

August 21, 2025

## Lentra AI Private Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Compulsorily convertible debentures	7.00	7.00	[ICRA]BB- (Stable); reaffirmed
<b>Total</b>	<b>7.00</b>	<b>7.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation for Lentra AI Private Limited (LAPL) factors in the extensive experience of its promoters in the software solutions/information technology (IT) services sector and its established relationships with its customers, which include several reputed banks and financial services companies. Leveraging the same, the company reported a healthy growth momentum over the years, as reflected by a 5-year compounded annual growth rate of 49% and a YoY growth rate of 18% in FY2025. LAPL also reported a breakeven at an operating profit level on the back of improving scale and cost rationalisation initiatives. Going forward, LAPL is expected to sustain the growth momentum, supported by new product developments and addition of new customers. The company's financial risk profile continues to remain comfortable, supported by a healthy capital structure, low debt, and adequate liquidity profile (Rs. 160 crore as of June 2025) as a result of fund-raising activities done in the recent fiscals. The surplus funds are expected to support LAPL's growth plans, as it continues to invest in product development and expansion in the global markets. The rating also takes comfort from reputed institutional equity/preference shareholders of the company, namely HDFC Bank Limited, Bessemer India Capital Holdings Limited, SIG Global India Funds LLP, Citi Venture INC, MUFG Bank Ltd. and others.

The rating is, however, constrained by LAPL's modest scale of operations, despite a healthy growth momentum over the years. However, expectation of improvement in scale and profitability, aided by new product development and addition of customers, provide some comfort. LAPL is also exposed to high client concentration risk with the top five clients generating around 60% of its revenues in FY2025, although the same is mitigated to some extent by the high level of repeat orders. Moreover, the company faces challenges due to high dependence on a single end-user industry, i.e., financial services, which makes its business operations vulnerable to industry-specific risks.

The Stable outlook on the rating reflects ICRA's opinion that LAPL will continue to benefit from its established relationships with reputed clients and favourable demand outlook, enabling it to scale up its operations and improve its profit margins.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of founder in the IT services sector** – LAPL has been founded by Mr. D. Venkatesh, who has an extensive experience of over three decades in the IT software solutions/services business. The business operations are further supported by a qualified and experienced management team. This enables the company to continually retain its clients and acquire new ones.

**Established relationships with reputed customers from financial services sector** – LAPL enjoys established relationships with its reputed client base comprising various major companies from the financial services domain. The major part of its customers comprises top private and public sector banks and financial services companies, which uses its extensive cloud-based lending

platforms. The company continues to widen its service offerings, which enabled it to acquire new customers and maintain a level of high repeat revenues in recent years.

**Comfortable capital structure, led by investor funding** – The company’s capital structure remains comfortable, supported by total fund infusion of Rs. 370 crore in FY2023 and FY2024 by various investors such as Bessemer India Capital Holdings Limited, SIG Global India Funds LLP, Citi Venture INC, MUFG Bank Ltd and VY Dharana Capital Fund. LAPL has limited debt (comprising only compulsorily convertible debentures of Rs. 7 crore) and a healthy net worth base, supported by the fundraise. While low debt coupled with breaking even at the operating profit level led to some improvement in its coverage metrics in FY2025, sustainability of the same remains to be demonstrated.

### Credit challenges

**Moderate scale of operations** – Despite a healthy growth momentum over the years, LAPL’s scale of operations remained moderate, with an operating income (OI) of Rs. 206.6 crore in FY2025. This limits the benefits arising from economies of scale to some extent. Going forward, ICRA expects healthy revenue growth and improvement in profitability in the medium term, supported by a lower base, widening of service offerings, investment in sales and marketing and expansion in the global markets.

**Exposed to high client concentration risk and dependence on single end-user industry** – LAPL faces high client concentration risk with its top-five clients contributing around 60% to its total revenue in FY2025. However, its reputed clientele, providing repeat orders, offers comfort to an extent. At present, LAPL caters to a single end-user industry, financial services (lenders), which exposes it to industry-specific risks.

### Liquidity position: Adequate

The company’s liquidity position remains adequate, supported by sizeable cash/liquid investments of Rs. 160 crore as on June 30, 2025. LAPL does not have any sizeable capex plan or any scheduled debt repayment in the near-to-medium term. It is likely to report further improvement in its cash flow over the medium term.

### Rating sensitivities

**Positive factors** – ICRA could upgrade LAPL’s rating, if the company demonstrates a healthy revenue growth and turnaround in its profitability, while maintaining adequate liquidity.

**Negative factors** – Pressure on LAPL’s rating could arise, if the company incurs higher-than-anticipated losses or exhibits a slowdown in ramping up of operations, on a sustained basis. The rating could also be downgraded if any stretch in receivables days impacts its liquidity position, on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">IT – Software &amp; Services</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

## About the company

LAPL, incorporated in 2019, is a cloud-based software product company, operating on a Software as a Service (SaaS) model where its applications empower its clients (banks and NBFCs) to lend in an effective and easy manner. LAPL's lending platform has tools, features and integrations required for KYC, compliance to onboarding, servicing, collections and beyond. Each product on the platform can handle credit risk, decisioning and management.

## Key financial indicators

LAPL – Standalone	FY2024	FY2025*
Operating income	175.0	206.6
PAT	(170.2)	(5.5)
OPBDIT/OI	-106.2%	0.6%
PAT/OI	-97.3%	-2.7%
Total outside liabilities/Tangible net worth (times)	0.4	0.3
Total debt/OPBDIT (times)	(0.0)	5.6
Interest coverage (times)	(362.7)	21.8

Source: Company, ICRA Research; \*Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## 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					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	Aug 21, 2025	Date	Rating	Date	Rating	Date	Rating
Compulsorily Convertible Debentures	Long Term	7.00	[ICRA]BB-(Stable)	Aug 27, 2024	[ICRA]BB-(Stable)	Aug 28, 2023	[ICRA]BB-(Stable)	Aug 29, 2022	[ICRA]BB-(Stable)

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Compulsorily Convertible Debentures	Simple

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	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE0KKQ08019	Long Term – Compulsorily Convertible Debentures	26-11-2019	0.001%	25-11-2029	7.00	[ICRA]BB- (Stable)

Source: Company

#### Annexure II: List of entities considered for consolidated analysis - Not applicable

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