

September 27, 2023

Northern Arc Capital Limited: Ratings reaffirmed; assigned for enhanced limits

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---|-----------------------------------|----------------------------------|---|
| Non-convertible debentures | 280.00 | 280.00 | [ICRA]AA-(Stable); reaffirmed |
| Market linked debentures | 150.00 | 150.00 | PP-MLD[ICRA]AA-(Stable); reaffirmed |
| Long term – Fund-based limits | 86.00 | 71.00 | [ICRA]AA-(Stable); reaffirmed |
| Long term – Term loans | 4,349.15 | 5,319.15 | [ICRA]AA-(Stable); reaffirmed/assigned for enhanced portion |
| Short-term bank facilities | 470.00 | 515.00 | [ICRA]A1+; reaffirmed/assigned for enhanced portion |
| Long term – Non-fund based credit exposure limits | 94.85 | 94.85 | [ICRA]AA-(Stable); reaffirmed |
| Subordinated debt | 40.00 | 40.00 | [ICRA]AA-(Stable); reaffirmed |
| Commercial paper | 300.00 | 300.00 | [ICRA]A1+; reaffirmed |
| Total | 5,770.00 | 6,770.00 | |

*Instrument details are provided in Annexure I

Rationale

The ratings factor in the improvement in Northern Arc Capital Limited's (NACL) earnings profile as it continues to scale up its portfolio and increase the share of the retail asset segments. NACL's profitability indicators improved further in Q1 FY2024 with profit after tax (PAT)/average managed assets (AMA) at 2.8% vis-à-vis 2.7% in FY2023, supported by higher margins and lower credit costs. The assets under management (AUM) grew to Rs. 9,010 crore as of June 2023 from Rs. 7,111 crore in March 2022 (Rs. 5,225 crore in March 2021). The capital profile remained under control during this period as the consolidated managed gearing¹ stood at 3.8 times as of June 2023 (3.6 times as of March 2022).

However, NACL's exposures remain largely towards financial institutions (FIs) with moderate risk profiles. Over the years, the company has been gradually reducing its exposure towards FIs by diversifying into the retail segment, mostly via partnership arrangements with smaller non-banking financial companies (NBFCs)/digital platforms, and by engaging in direct lending to the retail segments. NACL scaled up this segment with a business correspondent (BC) arrangement through its subsidiary (Pragati Finserv Private Limited; Pragati), post the acquisition of the microfinance book of S.M.I.L.E. Microfinance Limited (SMILE) in April 2022. The company is also expected to focus on secured business loans, which it commenced in the recent past. NACL's overall non-FI exposure² continued to increase and stood at 41.6% of the AUM as of June 2023 compared to 34.8% as of March 2023 (23.4% as of March 2022). Within the non-FI segment, corporate finance accounted for 7.2% of the AUM as of June 2023.

ICRA takes note of the concentration of NACL's exposures, with the top 20 exposures accounting for 23% of the AUM (105% of net worth) as of June 2023 compared to 30% as of March 2022. ICRA notes that the company has focused on gradually reducing its top 20 exposures over the last few years (60% of the AUM as of March 2015). Going forward, a steady improvement in the concentration profile and the ability to maintain healthy asset quality, especially in the newer retail asset segments, would be key monitorables.

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. It is also expected to derive benefits from Nimbus, its proprietary

¹ (Total borrowings + Off-balance sheet exposures)/Net worth excluding minority interest

² Corporate finance, partnership arrangements and direct retail lending

technology system, which provides a common system for many originator partners³ and investor partners⁴ 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).

ICRA notes that NACL raised sizeable equity in the past (Rs. 960 crore from FY2014, including Rs. 648 crore in FY2019 and FY2020) from investors such as Leapfrog Financial Inclusion India, IIFL Special Opportunities Fund, Affirma Capital, SMBC Bank, Eight Roads, etc. The company is expected to maintain its leverage under 4 times on a steady-state basis. Thus, managing growth and securing timely capital infusions, when required, would be crucial going forward.

Key rating drivers and their description

Credit strengths

Adequate track record in key target asset segments – NACL has a track record of more than 15 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 different segments and small & 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 alternative investment funds (AIFs) among others, which participate in the loan syndication and securitisation transactions facilitated by the company; it has also built partnerships with more than 350 originators. Well-established relationships with originators and investors have helped the company achieve cumulative business volumes of more than Rs. 1,20,000 crore since inception.

The consolidated AUM grew by 27% in FY2023 (compound annual growth rate (CAGR) of around 28% from March 2020). As of June 2023, its AUM stood at Rs. 9,010 crore, comprising advances to NBFCs and corporates (46.1%), investment in debt instruments (12.2%; directly and via AIFs), advances to retail via partners (22.9%), direct retail loans (10.7%), subordinated tranches of retail loan pools and direct assignment (DA; 2.8%), managed DA book (3.8%) and guarantees (1.5%). On an asset class basis, NACL's exposure to the microfinance segment was ~26% as of June 2023, including the direct retail book (24% in March 2022 and 26% in March 2023). Other key asset classes, namely small business loans, vehicle finance and consumer finance (including via partners), stood at 25%, 7% and 22%, respectively, as of June 2023.

NACL, via its subsidiary (Northern Arc Investment Managers Private Limited; NAIM), manages five AIFs with a total fund AUM of about Rs. 3,225 crore as of June 2023. NACL's exposure to these funds was about Rs. 225 crore (7.0% of the fund AUM).

The company has a 10-member board comprising four independent directors, including the Chairman, and three nominee members from the private equity (PE) investors/shareholders. NACL benefits from the experience of its senior management team across key business functions.

Nimbus, the proprietary technology system, is expected to help NACL 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. N-POS, an extension of Nimbus, is designed to support retail co-lending transactions with originator partners, including underwriting capabilities (Nu Score), as a platform service to FIs. It provides a straight through processing (STP) approach for retail lending partnerships in the consumer loan, microfinance loan, vehicle finance and small business loan segments. Alfiti, a bond trading platform, allows individual investors to invest directly in debt instruments. 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.

³ Financial institution corporates, technology platforms (such as fintechs) and other entities, which originate financial exposure

⁴ NACL's network of investors, across different investor classes, which uses its platform to access opportunities to invest in underserved sectors in India

Share of retail segment expected to increase – NACL’s retail exposures, direct and via partners, stood at 34% of the AUM as of June 2023 vis-à-vis 16% in March 2022 (10% in March 2021). It increased its retail segment exposures, namely consumer loans, small business loans and microfinance, via partnership arrangements with other NBFCs/digital platforms. These exposures are generally covered by a first loss default guarantee (FLDG) from regulated entities, which currently limit their credit risk to an extent. The share of these loans stood at 22.9% of the AUM as of June 2023 vis-à-vis 15.0% as of December 2022 (15.4% in March 2022).

Post the acquisition of the microfinance business of SMILE on a slump sale basis in April 2022, SMILE’s loan portfolio was taken over by NACL and it commenced direct retail lending in the microfinance asset segment with Pragati acting as its BC. As of June 2023, direct lending in the microfinance asset segment stood at 8.4% of the AUM (7.2% as of December 2022), including the book acquired through the SMILE acquisition. NACL also started providing secured business loans in FY2023, which stood at 2.2% of the AUM as of June 2023 (0.8% as of December 2022), spread across four states at present. This book is expected to remain regionally focussed on South India over the near-to-medium term to maintain tight control on the asset quality. While the diversification in the retail segments, at present, is largely in the unsecured asset segments, the existence of FLDGs and NACL’s internal sectoral exposure cap of 30% of the AUM provide support to its risk profile.

Improvement in profitability indicators – NACL’s consolidated revenue includes income from the lending portfolio, fee income from syndication services, and investment and management income from the AIFs. Its income growth accrued predominantly from balance sheet expansion with its AUM increasing at a CAGR of about 28% from March 2020. On the other hand, the contribution of placement fee income remained modest as a proportion of NACL’s net interest income (8% in FY2023 and 14% in FY2022). The yield on loans improved to 17.3% in Q1 FY2024 from 15.1% in FY2023 (13.4% in FY2022), partly supported by the increase in the proportion of the high-yielding retail segment in the AUM, thus resulting in a higher margin in FY2023 and Q1 FY2024. Correspondingly, the operating expense ratio (as a proportion of average managed assets) increased to 4.8% in Q1 FY2024 and 4.4% in FY2023 from 3.1% in FY2022 (2.3% in FY2021). NACL maintained its overall expected credit loss (ECL) provision at 1.4% and 1.6% of AUM as of March 2023 and June 2023, respectively. Accordingly, its net profitability improved further to 2.8% in Q1 FY2024 from 2.7% in FY2023 (2.6% in FY2022). 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, while maintaining the 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 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 23% of the AUM (105% of net worth) in June 2023 (28% in December 2022) because of the institutional nature of its exposure to NBFCs and corporates. NACL’s unrated exposures stood at 23.3% (excluding co-lending, retail book, AIF, guarantees & DA) of the AUM as of June 2023. Its exposure to the microfinance segment was 26% as of June 2023, including the direct retail book (24% in March 2022 and 29% in December 2022). The company commenced direct lending in the secured business loan segment in Q4 FY2022, which had grown to 2.2% of the AUM as of June 2023.

ICRA notes that the company kept the asset quality under control in FY2023, with minimal incremental slippages in its wholesale book. The overall 90+ days past due (dpd) stood at 0.45% of the AUM (excluding guarantees and DA) as of June 2023 vis-à-vis 0.39% as of March 2022. The co-lending book stood at 22.9% of the AUM as of June 2023 and it has some FLDG coverage, which is typically invoked once the assets become 90+dpd. With the 90+dpd in the co-lending book at 0.4%, NACL is expected to be made good through the existing FLDG. Thus, the 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 1.2% of the AUM in June 2023 vis-à-vis 1.4% in December 2022. The company’s exposure to corporates (non-financial sector entities) stood at 7.2% of AUM as of June 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 for medium-term growth plans – With the sizeable expansion in its AUM in recent years, NACL’s managed gearing (consolidated) increased to 3.8 times (3.6 times as of March 2022 and 2.7 times as of March 2021) while net worth/AUM (standalone) declined to 22.3% as of June 2023 from 24.2% as of March 2022 (30.2% as of March 2021). The company was planning to launch an initial public offering (IPO) in FY2022, but the same has been delayed due to adverse market conditions. ICRA notes that NACL has raised sizeable equity in the past (Rs. 648 crore in FY2019 and FY2020) from various investors. It is expected to maintain its managed gearing under 4 times on a steady-state basis. Considering the moderate internal accruals in relation to the AUM growth expectations, timely capital infusion is crucial, going forward.

Liquidity position: Adequate

As of June 30, 2023, NACL had positive mismatches across all the buckets of the structural liquidity statement. 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 (average tenor of ~3 years) while only 12% of the total borrowings is from short-term sources including commercial paper, cash credit and working capital demand loans as of June 2023. As of June 2023, term loans, working capital facilities from banks and FIs, non-convertible debentures (NCDs; including sub-debt), external commercial borrowings and commercial papers accounted for 59%, 8%, 16%, 13% and 4%, respectively, of the total borrowings.

NACL had cash and liquid investments of Rs. 456.9 crore and undrawn bank lines of Rs. 1,350.0 crore as on September 21, 2023, with a payment obligation of Rs. 2,156.1 crore during September 22, 2023 to February 29, 2024. The monthly collection efficiency remained robust throughout FY2023 and Q1 FY2024.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings on a significant increase in the scale and diversification to retail asset classes while keeping tight control over delinquencies. A sustained reduction in the exposure concentration could also positively impact the ratings.

Negative factors – ICRA could revise the outlook to Negative or downgrade the ratings if there is a sustained deterioration in the asset quality (90+dpd/AUM beyond 3.0%), thereby impacting the earnings performance. An increase in the managed gearing beyond 4.0 times on a sustained basis would also negatively impact the ratings.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | ICRA’s Credit Rating Methodology for Non-banking Finance Companies Rating Approach – Consolidation |
| 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 microfinance institutions (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 June 2023, on a fully-diluted basis, IIFL Special Opportunities Fund was the largest shareholder with a stake of 25.6% in NACL, followed by Leapfrog Financial Inclusion India II Limited (22.6%), Augusta Investments II Pte Ltd (19.5%), Eight Roads Investments (Mauritius) (II) Limited (10.2%), Dvara Trust (7.5%), Accion (5.8%), SMBC (5.3%) and others (3.5%).

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, it manages two portfolio management services (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 is a recently incorporated subsidiary of NACL (90% holding). In April 2022, NACL had acquired the microfinance business of SMILE. Pragati is operating as a BC for the direct MFI lending of NACL.

Key financial indicators (audited; IndAS) – Consolidated

| | FY2022 | FY2023 | Q1 FY2024 |
|---|---------------|---------------|------------------|
| Total income | 917 | 1,311 | 405 |
| Profit after tax | 182 | 242 | 69 |
| Net worth* | 1,832 | 2,068 | 2,118 |
| AUM (lending) | 7,111 | 9,036 | 9,010 |
| Total managed assets | 8,211 | 9,841 | 10,014 |
| Return on managed assets | 2.6% | 2.7% | 2.8% |
| Return on net worth | 10.4% | 12.5% | 13.2% |
| Managed gearing (times) | 3.6 | 3.8 | 3.8 |
| Gross stage 3 | 0.5% | 0.8% | 0.5% |
| Net stage 3 | 0.2% | 0.4% | 0.2% |
| Solvency (Net stage 3/Net worth) # | 0.7% | 1.8% | 0.8% |
| CRAR# | 22.8% | 20.8% | 21.5% |

Source: Company, ICRA Research; *Including minority interest (IFMR FImpact Long Term Credit Fund); #Standalone Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Type | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Current Rating (FY2024) | | Chronology of Rating History for the Past 3 Years | | | | | | | | | |
|------------|-----------------------------------|--------------------------|--------------------------------|-----------------------------|-----------------------------|---|-----------------------------|-----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|------------------------------|--|
| | | | | Date & Rating in FY2024 | | | Date & Rating in FY2023 | | | Date & Rating in FY2022 | | | Date & Rating in FY2021 | | |
| | | | | Sep 27, 2023 | Jul 25, 2023 | Jul 25, 2023 | Jun 23, 2023 | Mar 30, 2023 | Jul 21, 2022 | Jun 17, 2022 | Mar 18, 2022 | Mar 02, 2022 | Sep 25, 2020 | Jul 30, 2020 | |
| | | | | Sep 27, 2023 | Aug 07, 2023 | Aug 07, 2023 | Jun 23, 2023 | Mar 30, 2023 | Aug 29, 2022 | Aug 29, 2022 | Mar 18, 2022 | Sep 15, 2021 | Aug 14, 2020 | Jun 16, 2020 | |
| 1 | NCD | 280.00 | 280.00 | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]A+(Positive) | [ICRA]A+(Stable) | [ICRA]A+(Stable) | [ICRA]A+(Stable) | [ICRA]A+(Negative) | [ICRA]A+(Negative) | |
| 2 | MLD | 150.00 | 150.00 | PP-MLD [ICRA]AA-(Stable) | PP-MLD [ICRA]AA-(Stable) | PP-MLD [ICRA]AA-(Stable) | PP-MLD [ICRA]AA-(Stable) | PP-MLD [ICRA]AA-(Stable) | 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) | |
| 3 | Long term – Fund-based limits | 71.00 | 71.00 | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]A+(Positive) | [ICRA]A+(Stable) | [ICRA]A+(Stable) | [ICRA]A+(Stable) | [ICRA]A+(Negative) | [ICRA]A+(Negative) | |
| 4 | Long term – Term loan | 5,319.15 | 5,319.15 | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]A+(Positive) | [ICRA]A+(Stable) | [ICRA]A+(Stable) | [ICRA]A+(Stable) | [ICRA]A+(Negative) | [ICRA]A+(Negative) | |
| 5 | Long term – non-fund based limits | 94.85 | 94.85 | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | - | - | - | - | - | - | - | - | - | |
| 6 | Long term – Unallocated | 0.00 | 0.00 | - | - | - | - | - | - | - | [ICRA]A+(Stable) | [ICRA]A+(Stable) | [ICRA]A+(Negative) | [ICRA]A+(Negative) | |
| 7 | Short-term bank facilities | 515.00 | 515.00 | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | - | - | - | - | - | |
| 8 | Subordinated debt | 40.00 | 40.00 | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]AA-(Stable) | [ICRA]A+(Positive) | [ICRA]A+(Stable) | [ICRA]A+(Stable) | [ICRA]A+(Stable) | [ICRA]A+(Negative) | [ICRA]A+(Negative) | |
| 9 | Commercial paper | 300.00 | 300.00 | [ICRA]A1+ | [ICRA]A1+ | [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 |
| Long term – Non-fund based limits | Very 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: [Click Here](#)

Annexure I: Instrument details

| ISIN | Instrument | Date of Issuance/ Sanction | Coupon Rate | Maturity Date | Amount Rated | Current Rating and Outlook |
|---------------|----------------------------|-------------------------------|---------------------|---------------|--------------|-------------------------------|
| | | | | | (Rs. crore) | |
| INE850M14BT6 | Commercial paper | Aug-24-2023 | 8.25% | Nov-23-2023 | 20.00 | [ICRA]A1+ |
| INE850M14BR0 | Commercial paper | Jun-27-2023 | 8.40% | Oct-09-2023 | 15.00 | [ICRA]A1+ |
| INE850M14BS8 | Commercial paper | Jun-27-2023 | 9.10% | Jun-25-2024 | 100.00 | [ICRA]A1+ |
| INE850M14BQ2 | Commercial paper | Jun-19-2023 | 9.25% | Jun-17-2024 | 100.00 | [ICRA]A1+ |
| INE850M14BU4 | Commercial paper | Sep-08-2023 | 8.30% | Dec-07-2023 | 30.00 | [ICRA]A1+ |
| Not placed | Commercial paper | NA | NA | NA | 35.00 | [ICRA]A1+ |
| INE850M07251* | Non-convertible debentures | Jun 26, 2020 | 11.25% | Jun 26, 2023 | 25.00 | [ICRA]AA-(Stable) |
| INE850M07269* | Non-convertible debentures | Jul 13, 2020 | 10.40% | Jul 13, 2023 | 33.33 | [ICRA]AA-(Stable) |
| INE850M07178 | Non-convertible debentures | Dec 20, 2018 | 9.60% | Dec 20, 2023 | 71.43 | [ICRA]AA-(Stable) |
| INE850M08085* | Non-convertible debentures | Sep 25, 2019 | 11.60% | Sep 25, 2023 | 0.24 | [ICRA]AA-(Stable) |
| INE850M07251* | Non-convertible debentures | Jun 26, 2020 | 11.25% | Jun 26, 2023 | 25.00 | [ICRA]AA-(Stable) |
| INE850M07442 | Non-convertible debentures | Sep 29, 2022 | 8.95% | Jun 30, 2024 | 20.00 | [ICRA]AA-(Stable) |
| INE850M07459 | Non-convertible debentures | Jun 12, 2023 | 9.00% | Jul 12, 2024 | 57.10 | [ICRA]AA-(Stable) |
| Not placed | Non-convertible debentures | NA | NA | NA | 47.90 | [ICRA]AA-(Stable) |
| INE850M07426 | Market linked debentures | Jul 27, 2022 | Linked to IGB 5.85% | Jan 27, 2025 | 114.10 | PP-MLD[ICRA]AA-(Stable) |
| Not placed | Market linked debentures | NA | NA | NA | 35.90 | PP-MLD[ICRA]AA-(Stable) |
| NA | Term loan 1 | Sep-30-2021 | NA | Oct-01-2024 | 8.33 | [ICRA]AA-(Stable) |
| NA | Term loan 2 | Jun-30-2023 | NA | Jun-30-2026 | 40.00 | [ICRA]AA-(Stable) |
| NA | Term loan 3 | Mar-25-2022 | NA | Mar-31-2024 | 43.76 | [ICRA]AA-(Stable) |
| NA | Term loan 4 | Mar-25-2022 | NA | Mar-31-2024 | 14.59 | [ICRA]AA-(Stable) |
| NA | Term loan 5 | Dec-16-2022 | NA | Dec-16-2027 | 42.74 | [ICRA]AA-(Stable) |
| NA | Term loan 6 | Dec-29-2022 | NA | Dec-29-2027 | 95.00 | [ICRA]AA-(Stable) |
| NA | Term loan 7 | Jan-18-2023 | NA | Dec-16-2027 | 171.00 | [ICRA]AA-(Stable) |
| NA | Term loan 8 | Sep-21-2020 | NA | Sep-21-2023 | 1.11 | [ICRA]AA-(Stable) |
| NA | Term loan 9 | Jul-30-2021 | NA | Jul-30-2024 | 15.28 | [ICRA]AA-(Stable) |
| NA | Term loan 10 | Sep-28-2022 | NA | Sep-27-2024 | 43.75 | [ICRA]AA-(Stable) |
| NA | Term loan 11 | Jun-27-2023 | NA | Jun-27-2026 | 48.61 | [ICRA]AA-(Stable) |
| NA | Term loan 12 | Jul-28-2023 | NA | Jul-27-2026 | 50.00 | [ICRA]AA-(Stable) |
| NA | Term loan 13 | Sep-30-2021 | NA | Oct-01-2025 | 64.29 | [ICRA]AA-(Stable) |
| NA | Term loan 14 | Mar-30-2022 | NA | Mar-29-2026 | 34.38 | [ICRA]AA-(Stable) |
| NA | Term loan 15 | Mar-30-2022 | NA | Mar-29-2025 | 29.17 | [ICRA]AA-(Stable) |
| NA | Term loan 16 | Sep-30-2022 | NA | Sep-29-2025 | 56.25 | [ICRA]AA-(Stable) |
| NA | Term loan 17 | Dec-31-2022 | NA | Dec-31-2025 | 41.67 | [ICRA]AA-(Stable) |
| NA | Term loan 18 | Jan-31-2023 | NA | Jan-31-2026 | 20.83 | [ICRA]AA-(Stable) |
| NA | Term loan 19 | Dec-30-2021 | NA | Dec-30-2024 | 44.39 | [ICRA]AA-(Stable) |
| NA | Term loan 20 | Nov-30-2022 | NA | Nov-30-2025 | 149.88 | [ICRA]AA-(Stable) |
| NA | Term loan 21 | Dec-31-2021 | NA | Dec-31-2025 | 33.26 | [ICRA]AA-(Stable) |
| NA | Term loan 22 | Mar-06-2023 | NA | Mar-06-2027 | 23.44 | [ICRA]AA-(Stable) |

| | | | | | | |
|----|--------------|-------------|----|-------------|--------|-------------------|
| NA | Term loan 23 | Jan-29-2022 | NA | Jan-29-2026 | 24.00 | [ICRA]AA-(Stable) |
| NA | Term loan 24 | Feb-21-2022 | NA | Jan-29-2026 | 12.00 | [ICRA]AA-(Stable) |
| NA | Term loan 25 | Jun-28-2023 | NA | Jun-28-2027 | 100.00 | [ICRA]AA-(Stable) |
| NA | Term loan 26 | Nov-30-2021 | NA | Nov-30-2024 | 22.73 | [ICRA]AA-(Stable) |
| NA | Term loan 27 | Dec-30-2022 | NA | Mar-30-2025 | 39.58 | [ICRA]AA-(Stable) |
| NA | Term loan 28 | Sep-27-2022 | NA | Feb-29-2024 | 6.00 | [ICRA]AA-(Stable) |
| NA | Term loan 29 | Dec-23-2021 | NA | Dec-23-2024 | 21.00 | [ICRA]AA-(Stable) |
| NA | Term loan 30 | Mar-12-2022 | NA | Mar-11-2025 | 47.50 | [ICRA]AA-(Stable) |
| NA | Term loan 31 | Jun-30-2022 | NA | Jun-30-2025 | 77.00 | [ICRA]AA-(Stable) |
| NA | Term loan 32 | Jun-30-2022 | NA | Jun-30-2025 | 29.33 | [ICRA]AA-(Stable) |
| NA | Term loan 33 | Feb-14-2023 | NA | Feb-14-2025 | 75.00 | [ICRA]AA-(Stable) |
| NA | Term loan 34 | Feb-14-2023 | NA | Mar-13-2026 | 50.00 | [ICRA]AA-(Stable) |
| NA | Term loan 35 | Aug-13-2021 | NA | Aug-13-2024 | 20.00 | [ICRA]AA-(Stable) |
| NA | Term loan 36 | Mar-31-2023 | NA | Mar-31-2025 | 39.58 | [ICRA]AA-(Stable) |
| NA | Term loan 37 | Jun-05-2023 | NA | Jun-04-2025 | 22.92 | [ICRA]AA-(Stable) |
| NA | Term loan 38 | Mar-30-2021 | NA | Mar-30-2024 | 8.67 | [ICRA]AA-(Stable) |
| NA | Term loan 39 | Aug-31-2021 | NA | Aug-31-2024 | 33.33 | [ICRA]AA-(Stable) |
| NA | Term loan 40 | Sep-01-2021 | NA | Aug-31-2024 | 16.67 | [ICRA]AA-(Stable) |
| NA | Term loan 41 | Sep-28-2021 | NA | Sep-28-2024 | 20.83 | [ICRA]AA-(Stable) |
| NA | Term loan 42 | Mar-21-2023 | NA | Mar-21-2026 | 103.33 | [ICRA]AA-(Stable) |
| NA | Term loan 43 | Mar-25-2022 | NA | Mar-25-2025 | 105.56 | [ICRA]AA-(Stable) |
| NA | Term loan 44 | Mar-31-2023 | NA | Mar-30-2027 | 143.33 | [ICRA]AA-(Stable) |
| NA | Term loan 45 | Dec-15-2021 | NA | Dec-15-2025 | 33.33 | [ICRA]AA-(Stable) |
| NA | Term loan 46 | Dec-15-2021 | NA | Dec-15-2025 | 33.33 | [ICRA]AA-(Stable) |
| NA | Term loan 47 | Mar-31-2022 | NA | Mar-31-2026 | 36.67 | [ICRA]AA-(Stable) |
| NA | Term loan 48 | May-30-2022 | NA | May-30-2026 | 110.00 | [ICRA]AA-(Stable) |
| NA | Term loan 49 | Mar-24-2022 | NA | Mar-24-2026 | 17.86 | [ICRA]AA-(Stable) |
| NA | Term loan 50 | Jul-31-2023 | NA | Jul-31-2027 | 25.00 | [ICRA]AA-(Stable) |
| NA | Term loan 51 | Sep-30-2021 | NA | Sep-30-2024 | 25.28 | [ICRA]AA-(Stable) |
| NA | Term loan 52 | Sep-30-2022 | NA | Oct-10-2025 | 35.10 | [ICRA]AA-(Stable) |
| NA | Term loan 53 | Oct-31-2022 | NA | Oct-31-2025 | 36.49 | [ICRA]AA-(Stable) |
| NA | Term loan 54 | Dec-28-2022 | NA | Dec-28-2024 | 46.67 | [ICRA]AA-(Stable) |
| NA | Term loan 55 | Mar-12-2021 | NA | Dec-09-2023 | 5.80 | [ICRA]AA-(Stable) |
| NA | Term loan 56 | Mar-21-2022 | NA | Dec-21-2024 | 14.99 | [ICRA]AA-(Stable) |
| NA | Term loan 57 | Jul-28-2023 | NA | Jul-28-2027 | 50.00 | [ICRA]AA-(Stable) |
| NA | Term loan 58 | Jul-31-2023 | NA | Jul-31-2027 | 50.00 | [ICRA]AA-(Stable) |
| NA | Term loan 59 | Jun-28-2023 | NA | Jun-28-2026 | 47.22 | [ICRA]AA-(Stable) |
| NA | Term loan 60 | Sep-28-2021 | NA | Sep-30-2024 | 9.03 | [ICRA]AA-(Stable) |
| NA | Term loan 61 | Sep-29-2022 | NA | Sep-29-2025 | 52.08 | [ICRA]AA-(Stable) |
| NA | Term loan 62 | Sep-20-2021 | NA | Oct-01-2023 | 5.00 | [ICRA]AA-(Stable) |
| NA | Term loan 63 | Mar-31-2023 | NA | Mar-31-2025 | 71.25 | [ICRA]AA-(Stable) |
| NA | Term loan 64 | Mar-31-2021 | NA | Mar-31-2024 | 7.78 | [ICRA]AA-(Stable) |

| | | | | | | |
|----|---|-------------|----|-------------|--------|-------------------|
| NA | Term loan 65 | Dec-29-2021 | NA | Dec-29-2023 | 16.65 | [ICRA]AA-(Stable) |
| NA | Term loan 66 | Sep-27-2022 | NA | Sep-26-2024 | 28.92 | [ICRA]AA-(Stable) |
| NA | Term loan 67 | Jun-17-2022 | NA | Jun-01-2025 | 17.50 | [ICRA]AA-(Stable) |
| NA | Term loan 68 | Jun-24-2021 | NA | Jun-01-2024 | 6.25 | [ICRA]AA-(Stable) |
| NA | Term loan 69 | Aug-14-2023 | NA | Sep-01-2026 | 60.00 | [ICRA]AA-(Stable) |
| NA | Term loan 70 | Mar-30-2022 | NA | Mar-29-2025 | 23.75 | [ICRA]AA-(Stable) |
| NA | Term loan 71 | Sep-29-2021 | NA | Sep-29-2024 | 39.39 | [ICRA]AA-(Stable) |
| NA | Term loan 72 | Mar-31-2022 | NA | Feb-10-2025 | 84.72 | [ICRA]AA-(Stable) |
| NA | Term loan 73 | Mar-31-2022 | NA | Feb-10-2025 | 30.47 | [ICRA]AA-(Stable) |
| NA | Term loan 74 | Jun-30-2022 | NA | Jun-10-2025 | 70.00 | [ICRA]AA-(Stable) |
| NA | Term loan 75 | Jun-27-2023 | NA | Jun-27-2025 | 100.00 | [ICRA]AA-(Stable) |
| NA | Term loan 76 | Oct-27-2022 | NA | Apr-26-2024 | 26.67 | [ICRA]AA-(Stable) |
| NA | Term loan 77 | Oct-27-2022 | NA | Jan-27-2025 | 33.33 | [ICRA]AA-(Stable) |
| NA | Term loan 78 | Jun-29-2021 | NA | Jun-28-2024 | 2.73 | [ICRA]AA-(Stable) |
| NA | Term loan 79 | Dec-31-2021 | NA | Dec-31-2024 | 15.00 | [ICRA]AA-(Stable) |
| NA | Term loan 80 | Jun-21-2023 | NA | Jun-21-2026 | 10.00 | [ICRA]AA-(Stable) |
| NA | Term loan 81 | Feb-22-2021 | NA | Dec-31-2023 | 36.38 | [ICRA]AA-(Stable) |
| NA | Term loan 82 | Jan-19-2022 | NA | Jan-19-2025 | 75.00 | [ICRA]AA-(Stable) |
| NA | Term loan 83 | Feb-24-2022 | NA | Jan-19-2025 | 49.85 | [ICRA]AA-(Stable) |
| NA | Term loan 84 | Dec-14-2022 | NA | Dec-14-2025 | 83.33 | [ICRA]AA-(Stable) |
| NA | Term loan 85 | Feb-28-2023 | NA | Dec-14-2025 | 83.33 | [ICRA]AA-(Stable) |
| NA | Term loan 86 | Feb-28-2023 | NA | Dec-14-2025 | 41.67 | [ICRA]AA-(Stable) |
| NA | Term loan 87 | Dec-14-2022 | NA | Dec-14-2025 | 83.33 | [ICRA]AA-(Stable) |
| NA | Term loan 88 | Mar-24-2023 | NA | Dec-14-2025 | 41.66 | [ICRA]AA-(Stable) |
| NA | Term loan 89 | Aug-29-2023 | NA | Sep-05-2024 | 40.00 | [ICRA]AA-(Stable) |
| NA | Term loan 90 | Jan-29-2021 | NA | Apr-30-2024 | 8.62 | [ICRA]AA-(Stable) |
| NA | Term loan 91 | Mar-09-2023 | NA | Mar-31-2026 | 36.67 | [ICRA]AA-(Stable) |
| NA | Term loan 92 | Mar-31-2022 | NA | Mar-31-2025 | 11.57 | [ICRA]AA-(Stable) |
| NA | Term loan 93 | Mar-31-2022 | NA | Mar-31-2025 | 11.57 | [ICRA]AA-(Stable) |
| NA | Term loan 94 | Jun-30-2023 | NA | Jun-30-2025 | 36.67 | [ICRA]AA-(Stable) |
| NA | Term loan 95 | May-31-2022 | NA | May-31-2024 | 11.25 | [ICRA]AA-(Stable) |
| NA | Term loan 96 | Mar-28-2022 | NA | Mar-28-2025 | 63.64 | [ICRA]AA-(Stable) |
| NA | Term loan 97 | Mar-29-2023 | NA | Mar-29-2026 | 75.00 | [ICRA]AA-(Stable) |
| NA | Term loan 98 | Mar-24-2022 | NA | Mar-25-2025 | 15.57 | [ICRA]AA-(Stable) |
| NA | Term loan 99 | Jun-30-2021 | NA | Jun-30-2024 | 7.33 | [ICRA]AA-(Stable) |
| NA | Term loan 100 | Mar-29-2022 | NA | Mar-29-2024 | 14.58 | [ICRA]AA-(Stable) |
| NA | Term loan 101 | NA | NA | NA | 600.00 | [ICRA]AA-(Stable) |
| NA | Term loan 102 | NA | NA | NA | 300.00 | [ICRA]AA-(Stable) |
| NA | Term loan – Proposed | NA | NA | NA | 223.78 | [ICRA]AA-(Stable) |
| NA | Non-fund based – Credit exposure limits | NA | NA | NA | 94.85 | [ICRA]AA-(Stable) |
| NA | Cash credit 1 | Mar-25-2022 | NA | NA | 10.00 | [ICRA]AA-(Stable) |

| | | | | | | |
|----------------|------------------------------|--------------|----|--------------|--------|-------------------|
| NA | Cash credit 2 | Jan-11-2023 | NA | NA | 5.00 | [ICRA]AA-(Stable) |
| NA | Cash credit 3 | Dec-31-2021 | NA | NA | 1.00 | [ICRA]AA-(Stable) |
| NA | Cash credit 4 | Dec-22-2021 | NA | NA | 55.00 | [ICRA]AA-(Stable) |
| NA | Short-term bank facilities 1 | Dec-28-2022 | NA | NA | 25.00 | [ICRA]A1+ |
| NA | Short-term bank facilities 2 | Jun-27-2023 | NA | NA | 25.00 | [ICRA]A1+ |
| NA | Short-term bank facilities 3 | Jun-28-2023 | NA | NA | 15.00 | [ICRA]A1+ |
| NA | Short-term bank facilities 4 | Jul-07-2023 | NA | NA | 50.00 | [ICRA]A1+ |
| NA | Short-term bank facilities 5 | Mar-31-2023 | NA | NA | 50.00 | [ICRA]A1+ |
| NA | Short-term bank facilities 6 | Dec-31-2022 | NA | NA | 40.00 | [ICRA]A1+ |
| NA | Short-term bank facilities 7 | Jun-21-2023 | NA | NA | 50.00 | [ICRA]A1+ |
| NA | Short-term bank facilities 8 | Aug-31-2023 | NA | NA | 160.00 | [ICRA]A1+ |
| NA | Short-term bank facilities 9 | Jul-31-2023 | NA | NA | 100.00 | [ICRA]A1+ |
| Not applicable | Subordinated debt* | Dec 28, 2017 | NA | Jun 27, 2023 | 25.00 | [ICRA]AA-(Stable) |
| Not applicable | Subordinated debt* | Dec 29, 2017 | NA | Jun 28, 2023 | 15.00 | [ICRA]AA-(Stable) |

Source: Company; *ICRA is awaiting the relevant documentation from the company on these recently matured securities for withdrawal of the ratings outstanding.

[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 |
| Pragati Finserv Private Limited | 90.10% | Full Consolidation |
| IFMR FImpact Long Term Credit Fund [#] | | Full Consolidation |
| Emerging Corporate Bond Fund | | Equity method |
| Northern Arc Money Market Alpha Trust Fund [#] | | Full Consolidation (until Aug 8, 2019) |
| IFMR FImpact Medium Term Opportunities Fund [#] | | Full Consolidation (until Dec 6, 2018) |

[#]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 NAEL

ANALYST CONTACTS

Karthik Srinivasan

+91-22-6114 3444

karthiks@icraindia.com

A M Karthik

+91-44-4596 4308

a.karthik@icraindia.com

R Srinivasan

+91-44-4596 4315

r.srinivasan@icraindia.com

Richardson Xavier J

+91-44-4596 4310

richardson.xavier@icraindia.com

RELATIONSHIP CONTACT

Mr. Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

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

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

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2023 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 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.