

April 03, 2025

Akara Capital Advisors Private Limited: Rating confirmed as final for PTCs backed by personal loan receivables issued by LoanX Silverbell Mar 2025

Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
LoanX Silverbell Mar 2025	Series A1 PTCs	18.74	[ICRA]A+(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

ICRA had assigned provisional rating to the pass-through certificates (PTC) issued by LoanX Silverbell Mar 2025 under a securitisation transaction originated by Akara Capital Advisors Private Limited (ACAPL/Originator; rated [ICRA]BBB(Stable)). The PTCs are backed by personal loan receivables originated by ACAPL with an aggregate principal outstanding of Rs. 22.30 crore (pool receivables of Rs. 28.78 crore). ACAPL is also the servicer of the rated transaction. Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

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 billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of the Series A1 PTCs principal.

However, on the occurrence of predefined trigger events, the 100% residual EIS every month shall be utilised for accelerating the principal payment due to Series A1 PTCs. The event is triggered on breach on any of the following conditions (i) PAR 90 of the pool exceeds more than 5%, (ii) cumulative Collection Efficiency of the Pool for any Collection Period falls below 90.0%, (iii) The rating of the Series A1 PTCs falls 1 notch or more below its rating, (iv) If the Cash Collateral is drawn to make any payments to the Series A1 PTCs holders (v) Rating downgrade of the Seller by any rating agency by two or more notches.

The credit enhancement (CE) available in the structure is in the form of (i) a cash collateral (CC) of 5.00% of the initial pool principal, amounting to Rs. 1.12 crore, to be provided by the Originator, (ii) subordination of 16.00% of the initial pool principal for Series A1 PTC, and (iii) the EIS of 22.44% of the initial pool principal for Series A1 PTCs.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 25,661 contracts, with top 10 contracts forming only 1.1% of the pool principal, thereby reducing the exposure to any single borrower. Further, the CE available in the form of the CC, subordination and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

No overdue contracts in the pool – The pool has been filtered in such a manner that there are no overdue contracts as on the cut-off date. Further, none of the contracts in the pool have ever been delinquent, which is credit positive.

Healthy bureau score of borrowers – In the pool, all the borrowers have a CIBIL score of atleast 700, which reflects their relatively better credit profile

Adequate servicing capability – The company has adequate processes for servicing the loan accounts in the securitised pools. It has a demonstrated track record of 4.5 years of regular collections and recoveries in the portfolio.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz Maharashtra, Jammu Kashmir and Karnataka, contributing ~29% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans. The pool is exposed to the inherent credit risk associated with the unsecured nature of the asset class and that recovery from delinquent contracts tends to be lower.

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.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 8.00% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18.0% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the CE to arrive at the final rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	LoanX Silverbell Mar 2025
Originator	Akara Capital Advisors Private Limited
Servicer	Akara Capital Advisors Private Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	HDFC Bank
Collection and payout account bank	ICICI Bank

Liquidity position: Strong

The liquidity for the instruments is strong after factoring in the CE available to meet the promised payout to the investor. The total CE would be ~4.00 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating could be upgraded on the strong collection performance of the underlying pool (monthly collection efficiency >95%) on a sustained basis, leading to the build-up of the CE cover for the remaining payouts.

Negative factors – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher CE utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

Akara Capital Advisors Private Limited (ACAPL) is a Delhi-based non-deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) since 2016. It started operations in 2017. ACAPL primarily provides unsecured short-term personal loans to salaried individuals through web and mobile platforms. It was started by Mr. Tushar Aggarwal and Ms. Shruti Aggarwal, who have several years of experience in the financial services industry.

ACAPL is currently owned (99.99% subsidiary) by Morus Technologies Pte Ltd (MTPL; holding company incorporated in Singapore), a neobanking start-up backed by investors like Tencent, Blowfish Ventures, Divine Blessings, Altara Ventures, Uncorrelated Ventures, etc. In terms of management bandwidth, the company has strengthened the second line of management and hired experienced professionals from the industry. The Group has another wholly-owned subsidiary, EQX Analytics Private Limited (EQXAPL), which provided technological solutions. The technology platform is used by ACAPL and other co-lenders for lending to customers.

Key financial indicators

ACAPL (standalone)	FY2023	FY2024	9M FY2025*
Total income	216	784	536
Profit after tax	8	69	71
Total managed assets	1,871	1,996	1,915
Gross stage 3	6.7%	4.0%	4.0%
CRAR	29.0%	31.7%	33.2%

Source: Company, ICRA Research; Amount in Rs. crore; *Limited Review

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust Name	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years			
		Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
				April 03, 2025	March 28, 2025	-	-
LoanX Silverbell Mar 2025	Series A1 PTCs	18.74	18.74	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 PTCs	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

ISIN	Trust Name	Instrument Type	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Current Rated Amount (Rs. crore)	Current Rating
INE1UUH15019	LoanX Silverbell Mar 2025	Series A1 PTCs	March 29, 2025	11.85%	December 18, 2026	18.74	[ICRA]A+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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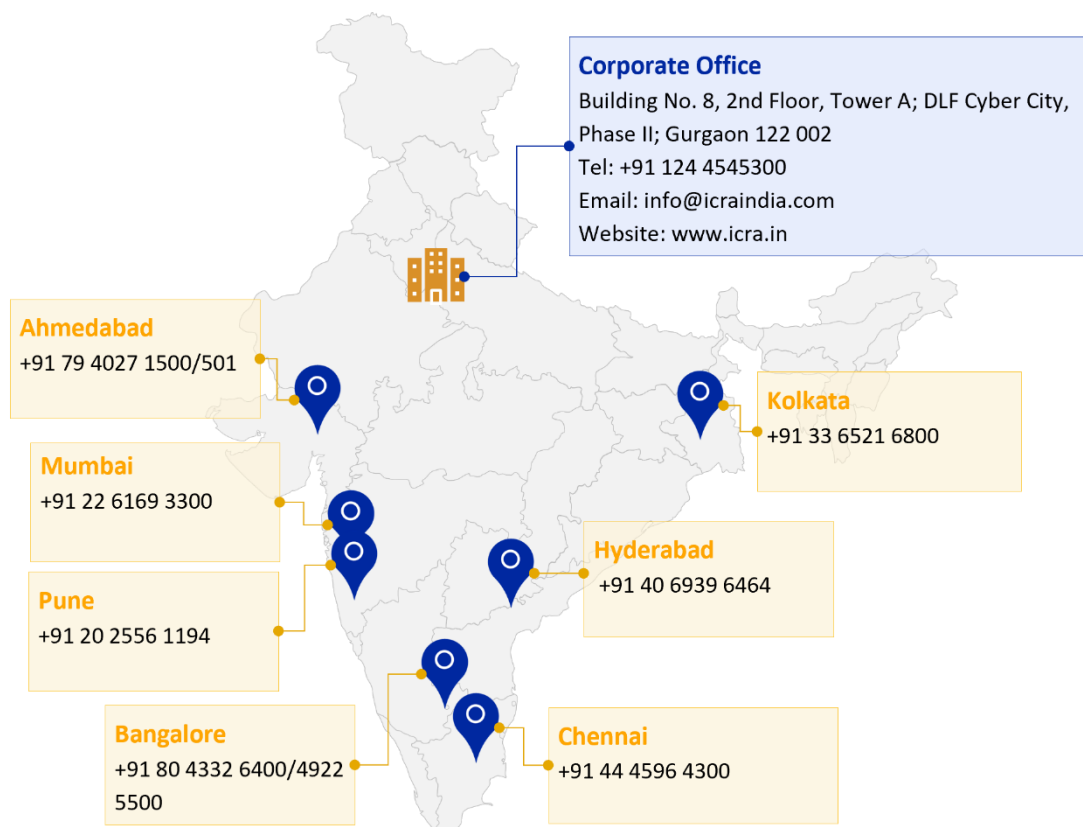


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