

September 08, 2023

Lendingkart Finance Limited: Ratings withdrawn for instruments backed by unsecured small business loan receivables securitisation transactions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Northern Arc 2021 SBL Denver	Series A1 PTC	39.36	12.75	0.00	[ICRA]A+(SO); Withdrawn
	Series A2 PTC	1.12	1.12	0.00	[ICRA]A(SO); Withdrawn
Mars Trust July 2021	PTC Series A1	23.85	8.55	0.00	[ICRA]A(SO); Withdrawn
SBL Spring 2022	Series A1 SN	31.37	0.19	0.00	[ICRA]AA+(SO); Withdrawn

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) and securitisation notes (SNs) issued under unsecured small business loan receivables securitisation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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn.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. Northern Arc 2021 SBL Denver: [Click here](#)
2. Mars Trust July 2021: [Click here](#)
3. SBL Spring 2022: [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 (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

	FY2022	FY2023
	Audited	Audited
Total income	639	824
Profit after tax	(141)	116
Total managed assets	3,721	4,978
Gross stage 3	3.9%	1.8%
Net stage 3	1.6%	0.8%

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

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
					Sep 08, 2023	Oct 31, 2022	Jan 13, 2022^	Dec 03, 2021*	-
1	Northern Arc 2021 SBL Denver	Series A1 PTC	39.36	0.00	[ICRA]A+(SO) Withdrawn	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-
		Series A2 PTC	1.12	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
					Sep 08, 2023	Sep 30, 2022	Sep 14, 2021^	Aug 04, 2021*	-
2	Mars Trust July 2021	PTC Series A1	23.85	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
					Sep 08, 2023	May 15, 2023			
							May 23, 2022^	Mar 04, 2022*	-
3	SBL Spring 2022	Series A1 SN	31.37	0.00	[ICRA]AA+(SO) Withdrawn	[ICRA]AA+(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 Denver	Series A1 PTC	Moderately Complex
	Series A2 PTC	Moderately Complex
Mars Trust July 2021	PTC Series A1	Moderately Complex
SBL Spring 2022	Series A1 SN	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

Sr. No.	Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
1	Northern Arc 2021 SBL Denver	Series A1 PTC	November 2021	10.50%	March 2024	0.00	[ICRA]A+(SO); Withdrawn
		Series A2 PTC		14.00%		0.00	[ICRA]A(SO); Withdrawn
2	Mars Trust July 2021	PTC Series A1	July 2021	12.00%	January 2024	0.00	[ICRA]A(SO); Withdrawn
3	SBL Spring 2022	Series A1 SN	February 2022	10.20%	July 2024	0.00	[ICRA]AA+(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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