

November 15, 2024

Groww Creditserv Technology Private Limited: Rating confirmed as final for PTCs backed by a pool of personal loan receivables issued by Rumble 06 2024

Summary of rating action

Trust Name	Instrument*	Current Amount Rated (Rs. crore)	Rating Action
Rumble 06 2024	Series A1 PTC	146.53	[ICRA]AA-(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

In August 2024, ICRA had assigned Provisional [ICRA]AA-(SO) rating to Series A1 pass through certificate (PTC), issued by Rumble 06 2024. The PTCs are backed by a pool of personal loan (PL) receivables originated by Groww Creditserv Technology Private Limited (GCTPL/Originator; rated [ICRA]A(Stable)) with an aggregate principal outstanding of Rs. 162.82 crore (pool receivables of Rs. 201.00 crore).

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 rating have now been confirmed as final.

Pool performance summary

Parameter	Rumble 06 2024
Payout month	October 2024
Months post securitisation	2
Pool amortisation	10.4%
PTC Series A Amortisation	11.7%
Cumulative collection efficiency ¹	99.9%
Loss cum 0+ dpd ²	0.7%
Loss cum 30+ dpd ³	0.3%
Loss cum 90+ dpd ⁴	0.0%
Cumulative prepayment rate	4.9%
Cumulative cash collateral utilisation	0.0%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (to the extent of 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 Series A1 PTC principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 7.00% of the initial pool principal, amounting to Rs. 11.40 crore, to be provided by the Originator, (ii) subordination of 10.00% of the initial pool principal in the

¹ Cumulative collections including advances / (Cumulative billings + Opening overdues at the time of securitisation)

² Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation

³ Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation

⁴ Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

form of an equity tranche of 5.00% and over-collateralisation of 5.00% of the pool principal for Series A1 PTC, and (iii) the EIS of 10.34% of the initial pool principal for Series A1 PTC.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 5,952 contracts, with the top 10 borrowers accounting for 0.6% 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 amount of the losses in the pool and provide support in meeting the PTC payouts.

Seasoned contracts with no overdues in the pool as on the cut-off date – The pool had amortised by ~17% with no delinquencies as on the cut-off date, reflecting the relatively better credit profile of the borrowers.

High share of salaried borrowers – The salaried borrower category accounts for ~78% of the pool (in terms of the principal amount outstanding on the cut-off date). This alleviates the risks to some extent, given the steady cash flows of such borrowers vis-à-vis self-employed borrowers. The same is also demonstrated in the company's overall loan portfolio, wherein the 90+ days past due (dpd) in the salaried borrowers segment was lower than for self-employed borrowers.

Credit challenges

Relatively new entrant in unsecured lending segment – GCTPL is a new entrant in the non-banking financial company (NBFC) and digital lending space. It provides personal and consumer durable loans to Groww Invest Tech Private Limited's⁵ existing customers via a preapproved programme. As the first disbursement was in February 2023, the scale of operations remains small. Further, portfolio seasoning is limited.

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 with recoveries from delinquent contracts tending 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 5.25% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.80% 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 is as follows:

⁵ It offers equity broking services in the cash as well as derivatives segment and mutual fund distribution under the brand name – Groww

Transaction Name	Rumble 06 2024
Originator	Groww Creditserv Technology Private Limited
Servicer	Groww Creditserv Technology Private Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	DCB Bank
Collection and payout account bank	ICICI Bank

Liquidity position: Strong

The liquidity for the PTC instrument is strong after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would ~4.25 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating could be upgraded based on the sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and on an increase in the cover available for future PTC payouts from the credit enhancement.

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 (GCTPL) could also exert pressure on the rating.

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

GCTPL was incorporated in January 2021. It received an NBFC licence from the Reserve Bank of India (RBI) in December 2022. The company provides personal and consumer durable loans on digital lending platforms. GCTPL is a wholly-owned subsidiary of BGV. It was initially held directly by the four co-founders – Mr. Lalit Keshre, Mr. Harsh Jain, Mr. Ishan Bansal and Mr. Neeraj Singh. Subsequently, BGV acquired a stake in GCTPL in multiple tranches during April 2023 to March 2024. The total capital infusion in GCTPL till March 31, 2024 aggregated Rs. 378 crore and its net worth was Rs. 351 crore.

While personal loans accounted for 98% of the loan book, consumer durable loans accounted for the balance. The total on-balance sheet loan book stood at Rs. 731.1 crore as on March 31, 2024 and Rs. 965.44 crore as on June 30, 2024.

Key financial indicators

GCTPL (standalone)	FY2022	FY2023	FY2024
Total income	0.1	-3.4	-30.7
Profit after tax	0.1	-2.8	-24.1
Total managed assets	0.0	0.0	731.1
Gross stage 3	0.0%	0.0%	0.3%
CRAR	NA	136.9%	38.6%

Source: Company, ICRA Research; 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 (FY2025)					Chronology of Rating History for the Past 3 Years		
		Instrument	Initial Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & Rating in FY2025		Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
					November 15, 2024	August 06, 2024			
1	Rumble 06 2024	Series A1 PTC	146.53	146.53	[ICRA]AA-(SO)	Provisional [ICRA]AA-(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
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

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating
Rumble 06 2024	Series A1 PTC	July 31, 2024	10.45%	December 14, 2028	146.53	[ICRA]AA-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Abhishek Dafria

+91 22 6114 3440

abhishek.dafria@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Himanshi Doshi

+91 22 6114 3410

himanshi.doshi@icraindia.com

Diptajyoti Banik

+91 22 6114 3412

diptajyoti.banik@icraindia.com

Ritu Rita

+91 22 6114 3409

ritu.rita@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6169 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, 2024 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.