

November 10, 2023

## Northern Arc Capital Limited: Ratings withdrawn for loan given under Northern Arc P.L.I. XV transaction

### Summary of rating action

S. No.	Borrower Name	Initial rated Amount (Rs. crore)	Amount after Previous Surveillance Exercise (Rs. crore)	Current Amount (Rs. crore)*	Rating Action
1	NeoGrowth Credit Private Limited	4.01	NA	0.00	[ICRA]AA-(CE)(Stable); Withdrawn
2	Ashv Finance Limited	2.91	NA	0.00	[ICRA]AA-(CE)(Stable); Withdrawn
3	Dvara Kshetriya Gramin Financial Services Private Limited	3.23	NA	0.00	[ICRA]AA-(CE)(Stable); Withdrawn
4	Oxyzo Financial Services Private Limited	3.97	NA	0.00	[ICRA]AA-(CE)(Stable); Withdrawn
	<b>Total</b>	<b>14.12</b>	<b>NA</b>	<b>0.00</b>	

\*Instrument details are provided in Annexure I.

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
NeoGrowth Credit Private Limited	[ICRA]BBB
Ashv Finance Limited	[ICRA]BBB
Dvara Kshetriya Gramin Financial Services Private Limited	[ICRA]BBB
Oxyzo Financial Services Private Limited	[ICRA]A+

### Rationale

Under a pooled loan issuance (PLI) programme, i.e., Northern Arc P.L.I. XV, the lender had provided loans to multiple entities. ICRA has withdrawn the rating for all the entities as the said instruments have been fully redeemed by the respective companies and there is no amount outstanding against the same. The rating was withdrawn in accordance with ICRA's policy on withdrawal.

The key rating drivers, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">ICRA's Policy on Withdrawal of Credit Rating</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the guarantor

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%).

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

## About the borrowers

### Ashv Finance Limited

Jain Sons Finlease Limited (JSFL) was incorporated as a NBFC in February 1998. In December 2011, Mr. Vineet Rai-promoted Intellecash acquired JSFL and later diluted its stake with a series of equity infusion by other investors. With effect from October 8, 2020, name of the company was changed to Ashv Finance Limited (Ashv) with no change in line of business.

Ashv is engaged in funding the MSME segment with a key focus in lending to the micro and small businesses in urban & semi urban areas. The company is primarily catering to the under-served micro & small growing businesses like the local kirana store owners, small shop-owners, grocery stores, milk shops, small traders, etc. The company offers differentiated credit after designing product offerings to its target segments. The company's average ticket size ranges from Rs. 10–11 lakh and the tenor of loan offered is around 24 to 36 months. The company has a customer base of 8,100+ active clients as on June 30, 2022 and has operations spread across 18 States / UTs with a network of 33 branches as on June 30, 2022.

### Key financial indicators

	FY2021	FY2022	9M FY2023*
Interest income	95	120	134
Profit after tax	8	5	(6.5)
Assets under management	534	754	~900^
Gross non-performing assets (NPA; %)	3.2%	4.1%	4.4%
Net NPA (%)	1.5%	1.9%	2.2%

Source: Company data, ICRA Research; Amount in Rs. Crore \*provisional

^net own book

### Dvara Kshetriya Gramin Financial Services Private Limited (Dvara)

Dvara Kshetriya Gramin Financial Services Private Limited is a systemically important non-deposit taking non-banking financial company (NBFC-ND-SI) providing financial services in remote and rural areas. The company positions itself as a rural wealth manager providing both loan products as well as other financial products like Saving scheme, insurance products etc. to its customers. Besides loan origination, the company carries out business correspondent activity for MAS Financial Services, ESAF Small Finance Bank, Axis Bank, LTF Financial Services and Northern Arc Capital Limited, as of December 2022. The company

also has co-lending partnership with MAS Financials & exploring partnerships with other lenders. Dvara has operations across eight states (Tamil Nadu, Odisha, Karnataka, Chhattisgarh, Uttarakhand, Jharkhand and Bihar) with 289 branches as of December 2022.

#### Key financial indicators

	FY2021	FY2022	9M FY2023*
Interest income	234	272	250
Profit after tax	0.84	0.57	13.53
Assets under management	1,108	1,130	1,512
Gross non-performing assets (NPA; %) <sup>#</sup>	7.0%	9.2%	6.2%
Net NPA (%)	1.7%	4.3%	3.5%

Source: Company data, ICRA Research; Amount in Rs. Crore \*provisional

#### NeoGrowth Credit Private Limited

NeoGrowth Credit Private Limited is a non-deposit taking systematically important non-banking financial company, which started operations in FY2013. It was founded by Mr. Dhruv Khaitan and Mr. Piyush Khaitan, and its investors include Omidyar Network, Aspada Investment Advisors, Khosla Impact Fund, Frontier Investments Group (Accion), West Bridge Crossover Fund and IIFL Seed Ventures Fund. Before setting up Neogrowth, the founders had established and managed Venture Infotek, which provided end-to-end card payment processing solutions to banks that issue credit cards and those with whom merchants have a point-of-sales terminals. The founders divested their stake in the company in 2010.

#### Key financial indicators

NeoGrowth Credit Private Limited	FY2021	FY2022	FY2023
Total income	313	363	383
Profit after tax	(42)	(39)	17
Total AUM	1,323	1,559	1,852
Gross NPA	6.4%	12.9%	4.3%
Net NPA	2.5%	5.1%	2.2%

Source: Company data, ICRA Research; Amount in Rs. Crore \*provisional

#### Oxyzo Financial Services Private Limited

Oxyzo is a Gurgaon-based NBFC, which commenced lending operations in November 2017. It primarily provides secured and unsecured purchase finance loans to small and medium enterprises (SMEs) for financing the purchase of raw materials that are used in their core business. The company is a part of the OFB Group of Companies comprising OFB and Oxyzo, with the latter being wholly owned by OFB. Oxyzo's loan book, at the standalone level, stood at Rs. 3,379 crore as on September 30, 2022 compared to Rs. 2,592 crore in March 2022 and Rs. 1,389 crore in March 2021. As of September 30, 2022, about 76% of the loan book was secured, while 24% was unsecured. Purchase finance accounted for an 77% share on Sep-22 (Mar-20: 82%) in the loan book with the balance comprising business loan (23%) and & machinery financing (1%). Oxyzo reported a profit after tax (PAT) of Rs. 84 crore in H1FY2023 on a total asset base of Rs. 4,270 crore against PAT of Rs. 69 crore in FY2022 on a total asset base of Rs. 3,439 crore. Oxyzo's net worth stood at Rs. 2,193 crore as on September 30, 2022 with a gearing of 0.9 times. It reported a gross stage 3% of 1.0% as on September 30, 2022 (1.0% as of March 31, 2022). The company raised incremental equity capital of Rs. 817 crore in March 2022, Rs. 603 crore in April 2022 and Rs. 107 crore in August 2022.

### Key financial indicators

	FY2021	FY2022	H1 FY2023*
Interest income	193.4	229.6	239.7
Profit after tax	39	69	84
Assets under management	1,389.4	2,591.7	3,378.9
Gross non-performing assets (NPA; %) <sup>#</sup>	1.2%	1.0%	1.0%
Net NPA (%)	0.5%	0.4%	0.5%

Source: Company data, ICRA Research; Amount in Rs. Crore \*provisional

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

**Any other information: None**

### Rating history for past three years

Transaction  Name	Current Rating (FY2024)					Chronology of Rating History for the Past 3 Years		
	Borrower	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024		FY2023	FY2022	FY2021
				November 10, 2023	June 06, 2023			
Northern Arc P.L.I. XV	Neogrowth Capital Private Limited	4.01	0.00	[ICRA]AA-(CE)(Stable); Withdrawn	[ICRA]AA-(CE)(Stable)	-	-	-
	Ashv Finance Limited	2.91	0.00	[ICRA]AA-(CE)(Stable); Withdrawn	[ICRA]AA-(CE)(Stable)	-	-	-
	Dvara Kshetriya Gramin Financial Services Private Limited	3.23	0.00	[ICRA]AA-(CE)(Stable); Withdrawn	[ICRA]AA-(CE)(Stable)	-	-	-
	Oxyzo Financial Services Private Limited	3.97	0.00	[ICRA]AA-(CE)(Stable); Withdrawn	[ICRA]AA-(CE)(Stable)	-	-	-

### Complexity level of the rated instruments

Borrower Name	Complexity Indicator
Neogrowth Capital Private Limited	Very Simple
Ashv Finance Limited	Very Simple
Dvara Kshetriya Gramin Financial Services Private Limited	Very Simple
Oxyzo Financial Services Private Limited	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

Transaction Name	Borrower Name*	Date of Issuance	Interest Rate^	Scheduled Maturity Date	Rated Amount (Rs. crore)	Current Rating
<b>Northern Arc P.L.I. XV</b>	NeoGrowth Credit Private Limited	September 2020	11.50%	Repaid	0.00	[ICRA]AA-(CE) (Stable); withdrawn
	Ashv Finance Limited		12.16%	Repaid	0.00	[ICRA]AA-(CE) (Stable); withdrawn
	Dvara Kshetriya Gramin Financial Services Private Limited		12.26%	Repaid	0.00	[ICRA]AA-(CE) (Stable); withdrawn
	Oxyzo Financial Services Private Limited		10.81%	Repaid	0.00	[ICRA]AA-(CE) (Stable); withdrawn

^weighted average interest rate to lender

Source: Company;

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

Not Applicable

## ANALYST CONTACTS

**Abhishek Dafria**  
+91 22 6114 3440  
[abhishek.dafria@icraindia.com](mailto:abhishek.dafria@icraindia.com)

**Sachin Joglekar**  
+91 22 6114 3470  
[sachin.joglekar@icraindia.com](mailto:sachin.joglekar@icraindia.com)

**Himanshi Doshi**  
+91 22 6114 3410  
[himanshi.doshi@icraindia.com](mailto:himanshi.doshi@icraindia.com)

**Ritu Rita**  
+91 22 6114 3409  
[ritu.rita@icraindia.com](mailto:ritu.rita@icraindia.com)

**Palak Bhatt**  
+91 22 6114 3456  
[palak.bhatt@icraindia.com](mailto:palak.bhatt@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@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



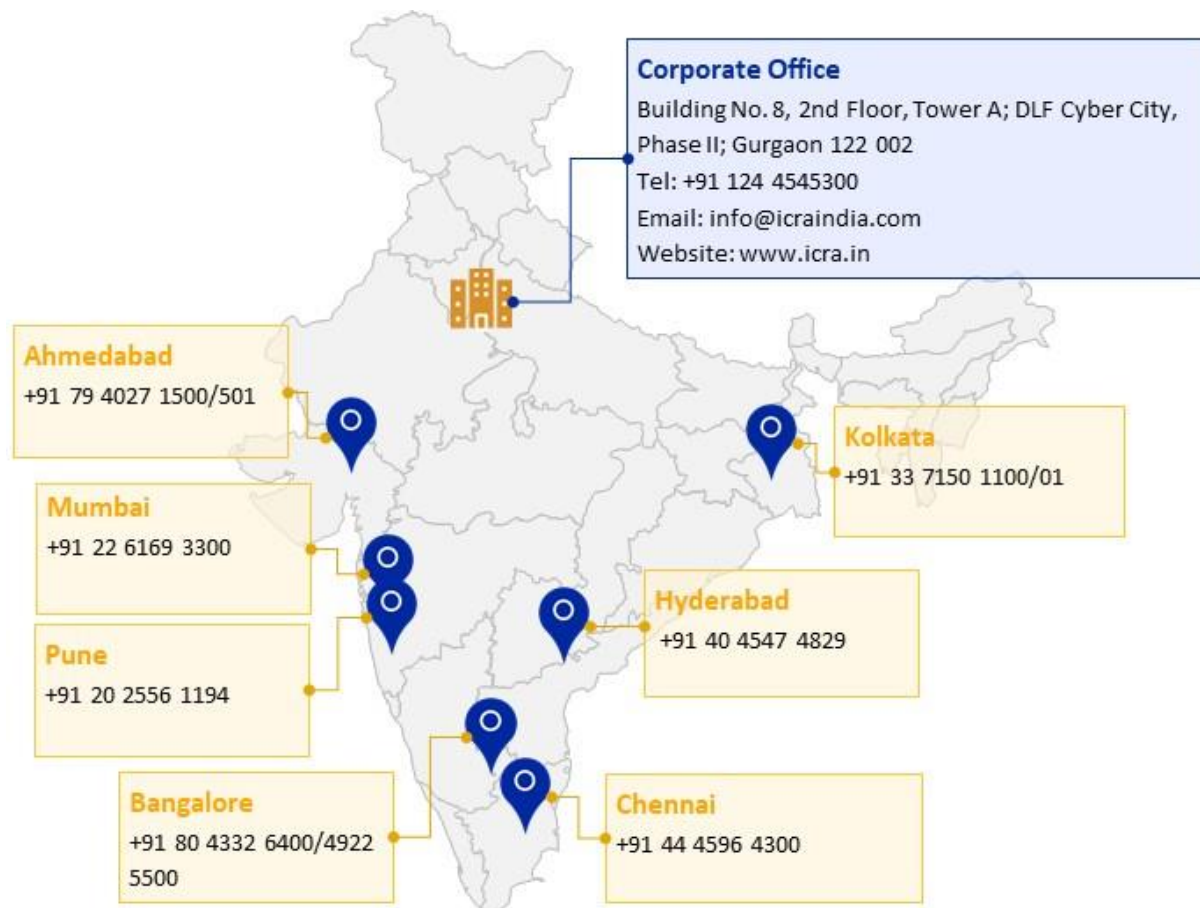
### Registered Office

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

Tel: +91 11 23357940-45



### Branches



© Copyright, 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](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.