

August 29, 2022<sup>(Revised)</sup>

## Northern Arc Capital Limited: Ratings assigned/reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-Convertible Debentures	250.00	0.00	[ICRA]A+(Positive); reaffirmed and withdrawn
	280.00	280.00	[ICRA]A+(Positive); reaffirmed
Market Linked Debentures	157.50	157.50	PP-MLD[ICRA]A+(Positive); reaffirmed
Long Term – Fund-based Limits	72.00	82.00	[ICRA]A+(Positive); reaffirmed/assigned for enhanced amount
Long Term – Term Loans	2844.50	3401.50	[ICRA]A+(Positive); reaffirmed/assigned for enhanced amount
Short-term Bank Facilities	483.50	516.50	[ICRA]A1+; reaffirmed/assigned for enhanced amount
Subordinated Debt	40.00	40.00	[ICRA]A+(Positive); reaffirmed
Commercial Paper	300.00	300.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>4427.50</b>	<b>4777.50</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating action factors in the improvement in Northern Arc Capital Limited's (NACL) earnings profile and asset quality while it scaled up its portfolio and maintained an adequate capital profile. NACL's earnings and asset quality improved in FY2022 after being impacted in FY2021, when the company had faced higher credit costs. NACL's (consolidated) profitability indicators improved with profit after tax (PAT)/average managed assets (AMA) at 2.6% in FY2022 vis-à-vis 1.4% in FY2021. The assets under management (AUM) grew to Rs. 7,111 crore as of March 2022 from Rs. 5,225 crore in March 2021 (Rs. 4,096 crore in March 2020) as asset quality related concerns moderated. The company kept its capital profile under control during this period and the consolidated managed gearing stood at 3.4 times as of March 2022 (2.5 times as of March 2021).

NACL's exposures are largely towards financial institutions (FI) with moderate risk profile. Over the years, the company has been gradually reducing its exposure towards FI through diversification into retail segment (largely via arrangements with smaller NBFCs) as well as into corporate (mid-market and SME) segment. NACL's overall non-FI exposure stood at 23.4% of the AUM as of March 2022 vis-à-vis 18.6% as of March 2021. Within the non-FI segment, its co-lending portfolio stood at 15.4% of the AUM as of March 2022 vis-à-vis 10.2% as of March 2021. NACL is also looking to undertake direct retail lending (microfinance and secured business loans), going forward; it acquired the microfinance business of S.M.I.L.E Microfinance Limited (SMILE) along with its branches and employees in April 2022, whereby it is expected to use SMILE's franchise to establish its presence in this segment.

NACL has an established underwriting and risk management system, stemming from its track record and experience in these established asset segments, which would support its growth. The company is also expected to derive significant benefits from Nimbus, its proprietary technology system, which provides a common system for many originator partners<sup>1</sup> and investor partners<sup>2</sup> to access fundraising and investment opportunities and execute transactions online. Nimbus enables the end-to-end processing of debt transactions (from loan application, credit evaluation, generation of legal documentation to transaction execution and closure).

<sup>1</sup> Financial institution corporates, technology platforms (such as fintechs), and other entities which originate financial exposure

<sup>2</sup> NACL's network of investors, across different investor classes, which uses its platform to access opportunities to invest in under-served sectors in India

ICRA takes note of the concentration of NACL's exposures, with the top 20 exposures accounting for 30% of AUM as of March 2022. ICRA notes that the company has focused on gradually reducing its top-20 exposures over the last few years (60% as of March 2015) and is expected to continue with the same going forward as well. Going forward, a steady improvement in the concentration profile and the ability to maintain a healthy asset quality, especially in the retail asset segments, would be key monitorables.

The company has initiated the initial public offering (IPO) process and had expected to conclude the same in FY2022. However, the same has been delayed because of unfavourable market conditions. ICRA notes that NACL has been able to raise sizable equity in the past (Rs. 960 crore from FY2014 onwards including Rs. 648 crore in FY2019 & FY2020), from investors such as Leapfrog Financial Inclusion India, IIFL Special Opportunities Fund, Affirma capital, SMBC Bank, Eight roads, etc. ICRA takes note of the company's plans to grow its AUM at a compound annual growth rate (CAGR) of 25-30% over the period FY2023-FY2025. NACL would have to secure capital in a timely manner for maintaining an adequate capital profile while achieving its growth and diversification plans.

ICRA has reaffirmed and withdrawn the long-term rating on the Rs. 250.00-crore non-convertible debentures (NCDs), in accordance with its policy on the withdrawal of credit ratings, as the instruments have matured and have been fully repaid.

## Key rating drivers and their description

### Credit strengths

**Adequate track record in key target asset segments; share of retail segment expected to increase** – NACL has a track record of more than 13 years in the placement (arranging funding for its clients via loan syndication, securitisation and assignment among others) and lending businesses. It provides diverse financing solutions to NBFCs operating in the microfinance, small business loan finance, commercial vehicle finance, consumer finance and affordable housing finance segments and to other small and mid-sized corporates. NACL has built relationships with more than 400 investor partners, including NBFCs, banks, mutual funds, insurance companies, development finance institutions, private wealth institutions and alternate investment funds (AIFs) among others, which participate in the loan syndication and securitisation transactions facilitated by the company; it has also built partnerships with 350 originator partners. Well-established relationships with originators and investors have enabled the company to achieve cumulative business volumes<sup>3</sup> of more than Rs. 1,00,000 crore since inception. The AUM witnessed significant growth of 36% in FY2022 following the average growth rate of around 17% during the previous four years. As of March 2022, NACL's AUM stood at Rs. 7,111 crore, comprising advances to NBFCs and corporates (57.1%), investment in debt instruments (20.5%; directly and via AIFs), advances to retail via co-lending partners (15.4%), guarantees (3.3%) and subordinated tranches of retail loan pools and other retail loans (3.4%). NACL, via its subsidiary (Northern Arc Investment Managers Private Limited; NAIM), manages seven AIFs with a total fund AUM of about Rs. 2,918 crore as of March 2022. NACL's exposure to these funds was about Rs. 329 crore (11% of the fund AUM).

In April 2022, NACL and its subsidiary (Pragati Finserv Private Limited; Pragati) acquired the microfinance business of SMILE on a slump sale basis. Through this transaction, SMILE's loan portfolio was taken over by NACL, including about 120 branches and 750 employees. Following this transaction, NACL has commenced direct retail lending in the microfinance asset segment and is expected to scale up the portfolio to 6-8% of its AUM in the near term. ICRA notes that Pragati has applied for a non-banking financial company - microfinance institution (NBFC-MFI) licence. Until the same is received, it will be acting as a business correspondent (BC) for NACL's MFI portfolio.

Currently, most of the retail exposures are via co-lending arrangements with other NBFCs, which are covered by a first loss default guarantee (FLDG). The share of the same stood at 15.4% of the AUM as of March 2022 vis-à-vis 10.2% as of March 2021. The share of retail exposures would go up as the company is also venturing into direct MFI lending through Pragati.

<sup>3</sup> Includes structuring and syndication volumes as well as disbursements from its own balance sheet

As a part of its diversification into retail asset classes, NACL also started providing loan against property (LAP) from January 2022 through four branches in Tamil Nadu. The sourcing is done through direct selling agents (DSAs) and NACL is expected to scale up the LAP book to about Rs. 100 crore by FY2023. This book is expected to remain regionally concentrated in South India over the medium term to maintain tight control on the asset quality.

**Experienced board and management; proprietary information technology systems to drive growth** – The company has a 10-member board comprising four independent directors including the Chairman, three nominee members from the private equity (PE) investors/shareholders, Ms. Kshama Fernandes (Non-executive Vice-Chairman), Mr. Ashish Mehrotra (Managing Director & Chief Executive Officer (MD & CEO) and Ms. Bama Balakrishnan (Chief Operating Officer). The board is chaired by Mr. P S Jayakumar (ex-MD of Bank of Baroda), who has more than three decades of experience in the banking and financial services industry. Mr. Ashish Mehrotra has over 25 years of experience across Retail & Commercial Banking, Wealth Management, and Insurance. He has served as the MD & CEO of Niva Bupa Health Insurance (previously known as Max Bupa Health Insurance) and as MD & Retail Bank Head for Citibank India. Ms Bama Balakrishnan has more than 20 years of experience in the financial services space with NACL and ICICI Bank. The company benefits from the experience of its senior management team across key business functions.

Nimbus, the proprietary technology system, is expected to enable NACL to scale up its business operations backed by execution/functional efficiencies and data analytics. Nimbus provides a common system to NACL's originator and investor partners to access fundraising and investment opportunities and execute transactions online. Nimbus enables the end-to-end processing of debt transactions (from loan application, credit evaluation, generation of legal documentation to transaction execution and closure). Post-disbursement monitoring (risk & analytics), aided by a data lake comprising transaction-level data and insights on originator partners as well as through in-built analytical models, is also expected to be facilitated by the technology system.

N-POS, an extension of Nimbus, is designed to support retail co-lending transactions with originator partners, including underwriting capabilities, as a platform service to financial institutions. It provides a straight through processing (STP) approach for retail lending partnerships in the consumer loan and microfinance loan asset segments. Overall, NACL's technology systems are expected to provide value-added services to both investors and partners, which can support fee-based income going forward.

**Improvement in profitability indicators** – NACL's consolidated revenue stream comprises income from the lending portfolio, fee income from placement services, and investment and management income from the AIFs. NACL's income growth accrued predominantly from balance sheet expansion with its AUM increasing by about 70% over the last two years. On the other hand, the contribution of placement fee income remained modest as a proportion of NACL's overall income (4% in FY2022 and 5% in FY2021). NACL's cost of funds has improved with incremental borrowing costs reducing from 9.2% as of March 2021 to 8.2% as of March 2022. This also aided the company to an extent in increasing its interest margins in FY2022. The company has largely recovered from the asset quality issues in FY2021, when it faced higher credit costs because of its exposure to two large NBFC credits which became credit impaired. NACL had also created additional impairment allowances, resulting in total credit costs of 2.5% of its AMA in FY2021. Credit costs remained under control in FY2022, as the company maintained its overall expected credit loss (ECL) provision at 1.1% of AUM as of March 2022. Accordingly, its net profitability improved to 2.6% in FY2022 from 1.4% in FY2021 (2.2% in FY2020). ICRA takes note of the expected increase in the share of retail loans, including the direct retail lending business. The company's ability to keep the operating and credits cost under control, in view of the above as well as maintaining margins given the increasing interest rate scenario, would be key from an incremental profitability perspective.

## Credit challenges

**Concentrated exposure to entities with moderate risk profiles; controlling asset quality in newer segments would be a key monitorable** – NACL remains exposed to moderate borrower profiles as it predominantly lends to small and mid-sized NBFCs and corporates. Its exposures are concentrated with the top 20 entities accounting for about 30% of the AUM in March 2022 (32% in March 2021). Also, NACL's unrated exposures stood at 14.9% (excluding co-lending, other retail loans and guarantees)

of the AUM as of March 2022. ICRA notes that the company has focused on gradually reducing its top-20 exposures over the last few years (60% as of March 2015) and is expected to continue with the same going forward as well. NACL's exposures to investment grade rated entities was sizable at about 62% of its AUM (5%, 16% and 41% to entities rated in AA, A and BBB categories respectively). Correspondingly, its unrated (including unrated institutional and retail exposures), non-investment grade and AIF exposures together was about 38% of its AUM. On an asset class basis, NACL's exposure to the MFI segment has reduced over the years and stood at 24% as of March 2022. The exposure to this segment is expected to increase in the near term with the acquisition of the MFI assets from SMILE in April 2022. With this acquisition, NACL has ventured into direct MFI lending from FY2023. Further, it commenced direct lending in the LAP segment in Q4 FY2022.

ICRA notes that the company was able to control its delinquencies in FY2022, with limited incremental slippages in its institutional book. The overall 90+ days past due (dpd) stood at 0.39% of the AUM as of March 2022 vis-à-vis 0.70% as of March 2021. The co-lending book stood at 15.4% of the AUM as of March 2022 vis-à-vis 10.2% as of March 2021. This book has FLDG coverage, which is typically invoked once the assets become 90+dpd. With the 90+dpd in the co-lending book at 0.8%, NACL is expected to be fully covered through the existing FLDG and credit losses are expected to be minimal. ICRA notes that the share of pass-through certificates (PTCs; largely subordinated investments) has reduced steadily over the past few years and stood at 1.9% of the AUM in March 2022 vis-à-vis 2.8% in March 2020. The company's exposure to corporates (non-financial sector entities) stood at 8% of AUM as of March 2022 and is expected to remain around the same level. It is noted that NACL has a relatively lower track record and portfolio seasoning in the retail segment which remains a monitorable, given the average risk profile of these borrower segments.

**Capital infusion critical to support medium-term growth plans** – With the sizeable expansion in its AUM over the last two years, NACL's managed gearing (consolidated) increased to 3.4x (2.0x as of March 2020 and 2.5x as of March 2021) while net worth/AUM (standalone) declined to 24.2% as of March 2022 vis-à-vis 30.2% as of March 2021 (35.0% as of March 2020). The company was planning to launch an IPO in FY2022; however, the same has been delayed due to adverse market conditions. In view of the above, NACL expects its AUM expansion of about 15% in FY2023 and with a higher scale-up in FY2024/FY2025 as it envisages to raise capital during this period. ICRA notes that NACL has been able to raise sizable equity in the past (Rs. 960 crore from FY2014 onwards including Rs. 648 crore in FY2019 & FY2020), from investors such as Leapfrog Financial Inclusion India, IIFL Special Opportunities Fund, Affirma Capital, SMBC Bank, Eight roads, etc. NACL would have to secure capital in a timely manner for maintaining an adequate capital profile while achieving its growth and diversification plans.

### Liquidity position: Adequate

NACL had cash and liquid investments of Rs. 669 crore and undrawn credit lines of Rs. 489 crore as on June 14, 2022, with a repayment obligation of Rs. 818.8 crore during June 2022-August 2022, indicating sufficient liquidity to meet its debt obligations over the next 3 months. Further, ICRA notes that the collection efficiency remained robust throughout FY2022 at about 99.5% with most of NACL's institutional borrowers carrying sizeable liquidity on their balance sheets.

The company has continued to maintain a positive Asset and liability management (ALM) over the last three years backed by significant liquid assets (cash & equivalents) in the less-than-one-month bucket. Also, as of March 2022, NACL had positive mismatch across all the buckets. The average tenor of the loan/investment portfolio is 1-2 years. On the other hand, NACL has secured a sizeable portion of its borrowings from longer-tenor loans (1-3 years) while 13% of the total borrowings are from short-term sources including commercial paper, Cash Credit and Working Capital Demand Loan. This results in a positive ALM mismatch across all buckets, which limits structural liquidity risks.

### Rating sensitivities

**Positive factors** – ICRA could upgrade the ratings if NACL continues to scale up and diversify its portfolio in the retail asset classes while keeping tight control over its delinquencies and maintaining an adequate capitalisation profile. A sustained reduction in its exposure concentration could also positively impact the ratings.

**Negative factors** – ICRA could revise the outlook to Stable or downgrade the ratings if there is a sustained deterioration in the asset quality (90+dpd/AUM beyond 3.0%), thereby impacting its earnings performance. Weakening capitalisation (net worth/AUM below 20%) on a sustained basis is also likely to negatively impact the ratings.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">ICRA's Credit Rating Methodology for Non-banking Finance Companies</a> <a href="#">Rating Approach - Consolidation</a> <a href="#">ICRA's Policy on Withdrawal of Credit Ratings</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Consolidated

## About the company

Northern Arc Capital is a systemically important 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 its business by targeting MFIs and has diversified into other sectors including micro, small, and medium enterprise (MSME) finance, vehicle finance (includes commercial vehicle and two-wheeler finance), consumer finance, affordable housing finance and agricultural supply chain finance. Further, over the years, NACL has steadily diversified across products, geographies, and borrower segments. 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 2022, IIFL Special Opportunities Fund was the largest shareholder with a stake of 25.7% on a diluted basis. Other large shareholders included Leapfrog Financial Inclusion India II Limited (22.8%), Affirma Capital (17.9%), Eight Roads Investments (Mauritius) (II) Limited (10.3%), Dvara Trust (9.8%), Accion Africa Asia Investment Company (5.9%) and SMBC (5.3%).

### Northern Arc Investment Managers Private Limited

Incorporated in February 2014, Northern Arc Investment Managers Private Limited (NAIM) is a wholly-owned subsidiary of NACL, which provides investment management services to several AIFs. The company manages five AIFs at present while it has already provided full exit from four other AIFs. Additionally, they manage 2 PMS strategies.

### Northern Arc Investment Adviser Services Private Limited

Incorporated in September 2012, Northern Arc Investment Adviser Services Private Limited (NAIAPL) is a wholly-owned subsidiary, which provides investment advisory services.

### Northern Arc Foundation

It was constituted as a Section 8 company (not for profit) in FY2019. NACL holds a 100% stake in the company. Northern Arc Foundation is primarily engaged in the business of, inter alia, providing vocational training and skill training for the development of members of marginalised communities, conducting workshops, seminars and symposiums, carrying out educational programmes for social upliftment, and undertaking research to identify areas for improving the standard of living.

### Pragati Finserv Private Limited

Pragati, a recently incorporated subsidiary of NACL (90% holding), proposes to commence microfinance lending as a part of its rural finance business. In April 2022, NACL had acquired the microfinance business of SMILE. Pragati has applied for an NBFC-MFI licence from the Reserve Bank of India (RBI), following which Pragati will continue the MFI operations. Currently, Pragati is acting as a BC for the MFI portfolio held in NACL's books.

### Key financial indicators (audited; IndAS) – Consolidated

	FY2020	FY2021	FY2022
Total income	634	684	917
Profit after tax	103	77	182
Net worth*	1,598	1,673	1,832
AUM (lending)	4,096	5,225	7,111
Total managed assets	4,855	5,969	8,211
Return on managed assets	2.2%	1.4%	2.6%
Return on net worth	7.1%	4.7%	10.4%
Managed gearing (times)	2.0	2.5	3.4
Gross stage 3	0.5%	2.2%	0.5%
Net stage 3	0.1%	0.9%	0.2%
Solvency (Net stage 3/Net worth)#	0.4%	3.0%	0.7%
CRAR#	33.2%	27.9%	22.8%

Source: Company, ICRA Research; \*Including minority interest (IFMR FImpact Long term credit fund), #Standalone numbers  
Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

	Instrument				Current Rating (FY2023)			Chronology of Rating History for the Past 3 Years					
								Date & Rating in FY2022		Date & Rating in FY2021		Date & Rating in FY2020	
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Aug 29, 2022	Jul 21, 2022	Jun 17, 2022	Mar 18, 2022	Mar 02, 2022 Sep 15, 2021	Sep 25, 2020 Aug 14, 2020	Jul 30, 2020 Jul 20, 2020 Jun 16, 2020	Jan 10, 2020 Oct 10, 2019	Aug 30, 2019 Aug 5, 2019 Jul 1, 2019 Jun 13, 2019
1	NCD	Long Term	280.00	280.00	[ICRA]A+ (Positive)	[ICRA]A+ (Positive)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
1	NCD	Long Term	250.00	0.00	[ICRA]A+ (Positive); withdrawn	[ICRA]A+ (Positive)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
3	MLD	Long Term	157.50	157.50	PP-MLD[ICRA]A+ (Positive)	PP-MLD[ICRA]A+ (Positive)	PP-MLD[ICRA]A+ (Stable)	PP-MLD[ICRA]A+ (Stable)	PP-MLD[ICRA]A+ (Stable)	PP-MLD[ICRA]A+ (Negative)	PP-MLD[ICRA]A+ (Negative)	PP-MLD[ICRA]A+ (Stable)	-
4	Long Term – Fund-based Limits	Long Term	82.00	82.00	[ICRA]A+ (Positive)	[ICRA]A+ (Positive)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
5	Long Term – Term Loan	Long Term	3401.50	3401.50	[ICRA]A+ (Positive)	[ICRA]A+ (Positive)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
6	Long Term – Unallocated	Long Term	0.00	0.00	-	-	-	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
7	Short-term Bank Facilities	Short Term	516.50	516.50	[ICRA]A1+	[ICRA]A1+	-	-	-	-	-	-	-
8	Subordinated Debt	Long Term	40.00	40.00	[ICRA]A+ (Positive)	[ICRA]A+ (Positive)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
9	Commercial Paper	Short Term	300.00	300.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

## Complexity level of the rated instrument

Instrument	Complexity Indicator
NCD	Simple
MLD	Moderately Complex
Long Term – Fund-based Limits	Simple
Long Term – Term Loan	Simple
Short-term Bank Facilities	Simple
Subordinated Debt	Complex
Commercial Paper	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 I: Instrument details**

ISIN	Instrument	Date of Issuance/	Coupon Rate	Maturity Date	Amount Rated	Current Rating and
		Sanction			(Rs. crore)	Outlook
INE850M14AT8	Commercial Paper	Nov 03, 2022	6.98%	Oct 06, 2022	25.00	[ICRA]A1+
INE850M14AS0	Commercial Paper	Nov 03, 2022	6.80%	Sep 06, 2022	10.00	[ICRA]A1+
INE850M14AR2	Commercial Paper	Aug 03, 2022	6.98%	Jul 06, 2022	8.00	[ICRA]A1+
INE850M14AQ4	Commercial Paper	Feb 22, 2022	7.60%	Aug 22, 2022	25.00	[ICRA]A1+
INE850M14AP6	Commercial Paper	Jan 21, 2022	6.97%	Aug 04, 2022	30.00	[ICRA]A1+
INE850M14AN1	Commercial Paper	Dec 20, 2021	7.00%	Mar 21, 2022	50.00	[ICRA]A1+
INE850M14AM3	Commercial Paper	Feb 12, 2021	7.10%	Mar 30, 2022	20.00	[ICRA]A1+
INE850M14AL5	Commercial Paper	Sep 30, 2021	7.95%	Sep 30, 2022	50.00	[ICRA]A1+
Unallocated	Commercial Paper	NA	NA	NA	82.00	[ICRA]A1+
INE850M07251	Non-convertible Debentures	Jun 26, 2020	11.25%	Jun 26, 2023	25.00	[ICRA]A+(Positive)
INE850M07269	Non-convertible Debentures	Jul 13, 2020	10.40%	Jul 13, 2023	33.33	[ICRA]A+(Positive)
INE850M07335	Non-convertible Debentures	Nov 13, 2020	9.15%	May 13, 2022	150.00	[ICRA]A+(Positive); Withdrawn
INE850M07160	Non-convertible Debentures	Dec 11, 2018	9.45%	Jun 11, 2022	100.00	[ICRA]A+(Positive); Withdrawn
INE850M07178	Non-convertible Debentures	Dec 20, 2018	9.60%	Dec 20, 2023	71.43	[ICRA]A+(Positive)
INE850M08085	Non-convertible Debentures	Sep 25, 2019	11.60%	Sep 25, 2023	0.24	[ICRA]A+(Positive)
INE850M07251	Non-convertible Debentures	Jun 26, 2020	11.25%	Jun 26, 2023	25.00	[ICRA]A+(Positive)
Unallocated	Non-convertible Debentures	NA	NA	NA	125.00	[ICRA]A+(Positive)
INE850M07285	Market Linked Debentures	Jul 30, 2020	Linked to BSE Sensex	Apr 30, 2022	7.50	PP- MLD[ICRA]A+(Positive)
INE850M07426	Market Linked Debentures	Jul 27, 2022	Linked to IGB 5.85% 12/01/30	Jan 27, 2025	89.10	PP- MLD[ICRA]A+(Positive)
Unallocated	Market Linked Debentures	NA	NA	NA	60.90	PP- MLD[ICRA]A+(Positive)
NA	Term Loan 1	Sep 30, 2021	NA	Oct 01, 2024	15.00	[ICRA]A+(Positive)
NA	Term Loan 2	Jun 28, 2022	NA	Jul 03, 2023	50.00	[ICRA]A+(Positive)
NA	Term Loan 3	Mar 30, 2021	NA	Sep 30, 2022	16.67	[ICRA]A+(Positive)
NA	Term Loan 4	Mar 25, 2022	NA	Mar 31, 2024	125.00	[ICRA]A+(Positive)
NA	Term Loan 5	Mar 25, 2022	NA	Mar 31, 2024	41.67	[ICRA]A+(Positive)
NA	Term Loan 6	Sep 21, 2020	NA	Sep 21, 2023	15.56	[ICRA]A+(Positive)
NA	Term Loan 7	Jul 30, 2021	NA	Jul 30, 2024	33.33	[ICRA]A+(Positive)
NA	Term Loan 8	Sep 30, 2021	NA	Oct 01, 2025	92.86	[ICRA]A+(Positive)
NA	Term Loan 9	Mar 30, 2022	NA	Mar 29, 2025	45.83	[ICRA]A+(Positive)
NA	Term Loan 10	Mar 30, 2022	NA	Mar 29, 2026	46.88	[ICRA]A+(Positive)
NA	Term Loan 11	Dec 30, 2021	NA	Dec 30, 2024	80.56	[ICRA]A+(Positive)
NA	Term Loan 12	Dec 26, 2019	NA	Mar 31, 2023	18.75	[ICRA]A+(Positive)
NA	Term Loan 13	Dec 31, 2021	NA	Dec 31, 2025	49.99	[ICRA]A+(Positive)
NA	Term Loan 14	Jan 29, 2022	NA	Jan 29, 2026	34.67	[ICRA]A+(Positive)
NA	Term Loan 15	Feb 21, 2022	NA	Jan 29, 2026	17.33	[ICRA]A+(Positive)

NA	Term Loan 16	Nov 30, 2021	NA	Nov 30, 2024	42.42	[ICRA]A+(Positive)
NA	Term Loan 17	Dec 23, 2021	NA	Dec 23, 2024	35.00	[ICRA]A+(Positive)
NA	Term Loan 18	Mar 03, 2021	NA	Feb 28, 2023	11.11	[ICRA]A+(Positive)
NA	Term Loan 19	Mar 03, 2021	NA	Feb 28, 2023	11.11	[ICRA]A+(Positive)
NA	Term Loan 20	Aug 13, 2021	NA	Aug 13, 2024	41.67	[ICRA]A+(Positive)
NA	Term Loan 21	Mar 12, 2022	NA	Mar 11, 2025	75.00	[ICRA]A+(Positive)
NA	Term Loan 22	Jun 30, 2022	NA	Jun 30, 2025	105.00	[ICRA]A+(Positive)
NA	Term Loan 23	Jun 30, 2022	NA	Jun 30, 2025	40.00	[ICRA]A+(Positive)
NA	Term Loan 24	Mar 30, 2021	NA	Mar 30, 2024	23.58	[ICRA]A+(Positive)
NA	Term Loan 25	Aug 31, 2021	NA	Aug 31, 2024	75.00	[ICRA]A+(Positive)
NA	Term Loan 26	Sep 01, 2021	NA	Aug 31, 2024	37.50	[ICRA]A+(Positive)
NA	Term Loan 27	Sep 28, 2021	NA	Sep 28, 2024	37.50	[ICRA]A+(Positive)
NA	Term Loan 28	Mar 25, 2022	NA	Mar 25, 2025	177.78	[ICRA]A+(Positive)
NA	Term Loan 29	Mar 30, 2020	NA	Mar 31, 2024	12.50	[ICRA]A+(Positive)
NA	Term Loan 30	Mar 30, 2020	NA	Mar 31, 2024	12.40	[ICRA]A+(Positive)
NA	Term Loan 31	Dec 15, 2021	NA	Dec 15, 2025	46.67	[ICRA]A+(Positive)
NA	Term Loan 32	Dec 15, 2021	NA	Dec 15, 2025	46.67	[ICRA]A+(Positive)
NA	Term Loan 33	Mar 31, 2022	NA	Mar 31, 2026	50.00	[ICRA]A+(Positive)
NA	Term Loan 34	May 30, 2022	NA	May 30, 2026	150.00	[ICRA]A+(Positive)
NA	Term Loan 35	Mar 24, 2022	NA	Mar 24, 2026	25.00	[ICRA]A+(Positive)
NA	Term Loan 36	Dec 31, 2019	NA	Dec 31, 2022	4.17	[ICRA]A+(Positive)
NA	Term Loan 37	Sep 30, 2021	NA	Sep 30, 2024	50.56	[ICRA]A+(Positive)
NA	Term Loan 38	Mar 02, 2020	NA	Feb 02, 2023	7.23	[ICRA]A+(Positive)
NA	Term Loan 39	Mar 12, 2021	NA	Dec 09, 2023	17.81	[ICRA]A+(Positive)
NA	Term Loan 40	Mar 21, 2022	NA	Dec 21, 2024	25.00	[ICRA]A+(Positive)
NA	Term Loan 41	Dec 21, 2019	NA	Dec 21, 2022	4.17	[ICRA]A+(Positive)
NA	Term Loan 42	Sep 28, 2021	NA	Sep 30, 2024	18.06	[ICRA]A+(Positive)
NA	Term Loan 43	Sep 20, 2021	NA	Oct 01, 2023	37.50	[ICRA]A+(Positive)
NA	Term Loan 44	Mar 31, 2021	NA	Mar 31, 2024	22.22	[ICRA]A+(Positive)
NA	Term Loan 45	Dec 29, 2021	NA	Dec 29, 2023	70.83	[ICRA]A+(Positive)
NA	Term Loan 46	Mar 18, 2020	NA	Jun 01, 2023	6.67	[ICRA]A+(Positive)
NA	Term Loan 47	Jun 24, 2021	NA	Jun 01, 2024	16.67	[ICRA]A+(Positive)
NA	Term Loan 48	Jun 17, 2022	NA	Jun 01, 2025	30.00	[ICRA]A+(Positive)
NA	Term Loan 49	Sep 24, 2019	NA	Nov 30, 2022	3.30	[ICRA]A+(Positive)
NA	Term Loan 50	Mar 30, 2022	NA	Mar 29, 2025	20.00	[ICRA]A+(Positive)
NA	Term Loan 51	Mar 30, 2022	NA	Mar 29, 2025	20.00	[ICRA]A+(Positive)
NA	Term Loan 52	Sep 29, 2021	NA	Sep 29, 2024	78.79	[ICRA]A+(Positive)
NA	Term Loan 53	Sep 24, 2021	NA	Aug 10, 2022	5.75	[ICRA]A+(Positive)
NA	Term Loan 54	Dec 06, 2021	NA	Sep 10, 2022	11.69	[ICRA]A+(Positive)
NA	Term Loan 55	Mar 31, 2022	NA	Feb 10, 2025	139.00	[ICRA]A+(Positive)

NA	Term Loan 56	Mar 31, 2022	NA	Mar 10, 2025	50.00	[ICRA]A+(Positive)
NA	Term Loan 57	Jun 30, 2022	NA	Jun 10, 2025	100.00	[ICRA]A+(Positive)
NA	Term Loan 58	Sep 28, 2021	NA	Dec 28, 2023	75.00	[ICRA]A+(Positive)
NA	Term Loan 59	Jun 29, 2021	NA	Jun 28, 2024	6.36	[ICRA]A+(Positive)
NA	Term Loan 60	Dec 31, 2021	NA	Dec 31, 2024	25.00	[ICRA]A+(Positive)
NA	Term Loan 61	Nov 06, 2019	NA	Dec 31, 2022	18.19	[ICRA]A+(Positive)
NA	Term Loan 62	Feb 28, 2020	NA	Dec 31, 2022	18.19	[ICRA]A+(Positive)
NA	Term Loan 63	Feb 22, 2021	NA	Dec 31, 2023	54.55	[ICRA]A+(Positive)
NA	Term Loan 64	Feb 22, 2021	NA	Dec 31, 2023	54.55	[ICRA]A+(Positive)
NA	Term Loan 65	Jan 19, 2022	NA	Jan 19, 2025	135.00	[ICRA]A+(Positive)
NA	Term Loan 66	Feb 24, 2022	NA	Jan 19, 2025	46.80	[ICRA]A+(Positive)
NA	Term Loan 67	Feb 28, 2022	NA	Jan 19, 2025	43.20	[ICRA]A+(Positive)
NA	Term Loan 68	Nov 30, 2019	NA	Jan 05, 2023	1.09	[ICRA]A+(Positive)
NA	Term Loan 69	Dec 31, 2021	NA	Dec 31, 2022	11.00	[ICRA]A+(Positive)
NA	Term Loan 70	Mar 16, 2020	NA	Apr 05, 2023	12.37	[ICRA]A+(Positive)
NA	Term Loan 71	Jan 29, 2021	NA	Apr 30, 2024	20.36	[ICRA]A+(Positive)
NA	Term Loan 72	Mar 31, 2022	NA	Mar 31, 2025	18.33	[ICRA]A+(Positive)
NA	Term Loan 73	Mar 31, 2022	NA	Mar 31, 2025	18.33	[ICRA]A+(Positive)
NA	Term Loan 74	Feb 26, 2021	NA	Feb 28, 2023	4.38	[ICRA]A+(Positive)
NA	Term Loan 75	Jul 29, 2021	NA	Jul 29, 2023	7.50	[ICRA]A+(Positive)
NA	Term Loan 76	May 31, 2022	NA	May 31, 2024	27.50	[ICRA]A+(Positive)
NA	Term Loan 77	Mar 28, 2022	NA	Mar 28, 2025	50.00	[ICRA]A+(Positive)
NA	Term Loan 78	Mar 30, 2022	NA	Mar 28, 2025	50.00	[ICRA]A+(Positive)
NA	Term Loan 79	Jun 30, 2021	NA	Jun 30, 2024	14.67	[ICRA]A+(Positive)
NA	Term Loan 80	Mar 24, 2022	NA	Mar 25, 2025	26.22	[ICRA]A+(Positive)
NA	Term Loan 81	Mar 29, 2022	NA	Mar 29, 2024	41.67	[ICRA]A+(Positive)
NA	Term loan - Unallocated	NA	NA	NA	141.81	[ICRA]A+(Positive)
NA	Cash Credit	Mar 25, 2022	NA	NA	10.00	[ICRA]A+(Positive)
NA	Cash Credit	Jun 20, 2022	NA	NA	10.00	[ICRA]A+(Positive)
NA	Cash Credit	Dec 23, 2021	NA	NA	1.00	[ICRA]A+(Positive)
NA	Cash Credit	Aug 13, 2021	NA	NA	15.00	[ICRA]A+(Positive)
NA	Cash Credit	Mar 25, 2022	NA	NA	20.00	[ICRA]A+(Positive)
NA	Cash Credit	Sep 20, 2020	NA	NA	10.00	[ICRA]A+(Positive)
NA	Cash Credit	Dec 31, 2021	NA	NA	10.00	[ICRA]A+(Positive)
NA	Cash Credit	Dec 31, 2021	NA	NA	1.00	[ICRA]A+(Positive)
NA	Cash Credit	Dec 22, 2021	NA	NA	5.00	[ICRA]A+(Positive)
NA	WCDL / OD	Mar 25, 2022	NA	NA	15.00	[ICRA]A1+
NA	WCDL / OD	Sep 30, 2021	NA	NA	50.00	[ICRA]A1+
NA	WCDL / OD	Sep 30, 2021	NA	NA	0.50	[ICRA]A1+
NA	WCDL / OD	Jun 20, 2022	NA	NA	15.00	[ICRA]A1+

NA	WCDL / OD	Aug 13, 2021	NA	NA	25.00	[ICRA]A1+
NA	WCDL / OD	Aug 13, 2021	NA	NA	25.00	[ICRA]A1+
NA	WCDL / OD	Feb 22, 2022	NA	NA	50.00	[ICRA]A1+
NA	WCDL / OD	Mar 31, 2022	NA	NA	50.00	[ICRA]A1+
NA	WCDL / OD	Mar 25, 2022	NA	NA	30.00	[ICRA]A1+
NA	WCDL / OD	Dec 28, 2021	NA	NA	25.00	[ICRA]A1+
NA	WCDL / OD	May 31, 2022	NA	NA	40.00	[ICRA]A1+
NA	WCDL / OD	May 31, 2022	NA	NA	10.00	[ICRA]A1+
NA	WCDL / OD	Mar 31, 2022	NA	NA	80.00	[ICRA]A1+
NA	WCDL / OD	Dec 22, 2021	NA	NA	50.00	[ICRA]A1+
NA	WCDL / OD	Jul 26, 2021	NA	NA	1.00	[ICRA]A1+
NA	WCDL / OD	May 31, 2022	NA	NA	50.00	[ICRA]A1+
NA	Subordinated Debt	Dec 28, 2017	NA	Jun 27, 2023	25.00	[ICRA]A+(Positive)
NA	Subordinated Debt	Dec 29, 2017	NA	Jun 28, 2023	15.00	[ICRA]A+(Positive)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis

Name of the Entity	Ownership	Consolidation Approach
Northern Arc Investment Managers Private Limited	100.00%	Full Consolidation
Northern Arc Investment Adviser Services Private Limited	100.00%	Full Consolidation
IFMR Fimpact Long Term Credit Fund <sup>#</sup>		Full Consolidation
Northern Arc Money Market Alpha Trust Fund <sup>#</sup>		Full Consolidation (until Aug 8, 2019)
IFMR Fimpact Medium Term Opportunities Fund <sup>#</sup>		Full Consolidation (until Dec 6, 2018)

<sup>#</sup>Based on an evaluation of the existence of control on these AIFs, in accordance with IndAS 110 (Consolidated Financial Statements), these funds have been included as a part of the consolidated financial statements of NACL

## Corrigendum

The rating rationale document dated August 29, 2022 has been corrected with the revision as detailed below:

Analyst team contact details have been updated in page no.15.

## ANALYST CONTACTS

**Karthik Srinivasan**

+91-22-6114 3444

[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**R Srinivasan**

+91-44-4596 4315

[r.srinivasan@icraindia.com](mailto:r.srinivasan@icraindia.com)

**Richardson Xavier J**

+91-90-9487 7278

[richardson.xavier@icraindia.com](mailto:richardson.xavier@icraindia.com)

## RELATIONSHIP CONTACT

**Mr. Jayanta Chatterjee**

+91 80 4332 6401

[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.