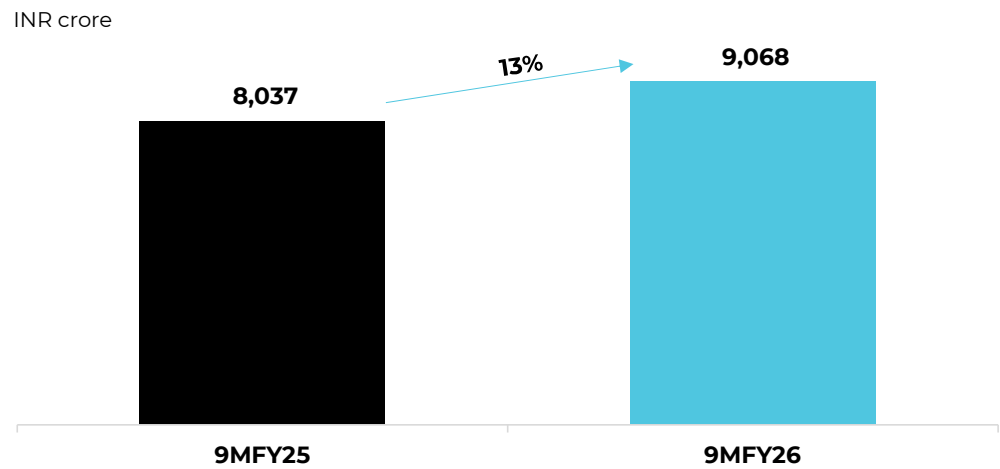


Leveraging the IR balance sheet to expand credit offerings for partners via

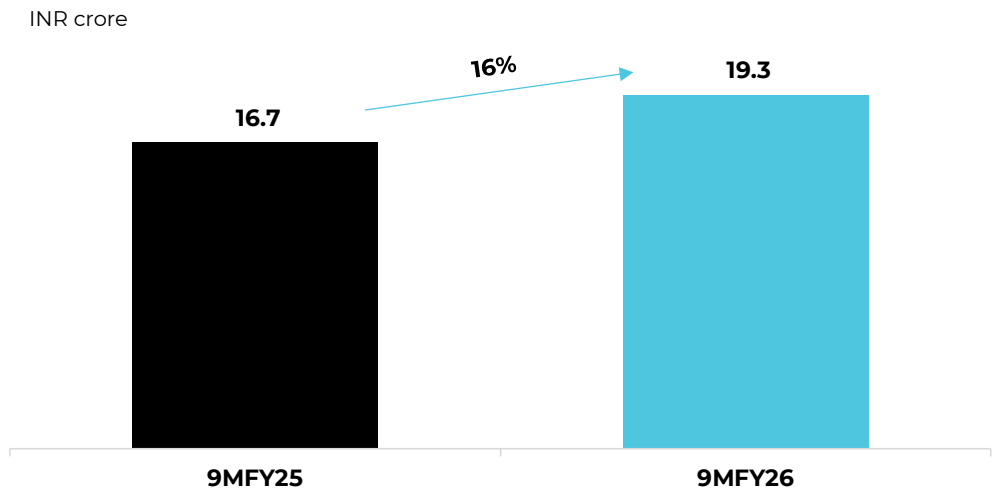


Placements – Risk free credit enablement

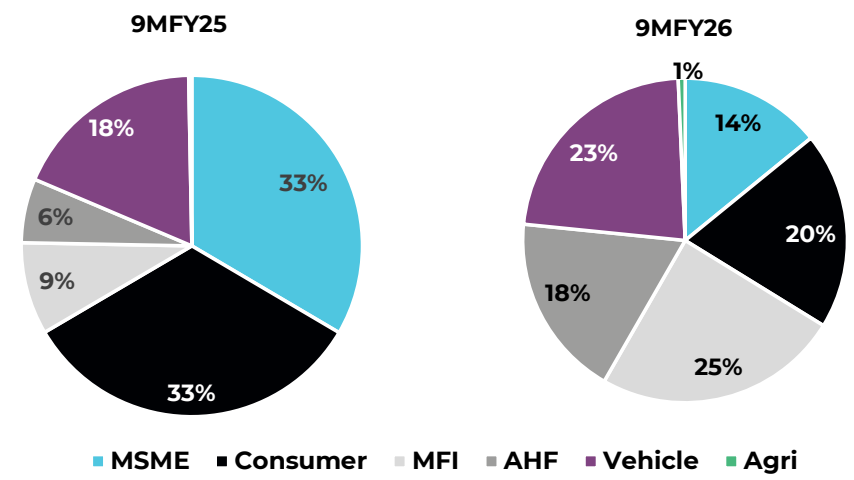
Placement volume



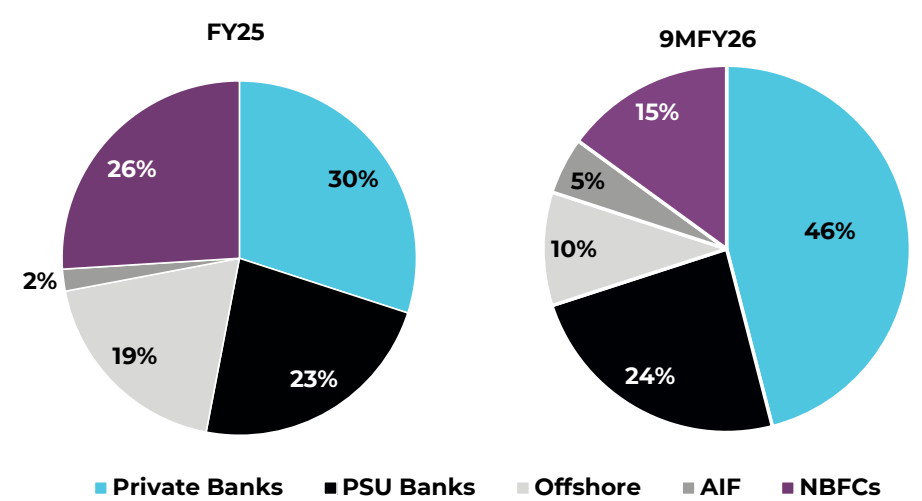
Placement Fee income



Sector mix % – Contribution of MFI started improving

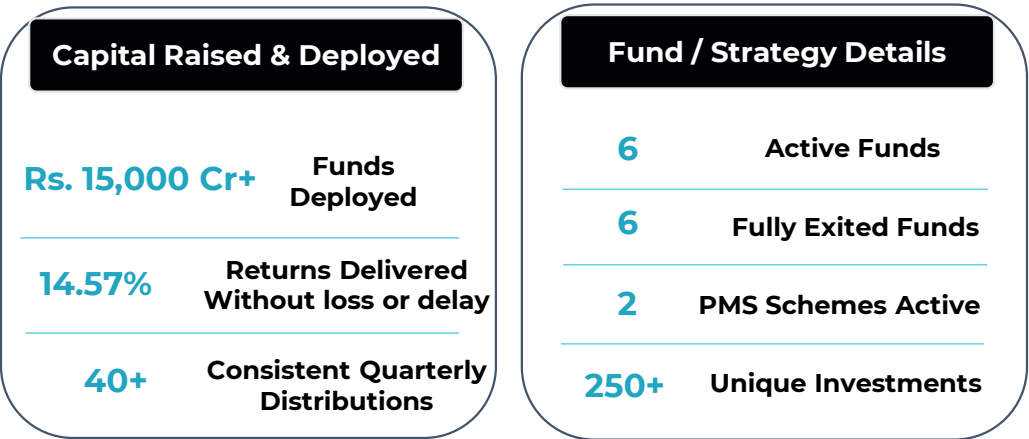


Foreign participation subdued



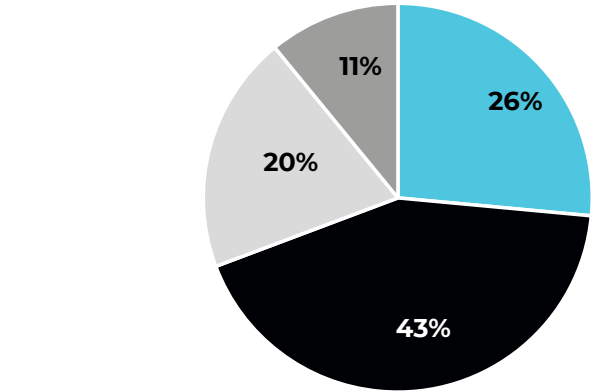
Credit Funds – Strong track record of ~10 years

Background



Diversified Investor base

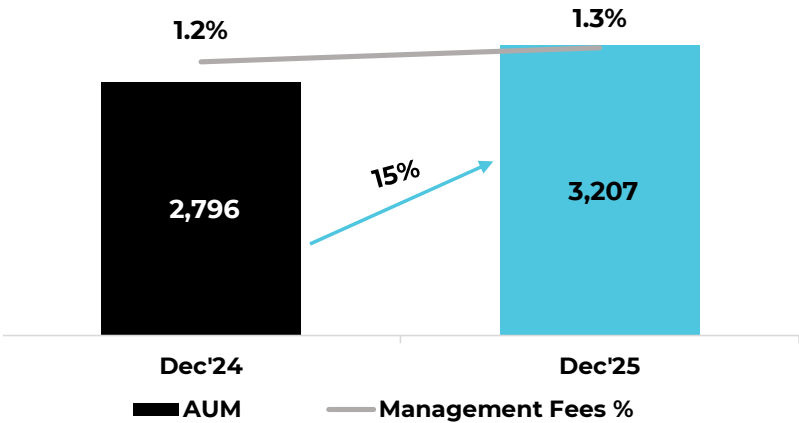
Data as on Dec'25



■ HNIs & Family Office ■ DII ■ Offshore ■ Sponsor

Credit Funds AUM

INR crore



Marquee Investors

Offshore

GMO

QEB

BIO
Investing in a Sustainable Future

DII

kotak
Life Insurance

State Bank of India

sidbi

HNIs & Family Office

Azim Premji Foundation

AAMIR KHAN
PRODUCTIONS PVT. LTD.

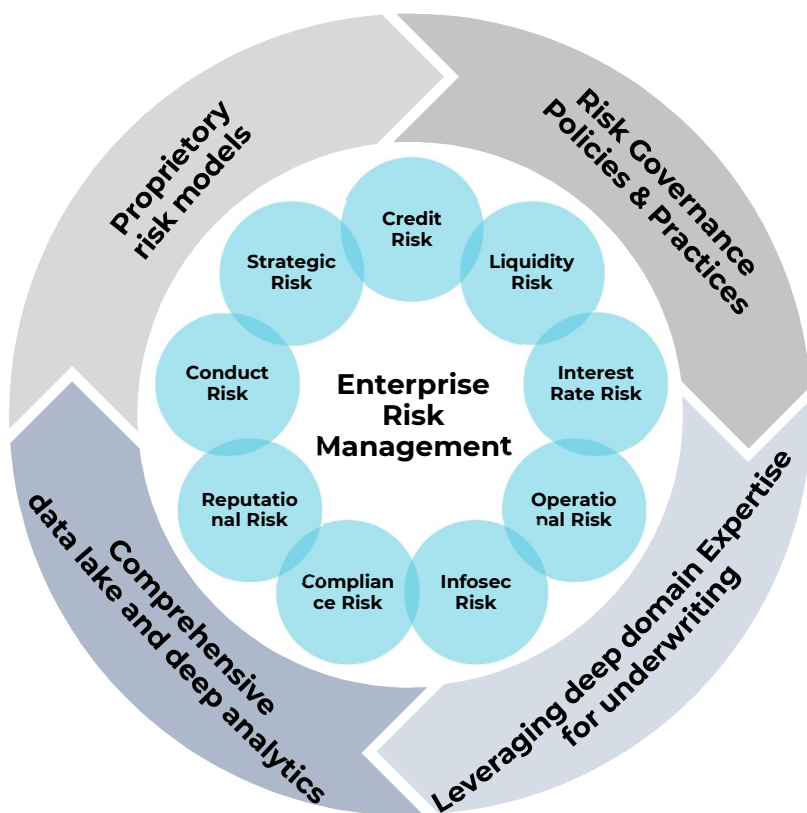
raintree

Risk Management

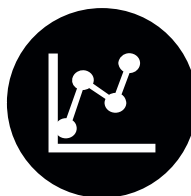
Robust Risk Management Framework

Robust risk management framework based on sector expertise, ground-level insights, extensive data analytics and proprietary risk models

Manage organizational risks



Using our Suite of Risk Analysis Tools



Transaction
Loss Modelling



Portfolio
Scrub Analysis



Pin code
Analysis



Descriptive
Analysis

Through

Deep Domain Knowledge and Qualitative **Field-Level** Insights

Proprietary underwriting models built using ML techniques

Predictive models on borrower behavior & geo-risk management

50 mn loan data collected over 10+ years extensively analyzed

Risk Monitoring teams that onboard and monitor each originator and geography

Strong Collection Team that can work as back-up servicing partner

Deep focus on collections



Pro-active monitoring to contain stress



Use of Data & Analytics across Collections lifecycle



Omni-channel payments infrastructure



Legal Cell covering all relevant laws

Pre-Delinquency Management

Predicting Bounce likelihood

Proactive Outreach

Pre-due reminders sent to customers through SMS



X Bucket Collection

Immediate customer connect

Digital Reach
Tele-calling
Field Collection

Follow up through **tele-calling**



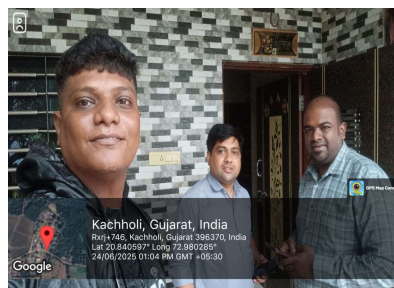
Initial – Mid Buckets

Focus on asset protection and normalization

Behavioural data for roll back

Initiate **on-field collections** process along with tele-calling

Legal action through Section 25



Deep Buckets

Focus is on amicable settlements & repossessions

Prioritize collection activities

Recovery through legal action initiated:

- **Section 138**
- **SARFAESI**
- **Section 25**
- **Arbitration**
- **Lok Adalat**



Write-off Recoveries

Emphasis on Loss Reduction

Settlement / Possession Model

Actions initiated to take **physical possession and liquidate collateral**

Issue of **bailable/ non-bailable warrants**



Sector wise asset quality

INR Crores / %	AUM ¹	GNPA (%) ¹	Credit Cost (%)		
			Q1FY26	Q2FY26	Q3FY26
Intermediate Retail	6,629	0.50%	0.7%	1.3%	0.4%
MSME	3,292	4.61%	1.8%	1.8%	2.9%
Consumer	4,266	0.46%	6.1%	4.9%	6.5%
Rural	934	0.08%	7.7%	5.1%	5.3%
Total	15,121	1.36%	3.0%	2.7%	2.9%²

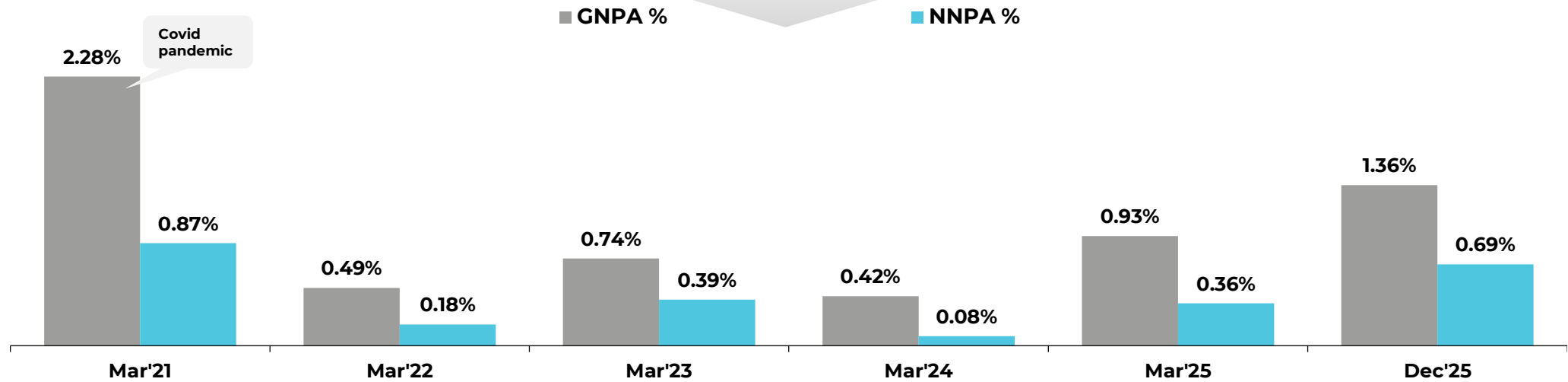
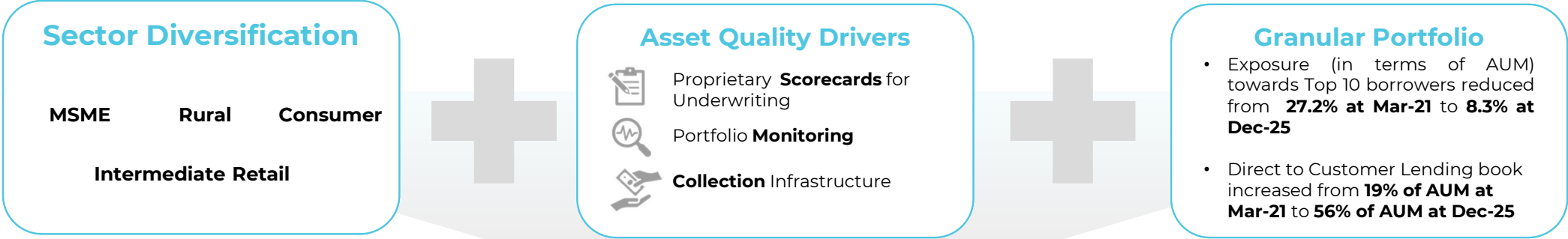
1. Data as on December 31, 2025

2. Excludes impact on account of internal reassessment of ECL for Digital business resulted in recognition of one-time credit cost of Rs. 23 Cr equivalent to 0.6% on annualised basis.

Diversified & Granular portfolio resulting in GNPA within desired range



Diversification augmented by proprietary tools and portfolio granularity driving asset quality



Portfolio Quality



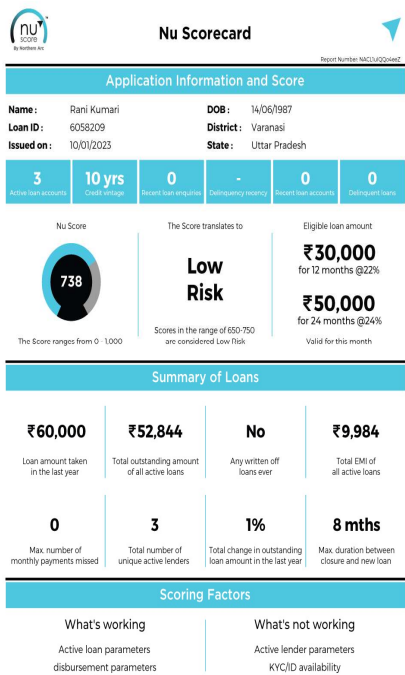
INR crore/%	Assets under Management					Assets under Management (%)					ECL : Expected Credit Loss					ECL % : provision coverage for each stage				
By Staging	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25	Dec'24	Mar'25	Jun'25	Sep'25	Dec'25
Stage I	11,247	12,529	12,141	13,031	13,905	97.0%	97.2%	96.7%	96.2%	96.8%	124.6	232.6	246.5	252.1	272.0	1.1%	1.9%	2.0%	1.9%	2.0%
Stage II	231	239	263	359	261	2.0%	1.8%	2.1%	2.6%	1.8%	44.0	59.3	89.8	83.5	62.3	19.0%	24.8%	34.1%	23.3%	23.9%
Stage III	110	126	151	163	205	1.0%	1.0%	1.2%	1.2%	1.4%	66.2	76.9	75.8	84.6	100.1	60.2%	61.1%	50.2%	51.9%	48.9%
Total On-Book	11,588	12,894	12,555	13,553	14,370	100.0%	100.0%	100.0%	100.0%	100.0%	234.8	368.8	412.1	420.2	434.5	2.0%	2.9%	3.3%	3.1%	3.0%
Assigned Assets	662	740	796	613	751															
Overall AUM	12,250	13,634	13,351	14,166	15,121															

Robust Technology Stack

SaaS Offerings :

NuScore

A Machine-Learning-Based Solution to Aid Originators in their Underwriting



Borrower level assessment along with a detailed analytics report

Custom-built for every lending institution

Sector-specific insights over different economic and credit cycles

Integrated easily through APIs

Expand NuScore Offering to not just MFIs, but also to NBFCs, SFBs, Consumer Durables, etc.

nPOS

Connecting banks & financial institutions through APIs, enabling swift data exchange & straight through processing of loans



Universe One Platform Offering solutions

Fully integrated with Bharat stack

Cloud-based

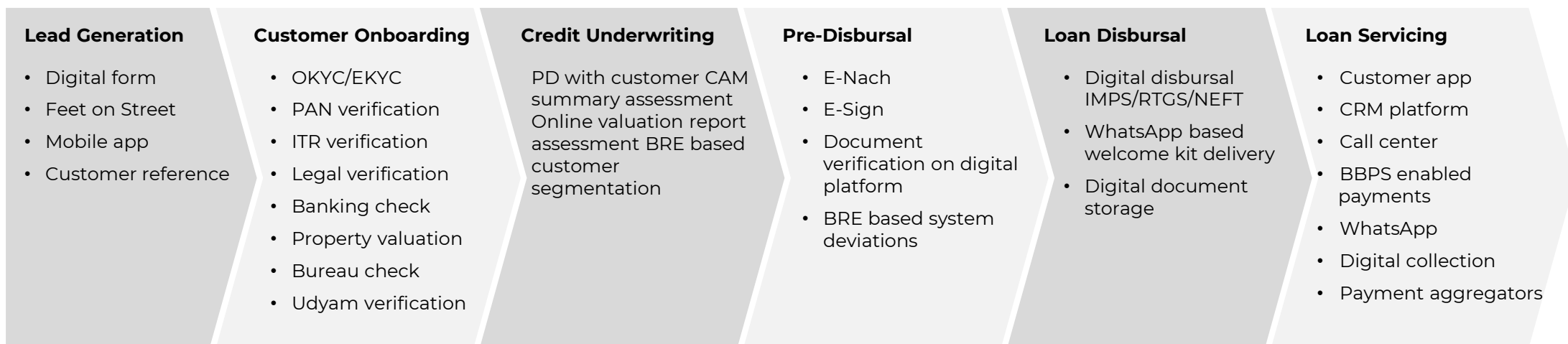
Seamless end-to-end journey

Robust Credit Assessment and Risk Analysis

Machine learning-driven risk assessment

Straight Through Processing of loans

Leveraging Technology Stack

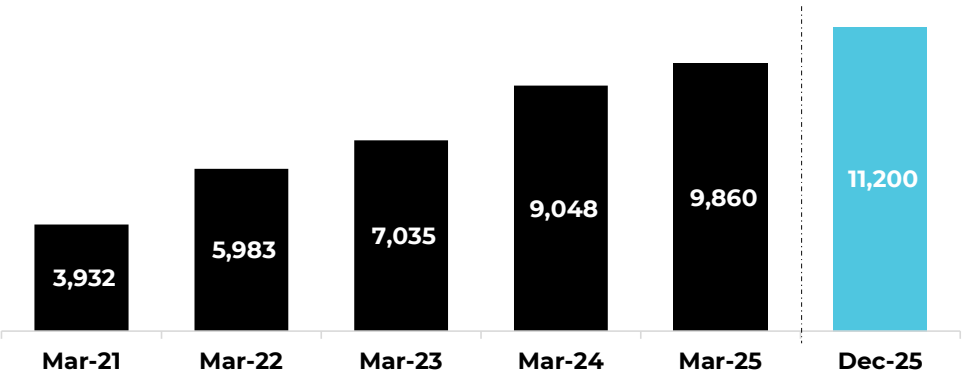


Strong Liability Franchise

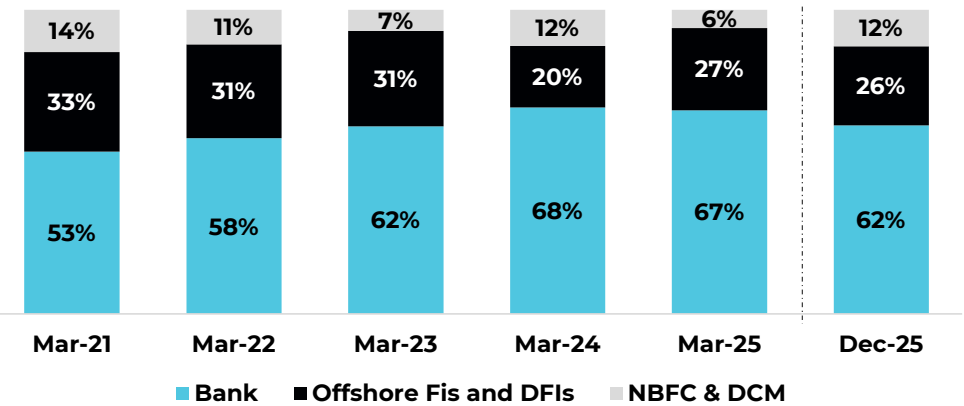
Diversified sources of funding...

Borrowings

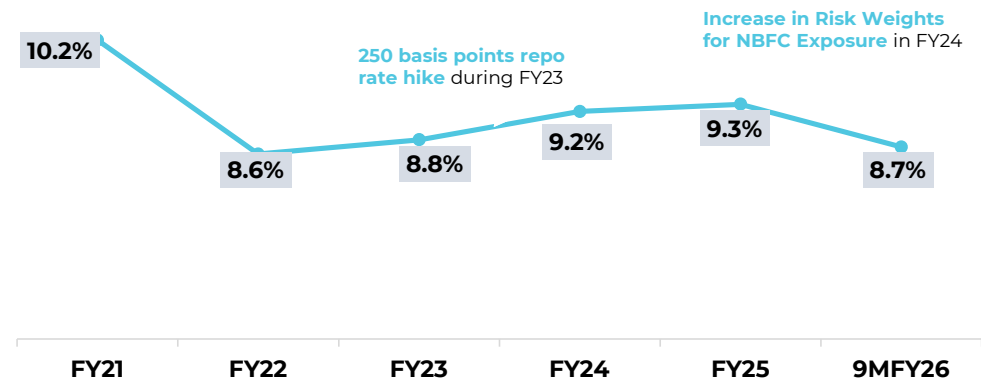
INR crore



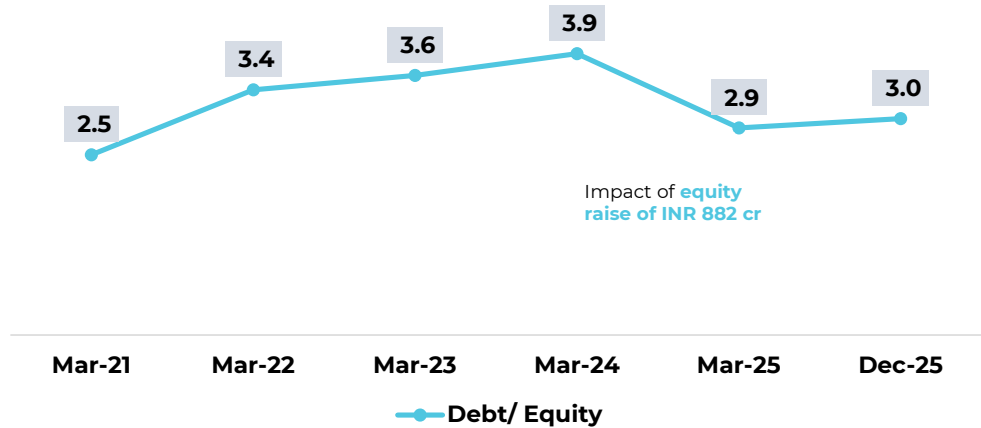
Borrowing Mix %



Incremental Cost of Funds ⁽¹⁾



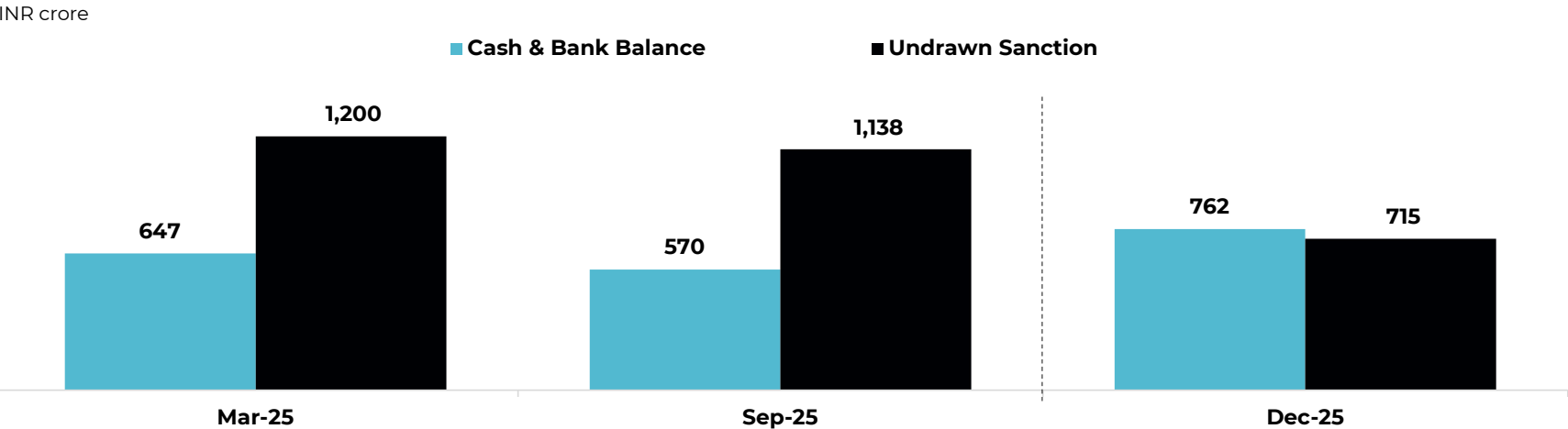
Leverage levels ⁽²⁾



Notes: 1. Cost of Funds is based on Quarterly Average borrowings 2. Debt / Equity ratio: Equity includes NCI portion..

...With proactive liquidity management

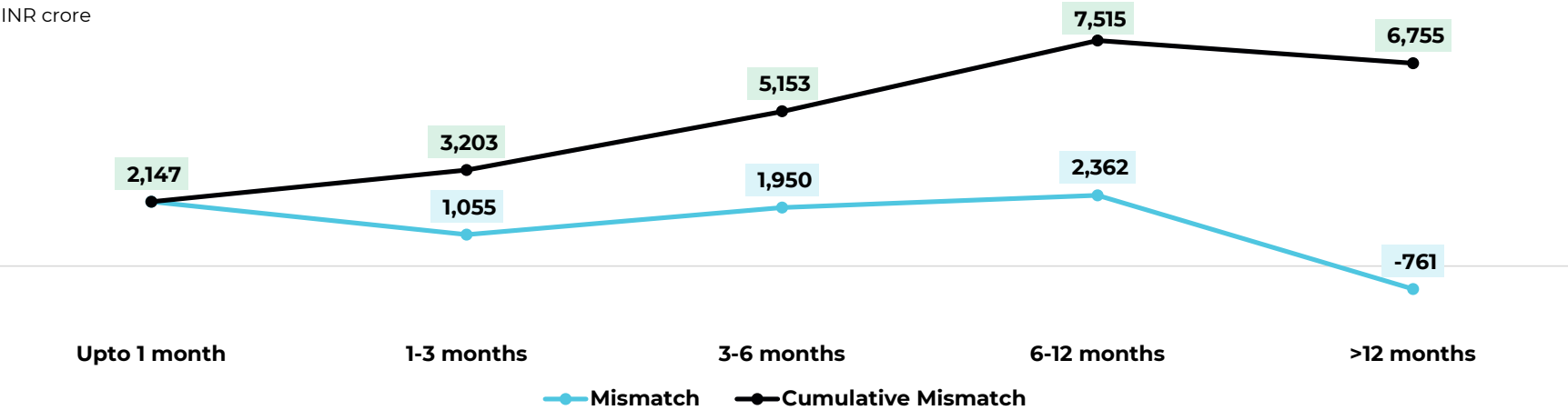
Liquidity position



Consistently adhered to all **RBI norms** as well as **ALCO guidelines** clearly reflecting strong Asset Liability position

No negative cumulative mis-match across all buckets (well below prescribed 15% limit)

ALM Profile as on 31-Dec-25

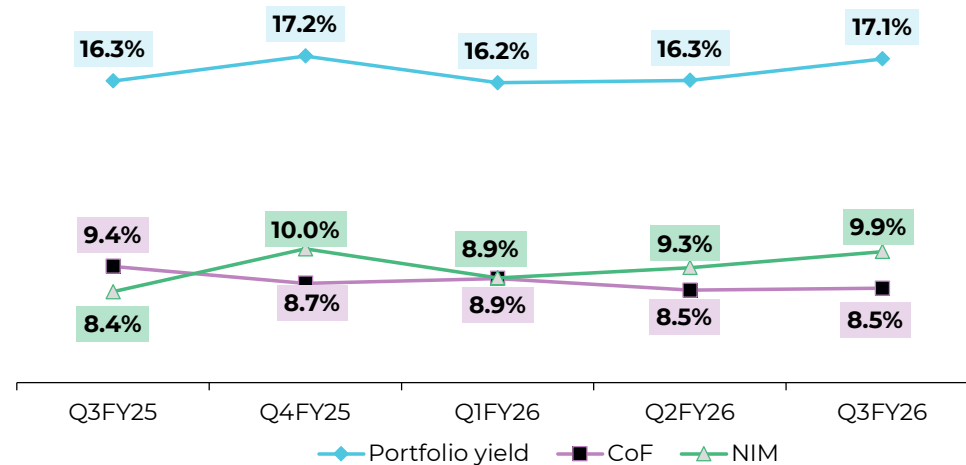
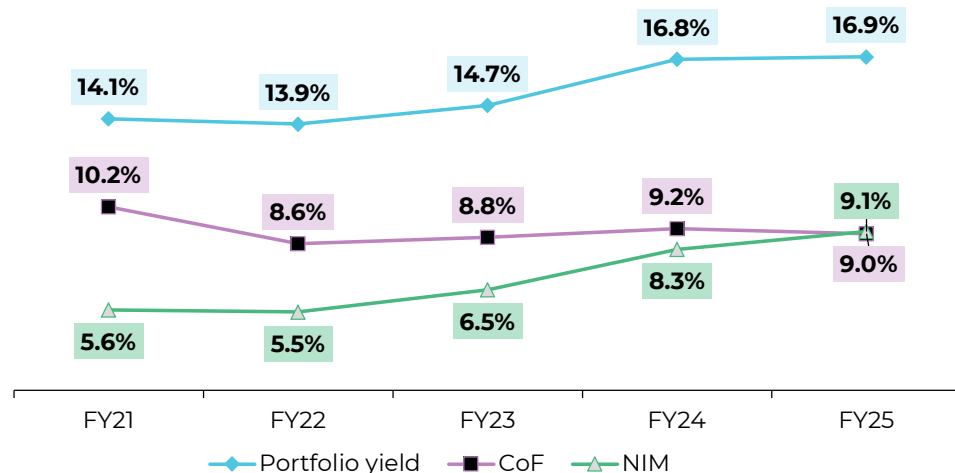


Asset Liability Committee of the Management (ALCO) tracks ALM closely every month

Financials

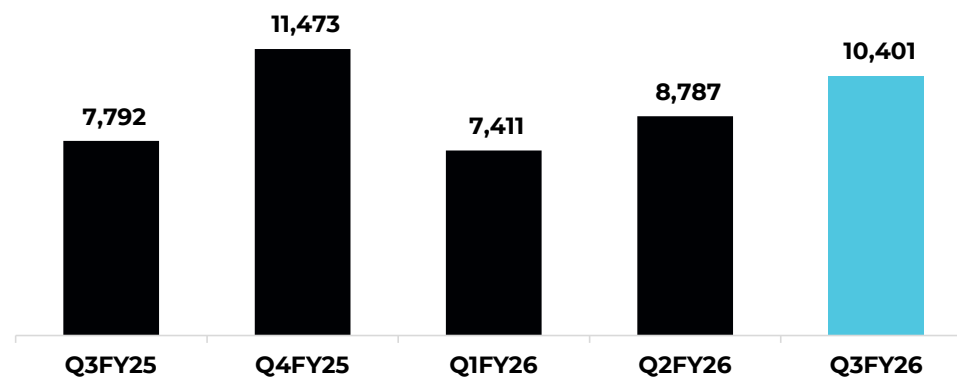
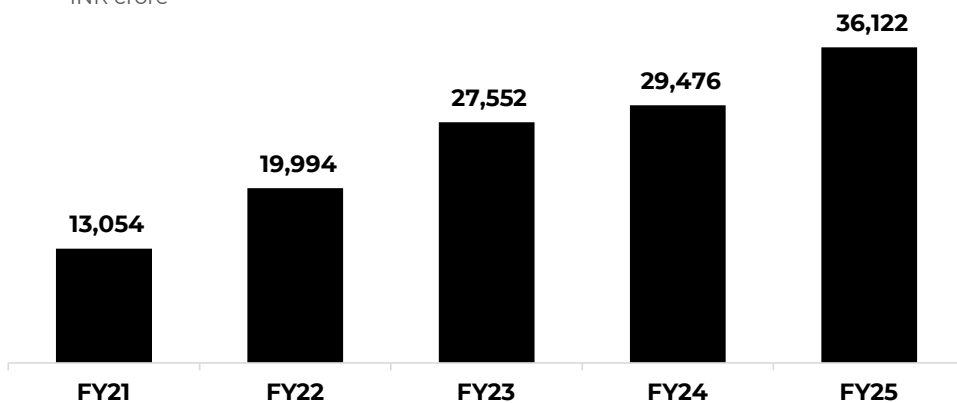
Strong Operating Parameters

Portfolio Yield % and Cost of Funds %*



Gross Transaction Volume

INR crore

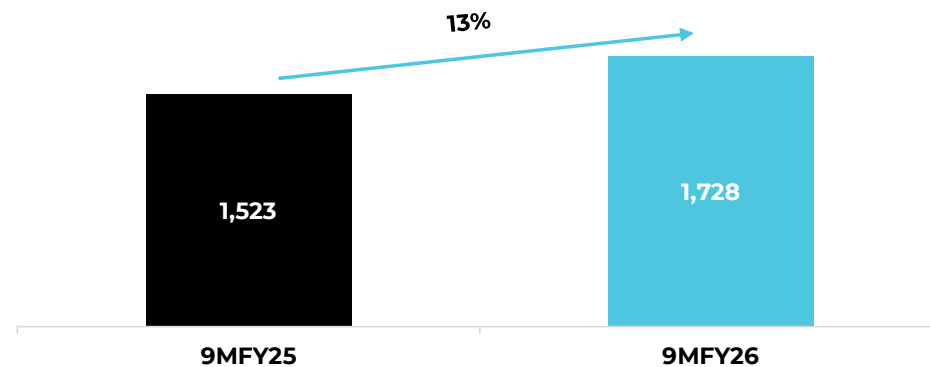
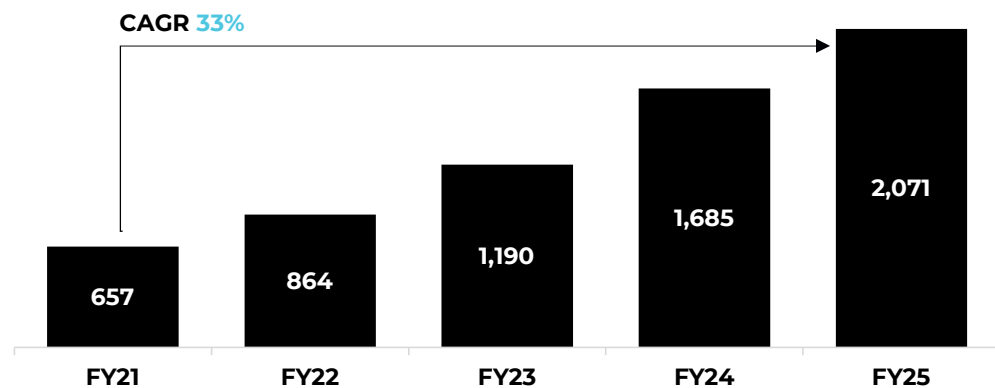


Notes: * Portfolio yield is adjusted for fees and commission expense to Digital Partners
Yield: Ratio of 'Adjusted Interest Income' to 'Quarterly Average Earnings AUM'. Cost of Funds (CoF): ratio of 'Interest Expense' to 'Quarterly Average Borrowings'
(I) NIM Ratio of 'Adjusted Interest Income net of Interest Expense' to 'Quarterly Average Total Assets'.

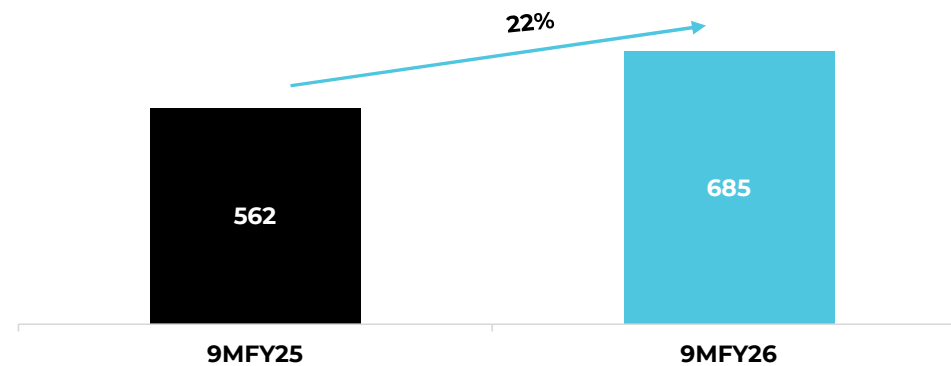
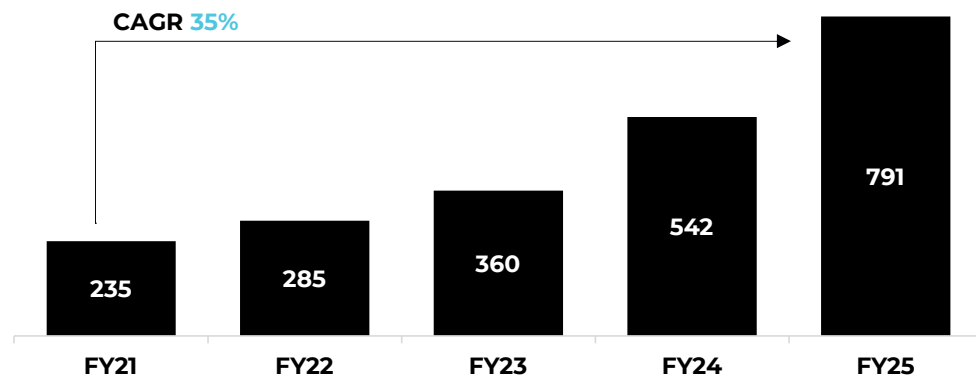
Sustainable growth in profitability

Revenue From Operations *

INR crore



Pre-Provisioning Operating Profit (PPoP) (INR Cr)



Notes:* Adjusted for fees and commission expense
Revenue from Operations is Interest Income and Fee income

Consolidated Income Statement

INR crore	Q3FY25	Q2FY26	Q3FY26	YoY %	QoQ %	9MFY25	9MFY26	YoY %
Interest income ¹	478	533	602	26%	13%	1450	1,647	14%
Interest expense	211	211	231	10%	10%	624	657	5%
Net Interest Income	267	322	371	39%	15%	826	990	20%
Fee & Other Income	21	21	32	49%	50%	72	81	11%
Net Revenue	288	343	403	39%	17%	898	1,071	19%
Employee Costs	74	84	85	15%	1%	216	245	13%
Operating Costs	39	46	53	34%	15%	120	141	17%
Total Operating Costs	113	130	138	22%	6%	336	386	15%
Pre-Provision Operating Profit (PPoP)	175	213	265	51%	24%	562	685	22%
Credit Costs	81	92	130	60%	41%	211	325	54%
Profit before tax	94	121	135	43%	11%	351	360	3%
Tax expense	21	30	33	58%	10%	88	89	1%
Profit after tax	73	91	102	39%	12%	263	271	3%
Profit after tax (excluding NCI)	76	92	101	33%	10%	267	274	3%

Notes: 1. Interest income is adjusted for fees and commission expense

Financial Dupont

Particulars	Q3FY25	Q2FY26	Q3FY26	9MFY25	9MFY26
Interest Income ¹	15.0%	15.3%	16.1%	15.6%	15.4%
Interest Expense	6.6%	6.0%	6.2%	6.7%	6.1%
Net Interest Income	8.4%	9.3%	9.9%	8.9%	9.3%
Fee and Other Income	0.7%	0.6%	0.9%	0.8%	0.7%
Net Revenue	9.0%	9.9%	10.8%	9.7%	10.0%
Employee Costs	2.3%	2.4%	2.3%	2.3%	2.3%
Operating Costs	1.2%	1.3%	1.4%	1.3%	1.3%
Total Operating Expense	3.5%	3.7%	3.7%	3.6%	3.6%
Pre-Provision Operating Profit (PPoP)	5.5%	6.2%	7.1%	6.1%	6.4%
Credit Costs	2.5%	2.7%	3.5% ²	2.3%	3.0%
Profit Before Tax	3.0%	3.5%	3.6%	3.8%	3.4%
Tax	0.6%	0.9%	0.9%	0.9%	0.8%
Profit after tax (RoA)	2.4%	2.6%	2.7%	2.9%	2.6%
Return on Equity	8.9%	10.1%	10.7%	12.0%	10.1%
Cost to income Ratio	39.0%	37.6%	34.3%	37.3%	36.0%
<i>as a % of Quarterly Average Total Assets</i>					

Notes: 1. Interest income is adjusted for fees and commission expense

2. Includes impact on account of Internal reassessment of ECL for Digital business resulted in recognition of one-time credit cost of Rs. 23 Cr equivalent to 0.6% on annualised basis.

Balance Sheet



INR crore	Dec'24	Sep'25	Dec'25
Assets			
Financial assets			
Cash and bank balances	513	570	762
Loans	9,520	10,816	11,306
Investments	1,976	2,409	2,773
Other financial assets	183	312	333
Non-financial assets	210	255	232
Total assets	12,401	14,362	15,406
Liabilities and equity			
Financial liabilities			
Borrowings & Debt Securities	8,593	10,331	11,200
Other financial liabilities	334	310	372
Other non-financial liabilities	65	55	42
Equity	3,405	3,663	3,788
Non-controlling interest	4	3	5
Total liabilities and equity	12,401	14,362	15,406
Quarterly Avg. earning Assets	11,341	13,003	13,935
Quarterly Avg. total assets	12,294	13,815	14,884

Board & Management

Board of Directors :




Mr. P S Jayakumar
Chairman & Non-Executive Independent Director

Former MD & CEO, Bank of Baroda
~30 years of experience



Mr. Ashish Mehrotra
Managing Director & Chief Executive Officer

Former MD & CEO, Max Bupa Health Insurance
MD & Retail Bank Head, Citibank India



Dr. Kshama Fernandes
Non-Executive, Non-Independent Director

Northern Arc Capital
~25 years of experience




Ms. Anuradha Rao
Non-Executive Non-Independent Director

Former MD & CEO SBI Funds Management
~36 years of experience



Mr. Michael Jude Fernandes
Non-Executive Nominee Director

Co-lead Leapfrog Investments, South & SEA
~20 years of experience




Mr. Ashutosh Arvind Pednekar
Non-Executive Independent Director

Practicing Chartered Accountant
30+ years of experience




Mr. Vijay Chakravarthi
Non-Executive Nominee Director

Partner – Affirma Capital
Former Executive Director, Private Equity at Standard Chartered Bank



Mr. Sandeep Dhar
Non-Executive Independent Director

35 years of experience in the BFSI and IT services sectors



Ms. Vidya Krishnan
Non-Executive Independent Director

Former Deputy MD – IT with State Bank of India
~39 years of experience



1. Data as on December 31, 2025

Independent Director

Nominee Director

Others

Managed by experience leadership team



Ashish Mehrotra
Managing Director
& Chief Executive Officer

Former MD & CEO, Max Bupa
Health Insurance
MD and Retail Bank Head,
Citibank India



Pardhasaradhi Rallabandi
Group Risk Officer & Governance
Head

31+ years of experience in Banking
Previously associated with
Standard Chartered Bank



Gaurav Mehrotra
Chief Technology Officer

26+ years of experience in
technology. Previously
associated with JP Morgan,
Goldman Sachs & Infosys



Sandeep Singh
Head – Intermediate Retail

25+ years of experience
Previously associated with India
Ratings & Research



Moushumi Mandal
Chief People Officer

25+ years of experience
Previously associated with
National Stock Exchange (NSE)



Atul Tibrewal
Chief Financial Officer

22+ years of experience in finance
Previously associated with
Magma Fincorp & Birla
Corporation



Jagadish Babu Ramadugu
Managing Director & CEO
(Pragati)

28+ years of experience
Previously associated with Vaya
Finserv, Hindustan Coca-Cola,
Spencers & Asian Paints



Priyashis Das
Chief Executive Officer – Northern
Arc Securities

25+ years of experience
Previously associated with DBS,
Citibank, ABN and Tata AIA



Chetan Tivary
Chief Internal Audit Officer

30 years of experience in Audit
and Risk Management across
Mashreq Bank, HSBC Ltd, DCB
Bank and ABN AMRO Bank



Saurabh Jaywant
Chief Legal Officer

22+ years of experience in
financial services companies
Previously associated with
ICICI Bank



Amit Mandhanya
Chief Business Officer – Digital Lending

17+ years of experience
Previously associated with
Micro-Credit Ratings
International Limited



Bhavdeep Bhatt
Chief Executive Officer – Northern
Arc Investment Managers

29+ years of experience
Previously associated with Aditya
Birla Sunlife AMC, ICICI Prudential
AMC & Kotak AMC



Vipin G S
Chief Compliance Officer

24+ years of experience
Previously associated with
Manappuram Finance

Sustainability

ESG Focused Business Model Positively Impacting 130 Mn+ Lives

UNSDG⁽¹⁾ Alignment Built into the Business Model

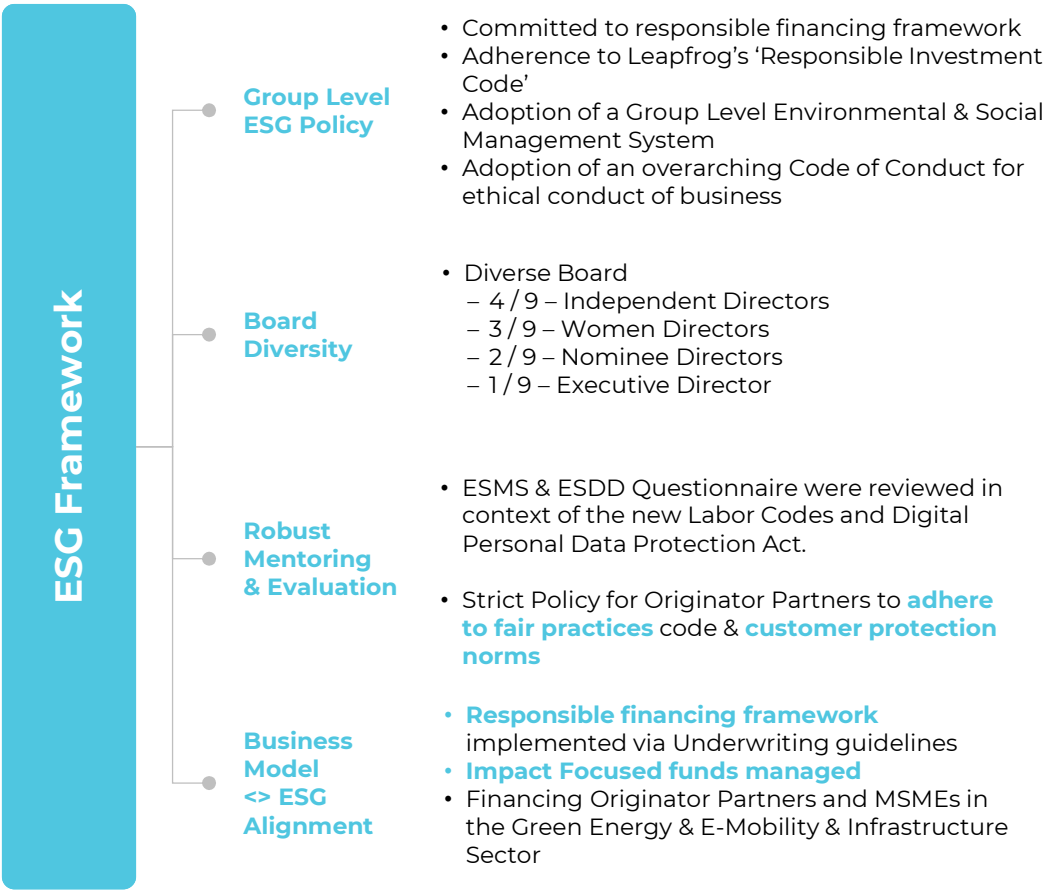


Note: (1) United Nations Sustainable Development Goals

Our Sustainability Report



Robust ESG Framework with Effective Tools & Regular Monitoring



Empowering community through CSR



Education



Support elementary students in Andhra Pradesh, Karnataka, and Bihar by providing learning and training materials to improve basic literacy and numeracy.



Environment & Sustainability



Renovating irrigation tanks - Expect to enhance water retention in the semi-arid region, supporting agriculture post-monsoon while promoting water conservation and ecosystem restoration.



Education



Upgrading rural school infrastructure in Palghar district, Maharashtra. These include solar power, digital classrooms, sanitation, rainwater harvesting, and kitchen gardens



Healthcare infra



Donating Advanced Life Support ambulances to government hospitals in Tamil Nadu to enhance emergency response and pre-hospital care

Awards and Accolades



ET BFSI - Best Digital Lending Platform – nPOS



India NBFC Summit – Best Lending NBFC of the Year



ET Impactful CEO Award



Deloitte India Tech Fast 50



Hurun India Future Unicorn Award

Thank you!

For any query, please contact :

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