

January 18, 2023

Lendingkart Finance Limited: Ratings withdrawn for PTCs backed by unsecured small business loan receivables securitisation transactions

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
Northern Arc 2021 SBL Drinfeld	Series A1 PTC	70.81	2.48	0.00	[ICRA]AA(SO); Withdrawn
	Series A2 PTC	1.21	1.21	0.00	[ICRA]AA-(SO); Withdrawn
CredAvenue Nova 12 2020	Series A1 PTC	22.00	7.81	0.00	[ICRA]A(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under unsecured small business loan receivables securitisation transaction originated by Lendingkart Finance Limited (Lendingkart/Originator; rated [ICRA]BBB+(Stable)). All the payouts to the investors in the above-mentioned instruments have 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link:

1. Northern Arc 2021 SBL Drinfeld: [Click here](#)
2. CredAvenue Nova 12 2020: [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 originator

Lendingkart provides unsecured small and medium-sized enterprise (SME) loans. Lendingkart Technologies Private Limited (LTL), the technology arm of the Ahmedabad-based Lendingkart Group, holds a 100% stake in Lendingkart. 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

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

Amount in Rs. crore

Source: Company, ICRA Research; All ratios as per ICRA's calculations

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 (FY2023)		Chronology of Rating History for the past 3 years					
			Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating		Date & Rating in FY2022		Date & Rating in FY2021	
					Jan 18, 2023	Aug 22, 2022	Feb 24, 2022	Mar 15, 2021^	Feb 10, 2021*	Date & Rating in FY2020
1	Northern Arc 2021 SBL Drinfeld	Series A1 PTC	70.81	0.00	[ICRA]AA(SO); Withdrawn	[ICRA]AA(SO)	[ICRA]AA(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	--
		Series A2 PTC	1.21	0.00	[ICRA]AA-(SO); Withdrawn	[ICRA]AA-(SO)	[ICRA]AA-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	--

*Provisional rating assigned

^ Provisional rating finalised

Sr. No.	Trust Name	Instrument	Current Rating (FY2023)		Chronology of Rating History for the past 3 years				
			Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating		Date & Rating in FY2022		Date & Rating in FY2020
					Jan 18, 2023	Feb 24, 2022	Feb 01, 2021^	Jan 06, 2021*	--
2	CredAvenue Nova 12 2020	Series A1 PTC	22.00	0.00	[ICRA]A(SO); Withdrawn	[ICRA]A(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	--

*Provisional rating assigned

^ Provisional rating finalised

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Northern Arc 2021 SBL Drinfeld	Series A1 PTC	Moderately Complex
	Series A2 PTC	Moderately Complex
CredAvenue Nova 12 2020	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, is available on ICRA's website [Click here](#)

Annexure I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Northern Arc 2021 SBL Drinfeld	Series A1 PTC	February 2021	10.80%	April 2023	0.00	[ICRA]AA(SO); Withdrawn
	Series A2 PTC	February 2021	14.30%	April 2023	0.00	[ICRA]AA-(SO); Withdrawn
CredAvenue Nova 12 2020	Series A1 PTC	December 2020	12.00%	May 2023	0.00	[ICRA]A(SO); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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