July 28, 2026

NeoGrowth Credit Private Limited: Rating reaffirmed for PTCs issued under MSME business loan 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	Financial sector regulator#
Nabh Trust December 2024	Series A1 PTC	84.00	NA	64.01	[ICRA]A(SO); reaffirmed	RBI

**Instrument details are provided in Annexure I*

 # The Securities and Exchange Board of India's (SEBI) grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators (FSRs) other than SEBI

Rationale

The pass-through certificates (PTCs) are backed by a pool of micro, small and medium enterprise (MSME) business loan receivables originated by NeoGrowth Credit Private Limited {NCPL/Originator; rated [ICRA]BBB (Negative)}[1]. NCPL is also the servicer for the transaction.

As of the June 2026 payout month, the transaction was in the replenishment period and the current pool meets the defined eligibility criteria. The rating reaffirmation factors in the increase in the credit enhancement cover and the moderately healthy pool collections. ICRA has also taken comfort from the defined eligibility criteria, which ensures that the follow-on pools continue to have a better credit profile.

Pool performance summary

Parameter	Nabh Trust December 2024
Payout month	June 2026
Months post securitisation	18
Series A1 PTC amortisation	25.10%
Last 3 months' average collection efficiency[2]	89.6%
Cumulative collection efficiency[3]	89.4%
Cumulative cash collateral (CC) utilisation	0.00%
CC available (% of balance pool)	3.00%
Principal subordination (% of balance pool principal) for Series A1 PTC	21.81%

[1] The current rating rationale of the Originator, available at this link, provides its detailed rating history and rating transitions

[2] Average of (Total current and overdue collections for the month as a % of Total billing for the month) for 3 months

[3] (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

Transaction structure

As per the transaction structure, the tenure of the pool shall be divided into two periods – replenishment period and amortisation period.

Replenishment period

The replenishment period will be for 24 months from the transaction commencement date. During this period, Series A1 PTC investors will receive only the promised interest payouts on a monthly basis, and the balance pool collections will be used by the trust to purchase fresh loan receivables, as per the selection criteria, such that the pool principal remains unchanged.

Further, as per the transaction structure, residual pool collections will be used to redeem Series A1 PTC till the advance rate is more than or equal to 70%. The advance rate is defined as the outstanding amount of Series A1 PTC divided by the sum of the principal outstanding value of all underlying loans [which are up to 30 days past due (dpd)] and cash collateral (CC). This will lead to the buildup of subordination for the rated instrument.

The transaction also entails certain trigger events for early amortisation. The breach of any of these trigger events would lead to the end of the replenishment period and the start of the amortisation period. If a trigger event occurs during the replenishment period, then the tenure of the PTCs shall be reduced and will be co-terminus with the remaining tenure of the pool of receivables assigned to the trust.

Amortisation period

Following the replenishment period, the residual pool collections will be utilised to repay Series A1 PTC. The monthly cash flow schedule will comprise the promised interest payout for Series A1 PTC. The principal for Series A1 PTC 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 either be used to prepay Series A1 PTC (if advance rate, as defined earlier, is more than or equal to 50%) or flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

Key eligibility criteria for the receivables

Loans/receivables in the initial pool/pool assigned to the trust shall be selected based on the criteria specified below:

- Loans are not overdue
- Loans should not have been overdue on any date since origination beyond 30 days
- Loans should not have been restructured or rescheduled or given any moratorium
- Loans have a fixed rate of interest
- Concentration to any state in the underlying pool should not exceed 25% and to any branch does not exceed 20%
- Weighted average annualised rate of interest (without any fees) on the underlying loans in the pool to be a minimum of 22%
- Weighted average net seasoning is at least four months
- CIBIL score of the obligors should not be lower than 700 at the time of their origination and on the date of assignment

Trigger events for early amortisation

On the occurrence of any of the following trigger events, the replenishment period will end immediately with no further loans/receivables being purchased and the PTCs will move to the amortisation period.

- The Originator does not have sufficient loans (which meet the eligibility criteria) for sale during the replenishment period
- Any default on its debt obligations by the Originator/servicer or initiation of any insolvency proceedings by any lender of the Originator/servicer or filing of insolvency application by any regulator of the Originator/servicer
- Material breach of obligations by the servicer

- Downward revision in the servicer's rating below BBB- by any of the existing rating agencies rating the Originator/servicer
- Any downward revision in the rating assigned to the Series A1 PTCs
- Series A1 PTC outstanding amount is more than 87% of the performing balance
- CC has been utilised
- If a servicer's event of default is called
- Cumulative default rate has crossed 9% in the first 12 months and exceeded 11% thereafter
- Any regulatory action/restriction (by the Reserve Bank of India (RBI) or any other regulatory/Government entity), directly on the Originator/seller or on the non-banking financial institution (NBFI) industry, which has a significant adverse impact on the Originator during the replenishment period, would trigger a regulatory review event, leading to:
    - Replenishment being paused and the principal collection being retained in the Collections and Payout Account or in the form of a fixed deposit in the name of the trust
    - The PTC holders will have a minimum of 30 days and a maximum of 90 days to review the impact of the regulatory action and determine the usage of the stored principal collections and next steps (if any), with early amortisation being the worst-case action

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The initial pool was granular and, basis the eligibility criteria, the follow-on pools are also granular with no obligor exceeding ~1% of the pool principal, thereby reducing the exposure to any single borrower. The EIS is passed on to PTC Series A1 till the advance rate falls below the threshold of 70% during the replenishment period. This has led to an increase in the subordination for PTC Series A1 to 21.81% as of the June 2026 payout month from 13.00% as per the initial rating. Further, credit enhancement is available in the form of the CC of 3.00% of the pool principal as of the June 2026 payout month.

No overdue contracts in the pool – The initial pool had no overdue contracts as on the pool cut-off date. Further, any follow-on pool will not include any overdue contracts on the date of assignment to the trust, which is a credit positive.

Adequate servicing capability of originator – The company has sufficient processes for servicing the loan accounts in the securitised pool. It has a track record of over 10 years of regular collections and recoveries across a wide geography.

Credit challenges

Moderate pool selection criteria – A potential concern pertaining to a replenishment structure is the uncertainty regarding the exact composition of the additional receivables. While the current transaction has specified eligibility criteria, the follow-on pools may have lower seasoning, lower interest rate contracts, contracts from weaker geographies and a moderate share of contracts with lower bureau scores.

Risks associated with lending business – The performance of the initial and the follow-on pools would remain exposed to macroeconomic 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 initial as well as the follow-on pools are exposed to the inherent credit risk associated with the unsecured nature of the asset class and the fact that 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. However, since the pool in the current transaction would be revised during the replenishment period, the characteristics of the pool would change unlike other PTC transactions where the pool is static. ICRA has used the defined eligibility criteria to arrive at a potential loss for the follow-on pools. The resulting collections from the current pool and the follow-on pools, 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 transaction, ICRA has estimated the shortfall in the principal of the pool crystallised at the end of the replenishment period at 7.25% at the end of its tenure with certain variability around it. The average prepayment rate for the underlying pool 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 rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Nabh Trust December 2024
Originator	NCPL
Servicer	NCPL
Trustee	Catalyst Trusteeship Limited
CC holding bank	ICICI Bank
Collection and payout account bank	ICICI Bank

Liquidity position: Strong

The liquidity for Series A1 PTC is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~5.50 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Since the principal amortisation would begin on the crystallisation of the final pool, the rating is unlikely to be upgraded till the final pool is crystallised. The rating could be upgraded basis the healthy collections observed in the final crystallised pool, leading to the build-up of the credit enhancement cover over the rated PTCs.

Negative factors – The rating could be downgraded on the occurrence of a trigger event, non-adherence to the key transaction terms and deterioration in the performance of the follow-on pools such that the delinquencies during the amortisation period are higher than expected. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pool till the June 2026 payout month, the present delinquency profile of the pool of contracts, the performance expected over the balance pool tenure, and the credit enhancement available in the transaction.

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 (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)}, M/s 360 One Seed Ventures Fund and FMO (the Dutch entrepreneurial development bank). Before setting up NCPL, the founders had established and managed Venture Infotek, which provided end-to-end card payment processing solutions to banks that issue credit cards and with whom merchants have point of sales terminals.

Key financial indicators (audited)

Indicators	FY2024 Audited	FY2025 Audited	FY2026 Audited
Total income	601	750	591
Profit after tax	71	09	-72
Total managed assets	3,110	3,111	2,537
GS3	3.7%	6.8%	5.8%
CRAR	28.5%	29.1%	29.1%

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 (FY2027)				Chronology of rating history for the past 3 years		
		Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
					July 28, 2026	July 21, 2025	December 31, 2024	-
1	**Nabh Trust December 2024**	Series A1 PTC	84.00	64.01	**[ICRA]A(SO)**	**[ICRA]A(SO)**	**Provisional [ICRA]A(SO)**	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTC	Highly 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 name	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating	FSR#
Nabh Trust December 2024	Series A1 PTC	December 27, 2024	11.25%	December 14, 2029	64.01	[ICRA]A(SO)	RBI

Source: Company

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of FSRs other than SEBI

Annexure II: List of entities considered for consolidated analysis

Not applicable

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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

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