

May 28, 2025

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

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
Saptrishi 2024	PTC Series A1	81.20	NA	41.63	[ICRA]BBB+(SO); Reaffirmed

[^] The transaction has been referred to as Saptrishi in this rationale

^{*}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 reaffirmation factors in the build-up of the credit enhancement cover over the future PTC payouts on account of the high pool amortisation. There has been a dip in collections in last few months which has led to an increase in delinquencies in the pool. While the pool has witnessed higher delinquency levels than ICRA's base expectations, the rating draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pool till the April 2025 payout month.

Pool performance summary

Particulars	Saptrishi
Payout month	Apr-25
Months post securitisation	13
Pool amortisation	52.84%
PTC Series A1 amortisation	48.73%
Cumulative collection efficiency ¹	90.82%
Loss-cum-30+ days past due (dpd) ² (% of initial pool)	14.71%
Loss-cum-90+ dpd ³ (% of initial pool)	12.86%
Cumulative credit collateral utilisation (% of initial credit collateral)	0.00%
Cumulative prepayment rate	9.82%
Breakeven collection efficiency ⁴ for PTC Series A1	64.44%
CC available (as % of balance pool principal)	42.41%
Principal subordination (% of balance pool) PTC Series A1	0.00%
Excess interest spread (EIS ⁵ ; % of balance pool) PTC Series A1	NA ⁶

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

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

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

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

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

⁶ EIS will only act as credit enhancement to cover any shortfalls in interest collection as per the transaction structure

Transaction Structure

As per the transaction structure, the monthly cash flow schedule comprises the expected interest payout and expected principal payout to be paid on a monthly basis (100% of the pool principal collected) and both principal and interest is promised on the final maturity date. Any surplus EIS, after meeting the expected payouts, will flow back to the Originator on a monthly basis. The EIS will only act as credit enactment to cover any shortfall in interest collections. Any prepayment in the pool would be used for the prepayment of PTC Series A1 principal.

Key rating drivers and their description

Credit Strengths

Build up of credit enhancement –The rating action factors in the build-up in the credit enhancement with the Increasing to 42% of the balance pool principal from 20.00% at the time of securitisation. There has been no CC utilisation in the pool in any of the months post securitisation.

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

Higher than expected delinquencies in the pool– The pools has seen higher delinquency levels than ICRA's base expectations. While there has some been moderation in the roll forward in softer delinquency buckets in recent months, there has been a buildup in delinquencies in harder buckets with loss cum 90+ dpd at 10.47%. The collections from the delinquent contracts have been low which is expected given the unsecured nature of the loans in the pool. The balance pool continues to have a have a high share of contracts that had been delinquent in past (pre-assignment of pool) and moderate share of high interest rate (>30%) contracts which have performed weaker. Nonetheless, while the monthly collection efficiency in the pools has declined in last few months, it is much higher than the break-even collection efficiency for the PTCs which is a comfort.

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 10.00% of the initial pool principal with certain variability around it. The average prepayment rate for the underlying pools is modelled in the range of 6% to 18% 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 credit enhancement to arrive at the final ratings for the instruments

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Saptarishi
Originator	Lendingkart Finance Limited
Servicer	Lendingkart Finance Limited
Trustee	Catalyst Trusteeship Limited
CG provider	Lendingkart Finance Limited
Collection and payout account bank	ICICI Bank

Liquidity position: Adequate

The liquidity for PTC Series A1 for the transactions is adequate after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement is ~2 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating may be upgraded on sustained strong collection and reduction in loss cum 90+ dpd levels along with an improvement in the credit profile of the servicer (LFL).

Negative factors – The rating could be downgraded on sustained weak collection performance of the underlying pool of contracts, leading to further increase in loss cum 90+ dpd levels along with weakening in the credit profile of the servicer (LFL).

Analytical approach

The rating action is based on the performance of the pool till March 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	Rating Methodology for Securitisation Transactions
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	Instrument	Current Rating (FY2026)		Chronology of Rating History for the Past 3 Years			
		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
				May 28, 2025	May 16, 2024	March 26, 2024	-
Saptrishi 2024	PTC Series A1	81.20	41.63	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-

Complexity level of the rated instrument

Transaction	Instrument	Complexity Indicator
Saptrishi 2024	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
Saptrishi 2024	PTC Series A1	March 20, 2024	12.95%	August 15, 2026	41.63	[ICRA]BBB+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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