

## Northern Arc Capital Raises \$75 Million from FMO through Senior Secured Debentures

**Chennai, India – June 24, 2024** – Northern Arc Capital Limited, one of the leading diversified non-banking financial companies (NBFC) in India, announces the issuance of senior secured, listed Non-Convertible Debentures (NCDs) amounting to up to **\$75 million (equivalent in INR 620 CR)**, taking **their overall exposure of USD 125 Million**. This significant transaction has been subscribed by **FMO**, the Dutch entrepreneurial development bank.

The NCDs will be listed on BSE Limited (BSE) and have a tenure of five years. The funds raised through this issuance will be strategically deployed in retail microloans, MSME loans, and green loans, reflecting Northern Arc's commitment to fostering inclusive economic growth and environmental sustainability.



**Ashish Mehrotra, Managing Director & CEO of Northern Arc Capital**, remarked, " This substantial investment from FMO underscores our unwavering commitment to transforming the financial landscape for under-served individuals and businesses in India. By channelling these funds into microloans, SMEs, and green projects, we aim to create a cascading effect that promotes sustainable economic growth and financial inclusion. Our innovative platforms, such as nPOS and Nimbus, play a crucial role in this mission by ensuring seamless loan processing and effective debt management."

Northern Arc Capital's dedication to leveraging technology is exemplified in its proprietary platforms, nPOS and Nimbus. nPOS, a cloud-based API-enabled platform, streamlines loan processes for partnership and co-lending businesses, while Nimbus provides comprehensive end-to-end debt transaction management. These innovations support efficient loan processing and debt management, ensuring that Northern Arc can meet the diverse needs of its clients with data and technology. "

**Huib-Jan de Ruijter, Chief Investment Officer at FMO**, stated, "We are very pleased to be able to provide long-term funding for MFIs and NBFCs in India, which have limited access to term funding from capital markets. This local currency facility to Northern Arc, supports entrepreneurship and innovation and encourages the formalization and growth of SMEs and microenterprises. We want to thank Northern Arc for our partnership, enhancing financial inclusiveness across India.

As Northern Arc Capital continues its journey, the focus remains on innovation, resilience, and inclusivity for economic empowerment and sustainability. The latest investment from FMO reaffirms Northern Arc's vision of creating a financially inclusive future, driving meaningful impact across India's diverse communities.

### **About Northern Arc Capital**

Northern Arc is one of the leading players amongst India's diversified NBFCs in terms of AUM as of March 31, 2023<sup>^</sup> dedicated to empowering the lives of under-served 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 1.50\* trillion cumulatively for its clients, spread across 682\* districts in 28\* states and 7\* Union Territories in India. Our work, including that of our originator partners has impacted the lives of over 80.59\* million people.

Northern Arc handles an AUM of INR 100,811.11\* million. 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).

*<sup>^</sup>Source: Report titled "Analysis of NBFC sector and select asset classes" dated December 2023 prepared and released by CRISIL Research*

*\*Disclaimer: All the numbers stated in the boiler plate is as of Sept 30, 2023.*

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*"Northern Arc Capital Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offering of its equity shares and has filed a draft red herring prospectus ("DRHP") and an addendum to the DRHP ("Addendum") with the Securities and Exchange Board of India ("SEBI"). The DRHP and the Addendum are available on the website of the SEBI at [www.sebi.gov.in](http://www.sebi.gov.in), the website of the Company at [www.northernarc.com](http://www.northernarc.com), the website of the*

National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and the website of the BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the respective websites of the Lead Managers at [www.icicisecurities.com](http://www.icicisecurities.com), [www.axiscapital.co.in/equity-capital-markets/offer-document/](http://www.axiscapital.co.in/equity-capital-markets/offer-document/) and [www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm](http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm).

*Investors should note that investment in equity shares involves a high degree of risk. For details, potential investors should refer to the red herring prospectus, once available, which may be filed with the Registrar of Companies in the future, including the section titled “Risk Factors”. Potential investors should not rely on the DRHP and the Addendum filed with the SEBI in making any investment decision.”*

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons as defined in Regulation S under the U.S. Securities Act (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Company has not registered and does not intend to register under the U.S. Investment Company Act of 1940, as amended (the “U.S. Investment Company Act”) in reliance upon section 3(c)(7) of the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act. Accordingly, the Equity Shares are only being offered and sold (i) to persons within the United States or to or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), who are both (a) “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”) in one or more transactions exempt from the registration requirements of the U.S. Securities Act; and (b) “qualified purchasers” (as defined in Section 2(a)(51) of the U.S. Investment Company Act) in reliance upon section 3(c)(7) of the U.S. Investment Company Act, and (ii) outside the United States, to investors that are not U.S. Persons nor persons acquiring for the account or benefit of U.S. Persons in “offshore transactions” in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. There will be no public offering in the United States.