



NORTHERN ARC

Investor Presentation
Q4FY25 & FY25

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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Franchise**

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Management**

Business Overview

High Performing Business Matrix – FY25



Gross Transaction Volume

INR 35,058 Cr

23%



Disbursements

INR 19,840 Cr

33%



Placements

INR 12,393 Cr

5%



Lending AUM

INR 13,634

16%



Fund AUM

INR 3,158 Cr

10%



Direct Customers

19,88,485

27%



Branches

360

44



Retail Lending Partners

54

4

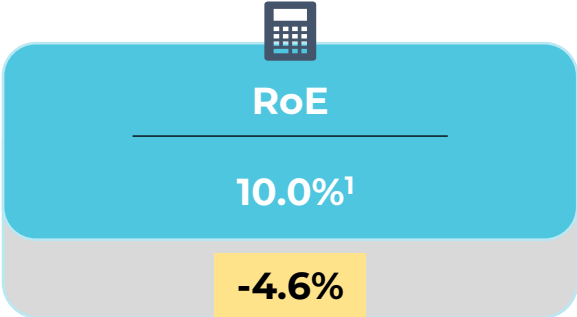
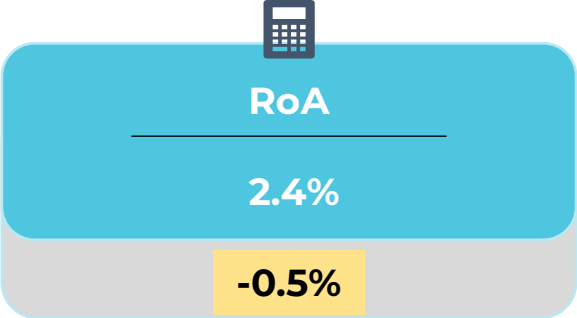
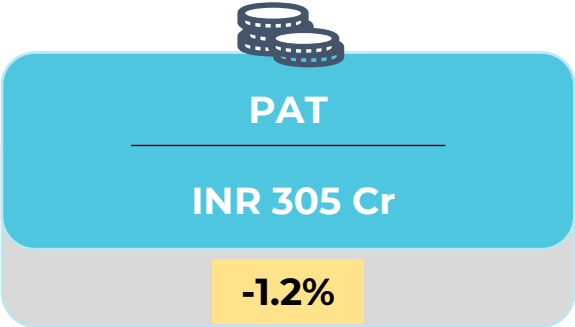
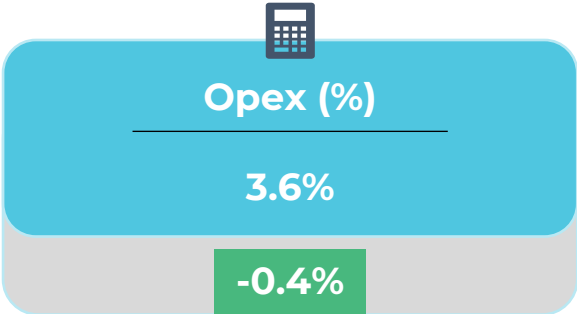
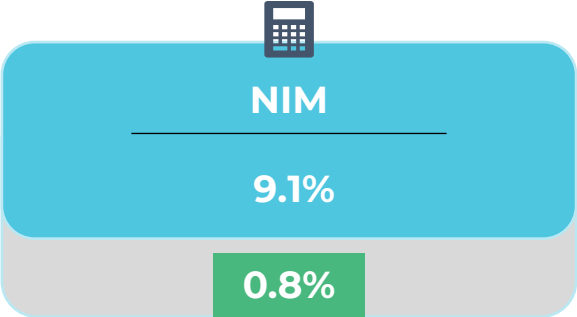
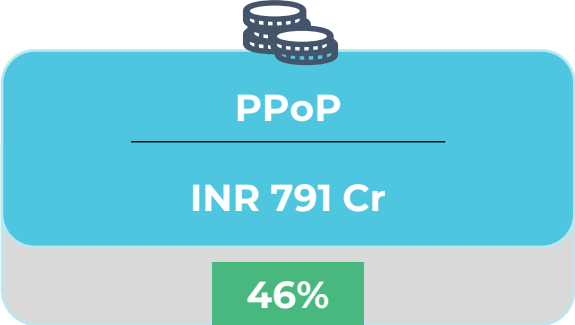


Origination Partners

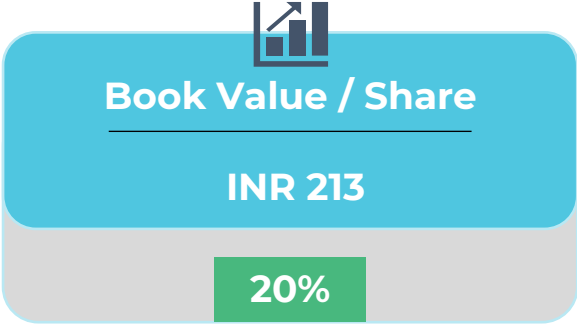
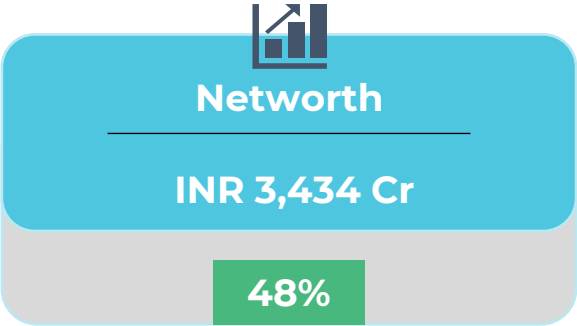
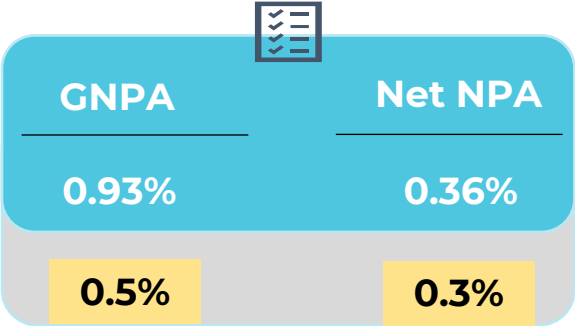
350

22

High Performing Financial Matrix – FY25

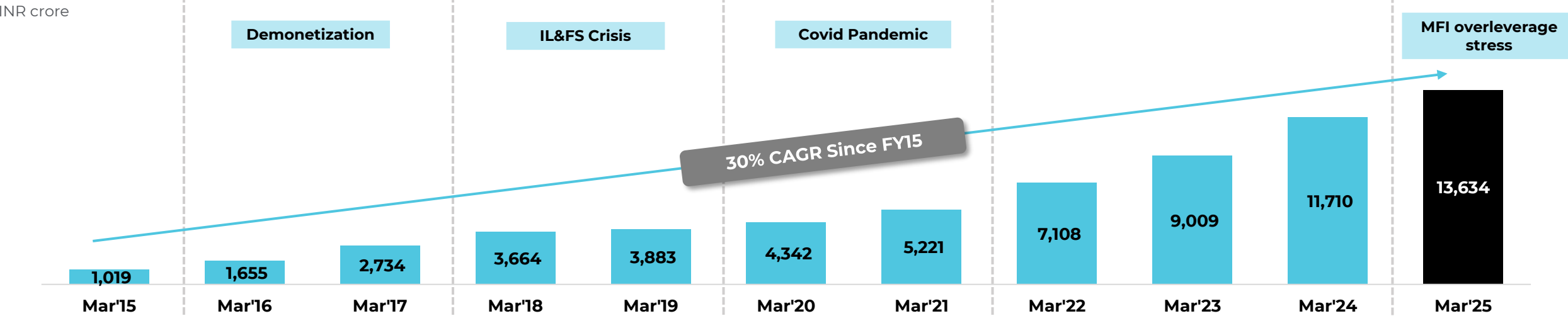


(1) Raised INR 882 Crores of Capital

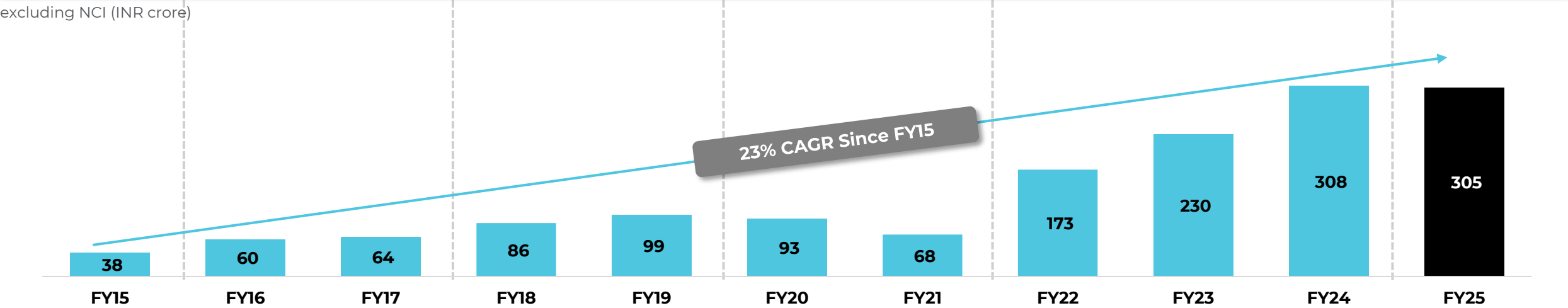


Demonstrating growth in AUM and profitability across business cycles

Asset under management



Profit After Tax



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

Direct to Customer Lending



Sectors

MSME

Consumer

Rural

Channels

- Own Branches
- Partnership Based Lending

Lending – AUM INR 7,064 Cr

 2 mn +
Customers

 360
Branches

 54
Partnerships


Underwriting

Intermediate Retail Credit Solution



Solutions across focus sectors

Lending – AUM INR 6,570 Cr

Fund Management – AUM INR 3,158 Cr

Placements – Volumes INR 12,393 Cr

Tech Solutions

₹ 2.1 lakh crore +
Credit enabled

 350
Originator Partners

 1,300+
Investor Partners

Data & Tech platforms


by NORTHERN ARC




by NORTHERN ARC


By Northern Arc

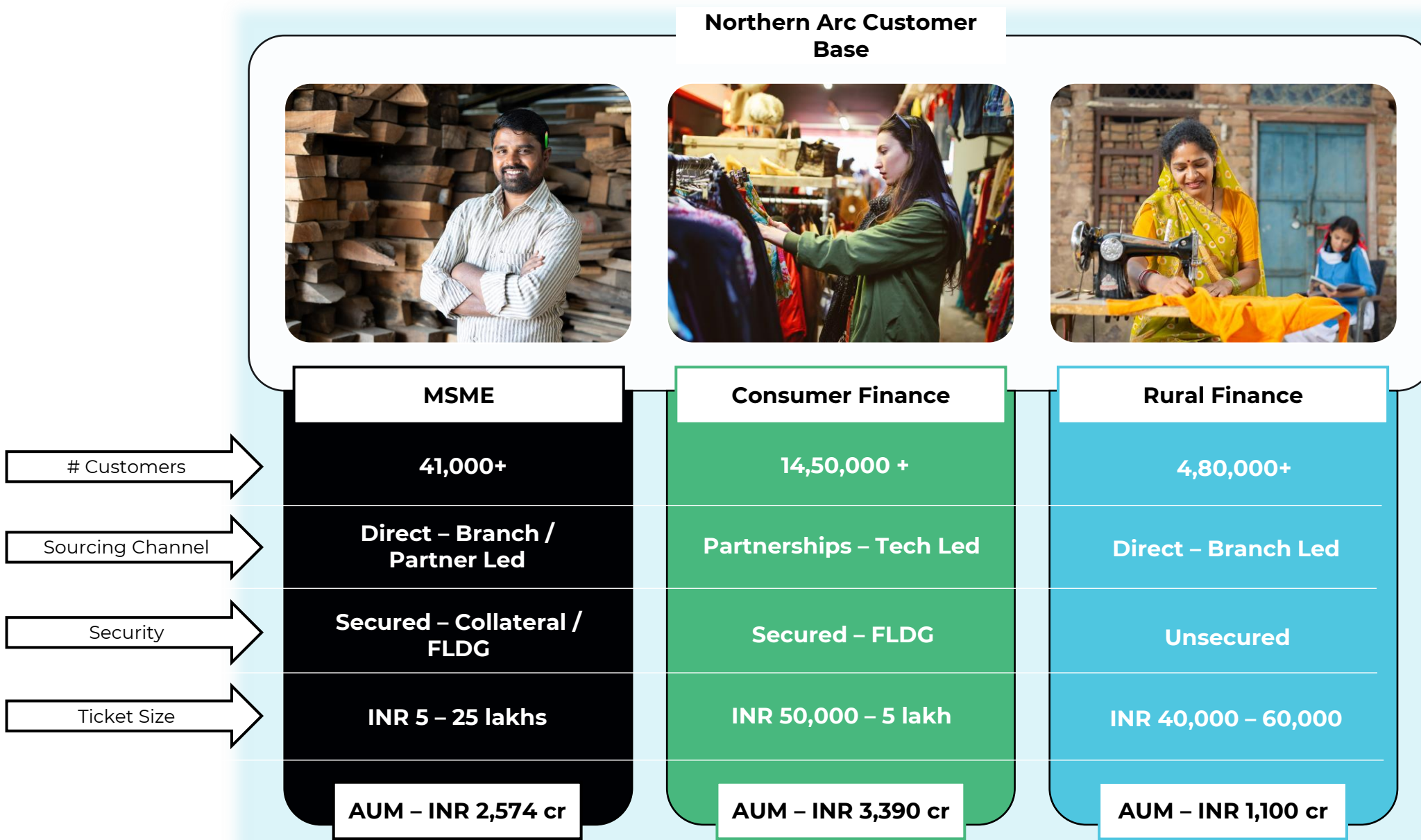
Direct to Customers

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



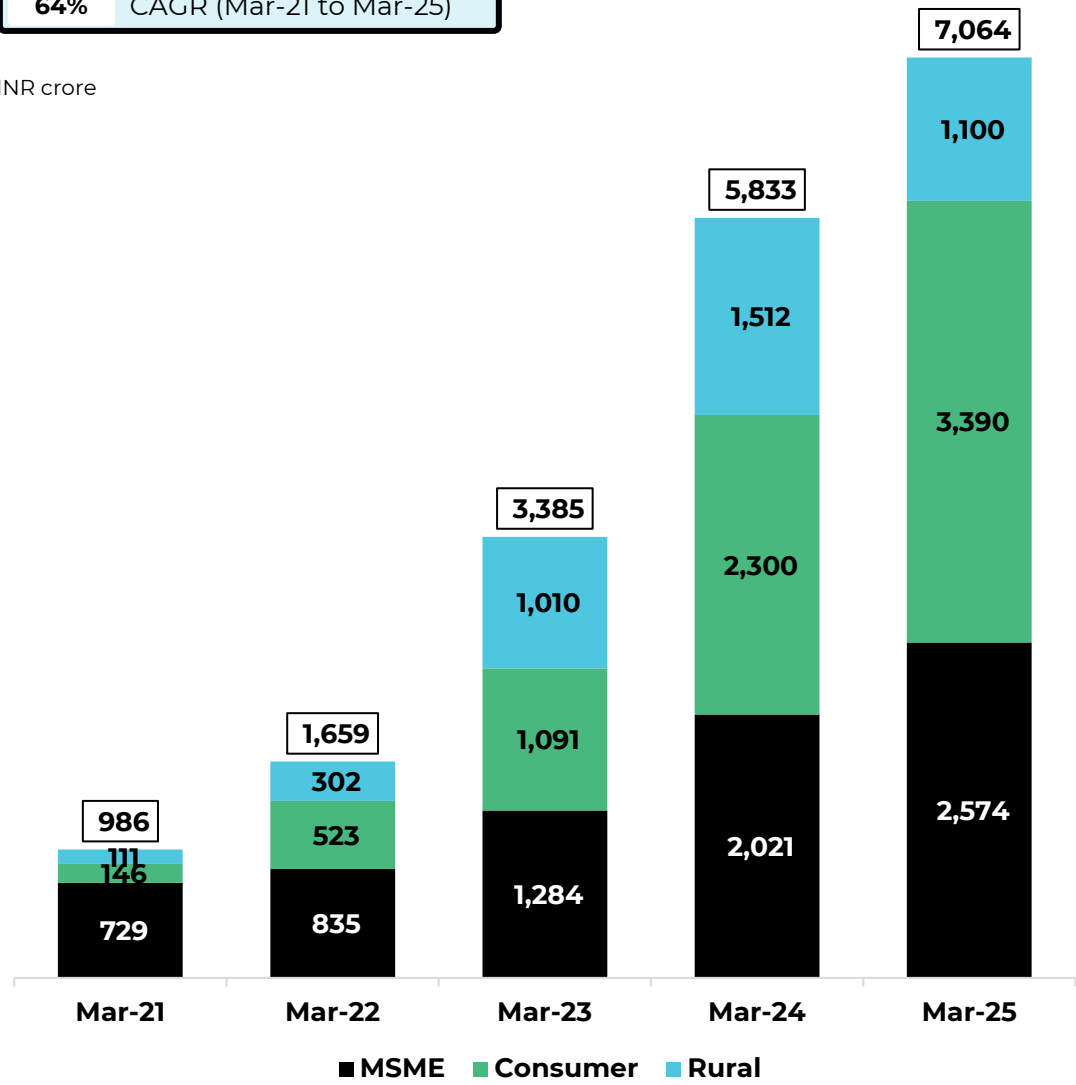
Growth : Strong growth led by expansion and partnerships



Assets under Management

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

INR crore



Multi-channel Distribution Model



360
Branches



54
Retail Lending Partnerships

Backed by robust Underwriting & Technology



Underwriting



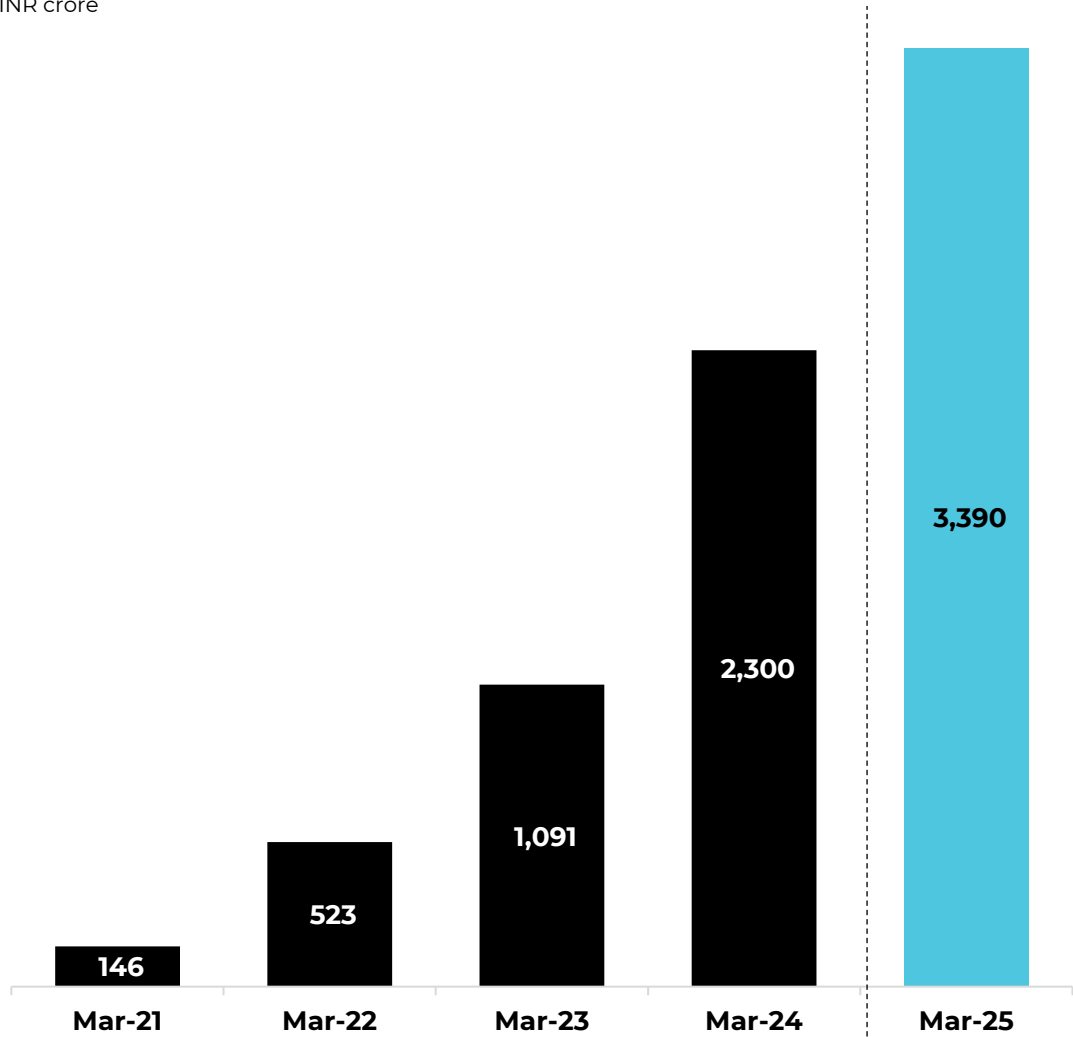
Co-lending & On-Lending Platform



Assets under Management

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

INR crore



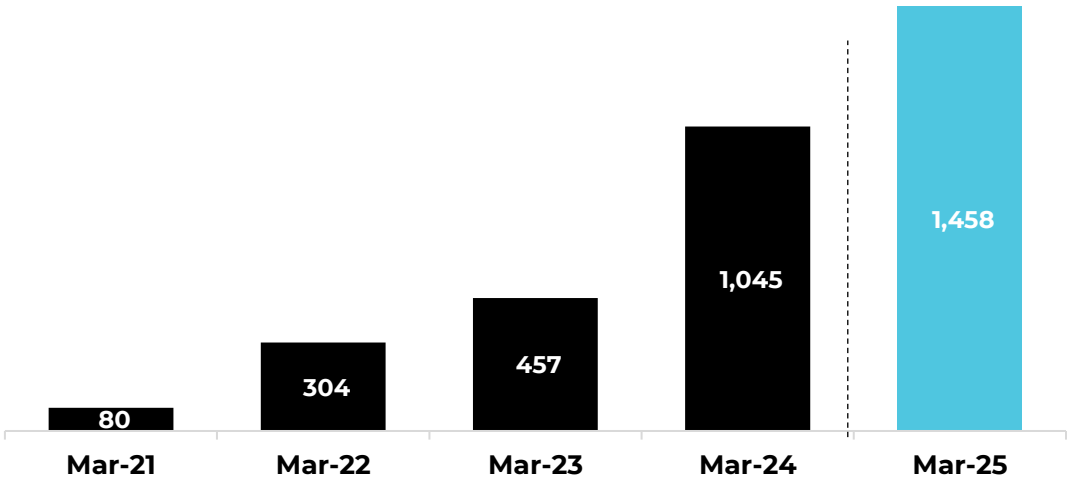
Live Partners
23

Ticket Size
Rs. 50,000 – 5,00,000

Net Yield
15% - 18%

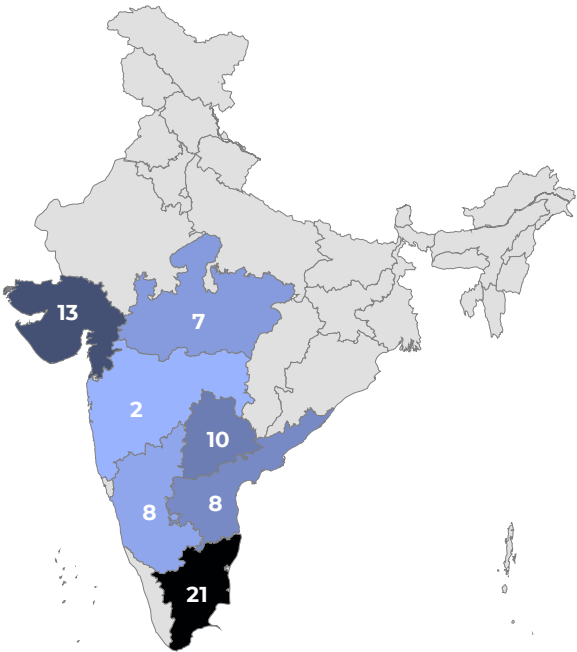
Average Tenure
12 – 48 months

Customers ('000)





Building strong footprint to scale granular portfolio



69 Branches

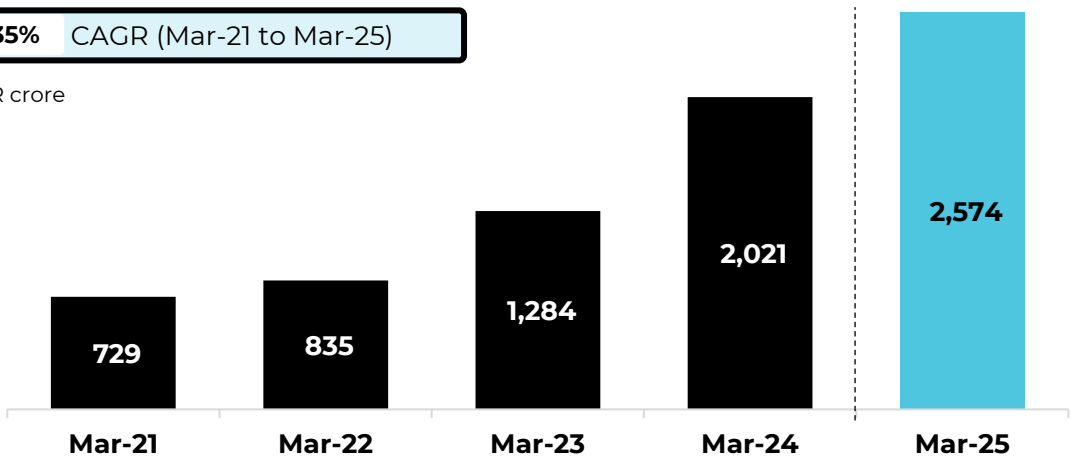
7 States

550+ Employee Strength

Assets under Management

35% CAGR (Mar-21 to Mar-25)

INR crore



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

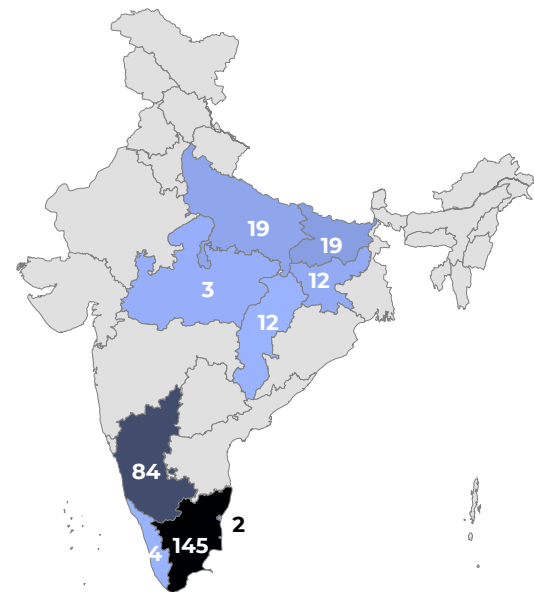
ATS – INR 11-15 Lakhs

Average Yield – 17% - 20%

Average LTV – 48%

Average Tenure – 10+ years

Pan India Presence



287 Branches

9 States and 1 UT

1,500+ Employee Strength

Product Characteristics

ATS – INR 45,000

Yield – 24% - 25%

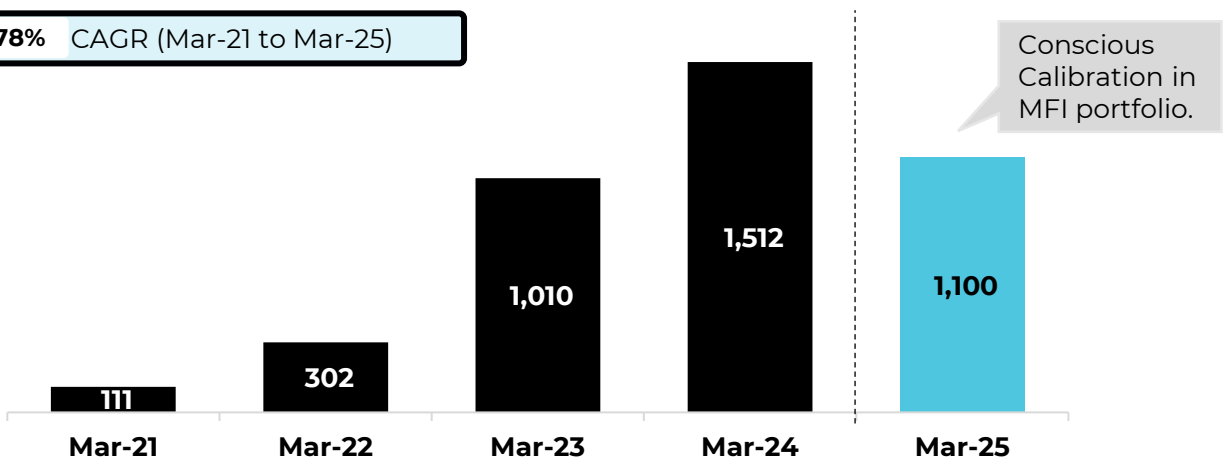
Average Tenure – 24 months

JLG Product & Individual loans

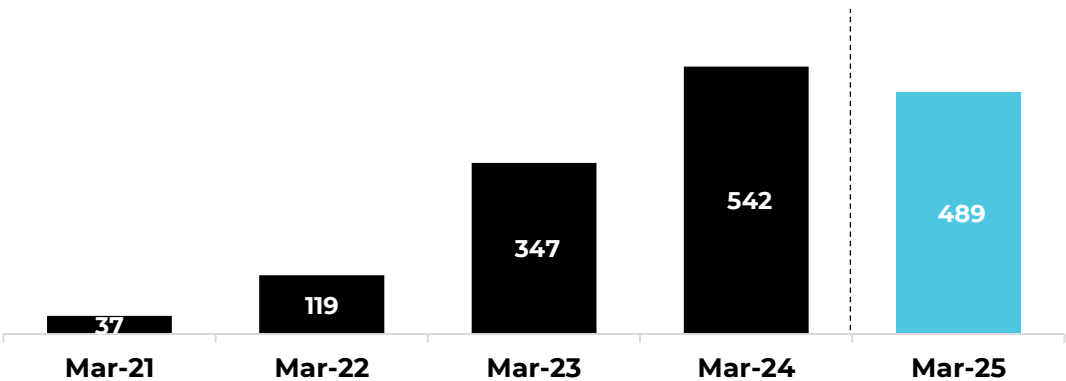
Digitally led journey throughout sourcing, risk, credit with live collections and monitoring modules.

Assets under Management (INR crore)

78% CAGR (Mar-21 to Mar-25)



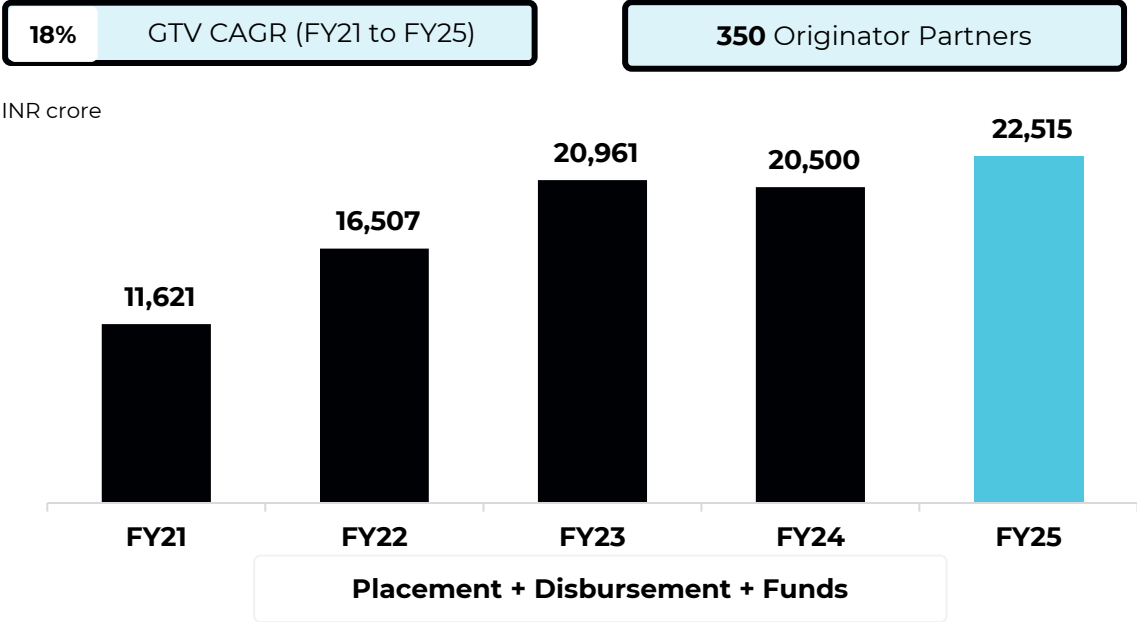
Customers ('000)



Intermediate Retail

Credit Solution Business

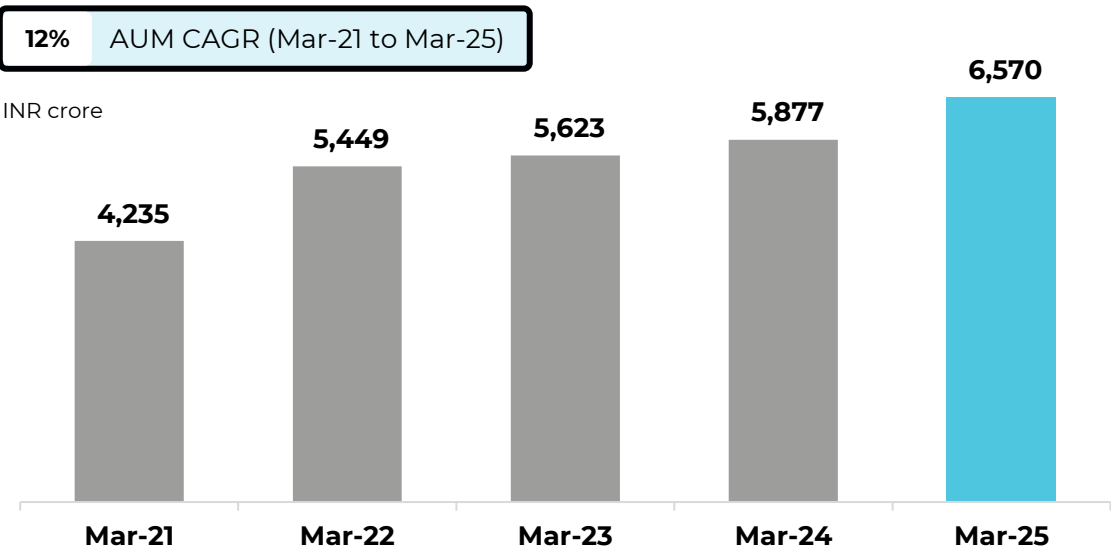
Gross Transaction Volume



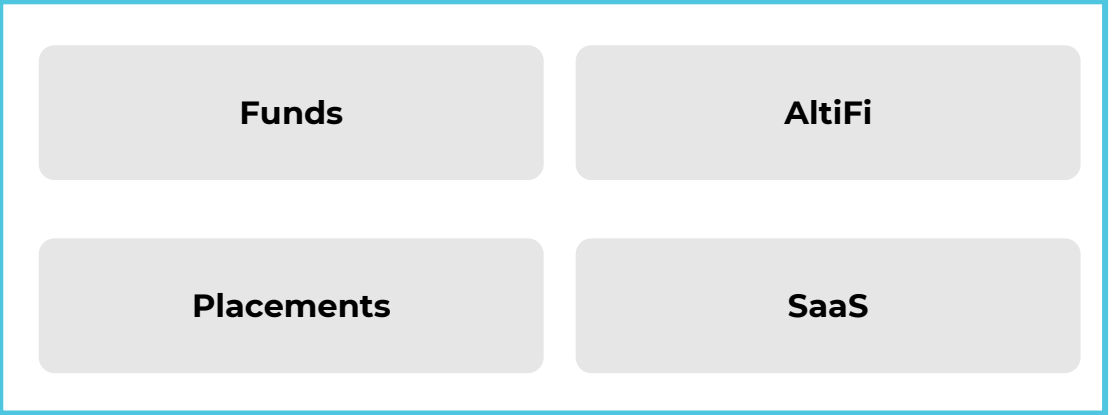
Diversity & Depth

Parameter	Details
Sectoral Diversity	<u>Across focused sectors such as -</u> MSME, Consumer, MFI, Vehicle, Affordable Housing, Agriculture & Climate
Product Depth	<u>Product Depth & Innovations beyond term loans -</u> Innovative and structured credit solutions to meet the requirements of the market participants

Lending Book



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





Northern Arc's Unique Fee Franchise

Fund Management

- **NAIM manages debt funds** that invest largely in the sub-set of Originator Partners and mid-market companies
- **Providing tailor-made investor solutions** with various investment strategies, tenures and liquidity preferences
- Managed 12 funds and 2 PMS with successful exit of 6 Funds
- 6 Funds + 2 PMS currently active
- **Fund AUM of INR 3,158 Cr with net management fee of 100-110 bps**

Altifi



- **Alternative retail debt investment platform** that facilitates fixed-income investments for individuals and small corporates
- These securities **help investors diversify their portfolio**, earn returns on their investment and reduce exposure to market volatility
- With **45,000+ registered users and 1100+ active investors**

Placements

- **Through our Nimbus platform**, we connect with a wide network of Investor Partners across various classes
- Our Placements channel **offers structured and syndicate financing through debt, credit-enhanced debt, and portfolio financing** for our Originator Partners
- With **200 investor partners**, the total volume of **placements since inception has exceeded INR 1 trillion**
- **Placement Volume of INR 12,393 Cr in FY25 with net fee of 20-25 bps**

SaaS Offerings



nPOS

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



NuScore

- Borrower level assessment with a detailed analytics report
- Custom-built for every lending institution
- Sector-specific insights over different economic & credit cycles

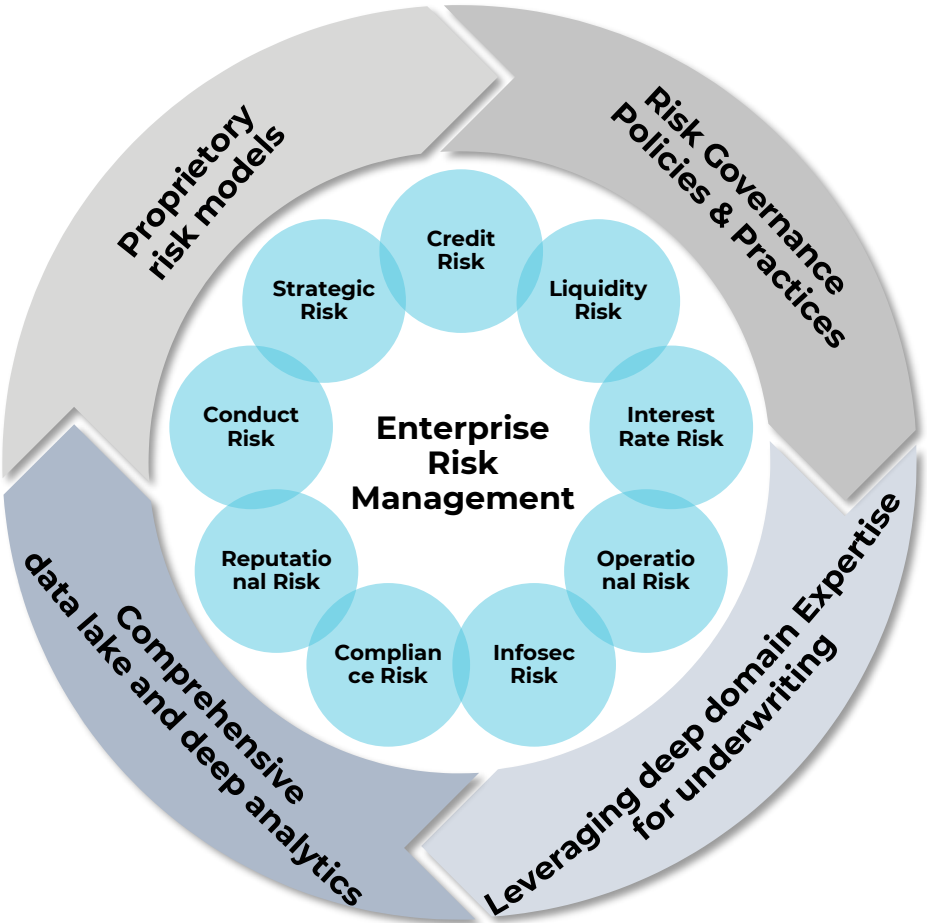
Risk Management

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

47 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



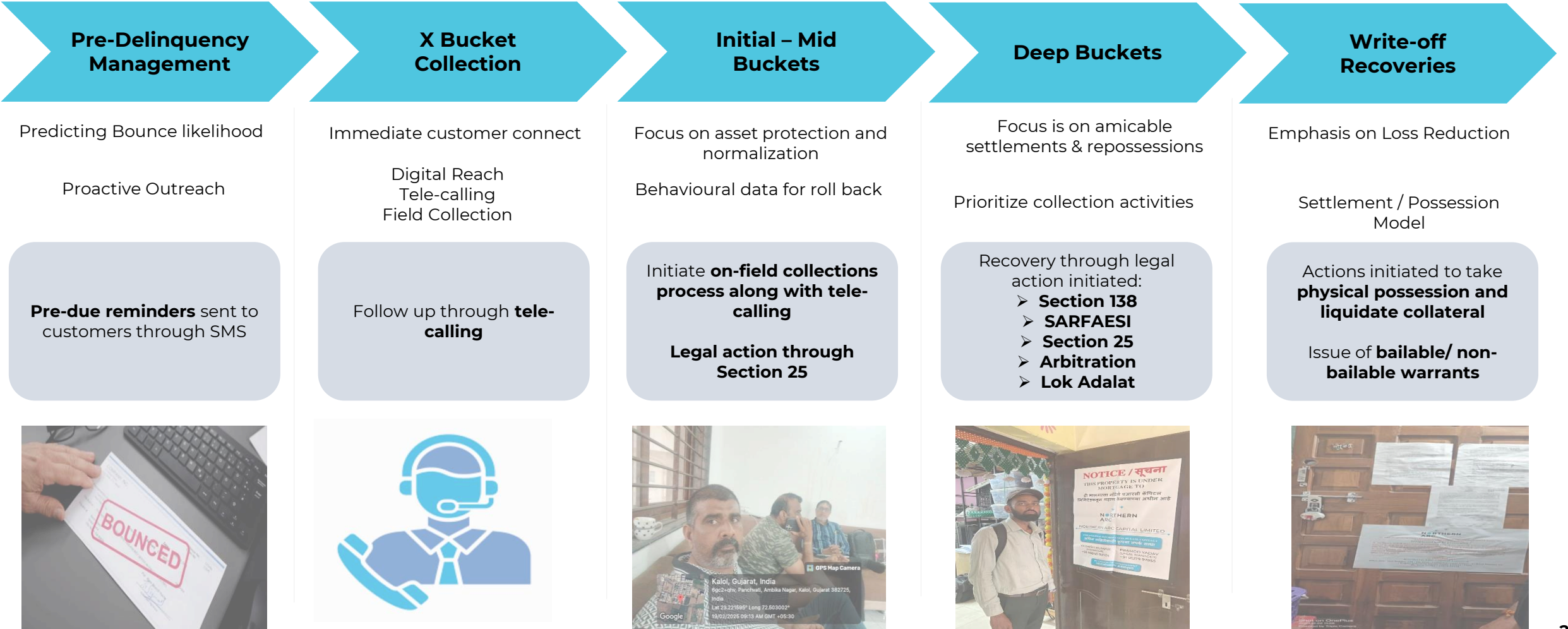
Use of Data & Analytics across Collections lifecycle



Omni-channel payments infrastructure



Legal Cell covering all relevant laws





INR Crores	AUM*	GNPA (%)	Credit Cost (%) FY25	Credit Cost (%) FY25 (excl one-time provision)
Intermediate Retail	6,570	0.60%	1.5%	1.5%
MSME	2,574	2.76%	2.5%	1.7%
Consumer	3,390	0.43%	6.0%	4.2%
Rural	1,100	0.07%	6.8%	6.8%
Total	13,634	0.93%	3.2%¹	2.6%²

1. Includes additional one-time provision of INR 68 Cr on account of DLG provision & Management overlay of INR 56 Cr

2. Excluding impact of one-time provision of INR 68 Cr on account of DLG provision

*Data as on March 31, 2025

Diversified & Granular portfolio resulting in GNPA's below 1%



Diversification augmented by proprietary tools and portfolio granularity driving asset quality

Sector Diversification

MSME

Rural

Consumer

Intermediate Retail

Asset Quality Drivers

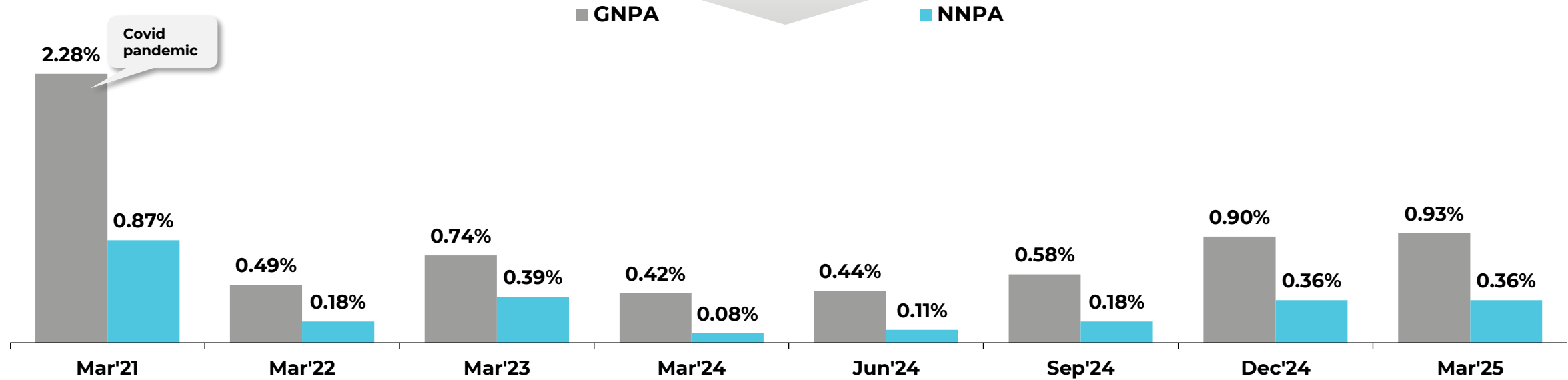
 Proprietary **Scorecards** for Underwriting

 Portfolio **Monitoring**

 **Collection** Infrastructure

Granular Portfolio

- Exposure (in terms of AUM) towards Top 10 borrowers reduced from **27.2% at Mar-21** to **10.0% at Mar-25**
- Direct to Customer Lending book increased from **19% of AUM at Mar-21** to **52% of AUM at Mar-25**





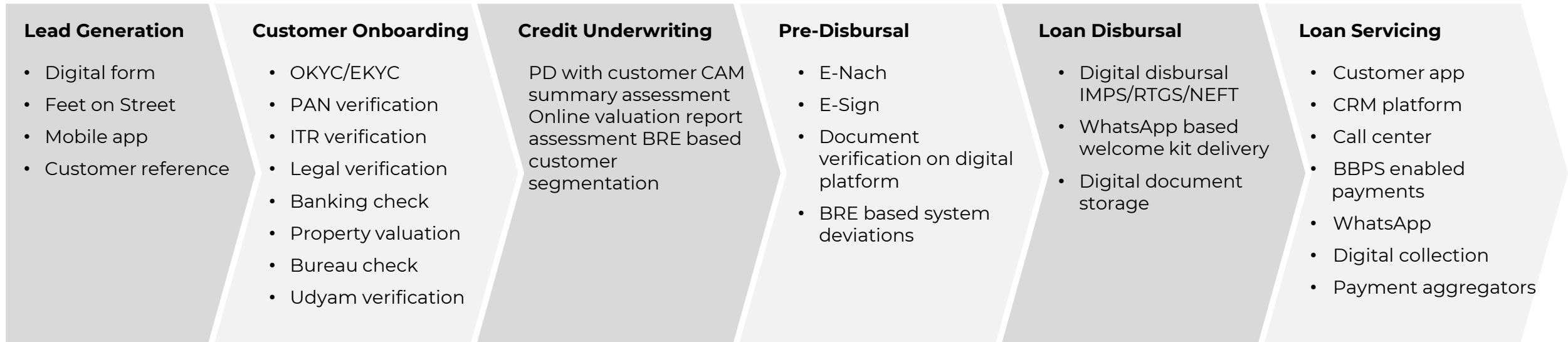
INR crore/%	Assets under Management					Assets under Management (%)					ECL : Expected Credit Loss					ECL % : provision coverage for each stage				
By Staging	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25
Stage I	10,758	11,054	11,480	11,247	12,529	98.4%	98.0%	97.8%	97.0%	97.2%	71.8	93.7	116.4	124.6	232.6	0.7%	0.8%	1.0%	1.1%	1.9%
Stage II	126	168	188	231	239	1.2%	1.5%	1.6%	2.0%	1.8%	32.5	40.0	30.5	44.0	59.3	25.8%	23.9%	16.2%	19.0%	24.8%
Stage III	49	53	68	110	126	0.4%	0.5%	0.6%	1.0%	1.0%	40.4	38.9	48.8	66.2	76.9	81.7%	74.0%	71.8%	60.2%	61.1%
Total On-Book	10,933	11,274	11,736	11,588	12,894	100.0%	100.0%	100.0%	100.0%	100.0%	144.7	172.6	196.1	234.8	368.8	1.3%	1.5%	1.7%	2.0%	2.9%
Assigned Assets	777	595	573	662	740															
Overall AUM	11,710	11,869	12,309	12,250	13,634															

Stage I & II includes

- Additional one-time provision of INR 68 Cr on account of DLG provision in Q4FY25
- The Management & macroeconomic overlay of INR 51 crore created in Q4FY25 and o/s overlay of INR 60 Cr as on March 31, 2025

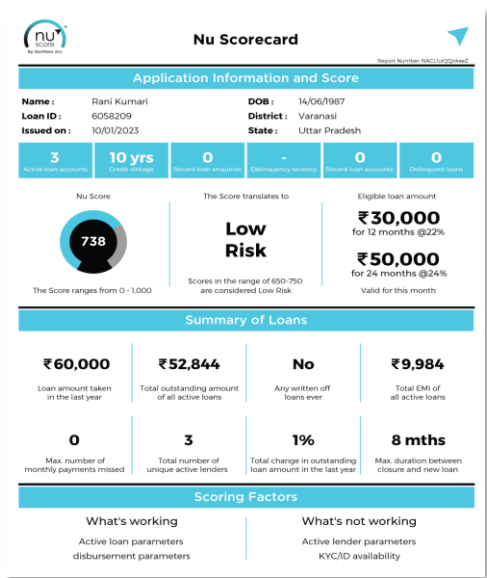
Robust Technology Stack

Leveraging Technology Stack



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

Partners



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

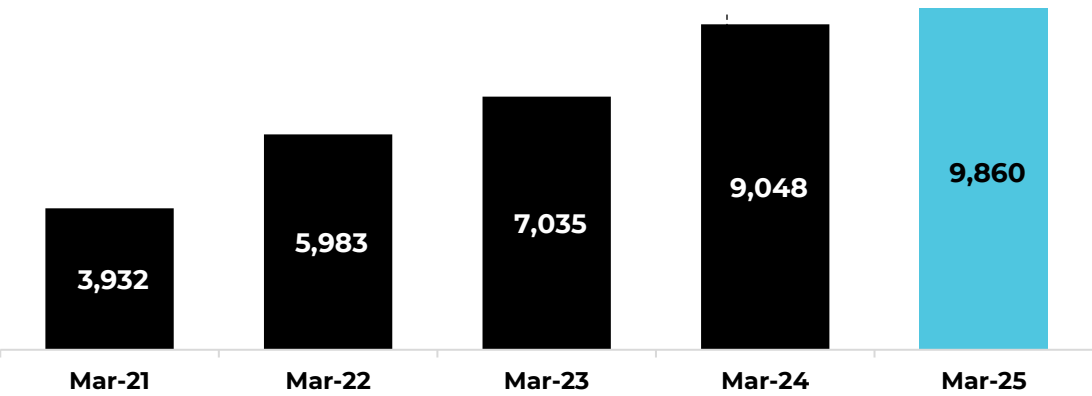
Straight Through Processing of loans

Strong Liability Franchise

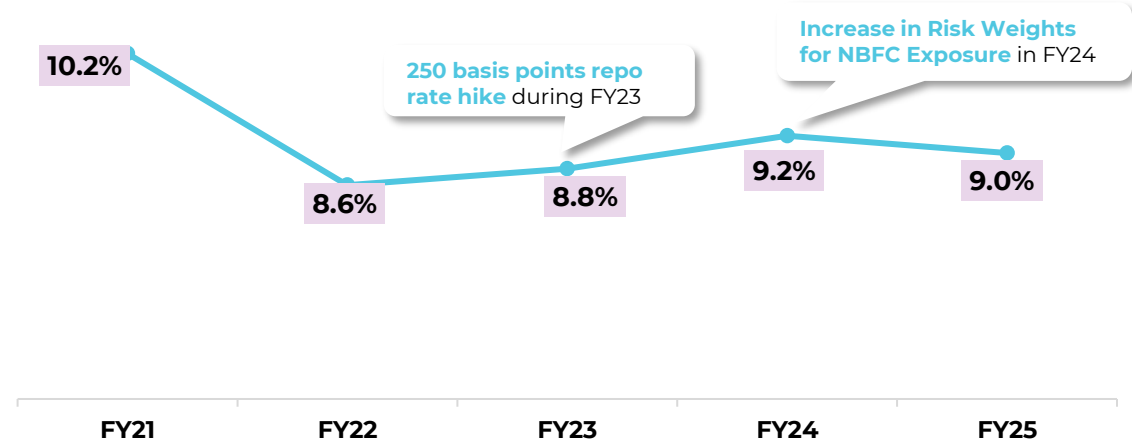
Diversified sources of funding...

Borrowings

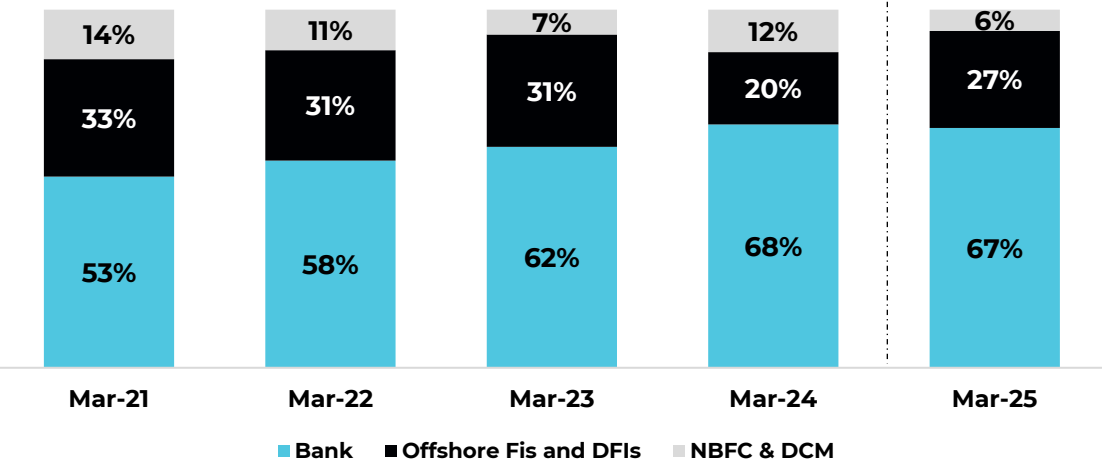
INR crore



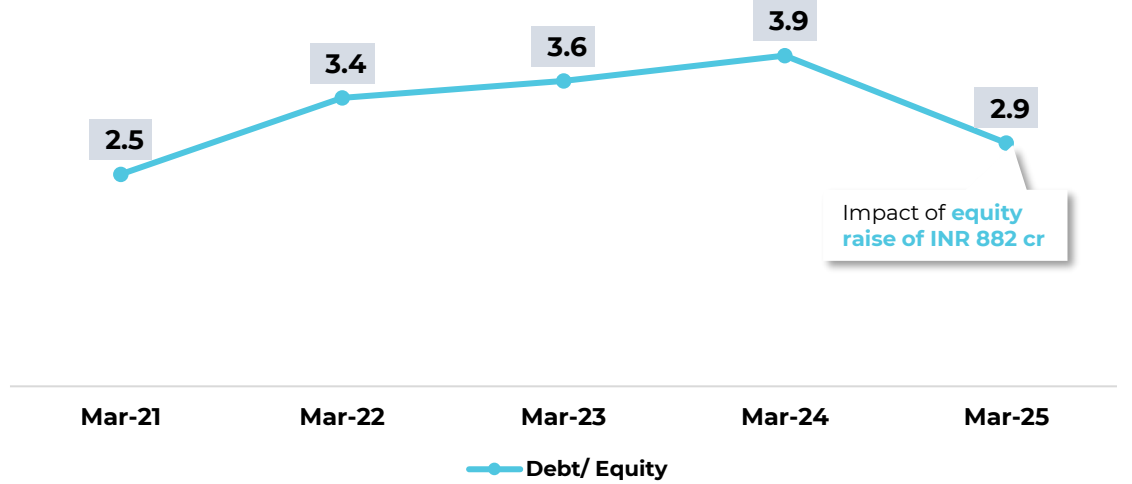
Cost of Funds ⁽¹⁾



Borrowing Mix%



Leverage levels ⁽²⁾

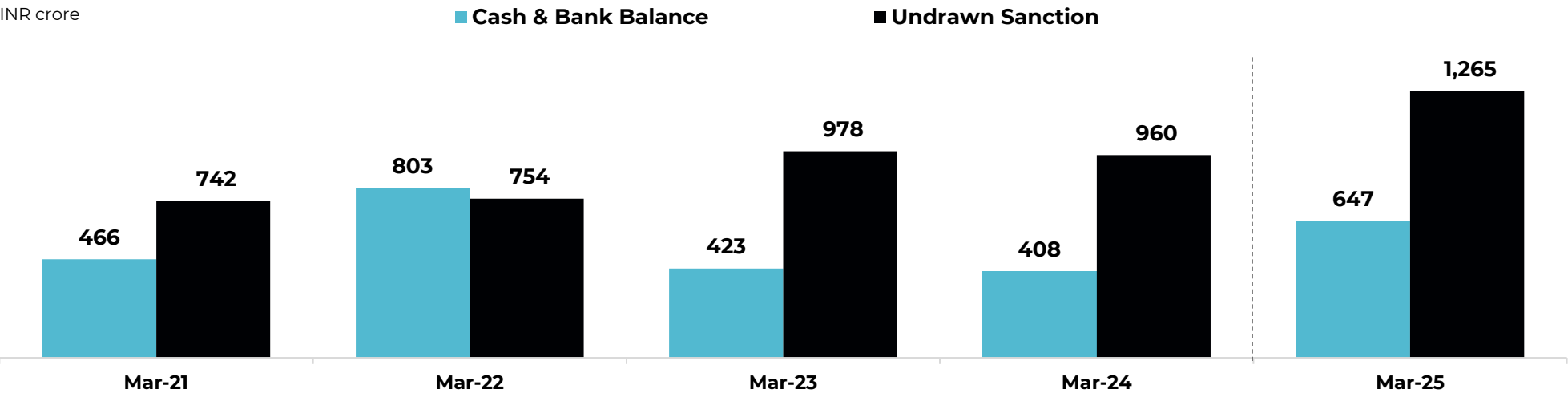


Notes: 1. Cost of Funds is based on Quarterly Average borrowings 2. Debt / Equity ratio: Equity includes NCI portion..

...With proactive liquidity management



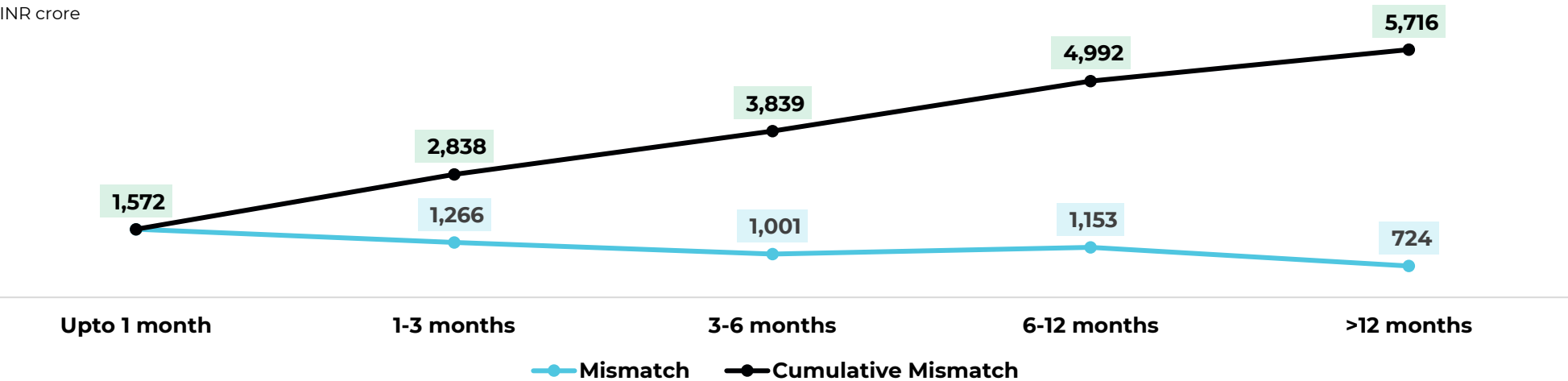
Liquidity position



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-Mar-25

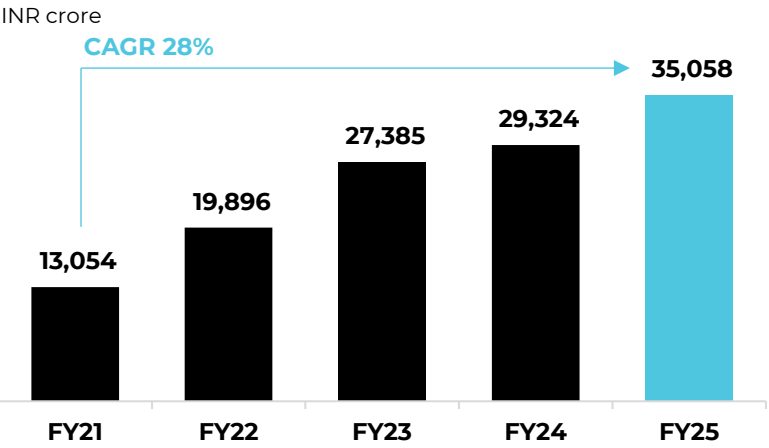


Asset Liability Committee of the Mgmt (ALCO) tracks ALM closely every month

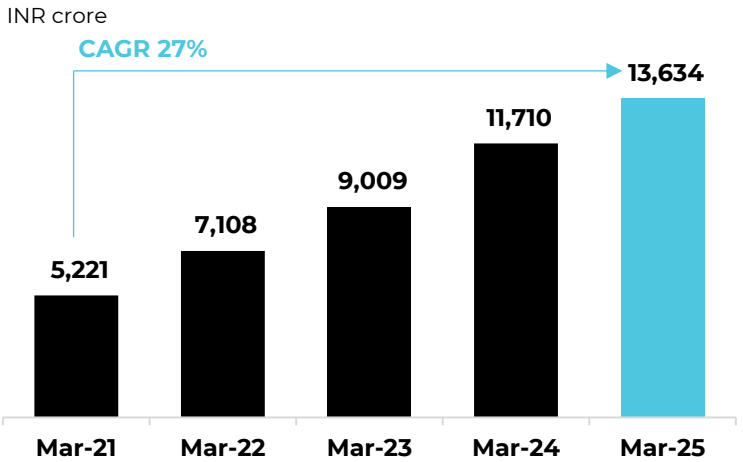
Financials

Key Business Indicators :

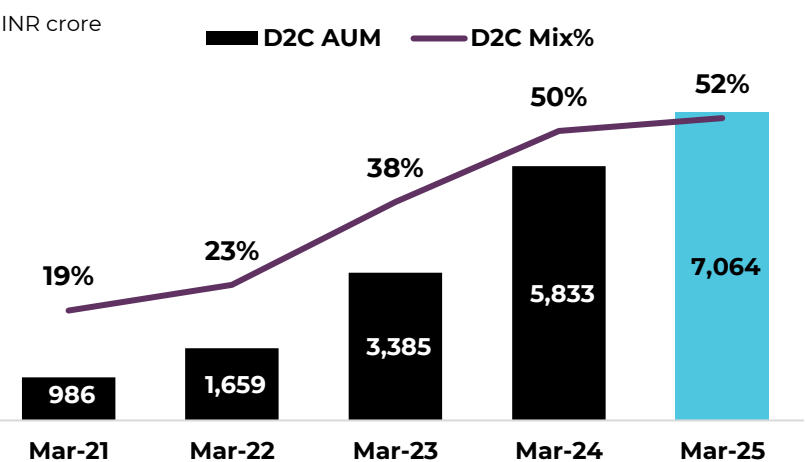
Gross Transaction Volume



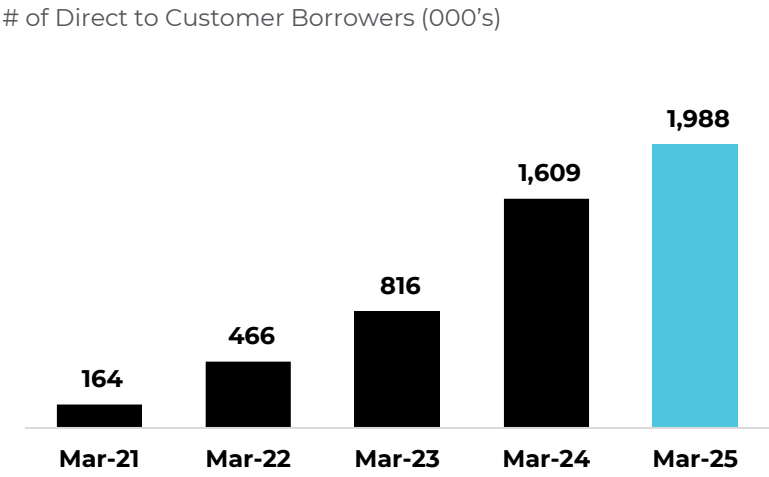
Asset Under Management



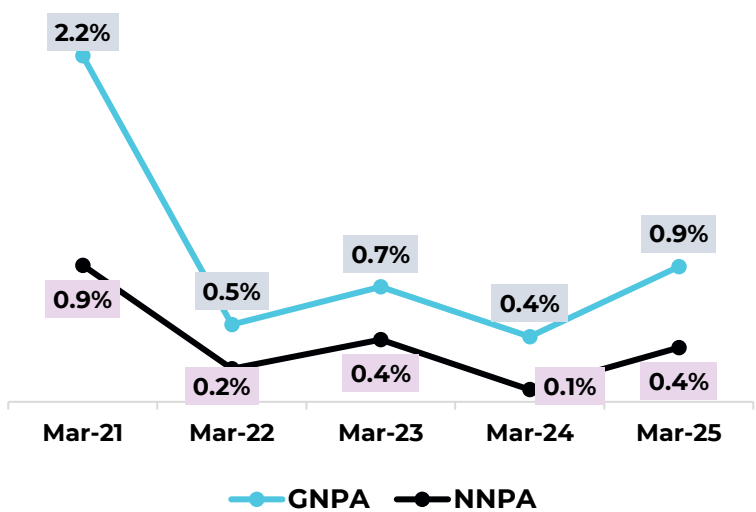
Increasing Share of Direct to Customer Lending



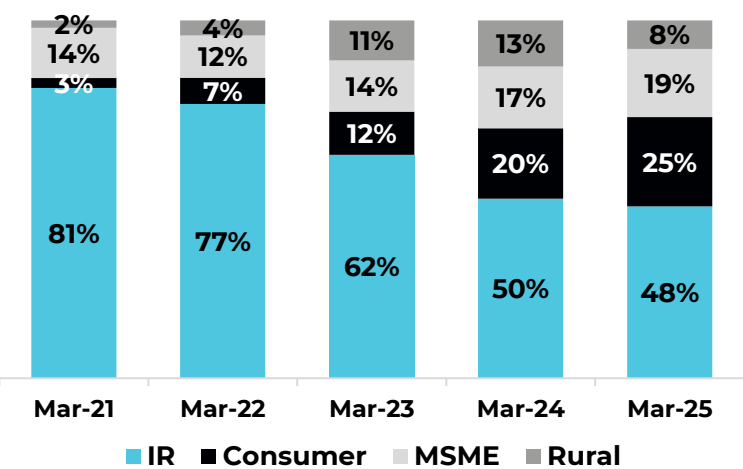
Growing Customer Base



Asset Quality (%)

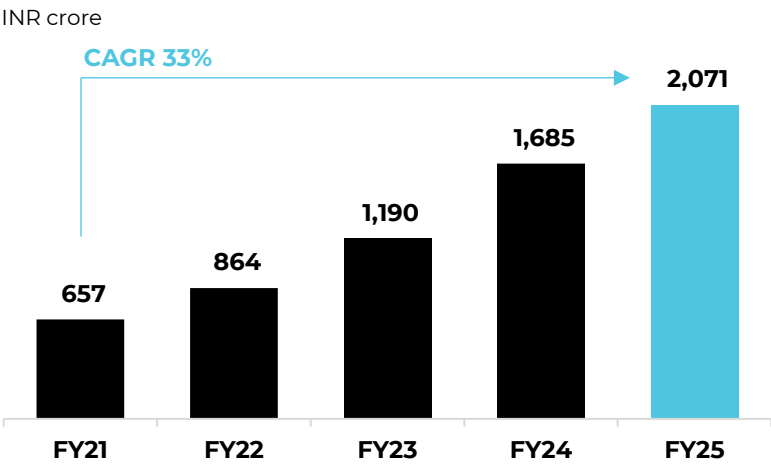


Sector wise AUM (%)

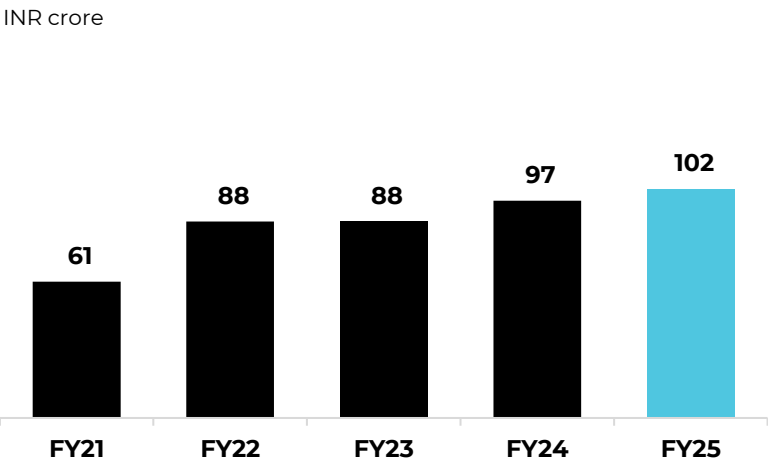


Key Financial Indicators :

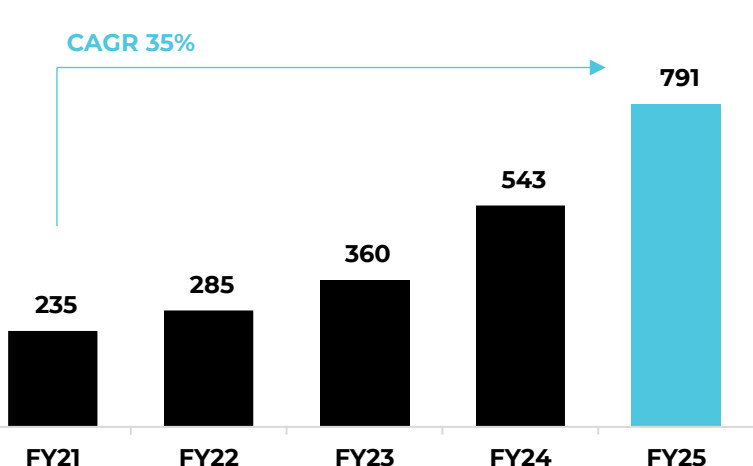
Total Income



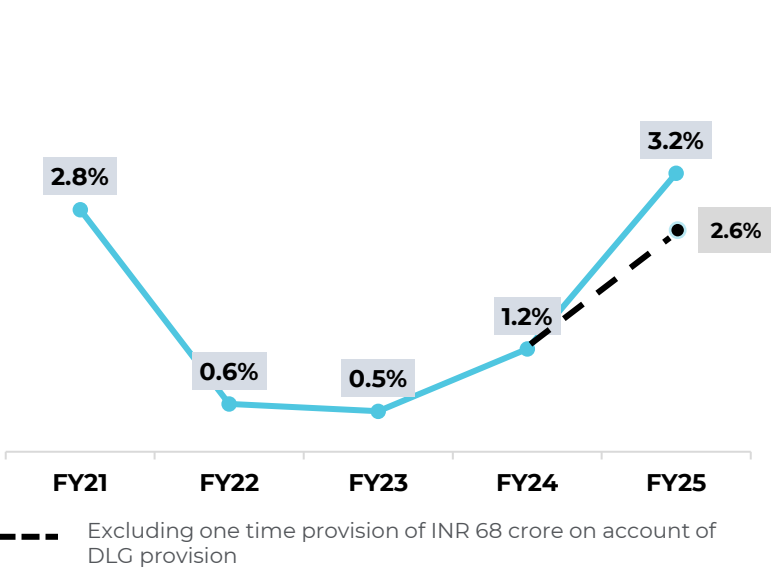
Fee & Other Income



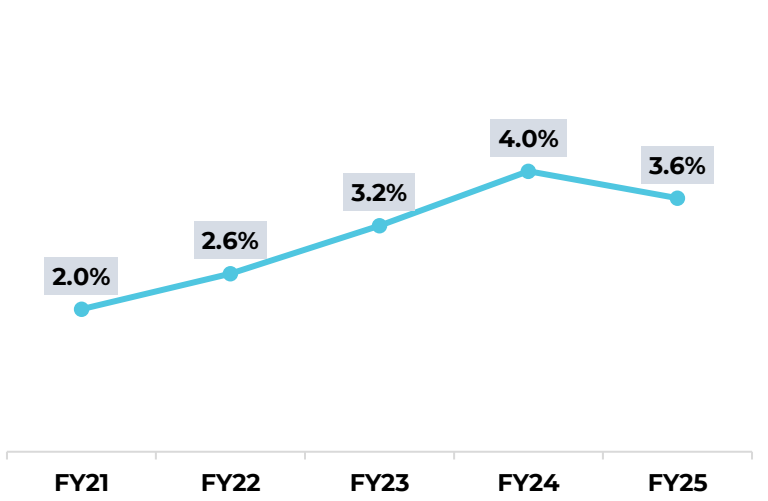
Pre-Provisioning Operating Profits (PPOP)



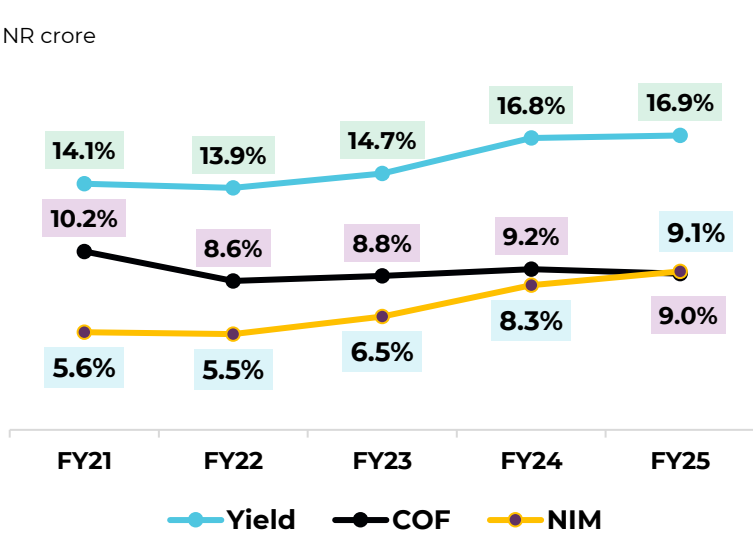
Credit Cost %



Opex (%)



Yield, CoF and NIM %



Consolidated Income Statement



INR crore	Q4 FY24	Q3 FY25	Q4 FY25	YoY %	QoQ %	FY24	FY25	YoY%
Interest income ¹	434	478	519	20%	8%	1,588	1,969	24%
Interest expense	204	211	198	-3%	-6%	725	823	13%
Net Interest Income	230	267	320	39%	20%	863	1,147	33%
Fee & Other Income	35	21	30	-16%	41%	97	102	5%
Net Revenue	265	288	350	32%	21%	960	1,248	30%
Employee Costs	68	74	68	1%	-8%	242	285	18%
Operating Costs	60	39	53	-12%	36%	176	173	-2%
Total Operating Costs	128	113	121	-5%	7%	418	458	9%
Pre-Provision Operating Profit (PPOP)	137	175	229	66%	31%	542	791	46%
Credit Costs	24	81	194	-	139%	122	405	231%
Profit before tax	114	94	35	-69%	-63%	420	386	-8%
Tax expense	28	21	-3	-112%	-116%	103	85	-17%
Profit after tax	86	73	38	-55%	-47%	317	301	-5%
Profit after tax (excluding NCI)	89	76	38	-58%	-50%	308	305	-1%
One time expense ²	-	-	68	-	-	-	68	-
Profit before tax (excl one time expense)	114	94	103	-10%	10%	420	454	8%
Profit after tax (excluding one time expense & NCI)	89	76	89	0%	17%	308	356	15%

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

2. ECL provision on account of DLG provision



Particulars	Q4FY24	Q3FY25	Q4FY25	FY24	FY25
Interest Income*	15.4%	15.0%	16.2%	15.3%	15.7%
Interest Expense	7.2%	6.6%	6.2%	7.0%	6.5%
Net Interest Income	8.2%	8.4%	10.0%	8.3%	9.1%
Fee and Other Income	1.3%	0.7%	0.9%	1.0%	0.8%
Net Revenue	9.5%	9.0%	10.9%	9.3%	9.9%
Employee Costs	2.4%	2.3%	2.1%	2.3%	2.3%
Operating Costs	2.1%	1.2%	1.6%	1.7%	1.4%
Total Operating Expense	4.5%	3.5%	3.8%	4.0%	3.6%
Pre-Provision Operating Profit (PPOP)	5.0%	5.4%	7.1%	5.3%	6.3%
Credit Costs	0.9%	2.5%	6.0%	1.2%	3.2%
Profit Before Tax	4.1%	2.9%	1.1%	4.1%	3.1%
Tax	1.0%	0.7%	-0.1%	1.0%	0.7%
Profit after tax (excluding NCI) (RoA)	3.2%	2.4%	1.2%	3.0%	2.4%
Profit after tax (excl one time expense & NCI) (RoA)	3.2%	2.4%	2.8%	3.0%	2.8%
Return on Equity	15.8%	8.9%	4.5%	14.5%	10.0%
Return on Equity (excl one time expense)	15.8%	8.9%	10.5%	14.5%	11.6%
Cost to income Ratio	48.4%	39.0%	34.5%	43.6%	36.5%
<i>as a % of Quarterly Average Total Assets</i>					

Notes: * Interest income is adjusted for fees and commission expense

Balance Sheet



INR crore	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25
Assets					
Financial assets					
Cash and bank balances	408	589	811	513	647
Loans	9,210	9,651	10,004	9,520	10,572
Investments	1,785	1,661	1,766	1,976	2,052
Other financial assets	164	107	179	183	144
Non-financial assets	141	125	176	210	223
Total assets	11,708	12,133	12,936	12,401	13,638
Liabilities and equity					
Financial liabilities					
Borrowings & Debt Securities	9,048	8,971	9,271	8,593	9860
Other financial liabilities	287	313	281	334	273
Other non-financial liabilities	53	65	62	65	66
Equity	2,314	2,777	3,316	3,405	3,434
Non-controlling interest	6	7	6	4	5
Total liabilities and equity	11,708	12,133	12,936	12,401	13,638
Quarterly Avg. earning Assets	9,476	11,040	11,263	11,341	11,652
Quarterly Avg. total assets	10,374	11,920	12,259	12,294	12,563

Board & Management

Board of Directors :



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

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



Ms. Anuradha Rao
Non-Executive
Independent Director

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



Mr. Ashutosh Arvind Pednekar
Non-Executive
Independent Director

Practicing Chartered Accountant
30+ years of experience



Mr. Sandeep Dhar
Non-Executive
Independent Director

35 years of experience in the BFSI
and IT services sectors



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 and Vice-Chairperson

Northern Arc Capital
~25 years of experience



Mr. Michael Jude Fernandes
Non-Executive Nominee Director



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



Mr. Vijay Chakravarthi
Non-Executive Nominee Director



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



Mr. T S Anantharaman
Non-Executive Nominee Director

Formerly associated with CSB Bank,
Motilal Oswal Financial Services

**Marquee Investors
Driving Strong
Corporate
Governance
Standards**

360 ONE
Special
Opportunities
Fund

16.4%

LeapFrog
Financial
Inclusion India
(II) Ltd

16.2%

Augusta
Investments II
Pte. Ltd

16.0%

Eight Roads
Investments
Mauritius II
Limited

7.4%

Dvara
Trust

5.1%

International
Finance
Corporation

6.1%

Accion Africa-
Asia
Investment
Company

4.0%

Sumitomo
Mitsui Banking
Corporation

3.8%

Independent Director

Nominee Director

Others



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



Amit Mandhanya
**EVP – Partnership Based
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



Atul Tibrewal
Chief Financial Officer

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



Gaurav Shukla
Chief Business Officer

27+ years of experience
Previously associated with Credit
Suisse, Altico Capital & Standard
Chartered Bank



Prakash Panda
**Company Secretary and
Compliance Officer**

16+ years of experience
Previously with Tamilnad
Mercantile Bank & Apollo
Hospital



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



Umasree Parvathy Pratap
Chief People Officer

37+ Years experience in HR
Previously associated with
Matrimony, Invesys & Spencers



Jagadish Babu Ramadugu
**Managing Director & CEO
(Pragati)**

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



Vipin G S
Chief Compliance Officer

24+ years of experience
Previously associated with
Manappuram Finance

ESG Focused Business Model Positively Impacting 118 Mn+ Lives



UNSDG⁽¹⁾ Alignment Built into the Business Model



Note: (1) United Nations Sustainable Development Goals

Our Sustainability Report



Awards

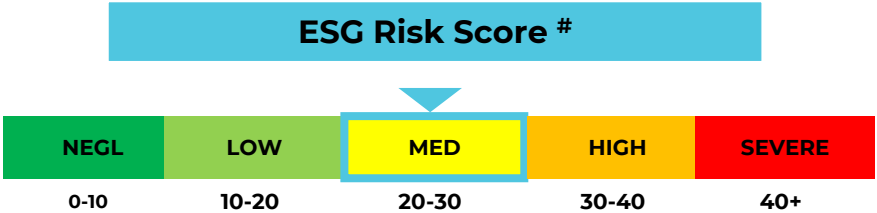


Impact Assets 50
Featured Consistently
since 2021



IVCA Award
for Social Impact
in 2023

Robust ESG Framework with Effective Tools & Regular Monitoring



(Updated Aug 3, 2022 by Morningstar Sustainalytics)

Empowering community through CSR



Education



Supported **60 students** from rural Karnataka by funding their graduation, **providing a ₹1,000 monthly stipend**, and **offering smartphones or laptops to those aged 18 and above**



Pratham

Every Child in School & Learning Well

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



Punyatma Prabhakar
Sharma Seva Mandal

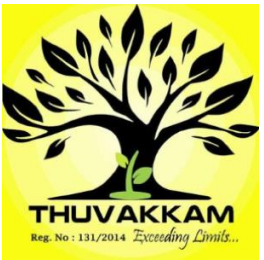
Supported differently-abled children through a **residential education program** that provided **nutritious meals, medical aid, and a supportive learning environment** under dedicated teacher care.



Upgrading rural school infrastructure in Wada block, Palghar district, Maharashtra. The initiative **includes solar power, digital classrooms, safe drinking water, sanitation, rainwater harvesting, and kitchen gardens**



Environment



Renovating three minor irrigation tanks—Usilangulam, Vellambal, and Achatthambal—in Kadaladi Block, Ramanathapuram District. This initiative enhances water retention in the semi-arid region, supporting agriculture post-monsoon while promoting water conservation and ecosystem restoration.



Healthcare support

Cuddles Foundation



Provided essential nutrition and dietary support to children undergoing cancer treatment in Varanasi (Uttar Pradesh), Vellore and Madurai (Tamil Nadu), and Bangalore (Karnataka).



Healthcare infra

Hand in Hand



Donating two Advanced Life Support ambulances to government hospitals in North Chennai and Ramanathapuram (Kadaladi Block), Tamil Nadu. As part of the Tamil Nadu Health Systems Project, the initiative aims to enhance emergency response and prehospital care in the community.

Thank you!

For any query, please contact :

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