NCD/NSE/2025-26/19

June 30, 2025

The Manager
Listing Department- Debt
National Stock Exchange of India Limited
"Exchange Plaza", Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051.

Dear Sir,

Sub: Intimation under regulation 51 & 55 of SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015 as amended from time to time

Pursuant to Regulation 51 read with Para A of Part B Schedule III & Regulation 55 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, we, Profectus Capital Private Limited ('**the Company'**) hereby wish to inform you that Care Ratings Limited has re-affirmed the ratings with revised outlook of the Company's instruments/ facilities as detailed below:

1. **Non-Convertible Debentures:**

Sr. No.	**ISIN**	**Name of Credit Rating Agency**	**Credit Rating Assigned**	**Outlook (Stable/ Positive/ Negative / No outlook)**	**Rating Action (New/ Upgrade/ Downgrade/ Re-Affirm/ Other)**	**Specify other rating action**	**Date of Credit rating**	**Verification status of Credit Rating Agencies**	**Date of verification**
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
1	INE389Z07054	CARE Ratings Limited	CARE A	Watch with Developing Implications*	Re-Affirm	--	June 27, 2025	-	-
2	INE389Z07062	CARE Ratings Limited	CARE A	Watch with Developing Implications*	Re-Affirm	--	June 27, 2025	-	-

** The outlook has been revised from 'Stable' to 'Watch with Developing Implications'*

2. **Long Term Bank Facilities**

Rating Agency	Facility	Rating/Outlook	Rating Action
CARE Ratings Limited	Long Term Bank Facilities	CARE A (Watch with Developing Implications)	Re-Affirmed

CARE Ratings has placed its 'CARE A' Rating Watch with Developing Implications assigned to the Company's long-term bank facilities and Non-Convertible Debentures. Additionally, the rating for the long-term facility amounting to Rs.10 Crore (CARE A) has been withdrawn.

Further, please find enclosed the rating letter dated June 27, 2025 issued by CARE Ratings Limited in this regard. You may note that the Company received aforesaid intimation vide an email dated June 30, 2025 at 12:45 PM from CRISIL Ratings Limited.
Thanking You,

for **Profectus Capital Private Limited**
NITIN GANPAT PANGARKAR
Digitally signed by NITIN GANPAT PANGARKAR
Date: 2025.06.30 14:57:06 +05'30'

Nitin Pangarkar
Company Secretary
Membership No. 23863

Profectus Capital Private Limited

June 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,500.00	CARE A (RWD)	Placed on Rating Watch with Developing Implications
Non-convertible debentures	10.00	CARE A (RWD)	Placed on Rating Watch with Developing Implications
Non-convertible debentures	50.00	CARE A (RWD)	Placed on Rating Watch with Developing Implications
Non-convertible debentures	205.00	CARE A (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating has been placed on "Rating Watch with Developing Implications (RWD)" following the announcement on June 17, 2025, where UGRO Capital limited has executed a share purchase agreement with the existing shareholders of Profectus Capital Private Limited ("Profectus") to acquire 100% of the shares of Profectus. The acquisition is expected to close on fulfilment of customary conditions, including receipt of Reserve Bank of India (RBI)/shareholder approvals. CARE Ratings Limited (CareEdge Ratings) will continue to closely monitor developments and would take a view accordingly post completion of transaction.

The rating of Profectus derives strength from its comfortable capitalisation level, relatively well-diversified loan portfolio, diversified resource profile in terms of lenders. However, rating remains constrained considering PCPL's moderately seasoned loan portfolio and modest profitability metrics. Going forward, the company's ability to increase its scale of operations while maintaining healthy capitalisation, asset quality, and improving profitability on a sustained basis will remain critical parameters for its rating.

Rating sensitivities: Factors likely to lead to rating actions

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

- Sustained increase in scale of operations and improvement in profitability with return on tangible net worth (TNW) above 11%.
- Any significant mobilisation of equity capital for further growth in business.

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

- Increase in the gearing levels beyond 4.5x.
- Weakening of asset quality parameters with Gross Stage 3 (GS3) assets/GNPA above 4%.
- Inability of the company to diversify the funding profile and reduce costs of funds.

Analytical approach: Standalone
The standalone credit profile of PCPL has been analysed.

Detailed description of key rating drivers:

Key strengths

Comfortable capitalisation level and diversified resource profile in terms of lenders

Actis LLP, a UK-based private equity firm with US $13.5 billion of asset under management (AUM), acquired a 100% shareholding in Profectus in 2019 with a commitment of investing US$140 million (~₹1,000 crore) in the company. As on March 31, 2025, the private equity firm has fully infused the committed amount. Actis was founded in 2004 as a spin-off of Commonwealth Development Group, a UK Government's finance institution established in 1948. Last capital infusion of ₹270 crore was done by Actis in FY23, on rights basis, which improved capitalisation level. This resulted in TNW of ₹1,113 crore as on March 31, 2024, and ₹1,138 crore as on March 31, 2025. As on March 31, 2025, the company's capital adequacy remained comfortable with capital

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

adequacy ratio (CAR) at 35.28% (FY24: 39.54%) and Tier-1 CAR at 34.82% (FY24: 38.97%), respectively, which are well above the regulatory requirement of 15% (overall CAR) and 10% (Tier-1 CAR). Overall gearing (borrowings/ TNW) stood comfortable at 1.98x as on March 31, 2025, against 1.78x as on March 31, 2024. With increase in scale of operations, the gearing is expected to increase.

PCPL's resource profile comprises term loans, cash credit, WCDL, NCDs, and pass-through certificates (PTCs) from ~39 different lending institutions as on March 31, 2025. The company was able to diversify its sources with funding from public and private banks, small finance banks, and non-banking financial company (NBFCs). There has been increase in cost of funds due to increase in MCLR rates from banks. However, for recent borrowing, the company has been able to raise funds at relatively lower cost. As on March 2025, share of private sector banks in the overall borrowings mix is 47.96% (PY: 57.44%), followed by public sector banks at 10.64% (PY: 16.41%), NBFCs at 12.15% (PY: 11.58%), SFBs at 13.59% (PY: 10.52%).

Improving scale of operations with well-diversified loan portfolio
The company's AUM grew by 13%, rising from ₹3,070 crore in FY24 to ₹3,468 crore in FY25, while disbursements saw a modest increase from ₹1,817 crore to ₹1,965 crore in the same period. The relatively slower growth was a result of deliberate strategic decisions by the management to recalibrate the business in light of segment-specific challenges. This included capping exposure to higher-ticket loans to enhance portfolio granularity and limiting disbursements to the trader segment to better manage risk.

mainly provides school funding, secured financing to micro, small and medium enterprises (MSME) borrowers, supply chain finance and funding to other non-banking finance company (NBFC). As on March 31, 2025, of the total AUM, 37% (FY24: 36%; FY23: 37%) consists of Enterprise Mortgage Loans (MSME LAP), 23% (FY24: 24%; FY23: 23%) consists of school funding and 17% (FY24: 17%; FY23: 17%) consists of equipment funding with segmental exposure to pharmaceuticals and healthcare, engineering, printing, textiles, chemical and plastics, and auto ancillaries, among others. As on March 31, 2025, of the total AUM, 11.99% is supply chain financing (FY24: 12.92%, FY23: 12.55%) and the rest of the AUM comprises MFI and NBFC lending.

In terms of geographical concentration, Maharashtra, Telangana, Tamil Nadu, Gujarat, and Karnataka consist of 61% of the portfolio outstanding as on March 31, 2025 (FY24: 64%). Exposure to top five states has considerably improved over past four years from 84% in FY21, 72% in FY22, 65% in FY23, 64% in FY24 to 61% in FY25. As on March 31, 2025, the company operates 29 branches across 14 states. Going forward, as indicated by management, the company's product mix is expected to grow in this proportion with ~80% comprising enterprise mortgage loans, school funding and equipment funding and balance ~20% comprising NBFC funding and supply chain financing with deeper penetration.

In terms of underwriting, PCPL has a well-established credit underwriting policy with systems and processes in place for checking the credit history of client, conducting field investigations, assessing business and income of client using standard tools, and studying the free cashflow available for debt servicing. As on March 31, 2025, among its Enterprise Mortgage Loans portfolio (~37% of AUM), the company focuses on few select segments of the economy such as engineering and machine tools (~18% of EML AUM) print and packaging (~5% of EML AUM), chemical and plastics (~10% of EML AUM), healthcare (~15% of EML AUM), and food processing (~14% of EML AUM), among others. Thus, the company's ability to focus on select sectors of the economy is a differentiating factor. CareEdge Ratings believes that promoters' background, experienced management and their connects in the market, and ability to raise capital should help PCPL in scaling up of the portfolio, going forward.

Adequate profitability metrics

In FY25, the net interest margin (NIM) (excluding direct assignment [DA] income) declined to 5.38%, compared from 5.71% in FY24. Major growth was witnessed in Q4FY25, resulting in a comparatively lower interest income for the year. The company undertook fewer Direct Assignment (DA) transactions during the year, leading to a decline in other operating income.

Operating expenses as a percentage of average total assets rose to 4.95% in FY25 from 4.55% in FY24, primarily due to higher employee benefit costs. The increase was driven by new hires made in anticipation of growth, which was slower than expected. Recruitment and replacement costs also added to the operating expense, with the associated benefits expected to accrue in the subsequent year.

Credit costs remained well-managed, reported at 0.33% of average total assets in FY25 compared to 0.43% in FY24. As a result of the lower NIM and higher operating expenses, ROTA declined from 1.54% in FY24 to 0.78% in FY25.

CareEdge Ratings will continue to monitor ability to significantly scale up its portfolio amidst rising competition, and its capability to manage credit costs, operating expenses, and overall profitability metrics.

Key weaknesses

Moderate portfolio seasoning and asset quality monitorable with scale up of business and seasoning

Profectus was founded by KV Srinivasan on June 09, 2017, and the company started its first disbursement from Q4FY18 of ₹0.70 crore and gradually scaled up the business. Considering disbursements were made from 2019 only, the company has total disbursements of ₹7,861 crore since inception till FY25 and AUM of ₹3,468 crore as on March 31, 2025, suggests business operations to be in early stages.

The portfolio remains moderately seasoned since as on March 31, 2025, only 20% of the AUM has balance tenure of 12 months and less and remaining 80% of the AUM has balance tenure of over one year with 40% and 39% of the AUM having balance tenure of one to seven years and seven to 10 years, respectively. Thus, asset quality performance over economic cycles is yet to be established.

CareEdge Ratings takes comfort from the significant capital buffers maintained by PCPL and the management's conservative underwriting norms. As on March 31, 2025, GNPA stood at 1.59% (March 31, 2024: 1.41%) and net NPA (NNPA) stood at 1.07% (March 31, 2024: 0.98%). The increase was expected as the book gets more seasoned. However, considering largely secured book, it is expected to remain in range of 1.5%- 2.0% in medium term.

As on March 31, 2025, there were no gross restructured assets. Net stressed assets (NNPA + standard restructured assets + investment in SR) stood at 1.07% of advances as on March 31, 2025, against 1.01% as on March 31, 2024. Asset quality metrics in terms of 90+ days past due (dpd) is 1.59% as on March 31, 2025, against 1.44% as on March 31, 2023. As on March 31, 2025, contribution in delinquency (90+) was led by Enterprise Mortgage Loan book at 2.33% (PY: 3.16%), Equipment funding book at 1.20% (PY: 2.03%), and school funding programme at 0.90% (PY: 1.26%).

CareEdge Ratings believes that Profectus' asset quality shall continue to remain anchored on the income profile of the underlying borrowers, as majority of them are self-employed borrowers and their cash flows remain vulnerable to economic shocks. However, the company's asset quality and profitability could still be impacted by credit costs in weaker economic cycles and hence remains to be a key rating sensitivity going forward.

Liquidity: Adequate

The company's liquidity profile is comfortable with no negative cumulative mismatch in any time bucket aided by available cash and liquid investments of ₹356 crore as on March 31, 2025. It has contractual inflows (excluding interest) of ₹1,029 crore, against this, the company has contracted repayments on borrowings (excluding interest) of ₹1,082 crore in the next one-year. It also has undrawn lines worth ₹26 crore and liquid investment of ₹10 crore. Per asset liability maturity (ALM) statement of March 31, 2025, there are no negative cumulative mismatches up to 5-year tenor bucket even after stressing the structural liquidity statement to 90% collection efficiency.

Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Non Banking Financial Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

Profectus was founded by KV Srinivasan on June 09, 2017 and received certificate of registration from RBI as NBFC ND SI in September 2017. Currently, the company is 100% held by Actis Capital Ltd, a private equity fund based in UK. PCPL provides loans to MSME, equipment funding, supply chain finance for dealers in segments, such as pharmaceuticals, consumer durables, and auto ancillaries, among others. The company is also engaged in providing school funding for upgrading and/or expanding the infrastructure. PCPL also provides loans to NBFC. The company started its first disbursement from Q4FY18 of ₹0.70 crore and gradually scaled up the business with disbursements of ₹1,817 crore in FY24 and ₹1,965 crore in FY25. AUM stood at ₹3,468 crore as on March 31,2025 consists of Enterprise Mortgage Loans (37% of AUM), School Funding (24%), and Equipment Finance (17%). As on March 31, 2025, the company's operations of the company are spread across 29 locations across 14 states in India, with a borrower base of 5,196 customers.

Standalone financials:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total income	273.06	402.69	419.98
PAT	29.93	48.16	26.65
Total Assets	2995.07	3258.07	3574.95
Net NPA (%)	0.61	0.98	1.07
ROTA (%)	1.28	1.54	0.78

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: 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
Debentures-Non-convertible debentures	INE389Z07013*	06-Oct-2022	9.57%	10-Jun-2025	10.00	CARE A (RWD)
Debentures-Non-convertible debentures	INE389Z07054	18-Jul-2024	10.15%	16-Jul-2027	49.00	CARE A (RWD)
Debentures-Non-convertible debentures	INE389Z07062	19-Sep-2024	9.55%	17-Sep-2027	205.00	CARE A (RWD)
Debentures-Non-convertible debentures (Proposed)	-	-	-	-	1.00	CARE A (RWD)
Fund-based-Long Term	-	-	-	October - 2028	412.35	CARE A (RWD)
Fund-based-Long Term (Proposed)	-	-	-	-	1087.65	CARE A (RWD)

*This ISIN has been redeemed and paid in full. The said NCD will be withdrawn in the next review.

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	Fund-based-Long Term	LT	1500.00	CARE A (RWD)	-	1)CARE A; Stable (25-Sep-24) 2)CARE A; Stable (20-Aug-24) 3)CARE A; Stable (12-Jul-24)	1)CARE A; Stable (28-Dec-23) 2)CARE A; Stable (05-Oct-23)	1)CARE A-; Stable (28-Oct-22)
2	Debentures-Non-convertible debentures	LT	10.00	CARE A (RWD)	-	1)CARE A; Stable (25-Sep-24) 2)CARE A; Stable (20-Aug-24) 3)CARE A; Stable (12-Jul-24)	1)CARE A; Stable (28-Dec-23) 2)CARE A; Stable (05-Oct-23)	1)CARE A-; Stable (28-Oct-22) 2)CARE A-; Stable (01-Jun-22)
3	Debentures-Non-convertible debentures	LT	50.00	CARE A (RWD)	-	1)CARE A; Stable (25-Sep-24) 2)CARE A; Stable (20-Aug-24) 3)CARE A; Stable (12-Jul-24)	-	-
4	Debentures-Non-convertible debentures	LT	205.00	CARE A (RWD)	-	1)CARE A; Stable (25-Sep-24)	-	-

						2)CARE A; Stable (20-Aug-24)		

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fund-based-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

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.

Contact us

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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