

December 30, 2025

## Lendingkart Finance Limited: Ratings upgraded to [ICRA]AA- (Stable)/[ICRA]A1+

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	191.60	191.60	[ICRA]AA- (Stable); upgraded from [ICRA]BBB+ and removed from Rating Watch with Positive Implications
Non-convertible debentures	258.40	-	[ICRA]AA- (Stable); upgraded from [ICRA]BBB+ and removed from Rating Watch with Positive Implications; and withdrawn
Market linked debenture long term <sup>^</sup>	3.53	3.53	PP-MLD [ICRA]AA- (Stable); upgraded from PP-MLD [ICRA]BBB+ and removed from Rating Watch with Positive Implications
Non-convertible debentures <sup>#</sup>	25.00	25.00	[ICRA]AA- (Stable); upgraded from [ICRA]BBB+ and removed from Rating Watch with Positive Implications
Long-term/Short-term fund-based bank lines	600.00	600.00	[ICRA]AA- (Stable)/[ICRA]A1+; upgraded from [ICRA]BBB+/[ICRA]A2 and removed from Rating Watch with Positive Implications
<b>Total</b>	<b>1,078.53</b>	<b>820.13</b>	

\* Instrument details are provided in Annexure I

<sup>^</sup> Market linked debenture limit is interchangeable with NCDs; if placed as NCD, rating of [ICRA]AA- will be applicable

<sup>#</sup> Part of the interchangeable limit of PP-MLD

### Rationale

The ratings upgrade factors in the strategic, operational, and financial support from the majority shareholder, Fullerton Financial Holdings Pte. Limited (FFH; a wholly-owned subsidiary of Temasek Holdings, Singapore<sup>1</sup>) which, through its wholly-owned subsidiary Fullerton Financial Private Limited (FFPL), held a stake of ~77% in Lendingkart Technologies Private Limited (LTPL) as on November 30, 2025. LTPL, in turn, owns 100% of Lendingkart Finance Limited (LFL). FFH infused Rs. 252 crore into LTPL in FY2025, increasing its stake to 55.57% as on March 31, 2025 from 38.16% as on March 31, 2024 and was classified as a promoter after regulatory approval. It further infused equity of Rs. 510 crore (a part of overall infusion of Rs. 518 crore) in November 2025, increasing its shareholding to ~77%. As a majority shareholder and promoter, FFH plays a key role in shaping the Lendingkart Group's overall strategy and exercises strong oversight over its operations, financial planning, and execution. The ratings consider FFH's stated intent to maintain a majority stake in LTPL, support LFL's growth and capital requirements and maintain control and oversight on the company through board representation. LFL is currently the only FFH owned entity in India, which is engaged in the lending business and is hence strategically important to the Group. FFH may also consider rebranding the company, while retaining the 'Lendingkart' brand. The company's capitalisation is expected to be supported by requisite capital infusions from FFH while maintaining a gearing of less than 3 times.

LFL has strengthened its management team and is implementing notable strategic changes across sourcing, portfolio composition, and underwriting processes. It is rationalising its geographic footprint and rebalancing the portfolio mix, lowering its exposure to small-ticket unsecured loans (loans with a ticket size of less than Rs. 10 lakh constituted ~56% of the assets under management (AUM) as on September 30, 2025) and increasing the share of unsecured loans above Rs. 20 lakh. Physical interventions are being introduced through new sales offices staffed with dedicated personnel and underwriters. The underwriting approach is shifting from a predominantly automated process to a phygital interventions process, incorporating tiered assessments based on ticket size. LFL also plans to diversify its product offerings by introducing a secured loan product, specifically micro-loans against property (LAP), in the next fiscal, even as unsecured business loans will continue to account for

<sup>1</sup> Rated Aaa with Stable outlook by Moody's; Temasek Holdings has multiple investments in India across healthcare & pharma, technology & digital, infrastructure & energy, consumer & retail and financial services

a dominant share of the loan book. However, the company's ability to grow the portfolio profitably under the revamped underwriting model while controlling credit costs is yet to be demonstrated and will be a key determinant of its financial profile. Further, the inherent vulnerability of the target customer segment could have a bearing on the asset quality.

The company's loan loss charges remained elevated at 6.8% (annualised) of AUM in H1 FY2026 (8.5% in FY2025), reflecting stress in the unsecured small and medium enterprise (SME) segment. At on-book portfolio level, reported gross stage 3 assets, including annualised write-offs, stood at 15.6% as of September 2025. In addition, the decline in the AUM due to credit events, need to preserve capital and the cautious approach towards fresh lending resulted in lower income and moderation in the pre-provision operating profit. Consequently, the earnings profile remains adversely impacted, with a net loss of Rs. 162 crore in H1 FY2026 compared to a net loss of Rs. 288 crore in FY2025. Earnings is expected to remain under pressure in the near term, as improvement in the asset quality is likely to be gradual and the legacy AUM continues to scale down.

On November 5, 2025, LFL disclosed to the stock exchange that three shareholders and erstwhile founders of LTPL have filed a petition with the National Company Law Tribunal (NCLT), Ahmedabad. The petitioners, Mr. Harshvardhan Lunia, Mr. Raichand Lunia, and Mr. Anand Lunia, have alleged oppression and mismanagement. Despite this development, LTPL raised capital successfully on November 30, 2025. Moreover, ICRA expects FFH to continue supporting the Group's<sup>2</sup> capital and liquidity position. ICRA will continue to monitor any developments on this front.

The Stable outlook on the long-term ratings reflects ICRA's expectation that timely and adequate support from FFH will be forthcoming. This, coupled with the calibrated growth strategy, is expected to continue supporting the company's comfortable capitalisation profile and profitability trajectory.

ICRA has withdrawn the rating for the Rs. 258.40-crore non-convertible debentures (NCDs) as no amount is outstanding against the same. The rating has been withdrawn in accordance with ICRA's policy on the withdrawal of credit ratings.

## Key rating drivers and their description

### Credit strengths

**Strong parentage** – FFH is a majority shareholder (through FFPL) in LTPL with a stake of ~77% as on November 30, 2025. It infused Rs. 252 crore into LTPL in FY2025, holding 55.57% of the equity as on March 31, 2025. Subsequently, an equity infusion of Rs. 518 crore was completed in November 2025 at the LTPL level, with FFH contributing Rs. 510 crore. This led to an increase in FFH's shareholding to ~77% in November 2025. Cumulatively, the Lendingkart Group has received equity infusion of about Rs. 1,484 crore from FFH since FY2019.

The Group derives significant strategic and operational benefits from the support of FFH, its majority shareholder. FFH has identified the Lendingkart Group as its primary lending platform in India, underscoring its strategic importance. Its board representation, with three nominees, ensures active oversight and governance. Since FFH's acquisition of controlling stake, a new leadership team has been appointed, which is driving a comprehensive overhaul of the underwriting model to strengthen risk management practices. Further, FFH's recent capital infusion is expected to kickstart disbursements under the revamped operating framework, supporting the Group's growth trajectory. The association with FFH is also likely to provide advantages on the borrowing front, enhancing the Group's financial flexibility. ICRA expects FFH to maintain majority shareholding in LTPL and provide timely support to the Group in the event of any exigencies.

LFL's net worth stood at Rs. 558 crore with a managed gearing of 6.3 times as on September 30, 2025. On a consolidated basis, the Group's managed gearing was 8.0 times as on September 30, 2025 (8.0 times as on March 31, 2025). The on-balance sheet consolidated gearing was 3.2 times as on September 30, 2025 (2.8 times as on March 31, 2025). Despite the capital infusion in FY2025 and decline in AUM, capitalisation remained moderate due to the net losses. The Group's capitalisation profile is, however, projected to improve with the equity infusion in November 2025 and further capital infusions, which are expected to support growth while ensuring that the gearing does not exceed 3.0 times. Going forward, as stated by the management, LFL is going to pursue on-balance sheet loan growth and the share of the off-book AUM will keep declining as the legacy AUM runs down over the next two-three years.

<sup>2</sup> LTPL and its subsidiaries, collectively referred to as the Group

## Credit challenges

**Asset quality and earnings yet to be tested under the new business plan** – LFL’s asset quality remained under pressure, with gross and net stage 3 assets of 3.2% and 1.8%, respectively, as on September 30, 2025 (4.4% and 2.4%, respectively, as on March 31, 2025). Collections were impacted, especially in the lower ticket sized unsecured loan segment, leading to higher write-offs. Including annualised write-offs in H1 FY2026, the gross stage 3 stood at 15.6% as on September 30, 2025 (13.6% as on March 31, 2025). Given the deterioration in the asset quality and the decline in revenue due to lower AUM, profitability was adversely impacted. The company reported a net loss of Rs. 162 crore in H1 FY2026 and Rs. 288 crore in FY2025 compared to a profit after tax (PAT) of Rs. 60 crore in FY2024. Credit costs remained elevated at 6.8% (annualised) and 8.5% of AUM in H1 FY2026 and FY2025, respectively, compared to 4.2% in FY2024.

ICRA notes that LFL’s business model is undergoing a significant transformation. The company has implemented corrective measures such as rationalising its geographic footprint and restructuring the portfolio mix toward higher-ticket unsecured loans. It has also introduced physical interventions in sourcing and credit appraisal, adopted tiered manual underwriting based on the ticket size of the loan, and strengthening of early-stage collections. Further, the company plans to diversify into secured lending products over the medium term even though unsecured loans will continue to account for a dominant share of the loan book. While these initiatives are expected to improve risk management and operational efficiency, the impact on the asset quality and earnings under the revised framework remains to be seen. The AUM is expected to decline in the near term with losses likely to continue in FY2026 and H1 FY2027, given the elevated credit costs from the legacy AUM. The ability to enhance the pre-provision operating profitability by growing disbursements and containing credit costs will be critical for a sustained improvement in the earnings profile.

**Moderate borrower profile** – LFL caters to the micro, small and medium enterprise (MSME) segment, which is highly vulnerable to downturns in economic cycles. While the company is revamping its business model and strengthening its underwriting practices, the fundamental borrower profile is unlikely to change materially, leaving the portfolio exposed to volatility in cash flows and repayment capacity. Moreover, a significant portion of the AUM will continue to comprise unsecured loans, which inherently carry higher credit risk and impede recoveries, particularly from harder delinquency buckets. The inherent risk associated with the unsecured MSME segment is partly mitigated by the portfolio’s coverage under the sovereign schemes of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and Credit Guarantee Fund for Micro Units (CGFMU; 56% of the total AUM and 60% of own book AUM as on September 30, 2025 was covered under these schemes), which could help curtail the credit losses. The company received Rs. 56 crore and Rs. 67 crore from these schemes in FY2024 and FY2025, respectively (Rs. 183 crore life to date).

## Liquidity position: Adequate

On a consolidated basis, the Group has repayment obligations of Rs. 596 crore (principal + interest on borrowings) for the 6-month period till March 2026. As on September 30, 2025, it had unencumbered cash and cash equivalents of Rs. 201 crore and sanctioned but unutilised lines of Rs. 81 crore. The company also raised Rs. 518 crore of equity in November 2025, which aids its liquidity profile. Moreover, the liquidity position is supported by inflows from the loan book. The company did not have any cumulative mismatches in the less-than-one-year tenor in the structural liquidity statement (SLS) as on September 30, 2025.

Many of the borrowing facilities of LFL provide lenders with the option to review the facilities (including increase in interest rates and debt acceleration) upon the breach of covenants, including financial, operating and rating-linked covenants. Upon failure to meet the covenants, if the company is unable to get waivers from the lenders/investors or they do not provide it with adequate time to arrange for alternative funding to pay off the accelerated loans, the ratings would face pressure. ICRA notes that the company was in breach of some financial covenants with its lenders and has received temporary relaxation from a few lenders for the same.

## Rating sensitivities

**Positive factors** – Scale-up of the new loan book’s operations, while demonstrating healthy asset quality and profitability on a sustained basis, would be a positive factor.

**Negative factors** – A material change in the strategic linkage with FFH, a decline in the shareholding to less than 51% and/or a significant deterioration in FFH’s credit profile would have a negative impact. Besides, sustained profitability pressure and/or weakening of the capitalisation profile due to aggressive growth, with a gearing of more than 4.0 times, will be credit negatives.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Non-banking Finance Companies (NBFCs) Policy on Withdrawal of Credit Ratings</a>
Parent/Group support	Ultimate Parent: FFH The ratings factor in the high likelihood of financial support from FFH, driven by reputational and strategic considerations.
Consolidation/Standalone	The ratings are based on LTPL’s consolidated financial statements, given the strong linkage between LTPL and LFL through the ultimate parent and management and shared technology.

## About the company

Lendingkart Finance Limited (LFL) is a Lendingkart Group company, which is registered as a non-banking financial company (NBFC) and provides unsecured small and medium enterprise (SME) loans. Loans are given to micro and small enterprises to meet their business requirements. Lendingkart Technologies Private Limited (LTPL) holds a 100% stake in LFL. FFH had a ~77% stake in LTPL through FFPL as on November 30, 2025. The Group was established in 2014 and raised funds primarily from FFH, Saama Capital, Mayfield India, India Quotient, Bertelsmann India Investments, Sistema Asia Fund and Darrin Capital Management.

### Key financial indicators (audited)

LTPL (consolidated)	FY2024	FY2025	H1 FY2026 <sup>#</sup>
Total income	1,218	898	227
Profit / (loss) after tax	3	(450)	(210)
Total managed assets	8,942	6,445	4,556
Return on managed assets	0.0%	(5.9%)	(7.6%)
Reported gearing (times)	3.2	2.8	3.2
Adjusted gearing (times) <sup>^</sup>	4.5	3.3	3.8
Managed gearing (times) <sup>*</sup>	9.3	8.0	8.0

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; <sup>#</sup>Unaudited; <sup>^</sup>Adjusted gearing = On-balance sheet borrowings/(Net worth – Gross first loss default guarantee (FLDG) on off-balance sheet AUM); <sup>\*</sup>Managed gearing = (On-balance sheet borrowings + Off-balance sheet AUM)/Net worth

### Key financial indicators (audited)

LFL (standalone)	FY2024	FY2025	H1 FY2026 <sup>#</sup>
Total income	1,146	867	219
Profit / (loss) after tax	60	(288)	(162)
Total managed assets	8,690	6,253	4,329
Return on managed assets	0.8%	(3.9%)	(6.1%)
Reported gearing (times)	3.0	2.3	2.2
Adjusted gearing (times)	4.3	2.8	2.6
Managed gearing (times)	9.4	7.3	6.3
Gross stage 3	2.9%	4.4%	3.2%
CRAR	21.5%	35.7%	37.7%

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; <sup>#</sup>Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

**Rating history for past three years**

Current (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	Dec 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Market linked debenture long term <sup>^</sup>	Long term	28.525	PP-MLD [ICRA]AA- (Stable)	Jul-16-24	PP-MLD [ICRA]BBB+ (Stable)	Jun-29-23	PP-MLD [ICRA]BBB+ (Positive)		
				Jul-18-24	PP-MLD [ICRA]BBB+ (Stable)	Jul-11-23	PP-MLD [ICRA]BBB+ (Positive)	Jun-30-22	PP-MLD [ICRA]BBB+ (Stable)
				Jan-02-25	PP-MLD [ICRA]BBB+; Rating Watch with Positive Implications	Sep-14-23	PP-MLD [ICRA]BBB+ (Positive)		
						Oct-26-23	PP-MLD [ICRA]BBB+ (Positive)		
Long-term/Short-term fund-based bank lines	Long term/Short term	600.00	[ICRA]AA- (Stable)/[ICRA]A1+	Jul-16-24	[ICRA]BBB+ (Stable)/[ICRA]A2	Jun-29-23	[ICRA]BBB+ (Positive)/[ICRA]A2	Jun-28-22	[ICRA]BBB+ (Stable)/[ICRA]A2
				Jul-18-24	[ICRA]BBB+ (Stable)/[ICRA]A2	Jul-11-23	[ICRA]BBB+ (Positive)/[ICRA]A2		
				Jan-02-25	[ICRA]BBB+ Rating Watch with Positive Implications / [ICRA]A2; Rating Watch with Positive Implications	Sep-14-23	[ICRA]BBB+ (Positive)/[ICRA]A2	Jun-30-22	[ICRA]BBB+ (Stable)/[ICRA]A2
						Oct-26-23	[ICRA]BBB+ (Positive)/[ICRA]A2		
Non-convertible debenture programme	Long term	191.60	[ICRA]AA- (Stable)	Jul-16-24	[ICRA]BBB+ (Stable)	Jul-11-23	[ICRA]BBB+ (Positive)		
				Jul-18-24	[ICRA]BBB+ (Stable)	Sep-14-23	[ICRA]BBB+ (Positive)		
				Jan-02-25	[ICRA]BBB+ Rating Watch with Positive Implications	Oct-26-23	[ICRA]BBB+ (Positive)		

<sup>^</sup> Market linked debentures' long-term limit is interchangeable with NCDs up to Rs. 28.525 crore; if placed as NCDs, the rating of [ICRA]BBB+ will be applicable

## Complexity level of the rated instruments

Instrument	Complexity indicator
Market linked debenture long term	Highly Complex
Non-convertible debenture programme	Simple
Long-term/Short-term bank lines	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
INE090W07618	Non-convertible debenture programme	Oct-30-2023	11.95%	Oct-30-2026	40.00	[ICRA]AA- (Stable)
INE090W07667	Non-convertible debenture programme	Jan-30-2024	11.25%	Jan-30-2026	55.00	[ICRA]AA- (Stable)
INE090W07568	Non-convertible debenture programme	Jul-27-2023	10.48%	Jul-27-2025	50.00	[ICRA]AA- (Stable); withdrawn
INE090W07576	Non-convertible debenture programme	Sep-09-2023	11.85%	Sep-9-2025	68.40	[ICRA]AA- (Stable); withdrawn
INE090W07584	Non-convertible debenture programme	Sep-27-2023	11.15%	Sep-27-2025	20.00	[ICRA]AA- (Stable); withdrawn
INE090W07626	Non-convertible debenture programme	Oct-25-2023	11.71%	Jul-01-2025	35.00	[ICRA]AA- (Stable); withdrawn
INE090W07600	Non-convertible debenture programme	Oct-25-2023	10.69%	Oct-25-2025	15.00	[ICRA]AA- (Stable); withdrawn
INE090W07634	Non-convertible debenture programme	Oct-27-2023	11.64%	Oct-27-2025	25.00	[ICRA]AA- (Stable); withdrawn
INE090W07642	Non-convertible debenture programme	Nov-03-2023	11.00%	Aug-08-2025	20.00	[ICRA]AA- (Stable); withdrawn
INE090W07535*	Non-convertible debenture programme*	Jun-14-2023	12.50%	Jun-14-2025	25.00	[ICRA]AA- (Stable); withdrawn
Not yet placed^	Non-convertible debenture programme^	-	-	-	121.60	[ICRA]AA- (Stable)
Not yet placed^	Market linked debenture long term^	-	-	-	3.525	PP-MLD[ICRA]AA- (Stable)
NA	Long-term/Short-term fund-based bank lines	-	-	-	600.00	[ICRA]AA- (Stable) / [ICRA]A1+

Source: Company

\*Part of the interchangeable limit of PP-MLD; the ISIN had been issued as NCD

^Market linked debenture limit is interchangeable with NCDs; if placed as NCD, rating of [ICRA]AA- will be applicable

Note: PP-MLD refers to the principal protected market linked debenture programme. According to the terms of the rated market linked debentures, the amount invested, i.e. the principal, is protected against erosion while the returns on the investment could vary as they are linked to movements in one or more variables such as equity indices, commodity prices, and/or foreign exchange rates. The assigned rating expresses ICRA's current opinion on the credit risk associated with the issuer concerned. It does not address the risks associated with the variability in returns resulting from the adverse movements in the variable(s) concerned

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

Company name	Ownership	Consolidation approach
Lendingkart Technologies Private Limited	Parent	Full consolidation
Lendingkart Finance Limited	100.00%	
Lendingkart Account Aggregator Private Limited	100.00%	

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