

April 10, 2025

Lok Suvidha Finance Limited: Ratings confirmed as final for PTCs backed by two-wheeler and e-rickshaw loan receivables issued by Noddy 2024

Summary of rating action

Trust Name	Instrument*	Rated amount (Rs. crore)	Rating Action
Noddy 2024	Series A1 PTC	17.91	[ICRA]BBB+(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 Noddy 2024 under a securitisation transaction originated by Lok Suvidha Finance Limited {LSFL/Originator; rated [ICRA]BBB- (Stable)}. The PTCs are backed by a pool of two-wheeler and e-rickshaw loan receivables originated by LSFL with an aggregate principal outstanding of Rs. 19.90 crore (pool receivables of Rs. 23.99 crore). LSFL is also the servicer for the 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

Pool performance summary

Parameter	Noddy 2024
Payout month	March 2025
Months post securitisation	4
Pool amortisation	19.4%
Series A1 PTC amortisation	21.6%
Cumulative prepayment rate	0.6%
Cumulative collection efficiency ¹	96.9%
Monthly collection	95.5%
Loss-cum 0+ days past due (dpd) ²	5.7%
Loss cum 30+ dpd ³	3.0%
Loss cum 90+ dpd ⁴	0.5%
Cumulative cash collateral (CC) utilisation	0.0%

¹ (Cumulative current collections and overdue collections) / (Cumulative billings + Opening overdues at the time of securitisation)

² Unbilled and overdue principal portion of delinquent contracts, as a % of Initial pool principal

³ Unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

⁴ Unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

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 PTC 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 more than exceeds Rs. 86.50 Lakhs, (ii) cumulative liquidity mismatch in any of the standard buckets of the Servicer, (iii) capital Adequacy Ratio of the Servicer falls below 15%, (iv) net Non-Performing Loans of the servicer exceeds 5%.

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. 0.99 crore, provided by the Originator, (ii) principal subordination of 10.00% of the initial pool principal for Series A1 PTC and (iii) the EIS of 12.20% of the initial pool principal for Series A1 PTC.

Key rating drivers and their description

Credit strengths

Granular pool with available credit enhancement – The pool is granular, consisting of 2,717 contracts, with the top 10 contracts forming only 1.3% 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 were no overdue contracts as on the cut-off date. Further, ~99% of the pool has never been delinquent post loan disbursement. This reflects the relatively better credit profile of the borrowers, which is a credit positive.

Servicing capability of the originator – The company has an adequate track record in servicing loan accounts in the two-wheeler and electric vehicle segment. It has demonstrated a track record of collections and recoveries across a wide geography and multiple economic cycles.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz Madhya Pradesh, Maharashtra and Uttar Pradesh, contributing ~94% 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.

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 5.75% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 2.4%

to 9% 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	Noddy 2024
Originator	Lok Suvidha Finance Limited
Servicer	Lok Suvidha Finance Limited
Trustee	Mitcon Credentia Trusteeship Services Limited
CC holding bank	ICICI Bank Limited
Collection and payout bank	ICICI Bank Limited

Liquidity position: Strong

The liquidity for Series A1 PTC is strong after factoring in the CE available to meet the promised payouts to the investor. The total CE would be ~3.50 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	
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

Lok Suvidha Finance Limited, incorporated in FY2008, is a Nagpur-based public, unlisted, non-deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI). It is promoted by Mr. Nimish Laddhad, who is currently the Managing Director. It primarily finances two-wheelers and also provides e-rickshaw loans. As on September 30, 2024, LSFL reported a profit after tax (PAT) of Rs. 2.9 crore on total managed assets of Rs. 451.2 crore in H1 FY2025 (provisional) vis-à-vis Rs. 5.1 crore and Rs. 419.5 crore, respectively, in FY2024.

Key financial indicators (audited)

LSFL	FY2023	FY2024	H1 FY2025^
Total income	49.6	66.6	41.5
Profit after tax	1.6	5.1	2.9
Total managed assets	325.6	419.5	451.2
Gross NPA*	-	-	-
CRAR	37.0%	25.0%	21.7%

Source: Company, ICRA Research; Amount in Rs. crore; ^H1 FY2025 financials are provisional; *LSFL recognises non-performing advances (NPAs) at 180+ days past due (dpd) and write-offs at 180+, resulting in nil gross and net NPAs

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years			
Trust Name	Instrument	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
				April 10, 2025	December 30, 2024	-	-
Noddy 2024	Series A1 PTC	17.91	17.91	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
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 are available on ICRA's website: [click here](#)

Annexure I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate (p.a.p.m.)	Maturity Date	Amount Rated (Rs. crore)	Current Rating
Noddy 2024	Series A1 PTC	December 24, 2024	12.75%	January 27, 2028	17.91	[ICRA]BBB+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Saggar
+91 124 4545 316
manushrees@icraindia.com

Himanshi Doshi
+91 22 6114 3410
himanshi.doshi@icraindia.com

Vishal Oza
+91 22 6114 3472
vishal.oza2@icraindia.com

Sachin Joglekar
+91 22 6114 3470
sachin.joglekar@icraindia.com

Shruti Jain
+91 22 6114 3438
shruti.jain2@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar
+91 22 6169 3304
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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