

February 04, 2025

## Vriksh Advisors Private Limited: Rating confirmed as final for PTCs issued under a lease rental receivables securitisation transaction

### Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
LeaseX Valerian Jan 25	Series 1 PTCs	6.77	6.78 <sup>1</sup>	[ICRA]BB+(SO); provisional rating confirmed as final

\*Instrument details are provided in Annexure I

### Rationale

ICRA had assigned a provisional rating to the Series 1 pass-through certificates (PTCs) issued by LeaseX Valerian Jan 25 under a securitisation transaction originated by Vriksh Advisors Private Limited (Vriksh/Originator/Lessor). The PTCs are backed by lease receivables of Rs. 8.03 crore from Praba's VCare Health Clinic Private Limited (VCare/Lessee/Obligor/Rentee) for furniture and fixtures, information technology (IT) equipment and medical equipment leased by Vriksh. The receivables shall include all rental payments, including the goods and services tax (GST) component and tax deducted at source net of TDS (if applicable), due from the Lessee to the Lessor as per the terms of the Master Rent Agreement (MRA). The rentals have been discounted at the PTC yield to arrive at the purchase consideration for the PTC investors.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

### 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 around 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.

<sup>1</sup> Provisional rating was assigned for PTC amount of Rs. 6.77 crore, however, due to change in settlement date the PTC amount has increased to Rs. 6.78 crore

**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 69 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 trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Securitisation Transactions</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

### 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 – Vriksh

	FY2022	FY2023	FY2024
<b>Total income</b>	0.06	0.15	0.79
<b>Depreciation</b>	-	-	-
<b>Interest</b>	-	0.92	2.74
<b>Profit after tax (PAT)</b>	(0.03)	(3.28)	(7.94)
<b>Total debt</b>	-	23.31	14.79
<b>Net worth</b>	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, Nadhiya 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	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years			
	Instrument	Initial Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & Rating in FY2025		Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
				February 04, 2025	January 21, 2025			
LeaseX Valerian Jan 25	Series 1 PTCs	6.77	6.78	[ICRA]BB+(SO)	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**

ISIN	Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate*	Maturity Date	Amount Rated (Rs. crore)	Rating
INE1JMM15019	LeaseX Valerian Jan 25	Series 1 PTCs	January 24, 2025	14.68%	March 01, 2027	6.78	[ICRA]BB+(SO)

Source: Company, \*per annum payable quarterly

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

Not Applicable

## ANALYST CONTACTS

**Abhishek Dafria**

+91 22 6114 3440

[abhishek.dafria@icraindia.com](mailto:abhishek.dafria@icraindia.com)

**Sachin Joglekar**

+91 22 6114 3470

[sachin.joglekar@icraindia.com](mailto:sachin.joglekar@icraindia.com)

**Anubhav Agarwal**

+91 22 6114 3439

[anubhav.agarwal@icraindia.com](mailto:anubhav.agarwal@icraindia.com)

**Mrugesh Trivedi**

+91 22 6114 3436

[mrugesh.trivedi@icraindia.com](mailto:mrugesh.trivedi@icraindia.com)

**Vishal Oza**

+91 22 6114 3472

[vishal.oza2@icraindia.com](mailto:vishal.oza2@icraindia.com)

## RELATIONSHIP CONTACT

**Mr. L. Shivakumar**

+91 22 6114 3304

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

### Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

### 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.

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## ICRA Limited

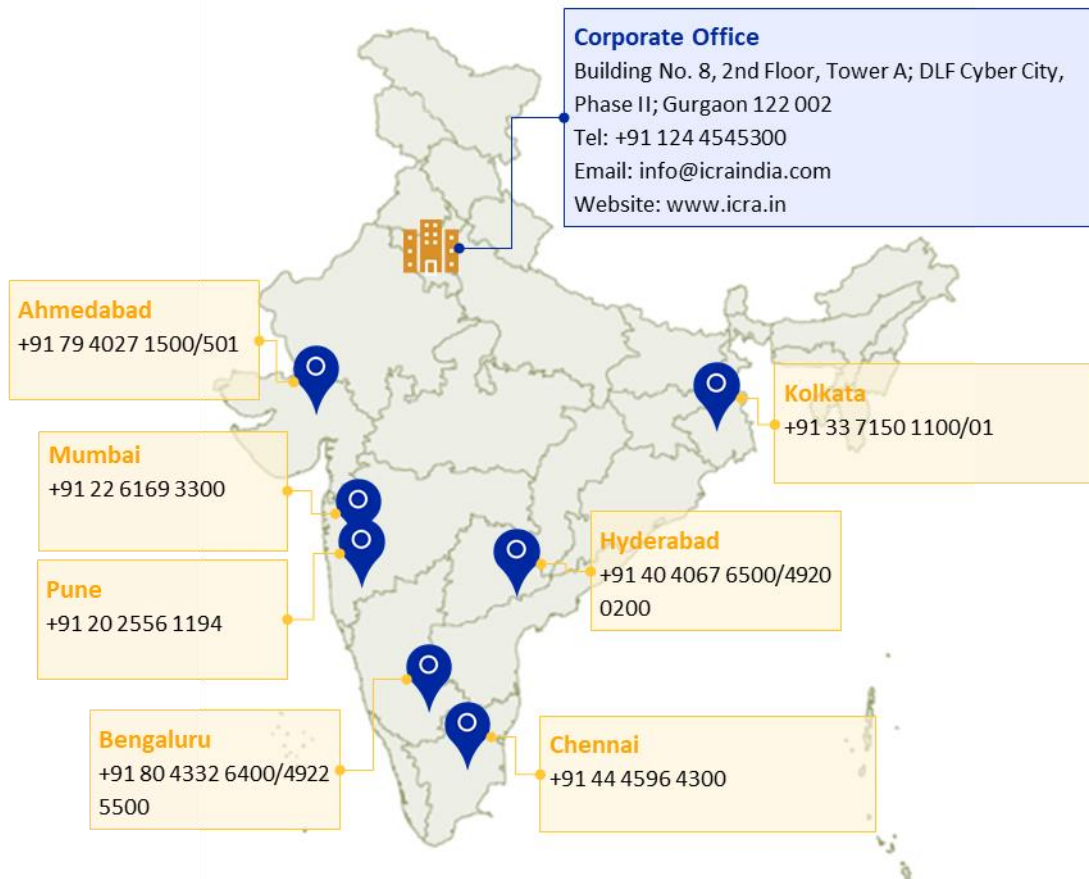


### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



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