

Sector Trends – MSME NBFCs

Based on FY25 Information



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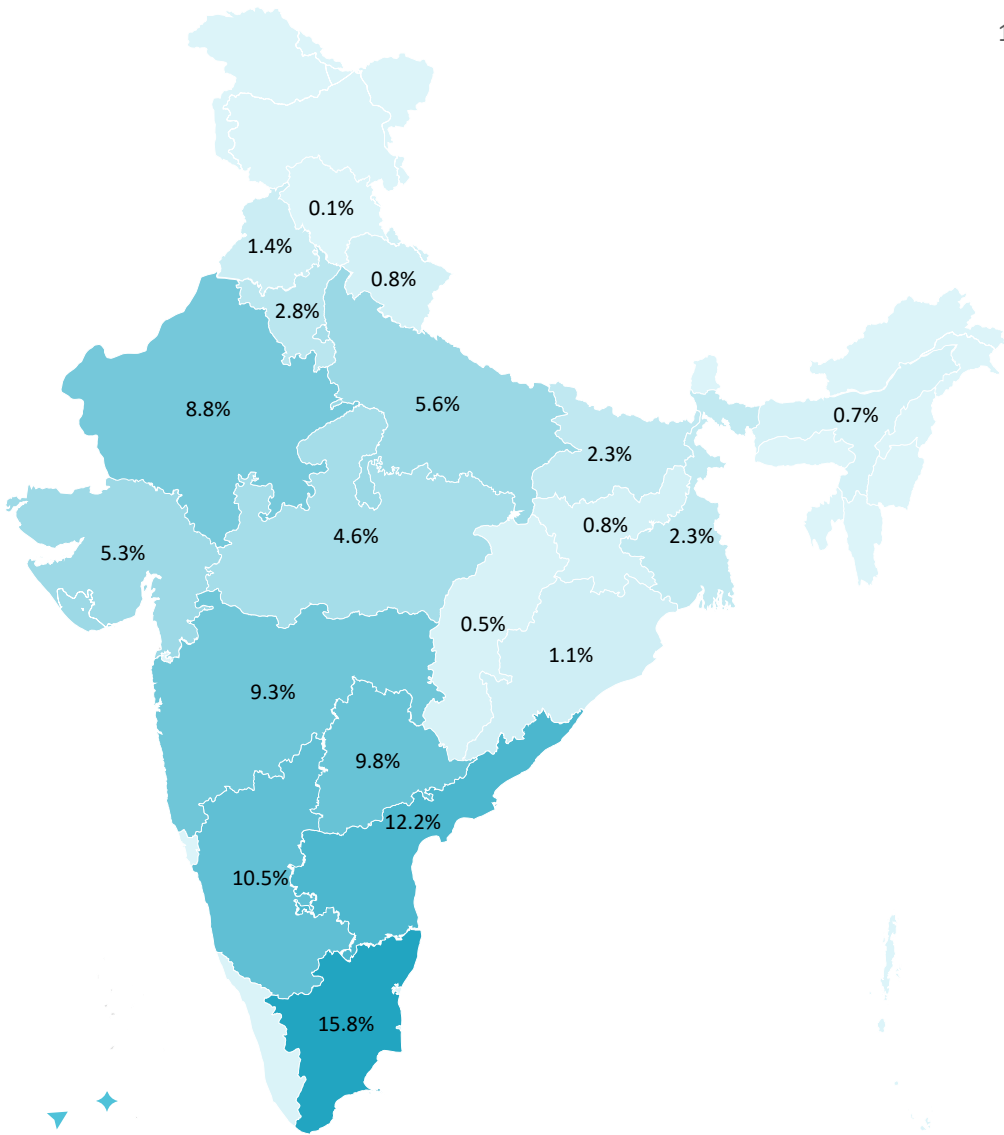


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A Snapshot of Northern Arc's MSME NBFC Partners (45 entities in total)

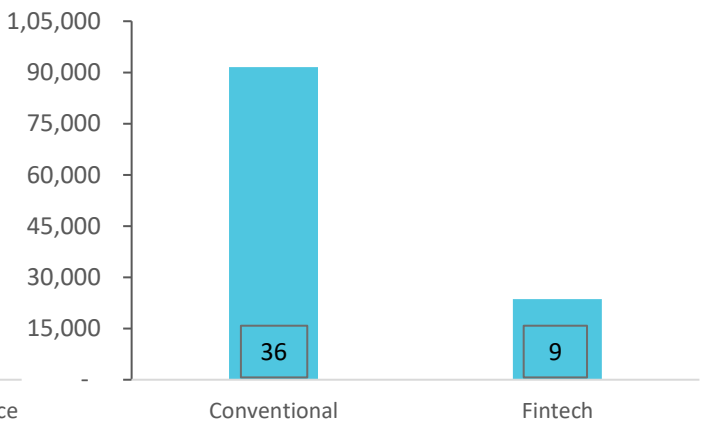
State Wise AUM Concentration-FY25



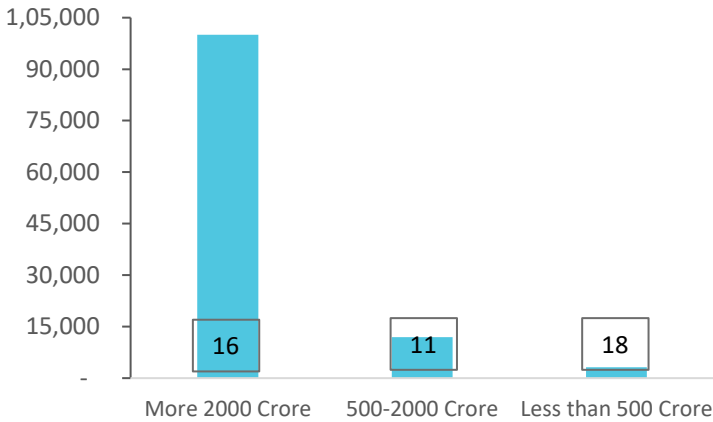
Product Category



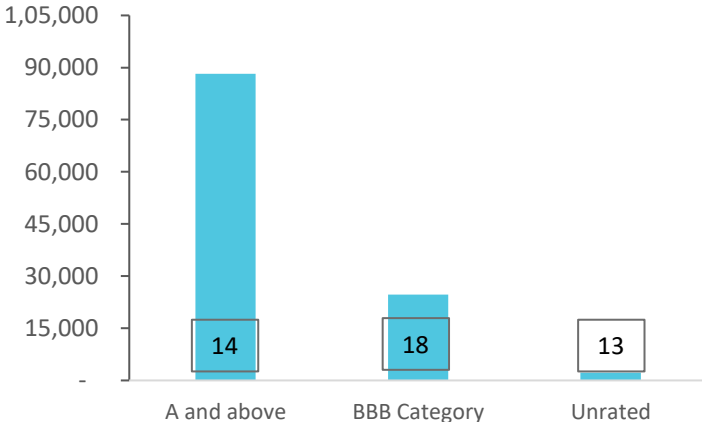
Business Model



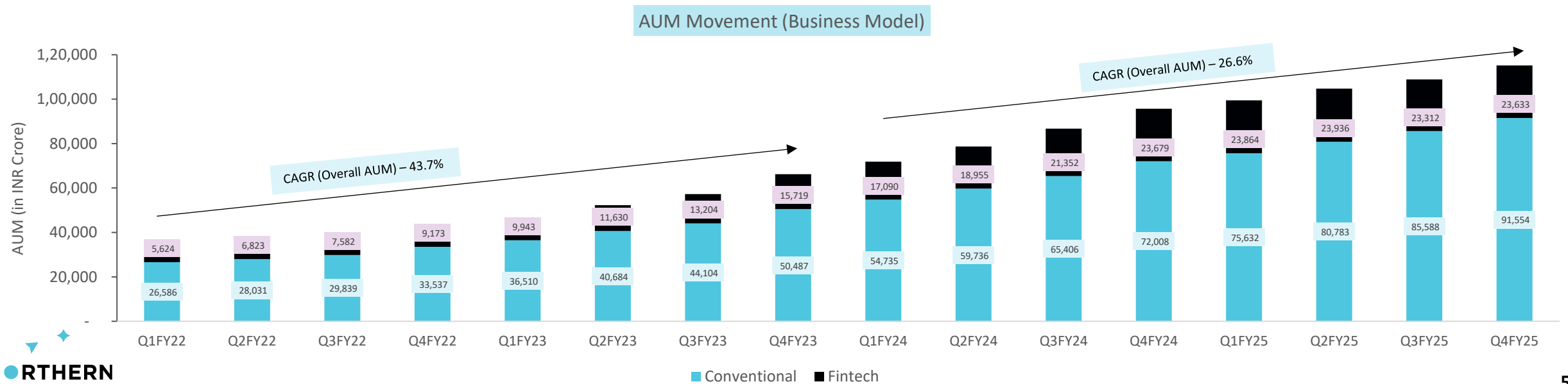
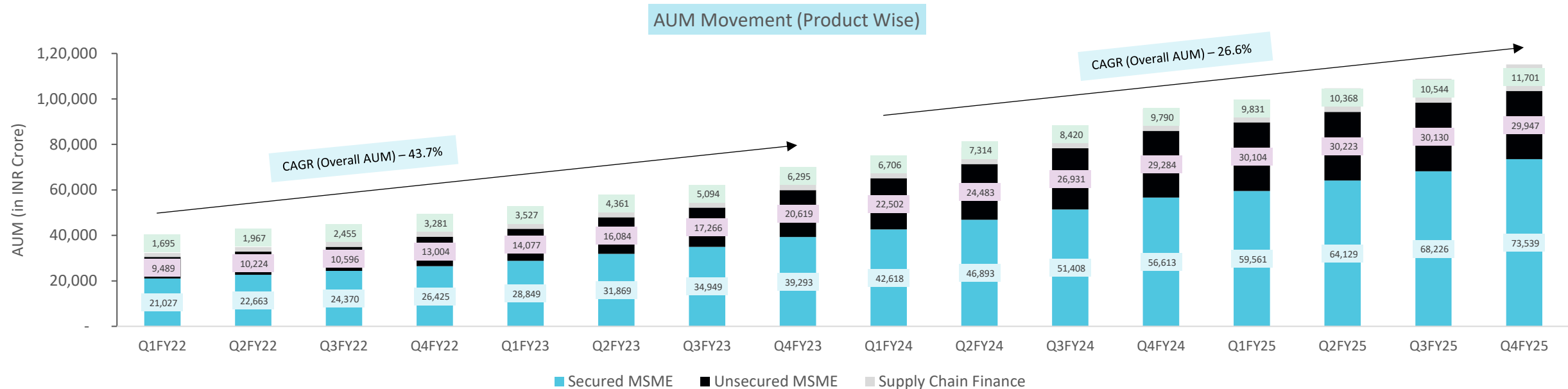
AUM Category



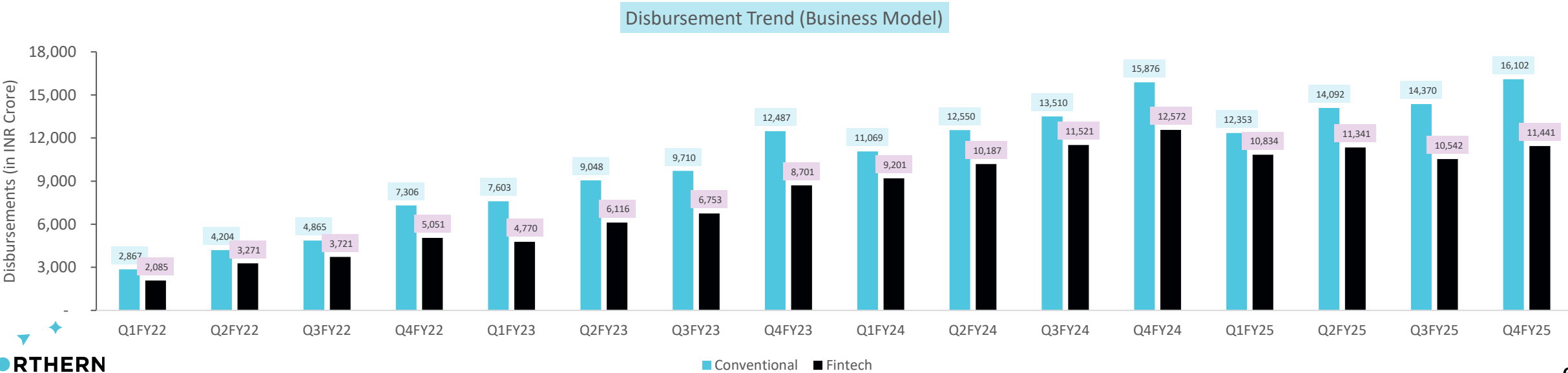
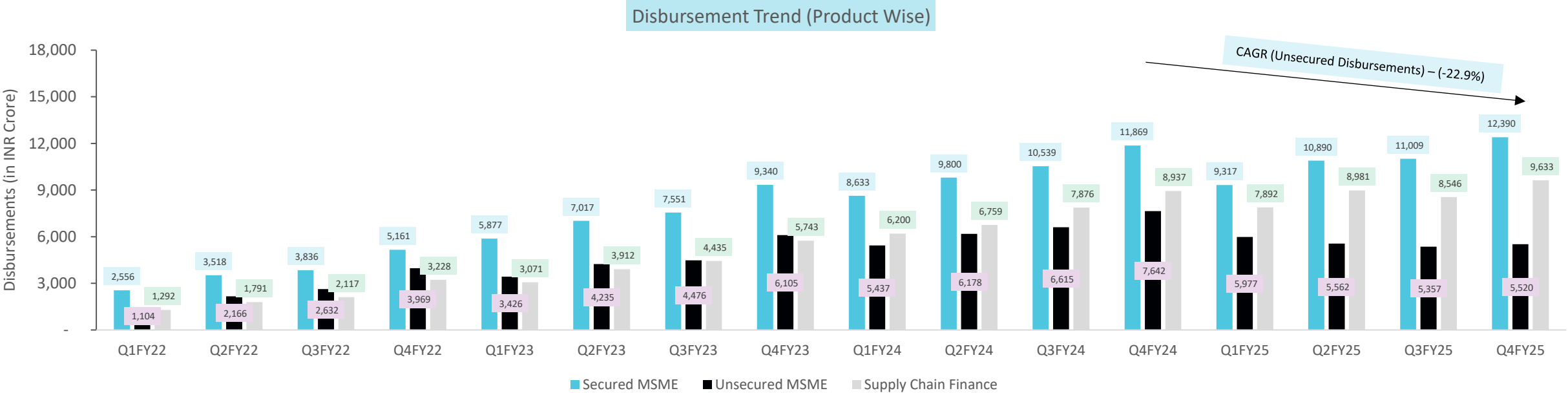
Rating Category



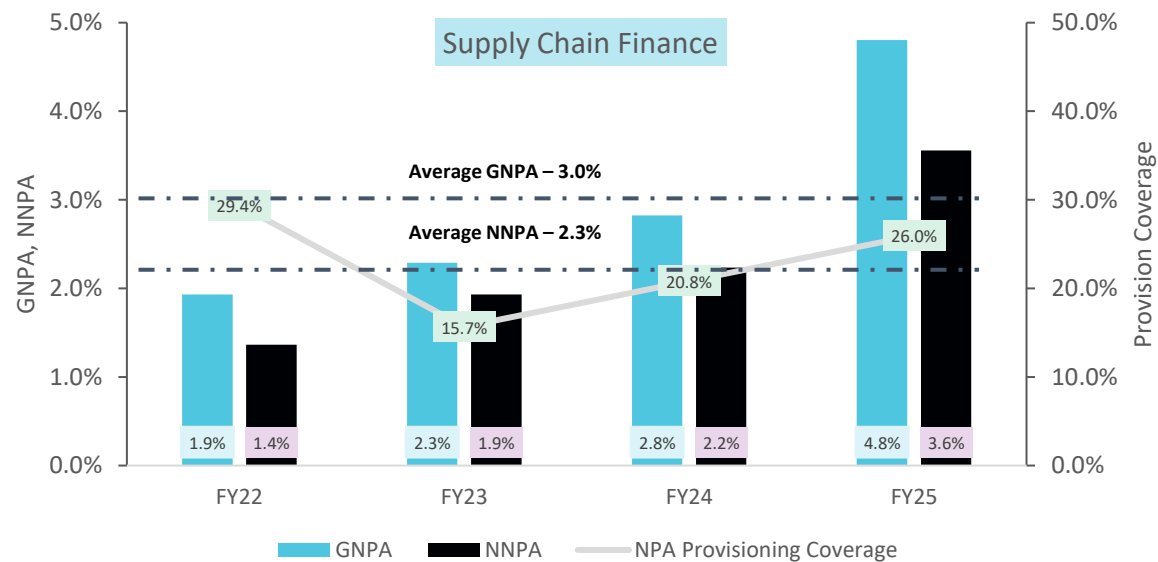
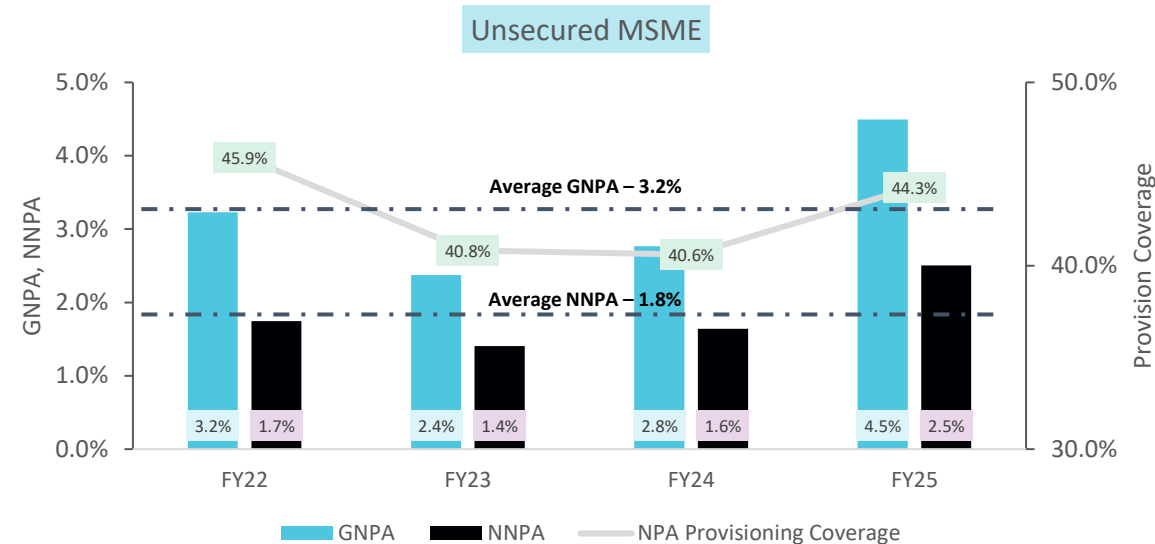
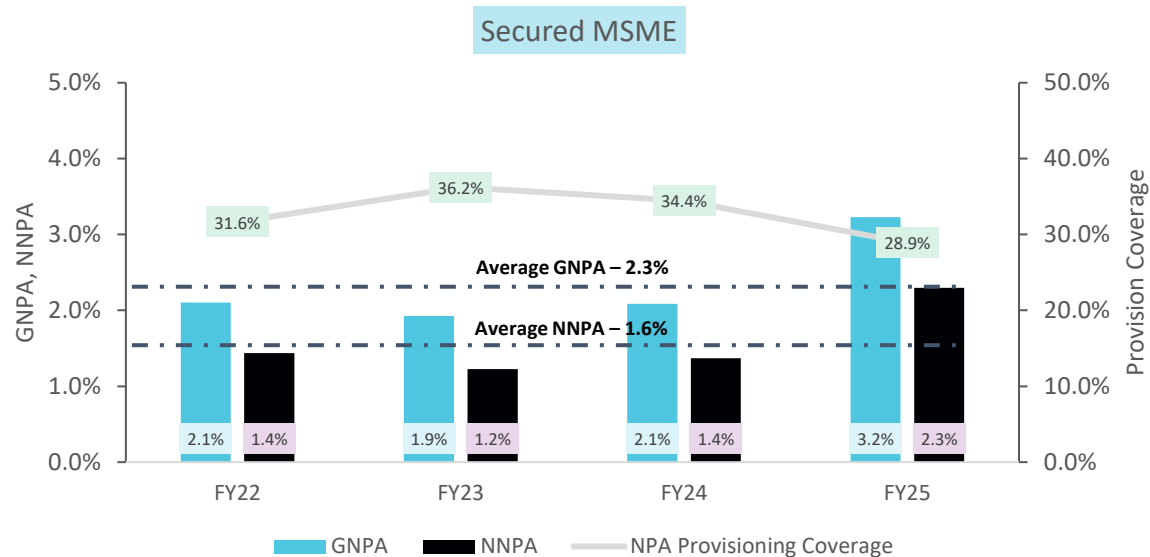
Sector AUM growth moderates but remains healthy with support from secured segment



With disbursement growth turning negative for unsecured segment in FY25



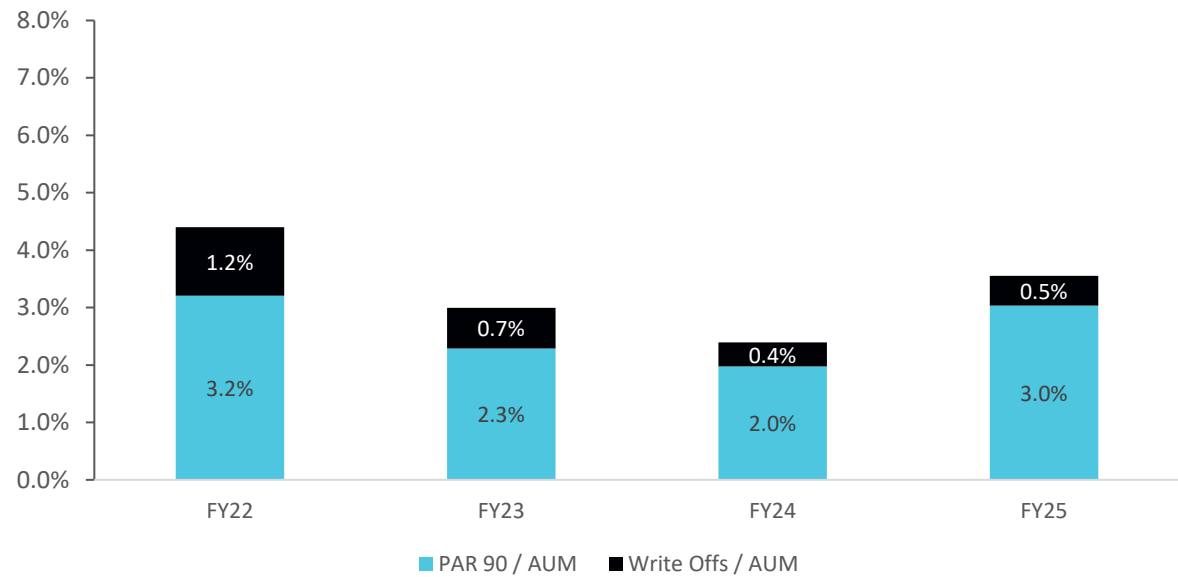
GNPA & NNPA over-shoot 'through-the-cycle' average in FY25...



With unsecured and supply chain entities' portfolio quality worsening



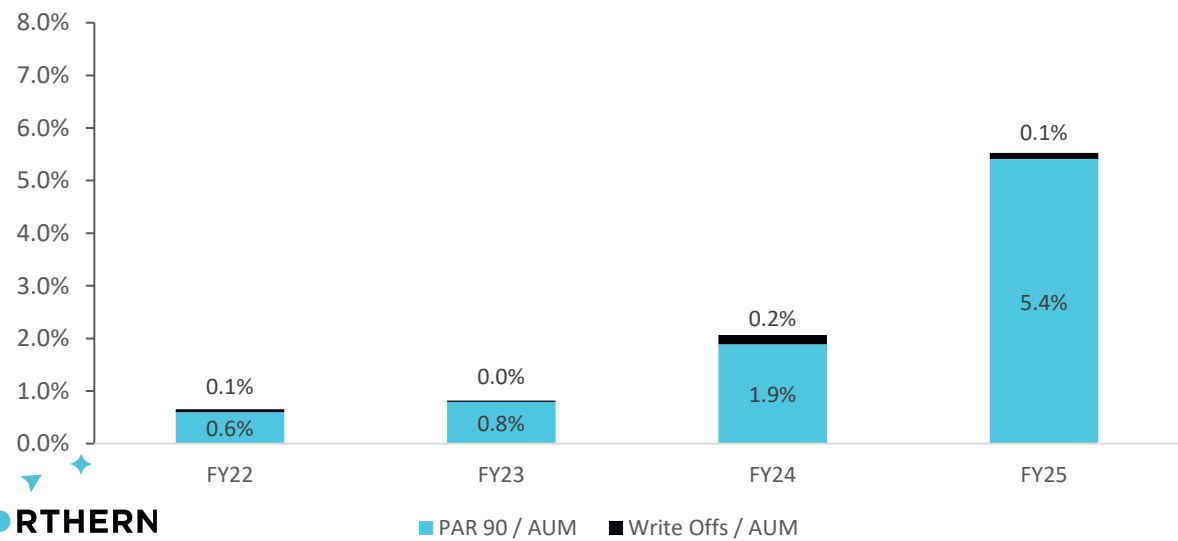
Secured MSME



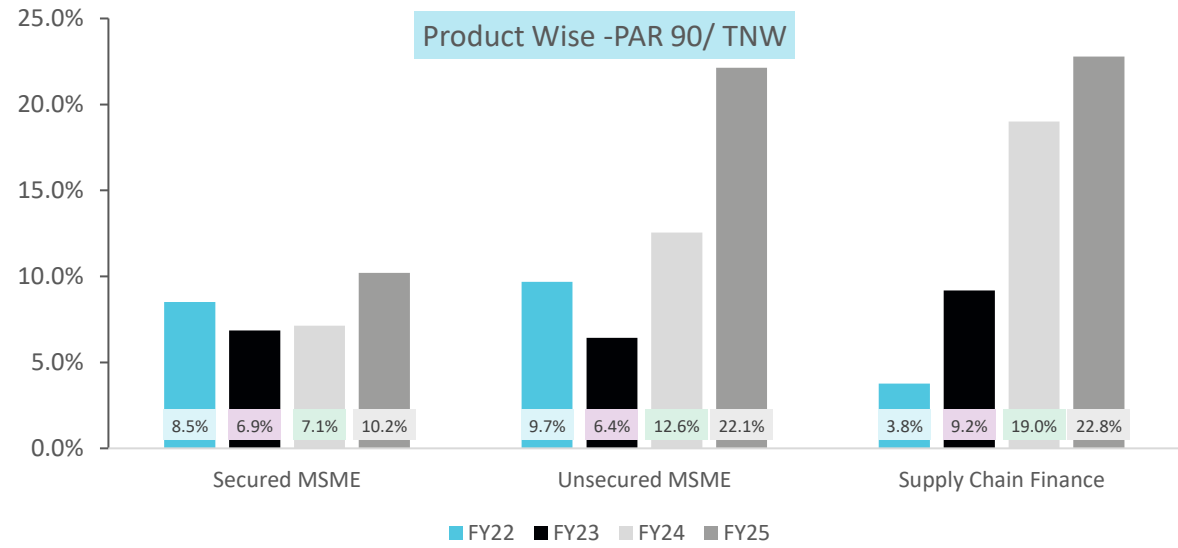
Unsecured MSME



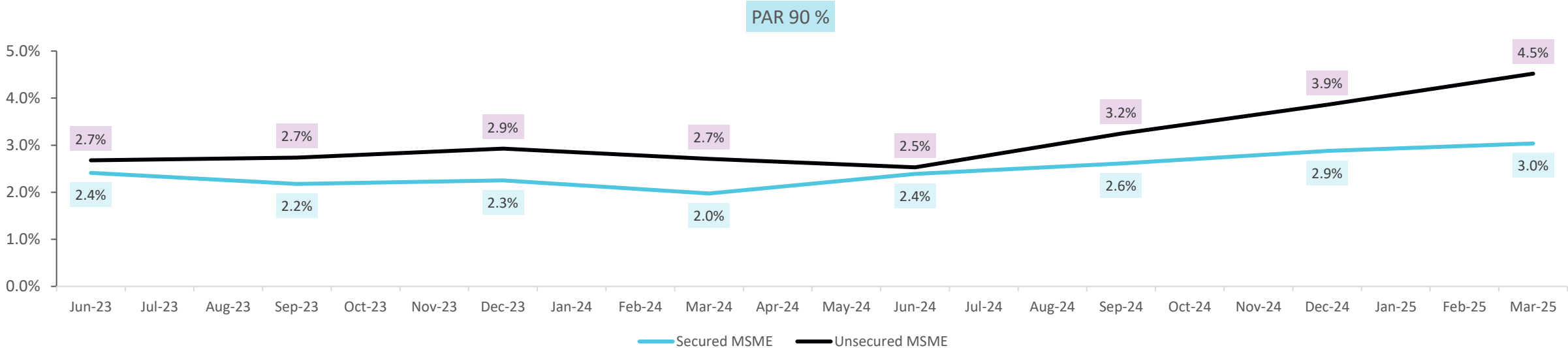
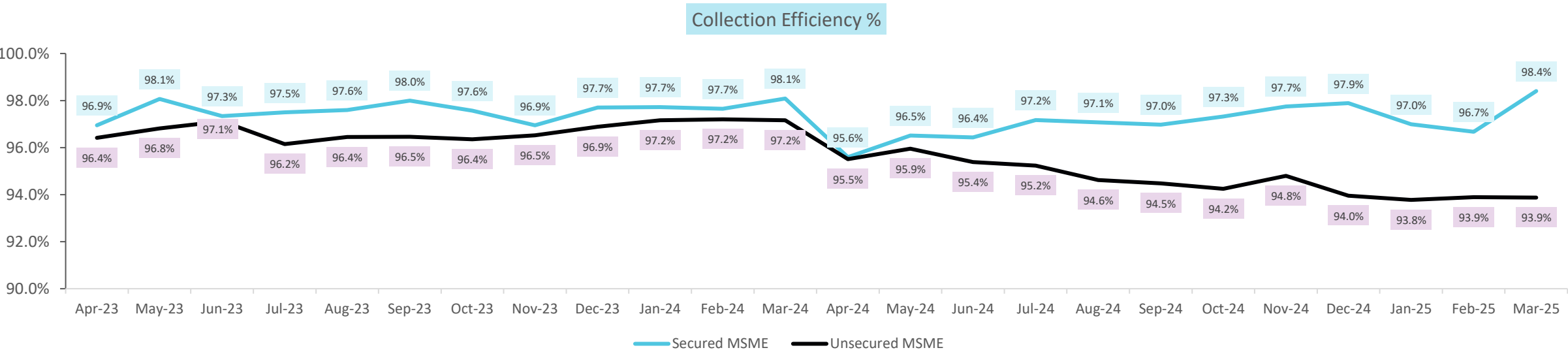
Supply Chain Finance



Product Wise -PAR 90/ TNW

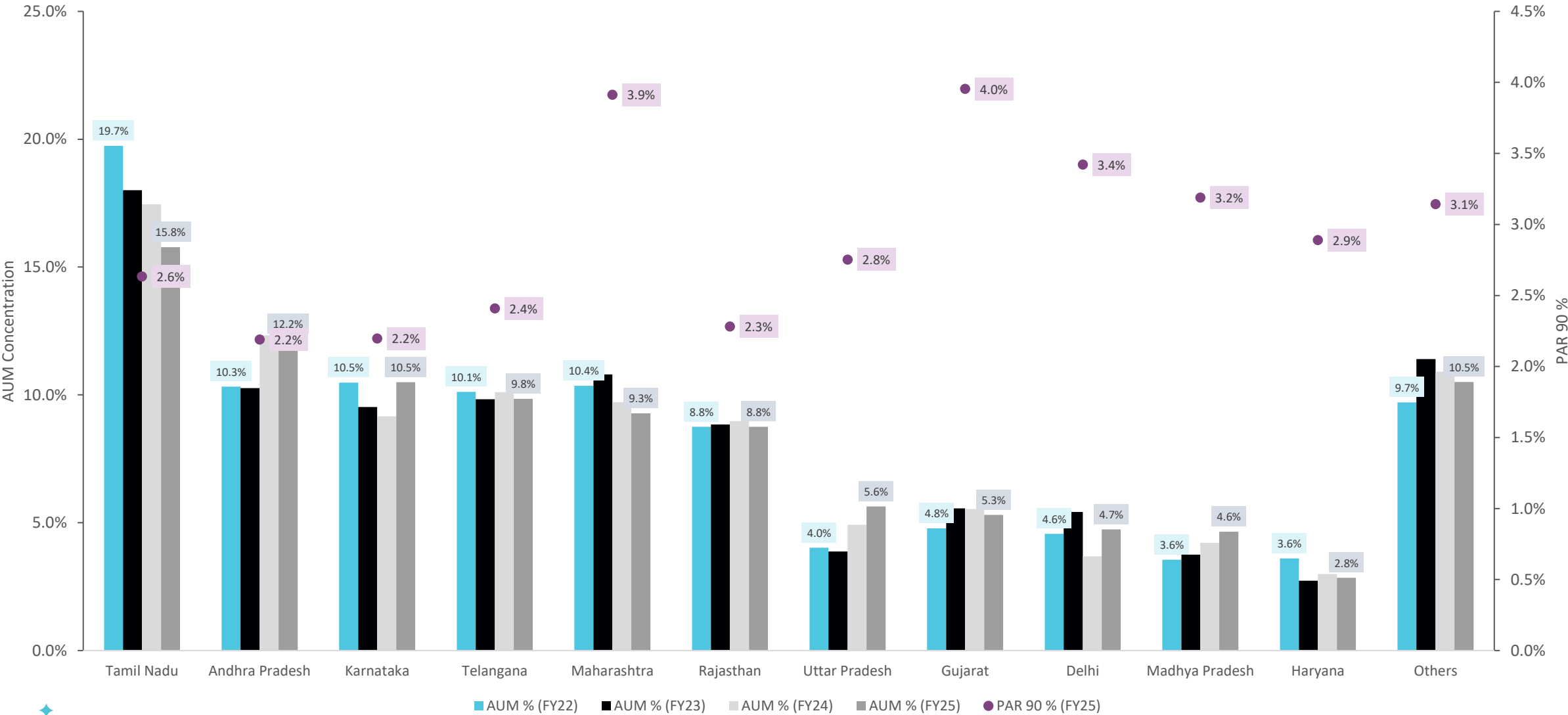


Unsecured MSME collection efficiency and asset quality worsens in FY25

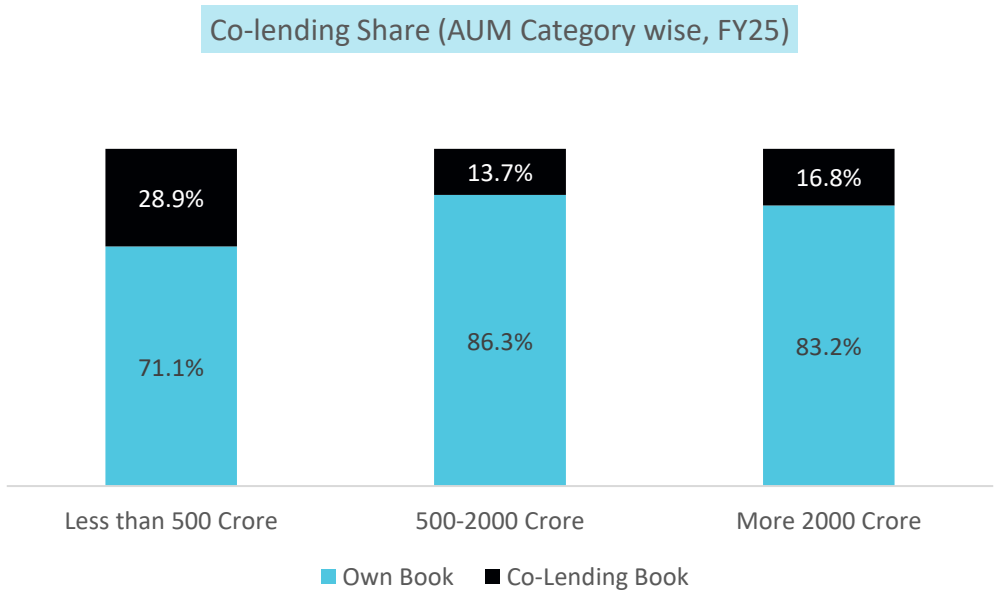
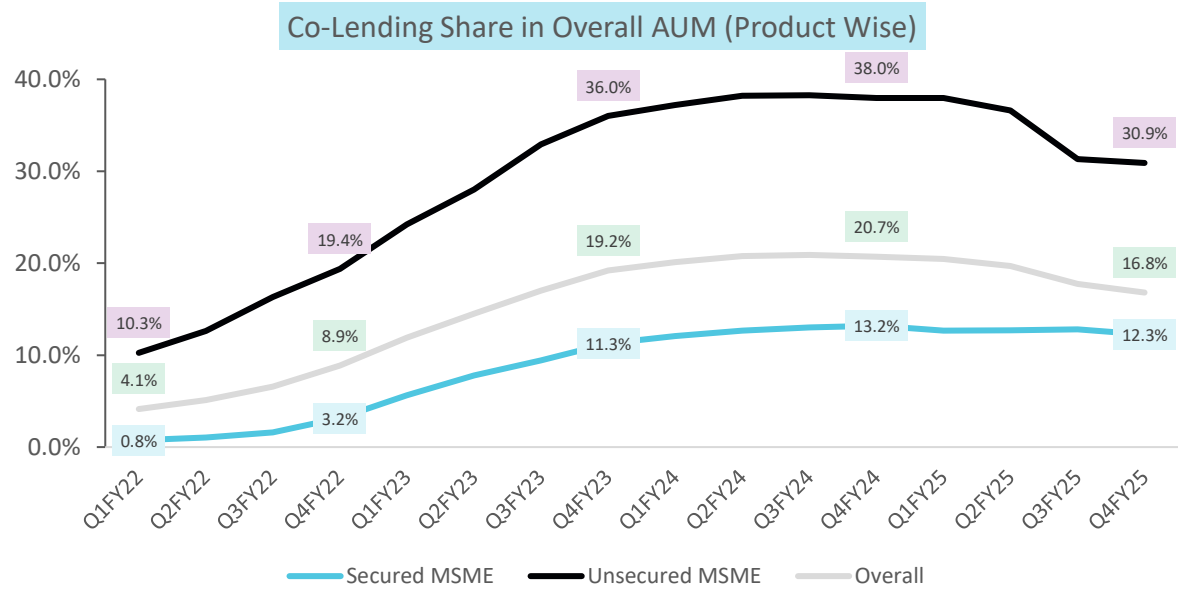
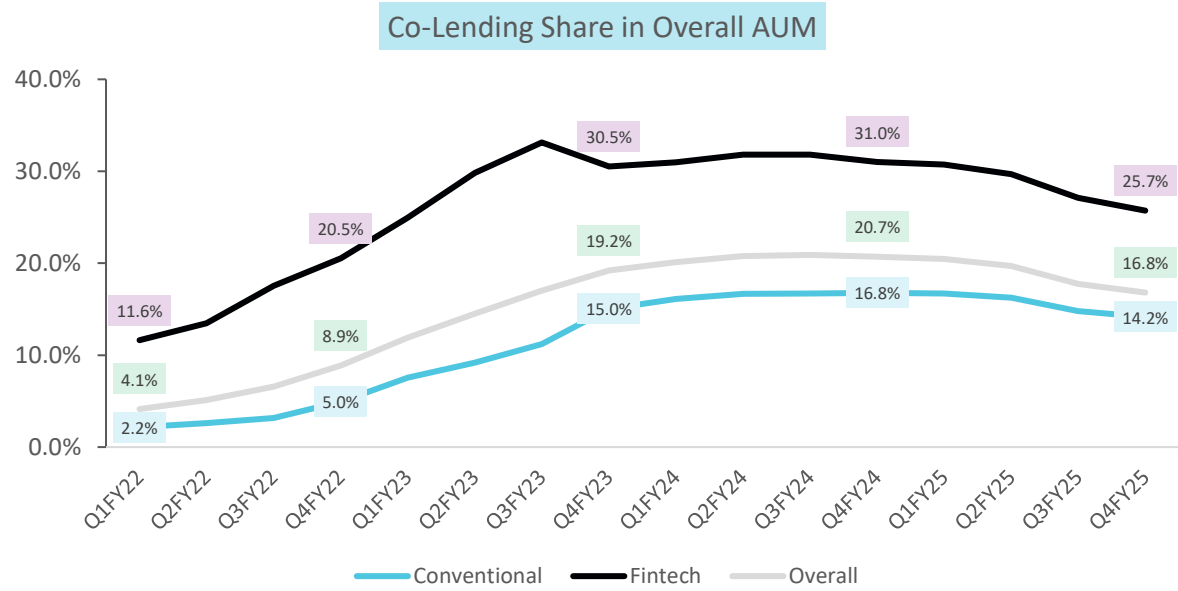


State-wise AUM concentration and portfolio performance

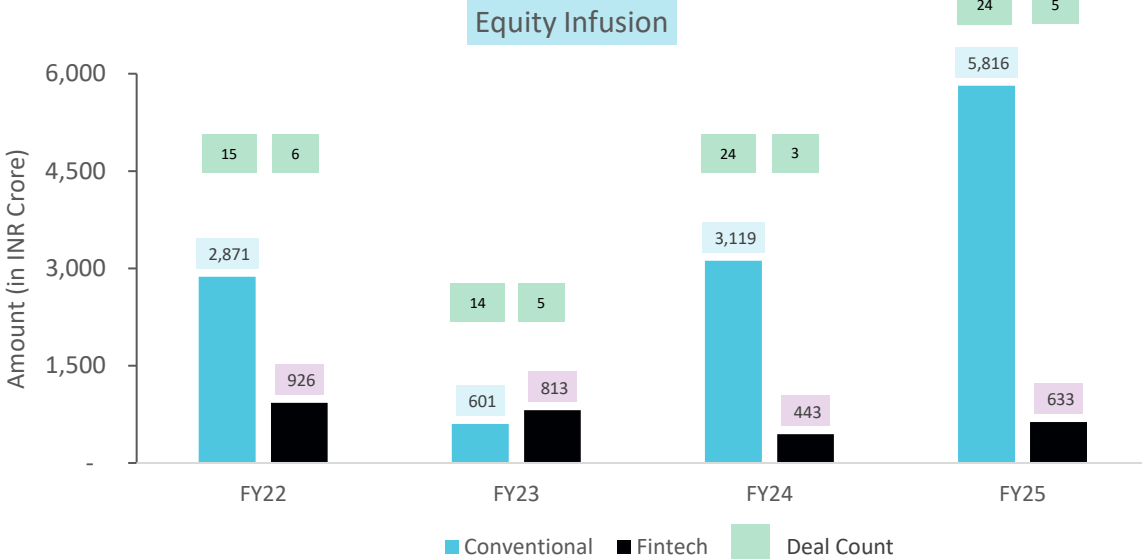
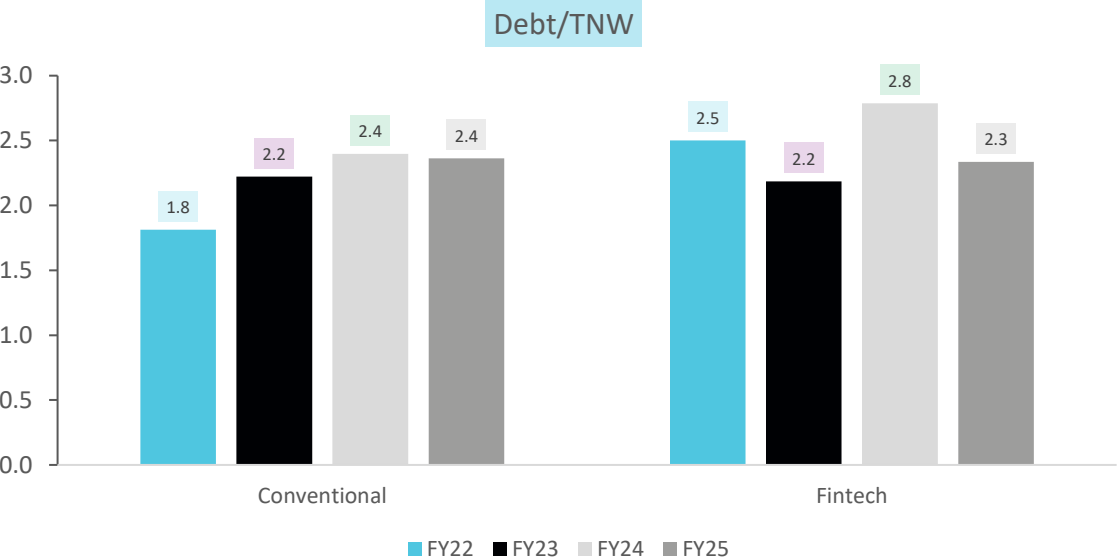
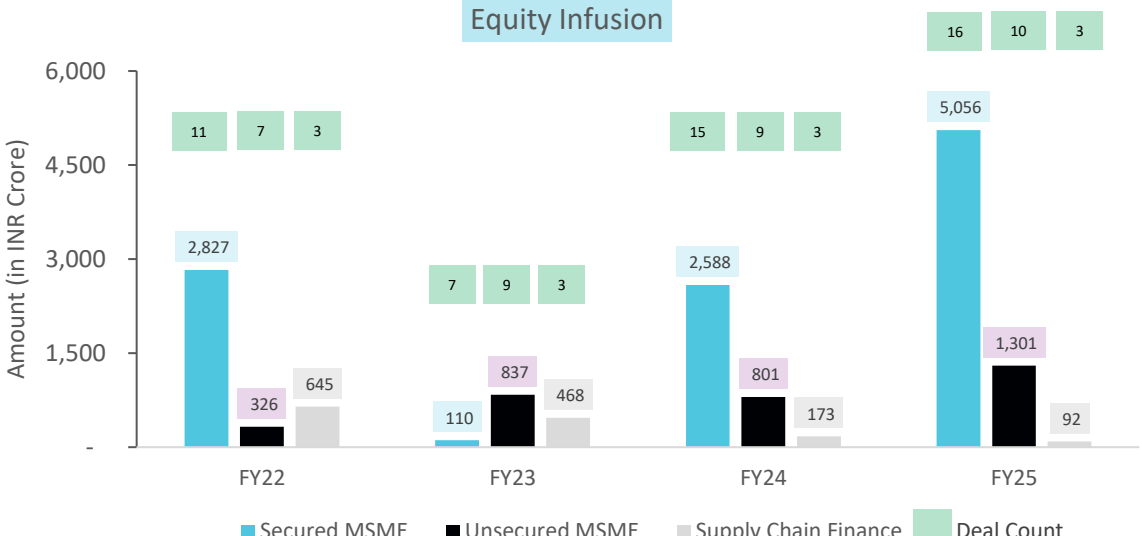
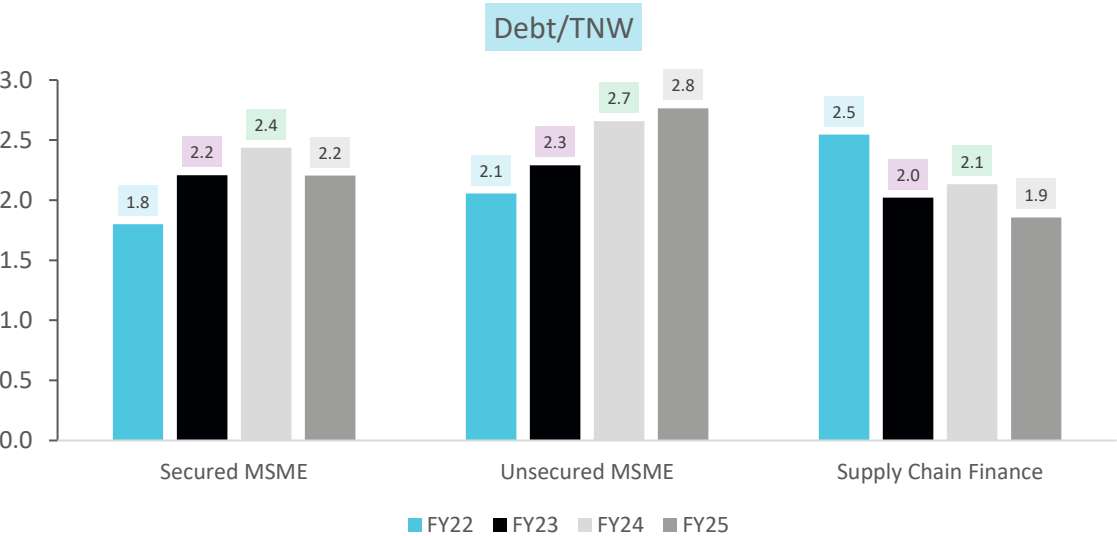
State-Wise AUM Concentration and PAR 90 %



Share of co-lending drops as entities focus on asset quality and regulatory compliance

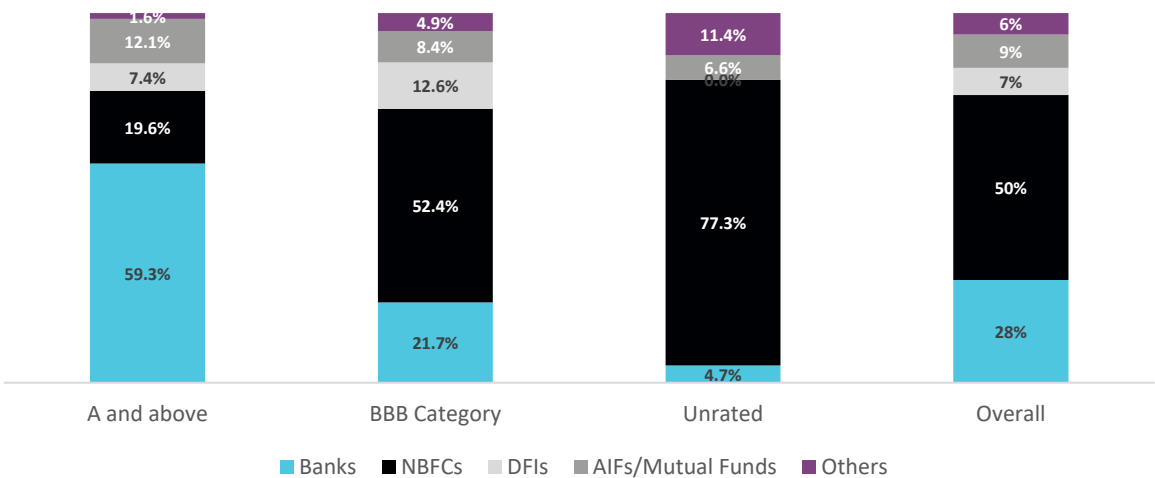


Leverage rises for unsecured MSME NBFCs; Secured MSME NBFCs attract more equity

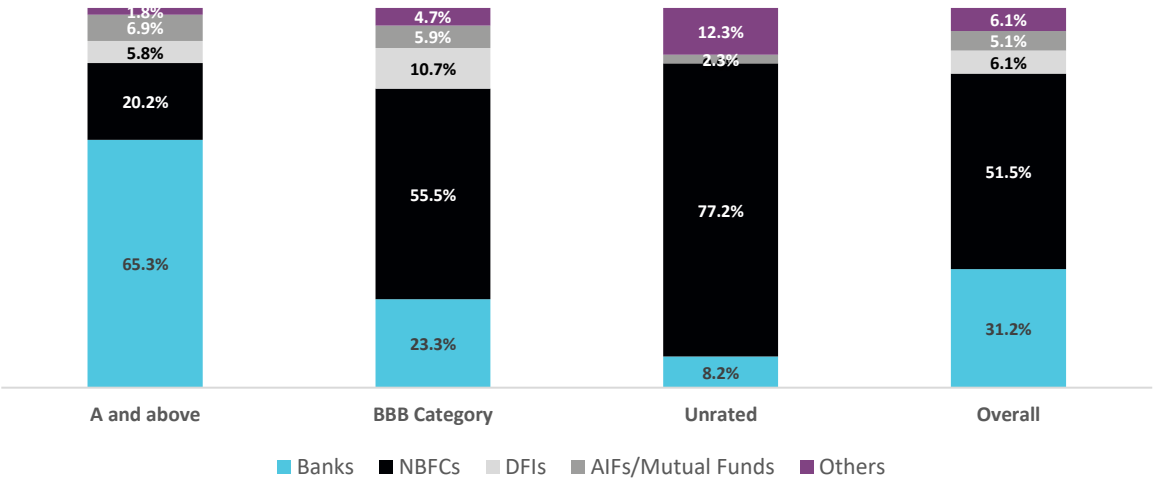


Share of bank financing drops for MSME NBFCs in FY25

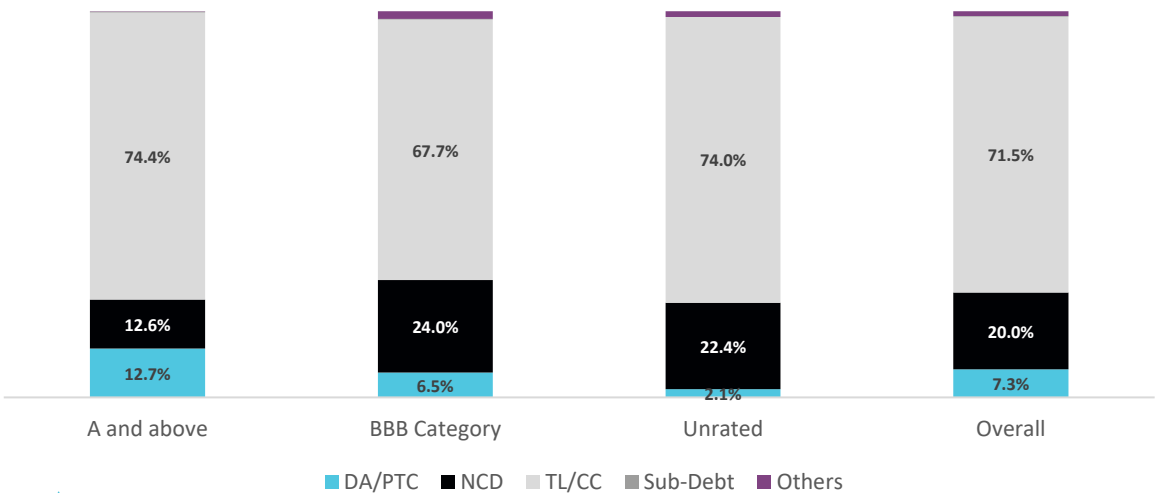
Debt Composition (FY25) – Lending Institution Wise



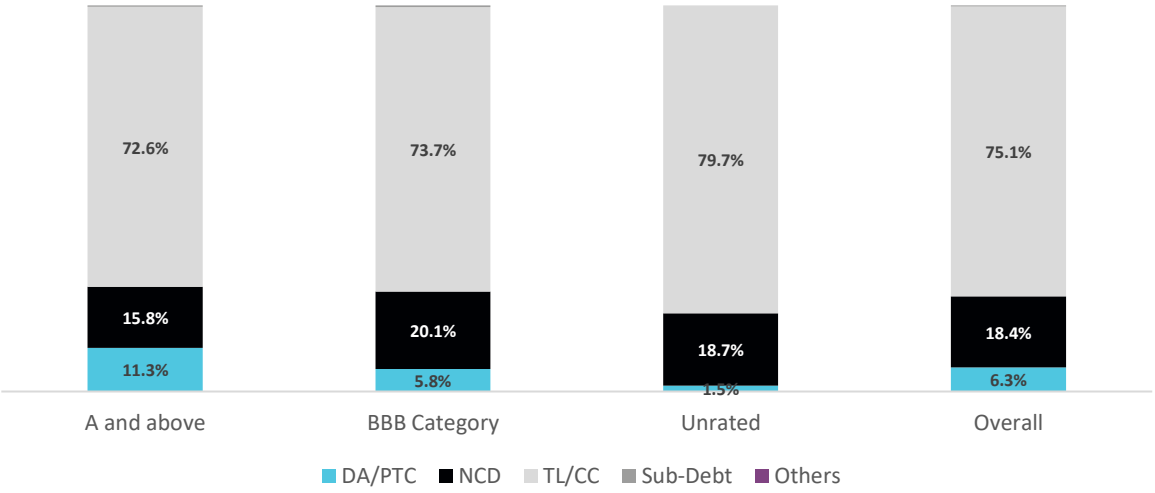
Debt Composition (FY24)- Lending Institution Wise



Debt Composition (FY25)- Product Wise



Debt Composition (FY24) – Product Wise



Key Equity Infusion and Rating Migration Since FY22

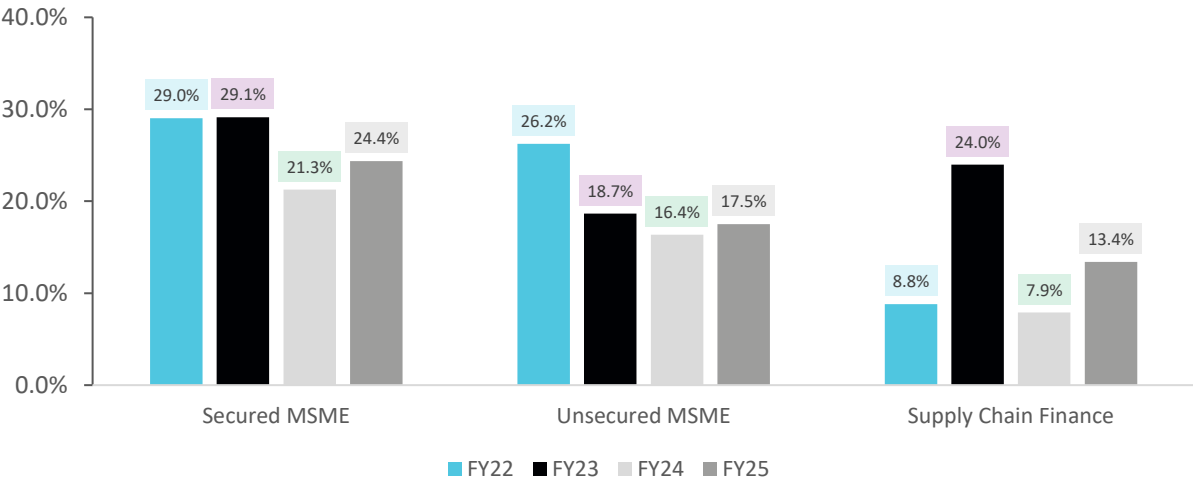
Major Institution Equity Infusion (in INR Crore)					Rating Migration				
Entity Name	FY22	FY23	FY24	FY25	Rating Agency	FY22	FY23	FY24	FY25
ENTITY 1	-	-	-	500	CARE	A+	A+	A+	AA-
					ACUITE	AA-	AA-	AA-	AA
ENTITY 2	104	-	-	-	CRISIL	-	-	BBB	BBB
					ICRA	BBB	BBB-	BBB-	-
ENTITY 3	-	-	-	-	CARE	BBB	BBB	BBB	BBB-
ENTITY 4	9	5	53	111	INDIA RATINGS	-	-	-	BBB-
ENTITY 5	-	-	350	1,265	CRISIL	-	A-	A	A
					INDIA RATINGS	-	A	A	A+
ENTITY 6	450	-	-	1,135	CARE	BBB+	A-	A	A
					ACUITE	A	A	A+	A+
ENTITY 7	-	-	750	-	INDIA RATINGS	A+	A+	AA-	AA-
					CARE	-	-	A+	AA-
					ICRA	A	A+	A+	AA-
ENTITY 8	-	-	8	35	CARE	-	-	-	BBB-
ENTITY 9	75	135	-	290	INDIA RATINGS	-	BBB	BBB	BBB
					CRISIL	BBB-	BBB-	BBB	BBB
ENTITY 10	-	-	-	220	CARE	A	A	A	A+
					INDIA RATINGS	-	-	-	A+
ENTITY 11	907	-	-	-	ICRA	A+	AA-	AA-	AA-
					CARE	A+	A+	AA-	AA-
					INDIA RATINGS	-	-	AA-	AA-
ENTITY 12	67	210	-	-	ICRA	BBB-	BBB	BBB+	BBB+
					CARE	BBB	BBB-	BBB	BBB+
ENTITY 13	-	-	327	840	ICRA	A-	A	A+	A+
					INDIA RATINGS	A-	A	A+	A+
					CARE	-	-	-	A+

Key equity infusion and rating migration since FY22

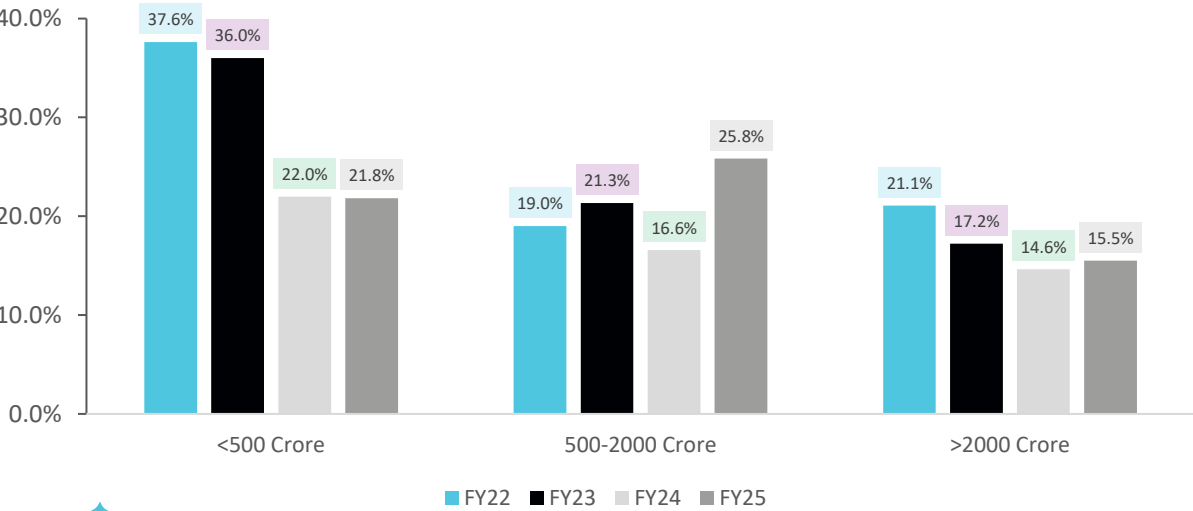
Major Institution Equity Infusion (in INR Crore)					Rating Migration				
Entity Name	FY22	FY23	FY24	FY25	Rating Agency	FY22	FY23	FY24	FY25
ENTITY 14	-	-	290	565	CRISIL	BBB-	BBB-	BBB-	BBB
					ICRA	-	-	BBB	BBB+
ENTITY 15	-	405	-	55	CARE	BBB	BBB	BBB+	BBB
					INDIA RATINGS	-	BBB+	BBB+	BBB
					ICRA	BBB-	BBB	BBB	BBB
ENTITY 16	-	-	-	251	INFOMERICS	A-	BBB+	BBB+	BBB+
					INDIA RATINGS	-	BBB+	BBB+	BBB+
					ICRA	BBB+	BBB+	BBB+	BBB+
ENTITY 17	-	-	302	250	INDIA RATINGS	A-	A-	A-	A
					ICRA	BBB+	BBB+	BBB+	A
ENTITY 18	140	-	290	-	CRISIL	BBB-	BBB	BBB	BBB
					INDIA RATINGS	-	BBB	BBB	BBB
ENTITY 19	-	-	-	-	ICRA	A+	A+	A+	A+
					CRISIL	A	A+	A+	A+
ENTITY 20	834	-	-	-	CARE	A+	AA-	AA-	AA-
					ICRA	AA-	AA-	AA-	AA-
ENTITY 21	222	70	43	12	INDIA RATINGS	-	BBB	BBB	BBB
ENTITY 22	55	16	235	25	CARE	BBB	BBB	BBB	BBB+
					CRISIL	-	-	BBB	BBB+
ENTITY 23	28	18	32	40	CRISIL	-	-	BB+	BBB-
ENTITY 24	400	352	110	50	CRISIL	-	-	BBB	BBB
ENTITY 25	-	-	32	71	INDIA RATINGS	-	-	-	BBB-
ENTITY 26	440	-	485	142	CARE	A-	A	A+	A+
ENTITY 27	-	-	42	313	CARE	A-	A-	A-	A
ENTITY 28	-	-	-	20	ACUITE	BBB+	A-	A-	A-

MSME NBFCs keep leverage under control with adequate liquidity

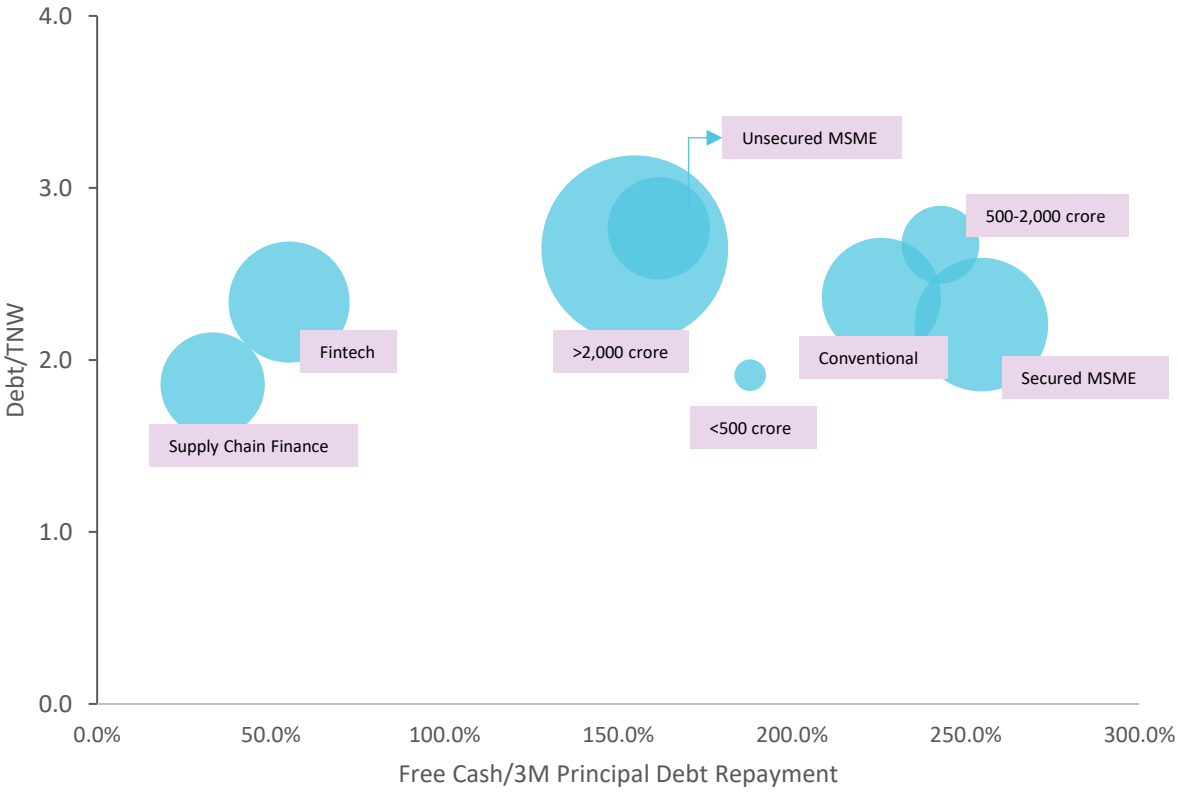
Free Cash and Cash Equivalents / Debt Outstanding (Product Wise)



Free Cash and Cash Equivalents / Debt Outstanding (AUM Category Wise)

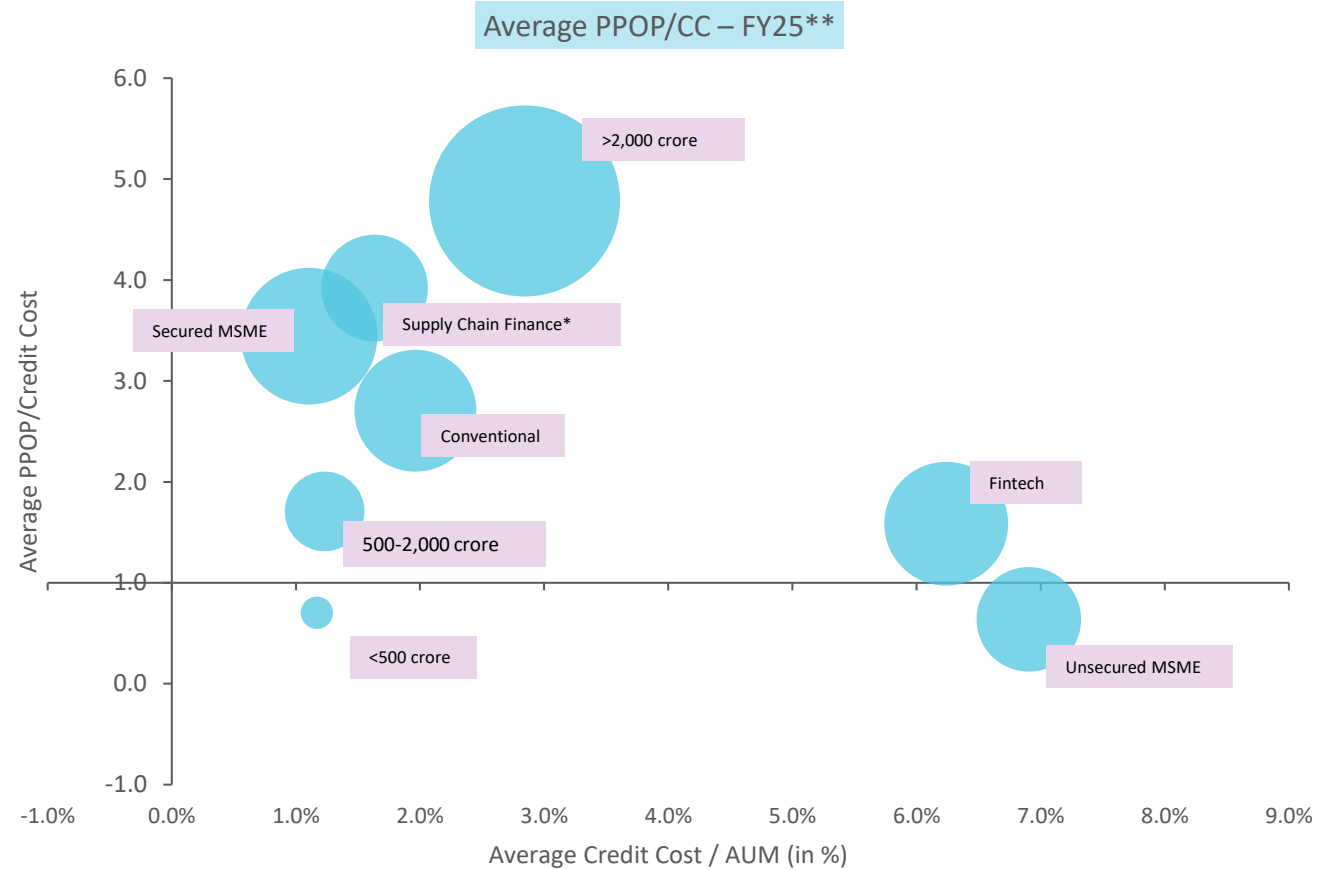
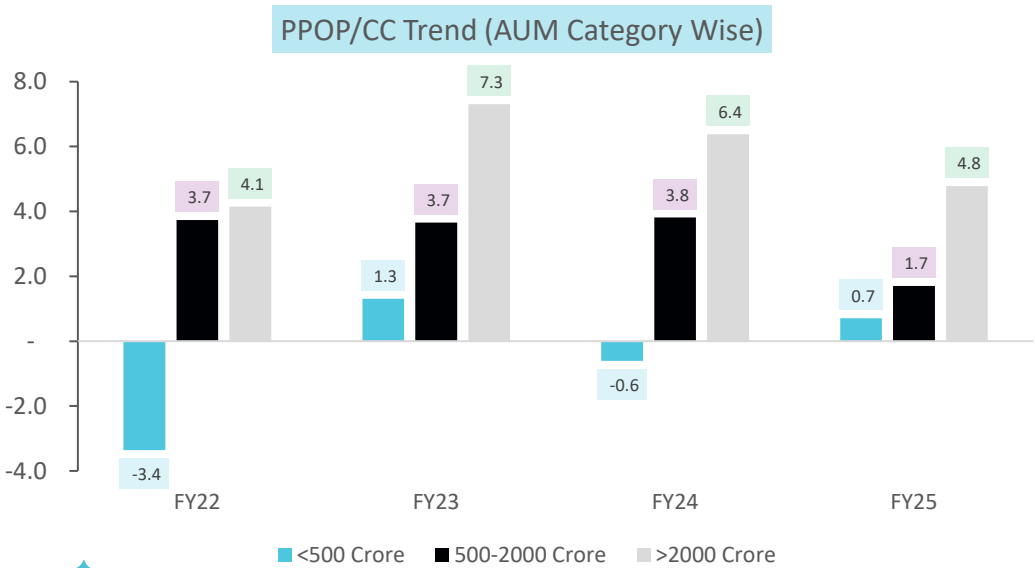
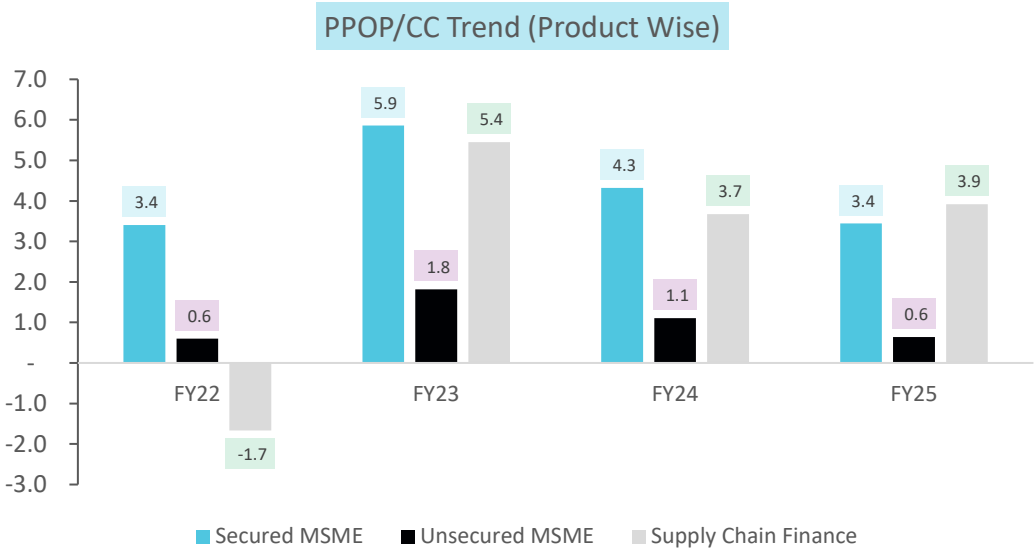


Segment Wise Leverage and Liquidity -FY25**



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

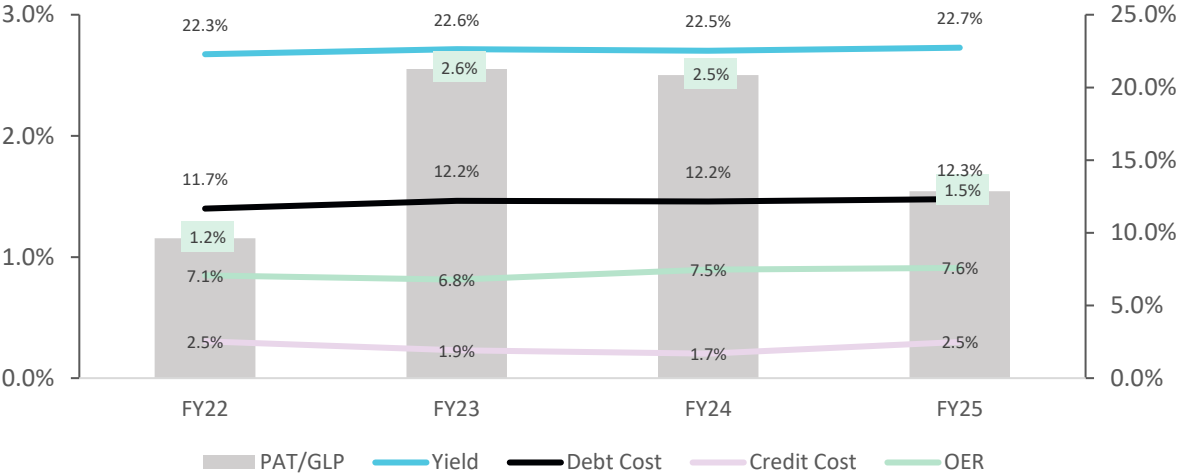
Pre-provisioning operating profit buffer over credit cost falls due to rising credit cost



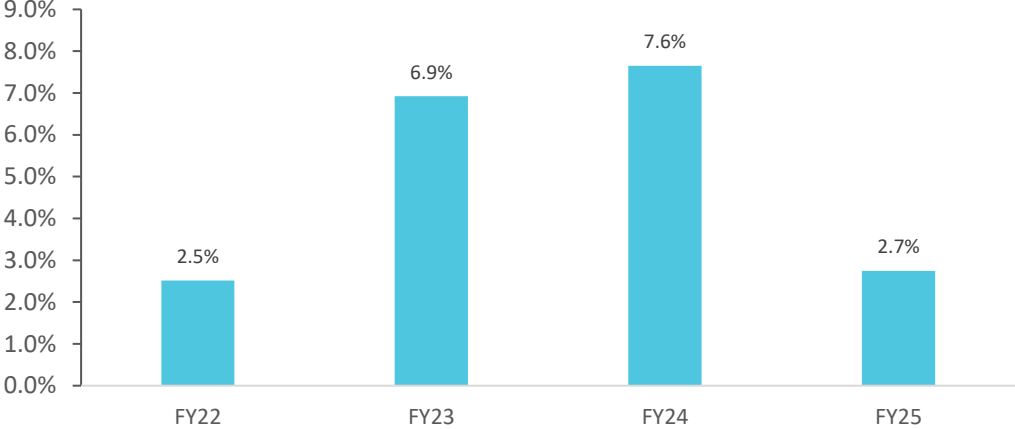
Note: Supply chain finance entities are maintaining lower provisioning coverage along with low write-offs despite higher PAR90 as compared to other segments

Return ratio moderates with rising credit cost

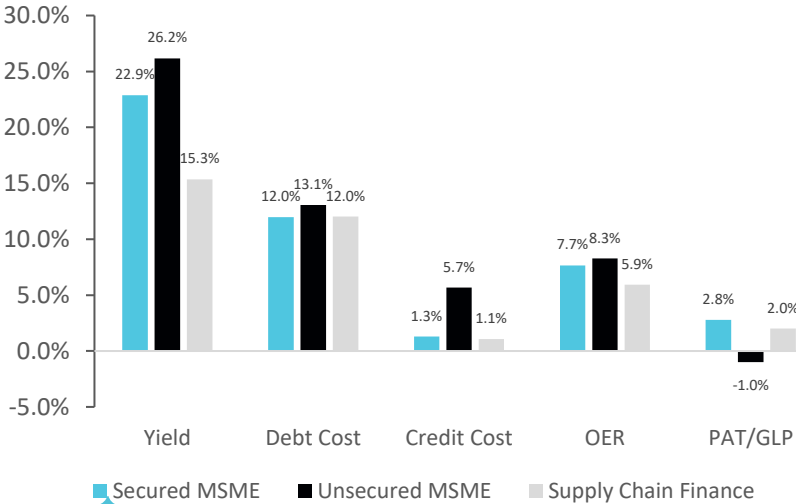
Profitability Trend



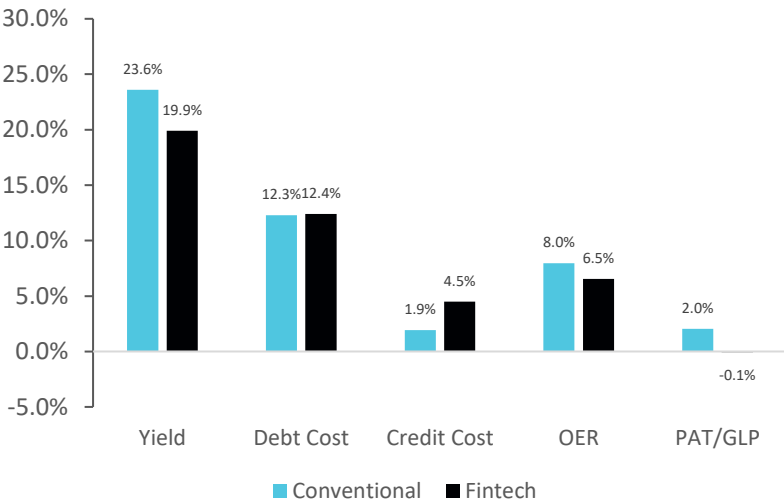
Return on Equity Trend



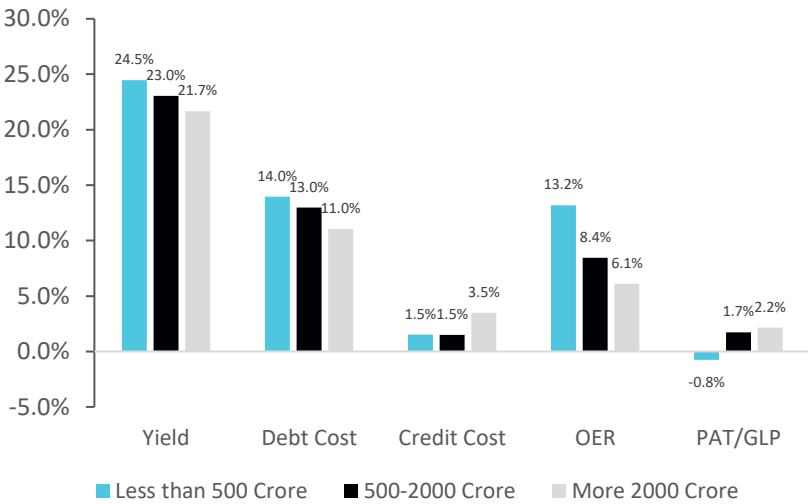
RoA Tree (Product Wise)- FY25



RoA Tree (Business Model Wise) – FY25



RoA Tree (AUM Category Wise) – FY25



Definitions and Abbreviations

Term	Description
NBFC	Non-Banking Financial Company
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 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 (NII)	Total Income from Operations less Total Finance Costs
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