

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

- Northern Arc Investments is a leading private debt fund manager from India, with over \$300 million in investor commitments across 9 high-performing funds
- Launched in 2015, the IFMR FImpact Investment Fund is the maiden fund from Northern Arc's investment platform, and also the first Microfinance focused private credit fund in India
- The INR 1,000 million fund served as a powerful proof-of-concept for private credit funds operating in the financial inclusion space
- At maturity, the fund delivered net investor returns of over 15%, consistently generating cashflows to investors throughout the fund term with no shortfall or delay, despite macroeconomic shocks and sectoral headwinds

Mumbai, March 31, 2021 - Northern Arc Investments, one of the leading private debt fund managers from India, today announced the successful maturity and closure of **IFMR FImpact Investment Fund**, the first fund from its investment platform, and the very first private credit fund from India focused on the microfinance sector. Launched in 2015, the fund raised INR 1,000 million in commitments from a strong investor base including banks, insurance companies and HNIs.

The fund's investment portfolio comprised 13 companies, which in turn disbursed over 10 million end-loans to the unbanked and underbanked segment in India. During its 6-year tenure, the fund witnessed some very volatile phases in India's financial history, including the Government's demonetization drive in November 2016, which resulted in the derecognition of currency notes of INR 500 and INR 1,000 denomination; the GST rollout in July 2017, which caused a paradigm shift on how companies across India operated; the tightened liquidity conditions afflicting the financial services industry post the NBFC crisis in 2018-19; and the Covid-19 induced national lockdown in 2020, one of the most difficult socio-economic events in India's history.

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 15% (in INR terms) to its investors, well ahead of its target return of 13%.

Commenting on the exit, **Ravi Vukkadala, CEO – Northern Arc Investments**, said: "this is a very significant and satisfying milestone for us. This is our second consecutive timely exit from our investment platform in the last two years, reinforcing our track record as an experienced private credit fund manager from India. We are incredibly grateful for the faith reposed in us by our investors who returned to partner with us across multiple funds, and we look forward to their continued support in the future."

Max Life Insurance Company Limited, which has been an active investor in the private funds space in India is one of the institutional investors in the fund. **Mihir Vora, CIO – Max Life Insurance**, remarked: “The Indian economy and financial services sector has witnessed several watershed events in the past few years, and it takes an experienced fund manager to navigate the volatility and generate superior and consistent returns for investors. We are pleased with our investment in the IFMR FImpact Investment Fund, and wish the Northern Arc team great success in the coming years.”

Dr. Kshama Fernandes, MD & CEO – Northern Arc Capital, commented: “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. At the time of its launch, the IFMR FImpact Investment Fund was an untested play in the financial inclusion space in India, and has since served as a powerful proof-of-concept for private credit funds to successfully operate in this segment. This exit is truly reflective of our sectoral expertise and strong underwriting practices which enabled us to maintain excellent portfolio quality even during challenging times.”

Earlier this year, Northern Arc Investment Managers was the only private debt fund manager from India to be included in “**ImpactAssets50**”, an annual showcase featuring fifty fund managers from across the world, who lead their field in creating positive social impact, while generating financial returns for investors.

About Northern Arc Investments:

Northern Arc Investment Managers (formerly known as IFMR Investment Managers Private Limited) is a leading private debt fund manager from India overseeing over INR 2,000 crore (~US\$ 300 million) in investor commitments. It is a wholly owned subsidiary and the fund management vertical of Northern Arc Capital, a leading name in the financial inclusion space in India. A fund manager to nine high-performing debt alternative investment funds, Northern Arc Investments is one of the few Indian fund managers to have experienced the full lifecycle of funds: capital raising, investing and successful exits of its funds. For more information, please visit www.northernarcinvestments.com.