

January 14, 2026

Lendingkart Finance Limited: Provisional [ICRA]AA-(SO) assigned to SN Series A1 issued by SBL Ron26, backed by a pool of unsecured small business loans

Summary of rating action

| Trust Name | Instrument* | Current Rated Amount (Rs. crore) | Rating Action |
|------------|--------------|----------------------------------|-------------------------------------|
| SBL Ron26 | SN Series A1 | 40.86 | Provisional [ICRA]AA-(SO); Assigned |

*Instrument details are provided in Annexure I

| | |
|--|--|
| Rating in the absence of pending actions/documents | No rating would have been assigned as it would not be meaningful |
|--|--|

Rationale

The securitisation notes (SNs) are backed by a pool of unsecured small business loans (SBLs) receivables originated by Lendingkart Finance Limited {Lendingkart/Originator; rated [ICRA]AA-(Stable)/[ICRA]A1+} with an aggregate principal outstanding of Rs. 45.41 crore (pool receivables of Rs. 55.43 crore). Lendingkart would be acting as the servicer for the transaction.

The provisional rating is based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The provisional rating is subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and promised principal payout (to the extent of 90% of the pool principal billed). The balance principal is promised on the maturity date for SN Series A1. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will be passed to the SN Series A1 investor on a monthly basis. Any prepayment in the pool would be used for the prepayment of SN Series A1 principal.

The credit enhancement available in the structure is in the form of (i) a credit collateral (CC) of 10.00% of the initial pool principal, split into cash collateral of 6.00% of the initial pool principal (Rs. 2.72 crore to be provided by the Originator) and unconditional and irrevocable corporate guarantee of 4.00% of the initial pool principal (Rs. 1.82 crore to be provided by the Originator), (ii) principal subordination of 10.00% of the initial pool principal for SN Series A1 and (iii) the excess interest spread (EIS) of 15.51% of the initial pool principal for SN Series A1.

Key rating drivers and their description

Credit strengths

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 462 contracts, with top 10 contracts forming only ~6% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement 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 promised SN 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.

Seasoned contracts in the pool – The pool has amortised by almost ~36% as on the cut-off date with no delinquencies seen in any of the contracts, post loan disbursement, thereby reflecting the borrowers' relatively better credit profile.

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 share of high-interest rate contracts – Around 49% (in terms of the principal amount outstanding on the cut-off date) of the contracts in the pool had an interest rate of more than 24%. Contracts with a high rate of interest are considered riskier as they usually indicate the weaker credit profile of the borrower.

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 5.25% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool 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 rating for the instrument.

Liquidity position: Superior

The liquidity for SN Series A1 is superior after factoring in the credit enhancement available to meet the promised payouts to the investor. The total credit enhancement would be ~6.25 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating could be upgraded on the sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and on an increase in the cover available for future investor payouts from the credit enhancement along with an improvement in the credit profile of Lendingkart.

Negative factors – The rating could be downgraded on the sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and credit enhancement utilisation levels. The rating could also be downgraded on a deterioration in the credit profile of Lendingkart.

Analytical approach

The rating action is based on the analysis of the performance of Lendingkart's loan portfolio till September 2025, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

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

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into final upon the execution of:

1. Trust Deed
2. Assignment Agreement
3. Power of Attorney
4. Legal opinion
5. KYC DD CA certificate
6. Trustee compliance letter
7. Any other documents executed for the transaction

Validity of the provisional rating

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

About the originator

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 (standalone)

| LFL (standalone) | FY2024 | FY2025 | H1 FY2026 [#] |
|---------------------------|--------|--------|------------------------|
| Total income | 1,146 | 867 | 219 |
| Profit / (loss) after tax | 60 | (288) | (162) |
| Total managed assets | 8,690 | 6,253 | 4,329 |
| 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; [#]Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| S. No. | Trust Name | Current Rating (FY2026) | | | Chronology of Rating History for the Past 3 Years | | |
|--------|------------|-------------------------|--------------------------|---------------------------|---|-------------------------|-------------------------|
| | | Instrument | Amount Rated (Rs. crore) | Date & Rating in FY2026 | Date & Rating in FY2025 | Date & Rating in FY2024 | Date & Rating in FY2023 |
| | | | | Jan 14, 2026 | - | - | - |
| 1 | SBL Ron26 | SN Series A1 | 40.86 | Provisional [ICRA]AA-(SO) | - | - | - |

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|--------------|----------------------|
| SN Series A1 | 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 |
|------------------|-----------------|-----------------------------|------------------------|----------------|--------------------------|------------------------------|
| SBL Ron26 | SN Series A1 | January 09,2026 | 9.75% | April 20, 2028 | 40.86 | Provisional [ICRA]AA-(SO) |

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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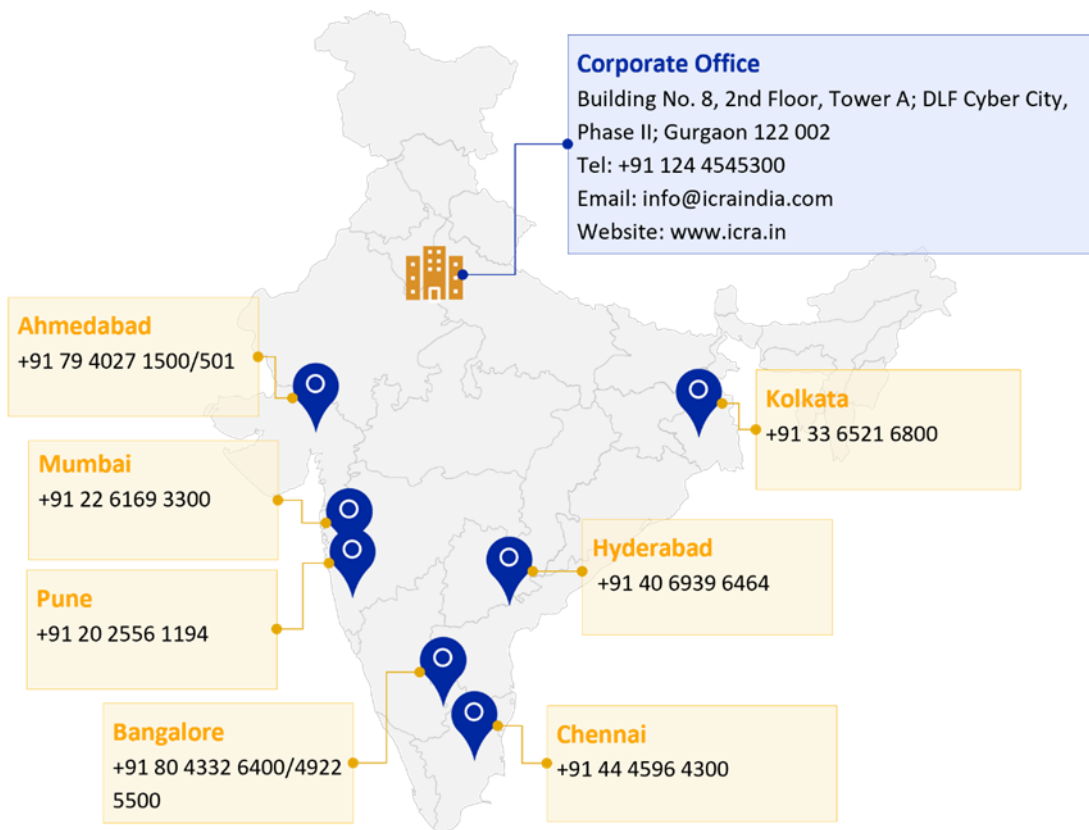
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