June 23, 2025

NeoGrowth Credit Private Limited: Rating action on PTCs issued under two MSME business loans 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
Capricorn Trust May 2024	Series A1 PTC	36.17	36.17	8.40	[ICRA]A+(SO); Upgraded from [ICRA]A(SO)
Nagarjuna-1 Trust March 2024	Series A1 PTC	62.01	62.01	1.82	[ICRA]AA+(SO); Upgraded from [ICRA]A+(SO)

**Instrument details are provided in Annexure I*

Rationale

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

The ratings upgrade factors in a buildup in credit enhancement cover over the future PTC payouts on account of healthy amortisation of pools and PTCs. Although the pools have reported lower collection efficiency in recent months, the ratings draw comfort from the fact that the breakeven collection efficiency is lower compared to the actual collection level observed in the pool till the May 2025 payout month.

Pool performance summary

Parameter	Capricorn Trust May 2024	Nagarjuna-1 Trust March 2024
Payout month	May 2025	May 2025
Months post securitisation	12	14
Pool amortisation (as % of initial pool principal)	67.6%	83.3%
PTC Amortization - PTC Series A1	76.8%	97.1%
Cumulative collection efficiency[1]	86.9%	81.9%
Loss-cum-0+ (% of initial pool principal)[2]	12.5%	14.5%
Loss-cum-30+ (% of initial pool principal)[3]	8.9%	12.4%
Loss-cum-90+ (% of initial pool principal)[4]	6.5%	11.5%
Cumulative cash collateral (CC) utilisation	0.00%	0.00%
Cumulative prepayment rate	22.5%	28.7%
Breakeven collection efficiency[5]for Series A1 PTC	48.6%	<0%
CC (% of balance pool)	12.3%	27.1%
Principal subordination (% of balance pool) Series A1 PTC	37.0%	85.1%
Excess interest spread (EIS; % of balance pool) for Series A1 PTC[6]	6.6%	4.8%

[1] *(Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)*
[2] *POS on contracts aged 0+ dpd / POS on the pool at the time of securitization*
[3] *POS on contracts aged 30+ dpd / POS on the pool at the time of securitization*
[4] *POS on contracts aged 90+ dpd / POS on the pool at the time of securitization*
[5] *(Balance cash flows payable to investor – CC available)/Balance pool cash flows*
[6] *(Pool cash flows – Cash flows to PTC A)/Pool principal outstanding*

Transaction structure

As per the structure for both transactions, 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 the Series A1 PTC principal.

Key rating drivers and their description

For Capricorn Trust May 2024

Credit strengths

Substantial credit enhancement available in the structure – The rating upgrade factors in the significant build-up in the credit enhancement with CC increasing to ~12.33% of the balance pool compared to 4% at the time of initial rating exercise. Further internal credit support is also available through principal subordination and EIS. Additionally, there has been nil CC utilization in the pool in any of the payouts.

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

Credit challenges

Relatively weak collections efficiency and rising delinquencies in harder buckets – The pool has seen a dip in collections in recent months with monthly collection efficiency below 90% as on June-25 payout month with high roll forward seen in harder buckets of 90+dpd. Limited recoveries are expected from harder buckets given the unsecured nature of the pool.

Risks associated with lending business – The pool's 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 pool is exposed to the inherent credit risk associated with the unsecured nature of the asset class and that recovery from delinquent contracts tends to be lower.

For Nagarjuna-1 Trust March 2024

Credit strengths

Substantial credit enhancement available in the structure –The rating upgrade factors in the build-up in the credit enhancement with the CC fully covering the future PTC payout to the investors, on account of significant pool and PTC amortisation for the pool.

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

Credit Challenges

Not Applicable as CC covers entire PTC cashflows.

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 Capricorn Trust May 2024, ICRA has estimated the shortfall in the pool principal collection during its tenure at 7.00%. The average prepayment rate for both the underlying pools is modelled in the range of 4.8% to 18.0% 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 rating for the instrument.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction Name	Capricorn Trust May 2024	Nagarjuna-1 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	DCB Bank	ICICI Bank

Liquidity position:

For Capricorn Trust May 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 ~2.50 times the estimated loss in the pool.

For Nagarjuna-1 Trust March 2024: Superior

The liquidity is superior since the available CC fully covers the balance PTC payouts.

Rating sensitivities

For Capricorn Trust May 2024

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 rating.

For Nagarjuna-1 Trust March 2024

Positive factors – Not applicable

Negative factors – The rating for PTCs are unlikely to be downgraded as the CC available in the transaction is sufficient to meet the future investor payouts.

Analytical approach

The rating actions are based on the performance of the pools till May 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 pool.

Analytical Approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

NeoGrowth Credit Private Limited, which commenced operations in FY2013, is a non-deposit taking systemically important non-banking financial company (NBFC) providing loans to 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). Prior to setting up NeoGrowth, 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 AUM stands at Rs 2,700.23 crores as on March 31, 2025.

Key financial indicators

Indicators	FY2023 Audited	FY2024 Audited	9MFY2025 Provisional
Total income	383	601	571
Profit after tax	17	71	17.2
Total AUM	1,852	2,750	3,151.3
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

S.No	Trust Name	Current Rating (FY2026)				Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025		Date & Rating in FY2024	Date & Rating in FY2023
					Jun 23,2025	Jun 07,2024	Jun 4, 2024	-	-
1	**Capricorn Trust May 2024**	Series A1 PTC	36.17	8.40	**[ICRA]A+(SO)**	**[ICRA]A(SO)**	**Provisional [ICRA]A(SO)**	-	-

S.No	Trust Name	Current Rating (FY2026)				Chronology of Rating History for the Past 3 Years		
		Instrument	Initial Rated Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
					Jun 23,2025	Jun 20,2024	Mar 22, 2024	-
2	**Nagarjuna-1 Trust March 2024**	Series A1 PTC	62.01	1.82	[ICRA]AA+(SO)	[ICRA]A+(SO)	Provisional: [ICRA]A+(SO)	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Capricorn Trust May 2024	Series A1 PTC	Moderately Complex
Nagarjuna-1 Trust March 2024	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 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
INE0XAN15015	Capricorn Trust May 2024	Series A1 PTC	June 6, 2024	11.50%	October 16, 2026	8.40	[ICRA]A+(SO)
NA	Nagarjuna-1 Trust March 2024	Series A1 PTC	March 19, 2024	11.10%	August 17, 2026	1.82	[ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Manushree Saggar
+91-124-4545316
manushrees@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Sumit Pramanik
+91 22 6114 3462
sumit.pramanik@icraindia.com

Ritu Rita
+91 22 6114 3420
ritu.rita@icraindia.com

Tina Parekh
+91 22 6114 3455
tina.parekh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3304
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

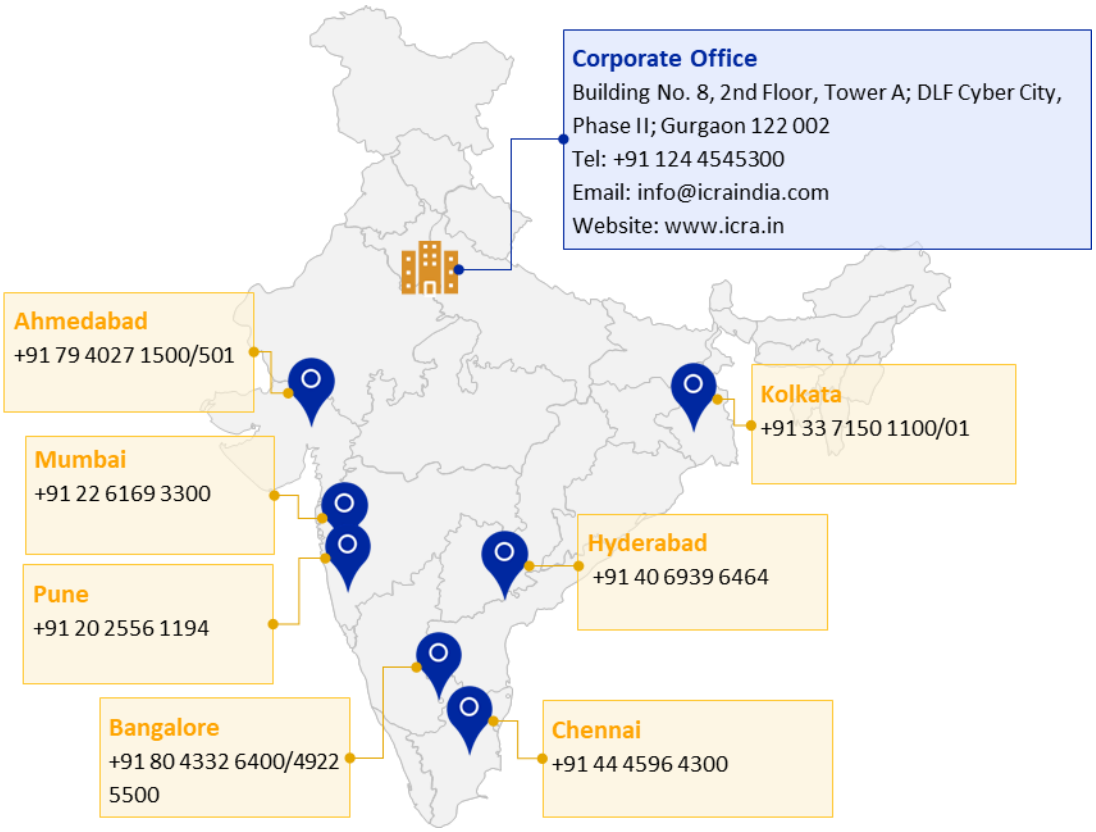
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.