

September 05, 2024

## NeoGrowth Credit Private Limited: Rating withdrawn for PTCs issued under MSME business loan securitisation transaction

### Summary of rating action

| TRUST NAME                 | Instrument*   | Initial Rated Amount (Rs. crore) | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action          |
|----------------------------|---------------|----------------------------------|-----------------------------------|----------------------------------|------------------------|
| Chanakya-1 Trust July 2023 | PTC series A1 | 35.27                            | 35.27                             | 0.00                             | [ICRA]A(SO); Withdrawn |

\*Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the rating for the pass-through certificates (PTCs) issued under a micro, small and medium enterprise (MSME) business loan receivables originated by Neogrowth Credit Private Limited {NCPL/ Originator; rated [ICRA]BBB+ (Stable)}. All the payouts to the investors in the above-mentioned instrument have been made and no further payments are due to the investors.

The key rating drivers, liquidity position and rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale of the exercise is available at the following link: [Click Here](#)

### Analytical approach

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable Rating Methodologies | <a href="#">ICRA's Policy on Withdrawal of Credit Rating</a> |
| Parent/Group Support            | Not Applicable   |
| Consolidation/Standalone        | Not Applicable   |

### About the company

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 founders 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. 2,876 crore as on June 30, 2024.

### Key financial indicators

| NCPL             | FY2022  | FY2023  | FY2024  | Q1FY2025    |
|------------------|---------|---------|---------|-------------|
|                  | Audited | Audited | Audited | Provisional |
| Total income     | 363     | 383     | 601     | 188         |
| Profit after tax | (39)    | 17      | 71      | 8           |
| Total AUM        | 1,559   | 1,852   | 2,750   | 2876        |
| GS3              | 10.8%   | 3.2%    | 3.7%*   | 4.1%        |
| CRAR             | 23.2%   | 32.7%   | 28.5%   | 27.96%      |

\*Gross stage 3 % is derived as (Gross stage 3 loans)/ (Gross loans). During December 23, the company revised the classification of Stage 3 asset to align it with the definition of Substandard asset as per the RBI norms

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

**Any other information: None**

### Rating history for past three years

| Sr. No. | Trust Name                 | Instrument    | Current Rating (FY2025)          |                                  | Chronology of Rating History for the Past 3 Years |              |                            |   |                         |                         |
|---------|----------------------------|---------------|----------------------------------|----------------------------------|---|--------------|----------------------------|---|-------------------------|-------------------------|
|         |                            |               | Initial Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Date & Rating in FY2025                           |              | Date & Rating in FY2024    |   | Date & Rating in FY2023 | Date & Rating in FY2022 |
|         |                            |               |                                  |                                  | Sep 05, 2024                                      | Oct 25, 2023 | Jul 28, 2023               | - | -                       |                         |
| 1       | Chanakya-1 Trust July 2023 | PTC series A1 | 35.27                            | 0.00                             | [ICRA]A(SO);<br>Withdrawn                         | [ICRA]A(SO)  | Provisional<br>[ICRA]A(SO) | - | -                       |                         |

### Complexity level of the rated instrument

| Instrument                 | Instrument    | Complexity Indicator |
|----------------------------|---------------|----------------------|
| Chanakya-1 Trust July 2023 | 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, is available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

| Trust Name                    | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date* | Current Rated Amount (Rs. Crore) | Current Rating            |
|-------------------------------|-----------------|-----------------------------|-------------|----------------|----------------------------------|---------------------------|
| Chanakya-1 Trust<br>July 2023 | PTC series A1   | Jul 28, 2023                | 11.25%      | Nov 11, 2025   | 0.00                             | [ICRA]A(SO);<br>Withdrawn |

*Source: Company; \*Scheduled maturity at transaction initiation*

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

Not Applicable

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