

May 11, 2026

UC Inclusive Credit Pvt Ltd: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Bank facilities – Long term (fund based – others)	344.00	344.00	[ICRA]BBB+ (Negative); reaffirmed
Bank facilities – Short term (fund based – others)	6.00	6.00	[ICRA]A2; reaffirmed
Non-convertible debentures	40.00	40.00	[ICRA]BBB+ (Negative); reaffirmed
CP programme	30.00	30.00	[ICRA]A2; reaffirmed
Total	420.00	420.00	

*Instrument details are provided in Annexure II

Rationale

The ratings reaffirmation and Negative outlook factor in the continued stress in UC Inclusive Credit Pvt Ltd's (UCIC) asset quality performance. The company is focussed on institutional lending, especially to financial and non-financial sector entities with modest credit profiles and nascent track records. A segment of these borrowers has been facing cash flow issues on account of factors such as the delay in raising equity due to the tightened private equity/venture capital funding scenario. Consequently, UCIC strengthened its underwriting norms and disbursements in FY2026, resulting in a decline in its loan portfolio¹ to Rs. 615.6 crore as of March 2026 from Rs. 815.1 crore as of March 2025. Further, its asset quality metrics have remained under stress, with the 90+ days past due (dpd) increasing sharply to 9.5% as of March 2026 from 4.6% as of March 2025 (0.6% as of March 2024). The 0+ dpd was 12.4% as of March 2026 vis-à-vis 7.7% as of March 2025 (3.2% as of March 2024). Credit costs also rose to 2.6% (as a percentage of average managed assets; AMA) in 9M FY2026 from 2.3% in FY2025 (0.3% in FY2024) as the company increased credit provisions and undertook write-offs. Accordingly, UCIC's net profitability is expected to moderate in the near term. The company's ability to accelerate the resolution of delinquent assets while restricting loan losses and preventing incremental slippages would be a key monitorable in the near term.

ICRA also notes that 64.8% of the company's borrowings were under covenant breaches as of March 2026, primarily relating to gross and net non-performing advances (NPA) thresholds. In the near term, ICRA will continue to monitor the resolution of the covenant breaches as well as the company's ability to maintain adequate funding access amid the prevailing asset quality pressure.

Nevertheless, ICRA takes comfort from the augmentation of the company's capital base through a capital raise of Rs. 50.0 crore (Rs. 39.9 crore raised as of April 2026, with the balance expected to be raised in Q1 FY2027). This is expected to support its capitalisation profile and financial flexibility further in the near term. UCIC's managed gearing remained under control at 2.0 times as of December 2025, reducing from 2.9 times as of March 2025 primarily due to the decline in the scale of operations.

¹ Loan portfolio includes assigned portfolio of Rs. 5.0 crore as of December 2025 and Rs. 11.7 crore as of March 2025

Key rating drivers and their description

Credit strengths

Track record in institutional financing – UCIC received its non-banking financial company (NBFC) licence from the Reserve Bank of India (RBI) in August 2017 and commenced lending operations in February 2018. The company focusses on institutional lending, especially for impact sectors. It has built its portfolio over the past eight years, maintaining adequate performance during the previous business cycles, supported by its underwriting and risk filters. UCIC's senior management team has longstanding experience in the banking and financial services sector and has established relationships with various stakeholders. ICRA notes that the company has a five-member board of directors. UCIC was incubated by Unitus Capital Founders (UCF; also UCAP's holding company) and it leverages the Group's relationships for its business growth.

Adequate capitalisation profile – UCIC's capitalisation profile remains adequate, with its capital-to-risk weighted assets ratio (CRAR) and managed gearing improving to 39.4% and 2.0 times, respectively, as of December 2025 from 28.5% and 2.9 times, respectively, as of March 2025, as its scale of operations declined. The company is augmenting its capital base further through a capital raise of Rs. 50.0 crore; of this, it had already raised Rs. 39.9 crore as of April 2026 through the issuance of compulsorily convertible preference shares (CCPS), with the balance expected to be raised in Q1 FY2027. Given the moderate loan portfolio growth targeted by the company, ICRA expects the capitalisation metrics to remain adequate in the near term. Over the medium term, maintaining the managed gearing below 4.5 times would remain a key monitorable.

Credit challenges

Declining scale of operations – UCIC's scale of operations contracted in FY2026 with the tightening of disbursements on account of significant asset quality stress. Considering the rising delinquencies during the year, the company had enhanced its risk management and loan underwriting practices. Accordingly, its loan portfolio declined to Rs. 615.6 crore as of March 2026 from Rs. 815.1 crore in March 2025. ICRA notes that in the previous four years (FY2022-FY2025), the company's portfolio had expanded at a strong compound annual growth rate (CAGR) of 38.9%, supported by the lower base and healthy disbursements. UCIC is expected to remain cautious and maintain a moderate growth rate of 20-25% over the medium term, with its primary focus remaining on managing the asset quality stress.

Concentrated exposure to entities with modest risk profiles; higher delinquencies in FY2026 – UCIC is exposed to borrowers with modest credit profiles as it predominantly lends to small and mid-sized NBFCs, microfinance institutions (MFIs) and corporates. Considering the wholesale nature of the company's exposure to NBFCs and corporates, the portfolio is concentrated with the top 20 entities accounting for 25.2% of the same as of March 2026.

The company has been facing significant asset quality stress, especially among the non-financial sector exposures. Its 90+ dpd increased to 9.5% as of March 2026 from 4.6% as of March 2025 and 0.6% as of March 2024. NPAs stood at 9.4% as of March 2026. Consequently, it undertook write-offs of Rs. 5.5 crore and Rs. 11.9 crore in FY2025 and 9M FY2026, respectively. Further, UCIC raised its credit provisions on the on-balance sheet (on-b/s) portfolio to Rs. 22.5 crore as of December 2025 from Rs. 18.6 crore as of March 2025 and Rs. 4.1 crore as of March 2024. The increase in asset quality stress was predominantly due to borrower-level cash flow stress on account of factors such as delays in raising equity, working capital-related issues, etc. Going forward, UCIC's ability to accelerate the resolution of delinquent assets while restricting loan losses and preventing incremental slippages would be a key monitorable.

Moderation in earnings profile; near-term credit costs would be monitorable – UCIC's net profitability {profit after tax (PAT)/AMA} moderated to 1.1% in 9M FY2026 and 1.9% in FY2025 from 2.7% in FY2024. This was primarily due to the increase in credit costs to 2.6% in 9M FY2026 (2.3% in FY2025) from 0.3% in FY2024. Operating expenses also rose to 2.5% in 9M FY2026 and FY2025 from 1.9% in FY2024 as the company increased its focus on collections and recoveries. In the near term, UCIC would continue to face asset quality pressure, in line with the stress seen in borrower cash flows. While its earnings profile is expected to remain adequate, the timely resolution of overdue exposures while keeping credit costs under control would be a key monitorable.

Covenant breaches amid asset quality pressure, though funding access remains adequate – As of March 2026, UCIC had relationships with 25 lenders, with its borrowings comprising a mix of loans from banks (26.0%), NBFCs and financial institutions (FIs; 47.6%), non-convertible debentures (NCDs; 14.0%), external commercial borrowings (ECBs; 8.2%) and commercial paper (CP; 3.8%). ICRA notes that the share of borrowings from banks reduced from 82.4% as of March 2022, with the number of banks’ lending to the company also declining. Moreover, UCIC’s average cost of borrowing increased to 12% in 9M FY2026 and FY2025 from 10.6% in FY2024. ICRA notes that the company has the scope to improve its borrowing profile, going forward.

UCIC has witnessed covenant breaches with several lenders, given its weak asset quality indicators. As of March 2026, 64.8% of its borrowings were under covenant breaches, primarily relating to gross and net NPA thresholds. Further, UCIC received incremental funding of Rs. 127.5 crore from existing and new lenders in FY2026. In the near term, ICRA will continue to monitor the resolution of the covenant breaches and the company’s ability to maintain adequate funding access, amid the prevailing asset quality pressure.

Liquidity position: Adequate

As per the asset-liability maturity profile as on March 31, 2026, UCIC has positive cumulative mismatches across all buckets. As on March 31, 2026, the company had cash and cash equivalents of Rs. 37.4 crore. Its total debt obligations between April 2026 and June 2026 (including interest) is Rs. 97.7 crore. The liquidity profile is adequate, considering the on-b/s liquidity and monthly collections.

UCIC’s borrowing profile comprises a mix of loans from banks, development financial institutions and NBFCs. Borrowings from banks stood at 26% as of March 2026 compared to 82.4% as of March 2022. The share of borrowings from development financial institutions and NBFCs was 47.6% of the total outstanding borrowings as of March 2026, followed by NCDs (14.0%), ECBs (8.2%) and CP (3.8%).

Rating sensitivities

Positive factors – A steady scale-up in the business, while improving the earnings profile and keeping delinquencies under control, could positively impact the ratings.

Negative factors – Pressure on UCIC’s ratings could arise if its scale of operations continues to decline or overdues remain elevated for a sustained period or the liquidity profile weakens, going forward. Continued increase in the managed gearing above 4.5 times or further weakening in the earnings profile could also negatively impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financials

About the company

UC Inclusive Credit Pvt Ltd (UCIC), incorporated in June 2016, is a non-deposit taking non-banking financial company registered with the RBI. It lends to entities in impact-focussed sectors such as agriculture, education, financial inclusion, healthcare, renewable energy, water, sanitation and women empowerment. It has a team of 52 personnel, led by Mr. Abhijit Ray (Managing Director), who has almost three decades of experience in development finance, commercial banking, microfinance and investment banking. Mr. Ray has been associated with Unitus Capital Private Limited (UCAP) for over a decade.

UCIC offers term loans and lines of credit with ticket sizes up to Rs. 10.0 crore. It was incubated by Unitus Capital Founders (UCF). UCF also has 99.99% equity in UCAP, which is an investment banking entity focussed on operating in the Indian equity and debt markets.

Key financial indicators

UCIC	FY2024	FY2025	9M FY2026*
Total income	95.5	134.1	88.2
Profit after tax	18.6	16.6	6.7
Total managed assets	835.5	897.2	698.6
Return on managed assets	2.7%	1.9%	1.1%
Managed gearing (times)	3.1	2.9	2.0
Gross NPA	0.0%	4.0%	8.7%
CRAR	25.6%	28.5%	39.4%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 11, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Long-term others – Fund based	Long term	344.00	[ICRA]BBB+ (Negative)	Apr-02-2025	[ICRA]BBB+ (Negative)	Jul-02-2024	[ICRA]BBB+ (Stable)	Feb-20-2024	[ICRA]BBB+ (Stable)
				May-19-2025	[ICRA]BBB+ (Negative)	-	-	Mar-28-2024	[ICRA]BBB+ (Stable)
Short-term others – Fund based	Short term	6.00	[ICRA]A2	Apr-02-2025	[ICRA]A2	Jul-02-2024	[ICRA]A2	Feb-20-2024	[ICRA]A2
				May-19-2025	[ICRA]BBB+ (Negative)	-	-	Mar-28-2024	[ICRA]A2
Commercial paper	Short term	30.00	[ICRA]A2	Apr-02-2025	[ICRA]A2	Jul-02-2024	[ICRA]A2	Mar-28-2024	[ICRA]A2
				May-19-2025	[ICRA]BBB+ (Negative)	-	-	-	-
Non-convertible debenture	Long term	40.00	[ICRA]BBB+ (Negative)	May-19-2025	[ICRA]BBB+ (Negative)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Bank facilities – Long term (fund based – others)	Simple
Bank facilities – Short term (fund based – others)	Simple
CP programme – Unallocated	Simple

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 I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$))	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Bank facilities – Long term (fund based – others)	Sep-22 to Mar-26	11.10% - 11.90%	Apr-25 to Sep-28	344.00	[ICRA]BBB+ (Negative)
NA	Bank facilities – Short term (fund based – others)	Jul-24 to Jun-26	11.00% to 11.75%	Jul-25 to Feb-26	6.00	[ICRA]A2
INE0BSV07047	NCD	Mar-24-25	12.50%	Sep-24-26	10.00	[ICRA]BBB+ (Negative)
Proposed	NCD	NA	NA	NA	30.00	[ICRA]BBB+ (Negative)
INE0BSV14076	CP programme	Apr-03-25	11.15%	Jul-04-26	30.00	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis

Not applicable

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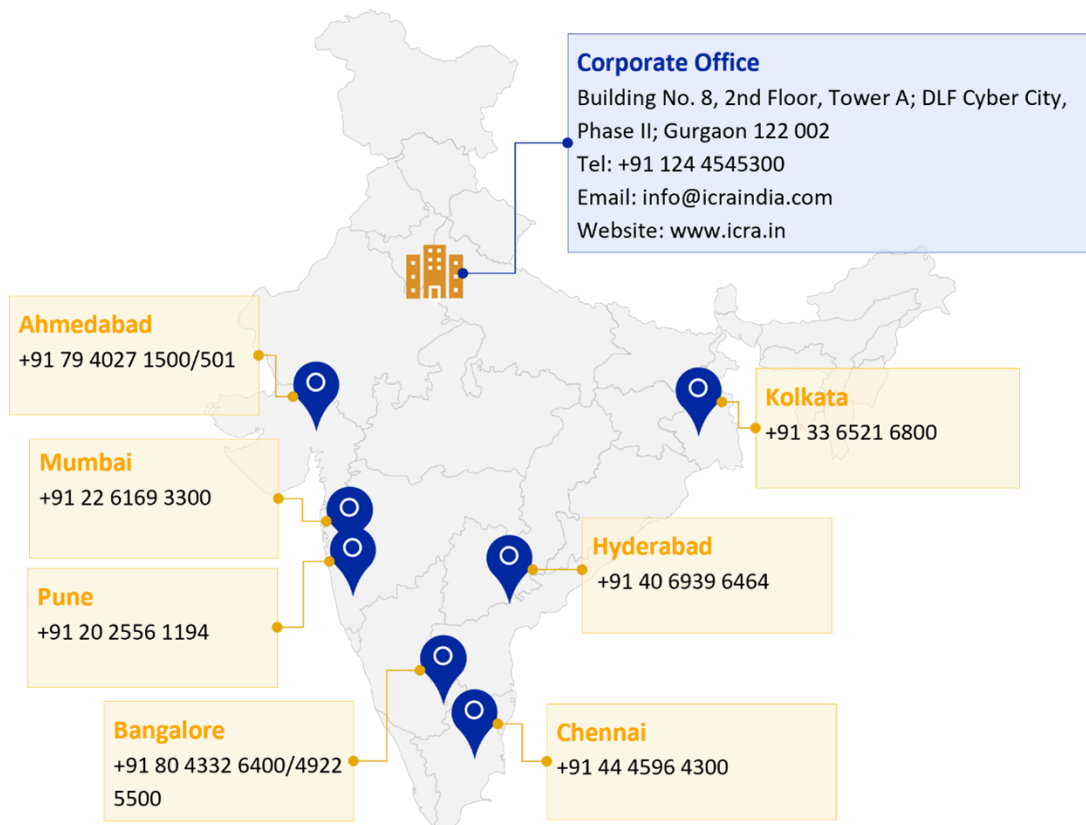


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