Rudra Securitisation Trust 14

Originator: Northern Arc Capital Limited

September 23, 2026

Instrument#	Name of Regulator [1]	Amount (₹ crore)	Structure	Tenure * (months)	Rating[2]	Credit Enhancement$ (₹ crore)			Rating Action
						Equity Tranche PTC	Over Collateral	Cash Collateral	
Series A1 PTCs	RBI	195.41	Par (TI-UP Conditional Turbo)	40	Provisional CARE AA- (SO)	10.86	10.86	9.77	Assigned
Equity Tranche PTCs	RBI	10.86	Par (UP Conditional Turbo)		Provisional CARE A+ (SO)	-			

Details of instruments/facilities in Annexure-1.

Series A1 PTCs are rated based on timely payment of interest and payment of principal on or before the final legal maturity date. Equity Tranche PTCs are rated for payment of principal on or before the final legal maturity date.

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

$Excess interest spread (EIS) shall be utilised per the waterfall mechanism.

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has assigned a rating of 'Provisional CARE AA- (SO)' [pronounced as 'Double A Minus (Structured Obligation)'] to the Series A1 PTCs and a rating of 'Provisional CARE A+ (SO)' [pronounced as 'Single A Plus (Structured Obligation)'] to the Equity Tranche PTCs proposed to be issued by Rudra Securitisation Trust 14 backed by personal loan receivables originated by Northern Arc Capital Limited ("the Originator" or "NACL").

Ratings are 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 ratings 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
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 sustained high collection efficiency (cumulative collection efficiency [CCE] of over 98%).
- Sustained build-up of cash collateral (CC) of over2x the initial proposed (as a percentage of the balance POS).

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

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

Negative factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Delinquencies (90+ DPD as percentage of initial POS) of over 8% and sustained lower collection efficiency (CCE of less than 90%).
- Deterioration in credit profile of the originator.
- Utilisation of CC.
- Non-adherence to key transaction terms envisaged at the time of the rating.

Analytical approach

Ratings are based on inter alia, the analysis of the underlying pool of receivables, the expected pool performance, performance of originator's portfolio and transaction structure including the proposed CE.

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 Equity Tranche PTCs are fully subordinated to the Series A1 PTCs and are rated for payment of principal by the final legal maturity date. The transaction incorporates a conditional turbo amortisation mechanism. on occurrence of the trigger event, 100% of the excess interest spread (EIS) generated from that payout date onwards shall be applied towards the prepayment of the Series A1 PTCs until their full redemption. Thereafter, the EIS shall be utilised for the prepayment of the Equity Tranche PTCs until they are fully redeemed.

The assigned pool consists of over 17,300 personal loan contracts, aggregating to a POS of ₹217.12 crore as on the cut-off date. Top three states account for ~40% of the pool. All the contracts are current on payment. The pool has weighted an average seasoning of around seven months with an amortisation of ~19%. The pool has minimum credit bureau score (CRIF) of 700 with over 94% of the contracts in the pool have score of over 725. 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 ratings factors the terms of servicing agreement as detailed hereinafter.

The CE will comprise CC of 4.50%, subordinated over collateral (OC) of 5.00%, subordinated equity tranche of 5.00% (for Series A1 PTCs) and subordination of EIS of ~22% 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 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 CE, will be used to make payout to pass-through certificate (PTC) investors.

Key strengths:

- Robustness of transaction structure and well-defined payment mechanism.
- CE comprising CC, subordinated equity tranche (for Series A1 PTCs), subordinated OC and EIS.
- No overdue contracts as on the pool cut-off date; all contracts are ever current as on the pool cut-off date.
- Underwriting policies and collection capabilities of NACL.
- Moderate-weighted average seasoning (based on equated monthly instalments (EMIs) paid) of around seven months with amortisation of ~19% as of pool cut-off date.
- The pool has a minimum credit bureau score of 700 with over 94% of the pool having a credit score above 725. The weighted average credit score of the pool is ~762.

Key weaknesses:

- Exposed to inherent credit risk associated with the unsecured asset class.

Liquidity:

Series A1 PTCs: Strong

Inherent liquidity in the structure is strong. 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, payouts are expected to be supported by CE, consisting of CC, principal subordination in form of equity tranche PTCs, OC, and EIS.

For Equity Tranche PTCs: Adequate

Inherent liquidity in the structure is adequate. The principal of Equity Tranche PTCs is promised to be paid by final legal maturity. In case of delinquency, payouts are expected to be supported by CE, consisting of CC, principal subordination in the form of OC, 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 9.00-11.00% 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 a monthly prepayment in the range of 0.50-1.50%. CareEdge Ratings has stipulated CE, which is commensurate with credit rating of 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 the 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

NACL is a systemically important non-deposit taking NBFC focused on providing credit to underserved retail and micro, small and medium enterprise (MSME) borrowers across India. The company operates through a combination of direct lending and partnership-based lending models, supported by a technology-enabled lending platform. Its product offerings include microfinance, consumer loans, MSME loans, vehicle finance, education loans, loans against property (LAP), supply chain finance, and mid-market corporate lending. In addition to lending from its own balance sheet, NACL also undertakes securitisation, co-lending, direct assignment transactions, and placement services. The company leverages a diversified network of lending partners and physical branches to achieve broad geographic reach while maintaining a granular and diversified loan portfolio. The originator is engaged in businesses for over five years and is an active player in securitisation market. and as of August 2026, has sold down over 50 pools aggregating to over ₹4,000 crore.

Key financial indicators - NACL

Brief financials (₹ crore)	FY24 (A)	FY25 (A)	FY26 (A)
Total income	1,906	2,356	2,700
Profit after tax (PAT)	318	301	404
Assets under management (AUM)	11,710	13,634	16,594
On-book gearing (x)	3.91	2.87	3.14
AUM / tangible net-worth (TNW) (x)	5.06	3.97	4.25

Brief financials (₹ crore)	FY24 (A)	FY25 (A)	FY26 (A)
Gross non-performing assets (NPA) / gross stage three (%)	0.5	1.0	1.3
Return on managed assets (ROMA) (%)	3.1	2.4	2.7
Capital adequacy ratio (CAR) (%)	18.3	24.7	22.6

A: Audited; P: Provisional; 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 SPV in managing collections from underlying borrowers, who have consented to such assignment through provisions incorporated in 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 cash collateral 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. 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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities:

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Highly Complex	-	-	-	-	195.41	Provisional CARE AA- (SO)
Pass Through Certificates	RBI	Highly Complex	-	-	-	-	10.86	Provisional CARE A+ (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 2026-2027	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
1	Pass Through Certificates	LT	195.41	Provisional CARE AA-(SO)				
2	Pass Through Certificates	LT	10.86	Provisional CARE A+(SO)				

LT: Long term

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

Not applicable

Annexure-4: 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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