April 29, 2025

NeoGrowth Credit Private Limited: Ratings upgraded for PTCs issued under two MSME business loans securitisation transaction

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
Aryabhata-4 Trust January 2024	Series A1 SN	24.42	NA	0.72	[ICRA]AA+(SO); Upgraded from [ICRA]A+(SO)
Bhaskara-1 Trust January 2024	PTC Series A1	29.84	NA	0.72	[ICRA]AA+(SO); Upgraded from [ICRA]A(SO)

**Instrument details are provided in Annexure I*

Rationale

The pass-through certificates (PTCs) 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 factors in the build-up of the credit enhancement cover over the future PTC payouts on account of the high pool amortisation. The available cash collateral (CC) is fully covering the balance PTC payouts as per April 2025 payout month.

Pool performance summary

Parameter	Aryabhata-4 Trust January 2024	Bhaskara-1 Trust January 2024
Payout month	April 2025	April 2025
Months post securitisation	15	15
Pool amortisation (as % of initial pool principal)	82.07%	87.07%
PTC Amortization - PTC Series A1	97.05%	97.58%
Cumulative collection efficiency[1]	94.30%	88.50%
Loss-cum-0+ (% of initial pool principal)[2]	5.70%	15.56%
Loss-cum-30+ (% of initial pool principal)[3]	4.76%	14.76%
Loss-cum-90+ (% of initial pool principal)[4]	3.98%	12.28%
Cumulative cash collateral (CC) utilisation	0.00%	0.00%
Cumulative prepayment rate	23.61%	23.59%
Breakeven collection efficiency[5] for PTC Series A1	0.00%	0.00%
CC (% of balance pool)	27.88%	30.93%
Principal subordination (% of balance pool) PTC Series A1	4.27%	4.23%
Excess interest spread (EIS; % of balance pool) for PTC Series A1[6]	86.01%	83.57%

[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

For both transactions

As per the transaction structure, the monthly cashflow 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. The residual cashflow available, after making the promised and expected payments, shall flow back to the Originator on every payout date. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

Key rating drivers and their description

For both transactions

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 payouts to the investors, on account of significant pool and PTC/SN amortisation for both the pools

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.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction Name	Aryabhata-4 Trust January 2024	Bhaskara-1 Trust January 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	RBL Bank	ICICI Bank
Collection and payout account bank	ICICI Bank	ICICI Bank

Liquidity position: Superior for both the pools

The liquidity is superior for both the pools since the available CC fully covers the balance PTC/SN payouts.

Rating sensitivities

Positive factors: Not applicable

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

Analytical approach

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

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for 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 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). 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 assets under management (AUM) stood at Rs. 2,893 crore as on December 31, 2024.

Key financial indicators

Indicators	FY2023 Audited	FY2024 Audited	9MFY2025 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%	27.0%

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	Current Rating (FY2026)				Chronology of Rating History for the Past 3 Years		
		Instrument	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
					Apr 29,2025	Apr 22,2024	Jan 30, 2024	-
1	**Aryabhata-4 Trust January 2024**	Series A1 SN	24.42	0.72	**[ICRA]AA+(SO)**	**[ICRA]A+(SO)**	**Provisional [ICRA]A+(SO)**	-

	Trust Name	Current Rating (FY2026)				Chronology of Rating History for the Past 3 Years		
		Instrument	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
					Apr 29,2025	Apr 01, 2024	Jan 30,2024	-
2	**Bhaskara-1 Trust January 2024**	PTC Series A1	29.84	0.72	**[ICRA]AA+(SO)**	**[ICRA]A(SO)**	**Provisional [ICRA]A(SO)**	

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Aryabhata-4 Trust January 2024	**Series A1 SN**	Moderately Complex
Bhaskara-1 Trust January 2024	**PTC Series A1**	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

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Rated Amount (Rs. crore)	Current Rating
Aryabhata-4 Trust January 2024	Series A1 SN	January 30,2024	11.40%	May 17, 2026	0.72	[ICRA]AA+(SO)
Bhaskara-1 Trust January 2024	PTC Series A1	January 30,2024	11.60%	January 17, 2026	0.72	[ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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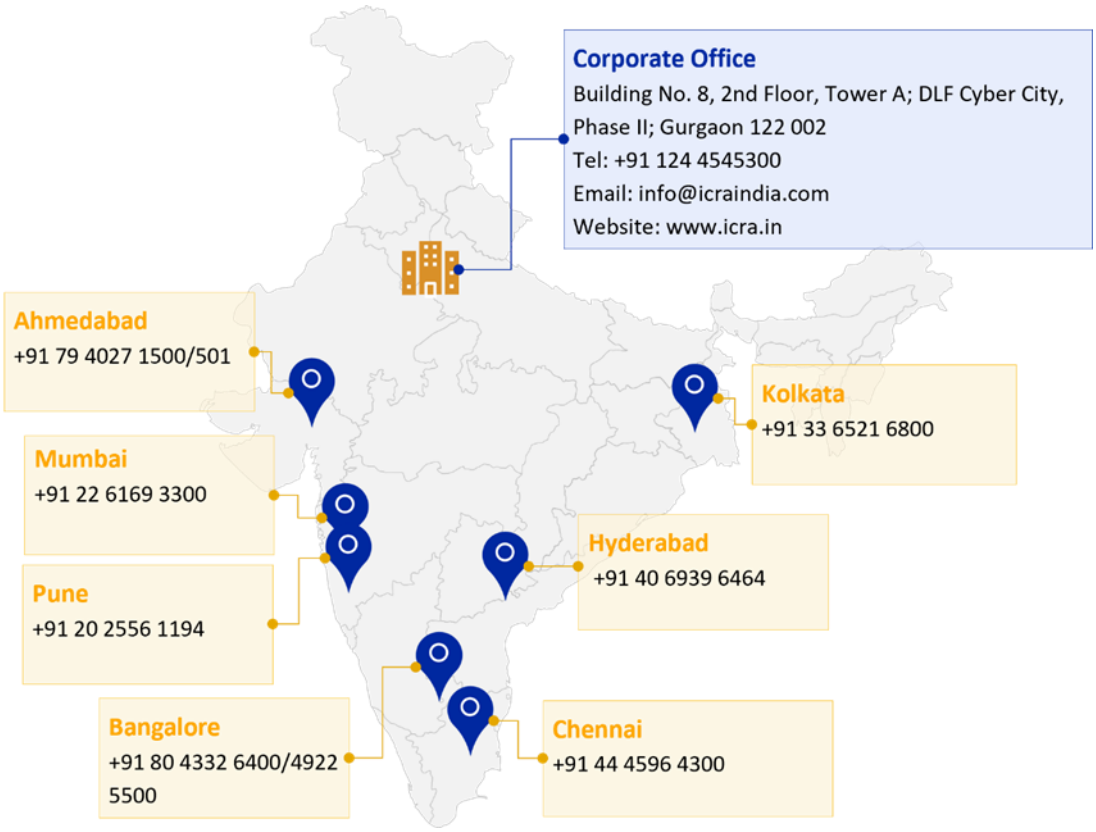

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