

March 17, 2025

## Lendingkart Finance Limited: Rating upgraded for PTCs issued under an unsecured business loans securitisation transaction

### Summary of rating action

Trust Name <sup>^</sup>	Instrument <sup>*</sup>	Initial Rated Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
LOFTUS 01 2023	PTC Series A1	25.33	9.48	0.54	[ICRA]AA+(SO); Upgraded from [ICRA]BBB+(SO)

<sup>^</sup> The transaction has been referred to as Loftus in this rationale

<sup>\*</sup> Instrument details are provided in Annexure I

### Rationale

The pass-through certificates (PTCs) are backed by a pool of unsecured small business loan receivables originated by Lendingkart Finance Limited {LFL/Originator; rated [ICRA]BBB+; rating watch with positive implications}. LFL is also the servicer for this transaction. The rating upgrade factors in the build-up of the credit enhancement cover over the future PTC payouts on account of the high pool amortisation. The available cash collateral (CC) is fully covering the balance PTC payouts as on February 2025 payout month.

### Pool performance summary

Particulars	Loftus
Payout month	Feb-25
Months post securitisation	25
Pool amortisation	92.37%
PTC Series A1 amortisation	97.85%
Cumulative collection efficiency <sup>1</sup>	91.72%
Loss-cum-30+ days past due (dpd) <sup>2</sup> (% of initial pool)	7.33%
Loss-cum-90+ dpd <sup>3</sup> (% of initial pool)	7.22%
Cumulative credit collateral utilisation (% of initial credit collateral)	0.00%
Cumulative prepayment rate	26.49%
Breakeven collection efficiency <sup>4</sup> for PTC Series A1	0.00%
Credit collateral available (as % of balance pool principal)	>100% (cash collateral of >100% and corporate guarantee of 100%)
Principal subordination (% of balance pool) PTC Series A1	73.52%
Excess interest spread (EIS <sup>5</sup> ; % of balance pool) PTC Series A1	5.52%

### 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 (100% of the pool principal collected) but is promised on the final maturity date. Any surplus EIS, after meeting the promised and expected PTC payouts, will flow back to the Originator on a monthly basis. Any

<sup>1</sup> (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

<sup>2</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 30 days, as a % of initial pool principal

<sup>3</sup> Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 90 days, as a % of initial pool principal

<sup>4</sup> (Balance cash flows payable to PTC Series A1 investor – CC available)/Balance pool cash flows

<sup>5</sup> (Pool Cash flows – Cash flows to PTC Series A1 investors – Originator's residual share)/Pool Principal outstanding

prepayment in the pool would be used for the prepayment of PTC Series A1 principal. On occurrence of defined trigger events, both principal and interest would be promised to PTC investors on a monthly basis and EIS would be used to prepay PTC Series A1.

## Key rating drivers and their description

### Credit Strengths

**Substantial credit enhancement available in the structure** - The rating factors in the build-up in the credit enhancement with the CC fully covering the future PTC payouts to the investors, on account of significant pool and PTC amortisation.

**Adequate servicing capability of the originator** – The company has adequate processes for servicing of the loan accounts in the securitised pool. It has a demonstrated track record of over a decade of regular collections across multiple geographies.

### Credit Challenges

**Not Applicable**

### 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.

### Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Loftus
Originator	Lendingkart Finance Limited
Servicer	Lendingkart Finance Limited
Trustee	Catalyst Trusteeship Limited
CC holding Bank	DCB Bank
Corporate Guarantee provider	Lendingkart Finance Limited
Collection and payout account bank	ICICI Bank

### Liquidity position: Superior

The liquidity is superior since the available CC fully covers the balance PTC payouts

### Rating sensitivities

**Positive factors/negative factors** –The rating is unlikely to be revised given the shorter expected balance tenure of the PTCs

## Analytical approach

The rating action is based on the performance of the pool till January 2025 (collection month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Securitisation Transactions</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

## About the originator

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, the technology arm of the Ahmedabad-based Lendingkart Group, holds a 100% stake in LFL. Fullerton Financial Holdings Pte Limited had a 44.03% stake in LTPL as on October 31, 2024. The Group was established 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. 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 (standalone)

	FY2023	FY2024	H1FY2025
	Audited	Audited	Unaudited
Total income	824	1,146	514
Profit after tax	116	60	(90)
Total Managed assets	6,007	8,631	7,778
Gross stage 3	2.6%	2.9%	4.2%
CRAR	34.0%	21.5%*	24.2%*

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

\*The reduction in Tier I was on account of the recent FAQs issued by the RBI in April 2024 on 'Default Loss Guarantee in Digital Lending', whereby the FLDG provided to the co-lending partners is to be reduced from the Tier I capital

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

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
				Mar 17, 2025	Mar 26, 2024	Mar 21, 2023	Feb 06, 2023	-
LOFTUS 01 2023	PTC Series A1	25.33	0.54	[ICRA]AA+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-

## Complexity level of the rated instrument

Transaction	Instrument	Complexity Indicator
LOFTUS 01 2023	PTC Series A1	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 Name	Date of Issuance	Coupon Rate (p.a.p.m.)	Final Maturity Date	Amount Rated (Rs. crore)	Current Rating
<b>LOFTUS 01 2023</b>	PTC Series A1	January 31, 2023	12.30%	July 17, 2025	0.54	[ICRA]AA+(SO)

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not Applicable

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## ICRA Limited

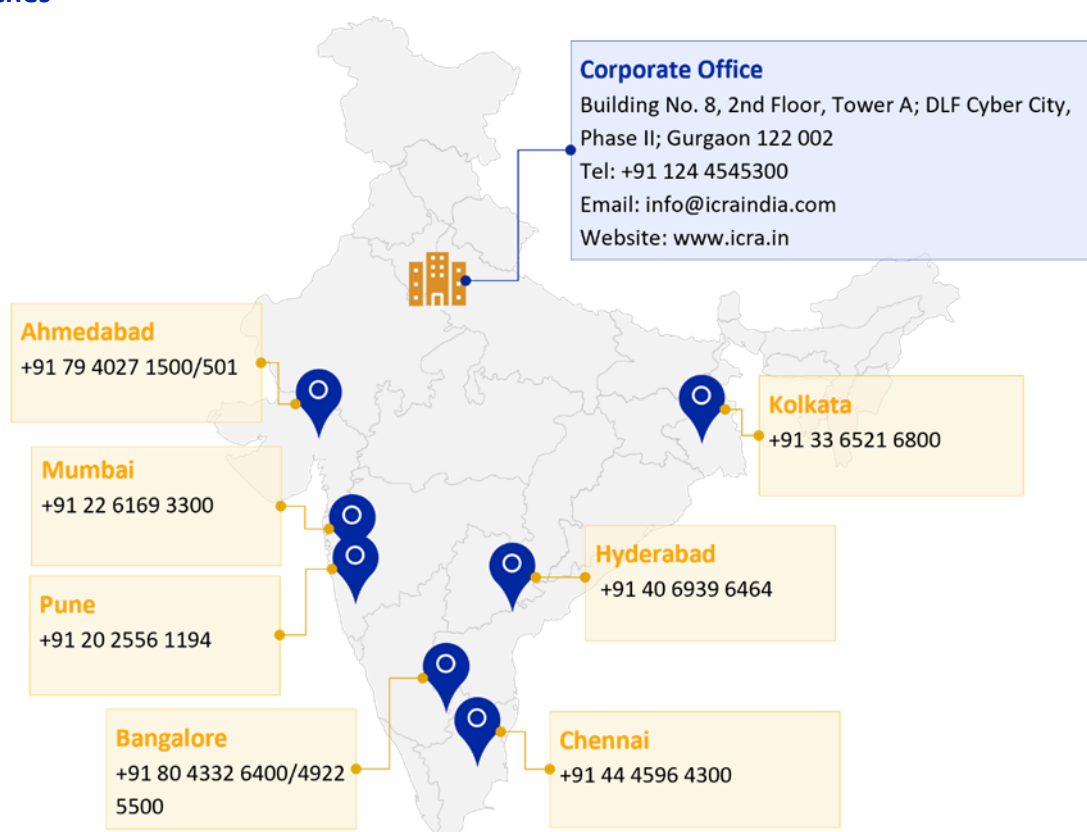


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