

PRESS RELEASE

NORTHERN ARC INVESTMENTS ANNOUNCES THE SUCCESSFUL MATURITY AND EXIT OF CREDIT FUND

- Microfinance focused private credit fund launched in 2016
- Consistent cashflows paid out to investors throughout the fund term with no shortfall or delay, despite macroeconomic shocks and headwinds faced by the financial services sector
- At maturity, the fund delivered net investor returns of over 13%

Mumbai | February 05, 2020 - Northern Arc Investments, one of the leading private debt fund managers from India, today announced the successful maturity and closure of the **IFMR FImpact Medium Term Microfinance Fund**, one of the earlier funds from its platform. Launched in 2016, the fund had targeted the microfinance sector in India, and had received commitments from several high pedigree investors including insurance companies, corporate treasuries and family offices.

During its 3.5 year tenure, the fund witnessed some of the more volatile phases in India's financial history, including the Government's demonetization drive in November 2016, just after the fund had deployed its capital; the GST rollout in July 2017, which caused a paradigm shift on how companies across India operated and the tightened liquidity conditions which prevailed over the past year, primarily impacting the financial services sector.

Despite these significant external headwinds, the fund maintained excellent portfolio quality and delivered consistent cashflow payouts to investors throughout its tenure, with no instances of shortfall or delay. Upon final maturity, the fund delivered net returns (pre-tax, post all other expenses) of over 13% to its investors, well ahead of its target return of 11.5%.

Commenting on the exit, **Ravi Vukkadala, CEO – Northern Arc Investments**, said: "The successful completion and exit of our IFMR FImpact Medium Term Microfinance Fund is a very significant and satisfying milestone for us. Our track record of having delivered consistent and superior risk-adjusted returns to investors throughout the fund life, especially during a time when the industry experienced sustained turmoil, is a testament to our strengths as a fund manager. This is our first successful exit from the Northern Arc Investments' platform and we expect to reflect similar performance in our funds maturing in the coming year."

Hinduja Leyland Finance (HLF), promoted by the Hinduja Group and a leading NBFC in India focused on the vehicle finance and affordable housing sectors, is one of the institutional investors in the fund. **Sachin Pillai, CEO - HLF**, commented: "We have been investors with Northern Arc across several of their financial offerings. In the past few years, the Indian financial services industry has gone through an unprecedented period of liquidity and operational stress, and it takes an experienced fund manager to weather the sectoral headwinds and generate consistent and

superior returns for investors. We are pleased with our investment in the IFMR FImpact Medium Term Microfinance Fund and wish the Northern Arc team great success in the coming years."

Dr. Kshama Fernandes, MD & CEO – Northern Arc Capital, commented: "With this, we have come a full circle in the fund management space. This is a great outcome for our funds platform, as it continues to establish a strong track record by consistently delivering superior risk-adjusted returns to investors. This exit is reflective of our sector expertise and strong underwriting practices which enabled us to maintain excellent portfolio quality even during challenging times. We are committed to growing our funds management vertical and look to achieving several new milestones in the years ahead."

About Northern Arc Investments:

Northern Arc Investments is the alternative investment arm of Northern Arc Capital, one of the most credible names in the financial inclusion space from India. Established in 2014, Northern Arc Investments has grown to be one of the leading private debt fund managers in India, with over INR 1,600 crore under management. The firm's funds target key impact-focused sectors including Microfinance, Small Business Loans, Vehicle Loans, Affordable Housing, Agri Biz Finance and Corporate Finance. Northern Arc's funds have witnessed participation from a wide and diverse array of investors including development financial institutions, banks, insurance companies, family offices, foundations and HNIs.

*Northern Arc Investments is currently raising capital for two funds - the **Northern Arc India Impact Fund**, the firm's first fund targeting offshore investors; and the **Northern Arc Income Builder Fund Series II**, a high-yield debt fund targeting domestic investors.*

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