Nash 09 2025

Originator: Ugro Capital Limited

October 13, 2025

Instrument#	Amount (₹ crore)	Structure	Tenure* (months)	Rating[1]	Credit Enhancement$ (₹ crore)			Rating Action
					Equity tranche	Over Collateral	Cash Collateral	
Series A1 PTCs	29.76	Par (TI-UP – Conditional turbo)	28	Provisional CARE AA- (SO)	2.55	1.70	2.55	Assigned

Details of instruments/facilities in Annexure-1.

The pass-through certificates (PTCs) are rated based on timely payment of interest and payment of principal on or before the last scheduled payout date.

* Tenure / door-to-door maturity may change due to prepayments or changes in interest rates, if any.

$ Excess interest spread (EIS) shall flow back to the originator on a monthly basis at every payout after making expected and scheduled payouts to the investors.

Rating in the absence of the pending steps/documents	No rating can be assigned

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assigned rating of 'Provisional CARE AA- (SO)' [pronounced as 'Double A Minus (Structured Obligation)'] to the Series A1 PTCs, proposed to be issued by Nash 09 2025 backed by unsecured business loans receivables originated by Ugro Capital Limited (the Originator or UCL).

The rating is based on the credit quality of the underlying loans, the support in the form of credit enhancement (CE), the credit underwriting and servicing capability of the originator, the well-defined payment mechanism, and the robust legal structure of the transaction.

The final rating will be assigned after copies of the following documents, duly executed in accordance with the structure and to the satisfaction of CareEdge Ratings, are furnished by the originator:

a. Assignment agreement
b. Trust deed
c. Power of attorney
d. A legal opinion from an independent legal counsel
e. Due diligence audit report
f. Any other documents executed for the transaction.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Delinquencies (90+ days past due [DPD] as percentage of initial principal outstanding [POS]) of less than 2% and the sustained high collection efficiency (cumulative collection efficiency of over 98%).
- Build-up of cash collateral (CC) of over 2x the initial proposed (as a percentage of the balance POS).
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Negative factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Delinquencies (90+ DPD as percentage of initial POS) of over 7% and the sustained lower collection efficiency (cumulative collection efficiency of less than 90%).
- Deterioration in the credit profile of the originator.
- Utilisation of CC.
- Non-adherence to key transaction terms envisaged at the time of the rating.

Analytical approach

The rating is based on inter alia, the analysis of the underlying pool of receivables, the expected performance of the pool, performance of originator's portfolio, and transaction structure including the proposed credit enhancement.

[1]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

The transaction is structured at par and the Series A1 PTCs are rated for the timely payment of interest with the repayment of principal on or before the final legal maturity.

The assigned pool consists of ~550 unsecured business loan contracts, aggregating to a POS of ₹34.04 crore as on the cut-off date. The top three states account for ~44% of the pool. All the contracts are current on payment. The pool has weighted an average seasoning of ~8 months with an amortisation of ~19%. The pool has ~99% of the contracts where bureau score is over 690. The pool is granular with scheduled of cash flows from the underlying loans. The assignment of the receivables to the special purpose vehicle (SPV) lends strength to these cash flows and the rating factors the terms of servicing agreement as detailed hereinafter.

The CE will comprise CC of 7.50%, subordinated equity tranche of 7.50%, subordinated over collateral (OC) of 5.00%, and subordination of excess interest spread (EIS) of ~11% of the pool POS in the structure. The CC will be in the form of fixed deposits (FDs) with a lien marked in favour of the trust, per CareEdge Ratings' criteria. The support of both, OC and EIS, is subject to realisation. The EIS is also subject to compression considering prepayments in the pool. The cash flow from the underlying pool, and external credit enhancement, will be used to make payout to the PTC investors.

Key strengths:

- The robustness of the transaction structure and a well-defined payment mechanism.
- CE comprising CC, subordinated equity tranche and OC, and EIS.
- No overdue contracts as on the pool cut-off date.
- Underwriting policies and the collection capabilities of UCL.
- High weighted average seasoning (based on EMI's paid) of ~8 months with amortisation of ~19% as of pool cut-off date.
- The pool has ~99% of the contracts where bureau score is over 690.

Key weakness:

- Underlying borrowers in the pool have volatile cash flow.

Liquidity: Strong

The inherent liquidity in the structure is strong. The interest payouts for Series A1 PTCs are promised monthly, while the principal of Series A1 PTCs is promised to be paid by final legal maturity. In case of delinquency, the payouts are expected to be supported by credit enhancement consisting of CC, principal subordination in the form of OC and equity tranche, and EIS.

Key rating assumptions and adequacy of credit enhancement:

CareEdge Ratings has analysed the transaction to assess whether the CE is sufficient to cover the shortfalls. Since the transaction is sensitive to the credit quality of the underlying pool, CareEdge Ratings has analysed the performance of static pools provided by the originator and the overall portfolio performance of the originator. Considering the borrower profile, nature of the loan, pool characteristics, and portfolio performance, CareEdge Ratings has taken the average shortfall at 8.00%-9.00% of the POS. The base case shortfalls were stressed along with other key factors, such as the timing of shortfalls, the recovery assumptions, and the time to recovery. The pool cash flow has been further adjusted for prepayments of underlying loans, assuming monthly prepayments in the range of 0.50%-1.00%. CareEdge Ratings has stipulated credit enhancement which is commensurate with credit rating of the PTCs.

Key risks, concerns, and mitigants:

The securitisation transaction involves several risks, including credit risk from borrower defaults, commingling risk due to time lags in fund deposits, prepayment risk from early principal repayments, servicer bankruptcy risk, legal risk regarding the validity of receivable transfers, and counterparty risk involving transaction parties. These risks are factored while assigning rating, wherever needed, and partially mitigated through credit enhancements, separate record-keeping, credit rating/profile of the originator, transaction structuring, true sale of receivables, legal opinion from independent legal counsel. The transaction structure also has provision to change counterparties, such as trustee and banker among others.

Applicable criteria

Policy on Default Recognition
Assignment of Provisional rating
CARE Ratings' methodology for asset/mortgage-backed securitisation

Validity of Provisional rating

Provisional rating shall be converted into a final rating after receipt of transaction documents duly executed/ completion of mentioned steps within 90 days from the instrument's date of issuance. An extension of 90 days may be granted on a case-to-case basis in line with CareEdge Ratings' Policy on Assignment of Provisional Ratings.

Risks associated with Provisional nature of credit rating

When a rating is assigned pending execution of certain critical documents or steps to be taken, the rating is a 'Provisional' rating indicated by prefixing 'Provisional' before the rating symbol. On execution of critical documents to the satisfaction of CareEdge Ratings, the final rating is assigned. In the absence of documents/ completion of steps or where such documents deviate significantly from those considered, provisional rating will be reviewed in line with the Policy on Assignment of Provisional Ratings.

About the Originator / Servicer and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Securitisation

UCL is a non-banking finance company (NBFC) engaged in financing secured and unsecured loans to micro, small and medium enterprises (MSMEs). It was incorporated in 1993 as Chokhani Securities Ltd and was acquired and renamed as UGRO Capital Ltd in 2018 by Shachindra Nath (Executive Chairman and Managing Director) who has over two decades of experience in the financial services industry. The company has been publicly listed on the Bombay Stock Exchange since 1995 and got listed on the National Stock Exchange in August 2021. Shachindra Nath is supported by seasoned key management personnel each having expertise of over a decade in their respective functional domains. The company commenced operations in January 2019 and had an assets under management (AUM) of ₹12,081 crore as on June 30, 2025. UCL is engaged in unsecured business loan business for over seven years and is an active player in securitisation/bilateral market and as on June 30, 2025, UCL has 22 such live pools with initial size amounting to over ₹450 crore.

Key financial indicators - UCL

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	1,082	1,442	422
PAT	119	144	34
Interest coverage (times)	NA	NA	NA
Total assets	6,280	9,168	10,270
Net NPA (%)	1.6%	1.3%	1.5%
ROTA (%)	2.3%	2.4%	2.0%

A: Audited; UA: Unaudited; NA: Not available; Note: these are latest financial results available.

Key terms of Servicer Contract:

The servicing agreement shall cover role of the originator as the collection and payment agent (CPA) for the SPV in managing collections from underlying borrowers, who have consented to such assignment through provisions incorporated in the respective loan agreements. The servicer (originator) follows its standard procedures for collections, including recovery actions, and ensures timely transfers of funds to the SPV under an M+1 payment structure. The trustee monitors the sufficiency of funds for investor payouts one day prior to payout date and utilises CC in case of shortfall. The servicer must also submit detailed reports on billing, collections (including prepayment), overdue amounts with aging thereof, cash flow schedules to the trustee and such other information as may be required by the trustee. Terms of the agreement shall have provisions for the appointment of an alternate servicer in case of servicer event of default.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instruments/facilities: Annexure-3

Complexity level of instruments: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Pass-through certificates	-	-	-	-	29.76	Provisional CARE AA-(SO)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Pass-through certificates	LT	29.76	Provisional CARE AA-(SO)				

LT- Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of Instrument	Complexity Level
1.	Pass-through certificates	Highly complex

Annexure-5: Lender details

Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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