

Sector Trends – Affordable Housing Finance NBFCs

Based on FY25 Information



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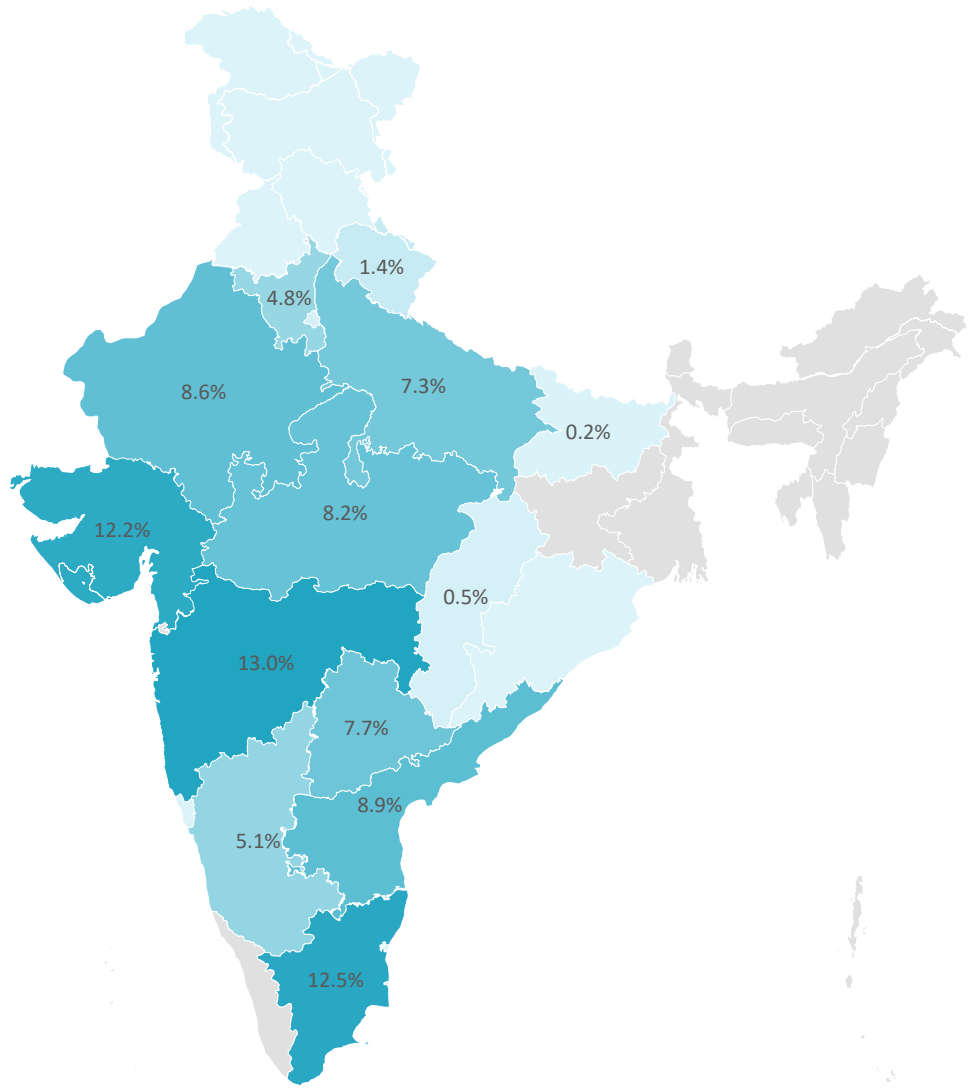
Table of Contents



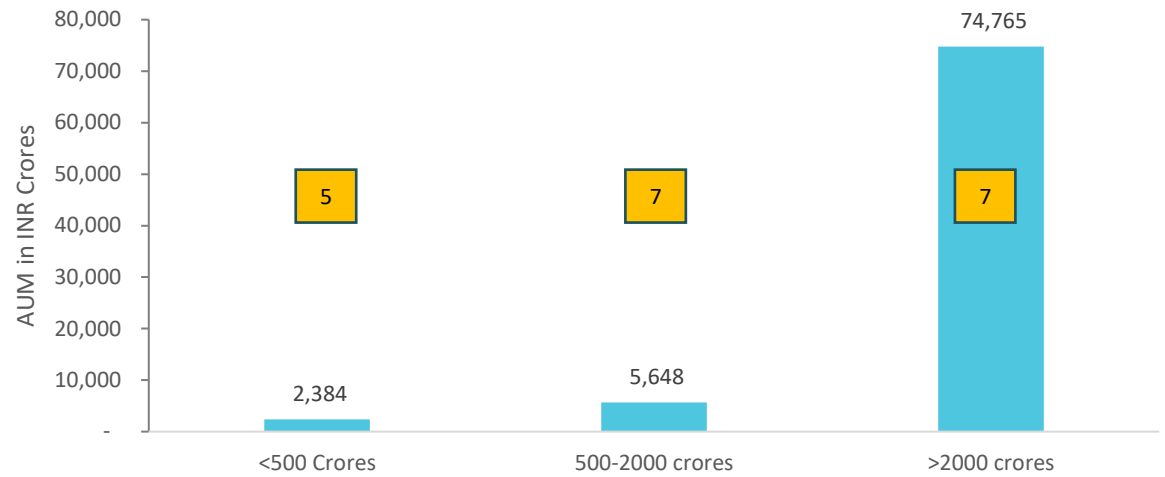
Section	Slide Number
A Snapshot of Northern Arc's AHF NBFC Partners	4
AUM Trend & Disbursements trend	5
GNPA, NNPA and Provisioning coverage	6
Portfolio asset quality trend	7
Collection efficiency and Portfolio performance trend	8
State-wise AUM concentration and Portfolio performance	9
Share of Managed book and LAP	10
Leverage, Equity Infusion and CRAR Trend	11
Key equity infusion and rating migration since FY22	12
Debt funding composition	13&14
Liquidity Trend	15
Pre-Provisioning Operating Profits over Credit Cost Buffer	16
Financial performance and Ratio analysis	17
Definitions and Abbreviations	18

A Snapshot of Northern Arc's AHF NBFCs Partners (19 entities in total)

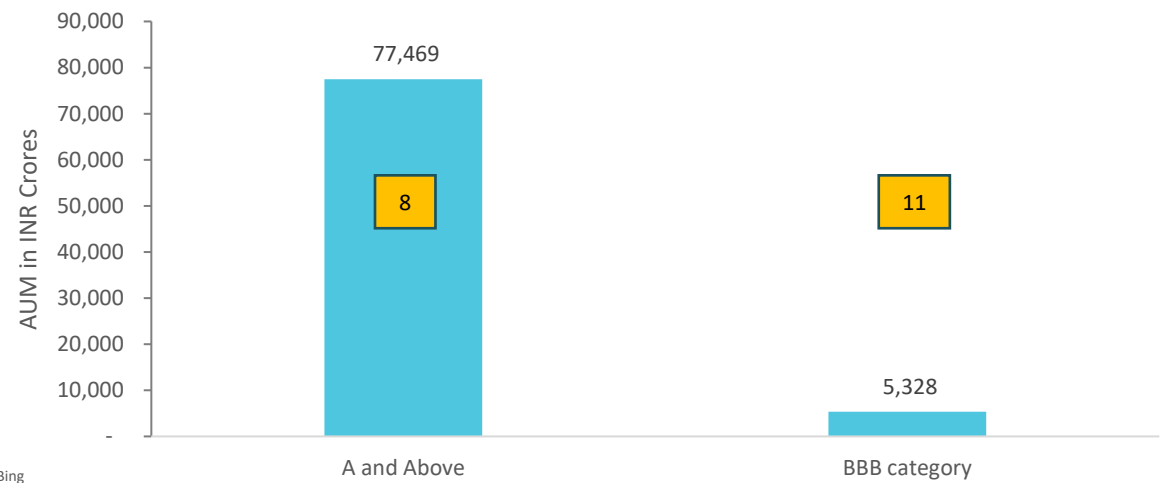
State Wise AUM Concentration-FY25



AUM Category wise

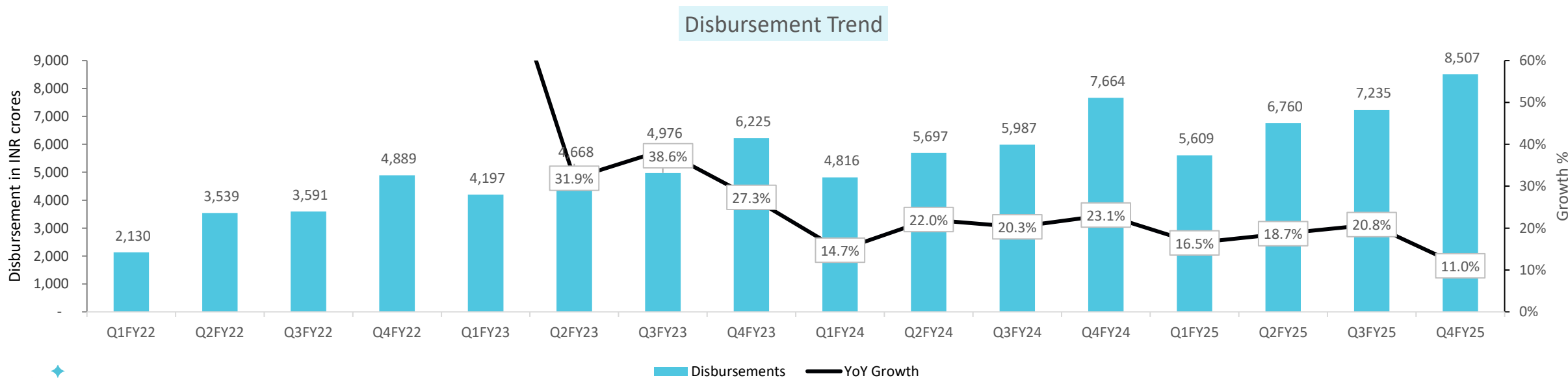
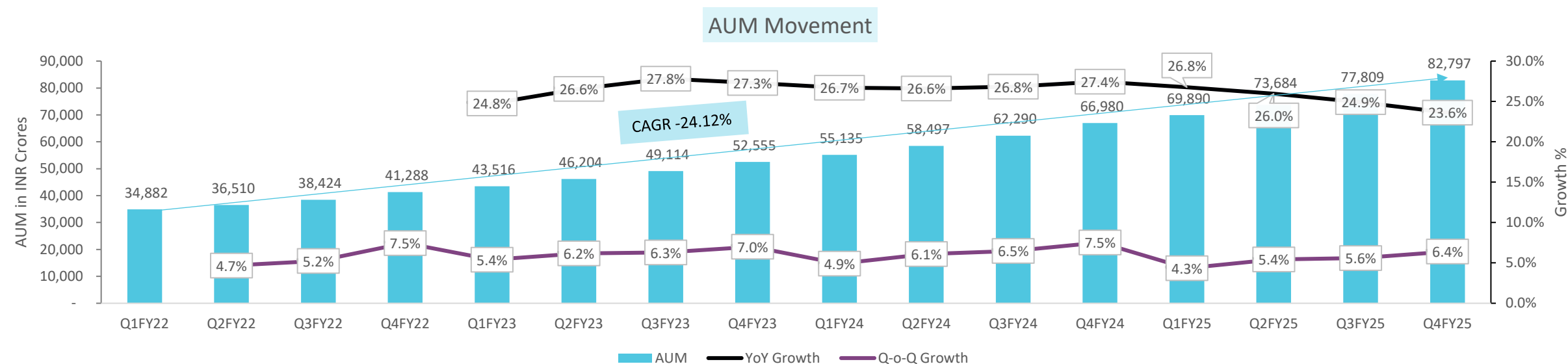


Rating Category wise

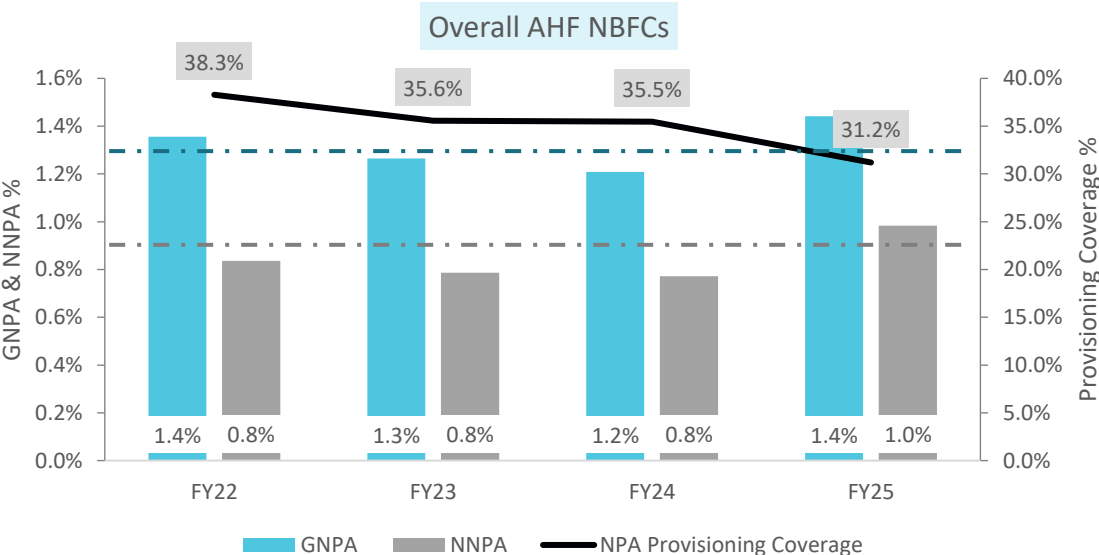
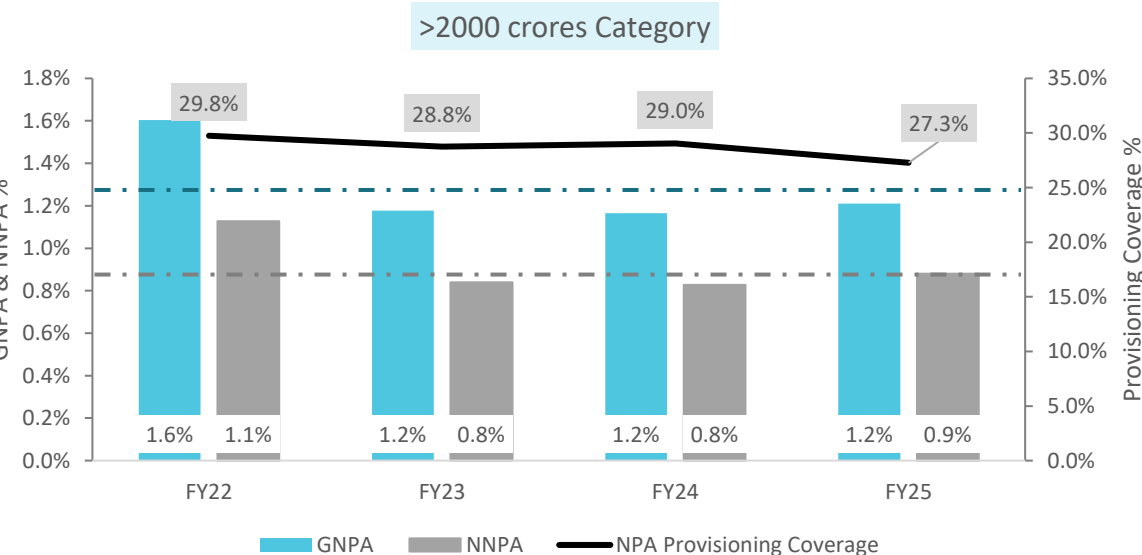
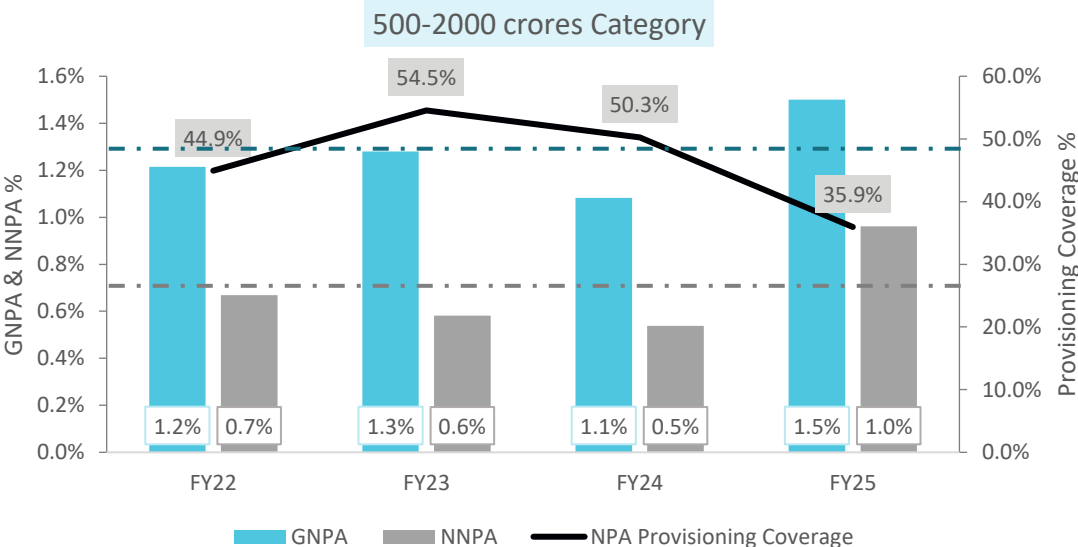
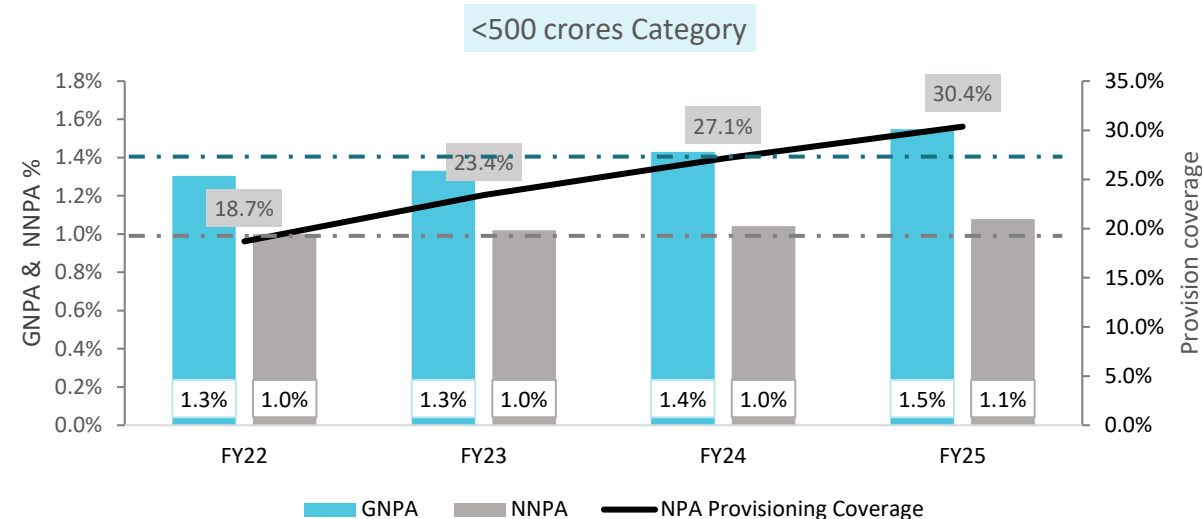


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Affordable HFCs' maintained consistent growth in AUM despite headwinds



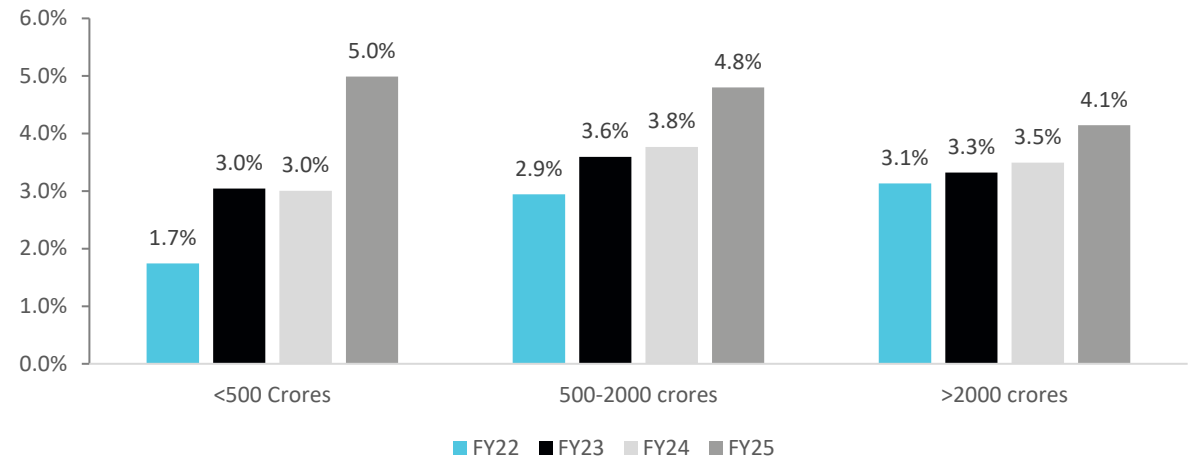
However, GNPA and NNPA breaches the ‘through-the-cycle’ levels in FY25



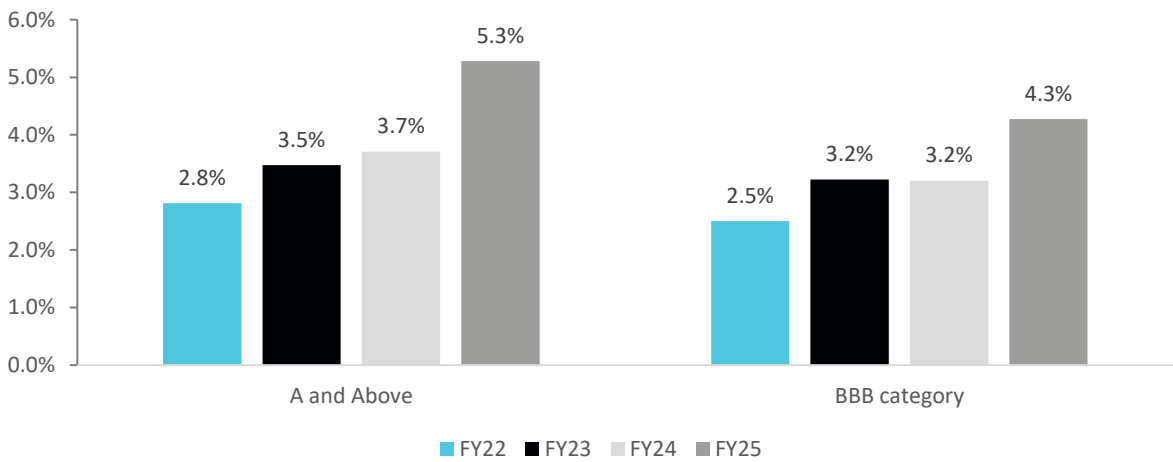
..... Average GNPA Average NNPA

Comfortable asset quality and capital buffer despite slight deterioration in FY25

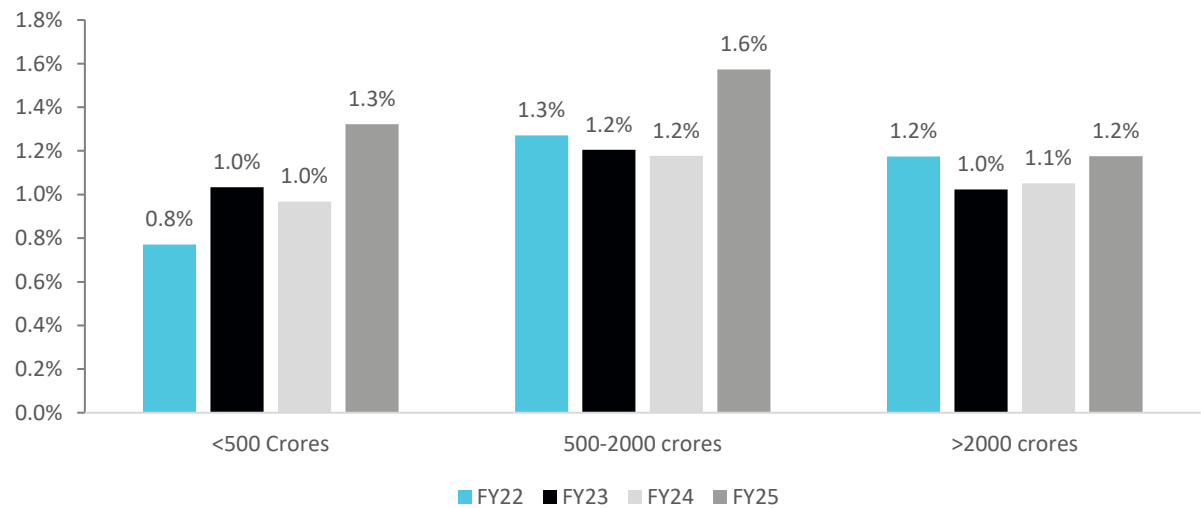
PAR 90/TNW (AUM Category Wise)



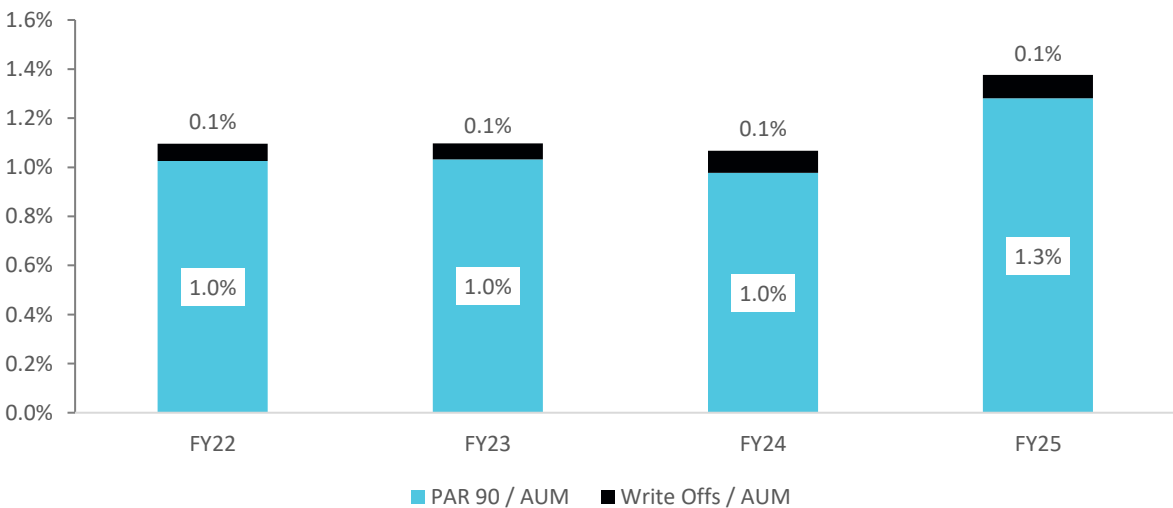
PAR90/TNW (Rating Wise)



PAR 90+WO/AUM (AUM Category Wise)

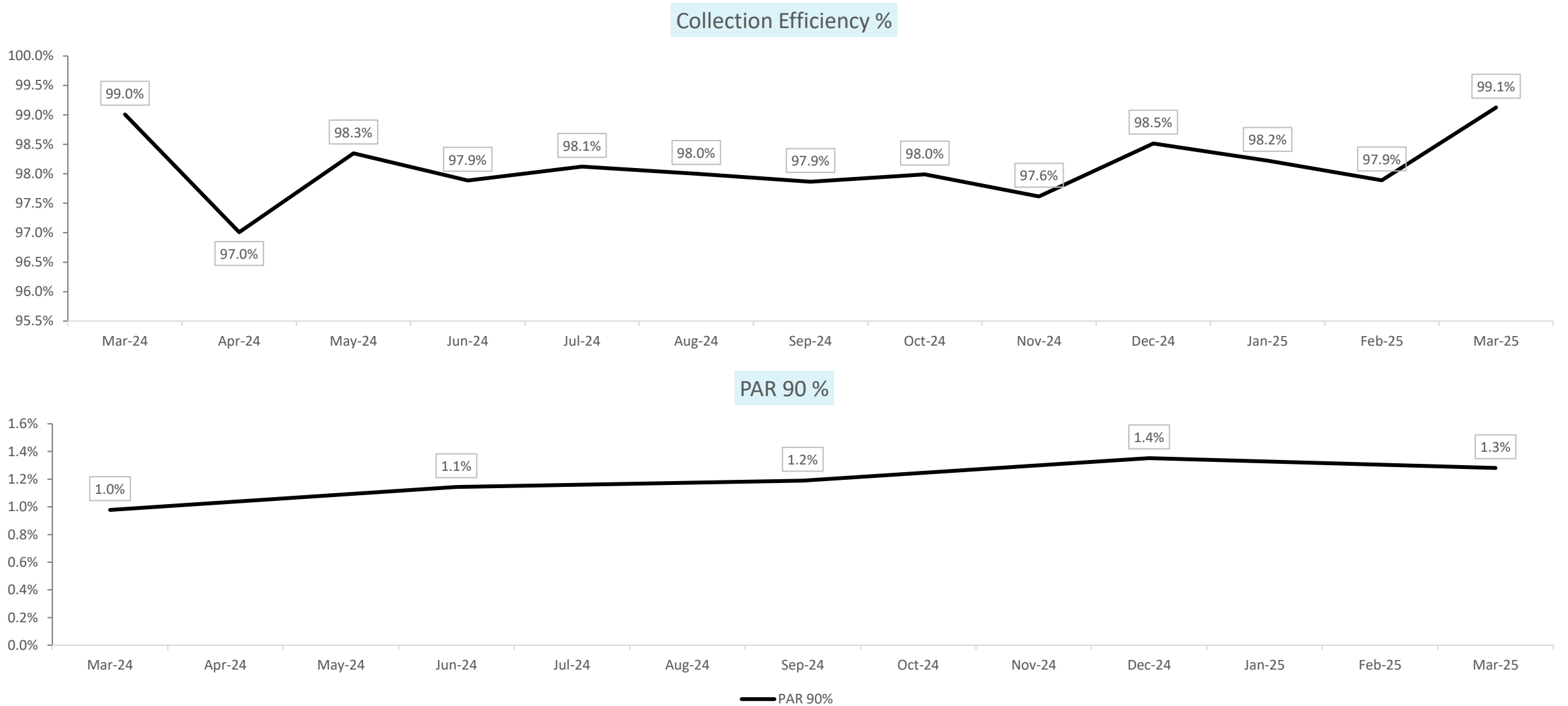


PAR 90+WO/AUM (Overall AHF NBFCs)

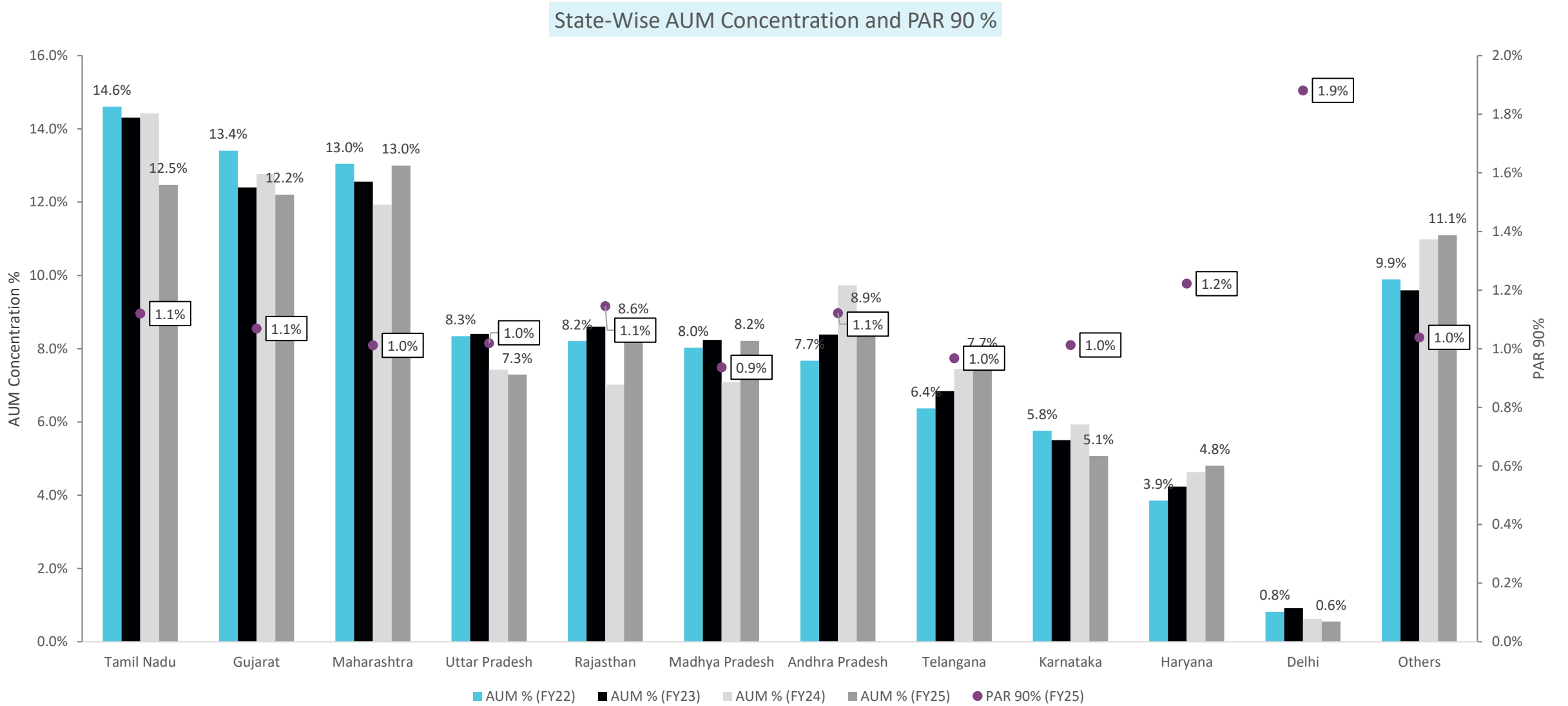


WO -Write off – Trailing twelve months

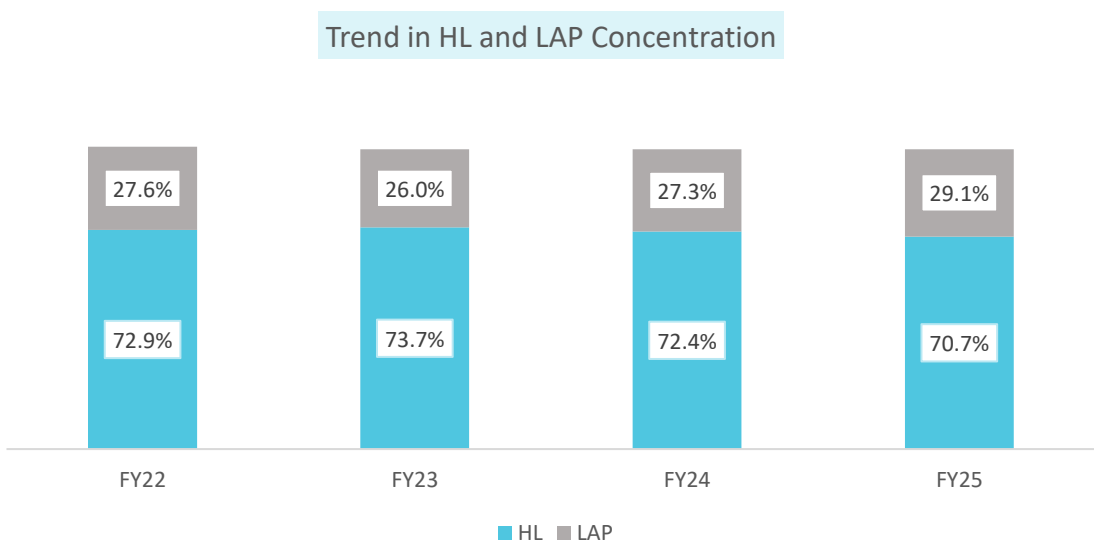
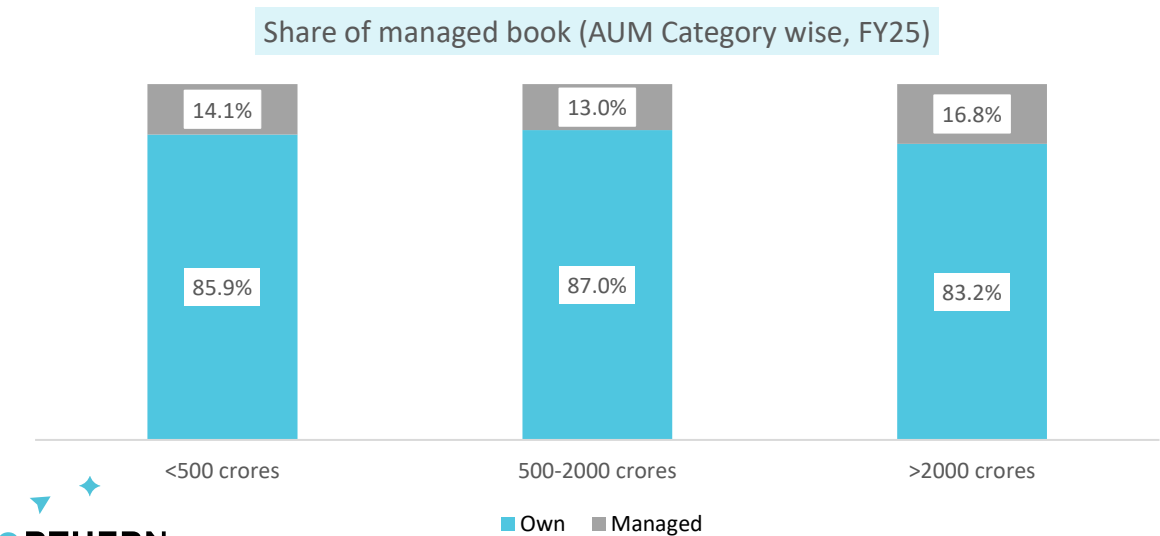
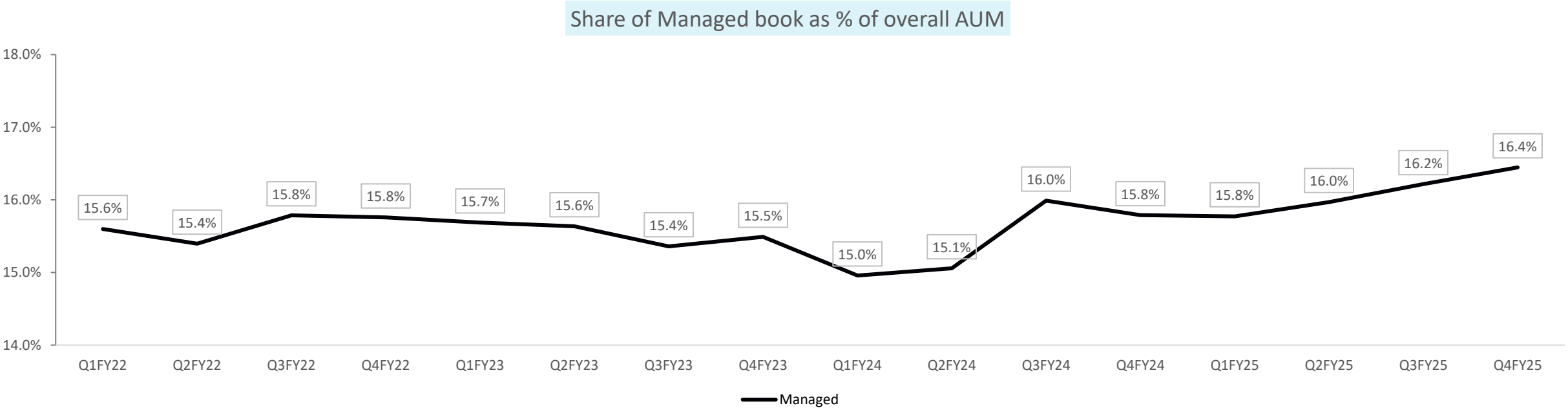
Collection efficiency and Portfolio asset quality trend



State-wise AUM concentration and Portfolio performance

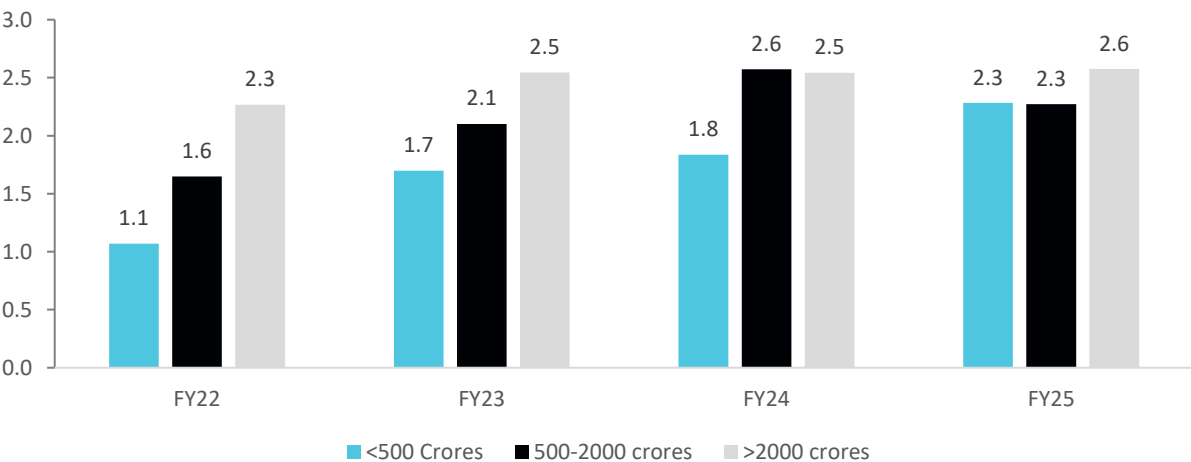


Modest increase in managed book and LAP share from FY24 onwards

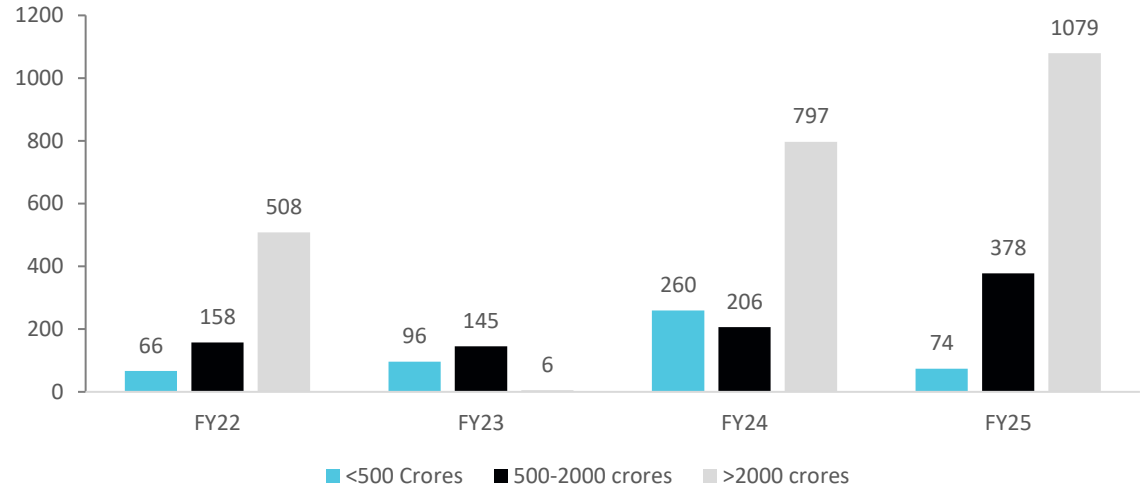


Leverage inches up but remains comfortable; Equity Infusion trend remains strong

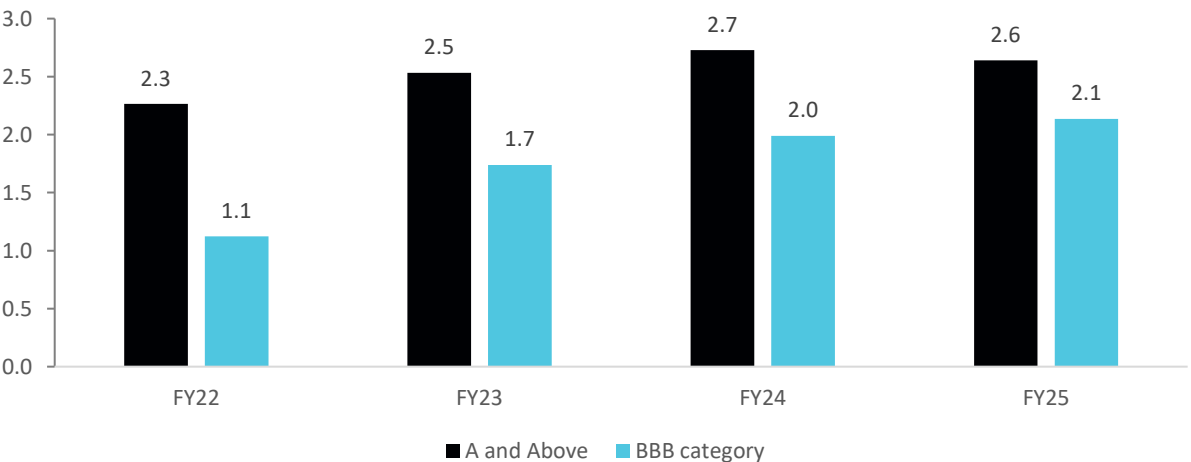
Debt/TNW (AUM Category Wise)



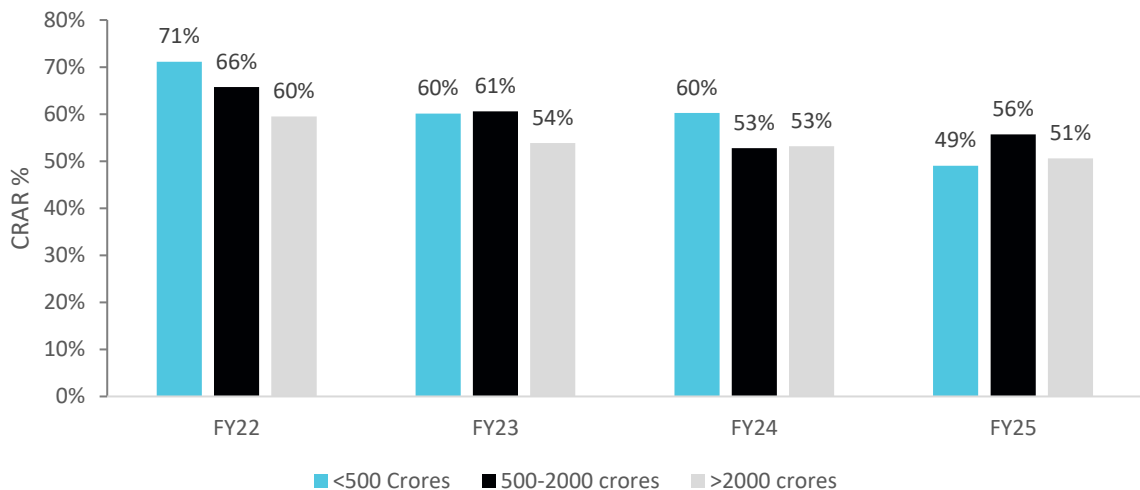
Equity infusion in INR Crores (AUM Category Wise)



Debt/TNW (Rating Wise)



Capital Adequacy Ratio (AUM Category Wise)



CRAR – Capital to Risk Weighted Asset Ratio

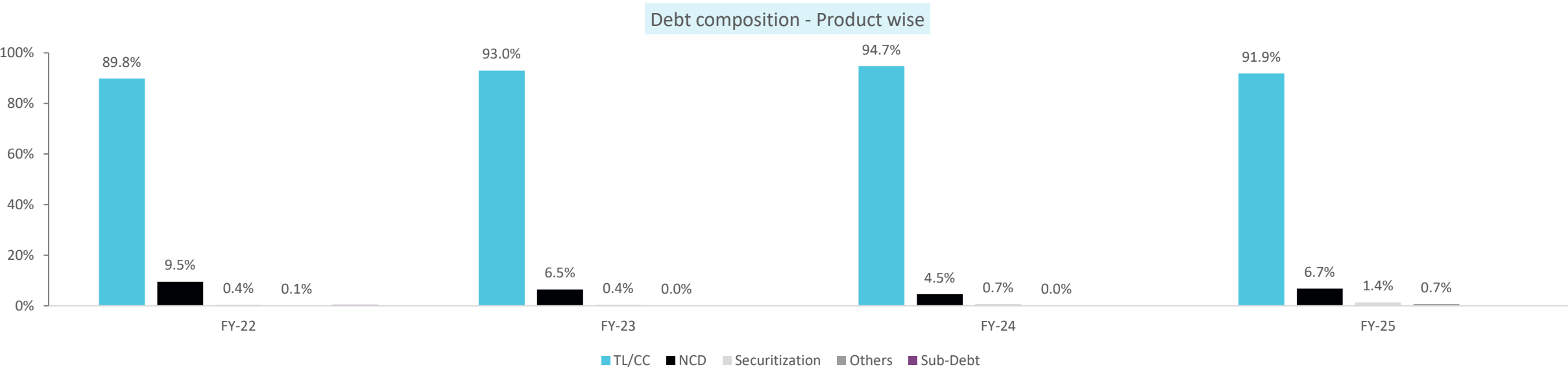
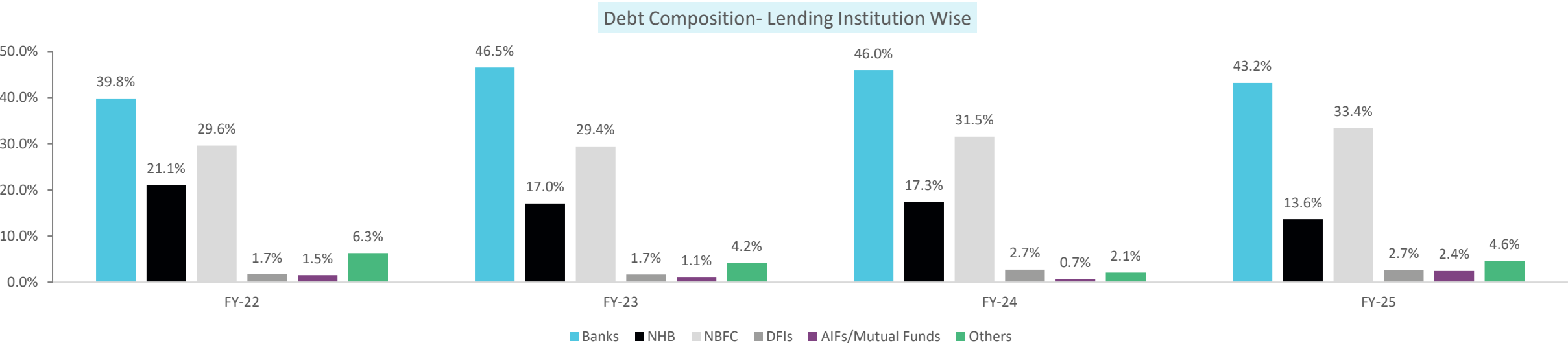
Sector sees positive credit rating migration on the back of equity infusion and performance since FY22



Major Institution Equity Infusion (in INR Crore)					Rating Migration				
Entity Name	FY22	FY23	FY24	FY25	Rating Agency	FY22	FY23	FY24	FY25
Entity 1	0	0	0	1036	ICRA		AA	AA	AA+
					CARE	AA	AA	AA	AA
					India Ratings		AA	AA	AA
Entity 2	0	0	0	0	ICRA	AA-	AA	AA	AA
					CARE	AA-	AA	AA	AA
Entity 3	29	43	20	20	CARE	Unrated	Unrated	BBB-	BBB-
Entity 4	500			0	CARE	A+	AA-	AA-	AA-
					ICRA	A+	AA-	AA-	AA-
Entity 5	19	0	65	202	CRISIL	BBB-	BBB-		
					India Ratings			BBB	BBB+
Entity 6	3	4	5	26	ICRA	A+	AA-	AA-	AA-
					Fitch	AA-	AA-	AA-	
					CARE	A+	AA-	AA-	AA-
Entity 7	27	46	47	5	CARE	A-	A-	A-	A
Entity 8	5	1	792	17	ICRA	A	A+	A+	AA-
					CARE	A	A+	A+	AA-
Entity 9		36	18	0	India Ratings	BBB-	BBB-	BBB	BBB
					CARE	BBB-	BBB-	BBB	BBB
Entity 10	12	0	9	0	ICRA	BBB-	BBB-	BBB-	BBB-
Entity 11	5	40	50	70	CARE	BBB	BBB	BBB+	-
					Infomerics		BBB+	BBB+	A-
					ICRA			A-	A-
Entity 12	20	20	21	21	CARE	BBB-	BBB	BBB	
Entity 13	8	5	36	4	CRISIL			BBB-	BBB-
					Acuite		BBB-	BBB-	BB+

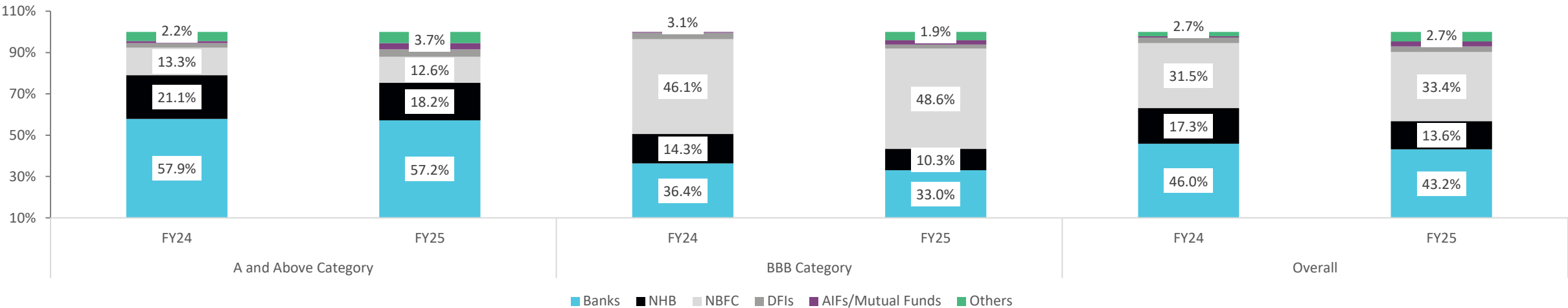
* Taken from public sources

Drop in bank financing to the sector made good by NBFCs

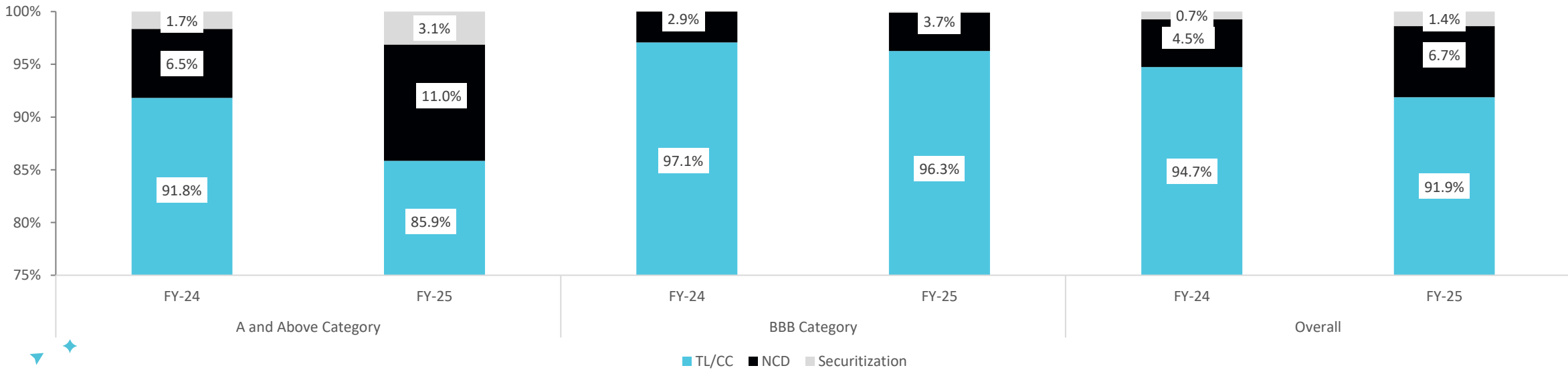


Sector diversifies funding with higher level of NBFC and debenture funding

Debt Composition- Lending Institution Wise (FY24 and FY25)

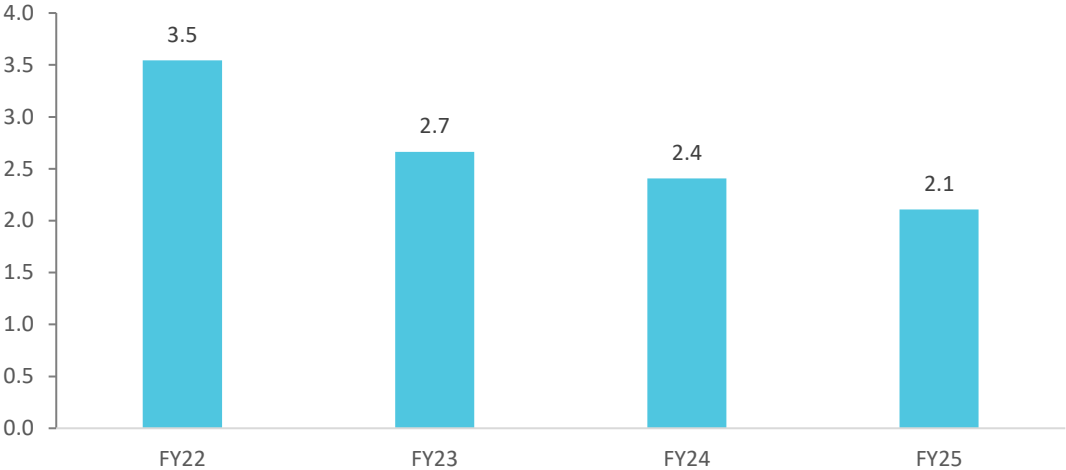


Debt Composition - Product Wise (FY24 and FY25)

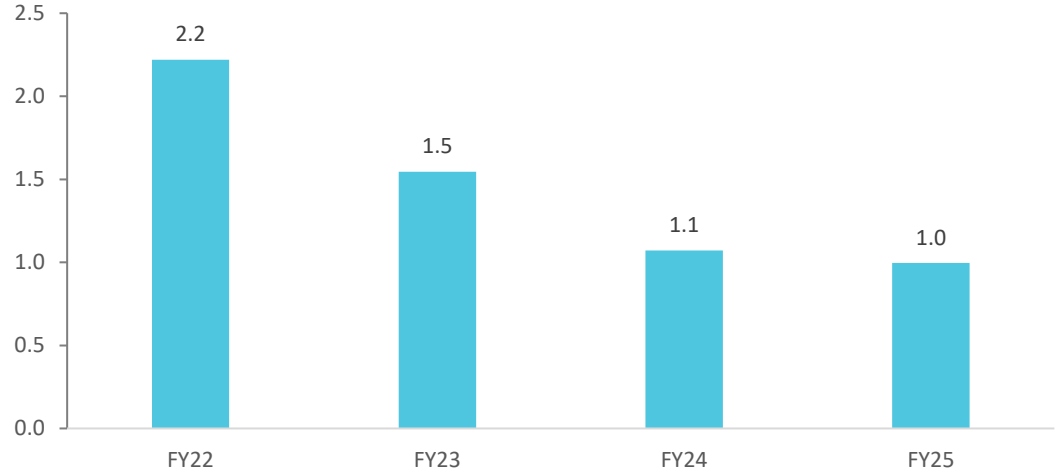


Sector maintains sufficient liquidity buffer albeit with a decline

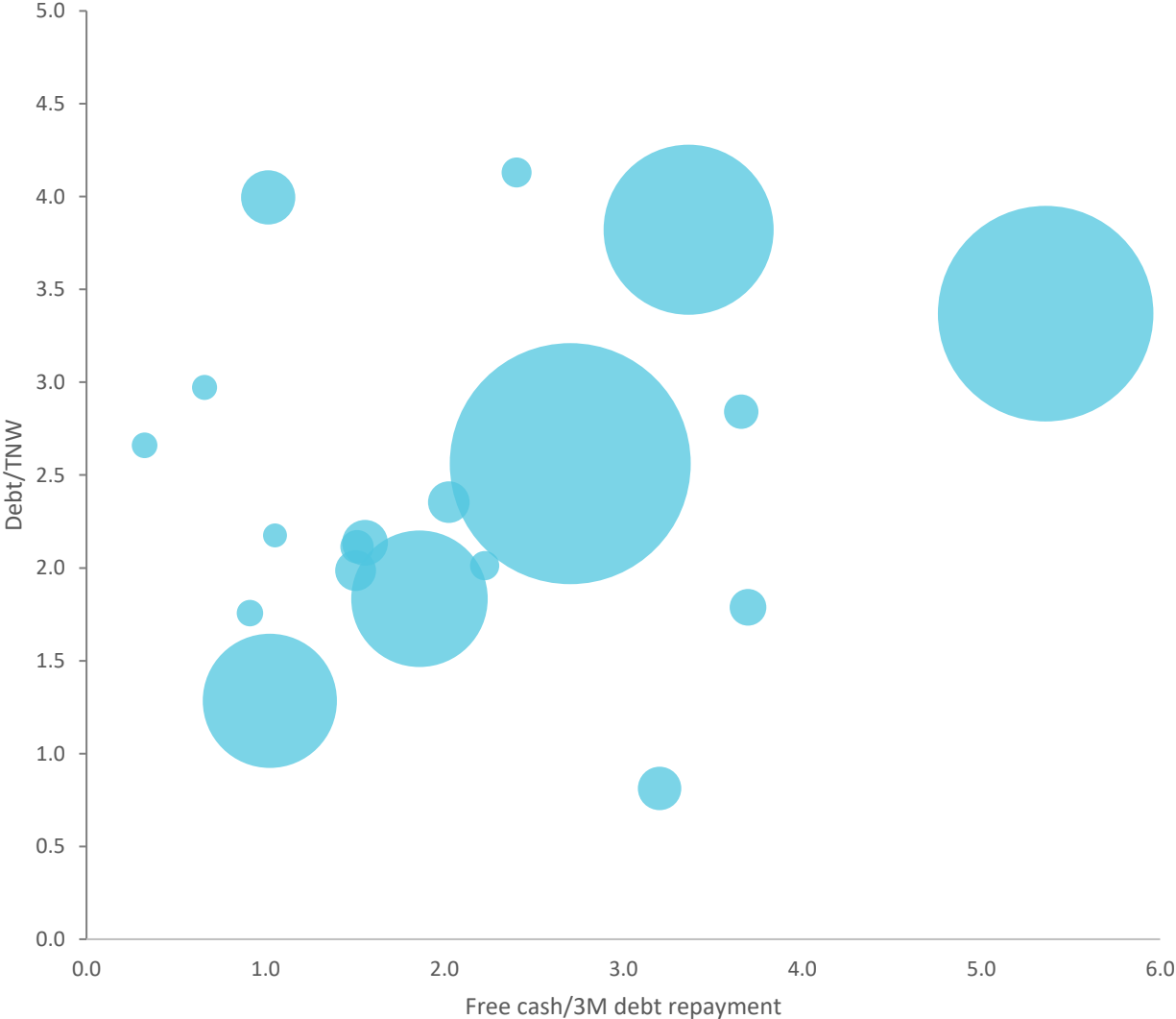
Free cash/3M debt repayment



Free cash/6M debt repayment



Entity Wise Leverage and Liquidity -FY25

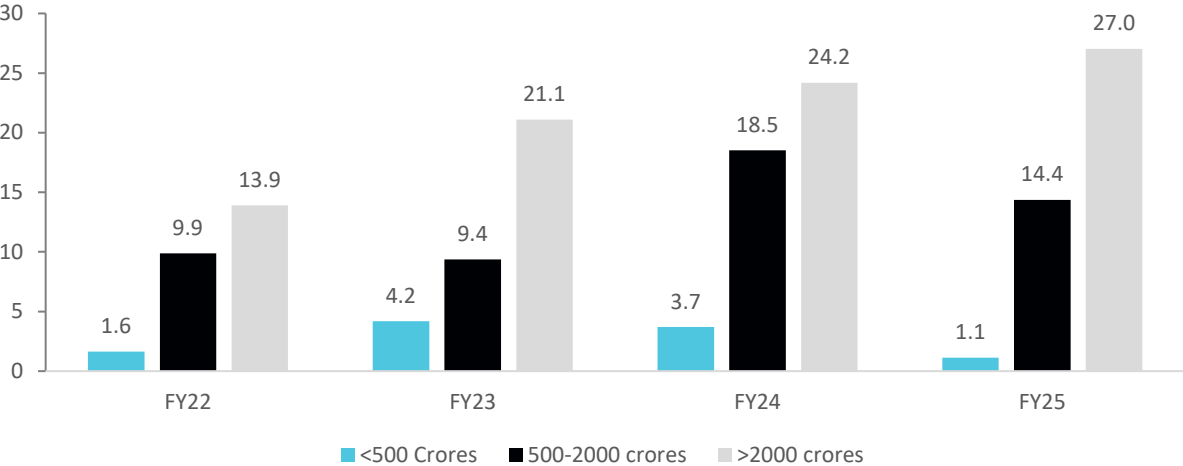


*3M/6M means 3 months/6 months

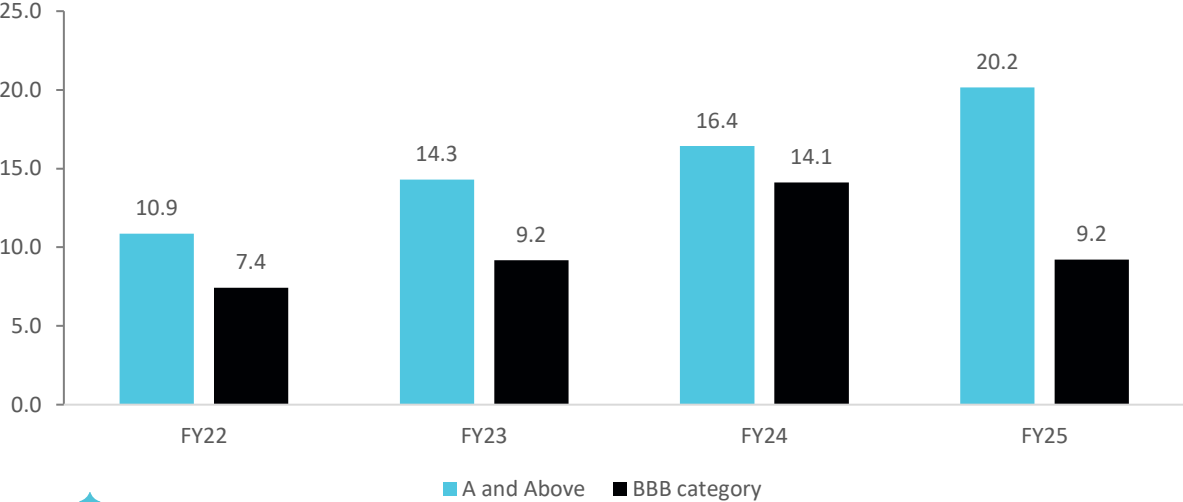
** Size of the bubble represents AUM of the entity as on FY-25

Large entities PPOP to Credit Cost(CC) buffer gets stronger in the aftermath of Covid

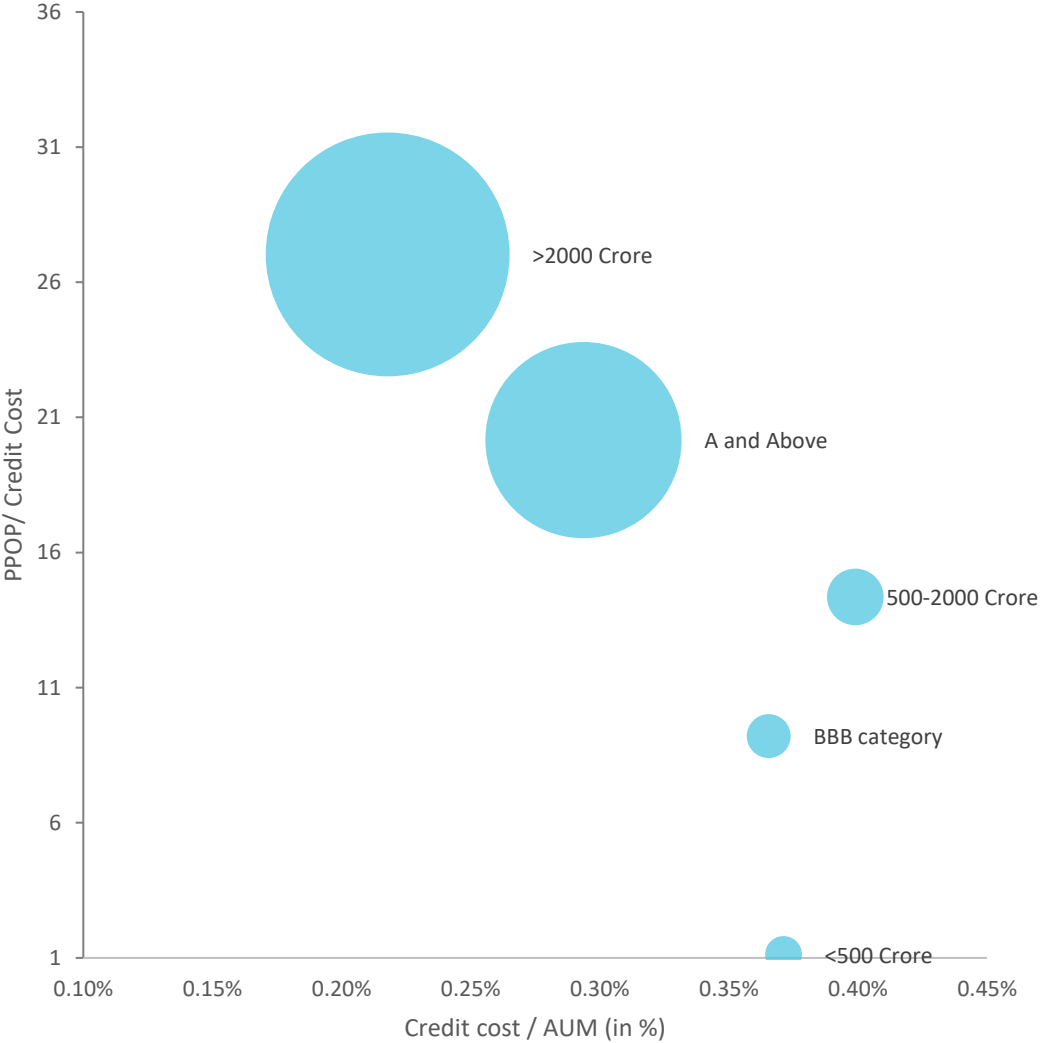
PPOP/CC Trend (AUM Category Wise)



PPOP/CC Trend (Rating Wise)

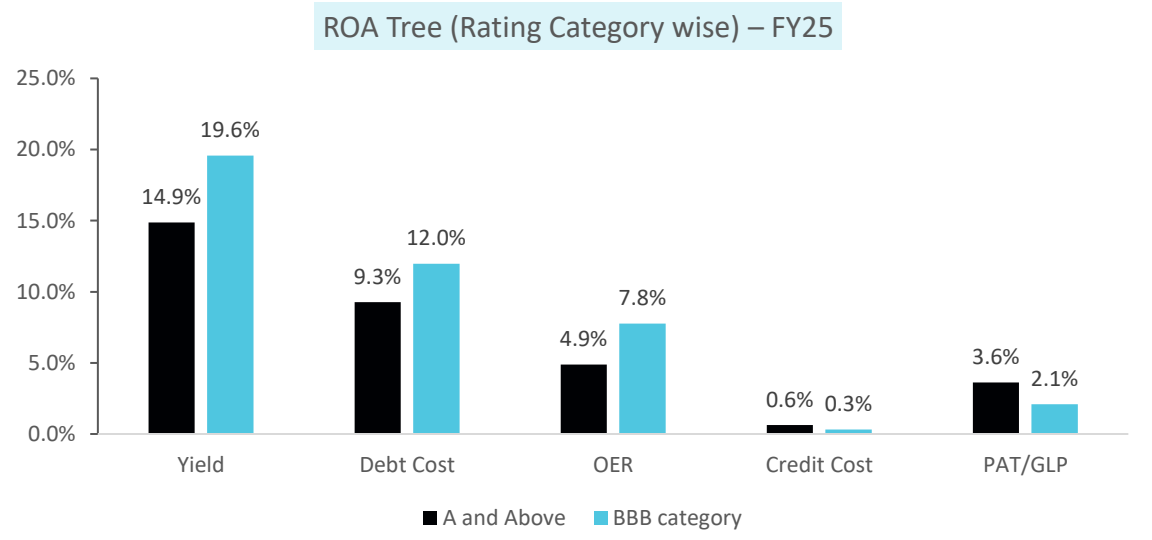
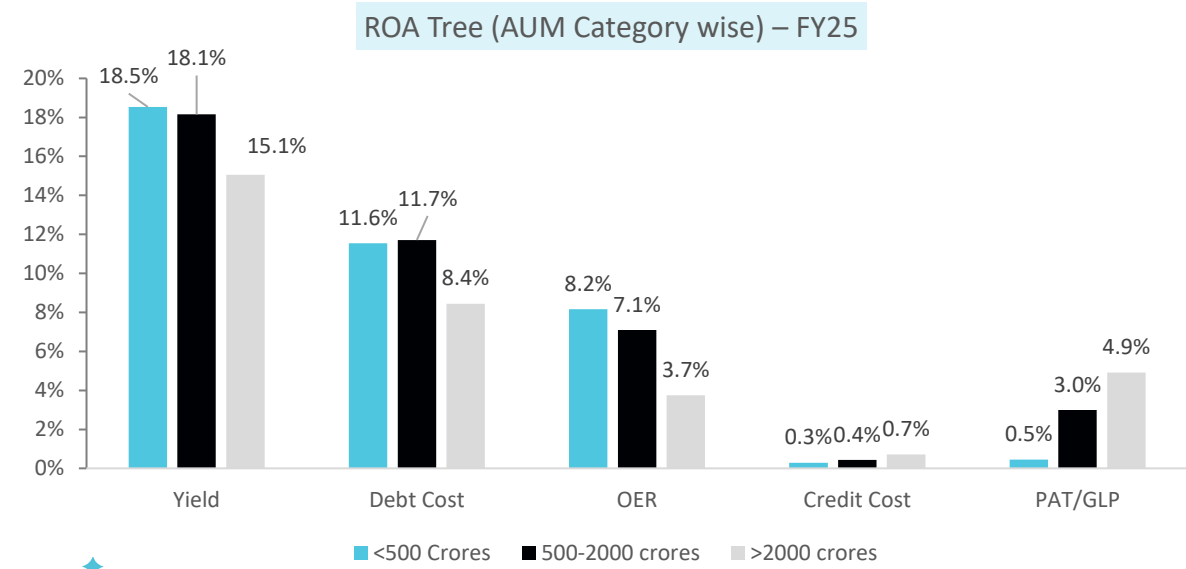
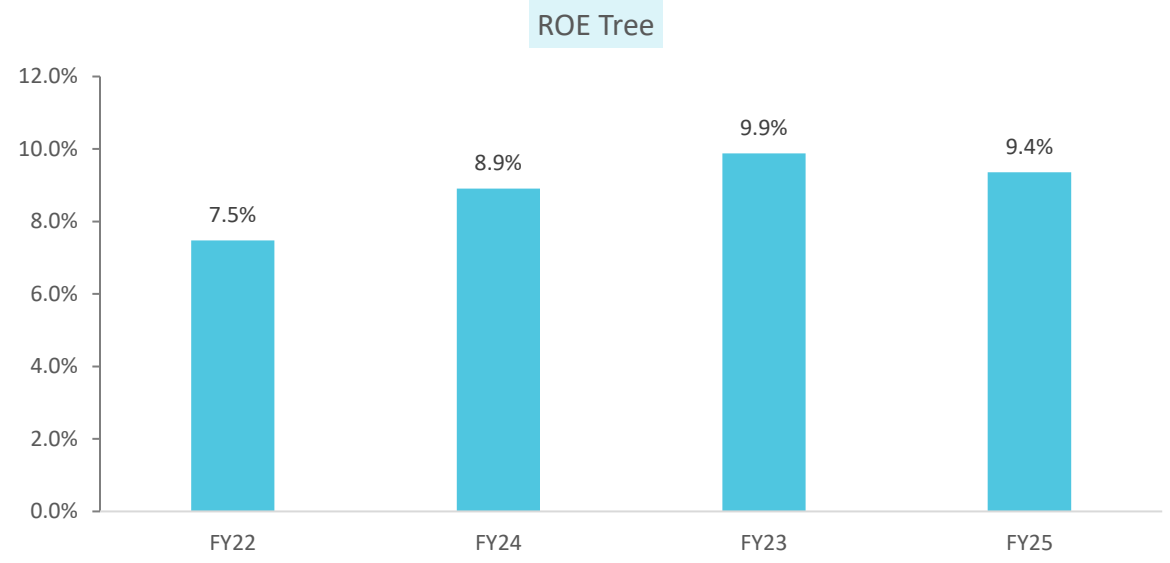
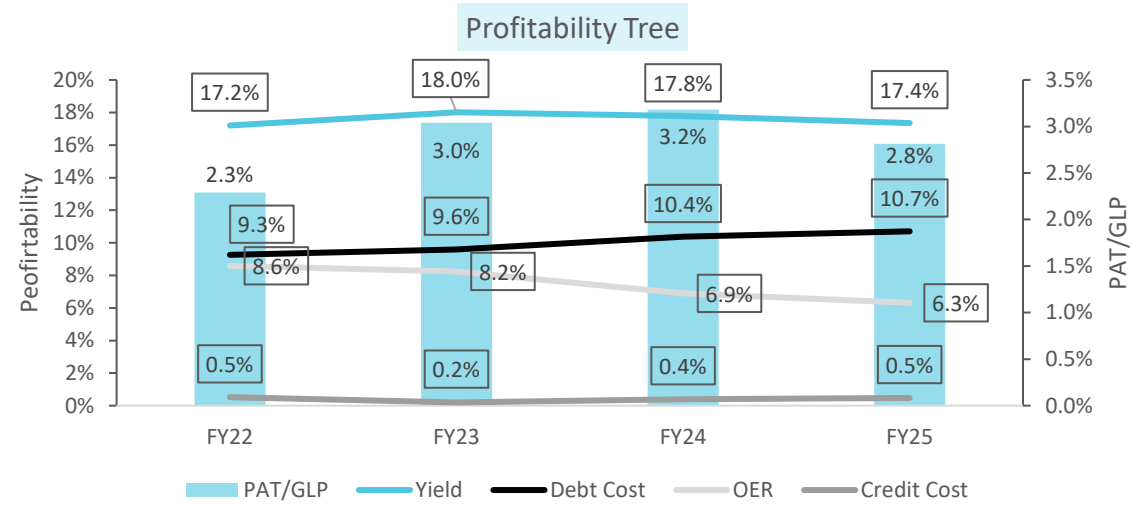


Average PPOP/CC – FY25



** Size of the bubble represents average AUM of the segment

Sector Profitability aided by lower opex and credit cost as borrowing cost rose



Definitions and Abbreviations

Term	Description
AHF	Affordable Housing Finance companies
NACL	Northern Arc Capital Limited
AUM/GLP	Assets Under Management (AUM) or Gross Loan Portfolio (GLP) represents outstanding principal amounts of the loans originated by the NBFC on its own books, securitized portfolio as well as loans originated on behalf of other entities by entering into partnership agreements but not included on the NBFC's own book.
Disbursement	Disbursement represents loans sanctioned and financed to the borrowers during the respective period.
PAR 30	Portfolio at Risk greater than 30 days or PAR > 30 shall mean, the outstanding principal value of the NBFC portfolio that has one or more instalments of principal, interest, penalty interest, fee or any other expected payments overdue for 30 days or more.
PAR 90	Portfolio at Risk greater than 90 days or PAR > 90 shall mean, the outstanding principal value of the NBFC portfolio that has one or more instalments of principal, interest, penalty interest, fee or any other expected payments overdue for 90 days or more.
Current Collection Efficiency (CE)	Current CE represents Current Collection efficiency which is defined as Current collections / Current demand. Current collections refers to collection received against the respective month's EMI dues. Current demand refers to the scheduled demand for the period.
TNW	TNW stands for Tangible Net Worth. Tangible Net Worth means, NBFC's equity share capital, compulsorily convertible instruments and any amount outstanding to the credit of its reserves, less equity and equity like investments, goodwill, deferred tax assets and other intangible assets.
Free Cash & Liquid Assets	Free Cash & Liquid Assets include unencumbered cash in hand, cash at bank, money market instruments, and marketable securities.
LLP	LLP stands for Loan Loss Provisions. It is an expense set aside to cover losses incurred from defaulted loans.
PPOP	PPOP stands for Pre-Provisioning Operating Profits. It is the operating income earned by financial institutions before deducting credit cost
Return on Assets (ROA)	Return on assets is defined as Profit after tax / Average AUM
Net Interest Income (NIM)	Total Income from Operations less Total Finance Costs to Average Assets
Operating Expenses Ratio (OER)	Operating Expenses Ratio represents the total expenses incurred by the entity excluding the finance costs, credit costs and taxes as a percentage of Gross Loan Portfolio

Thank you