

**PRESS RELEASE**

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**Northern Arc Capital and Fintech platform CredAble close India's first of its kind listed trade receivable securitisation**

- Listed and rated security backed by invoice receivables
- Allows capital market investors to invest in “invoice discounting” and take indirect exposure to high quality corporates to whom underlying invoices have been raised.
- Structure allows vendors, including MSMEs, to discount their invoices and bridge working capital gap

March 02, 2020: Fintech platform CredAble and Non-Banking Financial Company (NBFC), Northern Arc Capital, today announced closure of India's first invoice backed securitisation transaction. Invoice financing is one of the oldest financial products and has traditionally been dominated by banks and a few NBFCs. Capital market investors including asset management funds have not been able to access this multi-trillion INR market, primarily due to lack of an eligible instrument. Northern Arc has addressed this issue by creating a listed instrument which can be subscribed by investors.

Under the transaction, ten vendors (suppliers) on the CredAble platform discounted invoices that were raised to several large anchors(buyers) by assigning invoice receivables to the securitisation trust. The transaction was structured by Northern Arc Capital. An important risk mitigant in the transaction was that money due from the anchors was escrowed to minimise commingling of funds. The transaction also has a ramp up feature under which the invoice cashflows can be reinvested to purchase a fresh set of invoices that meet predefined eligibility criteria. The transaction size was INR 150 million and the senior tranche was awarded the highest possible short-term rating A1+(SO) by the rating agency.

**Kshama Fernandes, Managing Director and Chief Executive Officer of Northern Arc Capital** said “We are delighted to partner with CredAble for the structuring of this landmark transaction. The structure will allow corporates to access the securitisation market which has so far been mostly dominated by NBFCs. As part of the transaction we have extended our very successful MOSEC™ platform to non-financial entities as well. This was also the first time we structured a ramp-up based MOSEC™”

Commenting on the benefits of such transactions to investors, Kshama said “The structure allows the investors to take indirect short tenor exposure to corporates which may not have typical borrowing requirements. This helps in diversification of their overall portfolio. Furthermore, since the anchors are non-financial entities, the exposure doesn't not come under NBFC limits for the investors.”

**Nirav Choksi, Chief Executive Officer of CredAble** said “We are extremely proud and delighted to have partnered with Northern Arc in enabling this historic transaction. CredAble has a vision to enable large scale liquidity programs for enterprise clients partnering with the entire financial ecosystem including capital markets and this is a huge step towards fulfilling that vision. The structure will open the short-term supply chain financing asset class to capital market investors, as well as non-traditional investors, UHNIs and FPIs. We now have potential to unlock working capital for

the entire value chain of our enterprise clients, on both the payables and receivables side – covering suppliers, sub-vendors of their suppliers, distributors, dealers and retailers.”

In addition to its online platforms for invoice acceleration, that cover both payables and receivables for large enterprise clients, CredAble has also pioneered the “Just-in-Time” financing program that allows suppliers of large corporates to receive payment at a pre-invoice stage, based on certain delivery/service milestones that are tracked by CredAble’s technology in real-time.

Northern Arc Capital has pioneered several innovative and revolutionary structures in the Indian market including the Persistent Securitisation transaction (PERSEC™), Covered Bond (COBON™), Multi-Originator Securitisation (Mosec™) and the Single Issuer Partially Credit Enhanced (SPiCE™) Bond.

### **About Northern Arc Capital**

Northern Arc Capital Limited (formerly known as IFMR Capital Finance Limited), established in 2008 is a Non-Banking Finance Company that provides access to debt for under-banked individuals and businesses in India. Through a combination of capital, products and partnerships, Northern Arc and its subsidiaries have created a platform that connects millions of borrowers to mainstream debt investors. Since inception, Northern Arc has enabled over USD 10 billion of financing to over 200 partner organizations through 140 reputed domestic and global investors. The company also has an Alternate Investment Fund vehicle, known as Northern Arc Investment Managers. In a short span of six years, the entity has seven funds under its management with a cumulative capital commitment of INR 1,800 crores and has gained recognition for its product structuring.

### **About CredAble**

CredAble is a Series A funded, technology-enabled financial services company. CredAble leverages its world class technology platform, structured trade finance expertise and access to third-party capital to provide bespoke supply chain finance solutions to its enterprise clients. CredAble is a uniquely positioned FinTech platform that covers the entire gamut of supply chain finance needs, covering an enterprise's supplier and distributor/dealer bases, and providing a holistic working capital solution that covers the entire cash-to-cash cycle, from pre-invoice to post-invoice.