

Sector Trends – Consumer Finance NBFCs

Based on FY25 Information

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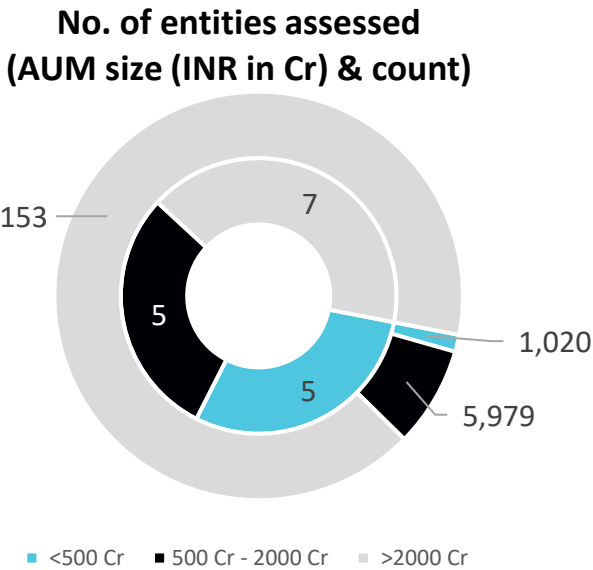
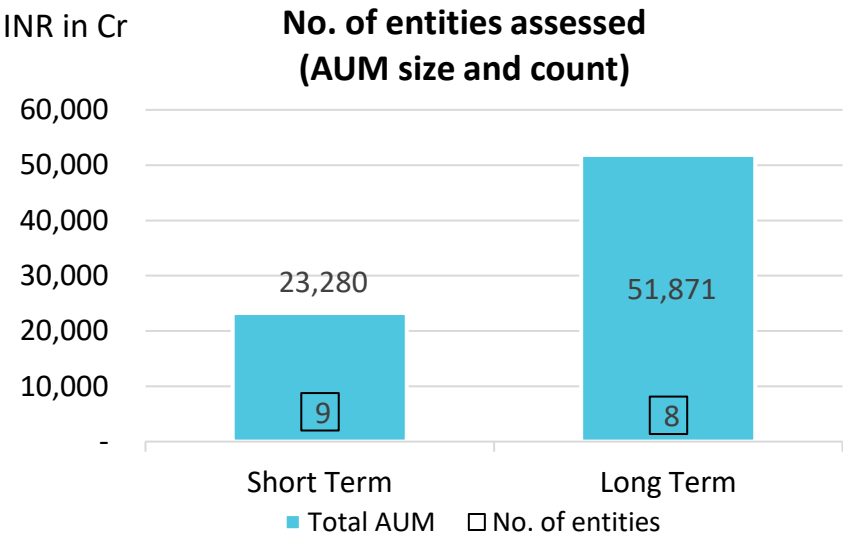


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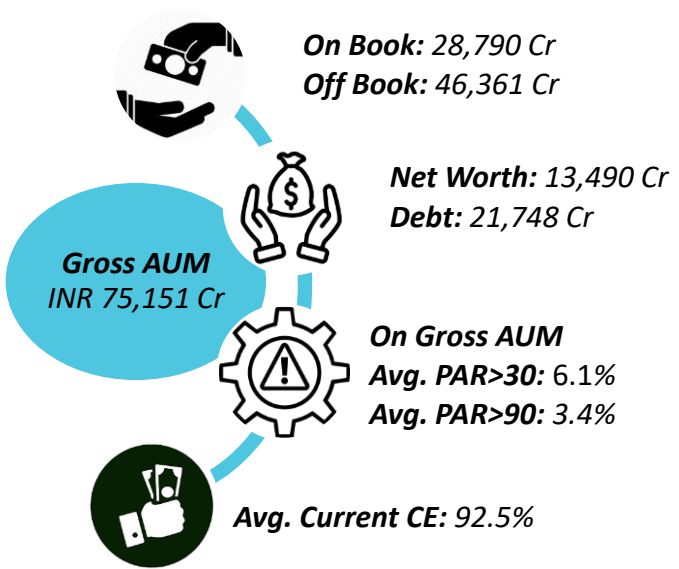
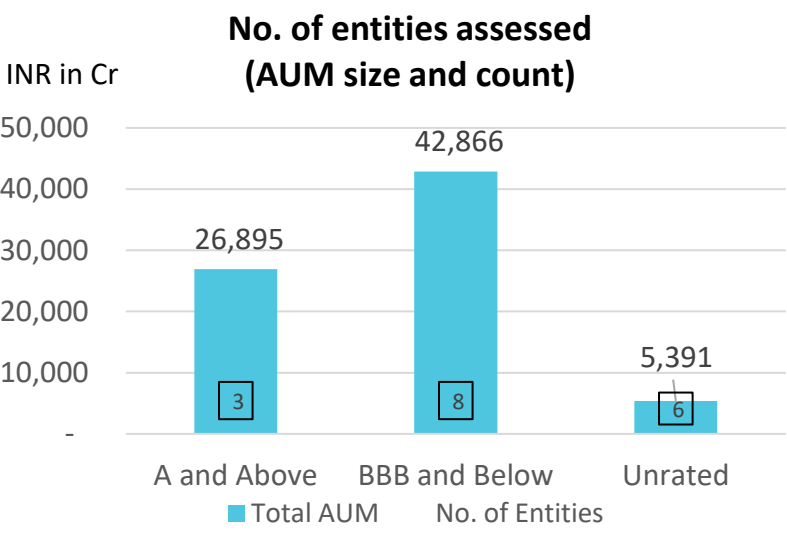
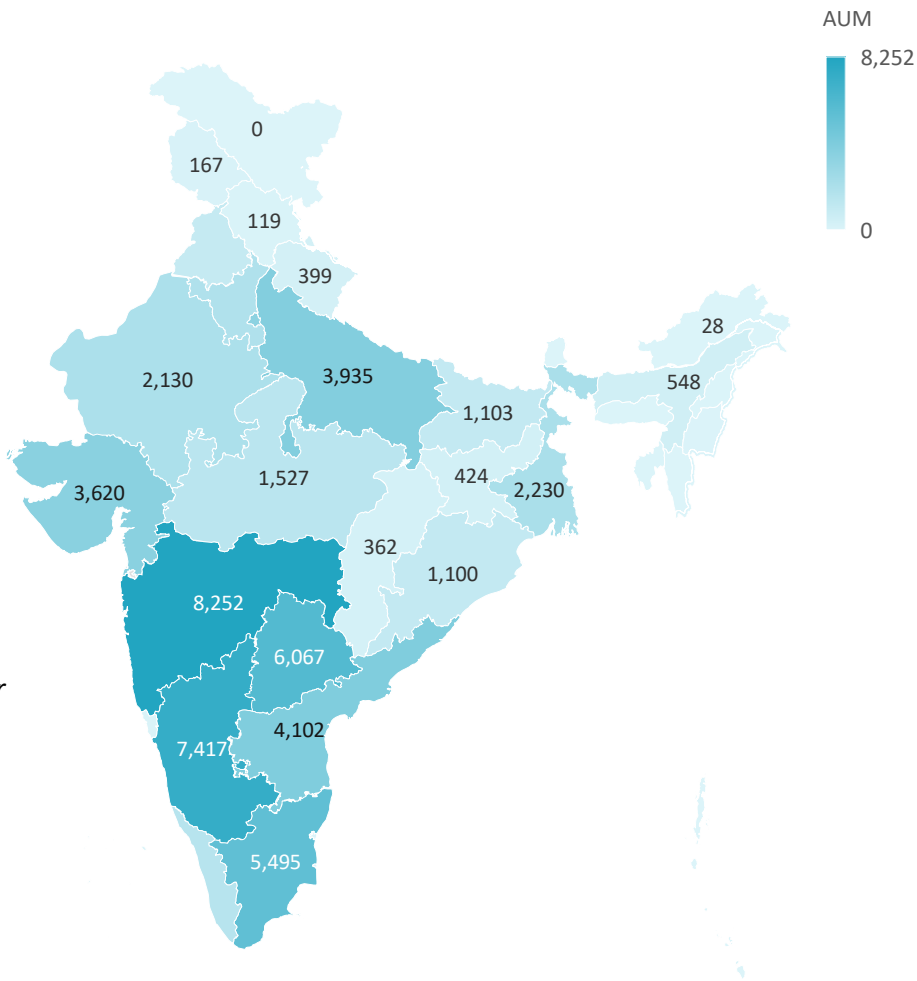
Consumer Finance Sector: Key Events

Timeline	Event	Details
Till FY 22	Sector Evolution	<i>Technological advancements, digitization and evolving funding environment have reshaped India's fintech landscape over the past decade, with the payments industry leading the transformation. Growing digital footprints, seamless KYCs, and transaction data have driven innovative underwriting models, boosting retail lending by fintechs. The COVID-19 pandemic further accelerated digital adoption, as consumers increasingly embraced contactless and convenient financial solutions for their credit needs.</i>
Jun-22	Pre-Paid Instrument Guidelines	<i>RBI issued a ban on non-banks and fintechs from loading credit lines onto Prepaid Payments Instruments like wallets and prepaid cards.</i>
Sept-22	Digital Lending Guidelines	<i>The DLG sought to make the sector growth sustainable by defining the roles and responsibilities of Regulated Entities(RE), Loan Service Providers & Digital Lending Apps. It instructed that RE shall provide Key Fact Statement along with all in cost as Annual Percentage Rates (APRs). Product details, Details of Recovery Agents, Nodal Grievance Redressal Officer, etc. should be disclosed to borrower. It had also essentially put a bar on FLDG which was subsequently relaxed as given below.</i>
Jun-23	Default Loss Guarantee FAQ	<i>RBI clarified FLDG implementation through FAQs. The guideline restricted implicit guarantee to the extent of 5% of underlying loan portfolio and once invoked by RE cannot be reinstated. The industry witnessed significant changes in the aftermath of the DLG such as re-pricing of co-lending arrangements and product design.</i>
Nov-23	Risk Weight Assets Revision	<i>Rapid growth in unsecured lending drew RBI's attention which led to increase in the Risk Weight of Assets by 25% for consumer credit exposure of non-banks i.e to 125% and credit card receivables to attract 150% risk weight for SCBs.</i>
Oct-24	Regulatory Interventions	<i>Regulatory actions against a couple of major unsecured lenders have prompted a broader industry shift. As a result, many lenders have decided to relook at their business model (lending rates, underwriting practices, etc.,)</i>
May-25	Regulatory Directives	<i>NBFCs and banks must fully provision for all stressed loans sourced via LSPs without offsetting any DLG provided by fintechs</i>

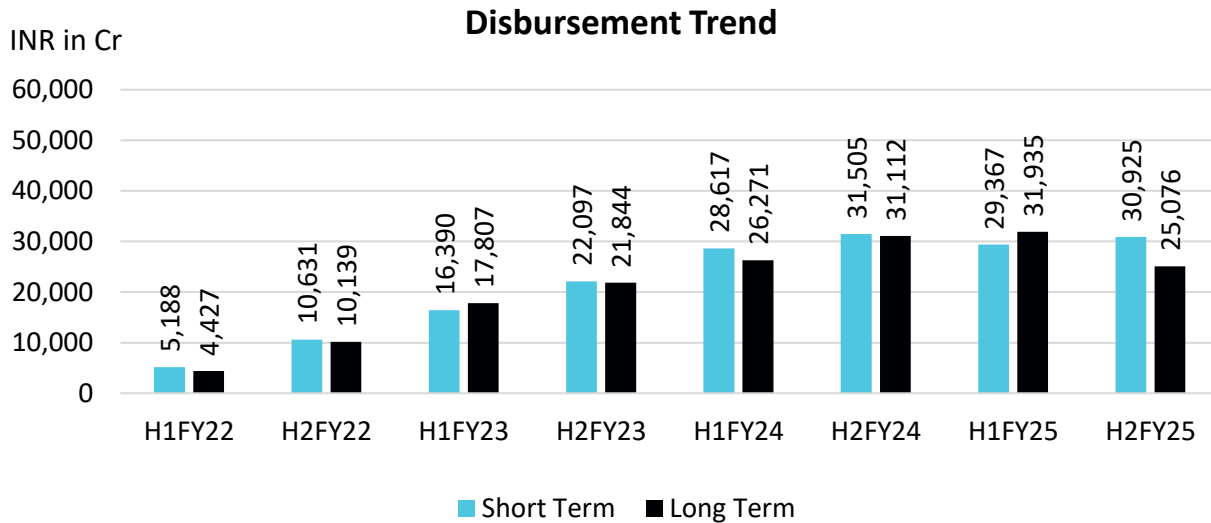
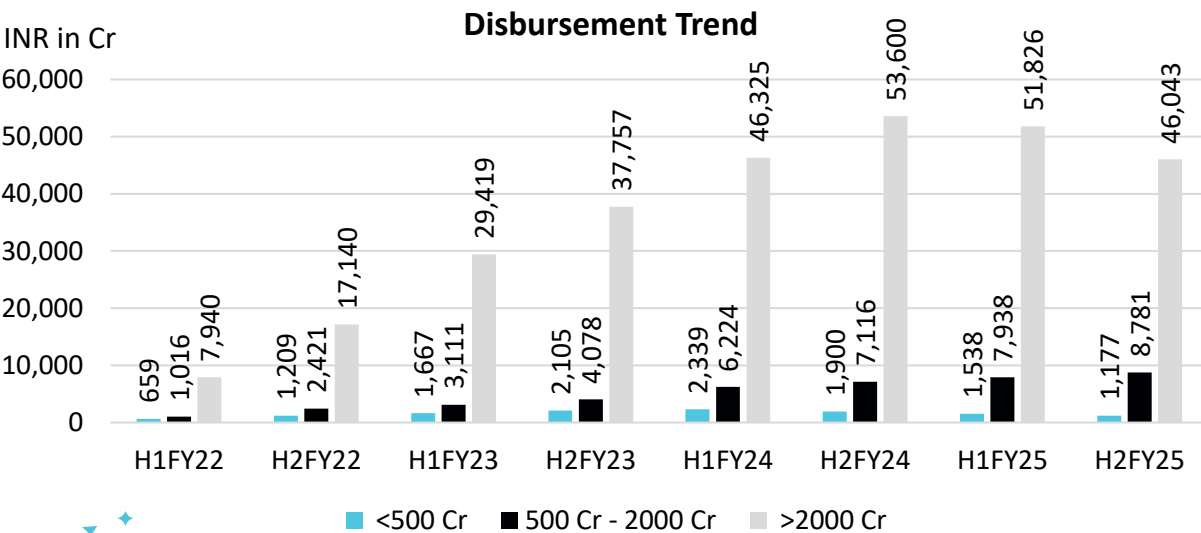
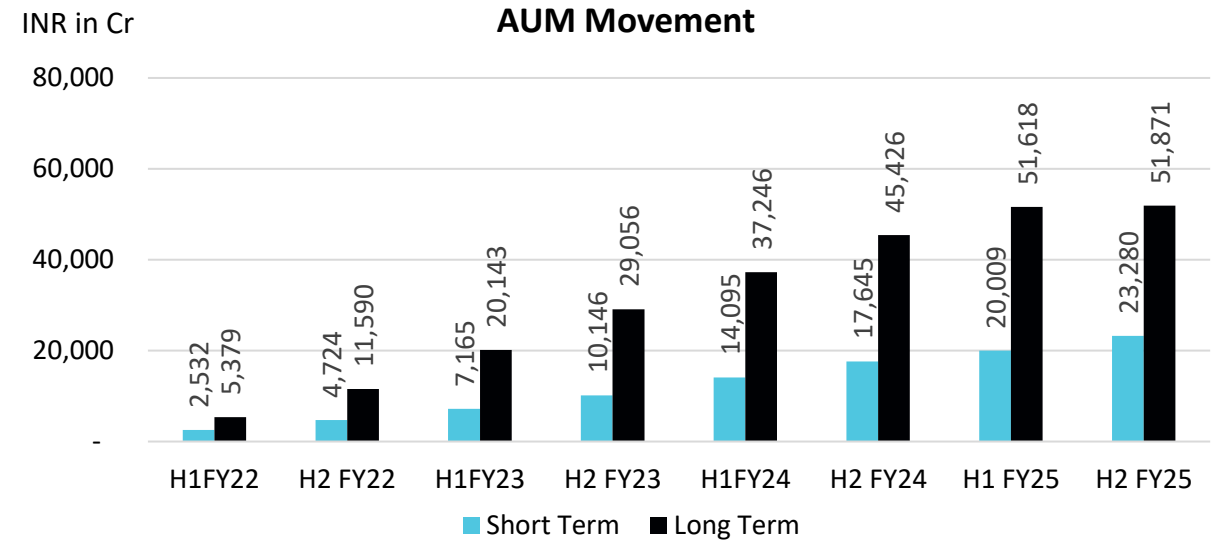
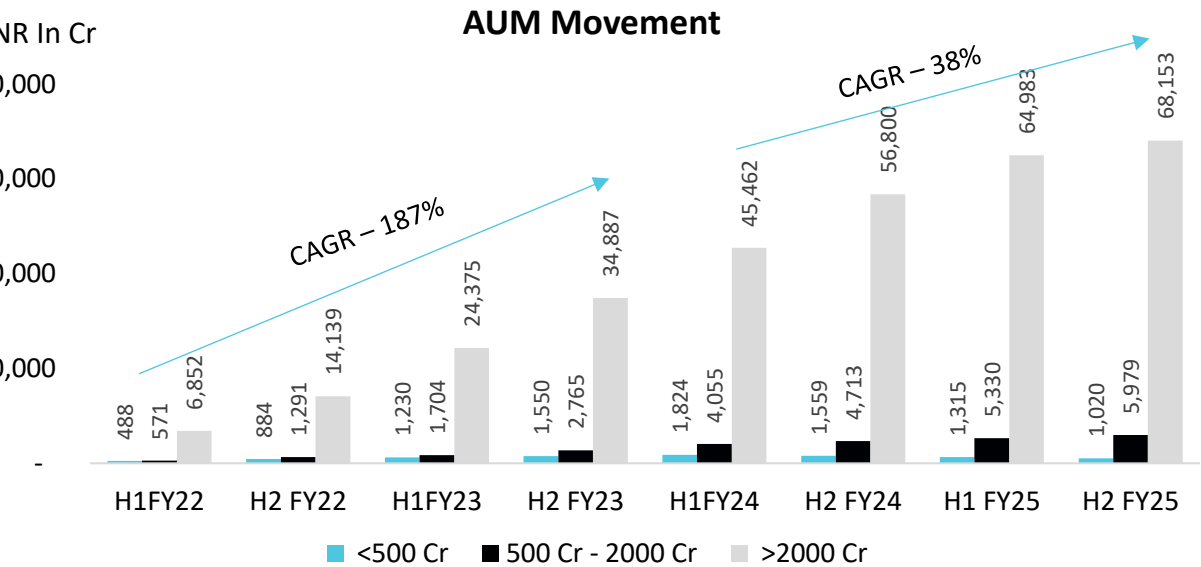
A Snapshot - Northern Arc's Consumer Finance NBFC Partners as at Mar-25



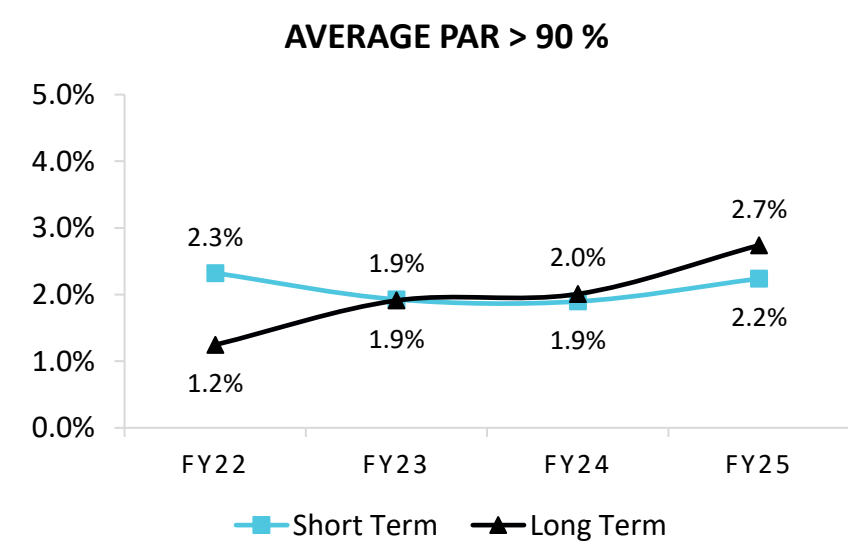
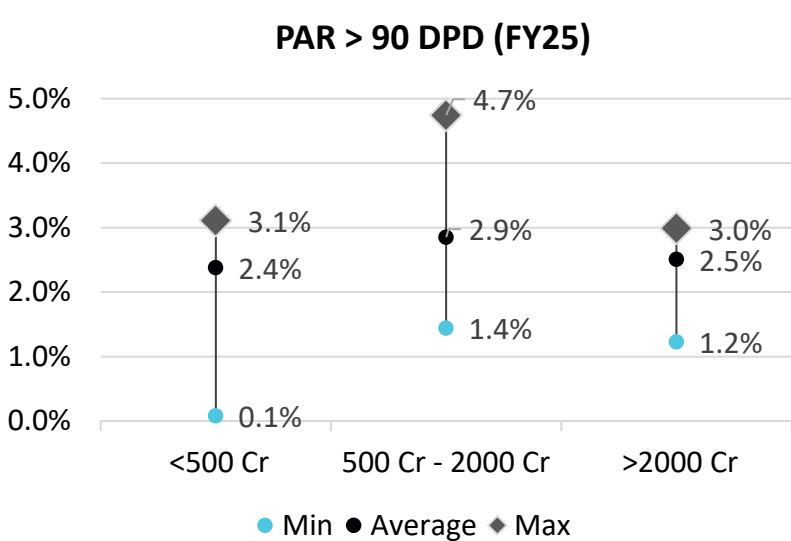
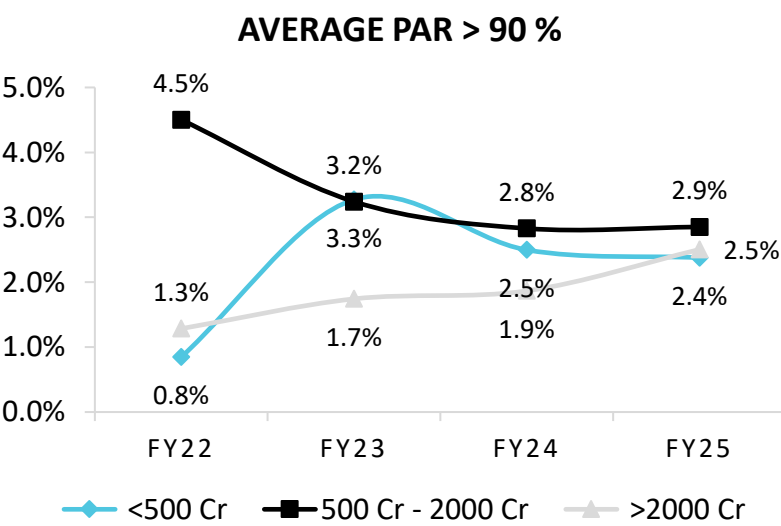
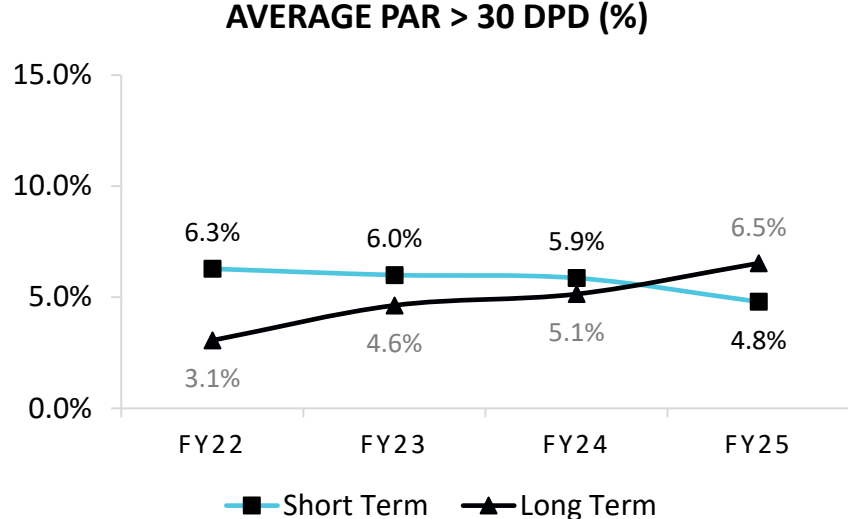
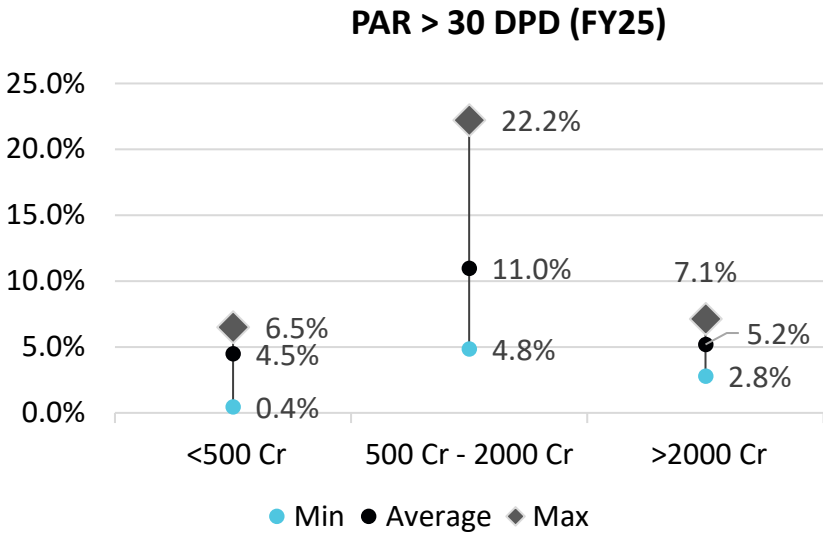
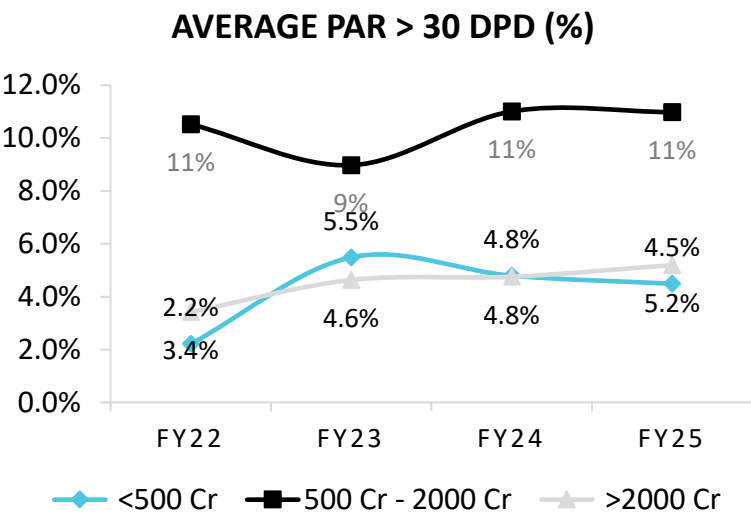
State Wise AUM Break-Up as of Mar-25 (INR Crore)



AUM and Disbursement Trend

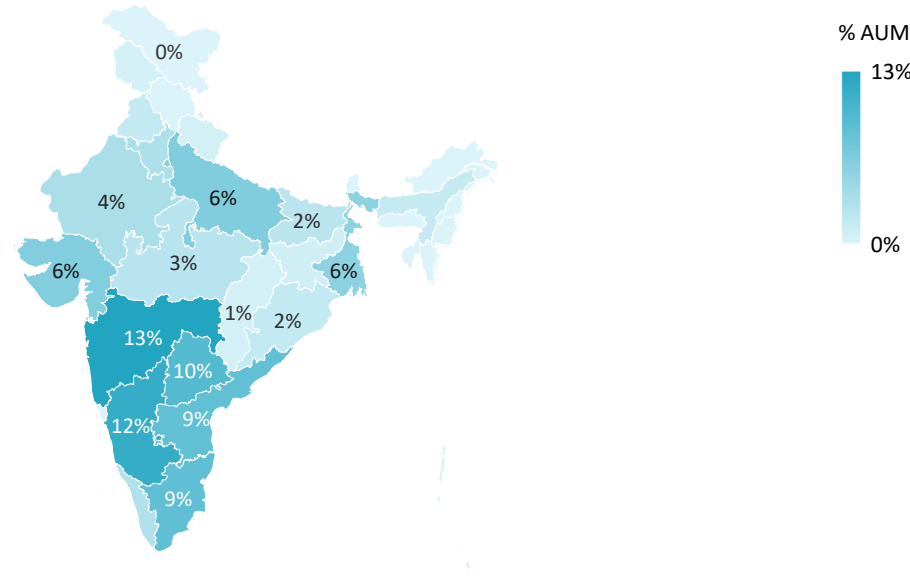


Delinquency Trend for PAR>30 DPD and PAR>90 DPD

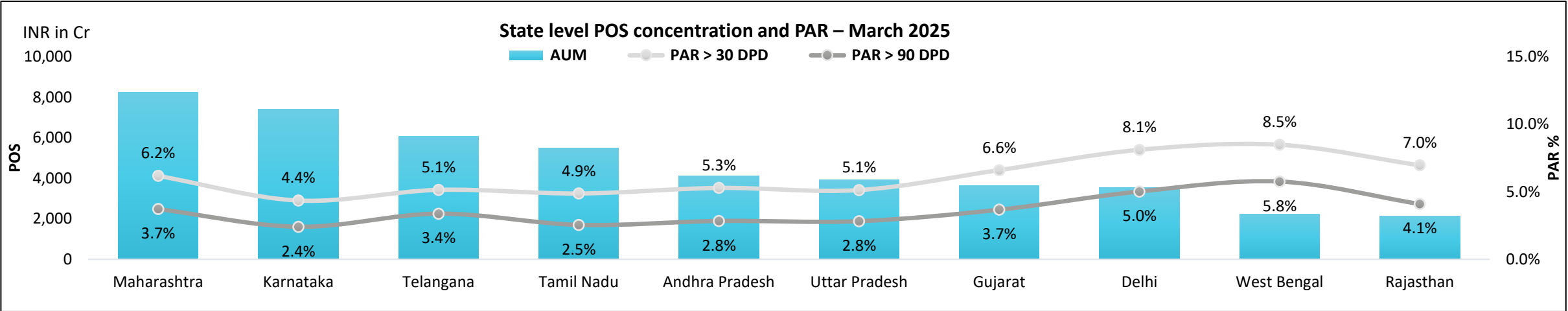
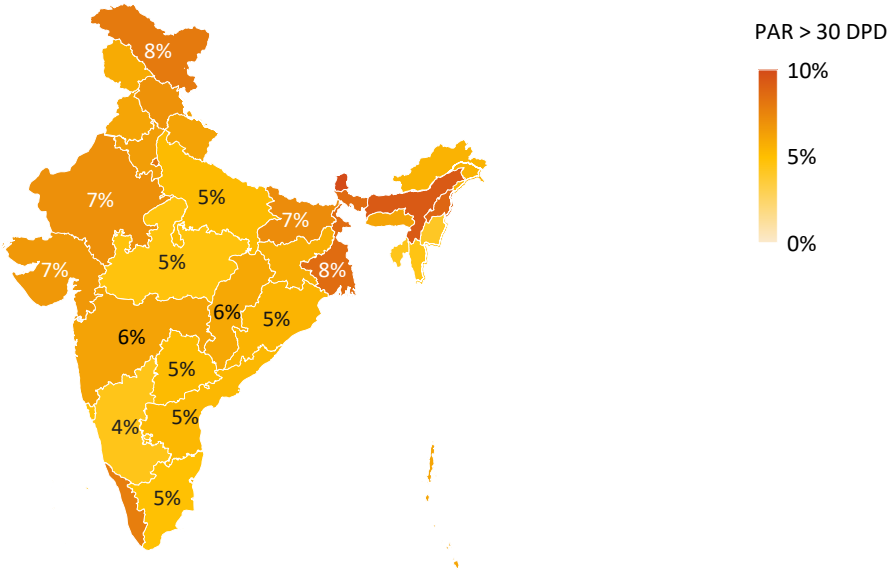


State-wise AUM break-up & Portfolio performance

State Wise AUM Break-Up as of Mar-25 (% of Total AUM)

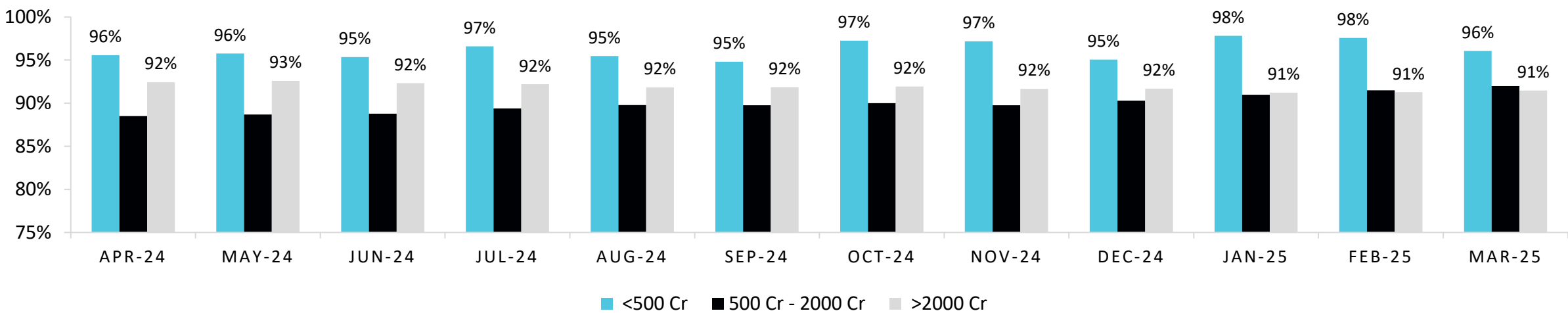


State Wise PAR>30 DPD Break-Up as of Mar-25 (%)

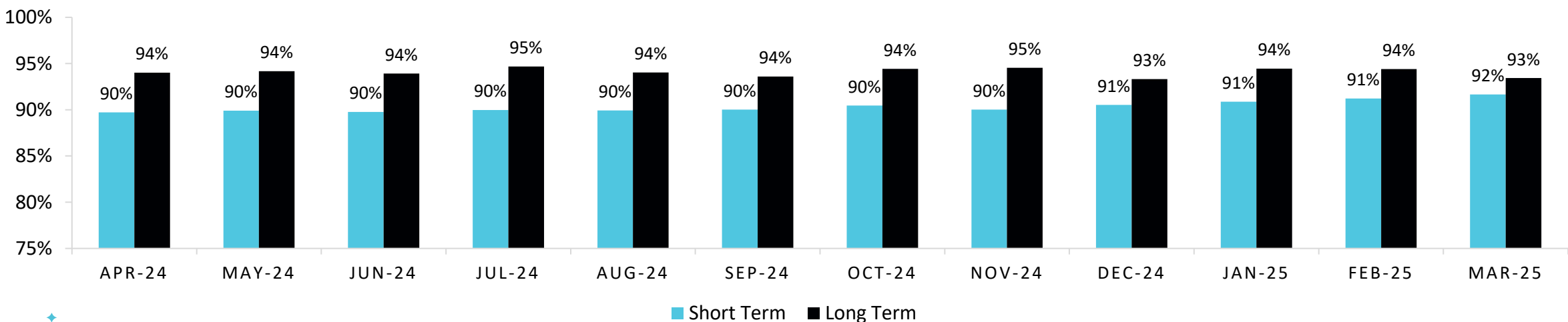


Current Collection Efficiency Monthly Trend

Current Collection Efficiency %



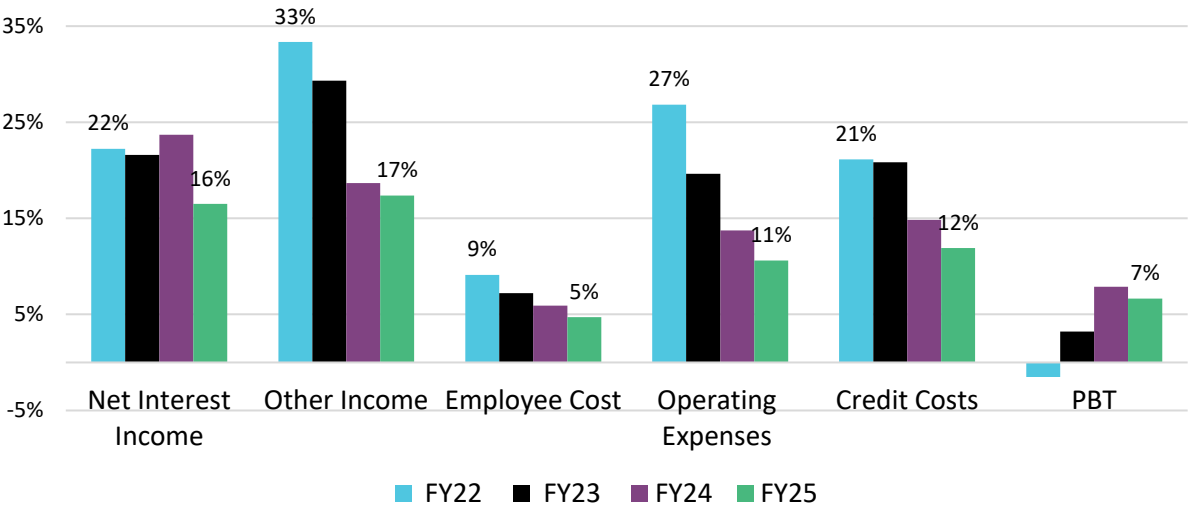
Current Collection Efficiency %



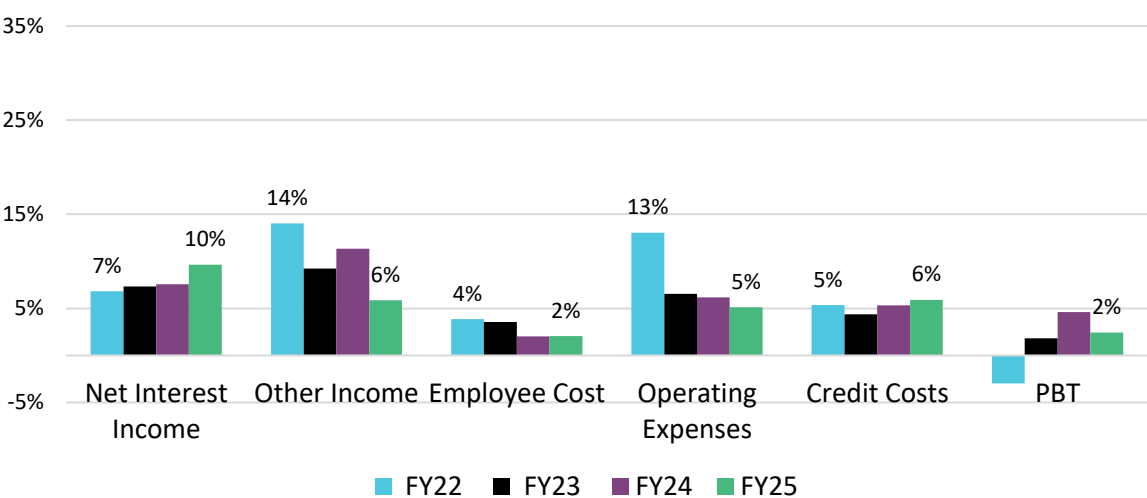
Comparison of Financial Performance: Short Term Vs Long Term Players



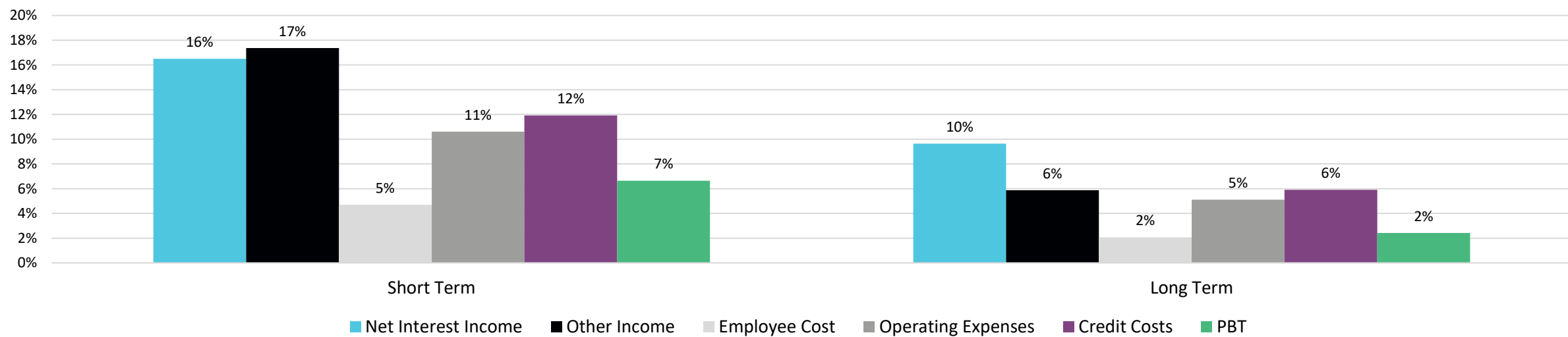
ROA Tree (Short Term Loans) as a % of Avg. GLP



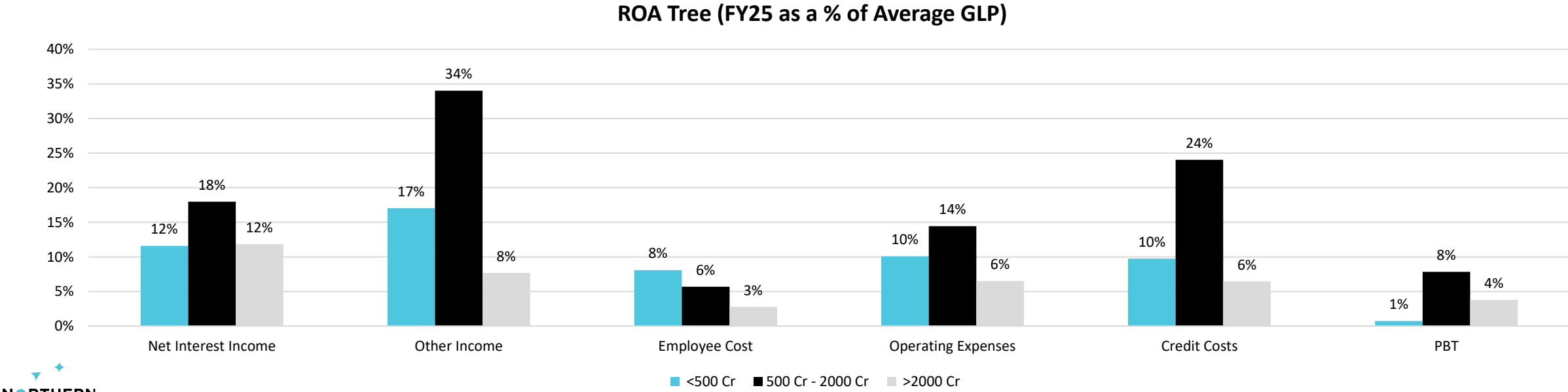
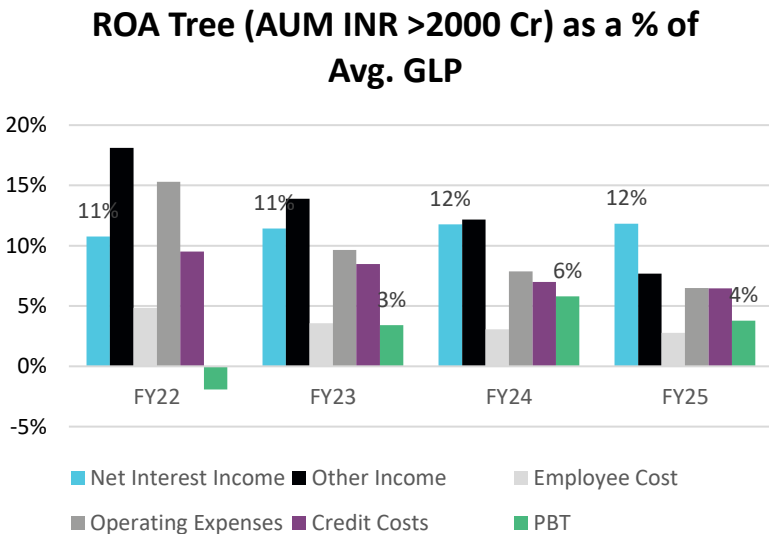
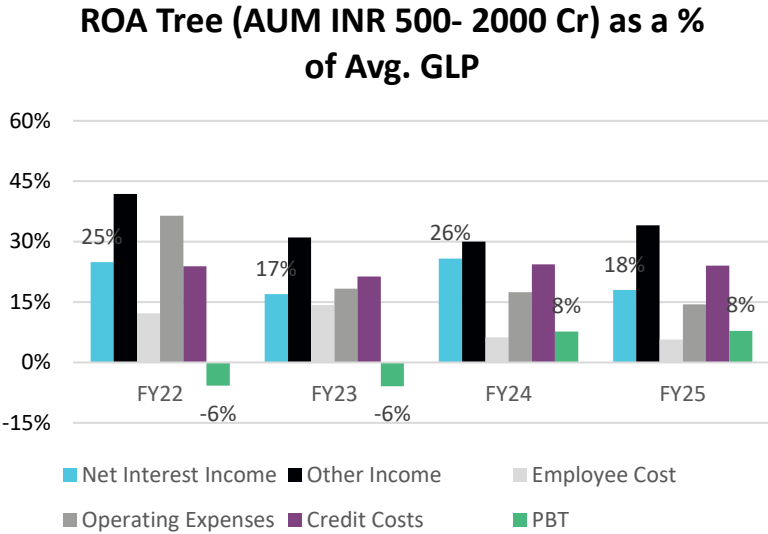
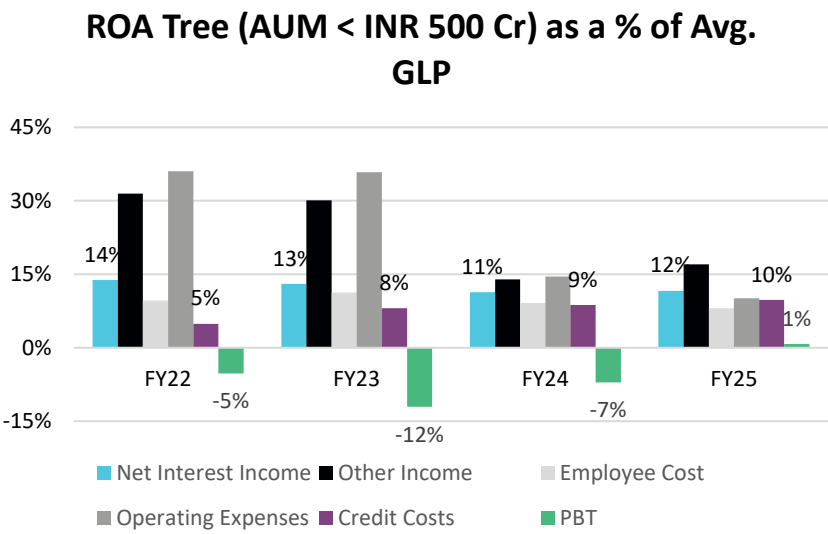
ROA Tree (Long Term Loans) as a % of Avg. GLP



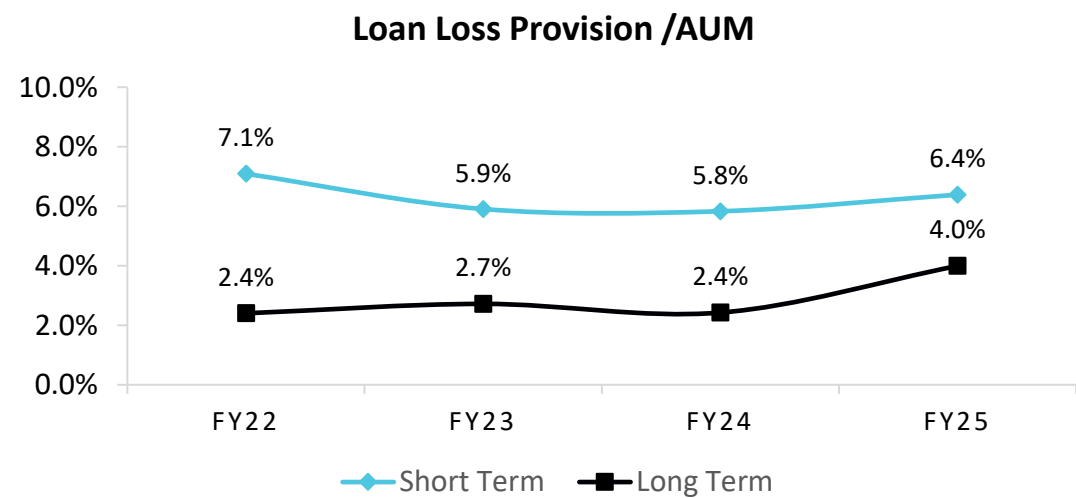
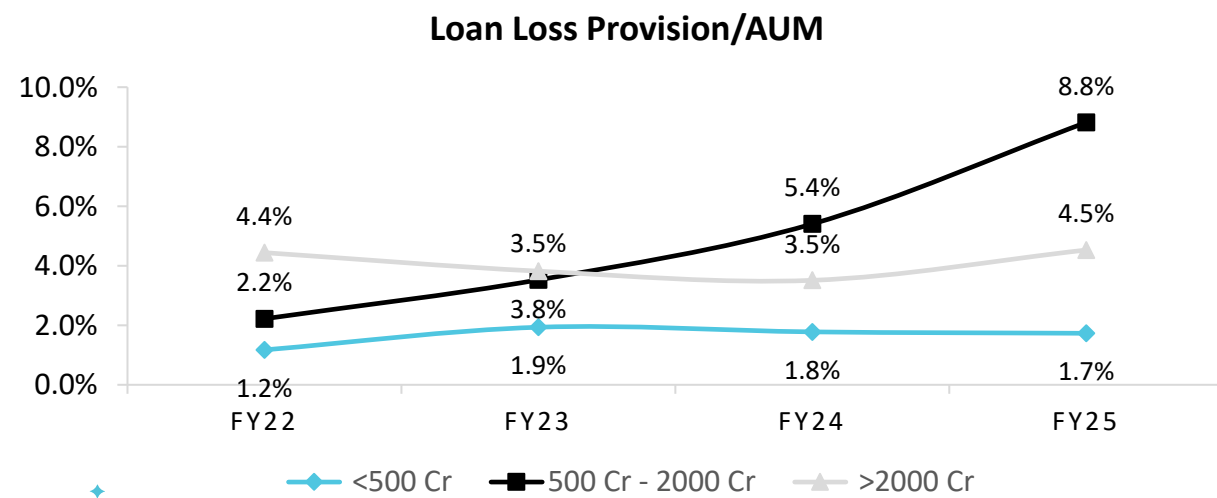
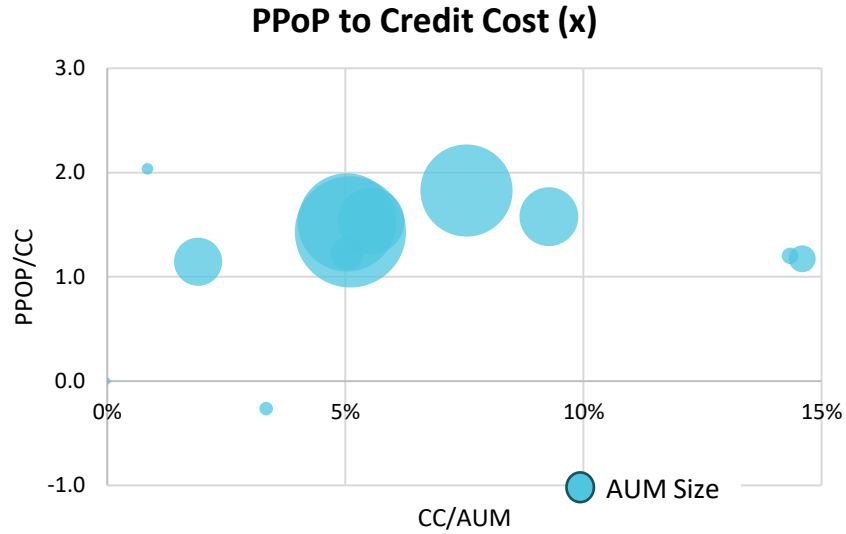
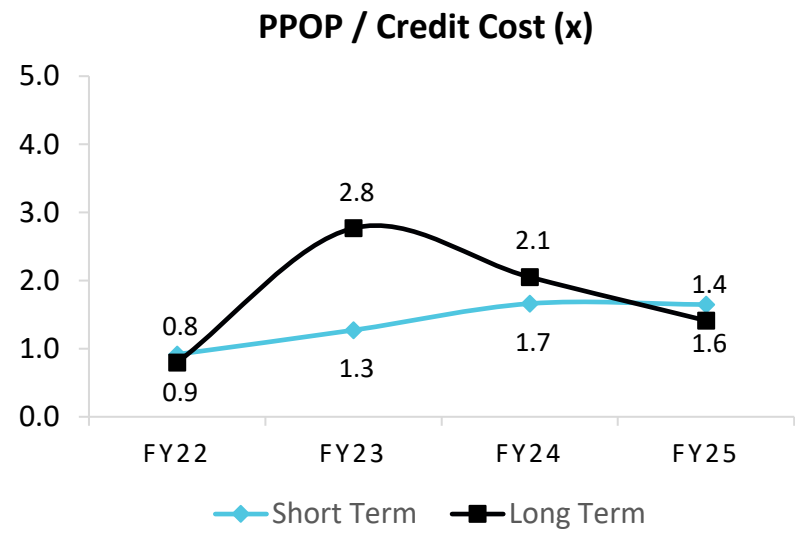
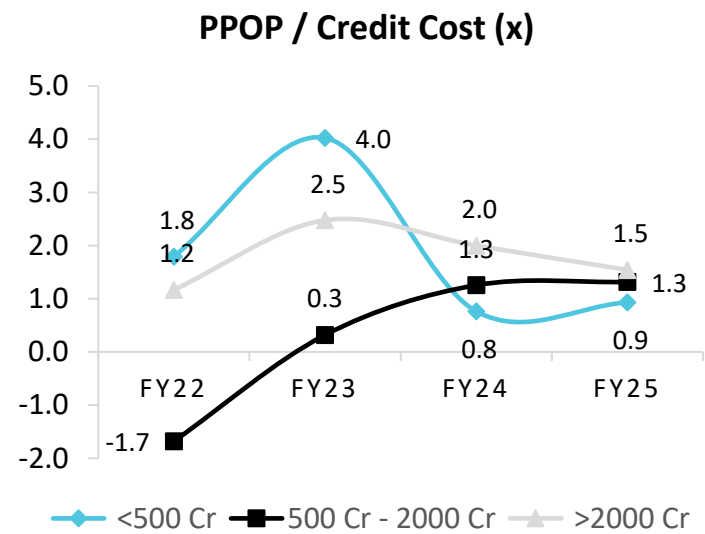
ROA Tree (FY25 as a % of Average GLP)



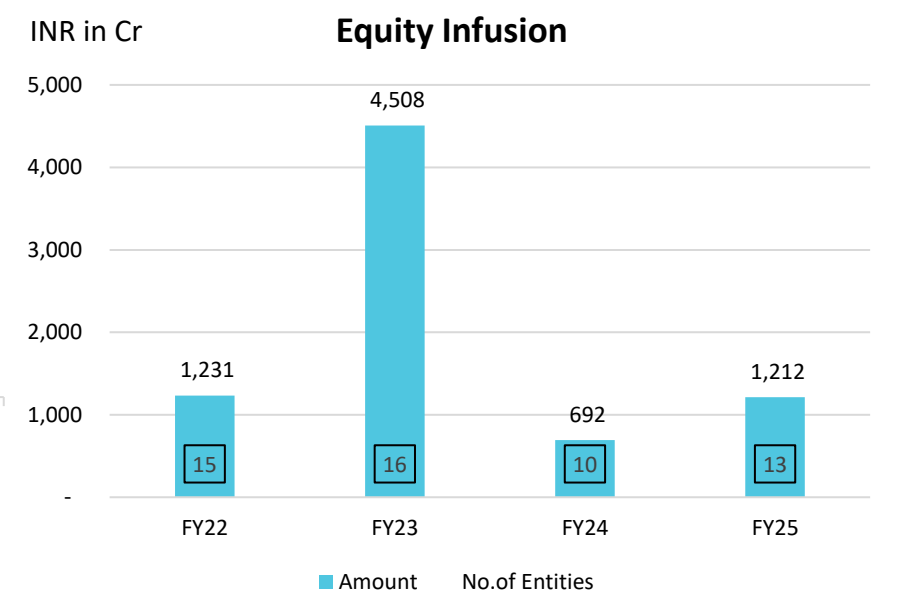
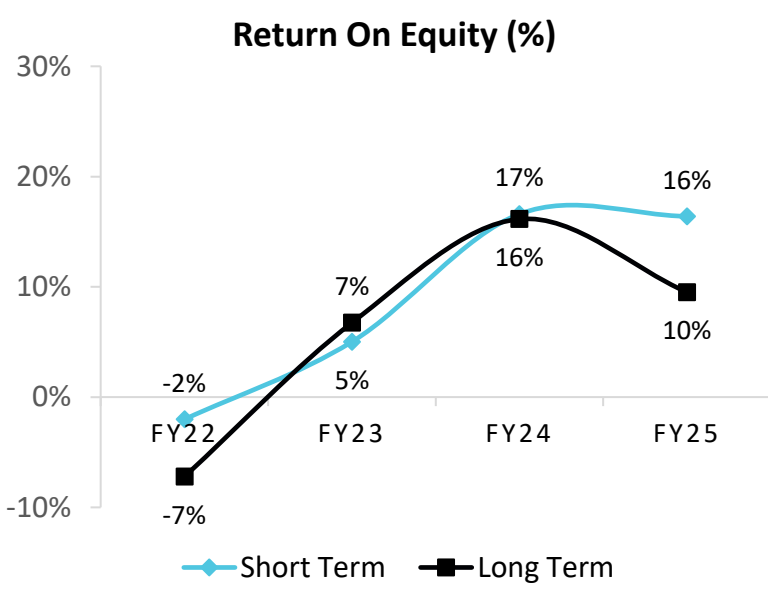
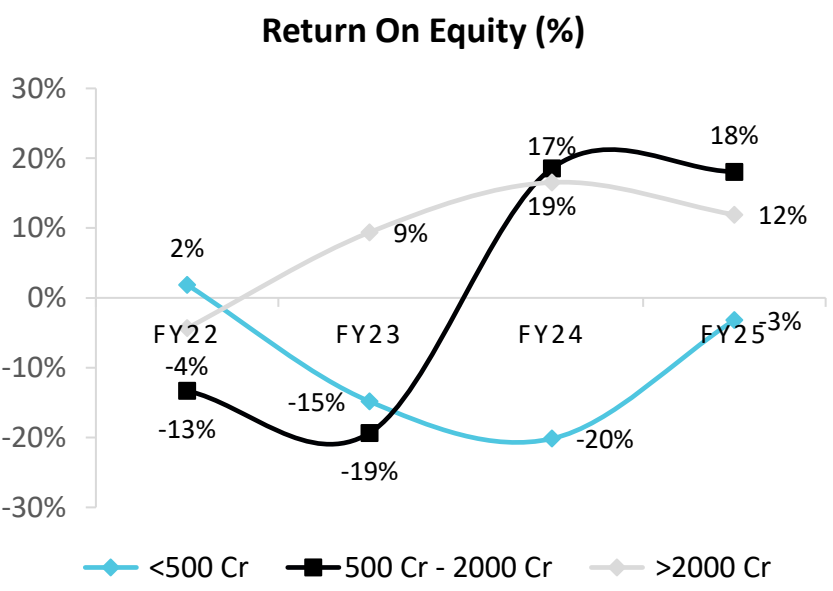
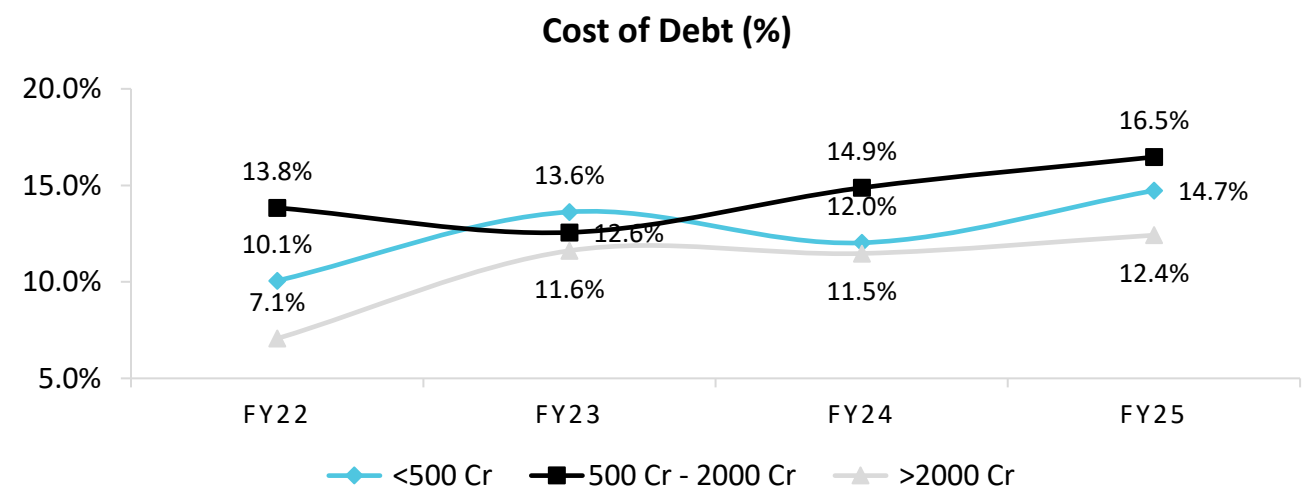
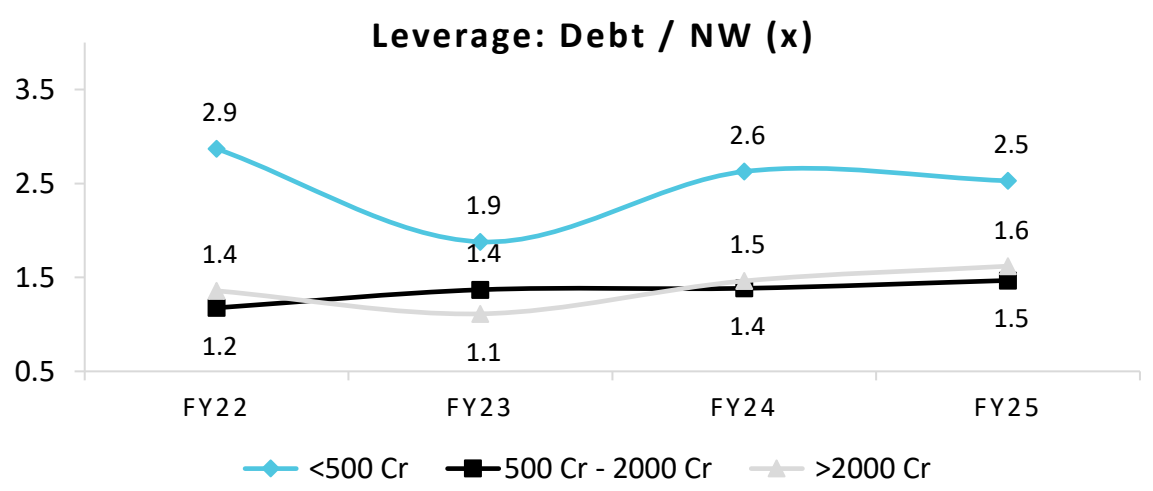
RoA Tree across AUM categories



Pre-Provision Profit to Credit Cost Buffers & Loan Loss Provisions



Leverage, Cost of Debt, Return on Equity and Equity Infusion



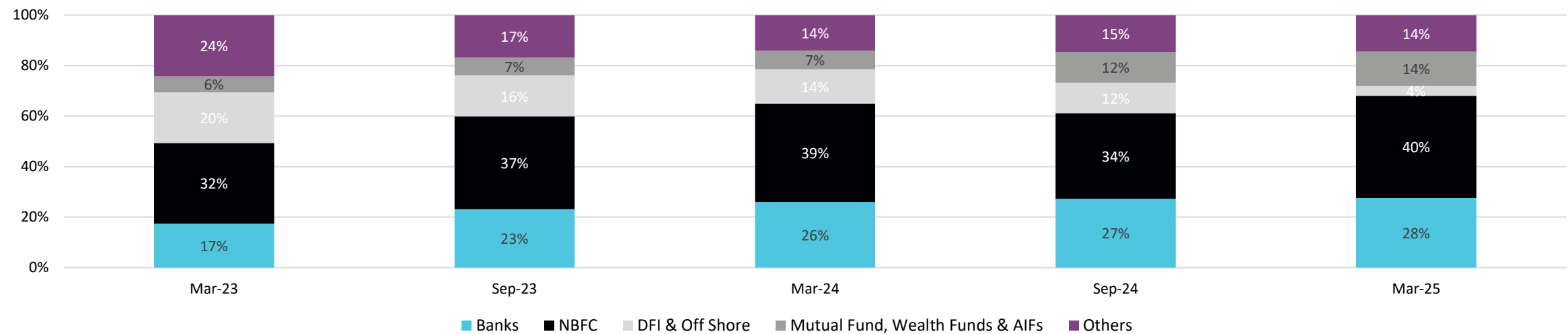
Major Institutional Equity Infusion and Rating Movement since FY22 (As at March 31, 2025)



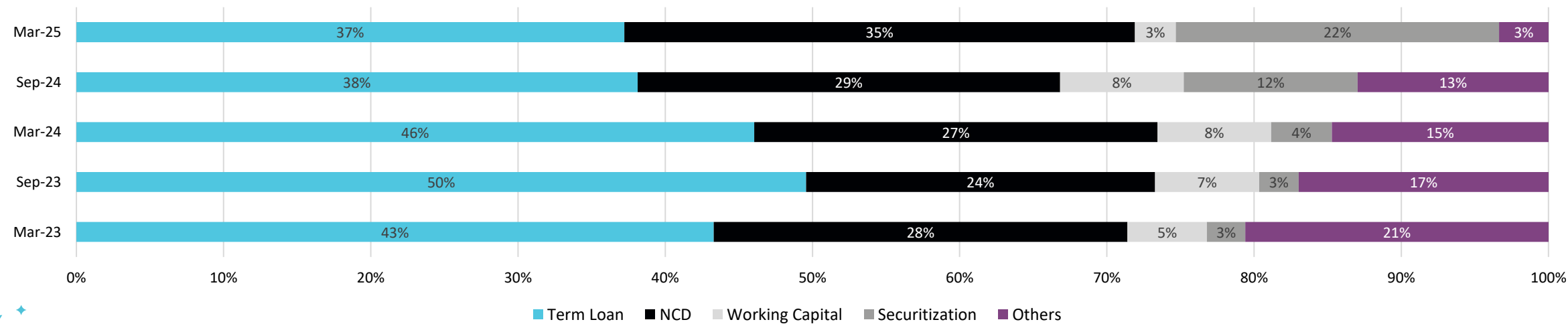
Entity	FY22	FY23	FY24	FY25	Rating Agency	FY22	FY23	FY24	FY25
Entity 1	166	329	45	51	Acuite	BBB	BBB	WD	
					ICRA	BBB-	BBB	BBB	BBB
					India Ratings			BBB	BBB
					Care				BBB
Entity 2	176	0	4	0	CARE	BBB-	BBB	BBB	BBB- & WD
					Infomerics		BBB+	BBB- & WD	
					ICRA		BBB	BBB	BBB
Entity 3	0	16	0	36	Acuite				BBB-
Entity 4	3	765	0	560	CARE	BBB	BBB+	BBB+	A-
					India Ratings			BBB+	BBB+
Entity 5	54	35	0	177	Unrated				
Entity 6	8	25	11	6	Acuite		BBB-	BBB-	BBB-
					India Ratings				BB+
Entity 7	10	1250	345	113	CARE			A-	A-
					Crisil		BBB+	A-	A-
					ICRA	BBB- & WD			
					Acuite	BBB+	BBB+	A-	A
Entity 8	100	913	0	7	India Ratings	A	A	A	A
					Crisil	A-	A	A	A
Entity 9	54	20	0	80	India Ratings				BBB
Entity 10	12	296	52	2	Care	BBB-	WD		
					Crisil			BBB+	BBB+
					Acuite	BBB	BBB	BBB+	A-
Entity 11	65	12	42	56	Unrated				
Entity 12	0	6	10	0	Unrated				
Entity 13	8	1	13	37	Unrated				
Entity 14	48	75	0	0	Care		BBB-	BBB-	BBB-
					Crisil				BBB
Entity 15	54	34	50	7	Unrated				
Entity 16	418	609	121	79	India Ratings			BBB+	BBB+
Entity 17	56	121	0	0	Unrated				

Debt Profile: Funding Institution and Instrument wise break-up

Funding Institution wise Debt Composition



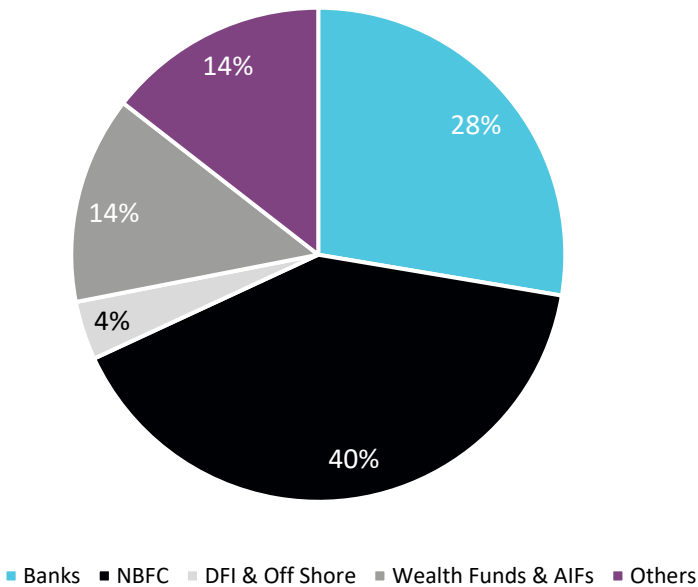
Funding Instrument-wise Debt Composition



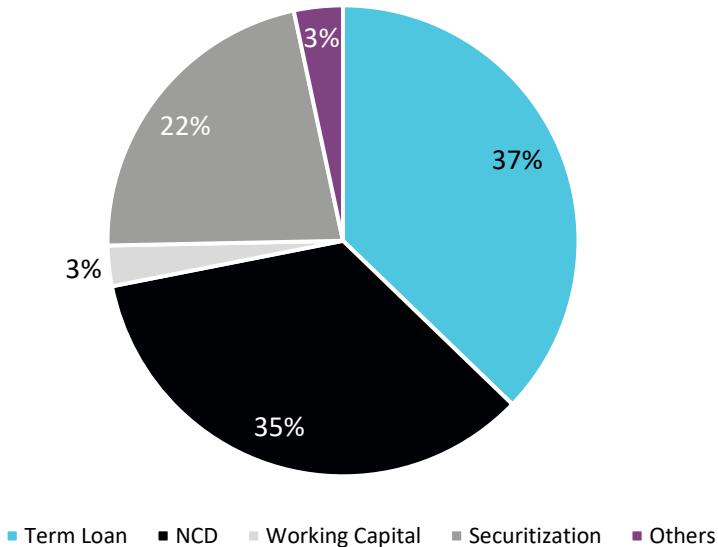
Debt Profile as on Mar-25



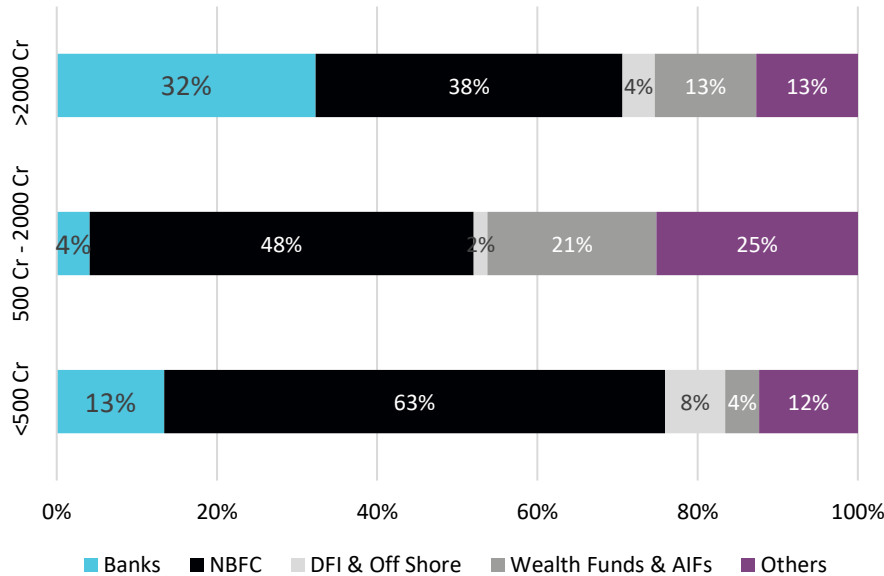
Share of Debt O/s as on 31-Mar-25



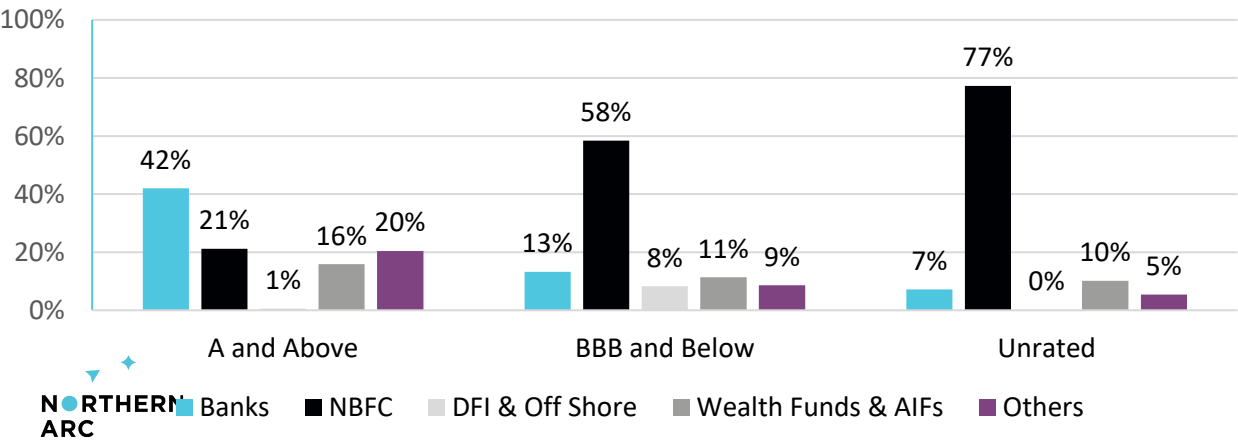
Type of Debt Outstanding as on 31-Mar-25



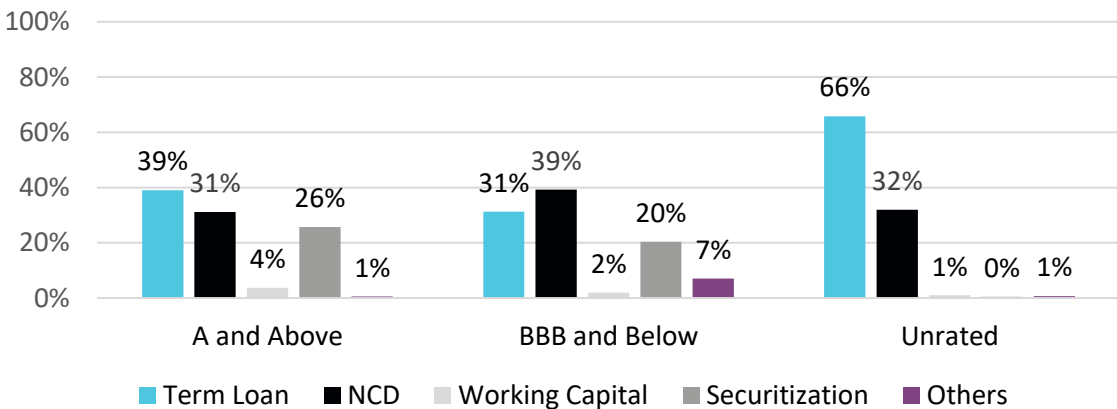
Share of Debt O/s as on 31-Mar-25



Funding Institution wise break-up based on Credit Rating
Category - 31-Mar-25



Funding Instrument wise break-up based on Credit Rating
Category - 31-Mar-25



Source: NACL internal data reported by partners

Definitions and Abbreviations

Term	Description
NBFC	<i>Non-Banking Financial Company</i>
NACL	<i>Northern Arc Capital Limited</i>
AUM/GLP	<i>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.</i>
Disbursement	<i>Disbursement represents loans sanctioned and financed to the borrowers during the respective period.</i>
PAR 30	<i>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.</i>
PAR 90	<i>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.</i>
Current Collection Efficiency (CE)	<i>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.</i>

Term	Description
NW	<i>NW stands for Net Worth. Net Worth means, NBFC's equity share capital, compulsorily convertible instruments and any amount outstanding to the credit of its reserves.</i>
Free Cash & Liquid Assets	<i>Free Cash & Liquid Assets include cash in hand, cash at bank, money market instruments, and marketable securities.</i>
LLP	<i>LLP stands for Loan Loss Provisions. It is an expense set aside to cover losses incurred from defaulted loans.</i>
Return on Assets (ROA)	<i>Return on assets is defined as Profit after tax / Average AUM</i>
Net Interest Income (NII)	<i>Total Income from Operations less Total Finance Costs</i>
Operating Expenses Ratio (OER)	<i>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</i>
PPOP	<i>PPOP stands for Pre-Provisioning Operating Profits. It is the operating income earned by financial institutions before deducting credit cost</i>

Thank you

A large, solid blue curved shape that starts from the bottom right corner and curves upwards and to the left, resembling a stylized arc or a decorative element.