



IPO INSIGHTS



Northern Arc Capital Limited

Issue Dates - Opens: 16-09-2024 | Closes: 19-09-2024

IPO Note	<ol style="list-style-type: none"> Northern Arc Capital Limited offers retail loans to underserved households and businesses in India. The Company has expertise in lending across various focus sectors in India, especially in micro, small, and medium enterprise (MSME) finance, microfinance (MFI), consumer finance, vehicle finance, affordable housing finance, and agriculture finance.
Rating	★★★(Good)

IPO SNAPSHOT

Issue Size	₹ 777.00 Crores
Issue Type	Book Built Issue IPO
Fresh Issue	₹ 500.00 Crores
Offer for Sale	₹ 277.00 Crores
Face Value Per Share	₹ 10
Price Band Per Share	₹249 to ₹263
Minimum Lot Size	57 shares
Listing On	BSE, NSE
Registrar to the Issue	Link Intime India Private Ltd

IPO SNAPSHOT – Northern Arc Capital Limited

About the Company

- Incorporated in 2009.
- Northern Arc Capital Limited is a diversified financial services platform set up primarily with the mission of catering to the diverse retail credit requirements of the under-served households and businesses in India.
- Over the last 15 years, their approach has been to create a differentiated and comprehensive play on the retail credit ecosystem in India spread across sectors.
- The company has developed domain expertise in enabling credit across their focused sectors in India, namely, micro, small and medium enterprises (“MSMEs”) financing, microfinance (“MFI”), consumer finance, vehicle finance, affordable housing 265 finance and agricultural finance.
- They have also built an efficient and scalable business model, supported by our proprietary end-to-end integrated technology product suite customised to multiple sectors.
- Their differentiated credit underwriting processes and risk models have helped them deliver strong asset quality and risk adjusted returns consistently across business cycles and macro events.
- They also have an end-to-end integrated technology product suite customized to multiple sectors.

Competitive Strengths

- Large addressable 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 based on domain expertise, proprietary risk models and data repository driving asset quality.
- Diversified sources of funding for our own deployment and proactive liquidity management.
- Professional management team supported by an experienced Board and marquee investors driving high standards of governance.
- Strong ESG framework integrated into the business model with focus on creating sustainable impact and climate-smart lending.

Financials (₹ in Crores)

Particulars	31-3-2022	31-3-2023	31-03-2024	Y-o-Y
Revenue	909.53	1304.97	1890.08	45%
EBITDA	661.63	884.48	1147.61	30%
EBITDA Margin	72.7%	67.8%	60.7%	
PAT	181.93	242.21	317.69	31%
PAT Margin	20.00%	18.56%	16.81%	

Valuation

- Attributing Annualized FY23 Earnings asking P/E = 11.78

Peers

Company Name	P/E ratio
Five-Star Business Finance Limited	25.93
SBFC Finance Limited	35.72
CreditAccess Grameen Limited	13.33
Fusion Micro Finance Limited	6.17
Bajaj Finance Limited	31.00
Cholamandalam Investment and Finance Company Ltd	36.95
Poonawalla Fincorp Limited	17.99
MAS Financial Services Limited	18.25

Note- P/E ratio is calculated as on 11th September,2024

Promoters

- The company does not have an identifiable promoter.

Objects of the issue

- The company proposes to utilize the Net Proceeds to meet future capital requirements toward onward lending.

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