

December 09, 2021

## Northern Arc Capital Limited: Rating reaffirmed/withdrawn for loans given under Northern Arc P.L.I. X June 2019 transaction

### Summary of rating action

S. No.	Borrower Name	Initial Loan Amount (Rs. crore)	Amount after Previous Surveillance Exercise (Rs. crore)	Amount o/s after Nov-2021 Payout (Rs. crore)*	Rating Action
1	Pahal Financial Services Pvt. Ltd. (Pahal)	10.00	6.53	3.15	[ICRA]BBB+(CE)(Stable); Reaffirmed
2	Aruna Finance Limited (Aruna)	5.00	3.27	1.57	[ICRA]BBB+(CE)(Stable); Reaffirmed
3	Nightingale Finvest Private Limited (Nightingale)	7.00	1.67	0.00	[ICRA]BBB+(CE)(Stable); Withdrawn
4	Unnati Microfin Private Limited (Unnati)	5.00	2.67	0.00	[ICRA]BBB+(CE)(Stable); Withdrawn
5	Magalir Micro Capital Private Limited (Magalir)	5.00	3.14	1.43	[ICRA]BBB+(CE)(Stable); Reaffirmed
6	S V Creditline Limited (SVCL)	25.00	17.00	7.88	[ICRA]BBB+(CE)(Stable); Reaffirmed
7	Berar Finance Limited (Berar)	15.00	8.98	3.80	[ICRA]BBB+(CE)(Stable); Reaffirmed
8	Light Microfinance Private Limited (Light)	10.00	4.46	0.00	[ICRA]BBB+(CE)(Stable); Withdrawn
9	Mahaveer Finance India Limited (Mahaveer)	6.00	3.98	2.02	[ICRA]BBB+(CE)(Stable); Reaffirmed
10	Visage Holdings & Finance Pvt. Ltd. (Visage)	10.00	5.99	2.54	[ICRA]BBB+(CE)(Stable); Reaffirmed
	<b>Total</b>	<b>98.00</b>	<b>57.70</b>	<b>22.39</b>	

\*Instrument details are provided in Annexure-1

Note: The CE suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The table below also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement

Borrower Name	Rating Without Explicit Credit Enhancement
Pahal	[ICRA]BBB-
Aruna	[ICRA]BB+
Magalir	[ICRA]BB+
SVCL	[ICRA]BB+
Berar	[ICRA]BBB
Mahaveer	[ICRA]BB+
Visage	[ICRA]BBB-

ICRA also has ratings outstanding on the other rated facilities/instruments of the following entities:

Berar Finance Limited: Refer to this [link](#) for details

Pahal Financial Services Pvt. Ltd.: Refer to this [link](#) for details

Visage Holdings & Finance Pvt. Ltd.: Refer to this [link](#) for details

## Rationale

Under a pooled loan issuance (PLI) programme, Northern Arc P.L.I. X June 2019, the lender has provided loans to multiple entities mentioned in the table above. The rating is based on the credit profile of each borrower and the available credit enhancement in the form of a common partial guarantee {provided by Northern Arc Capital Limited (NACL); rated [ICRA]A+ (Stable)}.

ICRA has withdrawn the rating assigned to the loans of Nightingale, Unnati and Light as the said loans have been fully repaid and there is no amount outstanding against the same. The rating was withdrawn in accordance with ICRA's policy on the withdrawal of ratings.

The rating reaffirmation takes into account the moderate amortisation of the loans, which has led to the build-up of the common partial guarantee cover over the future loan repayments (100% of the aggregate principal outstanding of Rs. 22.39 crore). While reaffirming the rating, ICRA has analysed the transaction at the proposed reduced guarantee amount of Rs. 8.96 crore (40.00% of the PLI amount outstanding after the November 2021 payout). Further, the guarantee coverage is expected to increase with principal amortisation on the underlying loans.

The rating, however, remains constrained by the high borrower concentration risk in the transaction with the top borrower entity accounting for 35.19% of the PLI amount outstanding (after November 2021 payout). The rating is also constrained by the moderate standalone credit quality of the borrowers in the programme and the vulnerability of the borrowers to any adverse sector-wide development and political or environmental issues that could affect their portfolio's performance.

### Adequacy of credit enhancement

The common partial guarantee is legally enforceable, irrevocable, unconditional, covers the tenor of the rated instruments and has a well-defined invocation and payment mechanism. The payment mechanism is as follows:

Trigger Date	Action Points
T-3	Borrower shall pay monthly interest and principal due along with other obligations (if any) to the lender, 3 days prior to the due date
T-2	In the event of the failure of the borrower to make the payment due as per the above-mentioned timeline, the lender (or lender's agent) will invoke the guarantee and send one business day notice to the guarantor to make the payment due
T-1	Guarantor to make the payment due

Note: T stands for due date

### Salient covenants of the rated facility

- *Cross-default by the borrower is an event of non-compliance*
- *In the event of non-compliance as defined in the transaction documents, the borrower is to make weekly principal repayments. The schedule shall be drawn up to ensure that the last payment date of an approximate 4-week period (or 5-week period as applicable) shall fall on a principal repayment date*
- *In the event of default as defined in the transaction documents, all outstanding amount of the facilities shall stand accelerated and will be payable within 2 business days*

## Key rating drivers and their description

### Credit strengths

**Common partial guarantee provided by NACL; guarantee coverage expected to increase with principal amortisation on underlying loans** – The rating factors in the credit enhancement in the form of a common corporate guarantee of Rs. 8.96 crore (to be reduced from Rs. 22.54 crore, subject to lender's approval) provided by NACL, which can be invoked to meet any

shortfall in debt servicing by the borrowers. The payment mechanism is designed to ensure the timely servicing of the amounts due to the investor even in the event of the guarantee being invoked.

**Diversification arising from presence of seven borrower entities with operations across different states as well as varying asset classes** – The PLI programme consists of a number of rated borrower entities, with operations across different asset classes (small and medium size enterprise (SME) financing, microfinance loans and two-wheeler (2W) loans) and states. This reduces the risk of correlated weakness in business operations due to external factors.

### Credit challenges

**High borrower-level concentration** – The concentration in the exposure related to each borrower remains high as they have a share of ~35% each of the outstanding PLI amount.

**Moderate standalone credit quality of the borrowers in the long term** – The standalone credit quality of the borrowers remains moderate.

**Adverse sector-wide developments could impact standalone credit quality of multiple borrowers** – The borrowers are vulnerable to external factors, in general, impacting the economy as well as adverse sector-wide developments. Also, the asset quality and, consequently, the credit quality of the borrowers could be correlated and are vulnerable to various political, communal and environmental issues.

### Liquidity position

#### NACL: Adequate

NACL had cash and liquid investments of Rs. 563 crore and undrawn bank lines of Rs. 328 crore as on October 31, 2021, with payment obligations of Rs. 1,626 crore (including interest payments and excluding rollover of short-term debt) during November 2021-April 2022. The collection efficiency has remained robust in YTD FY2022 with no significant reduction even in Q1 FY2022, when various locations across India were undergoing localised lockdowns due to the second wave of the Covid-19 pandemic.

NACL continued to maintain a positive asset-liability mismatch over the last two years. It has secured a sizeable portion of its borrowings from longer-tenor loans (2-5 years) and only a small portion (around 15%) from short-term sources including commercial paper, cash credit and working capital demand loans. On the other hand, the residual tenor of the loan/investment portfolio remains comfortable at less than 2 years on average.

#### For the transaction: Adequate

The liquidity profile of the underlying borrowers is largely adequate to meet the debt servicing requirements. Additional liquidity is available in the form of an unconditional and irrevocable partial guarantee from NACL.

### Rating sensitivities

**Positive factors** – The rating could be upgraded on the basis of sufficient amortisation of the loan facilities, leading to the build-up of the guarantee cover over future payments. An improvement in the credit profiles of the underlying borrowing entities could also support a rating upgrade.

**Negative factors** – A deterioration in the credit quality of the underlying entities could lead to pressure on the rating. The rating could also be downgraded on a deterioration in the credit profile of the guarantor (NACL).

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA's Policy on Withdrawal of Credit Rating</a> <a href="#">ICRA Rating Methodology for Pooled Loan/Bond Issuance Structures</a>
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the guarantor

Chennai-based NACL is a systemically important non-banking financial company (NBFC). It acts as a platform in the financial services sector with the objective of catering to the diverse credit requirements of under-served households and businesses by providing access to debt finance. This is done either through direct lending and investments or by providing syndication and structuring services.

The company commenced business by targeting microfinance institutions (MFIs) and has diversified into other sectors including micro, small, and medium enterprise (MSME) finance, vehicle finance (includes commercial vehicle and 2W finance), consumer finance, affordable housing finance and agricultural supply chain finance. Further, NACL has steadily diversified across products, geographies, and borrower segments over the years. Nimbus, NACL's proprietary technology system, forms the backbone of its growth as a platform and enables the scaling up of business operations with execution and functional efficiencies and data analytics.

As of March 2021, IIFL Special Opportunities Fund was the largest shareholder with a stake of 26.3% on a diluted basis. Other large shareholders include Leapfrog Financial Inclusion India II Limited (23.2%), Augusta Investments II Pte Ltd (18.3%), Eight Roads Investments (Mauritius) (II) Limited (10.5%), Dvara Trust (10.0%), Accion Africa Asia Investment Company (6.0%), and SMBC (5.4%).

For the detailed rating rationale on NACL, please refer to this [link](#).

## About the borrowers

### Pahal Financial Services Pvt. Ltd.

Pahal Financial Services Pvt. Ltd. is an Ahmedabad-based NBFC-MFI registered with the Reserve Bank of India (RBI). The company started its operations in March 2011 by acquiring the existing operations of Lok Vikas Nidhi, a trust operational in Gujarat for over 25 years. The current promoters of Pahal acquired the portfolio of Rs. 2.6 crore spread over 15 branches, along with the field staff of Lok Vikas and subsequently transferred the acquired portfolio to an NBFC along with an equity contribution of Rs. 2 crore. The NBFC was renamed Pahal Financial Services Pvt. Ltd. Pahal lends to poor women primarily in the rural and semi-urban areas of Gujarat, Rajasthan, Madhya Pradesh (MP), Bihar and Maharashtra. Pre-Covid, it had also ventured into Chhattisgarh and Uttar Pradesh (UP) where growth has been low due to Covid-related issues.

Pahal reported a profit after tax (PAT) of Rs. 4.29 crore in FY2021 (Ind-AS) on assets under management (AUM) of Rs. 741.22 crore as on March 31, 2021 against a profit of Rs. 15.90 crore in FY2020 on AUM of Rs. 736.44 crore as on March 31, 2020. It reported a CRAR of 21.65% as on March 31, 2021. For H1 FY2022, the company reported a PAT of Rs. 3.78 crore (Ind-AS).

## Key financial indicators (Ind-AS)

Pahal	FY2020	FY2021	H1 FY2022
	Audited	Audited	Provisional
Total income (Rs. crore)	145.10	159.76	82.29
PAT (Rs. crore)	15.90	4.29	3.78
Net worth (Rs. crore)	113.70	124.36	128.25
Total managed portfolio (Rs. crore)	736.44	741.22	NA
NIM/AMA	9.05%	9.35%	8.12%
Operating expenses/AMA	5.41%	5.44%	6.34%
Return on managed assets (%)	2.14%	0.52%	0.89%
Return on average net worth (%)	18.59%	3.60%	5.99%
Net worth/AUM (%)	15.44%	16.78%	NA
Gearing (managed book; times)	6.34	5.27	5.95
CRAR	24.54%	21.65%	NA

Source: Company, ICRA Research

### Aruna Finance Limited

Aruna Finance Limited (Aruna) is registered as a non-deposit taking non-systemically important NBFC (ND-NSI-NBFC). It is promoted by Mr. B Y Narayana Rao. In 1979, Mr. Rao had started a partnership firm, Aruna Finance, which was engaged in the financing of commercial vehicles. The company further diversified into the financing of tractors and cars. It received its NBFC registration from the RBI in 1995, when it was converted into a private limited company from a partnership firm. In 2002, the company was converted into a public limited company, Aruna Leasing & Finance Limited, and it further diversified into the financing of three-wheelers and machinery. Aruna subsequently surrendered the licence to accept public deposits in 2006. In FY2013, the company started extending gold loans and changed its name to Aruna Finance Limited.

Aruna finances 2Ws, three-wheelers, cars, lorries, tractors, construction equipment, loan against property (LAP) and gold loans. It primarily operates in Andhra Pradesh and some places in Telangana. The promoters and family members have a 98.7% stake in the company. As of June 2021, Aruna had 15 branches in Andhra Pradesh and Telangana with its headquarters in Vijayawada.

## Key financial indicators

Aruna Finance Limited	FY2020	FY2021	Q1 FY2022*
Total income (Rs. crore)	9.65	12.59	3.49
Profit after tax (Rs. crore)	3.12	2.70	1.24
Net worth (Rs. crore)	17.68	21.41	22.65
Loan book (Rs. crore)	53.69	57.20	58.40
Total assets (Rs. crore)	56.96	63.07	66.11
Return on assets (%)	5.20%	4.33%	7.23%
Return on net worth (%)	19.51%	13.83%	22.55%
Gross gearing (times)	2.14	1.88	1.89
Gross NPA (%)	0.18%	0.59%	0.70%
Net NPA (%)	0.18%	0.54%	0.63%
CRAR (%)	32.06%	36.61%	37.48%

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA calculations

### Nightingale Finvest Private Limited

Nightingale Finvest Private Limited (Nightingale) is a registered NBFC-MFI since 2011. Prior to obtaining an NBFC-MFI licence, it carried out microfinance activities as a charitable society under the Societies Registration Act. The company provides loans ranging from Rs. 10,000 to Rs. 70,000 with a tenure of 12-24 months at a rate of 24.8% p.a. Nightingale's operations were impacted by the Covid-19-related lockdown and collections dropped to 0% in April 2020.

The company reported gross non-performing assets (GNPAs) of 0.34% and net NPAs (NNPAs) of 0.13% as on March 31, 2020. It operates across four states – Assam, Meghalaya, Mizoram and Arunachal Pradesh – through 37 branches as on March 31, 2020. However, 89% of its portfolio, as on March 31, 2020, was in Assam.

#### Unnati Microfin Private Limited

Unnati Microfin Private Limited (Unnati) is a Maharashtra-based NBFC-MFI registered with the RBI. It was promoted by Mr. Hanumant Ranjane and his family for providing loans to women from the economically-weaker section, who are unable to avail banking financial services. Unnati was formerly known as Shree Om Credit Company Pvt. Ltd. (SOCC). SOCC had commenced business after taking over Temperate Finance Private Limited, an NBFC, and changed its name to Shree Om Credit Company Private Limited. The company launched its operations in April 2012. As on March 31, 2020, Unnati operated in Maharashtra and Gujarat with a presence in 8 districts through a network of 25 branches, catering to more than 39,000 borrowers.

#### Magalir Micro Capital Private Limited

Magalir Micro Capital Private Limited (formerly Magalir Micro Finance Private Limited) is an NBFC-MFI, incorporated in 2015 as a registered non-deposit taking NBFC. The company is promoted by the promoters of Seyad Group of Companies (ICRA rated Seyad Shariat Finance Limited: MA-(Stable); PR dated August 31, 2021) based out of Tamil Nadu and Kerala. Magalir primarily provides microfinance loans as per the joint liability group (JLG) model. Its operations are spread geographically with a presence in 26 districts across 2 states as on June 30, 2021. In Q1 FY2022, the company reported a PAT of Rs. 1.14 crore (Rs. 4.28 crore in FY2021) on AUM of Rs. 194.24 crore.

#### Key financial indicators (IGAAP)

Magalir Micro Capital Private Limited	FY2020	FY2021*	3M FY2022*
Total income	42.43	46.64	11.83
Securitisation/DA income	0.71	0.43	0
Credit cost	2.8	3.6	1.1
PBT	7.4	5.8	1.5
PAT	5.5	4.3	1.1
Net worth	37.1	49.9	51.0
Yield on average earning assets	22.48%	21.15%	21.34%
Cost of average interest-bearing funds	14.48%	13.47%	13.82%
Gross interest spread	8.00%	7.67%	7.52%
NIM/AMA	11.1%	10.3%	9.8%
Non-interest operating income/ AMA	0.00%	0.04%	0.32%
Opex/AMA	6.25%	6.35%	5.64%
Operating profit / AMA	5.25%	4.17%	4.46%
Credit costs/ AMA	1.44%	1.61%	1.85%
RoMA (PAT/AMA)	2.84%	1.90%	1.96%
Return on average net worth (RoNW)	15.9%	9.8%	9.0%
Cost income ratio (reported)	54.31%	60.35%	52.00%

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA calculations

### S V Creditline Limited

New Delhi-based SV Creditline Limited (SVCL) is an NBFC-MFI that was incorporated in 2008. It is promoted by Mr. Vijay Parekh (through Vans Pte Limited) and Mr. Sunil Sachdeva (through SV Corporation Pvt. Ltd). As on June 30, 2021, SVCL operated in 128 districts in nine states including UP (41%), MP (18%), Chhattisgarh (10%), Bihar (8%), Punjab (5%), Rajasthan (7%), Haryana (3%), Uttarakhand (6%) and Jharkhand (1%).

SVCL reported a net profit of Rs. 0.30 crore (provisional) in Q1 FY2022 on a managed portfolio of ~Rs. 426 crore as on June 30, 2021 vis-à-vis a net profit of Rs. 1.42 crore in FY2021 on a managed portfolio of Rs. 492 crore as on March 31, 2021.

#### Key financial indicators

S V Creditline Limited	FY2020	FY2021	Q1 FY2022*
As per	Ind AS	Ind AS	Ind AS
Total income	122.43	96.14	17.78
Profit after tax (PAT)	(24.94)	1.42	0.30
Net worth (reported)	81.28	114.17	114.47
Managed assets (incl. off-balance sheet receivables)	735.74	618.24	550.43
NIM/AMA	6.92%	8.07%	6.97%
Operating expenses / AMA	7.87%	7.16%	7.07%
Return on managed assets (%)	(2.97%)	0.21%	0.20%
Return on average net worth (%)	(26.47%)	1.45%	1.04%
Reported gearing (times)	4.10	2.11	1.78
Capital/Risk-weighted assets	25.65%	37.11%	38.71%

Source: Company, ICRA Research; Amount in Rs. crore; All ratios as per ICRA calculations; \*Provisional

### Berar Finance Limited

Berar Finance Limited (BFL) is a Nagpur-based public, unlisted, deposit-taking NBFC registered with the RBI. The company is promoted by Mr. M. G. Jawanjar and was incorporated in 1990. Berar primarily finances 2Ws. It also provides used car loans, commercial vehicle loans, agriculture equipment loans and personal loans.

While its operations are concentrated in Maharashtra, Berar has expanded over the years to five other states, i.e. Chhattisgarh, MP, Telangana, Gujarat and Karnataka. As on June 30, 2021, the company's loan book was Rs. 686 crore. In Q1 FY2022 (provisional), Berar reported a PAT of Rs. 4 crore on operating income of Rs. 18 crore vis-à-vis a PAT of Rs. 15.3 crore and operating income of Rs. 67 crore in FY2021. As on June 30, 2021, the company's total asset base was Rs. 845 crore and its gearing was 4.13x.

#### Key financial indicators (audited)

Berar Finance Limited	FY2020	FY2021	Q1 FY2022*
Total income (Rs. crore)	105	135	39
Profit after tax (Rs. crore)	14.6	15.3	4
Net worth (Rs. crore)	110	146	161
Loan book (Rs. crore)	471	685	686
Total assets (Rs. crore)	556	891	845
Return on assets (%)	3.0%	2.1%	1.9%
Return on net worth (%)	15.9%	12.0%	10.5%
Gross gearing (times)	3.86	4.93	4.13
Gross NPA (%)	2.6%	2.5%	4.8%
Net NPA (%)	2.4%	1.8%	4.2%
Gross stage 3 (%)	2.6%	2.5%	4.8%
Net stage 3 (%)	2.4%	1.8%	4.2%
Solvency (Net stage 3/Net worth)	9.8%	7.9%	18.3%
CRAR (%)	21.6%	20.5%	22.4%



Source: Company, ICRA Research; \* Provisional numbers

Note: All calculations and ratios are as per ICRA Research; Total assets and net worth exclude revaluation reserves

### Light Microfinance Private Limited

Light was started as a private limited company in January 2009 and it received its licence in August 2009 from the RBI to operate as an NBFC under Section 45-IA (for NBFCs) of the RBI Act, 1934 and NBFC-MFI certification from the RBI. The company is headquartered in Ahmedabad and its initial focus was on Gujarat with the goal of rapidly expanding to other states in India. It works specifically with women from poor rural and semi-urban households to enable and empower them. Its core activity is providing small loans to target the beneficiary for income-generating purposes using the JLG methodology. A typical customer of Light is a rural woman usually engaged in daily wage activities or microenterprise, owning a small house and with little or no land.

### Mahaveer Finance India Limited

Mahaveer Finance India Limited (Mahaveer) is a commercial vehicle finance entity operating across 4 states with 44 branches led by a 3-member promoter team with a long track record in the industry. The Chennai-based company was incorporated in 1981. It was taken over by the current promoters in 1987. In 2015, Mahaveer surrendered its deposit-taking licence and also delisted itself from Madras Stock Exchange. The company is promoted by Mr. Mahaveer Chand Dugar and his sons, Mr. Praveen Dugar and Mr. Deepak Dugar. Its shares are held by the promoter family group (65.23% as on June 30, 2021) and private equity player – Banyan Tree Growth Capital (34.77%). The board consists of 8 directors with 3 promoter directors, 4 independent directors and 1 nominee director from Banyan Tree Growth Capital and is led by the Chairman, Mr. G. Chidambar, a former Managing Director (MD) of Life Insurance Corporation of India (LIC).

As on June 30, 2021, Mahaveer had a total team strength of 257 people and a strong customer base of over 11,611 active customers, managing an AUM of Rs. 336 crore.

### Key financial indicators

Mahaveer Finance India Limited	FY2019	FY2020	FY2021
As per	IGAAP	IGAAP	IGAAP
Total income	40.2	50.2	57.5
Profit after tax (PAT)	5.2	5.8	8.4
Net worth (reported)	49.7	55.5	81.7
Managed assets (incl. off-balance sheet receivables)	249.3	303.6	389.3
NIM/AMA	12.3%	10.1%	9.0%
Operating expenses / AMA	7.1%	5.6%	4.3%
Return on managed assets (%)	2.7%	2.1%	2.4%
Return on average net worth (%)	15.2%	11.1%	12.2%
Reported gearing (times)	3.41	3.74	3.48
Capital / Risk-weighted assets	24.1%	20.3%	25.4%

Source: Company, ICRA Research; Amount in Rs. crore

### Visage Holdings & Finance Pvt. Ltd.

Visage Holdings and Finance Pvt. Ltd. is a non-deposit taking NBFC, incorporated in 1996. The current promoters acquired Kinara in September 2011 and commenced lending operations in November 2011. The company offers credit facilities to small businesses under the brand name Kinara Capital. It provides secured (hypothecation of machinery) and unsecured term loans and working capital facilities with a maximum ticket size of Rs. 30 lakh. Currently, the company operates in Karnataka, Maharashtra, Gujarat, Tamil Nadu, Andhra Pradesh and Telangana with its head office in Bengaluru. As on September 30, 2021, Kinara had through 110 branches and a managed portfolio of Rs. 986.2 crore.



### Key financial indicators (audited)

Visage Holdings & Finance Pvt. Ltd.	FY2020	FY2021	H1 FY2022 <sup>#</sup>
Total income (Rs. crore)	221.7	233.0	119.3
Profit after tax (Rs. crore)	18.1	7.5	3.4
Net worth (Rs. crore)	200.8	230.8	234.4
Total managed portfolio (Rs. crore)	884.4	957.9	986.2
Total managed assets (Rs. crore)	1,069.7	1,237.7	1,296.39
Return on managed assets (%)	1.8%	0.6%	0.5%
Return on net worth (%)	9.9%	3.5%	2.95%
Managed gearing (times)	3.9	4.0	4.2
Gross stage 3 (%)	6.1%	10.4%*	12.3%*
Net stage 3 (%)	3.6%	8.2%*	10.4%*
Net stage 3 / Net worth	14.7%	30.2%*	37.2%*
CRAR (%)	28.8%	29.2%	28.0%

**Source:** Company, ICRA Research; All ratios as per ICRA calculations; <sup>#</sup>Provisional

\*Gross non-performing advances (NPAs), net NPAs and Net NPA/Net worth as per RBI reporting stood at 9.0%, 6.0% and 23.8%, respectively, as on September 30, 2021 and 5.4%, 3.4% and 13.1%, respectively, as on March 31, 2021; Net NPA, adjusted for the portfolio covered by Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme and Emergency Credit Line Guarantee Scheme (ECLGS), stood at 1.1% as on September 30, 2021 and 1.2% as on March 31, 2021

### Status of non-cooperation with previous CRA: Not applicable

### Any other information:

**SVCL** – As per the information shared by the company in its no default statement (NDS), there have been some delays in overdues (OD) and term loans. The last overdue status was as on September 3, 2021. However, as per clarification provided in the NDS, it was on account of technical reasons.

## Rating history for past three years

S. No	Transaction name	Current Rating (FY2022)			Chronology of Rating History for the Past 3 Years				
		Borrower	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Rating	FY2021	FY2020		FY2019
					Dec-09-21	Nov-17-20	Jan-03-20	Jul-05-19	-
1	Northern Arc P.L.I. X June 2019	Pahal Financial Services Pvt. Ltd.	10.00	3.15	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-
		Aruna Finance Limited	5.00	1.57	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-
		Nightingale Finvest Private Limited	7.00	0.00	[ICRA]BBB+(CE) (Stable) withdrawn	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-
		Unnati Microfin Private Limited	5.00	0.00	[ICRA]BBB+(CE) (Stable) withdrawn	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-
		Magalir Micro Capital Private Limited	5.00	1.43	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-
		S V Creditline Limited	25.00	7.88	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-
		Berar Finance Limited	15.00	3.80	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-
		Light Microfinance Private Limited	10.00	0.00	[ICRA]BBB+(CE) (Stable) withdrawn	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-
		Mahaveer Finance India Limited	6.00	2.02	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-
		Visage Holdings & Finance Pvt. Ltd.	10.00	2.54	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE) (Stable)	[ICRA]BBB+(CE)	[ICRA]BBB+(SO)	-

## Complexity level of the rated instruments

Borrower Name	Complexity Indicator
Pahal	Very Simple
Aruna	Very Simple
Magalir	Very Simple
SVCL	Very Simple
Berar	Very Simple
Mahaveer	Very Simple
Visage	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument details

Sl.	Transaction Name	Borrower Name*	Date of Issuance	Interest Rate^	Scheduled Maturity Date	Rated Amount (Rs. crore)	Current Rating
1	Northern Arc P.L.I. X June 2019	Pahal Financial Services Pvt. Ltd.	June 2019	Blended yield of 12.10%	Sep-22	3.15	[ICRA]BBB+(CE) (Stable)
		Aruna Finance Limited			Sep-22	1.57	[ICRA]BBB+(CE) (Stable)
		Nightingale Finvest Private Limited			Mar-21	0.00	[ICRA]BBB+(CE) (Stable) withdrawn
		Unnati Microfin Private Limited			Nov-21	0.00	[ICRA]BBB+(CE) (Stable) withdrawn
		Magalir Micro Capital Private Limited			Aug-22	1.43	[ICRA]BBB+(CE) (Stable)
		S V Creditline Limited			Oct-22	7.88	[ICRA]BBB+(CE) (Stable)
		Berar Finance Limited			Jul-22	3.80	[ICRA]BBB+(CE) (Stable)
		Light Microfinance Private Limited			Sep-21	0.00	[ICRA]BBB+(CE) (Stable) withdrawn
		Mahaveer Finance India Limited			Oct-22	2.02	[ICRA]BBB+(CE) (Stable)
		Visage Holdings & Finance Pvt. Ltd.			Jul-22	2.54	[ICRA]BBB+(CE) (Stable)

\*Term loan rated for all borrowers

Source: Company; ^Weighted average interest rate to lender

### Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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