

May 19, 2025

## NeoGrowth Credit Private Limited: Rating actions for PTCs/SNs issued under two MSME business loan securitisation transactions

### Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action
<b>Gemini Trust April 2024</b>	Series A1 PTC	66.15	NA	13.56	[ICRA]A(SO); Reaffirmed
<b>Aryabhata-5 Trust March 2024</b>	Series A1 SN	51.33	NA	3.79	[ICRA]AA-(SO); Upgraded from [ICRA]A+(SO)

\*Instrument details are provided in Annexure I

### Rationale

The pass-through certificates (PTCs) and securitisation notes (SNs) are backed by two pools of micro, small and medium enterprise (MSME) business loan receivables originated by NeoGrowth Credit Private Limited {NCPL/Originator; rated [ICRA]BBB+ (Stable)}. NCPL is also the servicer for the transactions.

The rating upgrade for Aryabhata-5 Trust March 2024 factors in the build-up of the credit enhancement cover over the future SN payouts on account of the high pool amortisation. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pool till the April 2025 payout month. The rating reaffirmation for Gemini Trust April 2024 factors in the build-up of the credit enhancement cover over the future PTC payouts on account of the high pool amortisation. While the pool has witnessed higher delinquency levels vis-à-vis ICRA's base expectations, the rating draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed till the April 2025 payout month.

### Pool performance summary

Parameter	Gemini Trust April 2024	Aryabhata-5 Trust March 2024
<b>Payout month</b>	April 2025	April 2025
<b>Months post securitisation</b>	12	13
<b>Pool amortisation (as % of initial pool principal)</b>	69.9%	78.3%
<b>PTC amortisation – Series A1 PTC</b>	79.5%	92.6%
<b>Cumulative collection efficiency<sup>1</sup></b>	83.7%	87.2%
<b>Loss-cum-0+ (% of initial pool principal)<sup>2</sup></b>	13.8%	10.7%
<b>Loss-cum-30+ (% of initial pool principal)<sup>3</sup></b>	13.4%	8.9%
<b>Loss-cum-90+ (% of initial pool principal)<sup>4</sup></b>	11.8%	6.9%
<b>Cumulative cash collateral (CC) utilisation</b>	0.0%	0.0%
<b>Cumulative prepayment rate</b>	24.2%	28.2%
<b>Breakeven collection efficiency<sup>5</sup> for Series A1 PTC</b>	44.2%	5.9%
<b>CC (% of balance pool)</b>	13.3%	23.0%

<sup>1</sup> (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

<sup>2</sup> POS on contracts aged 0+ dpd/POS on the pool at the time of securitisation

<sup>3</sup> POS on contracts aged 30+ dpd/POS on the pool at the time of securitisation

<sup>4</sup> POS on contracts aged 90+ dpd/POS on the pool at the time of securitisation

<sup>5</sup> (Balance cash flows payable to investor – CC available)/Balance pool cash flows

Principal subordination (% of balance pool) Series A1 PTC	40.1%	71.1%
Excess interest spread (EIS; % of balance pool) for Series A1 PTC <sup>6</sup>	7.0%	6.3%

## Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of Series A1 PTC/SN principal.

## Key rating drivers and their description

For both transactions

### Credit strengths

**Substantial credit enhancement available in the structure** – The rating actions factor in the significant build-up in the credit enhancement cover with the cash collateral increasing to 13.28% of the balance pool from 4% at the time of the initial rating exercise for Gemini Trust April 2024 and 23.01% of the balance pool from 5% for Aryabhata 5 at the time of the initial rating exercise. Further internal credit support is available through principal subordination and the EIS. Additionally, no CC has been utilised in the pools for any of the payouts.

**Servicing capability of originator** – The company has adequate processes for servicing the loan accounts in the securitised pools. It has a considerable track record of regular collections and recoveries across a wide geography and multiple economic cycles.

### Credit challenges

**Relatively weak collection efficiency and rising delinquencies in harder buckets** – The pools have seen a dip in collections in recent months with a monthly collection efficiency of less than 90% as of the April 2025 payout month with high roll-forward seen in the harder buckets of 90+ days past due (dpd). Limited recoveries are expected from harder buckets, given the unsecured nature of the pools.

**Risks associated with lending business** – The pools' performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans. The pools are exposed to the inherent credit risk associated with the unsecured nature of the asset class. Moreover, recoveries from delinquent contracts tend to be lower.

## Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pools, ICRA has estimated the shortfall in the pool principal collection during its tenure at 8.25% and 5.25% for Gemini Trust April 2024 and Aryabhata-5 Trust March 2024, respectively, with certain variability around it. The average

<sup>6</sup> (Pool cash flows – Cash flows to PTC A)/Pool principal outstanding

prepayment rate for the underlying pools is modelled in the range of 4.8% to 18% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final ratings for the instruments.

## Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction name	Gemini Trust April 2024	Aryabhata-5 Trust March 2024
Originator	NeoGrowth Credit Private Limited	NeoGrowth Credit Private Limited
Servicer	NeoGrowth Credit Private Limited	NeoGrowth Credit Private Limited
Trustee	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited
CC Bank	DCB Bank	RBL Bank
Collection and payout account bank	ICICI Bank	ICICI Bank

## Liquidity position

### Gemini Trust April 2024: Adequate

The liquidity for Series A1 PTC is adequate after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~1.50 times the estimated loss in the pool.

### Aryabhata-5 Trust March 2024: Strong

The liquidity for Series A1 SN is strong after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~3.00 times the estimated loss in the pool.

## Rating sensitivities

**Positive factors** – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

**Negative factors** – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the ratings.

## Analytical approach

The rating action is based on the performance of the pools till April 2025 (payout month), the present delinquency levels and the credit enhancement available in the pools, and the performance expected over the balance tenure of the pools.

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Securitisation Transactions</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the originator

NeoGrowth Credit Private Limited (NCPL), which commenced operations in FY2013, is a non-deposit taking systemically important non-banking financial company (NBFC) providing loans to small and medium enterprises (SMEs). The company was founded by Mr. Dhruv Khaitan and Mr. Piyush Khaitan, and its investors include ON Mauritius, Aspada Investment Advisors, Khosla Impact Fund, Frontier Investments Group (Accion), Trinity Inclusion Ltd. (Leapfrog), Mr. Arun Nayyar {Managing Director

(MD) & Chief Executive Officer (CEO)), IIFL Seed Ventures Fund and FMO (the Dutch entrepreneurial development bank). Before setting up NCPL, the promoters had founded and managed Venture Infotek, which provided end-to-end card payment processing solutions to banks that issue credit cards and those with whom merchants have point of sales terminals. The assets under management (AUM) stood at Rs. 2,893 crore as on December 31, 2024.

#### Key financial indicators

NCPL	FY2023 Audited	FY2024 Audited	9M FY2025 Provisional
Total income	383	601	571
Profit after tax	17	71	17
Total AUM	1,852	2,750	3,151
GS3	3.2%	3.7%	5.8%
CRAR	23.2%	28.5%	27.2%

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

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

Any other information: None

#### Rating history for past three years

	Trust name	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years			
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023
					May 19, 2025	May 09, 2024	May 02, 2024		
1	Gemini Trust April 2024	Series A1 PTC	66.15	13.56	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-	-

	Trust name	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years		
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					May 19, 2025	May 24, 2024	Mar 19, 2024	
2	Aryabhata-5 Trust March 2024	Series A1 SN	51.33	3.79	[ICRA]AA-(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	

#### Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
Gemini Trust April 2024	Series A1 PTC	Moderately Complex
Aryabhata-5 Trust March 2024	Series A1 SN	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 I: Instrument details

ISIN	Trust name	Instrument	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating
INE0VSK15017	Gemini Trust April 2024	Series A1 PTC	April 30, 2024	11.35%	October 16, 2026	13.56	[ICRA]A(SO)
-	Aryabhata-5 Trust March 2024	Series A1 SN	March 12, 2024	11.15%	August 17, 2026	3.79	[ICRA]AA-(SO)

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not Applicable

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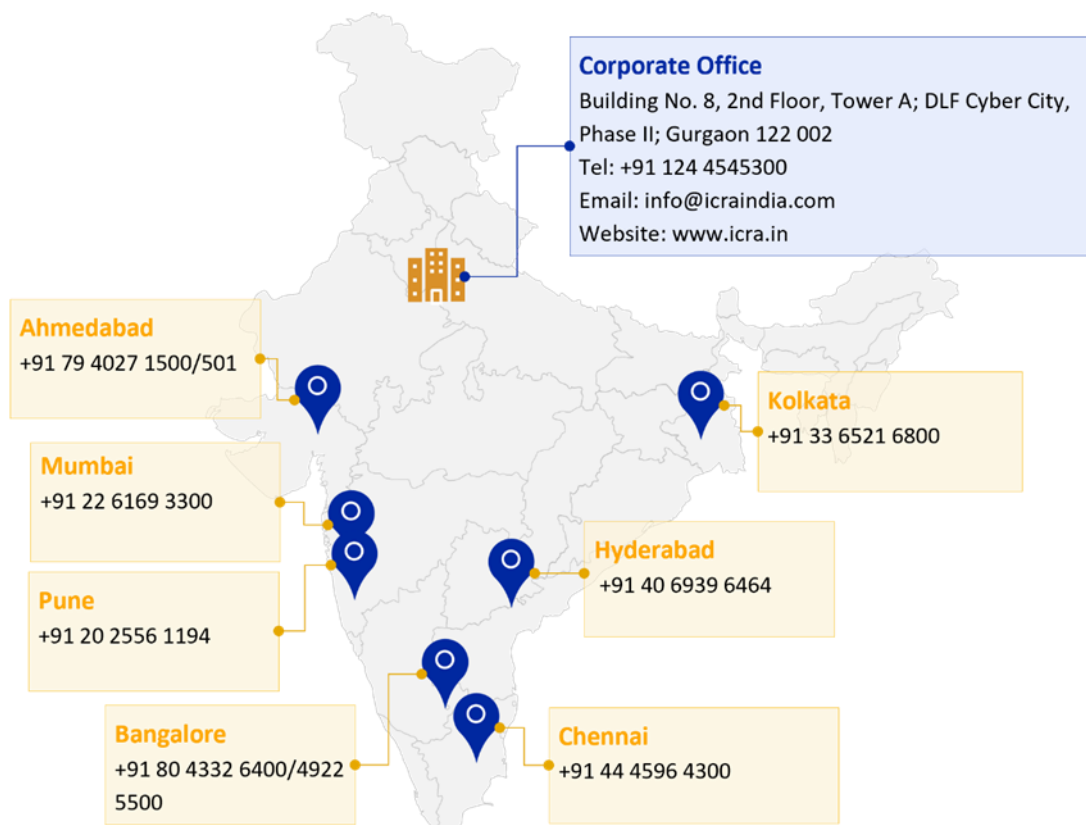


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