

July 14, 2023

CapFloat Financial Services Private Limited: Ratings withdrawn for PTCs issued under unsecured business loan receivables transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
Northern Arc 2021 SBL Halpert	Series A1 PTC	18.52	1.69	0.00	[ICRA]AA(SO); Withdrawn
	Series A2 PTC	0.42	0.42	0.00	[ICRA]AA-(SO); Withdrawn

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under unsecured business loan securitisation transaction originated by CapFloat Financial Services Private Limited, as tabulated above. All the payouts to the investors in the above-mentioned instruments have been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The detailed rating rationale of previous rating exercise is available at the following link:

[Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

CapFloat (previously Zen Lefin Pvt. Ltd.) is a non-deposit taking non-banking financial company (NBFC-ND) registered with the Reserve Bank of India (RBI). It primarily lends to SMEs and retail customers. It was started in 2013 by co-founders, Mr. Sashank Rishyasringa and Mr. Gaurav Hinduja, and has raised funds from ASPADA, Sequoia, SAIF Partners, Amazon and Creation Investments among others.

CapFloat is a part of the evolving fintech industry and targets borrower segments which are difficult to access by traditional banks. The use of technology helps to reduce the turnaround time and facilitates the underwriting of borrowers based on nontraditional data points from the online space like social media, e-commerce sites, etc.

Key financial indicators

	FY2021 Ind-AS	FY2022 Ind-AS	FY2023* Ind-AS
Total income (excluding gain on assignment of loans)	127	104.18	189.23
Profit after tax	(126)	(17.66)	(100.34)
Assets under management	681	681	1221.13
% Gross NPAs	4.30%	4.85%	2.56%
% Net NPAs	0.71%	1.44%	0.83%

*Provisional numbers, Source: Company, ICRA research; All ratios as per ICRA calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No	Trust Name	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years			
		Instrument name	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021
					July 14, 2023	November 29, 2022	December 06, 2021	September 06, 2021	-
1	Northern Arc 2021 SBL Halpert	Series A1 PTC	18.52	0.00	[ICRA]AA(SO); Withdrawn	[ICRA]AA(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-
		Series A2 PTC	0.42	0.00	[ICRA]AA-(SO); Withdrawn	[ICRA]AA-(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Northern Arc 2021 SBL Halpert	Series A1 PTC	Moderately Complex
	Series A2 PTC	

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, is available on ICRA's website [Click Here](#)

Annexure-I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
Northern Arc 2021 SBL Halpert	Series A1 PTC	August 2021	12.40%	February 2025	0.00	[ICRA]AA(SO); Withdrawn
	Series A2 PTC		13.17%	February 2025	0.00	[ICRA]AA-(SO); Withdrawn

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.

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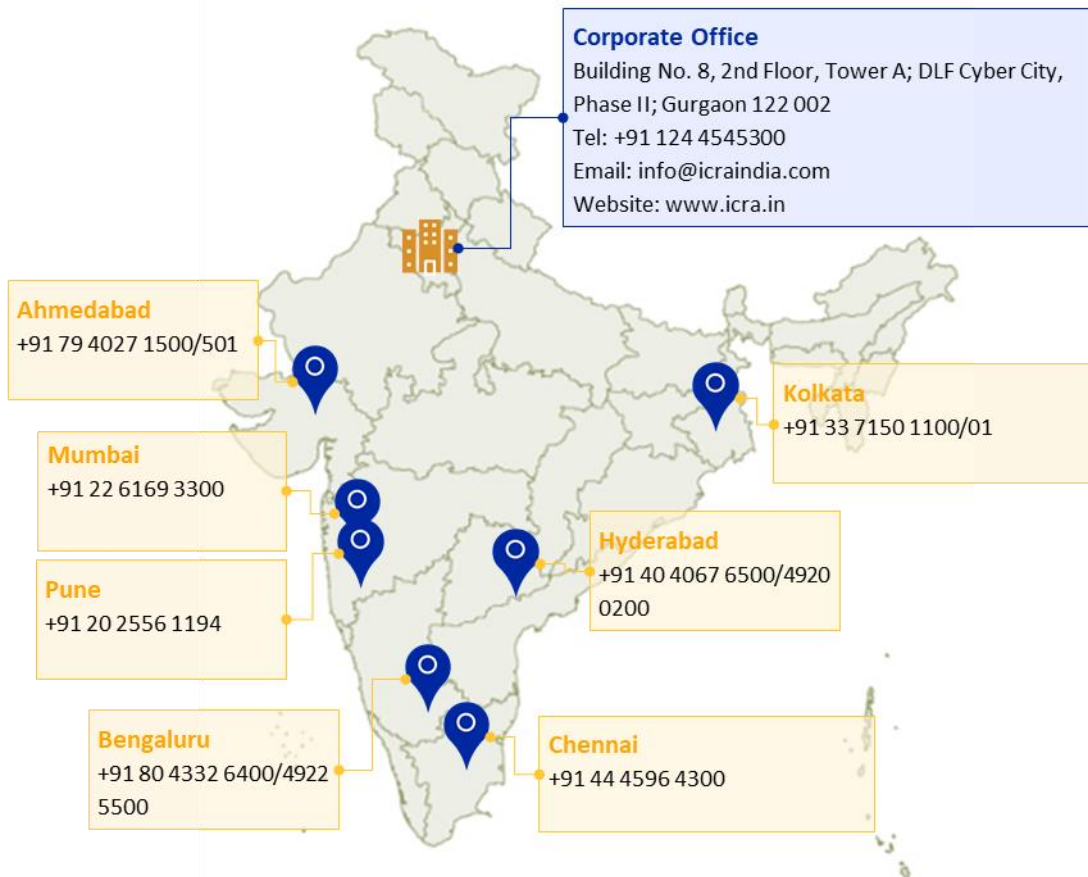
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