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Initial Public Offer of equity shares on the main board of BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), and together with BSE, the "Stock Exchanges") in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").



NORTHERN ARC CAPITAL LIMITED

Our Company was incorporated on March 9, 1989 at Madras, India as 'Highland Leasing & Finance Private Limited', a private limited company under the Companies Act, 1956 and was granted a certificate of incorporation by the Registrar of Companies, Tamil Nadu at Chennai ("RoC"). The name of our Company was changed to 'IFMR Capital Finance Private Limited' and a fresh certificate of incorporation dated June 19, 2009 was issued by the RoC. Our Company was then converted into a public limited company under the Companies Act, 2013, and consequently, the name of our Company was changed to 'IFMR Capital Finance Limited' and a fresh certificate of incorporation dated December 12, 2017 was issued by the RoC. Subsequently, the name of our Company was changed to 'Northern Arc Capital Limited' and a fresh certificate of incorporation dated February 20, 2018 was issued by the RoC. For further details in relation to changes in the name and the registered office of our Company, see "History and Certain Corporate Matters" beginning on page 318 of the Red Herring Prospectus dated September 9, 2024 ("RHP") filed with the RoC. Our Company is registered with the Reserve Bank of India (the "RBI") as a non-banking financial company ("NBFC") not accepting public deposits (certificate of registration No. B-07.00430). For further details, see "Government and Other Approvals" beginning on page 522 of the RHP.

Registered and Corporate Office: No. 1, Kanagam Village, 10th Floor, IITM Research Park, Taramani, Chennai - 600 113, Tamil Nadu, India. **Contact Person:** Prakash Chandra Panda, Company Secretary and Compliance Officer, Tel: +91 44 6668 7000; E-mail: investors@northernarc.com; **Website:** www.northernarc.com, **Corporate Identity Number:** U65910TN1989PLC017021



(Please scan this QR code to view the RHP and the Abridged Prospectus)

OUR COMPANY DOES NOT HAVE AN IDENTIFIABLE PROMOTER

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF NORTHERN ARC CAPITAL LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹5,000.00 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 10,532,320 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION COMPRISING UP TO 3,844,449 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY LEAPFROG FINANCIAL INCLUSION INDIA (II) LTD, UP TO 1,263,965 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY ACCION AFRICA-ASIA INVESTMENT COMPANY, UP TO 1,746,950 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY EIGHT ROADS INVESTMENTS MAURITIUS II LIMITED (FORMERLY KNOWN AS FIL CAPITAL INVESTMENTS (MAURITIUS) II LIMITED), UP TO 1,344,828 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY DVARA TRUST (REPRESENTED BY ITS CORPORATE TRUSTEE, DVARA HOLDINGS (FORMERLY KNOWN AS DVARA HOLDINGS PRIVATE LIMITED AND AS DVARA TRUSTEESHIP SERVICES PRIVATE LIMITED)), UP TO 1,408,918 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY 360 ONE SPECIAL OPPORTUNITIES FUND (FORMERLY KNOWN AS IIFL SPECIAL OPPORTUNITIES FUND) AND UP TO 923,210 EQUITY SHARES OF FACE VALUE ₹10 EACH AGGREGATING UP TO ₹[●] MILLION BY SUMITOMO MITSUI BANKING CORPORATION, (COLLECTIVELY REFERRED TO AS THE "SELLING SHAREHOLDERS", AND EACH INDIVIDUALLY, AS A "SELLING SHAREHOLDER" AND SUCH OFFER FOR SALE OF EQUITY SHARES BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE"). THE OFFER INCLUDES A RESERVATION OF UP TO 590,874 EQUITY SHARES OF FACE VALUE ₹10 EACH, AGGREGATING UP TO ₹[●] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES NOT EXCEEDING 5% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE FULLY DILUTED POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF THE OFFER FOR SALE

NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED / AMOUNT	WACA (IN ₹)*	NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED / AMOUNT	WACA (IN ₹)*
LeapFrog Financial Inclusion India (II) Ltd	Investor Selling Shareholder	Up to 3,844,449 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	48.83	Eight Roads Investments Mauritius II Limited (formerly known as FIL Capital Investments (Mauritius) II Limited)	Investor Selling Shareholder	Up to 1,746,950 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	121.23
Accion Africa-Asia Investment Company	Investor Selling Shareholder	Up to 1,263,965 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	26.64	Dvara Trust (represented by its corporate trustee, Dvara Holdings (formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited))	Investor Selling Shareholder	Up to 1,344,828 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	4.10
360 ONE Special Opportunities Fund (formerly known as IIFL Special Opportunities Fund)	Investor Selling Shareholder	Up to 1,408,918 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	197.02	Sumitomo Mitsui Banking Corporation	Investor Selling Shareholder	Up to 923,210 Equity Shares of face value ₹10 each aggregating up to ₹[●] million	197.02

*Weighted average cost of acquisition per Equity Share, as certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to their certificate dated September 9, 2024.

Our Company is registered as an NBFC, and our business is regulated by the RBI. We are a financial services platform set up with the mission to cater to the retail credit requirements of the under-served households and businesses in India. We have developed domain expertise in enabling credit across our focused sectors in India, namely, micro, small and medium enterprises ("MSMEs") financing, microfinance ("MFI"), consumer finance, vehicle finance, affordable housing finance and agricultural finance. We cater to the retail credit market in India through a multi-channel approach that includes: (i) extending financing from our balance sheet ("Lending"), to Originator Partners in the form of loans or investment in their debt to enable on-lending to the retail customer ("Intermediate Retail Lending") and directly to under-served households and businesses ("Direct to Customer Lending") either in collaboration with our Retail Lending Partners or through our branch network to offer rural finance and MSME lending; (ii) working with a large network of Investor Partners to structure and syndicate financing through a variety of debt, credit-enhanced debt and portfolio financing products for our Originator Partners, thus enabling credit for our Originator Partners ("Placements"); and (iii) managing debt funds and providing portfolio management services ("Fund Management").

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations
QIB Portion: Not more than 50% of the Net Offer | Non-Institutional Portion: Not less than 15% of the Net Offer | Retail Portion: Not less than 35% of the Net Offer
Employee Reservation Portion: Up to 590,874 Equity Shares aggregating up to ₹ [●] Million

PRICE BAND: ₹ 249 TO ₹ 263 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.
THE FLOOR PRICE AND THE CAP PRICE ARE 24.90 TIMES AND 26.30 TIMES THE FACE VALUE OF THE EQUITY SHARES, RESPECTIVELY.
BIDS CAN BE MADE FOR A MINIMUM OF 57 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH
AND IN MULTIPLES OF 57 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH THEREAFTER.
A DISCOUNT OF ₹ 24 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION.
THE PRICE TO EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2024 AT THE UPPER END OF THE PRICE BAND IS 11.24 TIMES
AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PE RATIO OF 23.28 TIMES
WEIGHTED AVERAGE RETURN ON NETWORTH FOR LAST THREE FINANCIAL YEARS IS 12.24%.

In accordance with the recommendation of the Independent Directors of our Company, pursuant to their resolution dated September 10, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in 'Basis for Offer Price' section on page 166 of the RHP and provided below in the advertisement.

In making an investment decision and purchase in the Offer, potential investors must only rely on the information included in the RHP and the terms of the Offer, including the merits and risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS

(For details refer to section titled "Risk Factors" on page 38 of the RHP)

1. **Risk related to Diversified Business Model:** We operate a diversified business model that exposes us to various risks and an inability to manage such risks may have an adverse effect on our business, results of operations, cash flows and financial condition and any adverse developments in our focused sectors could adversely affect our business, results of operations, cash flows and financial condition. Set out below are certain operational and financial parameters in relation to the diversification and size of our business model, as of and for the Fiscals indicated:
2. **Credit Risk:** If our borrowers default in their repayment obligations it may lead to increased levels of non-performing assets ("NPA"), related provisions and write-offs, our business, results of operations, cash flows and financial condition may be adversely affected. A significant portion of our investments are in credit facilities and debt instruments that are unsecured, and/or subordinated to other creditors. An inability to recover such investments may result in increased levels of NPAs, which could adversely affect our business, prospects, results of operations, cash flows and financial condition. Details are as follows:

Particulars	As of and for the financial year ended March 31,		
	2024	2023	2022
	(₹ million, unless otherwise indicated)		
Cumulative number of Originator Partners on boarded	328	298	278
Cumulative number of Investor Partners	1,158	871	700
Number of Retail Lending Partners	50	46	38
Direct to Customer Borrowers	1,608,871	816,397	465,975
Total number of end-borrowers	1,609,046	816,559	466,148
Number of districts in India	671	676	636
Gross Transaction Volumes ("GTV") (₹ million)	293,236.80	273,851.59	198,964.29
Total income (₹ million)	19,060.33	13,112.00	9,165.45
Restated profit for the year (₹ million)	3,176.93	2,422.14	1,819.38

Particulars	As of for the financial year ended March 31,		
	2024	2023	2022
	(₹ million, unless otherwise indicated)		
AUM (A)	117,100.19	90,086.93	71,083.17
Gross Carrying Amount - Loans - Stage 3 (B)	500.33	670.25	325.26
Gross Carrying Amount - Investments - Stage 3 (C)	-	-	24.90
Write off on financial instruments – loans (D)	3,228.79	8.56	337.80
Write off on financial instruments – investments (E)	-	-	750.00

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Particulars	As of for the financial year ended March 31,		
	2024	2023	2022
	(₹ million, unless otherwise indicated)		
Write off on financial instruments –recovery (F)	(2,254.44)	(26.67)	(18.94)
Total impaired exposures as a percentage of AUM [G=(B + C + D +E+F) / (A)] (%)	1.25%	0.72%	2.00%
Non-financial liabilities - Provisions	320.66	333.54	224.57
Provision coverage ratio - Stage 3 assets (%)	82.67%	47.84%	57.32%

3. **Balance Sheet Risk:** We may face asset-liability mismatches which would expose us to interest rate and liquidity risks that could have a material and adverse effect on our business, results of operations, cash flows and financial condition.
4. **Financing Risk:** Our business requires funds regularly, and if we are unable to obtain adequate financing or financing on terms satisfactory to us, as and when we require it, our ability to grow or support our business and to respond to business challenges would be limited and our business, profitability, prospects, financial condition, cash flows and results of operations would be materially and adversely affected. Details of borrowings in the last three financial years have been disclosed herein below:

Particulars	As of and for the Financial Year ended March 31,		
	2024	2023	2022
	(₹ million, unless otherwise stated)		
Borrowings (other than debt securities) (A)	76,340.31	57,702.99	45,994.26
Debt securities (B)	14,137.25	12,243.16	13,435.97
Subordinated Liabilities (C)	-	399.51	399.35
Total Borrowings (D=A+B+C)	90,477.56	70,345.66	59,829.58

5. **Customer Risk:** Our business operations involve direct and indirect exposures to relatively high credit risk borrowers in the under-served households and businesses of India. Any large-scale defaults in this category could adversely affect our business, results of operations, cash flows and financial condition.
6. **Regulatory Risk:** Non-compliance with the RBI's or any other regulators' observations made during their inspections could expose us to penalties and restrictions as well as cancellation of our license, which could have a material and adverse effect on our business, financial condition, results of operation and cash flows.
7. **Compliance Risk:** Our inability in the future to comply with or any delay in compliance with the strict regulatory requirements with respect to our listed non-convertible debentures may have an adverse effect on our business, results of operations, cash flows and financial condition. Additionally, the trading in our NCDs may be limited or sporadic, which may affect our ability to raise debt financing in future. Further, there have been certain instances of delay or other non-compliance with legal or regulatory requirements, including with respect to form filings and intimations under the Companies Act, and with the SEBI, RBI and the BSE and there have been irregularities in a certain regulatory filing made with the RoC under applicable law.
8. **Losses and negative cash flow from operating activities in the past:** We have had negative cash flows in the past and may continue to have negative cash flows in the future. Negative cash flows over extended periods, or significant negative cash flows in the short term, may materially impact our ability to operate our business and implement our growth plans.

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)		
Net cash flow from/ (used in) operating activities (A)	(21,344.45)	(12,956.54)	(13,255.02)
Net cash from/ (used in) investing activities (B)	360.45	(1,194.71)	(3,855.19)
Net cash flow from/ (used in) financing activities (C)	20,454.61	9,279.53	20,281.19
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(529.39)	(4,871.72)	3,170.98
Cash and cash equivalents at the beginning of the year	2,323.40	7,151.74	3,980.76
Additions on acquisition of specified assets and liabilities	-	43.38	-
Cash and cash equivalents at the end of the year	1,794.01	2,323.40	7,151.74

9. **Delay in payments of Statutory Dues:** There have been certain instances of delays in payment of statutory dues in the past. Any delay in payment of statutory dues in future, may result in the imposition of penalties and in turn may have an adverse effect on our business, financial condition, results of operation and cash flows.

10. **Technology Risk:** We rely significantly on our technology platforms and systems for our business and operations and any failure, disruption, downtime, inadequacy or security breach in such systems could adversely affect our business, reputation, results of operations, cash flows and financial condition.
11. Our Company will not receive any proceeds from the Offer for Sale portion.
12. Average cost of acquisition of Equity Shares for our Selling Shareholders in the Offer is as stated in the below table and the Offer Price at the upper band of the price band is ₹ 263

Name of the Selling Shareholder	Number of specified securities acquired	Average cost of acquisition per specified security (in ₹) ⁽¹⁾
LeapFrog Financial Inclusion India (II) Ltd	29,952,665	48.83
Accion Africa-Asia Investment Company	7,699,529	26.64
Eight Roads Investments Mauritius II Limited (formerly known as FIL Capital Investments (Mauritius) II Limited)	13,610,748	121.23
Dvara Trust (represented by its corporate trustee, Dvara Holdings (formerly known as Dvara Holdings Private Limited and as Dvara Trusteeship Services Private Limited))	9,644,086	4.10
360 ONE Special Opportunities Fund (formerly known as IIFL Special Opportunities Fund)	4,390,170	197.02
Sumitomo Mitsui Banking Corporation	7,004,364	197.02

- ⁽¹⁾As certified by M/s Kumbhat & Co, Chartered Accountants, by way of their certificate dated September 9, 2024.
13. The Price to Earnings Ratio based on the Basic and Diluted EPS at the upper end of the Price Band is 7.60 times and 11.24 times respectively as compared to the average industry Peer Group PE Ratio of 22.04
14. Weighted Average Return on Net Worth for the Financial Years 2024, 2023 and 2022 is 12.24%
15. Weighted average cost of acquisition of all specified securities transacted over the three years, 18 months and one year preceding the date of the Red Herring Prospectus:

Period	Weighted Average Cost of Acquisition (WACA) (in ₹) ⁽¹⁾	Cap Price is 'X' times the WACA ⁽¹⁾	Range of acquisition price: lowest price – highest price (in ₹) ⁽¹⁾
Last one year	212.83	1.24	10 – 338.25
Last eighteen months	213.70	1.23	10 – 338.25
Last three years	214.48	1.23	10 – 338.25

- ⁽¹⁾As certified by M/s Kumbhat & Co, Chartered Accountants, pursuant to the certificate dated September 9, 2024.
16. Weighted average cost of acquisition of primary and secondary issuances as compared to Floor Price and Cap Price:

Past Transactions	Weighted average cost of acquisition (in ₹) ⁽¹⁾	Floor Price (in times) ⁽¹⁾	Cap Price in times) ⁽¹⁾
The weighted average cost of acquisition during the last 18 months preceding the date of filing of the DRHP through a primary/new issue of shares (equity/convertible securities), excluding issuance of bonus shares, if any, where the issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction/s), in a single transaction or multiple transactions combined together over a span of rolling 30 days.	210.97	1.18	1.25

- ⁽¹⁾As certified by M/s Kumbhat & Co, Chartered Accountants, vide their certificate dated September 9, 2024.
17. The three BRLMs associated with the Offer have handled 74 public issues in the past three financial years, out of which 17 issues closed below the Offer Price on listing date:

Name of the BRLMs	Total Public Issues	Issues closed below Offer Price on listing date
ICICI Securities Limited*	27	7
Axis Capital Limited*	20	5
Citigroup Global Markets India Private Limited*	5	0
Common Issues handled by the BRLMs	22	5
Total	74	17

* Issues handled where there are no common BRLMs.

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BID/OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE : FRIDAY, SEPTEMBER 13, 2024⁽¹⁾

BID/OFFER OPENS ON : MONDAY, SEPTEMBER 16, 2024

BID/OFFER CLOSES ON : THURSDAY, SEPTEMBER 19, 2024⁽²⁾

⁽¹⁾Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations.
⁽²⁾UPI mandate end time and date shall be at 5.00 p.m. on the Bid/Offer Closing Date.

BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and the quantitative and qualitative factors as described below and justified in view of the relevant parameters. The face value of the Equity Shares is ₹10 each and the Floor Price is 24.90 times the face value of the Equity Shares and the Cap Price is 26.30 times the face value of the Equity Shares. Investors should also refer to “Risk Factors”, “Our Business”, “Financial Information”, “Other Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 38, 264, 354, 443 and 448 of the RHP, respectively, to have an informed view before making an investment decision.

Qualitative factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- Large addressable and underpenetrated market with strong sectoral expertise. The Indian retail credit market has grown at a strong pace over the last few years and is expected to further grow at a CAGR of 17-18% between Fiscals 2024 and 2026 to reach ₹100.9 trillion by Fiscal 2026. (Source: CRISIL Report). We believe this presents us with an opportunity for capitalizing on the large potential for growth in the retail credit market, particularly in the rural and semi-urban areas. For further details, see “Our Business – Strengths – Large addressable and underpenetrated market with strong sectoral expertise” on page 269 of the RHP.
- Large ecosystem of partners and data and technology platform creating strong network effects. We have, over the last 15 years, by serving the Indian retail credit market and facilitating financing of over ₹1.73 trillion since 2009, that has impacted over 101.82 million lives, created an ecosystem of 328 Originator Partners, 50 Retail Lending Partners and 1,158 Investor Partners, as of March 31, 2024, multi-channel offerings comprising Lending, Placements and Fund Management channels, proprietary technology solutions and a substantial data repository of over 35.17 million data points, as of March 31, 2024. For further details, see “Our Business – Strengths – Large ecosystem of partners and data and technology platform creating strong network effects” on page 270 of the RHP.
- Proprietary technology product suite transforming the debt market ecosystem. We are a technology driven financial services platform supported by in-house technology solutions and architecture driving a scalable and sustainable business model that enables us to expand and scale our business and drive growth in revenue. For further details, see “Our Business – Strengths – Proprietary technology product suite transforming the debt market ecosystem” on page 272 of the RHP.
- Robust risk management based on domain expertise, proprietary risk models and data repository driving asset quality. We have customized our risk management systems for each of the focused sectors and channels in which we operate and these systems which are specific to each offering, enable us to develop a diversified portfolio and address both risks. We leverage our own expertise and data to develop customized and proprietary risk models that suit our offerings, products and markets, and enhance our capital efficiency. For further details, see “Our Business – Strengths – Robust risk management based on domain expertise, proprietary risk models and data repository driving asset quality” on page 273 of the RHP.
- Diversified sources of funding for our own deployment and proactive liquidity management. We maintain a well-diversified funding profile that is underpinned by our established relationships with our lenders and investors, proactive liquidity management system and strong credit rating. Our diversified base of lenders (including various banks, offshore financial institutions and NBFCs) and investors provide us a strong base for increased funding. For further details, see “Our Business – Strengths – Diversified sources of funding for our own deployment and proactive liquidity management” on page 274 of the RHP.
- Professional management team supported by an experienced Board and marquee investors driving high standards of governance. We have an experienced leadership team who have played a pivotal role in building our business and brand. We have also benefited and expect to continue to benefit from the strong capital sponsorship and professional expertise, especially in the area of corporate governance and risk management, of our shareholders, which include funds and a global systemically important bank. For further details, see “Our Business – Strengths – Professional management team supported by an experienced Board and marquee investors driving high standards of governance” on page 275 of the RHP.
- Strong ESG framework integrated into the business model with focus on creating sustainable impact and climate-smart lending. Our underwriting guidelines along with the ESG policy incorporate a responsible financing framework across parameters such as governance, employee rights and environment which are applied at multiple stages such as client on-boarding, investment or lending, and post-transaction monitoring. Specifically, as part of our relationships with Originator Partners, we also require their adherence to norms on customer protection and fair practice codes including instituting adequate mechanisms for grievance redressal and, fostering fair and respectful treatment of borrowers. For further details, see “Our Business – Strengths – Strong ESG framework integrated into the business model with focus on creating sustainable impact and climate-smart lending” on page 276 of the RHP.

Quantitative factors

Certain information presented below relating to our Company is derived from the Restated Consolidated Summary Statements.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

1. Basic and diluted Earnings per Share (“EPS”) at face value of ₹10 each:

Based on / derived from the Restated Consolidated Summary Statements:

Financial Year	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
2024	34.61	23.40	3
2023	25.85	17.38	2
2022	19.52	13.09	1
Weighted Average	29.18	19.68	

For further information, please refer section titled “Basis for Offer Price” on page 166 of RHP.

2. Price/Earnings Ratio in relation to Price Band of ₹ 249 to ₹ 263 per Equity Share:

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price band (no. of times)
P/E ratio based on basic EPS for Financial Year 2024	7.19	7.60
P/E ratio based on diluted EPS for Financial Year 2024	10.64	11.24

3. Industry Peer Group Price / Earnings (P/E) ratio

Particulars	P/E Ratio
Highest	36.64
Lowest	6.21
Average	23.28

Source: Based on peer set provided below. For further information, please refer section titled “Basis for Offer Price” on page 166 of RHP

5. Net Asset Value (“NAV”) per Equity Share (face value of ₹10 each)

NAV per Equity Share	(in ₹)
As of March 31, 2024	177.06
- At the Floor Price	186.64
- At the Cap Price	187.97

6. Comparison of Accounting Ratios with listed industry peers (as of or for the year ended March 31, 2024, as applicable)

The following peer group has been determined based on the companies listed on the Stock Exchanges:

Name of Company	Revenue from operations (₹ million)	Face value (₹ per share)	Closing price on Sept. 4, 2024 (in ₹)	EPS (₹)		NAV (per share) (₹)	P/E	RoNW (%)
				Basic	Diluted			
Northern Arc Capital Limited ⁽¹⁾	18,900.84	10.00	-	34.61	23.40	177.06	●	13.32%
Listed peers⁽²⁾								
Five-Star Business Finance Limited (“Five Star”)	21,828.47	1.00	759.80	28.64	28.39	177.68	26.76	16.09%
SBFC Finance Limited (“SBFC”)	10,186.40	10.00	84.27	2.35	2.30	25.87	36.64	8.53%
CreditAccess Grameen Limited (“CreditAccess”)	51,666.70	10.00	1,185.85	90.88	90.41	1,809.93	13.12	5.01%
Fusion Micro Finance Limited (“Fusion”)	23,167.30	10.00	311.20	50.30	50.11	281.93	6.21	17.74%
Bajaj Finance Limited (“Bajaj Finance”)	549,694.90	2.00	7,299.50	236.89	235.98	1,239.03	30.93	18.84%
Cholamandalam Investment and Finance Company Limited (“Cholamandalam”)	191,396.20	2.00	1,487.30	41.17	41.06	233.26	36.22	17.46%
Poonawalla Fincorp Limited (“Poonawalla”)	31,090.10	2.00	385.25	21.89	21.63	105.44	17.81	20.60%
MAS Financial Services Limited (“MAS”)	12,791.60	10.00	284.05	15.31	15.31	108.71	18.55	14.08%

(1) Financial information of our Company is derived from the Restated Consolidated Summary Statements as certified by the M/s Kumbhat & Co, Chartered Accountants, pursuant to their certificate dated September 9, 2024.
(2) Source: Annual report or financial results of the peer companies for the Financial Year 2024 submitted to stock exchanges.

7. Comparison of our key performance indicators with listed industry peers

The following table provides a) details of our KPIs which our Company considers having a bearing for arriving at the basis of Offer Price and ii) comparison of our KPIs with our listed peers for the Fiscal indicated, which has been determined on the basis of companies listed on the Indian stock exchanges of comparable size to our Company, operating in the same industry as our Company and whose business model is similar to our business model.

S. No.	Key performance indicators ⁽¹⁾	As of and for FY24				
		Northern Arc Capital Limited	CreditAccess Grameen Limited	Fusion Micro Finance Limited	Bajaj Finance Limited	Cholamandalam Investment and Finance Company Limited
		(₹ million, unless otherwise specified)				
Key Business KPIs – Key performance indicator						
1.	GTV	293,236.80	Not available	Not available	Not available	Not available
2.	GTV growth (%)	7.08	Not available	Not available	Not available	Not available
3.	AUM	117,100.19	267,140.00	114,760.80	2,448,260	1,455,720.00
4.	AUM growth (%)	29.99	27.02	23.45	35.26	36.69
5.	Adjusted interest income/Average Earning Assets (Yield on Assets) (%)	16.76	23.48	25.60	18.70	14.38
6.	Total Fund AUM	28,581.27	Not available	Not available	Not available	Not available
7.	Placements volumes	1,17,559.19	Not available	Not available	Not available	Not available
8.	Direct to Customer borrowers	1,608,871	4,918,000	3,862,000	Not available	3,635,824
Distribution Channel – Key performance indicator						
9.	Cumulative number of Originator Partners onboarded	328	Not available	Not available	Not available	Not available
10.	Number of retail lending partners	50	Not available	Not available	Not available	Not available
11.	Number of branches	316	1,967	1,297	4,145	1,387
Sectoral Mix - GTV – Key performance indicator						
12.	MSME	81,609.16	Not available	Not available	Not available	Not available
13.	Microfinance ("MFI")	76,229.91	Not available	Not available	Not available	Not available
14.	Consumer finance	1,01,174.93	Not available	Not available	Not available	Not available
15.	Vehicle finance	19,012.61	Not available	Not available	Not available	Not available
16.	Affordable housing	10,154.50	Not available	Not available	Not available	Not available
17.	Agriculture	5,055.69	Not available	Not available	Not available	Not available
Capital – Key performance indicator						
18.	Net Worth	23,143.49	65,699.50	28,481.50	720,105.30	195,565.10
19.	CRAR (%)	18.26	23.13	27.53	22.52	18.57
20.	Tier I Capital Ratio (%)	18.07	22.20	Not available	21.51	15.10
Asset Quality – Key performance indicator						
21.	Gross Stage 3 – Loans and Investments (%)	0.45	1.18	2.89	1.05	3.54
22.	Provision coverage ratio - Stage 3 assets (%)	82.67	70.34	79.24	56.19	34.46
23.	Net Stage 3 (%)	0.08	0.35	0.60	0.46	2.32
24.	Credit cost / Average Total Assets (%)	1.18	1.84	3.47	Not available	0.98
Profitability – Key performance indicator						
25.	Interest income	17,121.12	49,001.10	20,919.00	407,827.60	176,136.80
26.	Adjusted net interest income	8,637.07	32,902.20	14,842.30	251,190.90	85,436.20
27.	Fee and commission income and other income	1,008.77	1,460.90	1,373.60	60,243.70	14,420.50

S. No.	Key performance indicators ⁽¹⁾	As of and for FY24				
		Northern Arc Capital Limited	CreditAccess Grameen Limited	Fusion Micro Finance Limited	Bajaj Finance Limited	Cholamandalam Investment and Finance Company Limited
		(₹ million, unless otherwise specified)				
28. Profit for the year attributable to Owners of the holding company		3,083.34	14,459.30	5,052.90	126,441.10	34,227.60
29. Yield on assets minus Average Cost of Borrowings (Spread) (%)		7.53	14.03	15.23	Not available	6.46
30. Earnings per equity share – Basic (in ₹)		34.61	90.88	50.30	207.27	41.20
31. Earnings per equity share - Diluted(in ₹)		23.40	90.41	50.11	206.47	41.09
Return Ratio – Key performance indicator						
32. Adjusted net interest income / Average Total Assets (%)		8.33	13.37	14.12	Not available	6.33
33. Operating expenses/ Average Total Assets (%)		4.02	4.25	5.65	Not available	3.02
34. Operating expenses/ Adjusted net total income (%)		43.40	30.42	36.60	30.56	40.88
35. Profit for the year/ Average Total Assets (%)		2.97	5.88	4.81	Not available	2.53
36. Profit for the year attributable to Owners of the holding company/ Average net worth (Return on average net worth) (%)		14.54	24.85	19.58	Not available	20.56
Others – Key performance indicator						
37. Net Asset Value per Equity Share (in ₹)		177.06	412.23	281.93	1,163.34	232.82
38. Number of employees		2,695	19,395	13,000	Not available	54,098
39. Adjusted finance cost/ Average Total Borrowings (Average Cost of Borrowings) (%)		9.23	9.45	10.37	Not available	7.92
40. Debt/Equity ratio		3.90	3.32	3.03	2.23	6.88
41. Credit Rating		AA- (Stable)	AA- (Stable)	A+ (Stable)	AAA (Stable)	AA+ (Stable)
Digital Adoption – Key performance indicator						
42. Number of transactions through Nimbus		543	Not available	Not available	Not available	Not available
43. Number of transactions through nPOS		2,895,363	Not available	Not available	Not available	Not available
44. Number of Nu Score assessments conducted		17,052	Not available	Not available	Not available	Not available

S. No.	Key performance indicators ⁽¹⁾	As of and for FY24				
		Northern Arc Capital Limited	Five-Star Business Finance Limited	SBFC Finance Limited	MAS Financial Services Limited	Poonawalla Fincorp Limited
		(₹ million, unless otherwise specified)				
Key Business KPIs – Key performance indicator						
1.	GTV	293,236.80	Not available	Not available	Not available	Not available
2.	GTV growth (%)	7.08	Not available	Not available	Not available	Not available
3.	AUM	117,100.19	96,406.00	68,220.00	101,256.00	250,030.00
4.	AUM growth (%)	29.99	39.42	38.02	25.12	54.88
5.	Adjusted interest income/Average Earning Assets (Yield on Assets) (%)	16.76	26.35	18.39	17.01	16.44
6.	Total Fund AUM	28,581.27	Not available	Not available	Not available	Not available
7.	Placements volumes	1,17,559.19	Not available	Not available	Not available	Not available
8.	Direct to Customer borrowers	1,608,871	385,966	129,183	880,000	Not available
Distribution Channel – Key performance indicator						
9.	Cumulative number of Originator Partners onboarded	328	Not available	Not available	Not available	Not available
10.	Number of retail lending partners	50	Not available	Not available	Not available	Not available
11.	Number of branches	316	520	183	189	102
Sectoral Mix - GTV – Key performance indicator						
12.	MSME	81,609.16	Not available	Not available	Not available	Not available
13.	Microfinance (“MFI”)	76,229.91	Not available	Not available	Not available	Not available
14.	Consumer finance	1,01,174.93	Not available	Not available	Not available	Not available
15.	Vehicle finance	19,012.61	Not available	Not available	Not available	Not available
16.	Affordable housing	10,154.50	Not available	Not available	Not available	Not available
17.	Agriculture	5,055.69	Not available	Not available	Not available	Not available

Capital – Key performance indicator

18. Net Worth		23,143.49	51,961.50	27,782.55	17,689.60	81,164.00
19. CRAR (%)		18.26	50.50	40.52	24.05	33.80
20. Tier I Capital Ratio (%)		18.07	Not available	40.52	20.33	32.28

Asset Quality – Key performance indicator

21. Gross Stage 3 – Loans and Investments (%)		0.45	1.38	2.43	2.25	1.16
22. Provision coverage ratio - Stage 3 assets (%)		82.67	54.35	44.03	32.89	49.14
23. Net Stage 3 (%)		0.08	0.63	1.36	1.51	0.59
24. Credit cost / Average Total Assets (%)		1.18	0.55	0.73	1.07	0.35

Profitability – Key performance indicator

25. Interest income		17,121.12	21,165.80	9,182.60	10,222.80	29,040.50
26. Adjusted net interest income		8,637.07	16,924.30	5,851.41	4,888.60	20,596.40
27. Fee and commission income and other income		1,008.77	341.80	840.49	727.50	1,370.80
28. Profit for the year attributable to Owners of the holding company		3,083.34	8,359.10	2,370.21	2,477.50	20,559.60
29. Yield on assets minus Average Cost of Borrowings (Spread) (%)		7.53	17.16	9.13	7.46	8.80
30. Earnings per equity share – Basic (in ₹)		34.61	28.64	2.35	15.11	26.75
31. Earnings per equity share - Diluted(in ₹)		23.40	28.39	2.29	15.11	26.43

Return Ratio – Key performance indicator

32.	Adjusted net interest income / Average Total Assets (%)	8.33	16.94	9.10	5.83	10.04
33.	Operating expenses/ Average Total Assets (%)	4.02	5.56	4.76	1.68	3.93
34.	Operating expenses/ Adjusted net total income (%)	43.40	32.16	45.74	25.04	36.75
35.	Profit for the year/ Average Total Assets (%)	2.97	8.37	3.68	2.95	10.02
36.	Profit for the year attributable to Owners of the holding company/ Average net worth (Return on average net worth) (%)	14.54	17.59	10.12	15.13	27.75

