

December 17, 2021

Northern Arc Capital Limited: ICRA withdraws ratings for loans given under Northern Arc P.L.I. VIII March 2019 transaction

Summary of rating action

Sl. No.	Borrower Name	Initial Loan Amount (Rs. crore)	Amount after Previous Surveillance Exercise (Rs. crore)	Current Amount (Rs. crore)	Rating Action
1	Blue Jay Finlease Limited	10.00	5.03	0.00	[ICRA]A-(CE) (Stable); Withdrawn
2	Oxyzo Financial Services Private Limited	20.00	8.70	0.00	[ICRA]A-(CE) (Stable); Withdrawn
3	Riviera Investors Private Limited	10.00	2.73	0.00	[ICRA]A-(CE) (Stable); Withdrawn
4	Livfin India Private Limited	5.00	1.80	0.00	[ICRA]A-(CE) (Stable); Withdrawn
5	Origo Finance Private Limited	8.00	3.76	0.00	[ICRA]A-(CE) (Stable); Withdrawn
6	Centrum Micro Credit Limited	15.00	6.17	0.00	[ICRA]A-(CE) (Stable); Withdrawn
7	Magalir Micro Capital Private Limited	5.00	2.35	0.00	[ICRA]A-(CE) (Stable); Withdrawn
8	Orange Retail Finance India Private Limited	10.00	5.03	0.00	[ICRA]A-(CE) (Stable); Withdrawn
9	Saija Finance Private Limited	12.00	4.93	0.00	[ICRA]A-(CE) (Stable); Withdrawn
10	CapFloat Financial Services Private Limited [^]	20.00	5.45	0.00	[ICRA]A-(CE) (Stable); Withdrawn
11	MPower Micro Finance Private Limited	5.00	2.02	0.00	[ICRA]A-(CE) (Stable); Withdrawn

*Instrument details are provided in Annexure-1; [^]formerly Zen Lefin Private Limited

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.

Rationale

Under a pooled loan issuance (PLI) programme, Northern Arc P.L.I. VIII March 2019, the lender had provided loans to 11 borrower entities. ICRA has withdrawn the rating for all 11 entities, as the said instruments have been fully redeemed by the respective companies and there is no amount outstanding against the instruments. The rating was withdrawn in accordance with ICRA's policy on withdrawal.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instruments are being withdrawn.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	ICRA's Policy on Withdrawal of Credit Rating
◆ Parent/Group Support	◆ Not Applicable
◆ Consolidation/Standalone	◆ Not Applicable

About the guarantor

Chennai-based Northern Arc Capital Limited is a systemically important non-banking financial company (NBFC). It provides diverse financing solutions to entities providing microfinance, affordable housing finance, commercial vehicle finance, agri finance, small business loans, and to corporates as well. NACL provides loans and other structured debt products including guarantees to its clients. It also facilitates securitisation transactions for its clients and generally invests in subordinated tranches.

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

About the borrowers

Blue Jay Finlease Limited

Blue Jay Finlease Limited (BJFL) (under tradename of ZipLoan) is a Delhi based NBFC which was setup in 2015 to provide unsecured working capital finance to the underserved micro enterprise segment. BJFL offers ticket sizes ranging from Rs. 1-7.5 lakh charging a rate of interest of 24%-29% along with a 2-3% processing fees for a tenure of up to 36 months. The Company has operations in six states – Delhi NCR, Maharashtra, Madhya Pradesh, Uttar Pradesh, Rajasthan and Uttarakhand.

Oxyzo Financial Services Private Limited (Oxyzo)

Oxyzo is a Gurgaon-based NBFC, which commenced lending operations in November 2017. It primarily provides secured and unsecured purchase finance loans to SMEs for financing the purchase of raw materials that are used in their core business. Oxyzo is wholly owned by OFB as on August 31, 2021.

Oxyzo's loan book, at the standalone level, stood at Rs. 1,522 crore as on July 31, 2021 compared to Rs. 1,380 crore in March 2021 and Rs. 912 crore in March 2020. As of July 31, 2021, about 69% (March 2020: 53%) of the loan book was secured by bank guarantees and about 6% by tangible assets, while 24% (March 2020: 42%) was unsecured. Purchase finance accounted for an 89% share (March 2020: 78%) in the loan book with the balance comprising term loans (5%) and loan against property & machinery as on July 31, 2021.

Oxyzo reported a PAT of Rs. 40 crore in FY2021 on a total asset base of Rs. 1,643 crore against a PAT of Rs. 21 crore in FY2020 on a total asset base of Rs. 965 crore. In 4M FY2022, the company is estimated to have achieved a PAT of Rs. 20 crore on an asset base of Rs. 1,626 crore. Oxyzo's net worth stood at Rs. 470 crore as on July 31, 2021 with a gearing of 2.4x. It reported a gross stage 3% of 1.2% as on July 31, 2021 (0.9% as of March 31, 2020). The company raised incremental equity capital of Rs. 50 crore from its parent, i.e. OFB, in September 2021.

Key financial indicators - Oxyzo (Standalone) (Audited)

Oxyzo	FY2019	FY2020	FY 2021	4M FY2022*
PAT	4.0	21.1	39.9	19.9
Net Worth	102.3	318.6	449.6	470.1 [^]
Loan Book	361.7	912.0	1,380.3	1,522.0
Total Assets	377.5	964.6	1,643.0	1,626.3
Return on Average Assets	1.7%	3.1%	3.1%	3.6%
Return on Average Equity	6.4%	10.0%	10.4%	13.0%
Gearing (times)	2.6	2.0	2.6	2.4
CRAR	29.5%	35.1%	32.3%	30.5%
Gross Stage 3 %	1.0%	0.9%	1.2%	1.2%
Net Stage 3 %	0.7%	0.3%	0.5%	0.4%
Net Stage 3/Net Worth %	2.6%	0.8%	1.5%	1.2%

Source: Oxyzo, ICRA Research; [^] About Rs. 520 crore as September 22, 2021; Amount in Rs. Crore; *provisional

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

Riviera Investors Private Limited

Indifi is a NBFC which is a 100% owned subsidiary of Indifi Technologies and is one of the entities lending to MSMEs on the Indifi platform, which serves as a market place for MSMEs to obtain capital for business requirements. The loan book comprises 100% unsecured business loans to the SMEs (restaurants, e-commerce retailers, travel agencies, hotels etc.) where the sourcing is mainly done through large aggregators like Zomato, Swiggy, Flipkart, Yatra etc. which act as anchors in the transactions. Indifi is founded by a diverse team with over 50 years of collective experience in entrepreneurship, SME credit and large-scale technology/data platforms. Indifi is backed by Tier-I venture capital firms i.e. Accel Partners, Omdiyar Networks and Elevar Equity. The company also raised Rs. 145 crore as Series C funding in July 2019 led by CDC Group, the development finance arm of the U.K. Mr. Pramod Bhasin, founder and Vice-chairman of Genpact, is an individual investor and advisor to Indifi.

The parent company Indifi generates fee income through the borrowers and lenders on its platform. ~1.5%-2% processing fee on the loans is charged to the borrowers and 20% of the total revenue (from interest payments) earned by the lenders is charged as commission from the lenders. This supports the total income generated by the company through its NBFC, Riviera.

Livfin India Private Limited

LivFin started operations in March 2018, after filing an application in August 2017 to acquire Docile Fincap Pvt. Ltd. Which was incorporated in 1996. Since then, the company has been rebranded as LivFin. The promoters of the company are trusts owned by Mr. Rakesh Malhotra (83.95%) and Mr. Navneet Kapoor (16.05%). LivFin is a tech-enabled NBFC, focusing on providing anchor-based unsecured supply chain finance.

LivFin primarily follows an “ecosystem” or “anchor” based financing model, entering alliances with mid to large corporates, and set up programs to lend to their suppliers/vendors and distributors/dealers/retailers. Typical financing cycles range between 30 to 90 days. While LivFin’s business is to provide un-secured SCF lending to SMEs, most programs with anchors will be based on an FLDG (First Loss Default Guarantee) arrangement of between 5%-10% in each program at a portfolio level.

Origo Finance Private Limited

Origo Finance Private Limited is a non-deposit accepting non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) since June 2017. It was incorporated in 2016 as a subsidiary of Origo Commodities India Private Limited (OCIPL). OFPL started as a rural-focussed lending organisation, which provided credit for dairy units. Subsequently, it started offering secured as well as unsecured loan products to small businesses and self-employed individuals across various businesses. OCIPL was incorporated in 2011. It provides integrated post-harvest management solutions, including storage and preservation and collateral management services for agri commodities, along with services such as pest management, testing and certification, and procurement of agri commodities. The procurement business was started in 2013 and the company operates more than 500 warehouses in India, spread across 15 states with a warehousing capacity of over 3 million tonnes.

Centrum Micro Credit Limited (Centrum)

The company, formerly known as Centrum MicroCredit Private Limited and prior to that as Nobita Trading Private Limited, was incorporated in August 2016 and later got registered with RBI as an NBFC-MFI with effect from October 2017.

The company used to provides loans to the under-served borrowers in the rural and urban areas, under the JLG model. In October 2021, RBI issued small finance bank (SFB) license to Unity Small Finance Bank (USFB) and the SFB is now operational. Centrum Microcredit Limited has transferred its entire business by way of a slump sale to the USFB, vide a Business Transfer Agreement in November 2021.

Magalir Micro Capital Private Limited

Magalir Micro Capital Private Limited (formerly Magalir Micro Finance Private Limited) is an NBFC-MFI, incorporated in 2015 as a registered non-deposit taking NBFC. The company is promoted by the promoters of Seyad Group of Companies (ICRA

rated Seyad Shariat Finance Limited: MA-(Stable); PR dated August 31, 2021) based out of Tamil Nadu and Kerala. Magalir primarily provides microfinance loans as per the joint liability group (JLG) model. Its operations are spread geographically with a presence in 26 districts across 2 states as on June 30, 2021. In Q1 FY2022, the company reported a PAT of Rs. 1.14 crore (Rs. 4.28 crore in FY2021) on AUM of Rs. 194.24 crore.

Orange Retail Finance India Private Limited

Based in Chennai, Orange Retail Finance India Private Limited is an NBFC that provides two-wheeler loans, predominantly in the rural and semi-urban markets. The company has also entered into a co-lending arrangement with an NBFC (Incred financial Services Private Limited). As on June 30, 2020, it had 83 branches across Tamil Nadu, Andhra Pradesh, Kerala, Karnataka and Telangana. Its assets under management (AUM) stood at Rs. 379.90 crore as on June 30, 2020, of which the own book constituted ~62%. The company is managed by Mr. S. Magesh and Mr. Ebenezer Daniel.

Saija Finance Private Limited (Saija)

SFPL's promoters, Mr. S.R. Sinha and Mrs. Rashmi Sinha, started microfinance operations in November 2007 as a programme under Saija Vikas, a society formed by them in July 2007. The current management acquired the non-banking financial company (NBFC), Saija Finance Private Limited, in April 2008. The NBFC was granted an NBFC-MFI licence in December 2013 by the Reserve Bank of India (RBI). The company follows the Grameen model of lending and offers loans under Saija Mahila Rin (group loans to women) and Saija Karobar Rin (loans for business).

As on June 30, 2021, the company reported a managed portfolio of Rs. 166 crore (excluding capitalised interest) spread across 61 districts in 5 states. In FY2021, SFPL reported a net loss of Rs. 32.73 crore against a net profit of Rs. 2.68 crore in FY2020.

Key financial indicators (audited) (Ind-AS)

Saija	FY2019	FY2020	FY2021
Total income (Rs. crore)	111	95	59
Profit after tax (Rs. crore)	9.5	2.7	-32.7
Net worth (Rs. crore)	63.7	66.4	33.6
Gross AUM ₂ (Rs. crore)	518	305	196
Total assets (Rs. crore)	520	331	252
Return on average managed assets (%)	1.8%	0.5%	-10.7%
Return on net worth (%)	16.0%	3.5%	-65.0%
Gross gearing (times)	6.8	3.8	5.2
Adjusted gearing ₃ (times)	8.1	4.1	5.3
Gross NPA / gross advances (%)	3.4%	4.3%	19.1%
Net NPA / net advances (%)	0.6%	1.4%	13.8%
Solvency (net NPA/net worth)	4.4%	5.6%	66.3%
CRAR (%)	22.32%	27.16%	20.45%

Source: Company, ICRA research; All values and ratios are as per ICRA calculations
For the detailed rating rationale on Saija, please refer to this [link](#).

CapFloat Financial Services Private Limited (CapFloat)

CapFloat Financial Services Private Limited (previously Zen Lefin Pvt. Ltd.) is a non-deposit taking non-banking financial company (NBFC-ND) registered with the Reserve Bank of India (RBI). It primarily lends to small and medium enterprises (SMEs) and retail customers. It was started in 2013 by co-founders, Mr. Sashank Rishyasinga and Mr. Gaurav Hinduja, and has raised funds from ASPADA, Sequoia, SAIF Partners, Amazon and Creation Investments among others.

CapFloat is a part of the evolving fintech industry and targets borrower segments which are difficult to access by traditional banks. The use of technology helps to reduce the turnaround time as well as facilitate the underwriting of borrowers based on non-traditional data points from the online space like social media, e-commerce sites, etc.

Key financial indicators (audited)

CapFloat	FY2019	FY2020	FY 2021
Total income (Rs. crore)	190	210	127
Profit after tax (Rs. crore)	(119)	(130)	(126)
Net worth (Rs. crore)	507	524	429
Total assets (Rs. crore)	1,308	1,197	944
Total managed assets (Rs. crore)	1,631	1,442	1,074
AUM (Rs. crore)	1,404	1,031	681
Return on managed assets (%)	-7.8%	-8.5%	-10.0%
Return on net worth (%)	-26.54%	-25.30%	-26.38%
Gross gearing (times)	1.37	1.15	1.07
Gross NPA (% of AUM)	4.79%	2.11%	3.91%
Net NPA (% of AUM)	0.69%	0.59%	1.60%
Solvency (Net NPA /Net worth)	1.84%	1.15%	2.48%
CRAR (%)	35.98%	43.03%	35.84%

Source: Company, ICRA research; All ratios are as per ICRA calculations

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

MPower Microfinance Private Limited

M Power Micro Finance Private Limited (the company or MPower) was incorporated in November 2009 by Mr. K. M. Vishwanathan & Mr. K. V. Balaji. MPower started its operations from Gujarat and over the last four three years it has expanded its operations to neighboring states of Maharashtra and Rajasthan. MPower got registered as NBFC-MFI with RBI on June 22, 2016. The company provides micro-credit upto Rs. 50,000 for income-generating activities to women borrowers using the joint liability group (JLG) lending model. As on June 30, 2020, the company was operating in 26 districts across 3 states in India through a network of 56 branches catering to 1.05 lakh borrowers.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No	Transaction Namee	Current Rating (FY2021)				Chronology of Rating History for the Past 3 Years			
		Borrower*	Initial Amount Rated	Current Amount Outstanding	Date & Rating	FY2021	FY2020		FY2019
					Dec 15, 2021		Oct 23, 2020	Oct 11, 2019	
1	Northern Arc P.L.I. VIII March 2019	Blue Jay Finlease Limited	10.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		Oxyzo Financial Services Private Limited	20.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		Riviera Investors Private Limited	10.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		Livfin India Private Limited	5.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		Origo Finance Private Limited	8.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		Centrum Micro Credit Limited	15.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		Magalir Micro Capital Private Limited	5.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		Orange Retail Finance India Private Limited	10.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		Saija Finance Private Limited	12.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		CapFloat Financial Services Private Limited [#]	20.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--
		MPower Microfinance Private Limited	5.00	0.00	[ICRA]A-(CE)(Stable) Withdrawn	[ICRA]A-(CE)(Stable)	[ICRA]A-(CE)	Provisional [ICRA]A-(SO)	--

*term loan rated for all borrowers. Amounts in Rs. crore

Formerly Zen Lefin Private Limited

Complexity level of the rated instruments

Borrower Name	Instrument	Complexity Indicator
Blue Jay Finlease Limited	Term Loan	Very Simple
Oxyzo Financial Services Private Limited	Term Loan	Very Simple
Riviera Investors Private Limited	Term Loan	Very Simple
Livfin India Private Limited	Term Loan	Very Simple
Origo Finance Private Limited	Term Loan	Very Simple
Centrum Micro Credit Limited	Term Loan	Very Simple
Magalir Micro Capital Private Limited	Term Loan	Very Simple
Orange Retail Finance India Private Limited	Term Loan	Very Simple
Saija Finance Private Limited	Term Loan	Very Simple

CapFloat Financial Services Private Limited	Term Loan	Very Simple
MPower Microfinance Private Limited	Term Loan	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, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

Transaction Name	Borrower Name*	Date of Issuance	Interest Rate [§]	Scheduled Maturity Date	Rated Amount (Rs. crore)	Current Rating
Northern Arc P.L.I. VIII March 2019	Blue Jay Finlease Limited	March 2019	Blended yield of 11.75%	November 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	Oxyzo Financial Services Private Limited			September 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	Riviera Investors Private Limited			March 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	Livfin India Private Limited			May 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	Origo Finance Private Limited			October 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	Centrum Micro Credit Limited			June 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	Magalir Micro Capital Private Limited			October 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	Orange Retail Finance India Private Limited			November 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	Saija Finance Private Limited			June 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	CapFloat Financial Services Private Limited			March 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn
	MPower Microfinance Private Limited			June 2021	0.00	[ICRA]A-(CE) (Stable) Withdrawn

*Term Loan rated for all borrowers

Source: Company; § Weighted average interest rate to lender

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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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.

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Branches



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