

Northern Arc Capital IPO

Northern Arc Capital IPO Price: ₹249 to ₹263. per share
IPO Dates: 16 September 2024 - 19 September 2024

Company Overview



Founded in 2009, Northern Arc Capital Limited (NACL) is a diversified financial services platform that focuses on catering to the diverse retail credit requirements of underserved households and businesses in India. Over the past 15 years, Northern Arc Capital has built a comprehensive presence in the retail credit ecosystem, expanding across multiple sectors including micro, small, and medium enterprises (MSMEs) financing, microfinance (MFI), consumer finance, vehicle finance, affordable housing finance, and agriculture finance.

Business Model

Northern Arc Capital operates a diversified business model with three primary channels: Lending, Placements, and Fund Management. This model spans various offerings, sectors, products, geographies, and borrower categories:

1. **Lending:** The company extends financing through its balance sheet, enabling originator partners to offer loans or investments in debt to retail customers (Intermediate Retail Lending). It also provides Direct-to-Customer Lending, which includes collaborating with retail lending partners or using a branch network to offer rural finance and MSME loans. As of March 31, 2024, the company had an AUM of ₹117,100.19 million across 671 districts, 28 states, and seven union territories in India.
2. **Placements:** Northern Arc facilitates loans to originator partners through various financing products, with a total AUM of ₹1,019,038.92 million as of March 31, 2024.

3. **Fund Management:** The company manages debenture funds and provides portfolio management services, handling a total volume of ₹120,785.58 million across 10 alternative investment funds (AIFs) and three portfolio management service funds as of March 31, 2024.

Technology and Innovation

Northern Arc Capital has developed an end-to-end integrated technology product suite tailored to multiple sectors, which enhances its operational efficiency and market reach. The in-house technology stack includes:

- **Nimbus:** A curated debt platform that supports the end-to-end processing of debt transactions.
- **nPOS:** A co-lending and co-origination technology solution based on application programming interfaces (API).
- **Nu Score:** A machine learning-based analytical tool designed to assist originator partners in the loan underwriting process.
- **AltiFi:** An alternative retail debt investment platform.

These technologies leverage data and advanced analytics, with over 3.52 crore data points driving their quantitative analysis, including evaluations of loan pools and direct lending transactions.

Market Presence and Competitive Strengths

Northern Arc Capital is one of India's leading diversified non-banking financial companies (NBFCs) in terms of Assets under Management (AUM) as of March 31, 2024. The company's strong sectoral expertise in key areas like MSMEs, MFI, and consumer finance has positioned it as a major player in a large, addressable, and underpenetrated market.

Key competitive strengths include:

- A vast ecosystem of partners and a robust data and technology platform that creates strong network effects.
- Proprietary technology solutions that are transforming the debt market ecosystem.
- Comprehensive risk management driven by domain expertise, proprietary risk models, and a vast data repository that enhances asset quality.

- Diversified funding sources and proactive liquidity management.
- A professional management team supported by an experienced board and marquee investors, upholding high standards of governance.
- A strong Environmental, Social, and Governance (ESG) framework focused on sustainable impact and climate-smart lending.

Governance and Capital Structure

Northern Arc Capital has conducted 12 rounds of equity fundraises, including the issuance of Compulsorily Convertible Preference Shares (CCPS) over the last 11 fiscal years. This has allowed the company to benefit from the capital sponsorship of a distinguished set of equity investors. The firm's governance is driven by a professional management team and an experienced board, ensuring high standards of operations and strategic direction.

Northern Arc Capital IPO Specifics:

IPO Date	September 16, 2024 to September 19, 2024
Listing Date	Tuesday, September 24, 2024
Face Value	₹10 per share
Price Band	₹249 to ₹263 per share
Lot Size	57 Shares
Total Issue Size	29,543,727 shares (aggregating up to ₹777.00 Cr)
Fresh Issue	19,011,407 shares (aggregating up to ₹500.00 Cr)
Offer For Sale	10,532,320 shares (aggregating up to ₹277.00 Cr)
Employee Discount	₹24 per share
Issue Type	Book Built Issue IPO
Listing At	BSE, NSE
Share holding pre issue	142,314,010
Share holding post issue	161,325,417

Northern Arc Capital IPO Timetable (Important Dates)

IPO Open Date	Monday, September 16, 2024
IPO Close Date	Thursday, September 19, 2024
Basis of Allotment	Friday, September 20, 2024
Initiation of Refunds	Monday, September 23, 2024
Credit of Shares to Demat	Monday, September 23, 2024
Listing Date	Tuesday, September 24, 2024
Cut-off time for UPI mandate confirmation	5 PM on September 19, 2024

Northern Arc Capital IPO Lot Size

Bidders have the opportunity to bid for a minimum of 57 shares, with the option to increase in multiples. The table below outlines the minimum and maximum investment thresholds for both retail investors and High Net Worth Individuals (HNIs), specifying the corresponding number of shares and amounts involved.

Application	Lots	Shares	Amount
Retail (Min)	1	57	₹14,991
Retail (Max)	13	741	₹1,94,883
S-HNI (Min)	14	798	₹2,09,874
S-HNI (Max)	66	3,762	₹9,89,406
B-HNI (Min)	67	3,819	₹10,04,397

Northern Arc Capital IPO Reservation

QIB Shares Offered	Not more than 50% of the Net offer
Retail Shares Offered	Not less than 35% of the Offer
NII (HNI) Shares Offered	Not less than 15% of the Offer

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Northern Arc Capital Limited IPO Financial Information

Northern Arc Capital Limited experienced a substantial 45% growth in revenue while witnessing a commendable 31% rise in profit after tax (PAT) during the period spanning from the financial year concluding on March 31, 2024, to March 31, 2023.

Period Ended	31 Mar 2022	31 Mar 2023	31 Mar 2024
Assets	7974.12	9371.57	11707.66
Revenue	916.55	1311.2	1906.03
Profit After Tax	181.94	242.21	317.69
Net Worth	1739.04	1955.39	2314.35
Reserves & Surplus	1555.3	1784.22	2123.37
Total Borrowing	5982.96	7034.57	9047.76

Amount in ₹ Crore

Key Performance Indicator - Northern Arc Capital IPO

KPI	Values
Market Cap	₹ 4242.86 Cr.
EPS	₹22.32
P/E (x)	11.78
Debt / Equity	3.9
RoNW	13.32%
P/BV	1.49

as of Mar 31, 2024

Objects of the Issue:

Northern Arc Capital Limited plans to utilize the funds raised to meet upcoming capital requirements for the purpose of bolstering additional lending operations and expanding its range of loan offerings.

Prospectus Links:

Prospectus: Official documents that provide detailed information about the IPO and the company.

[Northern Arc Capital Limited IPO DRHP.](#)

[Northern Arc Capital Limited IPO RHP.](#)