

January 21, 2025

Vriksh Advisors Private Limited: Provisional [ICRA]BB+(SO) assigned to PTCs backed by lease rental receivables issued by LeaseX Valerian Jan 25

Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
LeaseX Valerian Jan 25	Series 1 PTCs	6.77	Provisional [ICRA]BB+(SO); Assigned

**Instrument details are provided in Annexure I*

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

The pass-through certificates (PTCs) are backed by lease receivables of Rs. 7.76 crore originated by Vriksh Advisors Private Limited (Vriksh/Originator/Lessor). The lease receivables pertain to furniture and fixtures, information technology (IT) equipment and medical equipment leased by Vriksh to Praba's VCare Health Clinic Private Limited (VCare/Lessee/Obligor/Rentee).

The receivables shall include all rental payments, including the goods and services tax (GST) component (rentals) and net of tax deducted at source (TDS) (if applicable), due from the Lessee to the Lessor as per the terms of the Master Rent Agreement (MRA). The rentals will be discounted at the PTC yield to arrive at the purchase consideration to be paid by the PTC investors. As per the terms of the draft MRA to be executed between the Lessor and the Lessee, the rental payments represent an unconditional and irrevocable obligation of the Lessee. The underlying assets for the rental agreement have been hypothecated to cover the PTC obligations.

The assigned rating is based on VCare's credit profile, the established relationship between Vriksh and VCare, the track record of rental payments between them under other existing lease agreements and the integrity of the legal structure. The provisional rating is subject to the fulfilment of all the conditions under the structure and the review of the documentation pertaining to the transaction by ICRA.

Transaction structure

As per the transaction structure, the rentals payable by the Lessee would be at quarterly intervals over a period of two years. The receivables shall include all lease rental payments due from the Lessee to the Lessor. During the tenor of the transaction, the PTCs will be paid on a quarterly basis; however, both the principal and interest payment on the PTCs are promised on the final maturity date, which is 24 months from the date of issuance of the PTCs. The rentals must be deposited in the Collection and Payout Account (CPA) before each expected payout date. In ICRA's view, the cushion between the due date of the rental payment under the MRA and the corresponding PTC payout date helps to manage any operational delays in the rental payment by the Lessee, thus ensuring timely payment to the PTC investors. Further, there is an additional gap of more than 70 days between the last payout date and the legal maturity date. The termination amount shall mean the present value of all future receivables due on the date of the termination of the MRA (arrived at by discounting the future receivables at 5%). Thus, even under a scenario where the MRA is terminated, the PTC investors will not face any shortfall.

Key rating drivers and their description

Credit strengths

Track record between Vriksh and Vcare: There is an established relationship and payment track record of ~3 years between VCare and Vriksh. The lease payments have largely been made on or before the invoice date so far, which provides comfort.

No co-mingling of receivables with the Originator: The transaction structure ensures that all receivables are transferred directly into the trust account. As a result, there is no co-mingling of receivables with the Originator.

In-built cushion in the payment schedule: There is a cushion of 20 business days between the due dates of the rental payments and the corresponding PTC payout dates. There is an additional gap of 70 days between the expected payout date and the legal maturity date.

Credit challenges

Single counterparty: Since the PTCs are backed by lease rentals from a single Obligor, the payouts on the PTCs are strongly linked to the credit profile of the Obligor.

Key rating assumptions

To arrive at the rating, ICRA has relied on the credit profile of the Lessee. Also, the track record of timely payments by the Lessee against the lease rental invoices raised in the past and various other structural features add strength to the transaction.

Liquidity position: Adequate

The payment obligations of VCare to Vriksh are being securitised in the proposed transaction. As per the transaction structure, both the interest and the principal amount is promised to the PTC holders on the scheduled maturity date of the transaction. Basis the on-balance sheet liquidity available with VCare to meet its various payment obligations, the liquidity is deemed to be adequate for the transaction to meet the promised payouts to the Series 1 PTC investors.

Rating sensitivities

Positive factors – Rating can be upgraded if there is an improvement in the credit profile of the Lessee.

Negative factors – The rating can be downgraded if there is a deterioration in the credit profile of Lessee or non-adherence to the terms of the transaction. The rating would be under pressure if there are delays observed in the lease payments by Lessee.

Analytical approach

The rating action is based on the credit profile of the Lessee, examination of terms of the MRA, relationship between Lessor and Lessee in the past.

Analytical Approach	Comments
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. Deed of Assignment
3. Legal opinion
4. Trustee letter

5. Notice of Assignment
6. Master Rental Agreement.
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/Lessor

Vriksh Advisors Private Limited, (Vriksh) is in the business of leasing of various movable assets to its identified customers on an operating lease model for a mutually agreed period. Concurrently with the lease of assets, Vriksh assigns all or a significant portion of the lease rent receivables from its customers on a non-recourse basis to third parties. Till date, Vriksh has originated 10 LeaseX (leasing transaction via securitization structure is referred to as "LeaseX") opportunities executed in the form of SDI. These 10 transactions had a cumulative value of approx. Rs. 100 crore and involved 20 Lessees with monthly and quarterly payout to investors.

Grip Invest Technologies Private Limited ("Grip") which is Vriksh's related entity operates a digital platform to discover alternate investment options and offers its users access to various asset-backed, fixed-income asset classes. Asset-backed leasing is the primary asset class offered to its users. Grip has enabled nearly 30,000 investors to invest Rs 1200+ crore since its launch 5 years ago

Grip has enabled leasing to 135+ companies with a focus on mobility, warehousing, medical equipment, furniture, etc. Grip has raised equity capital from institutional investors such as Stride Ventures, Venture Highway, AdvantEdge, Anicut Capital, Nueva Capital, ITI Growth, and Multiply Ventures. Grip leverages its experience in identifying and managing leasing transactions entered between Vriksh and various Lessees.

Key financial indicators (audited)

Figures in Rs. Crore	FY2022	FY2023	FY2024
Total Income	0.06	0.15	0.79
Depreciation	-	-	-
Interest	-	0.92	2.74
Profit After Tax (PAT)	(0.03)	(3.28)	(7.94)
Total Debt	-	23.31	14.79
Net Worth	1.61	(1.66)	(9.60)

Amount in Rs. crore; All calculations are as per ICRA Research
Source: Company, ICRA Research

About the Lessee

Praba's VCare Health Clinic Private Limited (VHCPL); was set up in the year 2004. It is a renowned multi-specialty chain of aesthetic clinics providing International standard U.S FDA approved treatment. The Company started its operations in the field of "Beauty and cosmetics" and today it is involved in a wide range of activities like skin care treatments, hair care treatments, advanced hair transplantation, health & wellness education, research & development, advanced diagnostics, manufacturing, distribution, retailing, telemarketing, etc.

Currently it has operations in five states (Tamil Nadu, Karnataka, Andhra Pradesh, Telangana and Goa) and one union territory (Puducherry) across South India through its 72 clinics including 4 super specialty clinics. The company has treated more than 1.5 million clients and has a team of more than 100 experienced trichologists, cosmetologists, surgeons and a service team with more than 1200 hair & skin experts.

The company has won several awards including Germany best clinics awards, Guinness World Records for largest skincare workshop and best trichology/hair and skin clinic in South India by IFA awards 2021, The most trusted hair transplant brands by Business Connect. Notable Indian personalities like Anil Kapoor, Sneha Prasanna, Nadiya Moidu Godbole, Hina Khan etc. have been associated with the brand.

Key financial indicators (audited)

Figures in Rs. Crore	FY2022	FY2023	FY2024	H1 FY2025*
Operating Income (OI)	135.9	215.7	257.6	139.6
OPBITDA	46.5	68.3	78.6	35.6
Depreciation	6.0	5.1	4.4	3.2
Interest	17.2	18.7	18.8	9.3
Profit After Tax (PAT)	21.8	30.7	36.5	16.8
Total Debt	36.7	41.4	43.5	32.8
Tangible Net Worth (TNW)	35.1	65.8	102.3	121.1

Source: Company, ICRA Research; *Provisional, Amount in Rs. Crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust Name	Instrument	Current Rating (FY2025)			Chronology of Rating History for the Past 3 Years		
		Initial Amount Rated (Rs. crore)	Current Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
1 LeaseX Valerian Jan 25	Series 1 PTCs	6.77	6.77	January 21, 2025 Provisional [ICRA]BB+(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series 1 PTCs	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	Date of Issuance / Sanction	Coupon*	Maturity Date	Amount Rated (Rs. crore)	Current Rating
LeaseX Valerian Jan 25	Series 1 PTCs	January 16, 2025	14.68%	February 01, 2027	6.77	Provisional [ICRA]BB+(SO)

Source: Company, *per annum payable quarterly

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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