



IPO DETAILS

#IPOlogy

NORTHERN ARC CAPITAL LIMITED



ISSUE OPEN

16th September, 2024

ISSUE CLOSE

19th September, 2024

Min. Lot Size
57 shares

Issue Price Band
₹249 - ₹263

Issue Size

Fresh Issue:
1.90 cr. Eq shares
(₹500.00 cr.)

OFS:
₹1.05 cr. Eq shares
(₹277.00 cr.)

Face Value

₹10

Industry

Finance - NBFC

Listing at

NSE, BSE

RATING

Subscribe

OPEN ACCOUNT

APPLY NOW

Marwadi Shares and Finance Limited

Corporate Office: Marwadi Financial Plaza, Nana Mava Main Road, Off 150ft Ring Road, Rajkot - 360001, Gujarat.

Registered Office: X-Change Plaza, Office No. 1201 to 1205, 12th Floor, Building No. - 53E, Zone - 5, Road 5E, Gift City, Gandhinagar - 382355, Gujarat.
0281 7174 100/0281 6192 100 **CIN of MSFL:** U65910GJ1992PLC017544

SEBI Reg. No. of MSFL for NSE, BSE, MCX, NCDEX: INZ000174730 | Membership No.: NSE:08760, BSE:0910, MCX:56410, NCDEX:1280 | SEBI Regn.No. of DP: IN-DP-476-2020 (NSDL DPID:IN300974) (CDSL DPID:12035100) | Research Analyst: INH 000002186 AMFI: ARN-42506 | PFRDA: POP07082018

Disclaimer: 'Investment in securities market are subject to market risks, read all the related documents carefully before investing'.

For Facts & Figures



NORTHERN ARC CAPITAL LIMITED

Rationale

Considering the book value of ₹174.82, Northern Arc Capital Limited is set to list at a P/B of 1.50x with a market cap of ₹4,242.86 crore, whereas its peers, such as Five-Star Business Finance Limited, SBFC Finance Limited, Credit Access Grameen Limited, Fusion Micro Finance Limited, Bajaj Finance Limited, Cholamandalam Investment and Finance Company Limited, Poonawalla Fincorp Limited, and MAS Financial Services Limited, are trading at P/B ratios of 4.15x, 3.25x, 2.93x, 1.1x, 5.95x, 6.25x, 3.74x, and 2.57x, respectively.

We assign "Subscribe" rating to this IPO as company has large ecosystem of partners and data and technology platform creating strong network effects Also, it is available at reasonable valuation as compared to its peers.

Company Overview

Northern Arc Capital Ltd is a diversified financial services platform set up primarily catering to the diverse retail credit requirements of the under-served households and businesses in India.

The company serves the retail lending market through a multi-channel approach, including Lending to underserved customers, Placements to originator partners, and Fund management services.

The company has developed domain expertise in enabling credit across focused sectors in India, namely, micro, small and medium enterprises ("MSMEs") financing, microfinance ("MFI"), consumer finance, vehicle finance, affordable housing finance and agricultural finance.

In FY 24, MSME financing contributed 27.83%, MFI financing contributed 26%, Consumer Financing contributed 34.5% and other financing contributed to 11.66% to the gross transaction volume.

The company has facilitated financing of over ₹1.73 trillion that has impacted over 101.82 million lives across India, as of March 31, 2024.

The company had one of the lowest gross non-performing assets ("GNPA") of 0.45% and net non-performing assets ("NNPA") of 0.08%, as of FY 2024.

The company offers an end-to-end integrated technology suite, including Nimbus for debt transactions, nPOS for co-lending, Nu Score for loan underwriting, and AltiFi for retail debt investments.



Pan-India Reach: 671 Districts (2024)

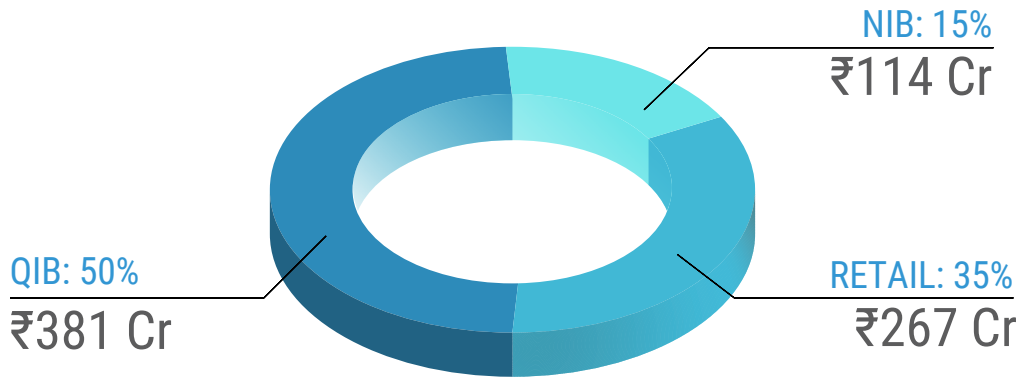
The company has strong presence across 671 districts, 28 states and 7 union territories in India, as of March 31, 2024.



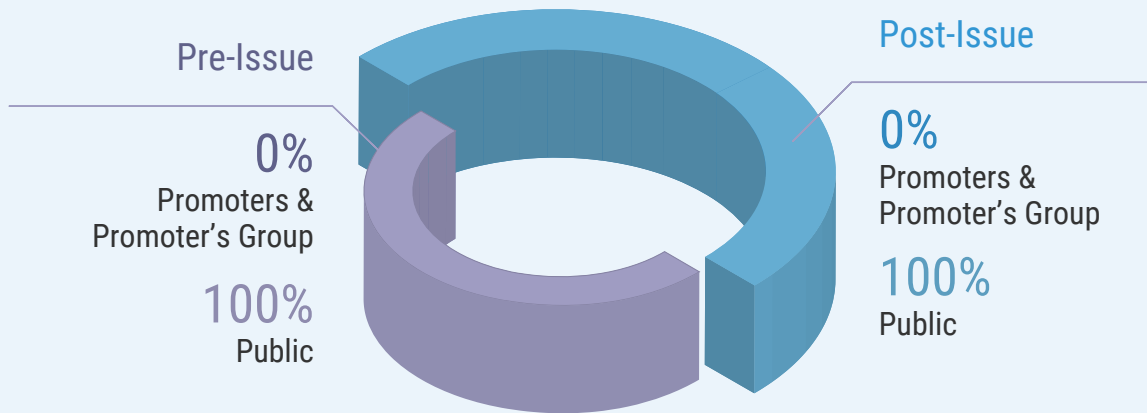
NORTHERN ARC CAPITAL LIMITED

Issue Details

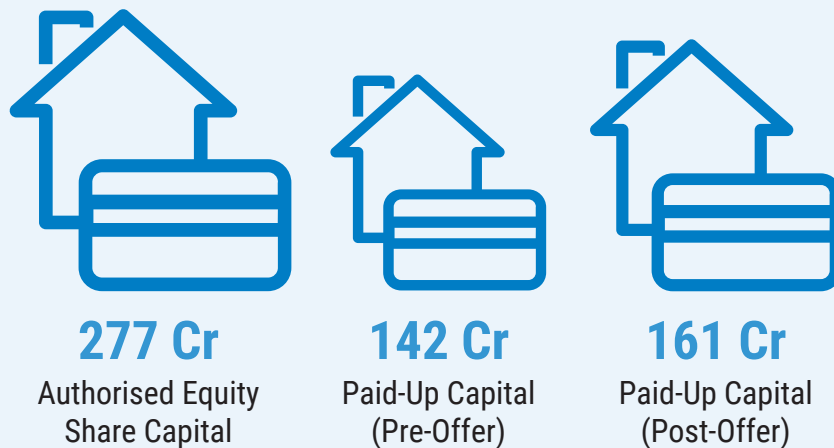
Issue Break-Up



Shareholding Pattern



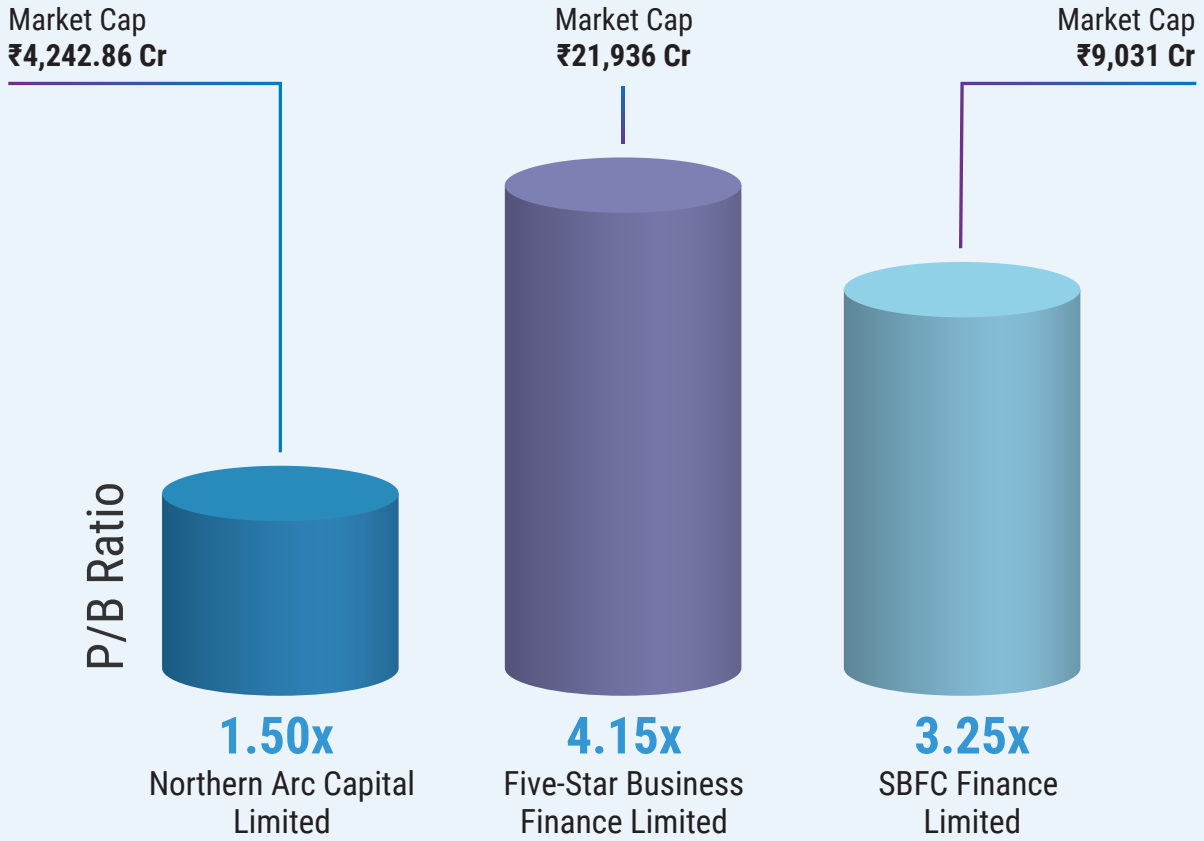
Capital Structure (in ₹ Cr.)





NORTHERN ARC CAPITAL LIMITED

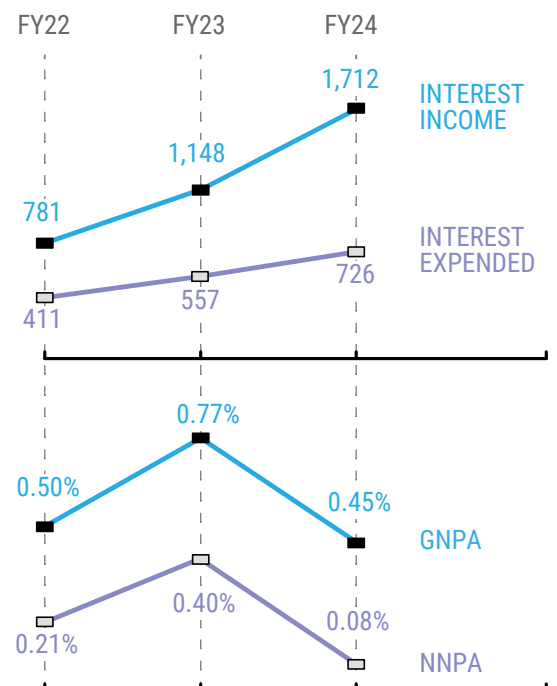
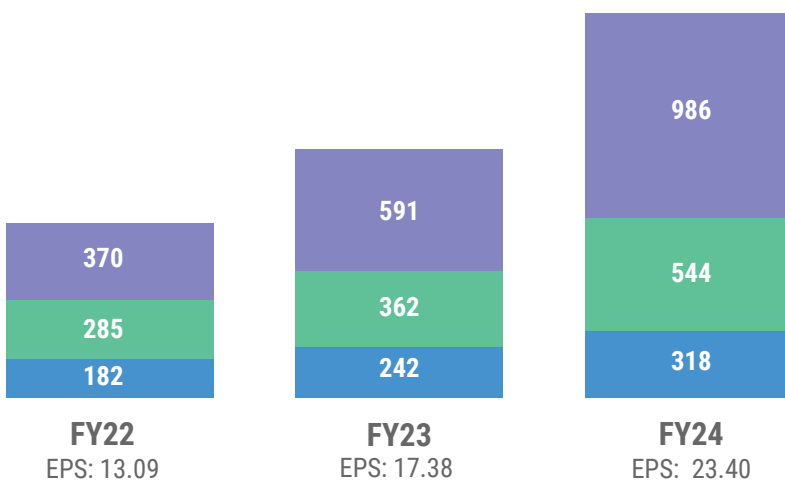
Valuations and Peer Comparison



Market Cap data of listed securities as on September 13, 2024

Financial Snapshot (in ₹ Cr.)

- NII
- PPOP
- PAT





NORTHERN ARC CAPITAL LIMITED

Business Insights



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 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



Business Strategy

- Enhance ecosystem by growing and deepening relationships with partners, while leveraging and scaling up technology products
- Expand to adjacent sectors such as climate lending and gold loans, and enhance ESG risk management systems
- Expand Fund Management channel
- Continue to scale Direct to Customer Lending channel to enhance risk adjusted returns
- Focus on credit quality to manage credit cost efficiently
- Continue to diversify source of funds and widen lender base to scale borrowing requirements while lowering costs
- Expansion through inorganic growth



Risks

- Company operates a diversified business model that exposes to various risks and an inability to manage such risks may have an adverse effect on business, results of operations, cash flows and financial condition.
- Company does not have any identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act, 2013.

Promoters and Management Details

P.S. Jayakumar - Chairman and Non-Executive Independent Director

Ashish Mehrotra - Managing Director and Chief Executive Officer

Dr. Kshama Fernandes - Non-Executive Non-Independent Director and Vice-Chairperson

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