

July 19, 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Lendingkart Finance Limited: Ratings withdrawn for PTCs backed by unsecured small business loan receivables securitisation transactions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
Indigo 001	Series A1 PTC	40.00	10.99	0.00	[ICRA]A+(SO); Withdrawn
Northern Arc 2021 SBL Riemann	PTC Series A1	43.70	8.58	0.00	[ICRA]A+(SO); Withdrawn
	PTC Series A2	0.74	0.74	0.00	[ICRA]A(SO); Withdrawn
Northern Arc 2021 SBL Chicago	Series A1a PTC	40.60	0.24	0.00	[ICRA]A+(SO); Withdrawn
	Series A1b PTC	4.47	4.47	0.00	[ICRA]A(SO); Withdrawn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ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under unsecured small business loan receivables securitisation transactions originated by Lendingkart Finance Limited (Lendingkart/Originator; rated [ICRA]BBB+(Positive)). 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn.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 are available at the following links:

1. Indigo 001: [Click here](#)
2. Northern Arc 2021 SBL Riemann: [Click here](#)
3. Northern Arc 2021 SBL Chicago: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy on Withdrawal of Credit Ratings
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 (LTPL), 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

	FY2020	FY2021	FY2022	FY2023
	Audited	Audited	Audited	Audited
Total income	464	510	639	824
Profit after tax	30	18	(141)	116
Total managed assets	2,601	2,832	3,721	4,978
Gross stage 3	2.2%	2.5%	3.9%	1.8%
Net stage 3	1.0%	0.9%	1.6%	0.8%

Source: Lendingkart, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

*Adjusting for one-time restructured loan 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 (FY2024)				Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021
					Jul 19, 2023				
1	Indigo 001	Series A1 PTC	40.00	0.00	[ICRA]A+(SO) Withdrawn	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-

*Provisional rating assigned

^ Provisional rating finalised

Sr. No.	Trust Name	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021
					Jul 19, 2023				
2	Northern Arc 2021 SBL Riemann	PTC Series A1	43.70	0.00	[ICRA]A+(SO) Withdrawn	[ICRA]A+(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)
		PTC Series A2	0.74	0.00	[ICRA]A(SO) Withdrawn	[ICRA]A(SO)	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)

*Provisional rating assigned

^ Provisional rating finalised

Sr. N o.	Trust Name	Current Rating (FY2024)					Chronology of Rating History for the Past 3 Years			
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	
					Jul 19, 2023	Apr 19, 2023				Apr 20, 2022^
3	Northern Arc 2021 SBL Chicago	Series A1a PTC	40.60	0.00	[ICRA]A+(SO) Withdrawn	[ICRA]A+(SO)	[ICRA]A+(SO)		Provisional [ICRA]A+(SO)	-
		Series A1b PTC	4.47	0.00	[ICRA]A(SO) Withdrawn	[ICRA]A(SO)		[ICR A]A (SO)	Provisional [ICRA]A(SO)	-

*Provisional rating assigned

^ Provisional rating finalised

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Indigo 001	Series A1 PTC	Moderately Complex
Northern Arc 2021 SBL Riemann	PTC Series A1	Moderately Complex
	PTC Series A2	Moderately Complex
Northern Arc 2021 SBL Chicago	Series A1a PTC	Moderately Complex
	Series A1b 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

ISIN	Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
INE0JWN15018	Indigo 001	Series A1 PTC	November 2021	11.00%	May 2024	0.00	[ICRA]A+(SO); Withdrawn
NA	Northern Arc 2021 SBL Riemann	PTC Series A1	November 2021	10.50%	March 2024	0.00	[ICRA]A+(SO); Withdrawn
		PTC Series A2		14.00%		0.00	[ICRA]A(SO); Withdrawn
NA	Northern Arc 2021 SBL Chicago	Series A1a PTC	December 2021	10.55%	May 2024	0.00	[ICRA]A+(SO); Withdrawn
		Series A1b PTC		13.00%		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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