**March 27, 2024**

# 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** | 125.00 | 125.00 | [ICRA]AA- (Stable); reaffirmed |
| | 155.00 | 0.00 | [ICRA]AA- (Stable); reaffirmed and withdrawn |
| | 0.00 | 200.00 | [ICRA]AA- (Stable); assigned |
| **Market linked debentures** | 150.00 | 150.00 | PP-MLD[ICRA]AA- (Stable); reaffirmed |
| **Long term – Fund-based limits** | 71.00 | 71.00 | [ICRA]AA- (Stable); reaffirmed |
| **Long term – Term loans** | 5,279.15 | 5,989.15 | [ICRA]AA- (Stable); reaffirmed/assigned for enhanced portion |
| **Short-term bank facilities** | 555.00 | 645.00 | [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| **Subordinated debt** | 40.00 | 0.00 | [ICRA]AA- (Stable); reaffirmed and withdrawn |
| **Commercial paper** | 300.00 | 300.00 | [ICRA]A1+; reaffirmed |
| **Total** | **6,770.00** | **7,575.00** | |

**Instrument details are provided in Annexure I*

## Rationale

The ratings factor in Northern Arc Capital Limited's (NACL) track record of operations in the non-banking financial company (NBFC) lending business and its adequate earnings profile. The company's profitability indicators improved in 9M FY2024 with profit after tax (PAT)/average managed assets (AMA) of 2.9% vis-à-vis 2.7% in FY2023, supported by higher margins. The assets under management (AUM) grew by 30% on a year-on-year (YoY) basis to Rs. 10,675 crore as of December 2023 from Rs. 8,182 crore in December 2022 (Rs. 7,111 crore in March 2022). NACL's exposures remain largely towards financial institutions (FIs) with moderate risk profiles. Its underwriting, risk management and information technology (IT) systems are adequate, stemming from the experience in its key target asset segments, which shall support its AUM growth.

Over the years, the company has been gradually reducing its exposure towards NBFCs by diversifying into the retail segment, mostly via partnership arrangements with smaller 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). The company is also expected to focus on secured business loans, which it started providing in the recent past. NACL's overall non-FI (other corporate and retail loans) exposure continued to increase and stood at 41.6% of the AUM as of December 2023 compared to 39.4% as of September 2023 (34.8% as of March 2023). Within the non-FI segment, corporate loans accounted for 4.7% of the AUM as of December 2023.

NACL's capital profile was characterised by a consolidated managed gearing of 4.0 times as of December 2023 (3.8 times as of March 2023) and the capital-to-risk weighted assets ratio (CRAR) was adequate at 19.3% as of December 2023. The company has filed a draft red herring prospectus (DRHP) and is planning to launch an initial public offering (IPO) in H1 FY2025. Moreover, it expects private equity (PE) capital infusion before the planned IPO, which shall help bring down the leverage in the near term.

ICRA takes note of the concentration of NACL's exposures, with the top 20 exposures accounting for 22% of the AUM (108% of net worth) as of December 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.

ICRA has also reaffirmed and withdrawn the long-term rating on the Rs. 155.00-crore non-convertible debentures (NCDs) and Rs. 40.00-crore subordinated debt, 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** – 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 1,000 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 also has partnerships with more than 300 originators.

The consolidated AUM grew by 30% YoY to Rs. 10,675 crore as of December 2023 (compound annual growth rate (CAGR) of around 28% from March 2020). As of December 2023, the AUM comprised advances to NBFCs and corporates (43.1%), investment in debt instruments (11.9%; directly and via AIFs), advances to retail via partners (24.2%), direct retail loans (12.1%), managed direct assignment (DA) book (5.7%), subordinated tranches of retail loan pools and DA (2.0%) and guarantees (0.8%). On an asset class basis, NACL's exposure to the microfinance segment was 22% as of December 2023, including the direct retail book (26% in March 2023 and 24% in March 2022). Other key asset classes, namely small business loans, vehicle finance and consumer finance (including direct exposures on loans originated by partners), stood at 26%, 6% and 26%, respectively, as of December 2023.

NACL, via its subsidiary (Northern Arc Investment Managers Private Limited; NAIM), manages five AIFs with a total fund AUM of about Rs. 2,749 crore as of December 2023. Its exposure to these funds was about Rs. 84 crore (3.1% of the fund AUM) as of December 2023, which were sold after the issuance of the regulatory directive on investments in AIFs for regulated entities (REs).

The company has a nine-member board comprising four independent directors, including the Chairman, and three nominee members from the 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 efficiency and data analytics. It provides a common system to NACL's originator and investor partners to access fundraising and investment opportunities and execute the entire debt 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. Altifi, a bond trading platform, allows individual and small corporate investors to invest directly in fixed income 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.

**Share of retail segment expected to increase** – NACL's retail exposures, direct and via partners, stood at 36% of the AUM as of December 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 24.2% of the AUM as of December 2023 vis-à-vis 15.0% as of December 2022 (15.4% in March 2022).

Following 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 December 2023, direct lending in the microfinance asset segment stood at 8.1% 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 3.9% of the AUM as of December 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 the net interest income (3% in 9M FY2024, 8% in FY2023 and 14% in FY2022). The yield on loans improved to 17.4% in 9M 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 9M FY2024 and FY2023. Correspondingly, the operating expense ratio (as a proportion of average managed assets) increased to 5.2% in 9M 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 1.3% of AUM as of March 2023 and December 2023, respectively. Accordingly, its net profitability improved further to 2.9% in 9M 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 22% of the AUM (108% of net worth) in December 2023 (28% in December 2022) because of the institutional nature of its exposure to NBFCs and corporates. NACL's unrated exposures stood at 21.9% (excluding co-lending, retail book, AIF, guarantees & DA) of the AUM as of December 2023. Its exposure to the microfinance segment was 22% as of December 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 3.9% of the AUM from 2.2% as of June 2023.

ICRA notes that the company kept the asset quality under control in 9M FY2024, with minimal incremental slippages in its wholesale book. The overall 90+ days past due (dpd) stood at 0.36% of the AUM (excluding guarantees and DA) as of December 2023 vis-à-vis 0.39% as of March 2022. The retail book originated via partnerships (24.2% of the AUM as of December 2023) has some FLDG coverage, which is typically invoked once the assets become 90+ dpd. With the 90+ dpd in this book at 0.1%, 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 0.7% of the AUM in December 2023 vis-à-vis 1.4% in December 2022. 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.

ICRA also takes note of the regulatory directive on investment in AIFs for REs. NACL had Rs. 182.2 crore of AIF investments as of November 2023, of which it divested Rs. 98.6 crore (including entire subordinated investments) in December 2023 and sold

Rs. 81.1 crore to external investors in January 2024, while the remaining Rs. 2.5 crore has been provided fully as per the regulatory requirements.

**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 4.0 times (3.8 times as of March 2023 and 3.6 times as of March 2022) while net worth/AUM (standalone) declined to 20.6% as of December 2023 from 22.3% as of June 2023 (24.2% as of March 2022). The capital adequacy ratio stood at 19.3% as of December 2023 compared to 19.9% in September 2023, partly impacted by the higher risk weight on consumer credit (18% of the overall AUM).

The company has filed a DRHP, planning to launch an IPO in H1 FY2025. Also, NACL expects PE capital infusion of about Rs. 385 crore in the near term, i.e. before the planned IPO. This is expected to support it in maintaining its managed gearing under 4 times on a steady-state basis. 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.

## Liquidity position: Adequate

As of December 31, 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 was from short-term sources including commercial paper, cash credit and working capital demand loans as of December 2023. As of December 2023, term loans, working capital facilities from banks and FIs, NCDs (including sub-debt), external commercial borrowings and commercial papers accounted for 67%, 9%, 11%, 10% and 3%, respectively, of the total borrowings.

NACL had cash and liquid investments of Rs. 246.9 crore and undrawn bank lines of Rs. 1,015.0 crore as on February 29, 2024, along with ~Rs.4,870 crore scheduled collection from advances against repayment obligations of Rs. 2,820.0 crore during March 2024 to August 2024. The monthly collection efficiency remained robust throughout 9M FY2024.

## Rating sensitivities

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

**Negative factors** – A sustained deterioration in the asset quality (90+ dpd/AUM beyond 3.0%), impacting the earnings performance, could lead to a negative impact on the ratings. 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<br>Policy on withdrawal of credit ratings |
| **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 underserved 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 efficiency and data analytics.

As of December 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 (22.5%), 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 (3.6%).

**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. It also 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% stake). In April 2022, NACL had acquired the microfinance business of SMILE. Pragati is operating as a BC for the direct MFI lending of NACL.

**Northern Arc Securities Private Limited**
It was established to run the bond platform – Altifi, an alternative retail debt investment platform, which facilitates fixed income investments for individuals and small corporates. The company has applied for stockbroker registration in the debt segment with the NSE and BSE.

## Key financial indicators (IndAS) – Consolidated

| | FY2022 | FY2023 | 9M FY2024* |
|---|---|---|---|
| **Total income** | 917 | 1,311 | 1,342 |
| **Profit after tax** | 182 | 242 | 232 |
| **Total managed assets** | 8,211 | 9,841 | 11,579 |
| **Return on managed assets** | 2.6% | 2.7% | 2.9% |
| **Managed gearing (times)** | 3.6 | 3.8 | 4.0 |
| **Gross stage 3** | 0.5% | 0.8% | 0.5% |
| **CRAR#** | 22.8% | 20.8% | 19.3% |

*Source: Company, ICRA Research;*Provisional; #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 | 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 | |
| | | Type | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Mar 27, 2024 | Jul 25, 2023, Aug 07, 2023, Sep 27, 2023, Jan 08, 2024 | Jun 23, 2023 | Mar 30, 2023 | Jul 21, 2022 Aug 29, 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 |
| 1 | NCD | Long term | 125.00 | 125.00 | [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) |
| | | | 155.00 | 0.00 | [ICRA]AA- (Stable); withdrawn | [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) |
| | | | 200.00 | 200.00 | [ICRA]AA- (Stable) | - | - | - | - | - | - | - | - | - |
| 2 | MLD | Long term | 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]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 | Long term | 71.00 | 71.00 | [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 | Long term | 5,989.15 | 5,989.15 | [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 | Long term | 94.85 | 94.85 | [ICRA]AA- (Stable) | [ICRA]AA- (Stable) | - | - | - | - | - | - | - | - |
| 6 | Long term – Unallocated | Long term | 0.00 | 0.00 | - | - | - | - | - | - | [ICRA]A+ (Stable) | [ICRA]A+ (Stable) | [ICRA]A+ (Negative) | [ICRA]A+ (Negative) |
| 7 | Short-term bank facilities | Short term | 645.00 | 645.00 | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | [ICRA]A1+ | - | - | - | - | - |
| 8 | Subordinated debt | Long term | 40.00 | 0.00 | [ICRA]AA- (Stable); withdrawn | [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 | Short term | 300.00 | 300.00 | [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 (Rs. crore) | Current Rating and Outlook |
|---|---|---|---|---|---|---|
| **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+ |
| **Not placed** | **Commercial paper** | NA | NA | NA | 100.00 | [ICRA]A1+ |
| **INE850M07251** | **Non-convertible debentures** | Jun-26-2020 | 11.25% | Jun-26-2023 | 25.00 | [ICRA]AA- (Stable); withdrawn |
| **INE850M07269** | **Non-convertible debentures** | Jul-13-2020 | 10.40% | Jul-13-2023 | 33.33 | [ICRA]AA- (Stable); withdrawn |
| **INE850M07178** | **Non-convertible debentures** | Dec-20-2018 | 9.60% | Dec-20-2023 | 71.43 | [ICRA]AA- (Stable); withdrawn |
| **INE850M08085** | **Non-convertible debentures** | Sep-25-2019 | 11.60% | Sep-25-2023 | 0.24 | [ICRA]AA- (Stable); withdrawn |
| **INE850M07251** | **Non-convertible debentures** | Jun-26-2020 | 11.25% | Jun-26-2023 | 25.00 | [ICRA]AA- (Stable); withdrawn |
| **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 | 247.90 | [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** | **Long term- term loans** | Jan-29-2021 to Mar-12-2024 | NA | Mar-05-2024 to Dec-29-2027 | 5763.14 | [ICRA]AA- (Stable) |
| **NA** | **Term loan – Proposed** | NA | NA | NA | 226.01 | [ICRA]AA- (Stable) |
| **NA** | **Non-fund based – Credit exposure limits** | NA | NA | NA | 94.85 | [ICRA]AA- (Stable) |
| **NA** | **Cash credit** | Dec-31-2021 to Jan-31-2024 | NA | NA | 71.00 | [ICRA]AA- (Stable) |
| **NA** | **Short-term bank facilities** | Mar-25-2022 to Feb-28-2024 | NA | NA | 605.00 | [ICRA]A1+ |
| **NA** | **Short-term bank facilities – Unallocated** | NA | NA | NA | 40.00 | [ICRA]A1+ |
| **Not applicable** | **Subordinated debt** | Dec-28-2017 | NA | Jun-27-2023 | 25.00 | [ICRA]AA- (Stable); withdrawn |
| **Not applicable** | **Subordinated debt** | Dec-29-2017 | NA | Jun-28-2023 | 15.00 | [ICRA]AA- (Stable); withdrawn |

*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 |
| **Pragati Finserv Private Limited** | 90.10% | Full consolidation |
| **Northern Arc Securities Private Limited** | | Full consolidation |
| **Finreach Solutions Private Limited** | | Equity method |
| **IFMR FImpact Long Term Credit Fund#** | | Full consolidation |
| **Emerging Corporate Bond Fund#** | | Equity method |

*#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*

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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.

For more information, visit www.icra.in

## ICRA Limited

### Registered Office

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### Branches