

April 25, 2023

## Ugro Capital Limited: Rating withdrawn for PTCs under securitisation transaction issued by Zoey 01 2023, backed by MSME loan receivables

### Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Zoey 01 2023	Series A1 PTC	16.63	0.00	Provisional [ICRA]AA-(SO); Withdrawn

\*Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the rating assigned for pass through certificates (PTCs) issued under a MSME loan receivables securitisation transaction originated by Ugro Capital Limited, as per request received from the company as the transaction was not placed.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the ratings assigned to the instruments have been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">ICRA's Policy on Withdrawal of Credit Rating</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

### About the company

Ugro Capital Limited (Ugro), is a specialised small business lending platform registered as a systemically important non-deposit taking NBFC. The company was incorporated in 1993, as the erstwhile Chokhani Securities Ltd, and pursuant to a change in the management in 2018, it was renamed as Ugro Capital Limited. The Company commenced disbursements in Jan-19 and has an asset under management (AUM) of Rs 3,618 crore as of Jun-22. The company has been listed on the BSE since 1995, with a demonstrated track record of profitability. It is present in 12 states/union territory and has 98 branches as of September 2022. The company has been BSE-listed since 1995, with a demonstrated track record of profitability. Ugro's provides financing to the MSME sector, which is critical to Indian economic growth and employment creation but suffers from a chronic lack of affordable, efficient, and sustainable credit availability. The company is led by an experienced management team with a combined experience of over 250 years in building financial institutions with a strong corporate governance structure having more than half independent directors on its board. It is currently present in 26 states and 92 branches.

### Key financial indicators

	FY2021	FY2022	9M FY2023
Net worth (Rs. crore)	952	966	969
Profit after tax (Rs. crore)	28.7	14.55	25.73
Assets under management (Rs. crore)	1,317	2,969	5,095
Gross NPA (%)	2.7%	2.28%	1.7%
Net NPA (%)	1.7%	1.70%	1.1%

Source: Company & ICRA Research

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

S. No	Trust Name	Current Rating (FY2024)				Chronology of Rating History for the past 3 years			
		Instrument	Initial Amount Rated	Amount Outstanding	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	
			(Rs. crore)	(Rs. crore)	Apr 25, 2023	Mar 02, 2023	-	-	
1	Zoey 01 2023	Series A1 PTC	16.63	0.00	Provisional [ICRA]AA-(SO) Withdrawn	Provisional [ICRA]AA-(SO)	-	-	

### Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTC	Moderately Complex

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-1: Instrument details**

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date*	Amount Rated (Rs. crore)	Current Rating
Zoey 01 2023	Series A1 PTC	February 2023	11.50%	October 2032	00.00	Provisional [ICRA]AA-(SO); Withdrawn

\*Scheduled maturity date at transaction initiation; may change on account of prepayments

Source: Company

**Annexure-2: List of entities considered for consolidated analysis**

Not Applicable

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