August 03, 2026

NeoGrowth Credit Private Limited: Ratings confirmed as final for PTCs issued under unsecured MSME business loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Current rated amount (Rs. crore)	Rating action	FSR#
Avni Trust March 2026	Series A1 PTC	57.01	[ICRA]A+(SO); provisional rating confirmed as final	RBI
	Series B PTC	5.25	[ICRA]A(SO); provisional rating confirmed as final	

**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

ICRA had assigned provisional ratings to the pass-through certificates (PTC) issued by Avni Trust March 2026 under a securitisation transaction originated by NeoGrowth Credit Private Limited {NCPL/Originator; rated [ICRA]BBB (Negative)}[1].The PTCs are backed by a pool of unsecured micro, small and medium enterprise (MSME) loan receivables originated by NCPL with an aggregate principal outstanding of Rs. 75.02 crore (pool receivables of Rs. 96.20 crore). NCPL would also act as the servicer for the transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said ratings have now been confirmed as final.

Pool performance summary

Parameter	Avni Trust March 2026
Payout month	July 2026
Months post securitisation	4
Pool amortisation	20.36%
Series A1 PTC amortisation **Series B amortisation**	35.92% 0.00%
Cumulative prepayment rate[2]	4.12%
Cumulative collection efficiency[3]	93.56%
Loss-cum-0+ days past due (dpd)[4]	6.78%
Loss-cum-30+ dpd[5]	1.90%
Loss-cum-90+ dpd[6]	0.27%
Cumulative cash collateral utilisation	0.00%

[1] The current rating rationale of the Originator, available at this link, provides its detailed rating history and rating transitions
[2] Principal outstanding at the time of prepayment of contracts prepaid till date/Initial pool principal
[3] Cumulative collections till date including advance collections but excluding prepayments/Cumulative billings till date + Opening overdues
[4] Principal outstanding (POS) on contracts aged 0+ dpd + Overdues/Initial POS on the pool
[5] POS on contracts aged 30+ dpd + Overdues/Initial POS on the pool
[6] POS on contracts aged 90+ dpd + Overdues/Initial POS on the pool

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout for Series A1 and B PTCs. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) to Series A1 PTC till it is live and will then be passed on to Series B PTCs, but it is promised on the final maturity date. The principal for Series B PTCs is promised to be paid on the final maturity date only after the full repayment of Series A1 PTCs. Prepayments will be passed to Series A1 PTCs till it is live and to Series B PTCs thereafter. Any surplus excess interest spread (EIS), after meeting the promised payouts, will be used to pay Series A1 PTCs till the advance rate[7] is more than or equal to 50%. Following this, it will flow back to the Originator on a monthly basis.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 3.00% of the initial pool principal, amounting to Rs. 2.25 crore, to be provided by the Originator, (ii) subordination of 24.00% of the initial pool principal for Series A1 PTC in the form of Series B PTC, equity tranche PTC and over-collateralisation, and subordination of 17.00% of the initial pool principal for Series B PTC in the form of the equity tranche and over-collateralisation, and (iii) EIS of 23.43% and 22.41%[8] of the initial pool principal for Series A1 PTC and Series B PTC, respectively, as well as the integrity of the legal structure.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 515 contracts, with the top 10 contracts forming only 6.8% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some of the losses in the pool and provide support in meeting the PTC payouts.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, ~91% of the contracts in the pool have never been delinquent since origination, which is a credit positive.

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

Healthy bureau score of borrowers – All the borrowers in the pool have a CIBIL score of more than 700, which reflects their relatively better credit profile.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Maharashtra, Karnataka and Andhra Pradesh, contributing ~58% to the initial pool principal amount. Its performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The pool's performance 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

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[7] Advance rate means {sum of outstanding amount of Series A1 and B PTCs} divided by {sum of the performing balance and the then prevailing amount of CC}

[8] The EIS has increased to 23.43% from 23.35% for Series A1 PTC and to 22.41% from 22.32% for Series B PTC, as indicated at the time of assigning the provisional ratings, on account of change in the settlement date

timely repayments of their loans. It is 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. 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 pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 8.00%, 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 ratings for the instruments.

Liquidity position: Strong

The liquidity for Series A1 and B PTCs is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~5.25 times and ~3.75 times the estimated loss in the pool for Series A1 and B PTCs, respectively.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Avni Trust March 2026
Originator	NeoGrowth Credit Private Limited
Servicer	NeoGrowth Credit Private Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	ICICI Bank Limited
Collection and payout account bank	ICICI Bank Limited

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 trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

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

Indicators	FY2024 Audited	FY2025 Audited	FY2026 Audited
Total income	601	750	591
Profit after tax	71	09	-72
Total managed assets	3,112	3,112	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
					August 03, 2026	March 31, 2026	-	-
1	**Avni Trust March 2026**	Series A1 PTC	57.01	57.01	**[ICRA]A+(SO)**	**Provisional [ICRA]A+(SO)**	-	-
		Series B PTC	5.25	5.25	**[ICRA]A(SO)**	**Provisional [ICRA]A(SO)**		

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTC	Highly Complex
Series B 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#
Avni Trust March 2026	Series A1 PTC	March 30, 2026	11.42%	September 14, 2029	57.01	[ICRA]A+(SO)	RBI
	Series B PTC		12.75%	September 14, 2029	5.25	[ICRA]A(SO)	

Source: Company

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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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