



**Press Release**  
**UP MONEY LIMITED - GAMBIT 08 2024**  
**November 06, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Pass Through Certificates (PTCs)	15.84	ACUITE A-   SO   Assigned	-
Total Outstanding Quantum (Rs. Cr)	15.84	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned long-term rating of **'ACUITE A-(SO)' (read as ACUITE A minus (Structured Obligation))** to the Rs. 15.84 Cr. Pass Through Certificates (PTCs). issued by Gambit 08 2024 (The Trust) under a securitisation transaction originated by Up Money Limited (The Originator). The series A1 PTCs is backed by a pool of loans provided to individuals as MSME loans (Unsecured) which comprises 100% of the principal outstanding of Rs. 17.22 Cr.

The rating is based on the strength of cash flows from the selected pool of contracts; the credit enhancement is available to the PTCs in the form of:

- i. Cash collateral of 12.00% of the pool principal; and
- ii. Over collateralisation of 8.00% of the pool principal
- iii. Excess Interest Spread of 24.72% of the pool principal

The final rating has been assigned as the following documents have been received:

1. Trust Deed
2. Deed of Assignment
3. Servicing Agreement
4. Legal Opinion
5. Final Term Sheet
6. Other documents relevant to the transaction

The rating is assigned based on the adherence to the structure, terms and covenants detailed in the executed trust deed, servicing agreement, legal opinion, assignment agreement, final term sheet and other documents relevant to the transaction.

**About the Originator**

Ludhiana based UP Money Limited (UPL) started operations in November 2014 following the acquisition of Sukhjot Finance Ltd, a company incorporated on February 6, 1995 under the Companies Act, 1956. The company's name was changed to UP Money Ltd w.e.f. March 2, 2015. The company is promoted by Mr. Ajit Singh Chawla and Mr. Sumel Singh Chawla. UPL offers affordable financing for micro, small & medium enterprises (MSMEs) loans and two-wheeler loans, mainly for rural livelihood advancement, with the aim to provide finance for income generating activities, socio-economic development and financial inclusion.

**Assessment of the Pool**

UpMoney has Asset Under Management of Rs. 601.89 Cr. as on Mar 31, 2024. The underlying pool of Rs. 17.22 Cr. in the current Pass Through Certificate (PTC) transaction comprises of MSME Business loans

(Unsecured) have been extended towards 3,958 borrowers, displaying significant granularity, with an average ticket size of Rs. 53,933.80, minimum ticket size of Rs. 30,000 and maximum of Rs. 70,000. The current average outstanding per borrower stands at Rs. 43,507.80. The pool has a healthy weighted average seasoning of 6.01 months (minimum 4 months seasoning and maximum of 11 months seasoning). Furthermore, none of the loans in the pool had gone into the Non-CURRENT bucket since origination, which are healthy signs. 73.33% of the borrowers are concentrated in Punjab followed by 10.14% in Haryana and 4.25% in Jammu and Kashmir and the rest 12.28% in four states displaying high geographical concentration. The top 10 borrowers of pool constitute 0.36% (i.e. Rs.6.18 lakhs) of the pool

principal O/s.

### **Credit Enhancements (CE)**

The rating is based on the strength of cash flows from the selected pool of contracts; the credit enhancement is available to the Series A1 PTCs in the form of:

- i. Cash collateral of 12.00% of the pool principal; and
- ii. Over collateralisation of 8.00% of the pool principal; and
- iii. Excess Interest Spread of 24.72% of the pool principal

### **Transaction Structure**

The rating of Series A1 PTCs addresses the timely payment of the interest on each payout dates and ultimate payment of principal on final maturity date to the series A1 pass-through certificates (PTCs) investors, in accordance with the transaction documentation.

### **Brief Methodology**

Parameters considered are seasoning of the pool, pool vs portfolio comparison, portfolio cuts, amortisation of the pool, internal cash flow modeling, pool characteristics, static pool, dynamic DPDs to assign final rating.

### **Legal Assessment**

The rating is assigned based on the fulfilment of the structure, terms and covenants detailed in the executed trust deed, servicing agreement, legal opinion, assignment agreement and other documents relevant to the transaction.

### **Key Risks**

#### **Counter Party Risks**

The pool has average ticket size of Rs. 53933.80, minimum ticket size of Rs. 30,000 and maximum of Rs. 70,000. Considering the vulnerable credit profile of the borrowers, the risk of delinquencies/defaults are elevated. These risks of delinquencies are partly mitigated, considering the efficacy of the originator's origination and monitoring procedures.

#### **Concentration Risks**

The top two states contributes 83.47% to the total pool. Furthermore, the underlying loans are MSME Business Loans which are unsecured in nature. The asset quality in this segment is more vulnerable to economic downturns.

#### **Servicing Risks**

There is limited track record of servicing PTCs, since this is one of the first few PTC transactions for the originator rated by Acuité.

#### **Regulatory Risks**

In the event of a regulatory stipulation impacting the bankruptcy remoteness of the structure, the payouts to the PTC holders may be impacted.

#### **Prepayment Risks**

The pool is subject to prepayment risks since rate of interest is significantly high and borrowers may be inclined to shift to low cost options (based on availability). Prepayment risks are partially mitigated by prepayment penalty levied by the company for pre-closures. In case of significant prepayments, the PTC holders will be exposed to interest rate risks, since the cash flows from prepayment will have to be deployed at lower interest rates

#### **Commingling Risk**

The transaction is subject to commingling risk since there is a time gap between last collection date and transfer to payout account.

#### **Rating Sensitivity**

- Collection performance of the underlying pool
- Credit quality of the underlying borrowers
- Decrease in cover available for PTC payouts from the credit enhancement

### **All Covenants (Applicable only for CE & SO Ratings)**

The facilities comprising the pool shall be identified on the basis of the following criteria:

- No facility comprising the pool is classified as a "non-performing asset" for the purposes of the directions and guidelines of the RBI.
- Loans should not have been restructured or rescheduled;
- Compliance with "know your customer" norms specified by the RBI
- The pool should comply with the Minimum Holding Period requirements prescribed under the Securitisation Directions.
- No facility comprising the pool is overdue as on the Pool Cut Off Date.

The following covenant is included in the transaction structure:

- If the PAR > 60 (including the write-offs) in respect of the Pool exceeds 10.00% of the initial pool principal, then the EIS shall be utilized to make principal payments to the Series A Investors until the time the PAR > 60 (including the write-offs) reduces to 10.00% of the initial pool principal or as long as the Series A1 PTCs are live (whichever is later).

### All Assumptions

Acuité has arrived at a base case delinquency estimate basis its analysis of the company's historical static pool and further applied appropriate stress factors to the base loss figures to arrive at the final loss estimates. The loss estimate also consider the risk profile of the particular asset class, the borrower strata, economic risks, collection efficiency over the past several months as well as the credit quality of the originator. Acuité also has simulated the potential losses to an extent by applying sensitivity analysis.

### Liquidity Position

#### Adequate

The liquidity position in the transaction is adequate. The cash collateral available in the transaction amounts to 12.00% of the pool principal. The PTC payouts over collateralisation of 8.00% of the pool principal and excess interest spread (24.72% of pool principal).

### Outlook: Not Applicable

### Key Financials - Originator

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Total Assets**	Rs. Cr.	547.16	490.67
Total Income*	Rs. Cr.	69.62	63.81
PAT	Rs. Cr.	11.84	10.94
Net Worth	Rs. Cr.	107.07	95.24
Return on Average Assets (RoAA)	(%)	2.28	2.59
Return on Average Net Worth (RoNW)	(%)	11.70	12.18
Total Debt/Tangible Net worth (Gearing)	Times	3.99	4.07
Gross NPA	(%)	1.42	1.37
Net NPA	(%)	1.15	1.19

\*Total income equals to Total Income net off interest expense

\*\*Total assets adjusted to Deferred Tax liability

### Any Other Information

None

### Status of disclosure of all relevant information about the Obligation being Rated Public information

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Applicable Criteria

- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>

- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>
- Securitized Transactions: <https://www.acuite.in/view-rating-criteria-48.htm>

**Rating History :**

Not Applicable

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Not Applicable	Not avl. / Not appl.	Pass Through Certificate	16 Aug 2024	13.25	25 Apr 2026	15.84	Highly Complex	ACUITE A-   SO   Assigned

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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