Nash 09 2025

Originator: Ugro Capital Limited

January 12, 2026

Instrument[#]	Amount Rated[&] (₹ crore)	Rating[1]	Rating Action
Series A1 PTCs	25.15	CARE AA- (SO)	Final Rating Assigned

Details of instruments/facilities in Annexure-1.

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

[&]As of December 2025 payouts.

Rationale and key rating drivers

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

The rating is now confirmed and 'CARE AA- (SO)' [pronounced as 'Double A Minus (Structured Obligation)'] has been assigned to Series A1 PTCs.

This rating was final based on the following documents submitted to the satisfaction of CareEdge Ratings:

a) Account agreement
b) Assignment agreement
c) Servicing agreement
d) Trust deed
e) Power of attorney
f) Information memorandum
g) Legal opinion from an independent legal counsel
h) KYC audit report.

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%).
- Sustained build-up of cash collateral (CC) of over 2x the initial proposed (as a percentage of the balance POS).

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

[1]Complete definition of the ratings assigned are available at www.careratings.com and other CARE Ratings Ltd.'s publications

Detailed description of key rating drivers

The rating assigned is finalised based on the structure provided to CareEdge Ratings by UCL, the originator. Ratings have been confirmed after copies of the legal documents executed in accordance with the structure, a due-diligence audit report by an external auditor, and an independent legal opinion was furnished by the originator (UCL), to the satisfaction of CareEdge Ratings.

Key strengths:

- The robustness of transaction structure and well-defined payment mechanism.
- Credit enhancement comprising CC, subordinated equity tranche PTCs, subordinated over collateral (OC), and excess interest spread (EIS).
- No overdue contracts as on the pool cut-off date. Additionally, contracts pool are current since inception;
- Underwriting policies and collection capabilities of UCL.
- High weighted average seasoning (based on EMIs paid) of ~8 months with amortisation of ~19%.
- Minimum credit bureau score in the pool stands at 677 with over 99% of the contracts in the pool having credit bureau score greater than 690 as of pool cut-off date.

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 principal outstanding. 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
CARE Ratings' methodology for asset/mortgage-backed securitisation

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 September 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)	H1FY26 (U/A)
Total income	1081.65	1441.82	882.99
Profit after tax (PAT)	119.34	143.92	77.44
Asset under management	9047.06	12002.8	12226
On-book gearing (x)	3.43	3.51	3.39
AUM / tangible net worth (TNW) (x)	6.66	6.1	5.12
Gross non-performing assets (NPA) / gross stage 3 (%)	3.09	2.35	2.99
Return on managed assets (ROMA) (%)	1.48	1.26	1.1
Capital adequacy ratio (CAR) (%)	20.75	19.41	25.37

A: Audited; UA: Unaudited; Note: these are latest financial results available

Key terms of Servicer Contract:

The servicing agreement has covered role of the originator as the Collection and Payment Agent (CPA) for the special purpose vehicle (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 is also submitting 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. The terms of the agreement 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 rated: 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	-	10-Jun-2025	9.50	18-01-2028	25.15	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	25.15	CARE AA-(SO)	1)Provisional CARE AA-(SO) (13-Oct-25)	-	-	-

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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