

July 13, 2022

Lendingkart Finance Limited: Ratings withdrawn for PTCs issued under a pool of small business loan receivables

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Previous Rated Amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
Northern Arc 2020 SBL Logan	Series A1 PTC	25.00	2.69	0.00	[ICRA]AA(SO); withdrawn
	Series A2 PTC	0.57	0.57	0.00	[ICRA]AA(SO); withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under small business loan receivables transaction originated by Lendingkart Finance Limited (Lendingkart/ Originator; rated [ICRA]BBB+(Stable)), as tabulated above. All the payouts to the investors in the above-mentioned instrument has been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

Lendingkart Finance Limited (formerly Aadri Infin Limited) is a Lendingkart Group company, which is registered as an NBFC and provides unsecured small and medium-sized enterprise (SME) loans. Lendingkart Technologies Private Limited (LTPL), the technology arm of the Ahmedabad-based Lendingkart Group, holds a 100% stake in LFL. Fullerton Financial Holdings Pte Limited (FFH) had a 39.15% stake in LTPL as on March 31, 2022. The Group was started in 2014 by one of the co-founders, Mr. Harshvardhan Lunia, and raised funds from FFH, Saama Capital, Mayfield India, India Quotient, Bertelsmann India Investments, Sistema Asia Fund and Darrin Capital Management.

The Lendingkart Group is a part of the rapidly evolving fintech industry and it leverages technology to underwrite credit to extend loans to the SME segment, which distinguishes its algorithm-driven credit capabilities from the physical credit underwriting performed by various industry players. Loans are given to micro and small enterprises for meeting their working capital needs. The underwriting is based on the scoring by a proprietary algorithm.

Key financial indicators

	FY2020	FY2021	FY2022
	Audited	Audited	Audited
Total income	464	510	639
Profit after tax*	30	18	(141)
Total Managed Asset	2,601	2,832	3,721
Gross stage 3 (%)	2.2%	2.5%	3.9%
Net stage 3 (%)	1.0%	0.9%	1.6%

Source: Lendingkart and ICRA Research; Amount in Rs. crore

*Adjusting for one-time restructured loans impairment of Rs. 59 crore in FY2021 and Rs. 275 crore in FY2022, adjusted PAT was Rs. 77 crore and Rs. 133 crore in FY2021 and FY2022 respectively

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	Trust Name	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020
							Feb 01, 2021^	Nov 17, 2020*	
1	Northern Arc 2020 SBL Logan	Series A1 PTC	25.00	0.00	[ICRA]AA(SO); withdrawn	[ICRA]AA(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	-
		Series A2 PTC	0.57	0.00	[ICRA]AA(SO); withdrawn	[ICRA]AA(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-

*Initial rating assigned

^Final rating confirmed

Complexity level of the rated instruments

Instrument	Complexity Indicator
Series A1 PTC	Moderately Complex
Series A2 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, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Northern Arc 2020 SBL Logan	Series A1 PTC	November 2020	11.85%	September 2022	0.00	[ICRA]AA(SO); Withdrawn
	Series A2 PTC	November 2020	14.50%	September 2022	0.00	[ICRA]AA(SO); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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