



Ref No.: NACL/11/OCT/2024-25

October 28, 2024

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code: 544260	To, National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Scrip Symbol: NORTHARC
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Dear Sir/Madam,

**Sub: Investor Presentation on the Unaudited financial results for the second quarter & half year ended September 30, 2024.**

**Ref: Our Intimation letter Ref No. NACL/09/OCT/2024-25 dated October 23, 2024 pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

With reference to above intimation, please find enclosed the presentation proposed to be made before the investors/analysts to be held on Monday, October 28, 2024, at 17:00 (IST) in connection with the unaudited financial results for the second quarter and half year ended September 30, 2024.

This Investor Presentation is also available on the website of the Company at <https://www.northernarc.com/financial-results>

You are requested to take the above on record.

Thanking you,

For Northern Arc Capital Limited

**Prakash Chandra Panda**  
Company Secretary & Compliance Officer



CC:

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Bhusari Colony (Right),  
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Pune 411 038.

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CIN.: U65910TN1989PLC017021



# NORTHERN ARC

Investor Presentation  
Q2FY25 & H1FY25

**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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# Northern Arc

*At a glance...*

# Differentiated & Unique Platform play on India's Retail Credit Market



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



Focused Sectors



MSME



MFI



CF



VF



AHF



Agri

Reaching the end customer through a **Multi-Chanel Approach to credit...**

Lending

Placements

Fund Management

Through Tech & Data enabled Platforms in an **Efficient & Scalable manner**



Loan Origination System

nPOS

Co-lending Technology Solution

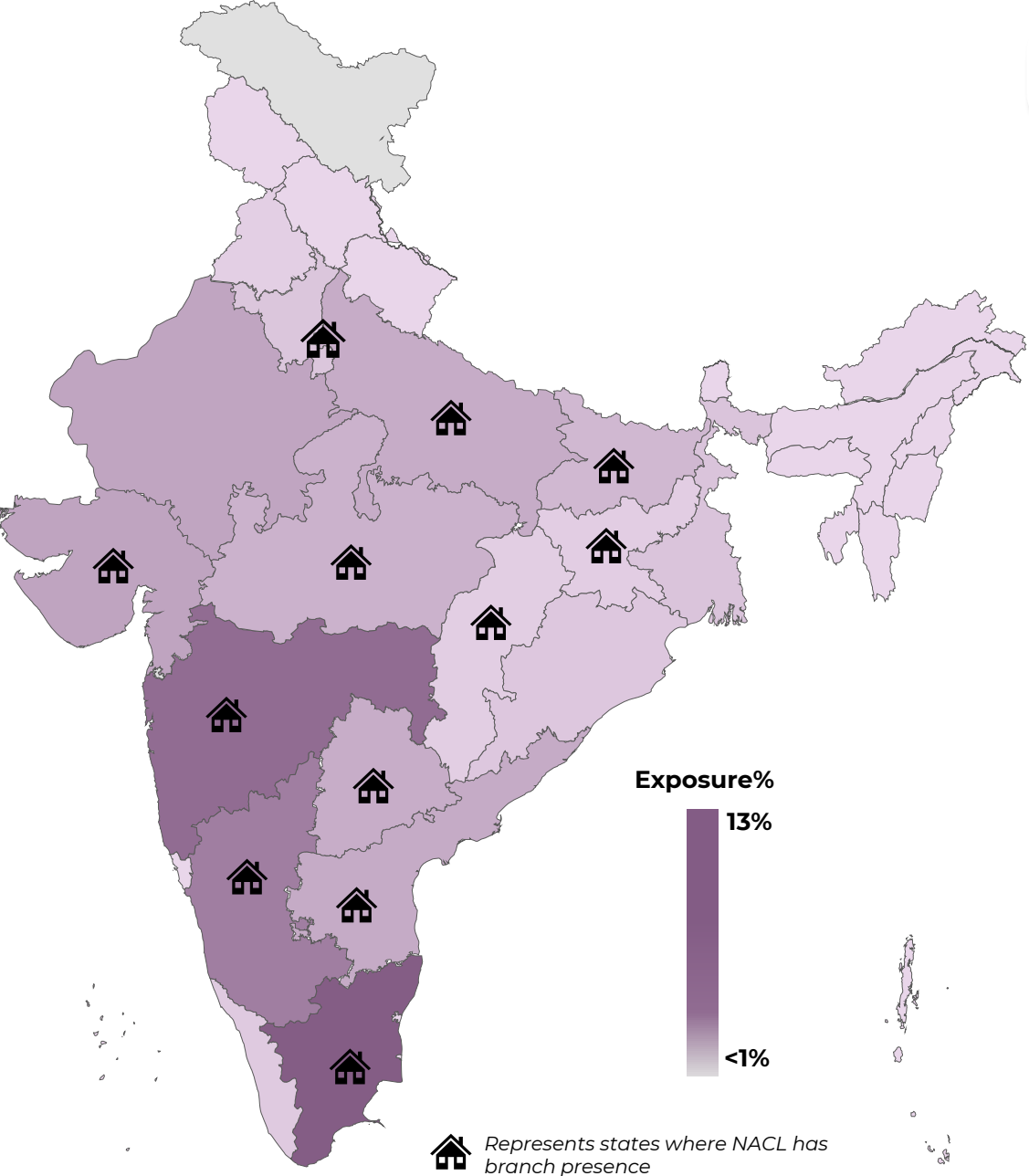


Fixed income Investment Platform



Proprietary scorecards

# Expanding Relationships & Distribution reach to scale customer base



## Wide Geographic reach through...

### Own Branches

370

19.7 lakh  
Direct  
Customers

### Partnerships

Originator  
Partners

341

686 Districts

Retail Lending  
Partners

53

28 States

### Employees

3,312

7 Union  
Territories

# Diversification at the core of our business



## Sector & Product Diversification provides Resilience to the Northern Arc Platform

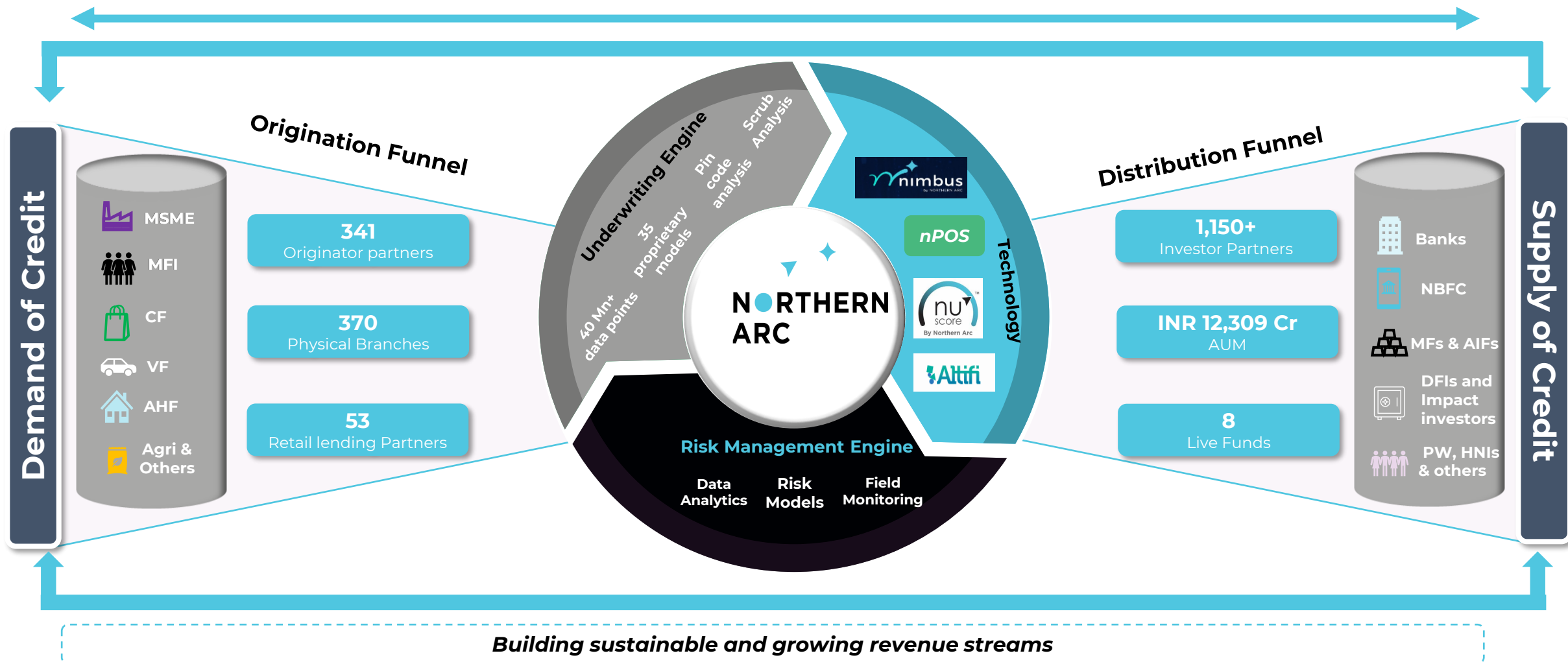
	 MSME	 MFI	 CF	 VF	 AHF	 Agri
<b>AUM</b>	INR 4,723 Cr	INR 2,398 Cr	INR 3,723 Cr	INR 846 Cr	INR 465 Cr	INR 153 Cr
<b>Target Customer</b>	Self-employed customers, wholesale & retail dealers, merchants, and service providers	Micro-entrepreneurs in joint liability group format	Salaried, Self Employed (Professional & Non-Professional)	Salaried and self-employed individuals	Salaried, Self Employed (Rural & Urban)	Farmers & Farmer Producer Organizations, in rural and semi-urban areas
<b>Range of Loan</b>	INR 50,000 to INR 50 Cr	INR 10,000 to INR 1,25,000	INR 1,000 to INR 5,00,000	2W: INR 40k to INR 100k; Used CV loans: INR 250k to INR 1 million New CV loans: INR 0.8 million to INR 5 million	INR 2,00,000 to INR 50,00,000	INR 1,00,000 to INR 50,00,000
<b>Average Tenor</b>	24 -84 months	Up to 24 months	Up to 48 months	Up to 60 months	Up to 180 months	3-12 months



# Data and Collection Platform which creates strong network effects

Multi-channel approach that has impacted over 111 million+ lives across focus sectors through a 'digital & data first' approach

A flywheel re-generating flows across the ecosystem





# Northern Arc

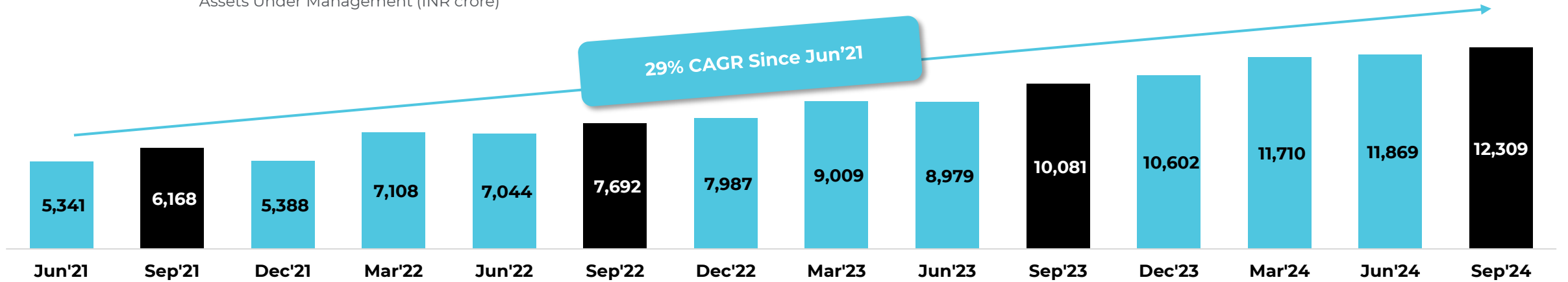
## *Business Growth...*

# Demonstrated consistent growth in business and profitability



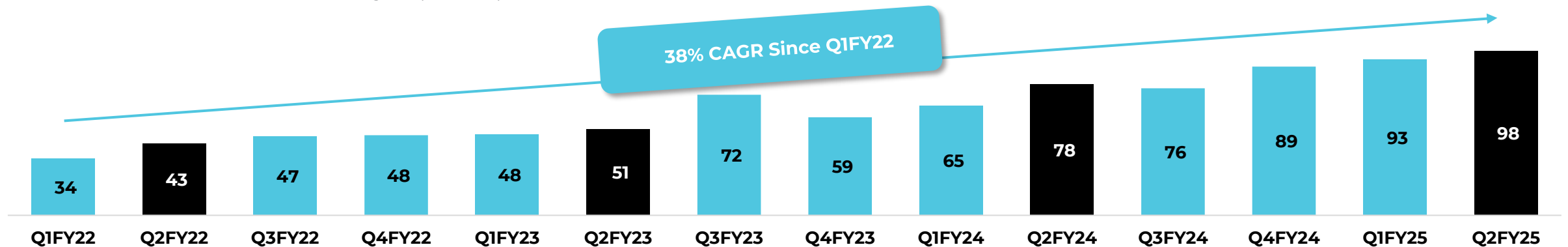
## Robust growth in Balance sheet with focus on granularization

Assets Under Management (INR crore)



## Consistently Profitable Quarter on Quarter

Profit After Tax excluding NCI (INR crore)



# High Performing Matrix – Q2FY25



## Key Outcomes

**Disbursements**  
INR 5,035 Cr  
▲ 23%

**Lending AUM**  
INR 12,309 Cr  
▲ 22%

**Fund AUM**  
INR 2,812 Cr

## Return Parameters

**NIM**  
9.1%  
▲ 128 bps

**RoA**  
3.1%  
↔ 6bps

**RoE**  
12.7%

## Financial Efficiency

**PAT**  
INR 98 Cr  
▲ 24%

**Net worth**  
3,316 Cr  
▲ 56%

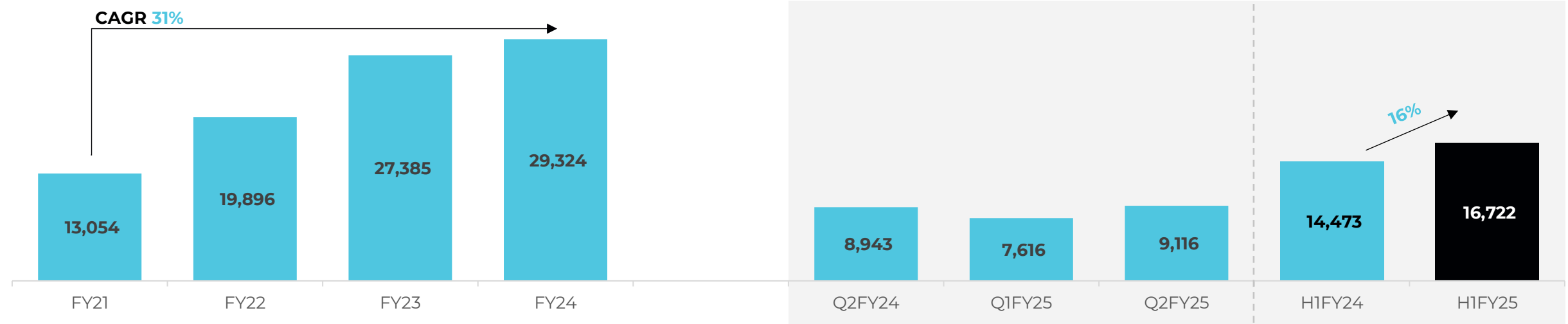
**GNPA**  
0.60%  
**NNPA**  
0.18%

**Raised fresh Equity capital of Rs. 500 Cr through IPO**

# Healthy growth in transactions volume

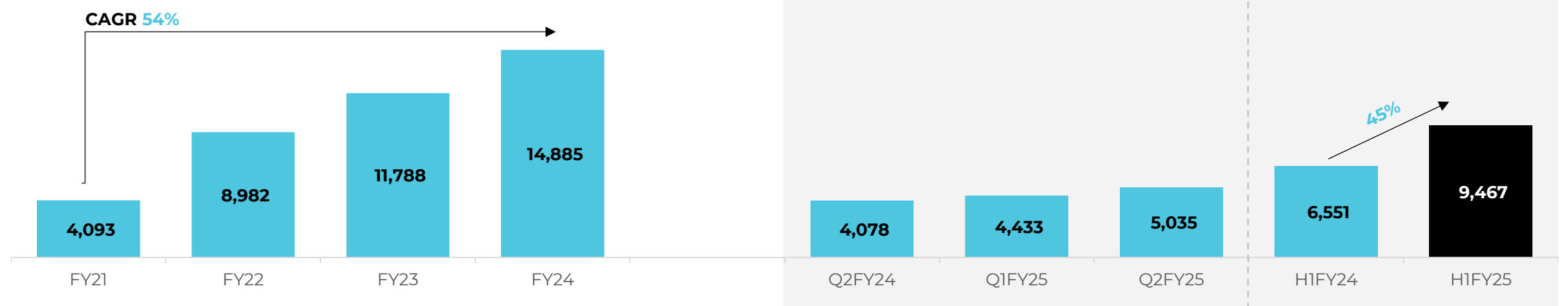
## Gross Transaction Volume

INR crore



## Growth in Disbursements

INR crore

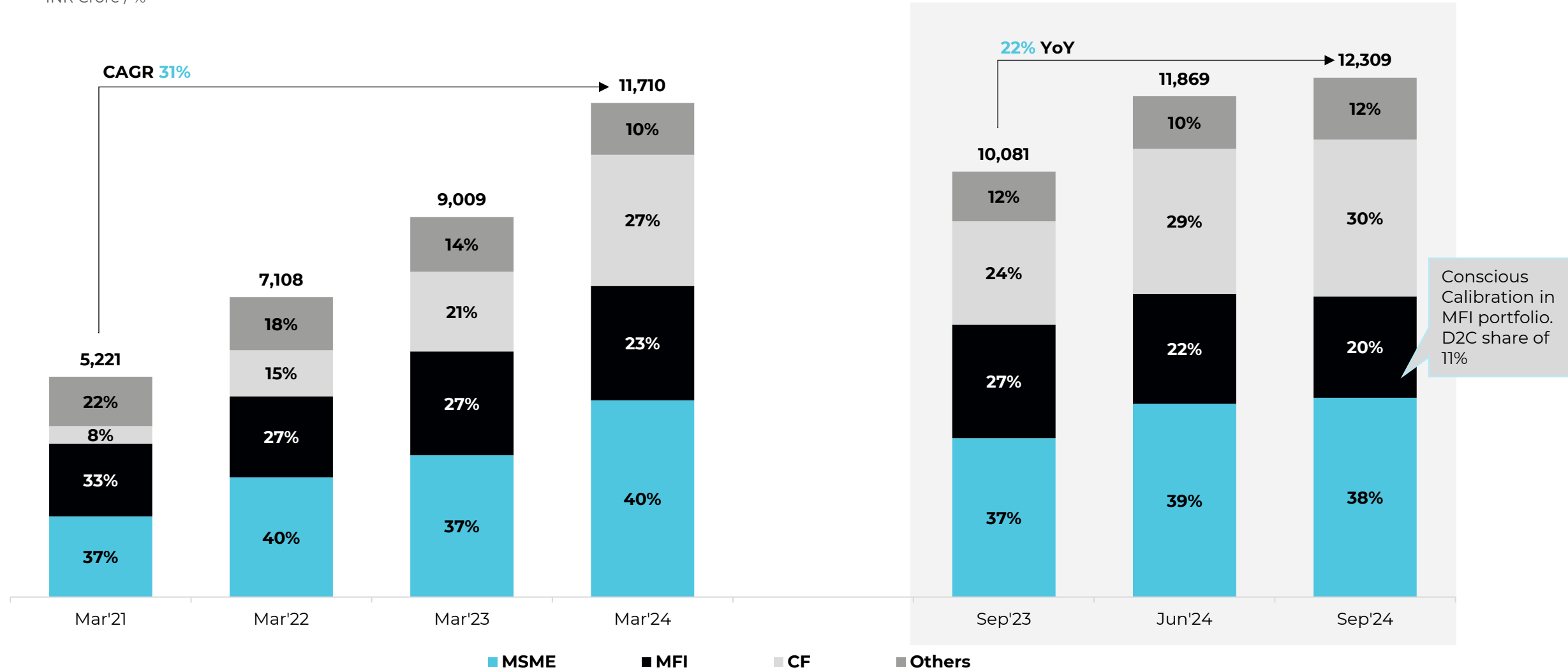


# Balance Sheet Growth led through diversification

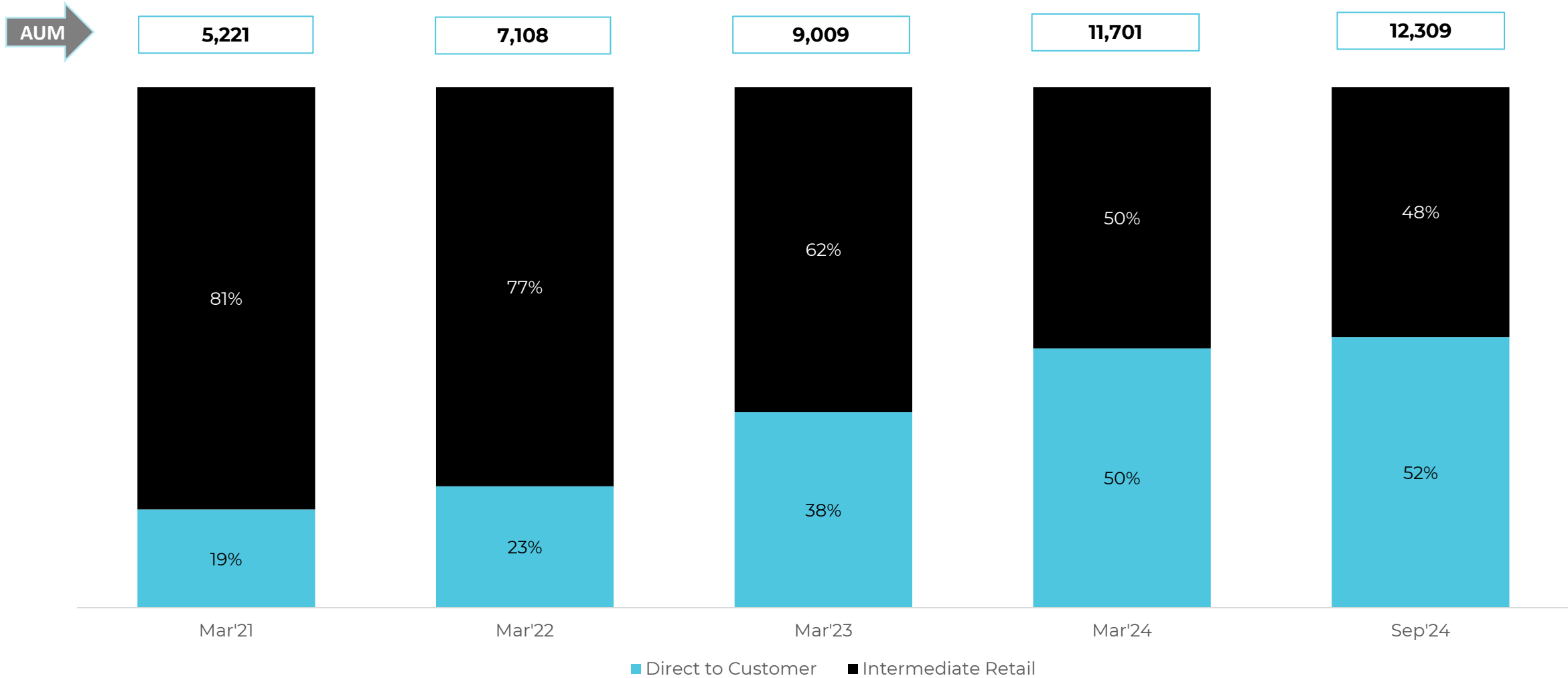


## Assets under Management – By Sector

INR Crore / %



# Increasing share of Direct to Customer channels

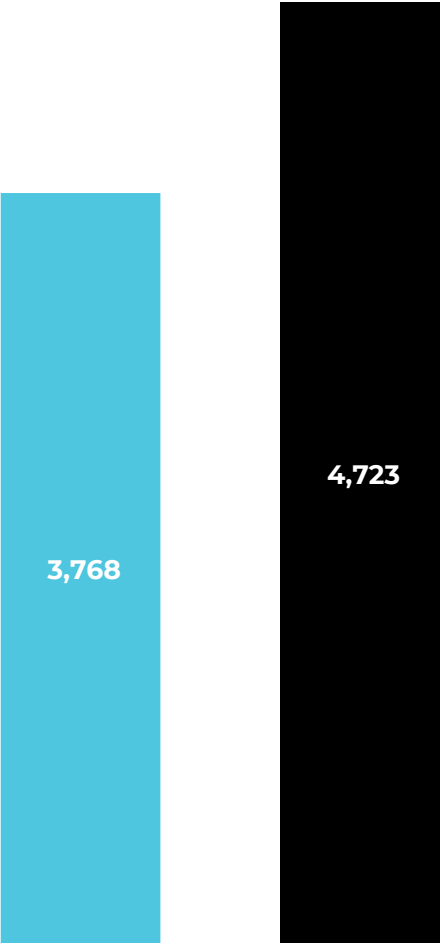


# Consistent growth across the sectors with conscious calibration in MFI



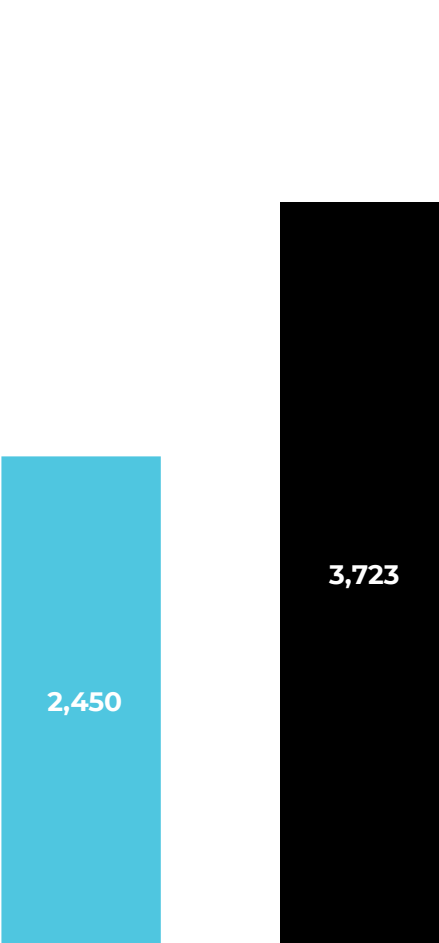
## MSME

▲ 25% YoY



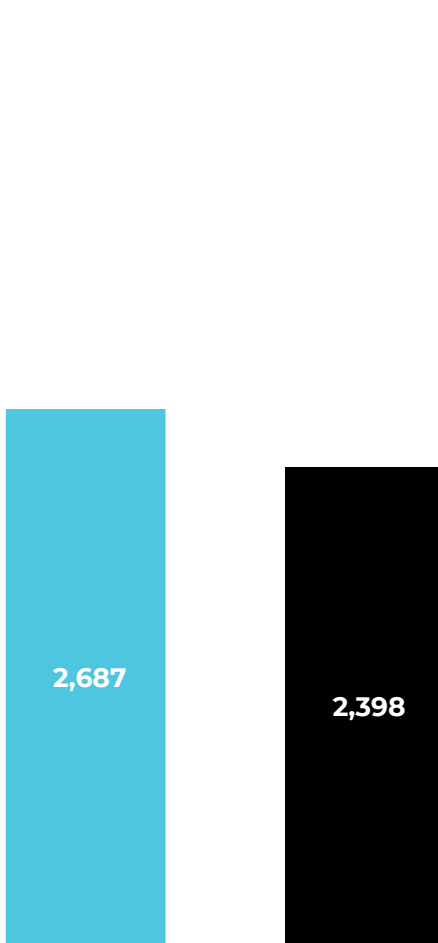
## Consumer Finance

▲ 52% YoY



## MFI

▼ 11% YoY



## Others

▲ 24% YoY



Sep'23

Sep'24

Sep'23

Sep'24

Sep'23

Sep'24

Sep'23

Sep'24





# **Northern Arc** *Risk Management*

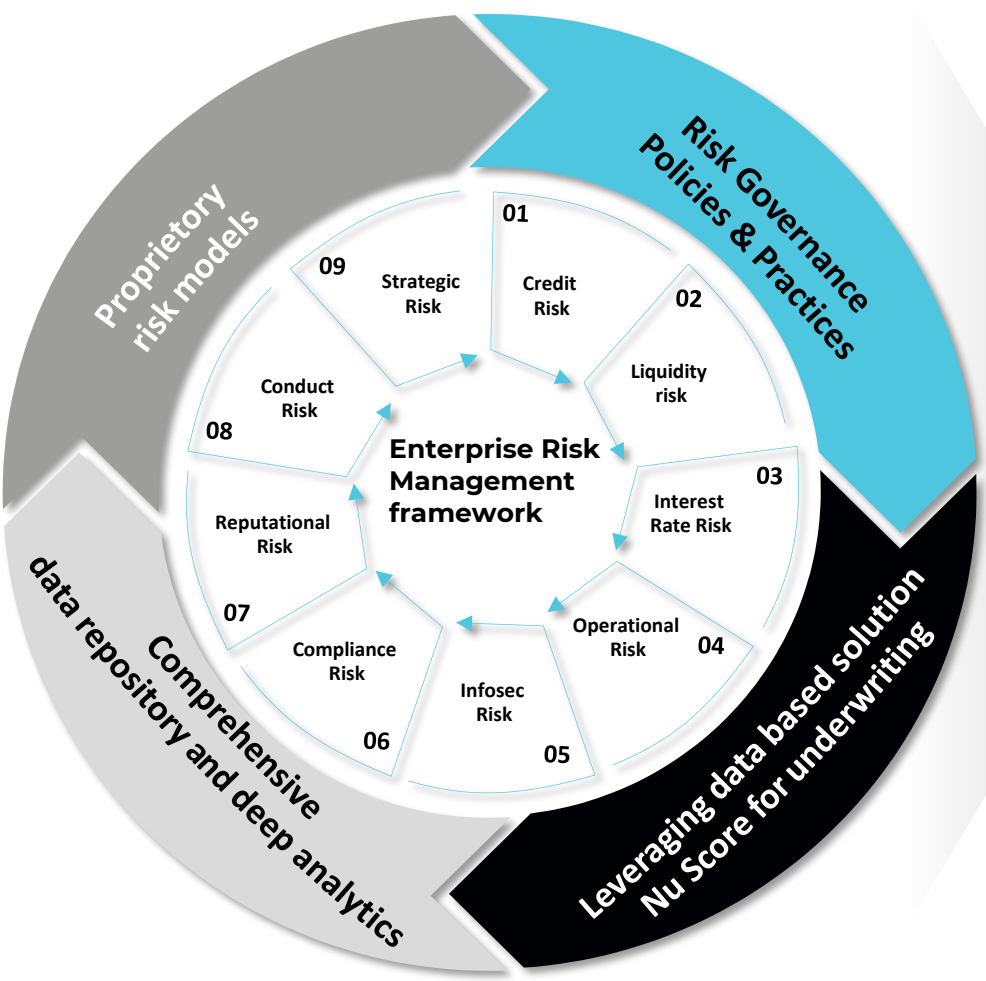
# Robust Risk Management Framework and in-house collections infrastructure



## Multi-dimensional Risk Management Practice

## Supported by Independent collections ecosystem

## & Analytics and Risk Modelling



- 0 **Pre due reminders to the customers**
- 0-15 DPD **Follow up through calling**
- 15+ DPD **Initiating on field collections process along with tele-calling**
- 30+ DPD **Recovery and legal action initiation**
- 90+ DPD **Steps to liquidate collateral**

40 mn+ data points collected over a decade

+

Transaction level data

+

Financial and operational data of Originator Partners

+

Qualitative insights on Originator Partners

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



Diversification augmented by proprietary tools and portfolio granularity driving asset quality & low credit costs

### Sector Diversification

MSME	MFI	Vehicles
Consumer	Housing	Agri



### Asset Quality Drivers

- Proprietary **Scorecards** for Underwriting
- Portfolio **Monitoring**
- Collection** Infrastructure

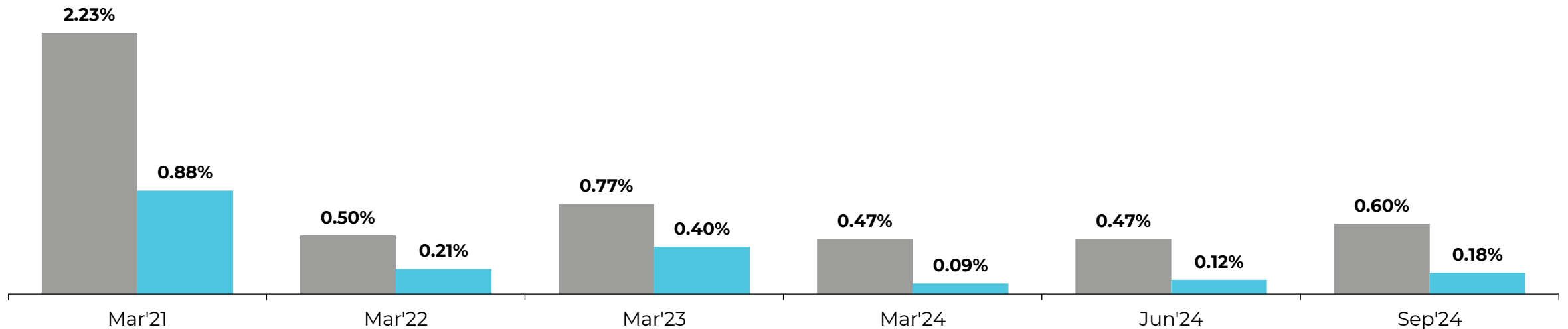


### Granular Portfolio

- Exposure (in terms of AUM) towards Top 10 borrowers reduced from **27.2% at Mar-21** to **11.6% at Sep-24**
- Direct to Customer Lending book increased from **19% of AUM at Mar-21** to **52% of AUM at Sep-24**

■ GNPA

■ NNPA



# Portfolio Quality



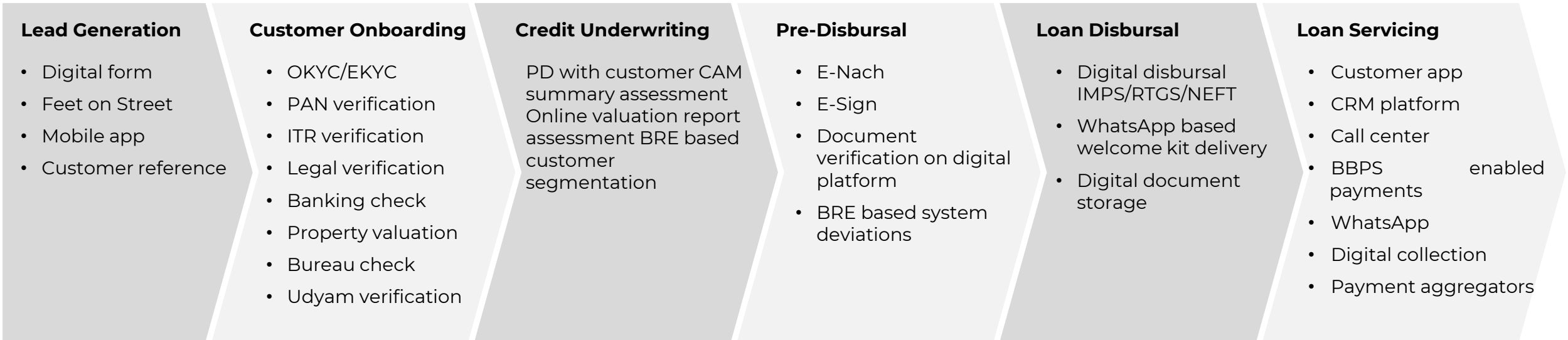
INR crore/%	Assets under Management					Assets under Management (%)					ECL : Expected Credit Loss					ECL % : provision coverage for each stage				
	By Staging	Sep'23	Dec'23	Mar'24	Jun'24	Sep'24	Sep'23	Dec'23	Mar'24	Jun'24	Sep'24	Sep'23	Dec'23	Mar'24	Jun'24	Sep'24	Sep'23	Dec'23	Mar'24	Jun'24
Stage I	9,520	9,835	10,758	11,054	11,480	98.7%	98.4%	98.4%	98.0%	97.8%	65.3	70.6	71.8	93.7	116.4	0.7%	0.7%	0.7%	0.8%	1.0%
Stage II	90	112	126	168	188	0.9%	1.1%	1.2%	1.5%	1.6%	28.2	30.9	32.5	40.0	30.5	31.4%	27.6%	25.8%	23.9%	16.2%
Stage III	41	46	49	53	68	0.4%	0.5%	0.4%	0.5%	0.6%	25.6	31.4	40.4	38.9	48.8	62.4%	69.0%	81.7%	74.0%	71.8%
<b>Total On-Book</b>	<b>9,650</b>	<b>9,992</b>	<b>10,933</b>	<b>11,274</b>	<b>11,736</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>119.2</b>	<b>132.9</b>	<b>144.7</b>	<b>172.6</b>	<b>196.1</b>	<b>1.2%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.5%</b>	<b>1.7%</b>
Assigned Assets	431	611	777	595	573															
<b>Overall AUM</b>	<b>10,081</b>	<b>10,602</b>	<b>11,710</b>	<b>11,869</b>	<b>12,309</b>															



# Northern Arc

## *Robust Technology Stack*

# Leveraging Technology Stack





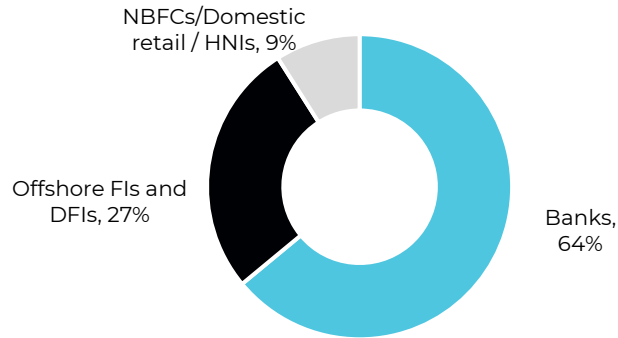
# Northern Arc

## *Liability Franchise*

# Diversified Sources of Funding and Proactive Liquidity Management

## Well-diversified funding profile

Data as of September 30, 2024



**Established Lender Relationships**

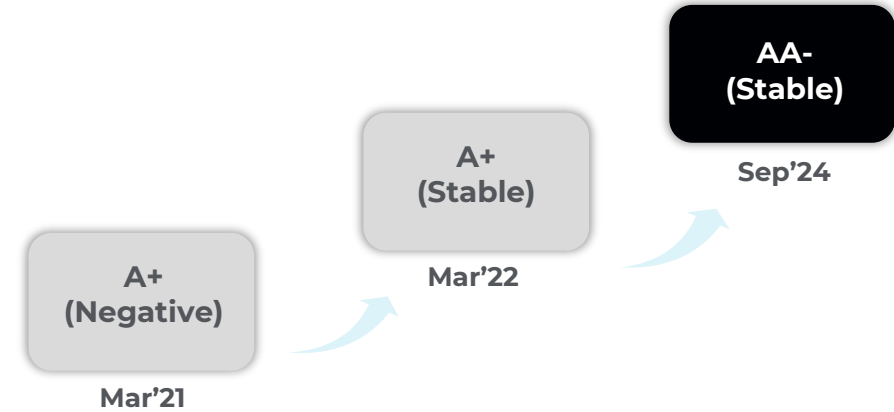
**Positive ALM**  
across buckets

**3.1 yrs**  
Avg Tenure of Borrowings

**24.9%**  
CRAR

## Credit Rating Upgrades

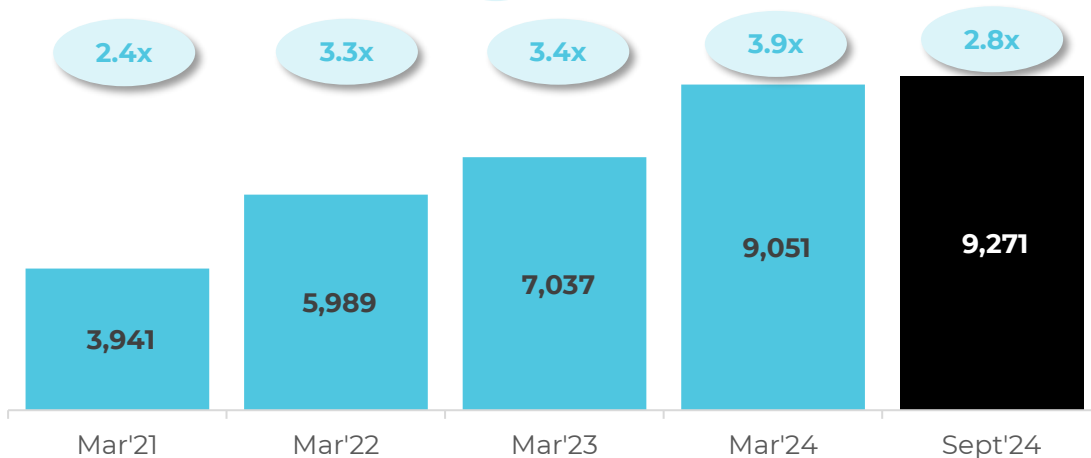
ICRA Credit Ratings



## Leverage Levels <sup>(1)</sup>

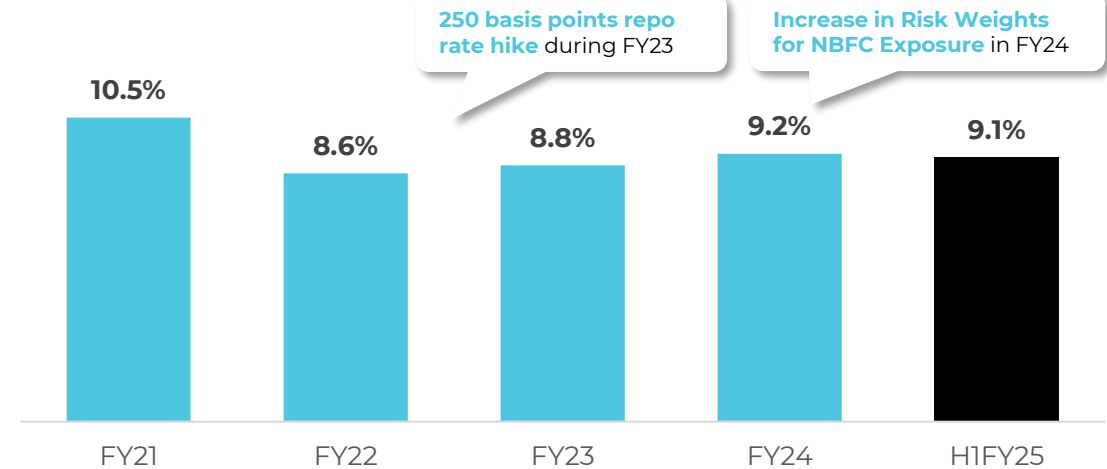
Total Borrowings (INR Cr)

Debt / Equity



## Cost of Funds <sup>(2)</sup>

Average Cost of Borrowings (%)



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



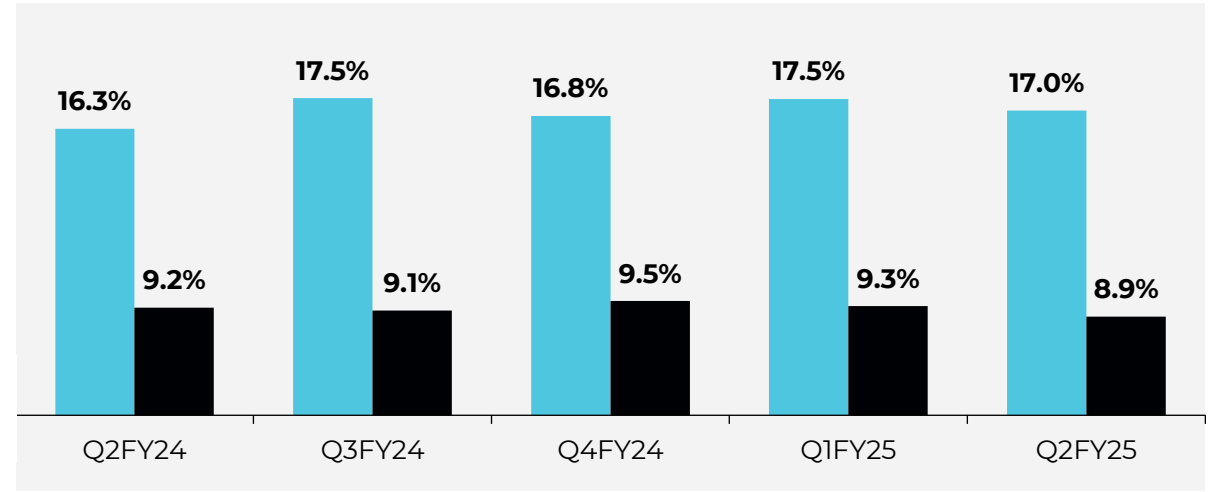
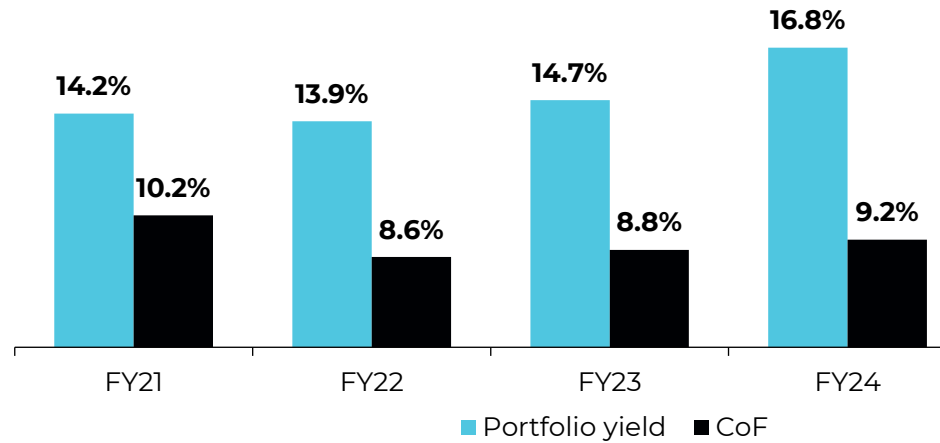


# Northern Arc

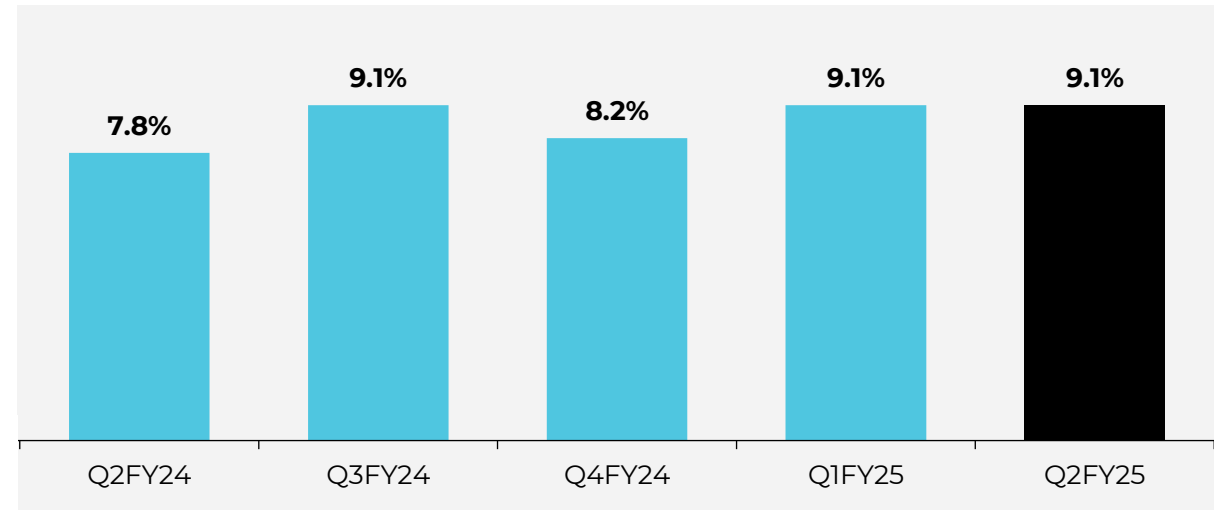
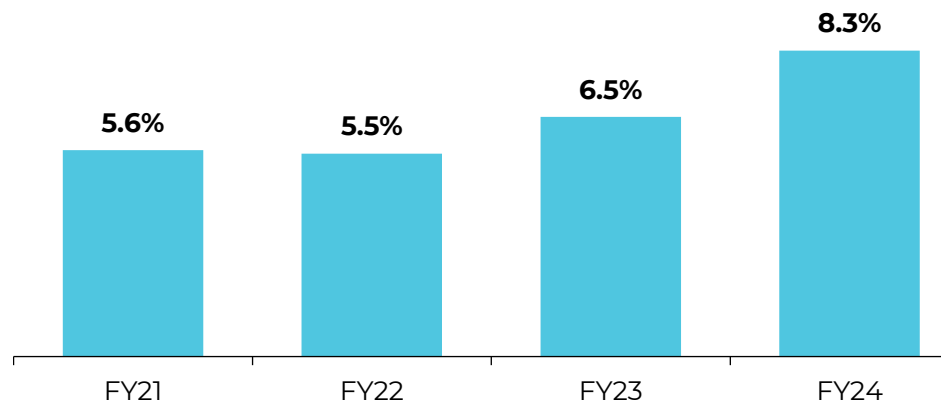
## *Financial Performance*

# Competitive spreads

## Portfolio Yields % and Cost of Funds %\*



## NIM % <sup>(1)</sup>



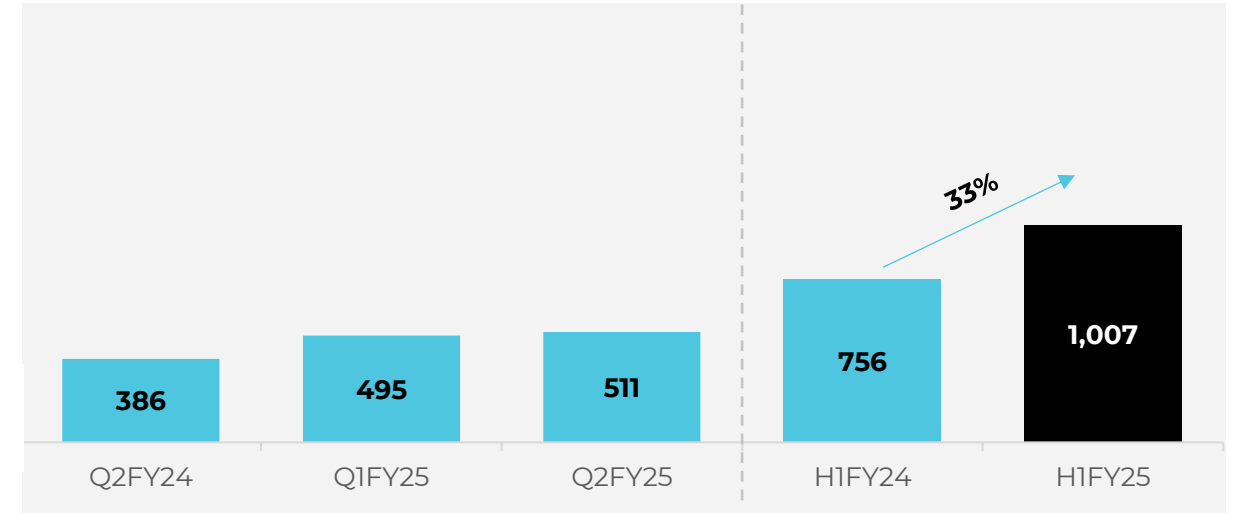
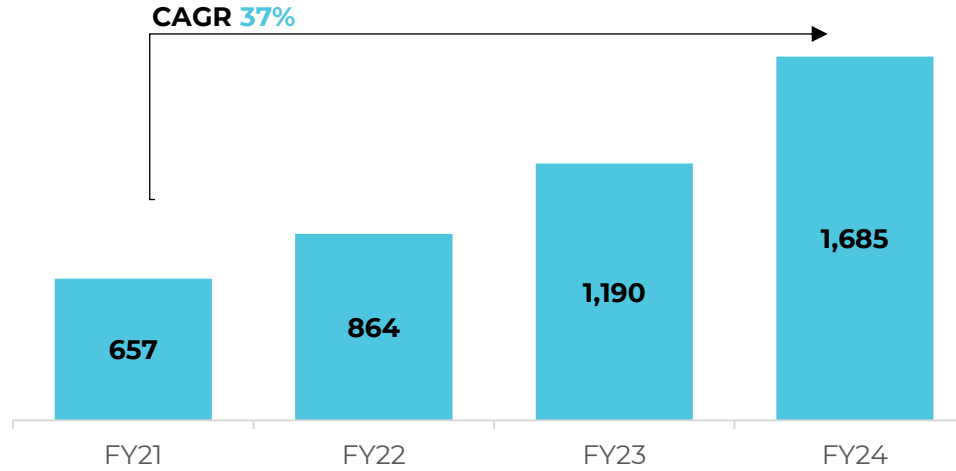
Notes: \* Adjusted for fees and commission expense  
 Yields: Ratio of 'Adjusted Interest Income' to 'Quarterly Average Earnings AUM'. Cost of Funds (CoF): ratio of 'Interest Expense' to 'Quarterly Average Borrowings'  
 (1) NIM Ratio of 'Adjusted Interest Income net of Interest Expense' to 'Quarterly Average Total Assets'.

# Robust growth in profitability

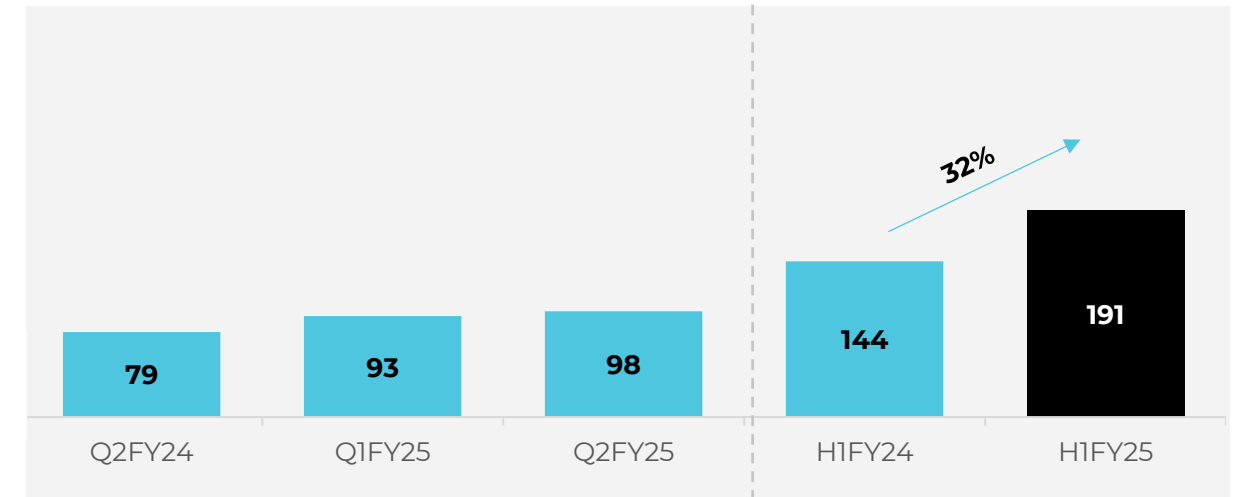
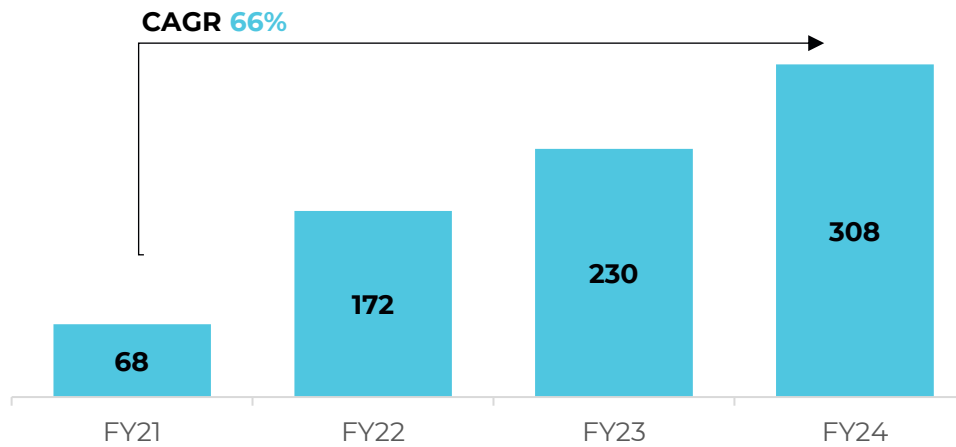


## Revenue From Operations \*

INR crore



## Profit After Tax (excluding NCI) (INR Cr)



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

# Consolidated Income Statement

INR crore	Q2FY24	Q1FY25	Q2FY25	YoY%	QoQ%	H1FY24	H1FY25	YoY%	FY24
Interest income*	370	481	492	33%	2%	727	973	34%	1,588
Interest expense	174	209	205	18%	-2%	338	414	23%	725
<b>Net Interest Income</b>	<b>196</b>	<b>272</b>	<b>288</b>	<b>47%</b>	<b>6%</b>	<b>390</b>	<b>559</b>	<b>43%</b>	<b>864</b>
Fee & Other Income	20	25	26	29%	3%	38	51	32%	97
<b>Net Revenue</b>	<b>216</b>	<b>297</b>	<b>313</b>	<b>45%</b>	<b>6%</b>	<b>428</b>	<b>610</b>	<b>42%</b>	<b>961</b>
Credit Costs	13	51	78	-	53%	45	130	188%	122
<b>Net Revenue post Credit Cost</b>	<b>202</b>	<b>245</b>	<b>235</b>	<b>16%</b>	<b>-4%</b>	<b>383</b>	<b>480</b>	<b>25%</b>	<b>838</b>
Employee Costs	58	70	72	25%	3%	111	143	28%	242
Operating Costs	36	51	29	-19%	-43%	73	81	10%	176
<b>Total Operating Costs</b>	<b>94</b>	<b>122</b>	<b>101</b>	<b>8%</b>	<b>-17%</b>	<b>185</b>	<b>223</b>	<b>21%</b>	<b>418</b>
<b>Profit before tax</b>	<b>109</b>	<b>123</b>	<b>134</b>	<b>23%</b>	<b>8%</b>	<b>199</b>	<b>257</b>	<b>29%</b>	<b>420</b>
Tax expense	28	30	37	35%	25%	49	67	38%	103
<b>Profit after tax</b>	<b>81</b>	<b>94</b>	<b>96</b>	<b>19%</b>	<b>3%</b>	<b>150</b>	<b>190</b>	<b>26%</b>	<b>318</b>
<b>Profit after tax (excluding NCI)</b>	<b>79</b>	<b>93</b>	<b>98</b>	<b>24%</b>	<b>4%</b>	<b>144</b>	<b>191</b>	<b>33%</b>	<b>308</b>

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

# Financial Dupont



Particulars	Q2FY24	Q1FY25	Q2FY25	H1FY24	H1FY25	FY24
Interest Income*	14.8%	16.2%	15.6%	14.9%	15.8%	15.3%
Interest Expense	7.0%	7.0%	6.5%	6.9%	6.7%	7.0%
<b>Net Interest Income</b>	<b>7.8%</b>	<b>9.1%</b>	<b>9.1%</b>	<b>8.0%</b>	<b>9.1%</b>	<b>8.3%</b>
Fee and Other Income	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%
<b>Net Revenue</b>	<b>8.6%</b>	<b>10.0%</b>	<b>9.9%</b>	<b>8.8%</b>	<b>9.9%</b>	<b>9.3%</b>
Credit Costs	0.5%	1.7%	2.5%	0.9%	2.1%	1.2%
<b>Net Revenue post Credit</b>	<b>8.1%</b>	<b>8.3%</b>	<b>7.4%</b>	<b>7.9%</b>	<b>7.8%</b>	<b>8.1%</b>
Employee Costs	2.3%	2.4%	2.3%	2.3%	2.3%	2.3%
Operating Costs	1.4%	1.7%	0.9%	1.5%	1.3%	1.7%
<b>Total Operating Expense</b>	<b>3.7%</b>	<b>4.1%</b>	<b>3.2%</b>	<b>3.8%</b>	<b>3.6%</b>	<b>4.0%</b>
<b>Profit Before Tax</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.1%</b>	<b>4.2%</b>	<b>4.1%</b>
Tax	1.1%	1.0%	1.2%	1.0%	1.1%	1.0%
<b>Profit after tax (excluding NCI) (RoA)</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.0%</b>	<b>3.1%</b>	3.1%
<b>Return on Equity</b>	<b>15.2%</b>	<b>14.7%</b>	<b>12.7%</b>	<b>14.2%</b>	<b>13.6%</b>	<b>14.6%</b>
<b>Cost to income Ratio</b>	<b>43.3%</b>	<b>40.9%</b>	<b>32.2%</b>	<b>42.9%</b>	<b>36.4%</b>	<b>43.5%</b>
<i>as a % of Quarterly Average Total Assets</i>						

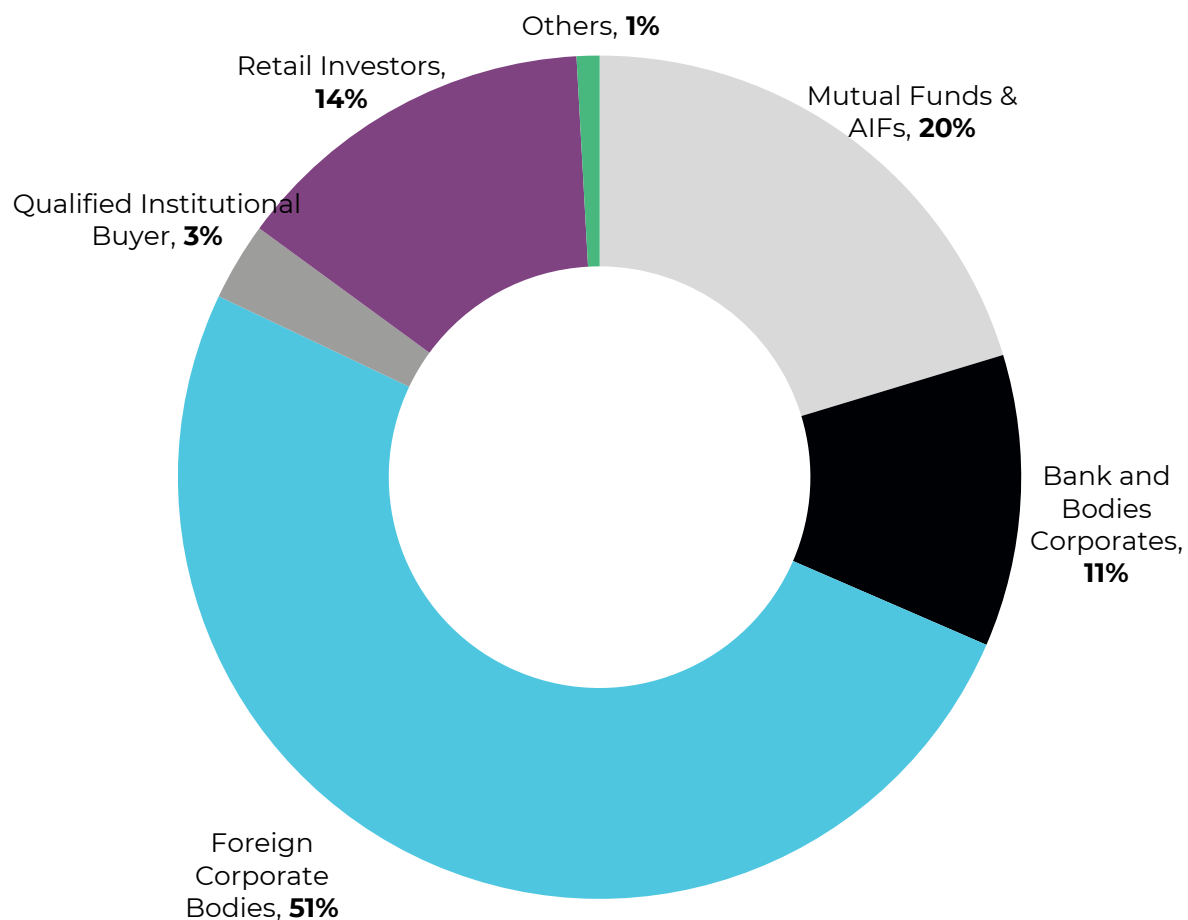
Notes: \* Interest income is adjusted for fees and commission expense

# Balance Sheet



INR crore	Sep'23	Mar'24	Jun'24	Sep'24
<b>Assets</b>				
Financial assets				
Cash and bank balances	368	408	589	811
Loans	8,070	9,210	9,651	10,004
Investments	1,673	1,785	1,661	1,766
Other financial assets	130	164	107	179
Non-financial assets	131	141	125	176
<b>Total assets</b>	<b>10,371</b>	<b>11,708</b>	<b>12,133</b>	<b>12,936</b>
<b>Liabilities and equity</b>				
Financial liabilities				
Borrowings & Debt Securities	7,822	9,048	8,971	9,271
Other financial liabilities	254	287	313	281
Other non-financial liabilities	56	53	65	62
Equity	2,128	2,314	2,777	3,316
Non-controlling interest	110	6	7	6
<b>Total liabilities and equity</b>	<b>10,371</b>	<b>11,708</b>	<b>12,133</b>	<b>12,936</b>
Quarterly Avg. earning Assets	8,868	9,476	11,040	11,263
Quarterly Avg. total assets	9,760	10,373	11,920	12,259

# Diversified Shareholding mix



## Marquee Investors

## Shareholding

360 One Special Opportunities Fund	16.7%
Leapfrog Financial Inclusion India (II) Ltd	16.2%
Augusta Investments II Pte. Ltd.	16.0%
Eight Roads Investments Mauritius II Limited	7.4%
International Finance Corporation	6.1%
Dvara Trust	5.1%
Accion Africa-Asia Investment Company	4.0%
Sumitomo Mitsui Banking Corporation	3.8%



# Northern Arc

## *Board & Management*



# Experienced and Professional Management Team



**Ashish Mehrotra**  
Managing Director  
& Chief Executive Officer

30+ years of experience,  
9+ years of experience as CEO and  
MD



**Pardhasaradhi Rallabandi**  
Group Risk Officer & Governance  
Head  
21 Years of experience



**Gaurav Mehrotra**  
Chief Technology Officer  
23 years of experience



**Amit Mandhanya**  
EVP – Partnership Based  
Lending  
11+ years of experience



**Bhavdeep Bhatt**  
Chief Executive Officer – Northern  
Arc Investment Managers  
25+ years of experience



**Atul Tibrewal**  
Chief Financial Officer  
23 years of experience



**Gaurav Ajit Shukla**  
Chief Business Officer –  
Intermediate Retail  
23+ years of experience



**Prakash Chandra Panda**  
Company Secretary  
15 years of experience



**Kalyansundaram C**  
Chief Internal Audit Officer  
25+ years of experience



**Saurabh Jaywant**  
Chief Legal Officer  
19+ years of experience



**Umasree Parvathy Pratap**  
Chief People Officer  
20+ Years experience



**Jagadish Babu Ramadugu**  
Managing Director & CEO  
(Pragati)  
25+ years of experience



**Vipin G S**  
Chief Compliance Officer  
25+ years of experience

# Distinguished Board and Marquee Investors Driving Strong Governance



**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. Arunkumar N.T.**  
Non-Executive  
Independent Director

PG from XLRI  
Formerly associated with  
ITC, Pepsico India, Polaris Software



**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

Independent Director    Nominee Director

# ESG Focused Business Model Positively Impacting 111 Mn+ Lives



**IVCA Award**  
for Social Impact  
in 2023

**Impact Assets 50**  
Featured Consistently  
since 2021

## UNSDG<sup>(1)</sup> Alignment Built into the Business Model

## Robust ESG Framework with Effective Tools & Regular Monitoring



Note: (1) United Nations Sustainable Development Goals



# Northern Arc

## *Way Forward*



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

### A Diversified Platform

- ❖ **One of the leading players** in the retail lending ecosystem
- ❖ Expansion via **organic and inorganic growth** to continue to be one of the leading diversified NBFC's in India
- ❖ **Ecosystem approach** in engaging with clients and investors
- ❖ Extending coverage to **newer classes of investors**

### Broad-based Franchise

- ❖ Expand presence in **Direct to Customer Lending** to enhance risk adjusted returns
- ❖ Broad-base and **deepen relationships**, serving customers through life-cycle
- ❖ **Leverage rural finance** and technology by introducing new products and providing larger value loans
- ❖ **AltiFi** democratizing access to fixed income investments
- ❖ Expand the **Fund Management** business by adding **new products** such as thematic funds and launching of **PMS**

### Credit-first and Customer-Centric Culture

- ❖ Focus on improving credit quality through **'credit first' approach**
- ❖ **Focus on ESG** - Explore opportunities to participate in the climate and sustainability sector
- ❖ Continue to **invest, build and enhance incremental risk monitoring**, analytical and collection capabilities

### Data and technology driven

- ❖ Managing customers through the life-cycle using **predictive data-driven decisioning** with real-time portfolio actions
- ❖ Empower Investor Partners with **tailor-made solutions**
- ❖ Increase deployment of machine learning techniques and **deepen our data repository**

# Mission and Vision



## VISION

Our Vision is to be a trusted platform that enables the flow of finance from capital providers to users in a reliable and responsible manner.



## MISSION

To enable access to finance for the underbanked in an efficient, scalable and reliable manner

## Our Values



Ethical



Responsive



Innovative



Empathetic



Resolute

## Summary

**Addressing a Large Addressable Market** and Underpenetrated Market with **Strong Sectoral Expertise**

Large Ecosystem of Partners and Data and Technology Platform Creating **Strong Network Effects**

**Proprietary Technology Product Suite** Transforming the Debt Market Ecosystem

**Robust Risk Management** Driving Asset Quality

**Diversified Sources Of Funding** and Proactive Liquidity Management

Track Record of **Consistent & Resilient Performance**

**Professional Management** Team backed by Experienced Board & Marquee Investors and **Strong ESG Framework**

# Thank You

For any query, please contact :

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