



Press Release

Northern Arc Capital reports Strong Q1FY25 Performance with 43% growth in PAT

Mumbai, September 30, 2024: Northern Arc Capital Limited, a diversified financial services platform, has successfully concluded its Initial Public Offering (IPO) with an overwhelming response. The IPO saw robust participation from institutional investors, HNI's, and retail investors alike, raising ₹777 Crores (Rs. 277 Cr offer for sale and Rs. 500 Cr of fresh equity capital).

Earlier in April 2024, the Company raised Rs. 382 Cr of fresh equity capital from marquee investors, including IFC.

The company announced its Q1FY25 results, showcasing a solid performance across key business metrics, demonstrating resilience and a strong growth momentum.

Performance Review for Q1FY25

- **Pre-provision operating profit (PPoP) grew by 43% YoY to Rs. 175 Cr in Q1FY25**
- **Profit after tax grew by 43% YoY to Rs. 93 Cr in Q1FY25**
- **Lending Assets Under Management (AUM) grew by 32% YoY to Rs. 11,869 Cr**
- **Gross NPA ratio was 0.47% on June 30, 2024, compared to 0.49% on June 30, 2023**
- **Return on Assets was 3.1% for Q1FY25 compared to 2.8% for Q1FY24**
- **Return on Equity was 14.7% for Q1FY25 compared to 13.3% for Q1FY24**
- **Total capital adequacy ratio was 21.5% on June 30, 2024.**

Summary of Northern Arc's Performance - Q1FY25:

➤ Assets

- Lending AUM grew by 32% YoY to Rs. 11,869 Cr on June 30, 2024
- Fund AUM was Rs. 2,770 Cr on June 30, 2024
- Gross Transaction Volume grew by 38% YoY to Rs. 7,616 Cr for Q1FY25
 - Of which, Disbursements grew by 79% YoY to Rs. 4,433 Cr
- Share of Direct to Customer loans has increased to 52% on June 30, 2024, compared to 45% on June 30, 2023

➤ Financials

- Net Interest Income grew by 40% YoY to Rs. 272 Cr in Q1FY25
- Fee & Other income grew by 36% YoY to Rs. 25 Cr in Q1FY25
- PPoP grew by 43% YoY to Rs. 175 Cr in Q1FY25



- Credit cost was Rs. 51 Cr for Q1FY25 compared to Rs. 32 Cr for Q1FY24
 - Profit after tax grew by 43% YoY to Rs. 93 Cr in Q1FY25
 - Return on Assets was 3.1% for Q1FY25 compared to 2.8% for Q1FY24
 - Return on Equity was 14.7% for Q1FY25 compared to 13.3% for Q1FY24
- **Asset quality**
- Gross NPA ratio was 0.47% on June 30, 2024, compared to 0.49% on June 30, 2023
 - Net NPA ratio was 0.12% on June 30, 2024, compared to 0.17% on June 30, 2023
 - Provisioning coverage ratio on Stage III assets was 74% on June 30, 2024
- **Capital Adequacy**
- Capital adequacy ratio was 21.5% on June 30, 2024.

Commenting on the IPO success and Q1FY25 results, Northern Arc’s MD & CEO Ashish Mehrotra said *“We are pleased to report strong results for the first quarter, underpinning our commitment to improve access to retail credit by leveraging our deep domain expertise, risk management, and data led proprietary technology stacks. Our diversified business model allows us to adapt to changing market conditions, while maintaining operational excellence, thus laying the foundation for future growth. We remain focused on enabling seamless flow of credit to the end customer in a calibrated manner and in the process delivering value to all stakeholders. Further, we are humbled by the overwhelming response to our IPO, which is a testament of our commitment towards providing credit access to underserved households and businesses across the country.”*

About Northern Arc:

Northern Arc is one of the leading players amongst India’s diversified NBFCs in terms of AUM as of March 31, 2024[^] dedicated to empowering the lives of underserved individuals and businesses. Powered by technology and data, Northern Arc offers a suite of solutions including lending, placements and investments in key sectors like MSME Financing, MFI, Consumer Financing, Vehicle Financing, Affordable Housing Financing and Agricultural Supply Chain Finance. Since 2009, Northern Arc has facilitated financing of over INR 1.81 trillion cumulatively for its clients, spread across 671 districts in 28 states and 7 Union Territories in India. Our work, including that of our originator partners has impacted the lives of over 101.82 million people.

Northern Arc handles an AUM of INR 11,869 crores. The firm is backed by marquee equity investors like IFC, Sumitomo Mitsui Banking Corporation, LeapFrog, 360 ONE (formerly known as IIFL), Accion, Augusta Investments (known as Affirma Capital), Dvara Trust and Eight Roads (proprietary arm of Fidelity).

[^]Source: Report titled “Analysis of NBFC sector and select asset classes” dated June 2024 prepared and released by CRISIL Research



**Disclaimer: All the numbers stated in the boiler plate is as of June 30, 2024.*

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