

September 13, 2023

## Varthana Finance Private Limited (erstwhile Thirumeni Finance Private Limited): Rating withdrawn for PTCs backed by school finance receivables securitisation transaction

### Summary of rating action

| Trust Name                     | Instrument*   | Initial Rated Amount (Rs. crore) | Amount O/s after Last Surveillance (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action          |
|--------------------------------|---------------|----------------------------------|--|----------------------------------|------------------------|
| Northern Arc 2019 SBL Chandler | PTC Series A2 | 6.47                             | 3.28   | 0.00                             | [ICRA]A(SO); Withdrawn |

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under school finance loan securitisation transaction originated by Varthana Finance Private Limited (rated [ICRA]BBB-(Stable), as tabulated above. All the payouts to the investors in the above-mentioned instrument has 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link:

[Click here](#)

### Analytical approach

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable Rating Methodologies | <a href="#">ICRA's Policy on Withdrawal of Credit Rating</a> |
| Parent/Group Support            | Not Applicable   |
| Consolidation/Standalone        | Not Applicable   |

### About the originator

Varthana is a non-deposit taking non-banking financial company, incorporated in Cochin (Kerala) in June 1984. It was acquired by the current promoters (Mr. Steve Hardgrave and Mr. Brajesh Mishra) in May 2012 and commenced financing operations in January 2013. As on March 31, 2023, the promoters held a 10.6% stake in the company with the balance held by institutional investors (83.6%), individual investors (2.4%) and an employee share ownership trust (3.4%). Varthana offers credit facilities to private schools, including affordable private schools, for improvement, capacity expansion and growth. It operates in 15 states and 1 Union Territory, including Karnataka, Maharashtra, Madhya Pradesh, Tamil Nadu, Odisha, Rajasthan, and Chhattisgarh, with its head office in Bengaluru. As on March 31, 2023, Varthana had a loan book of Rs. 938.4 crore.

### Key financial indicators (audited)

| Varthana Finance Private Limited | FY2021  | FY2022 | FY2023 |
|----------------------------------|---------|--------|--------|
| Total income                     | 211.6   | 190.7  | 171.1  |
| Profit after tax                 | -7.7    | 2.5    | 5.4    |
| Assets under management          | 1,044.8 | 957.8  | 938.4  |
| Gross Stage 3 (%)                | 2.9%    | 12.0%  | 8.4%   |
| Net Stage 3 (%)                  | 1.5%    | 5.5%   | 5.9%   |

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

| Sr. No. | Trust Name                     | Instrument    | Current Rating (FY2024)          |                                | Chronology of Rating History for the past 3 years |                         |                         |                         |
|---------|--------------------------------|---------------|----------------------------------|--------------------------------|---|-------------------------|-------------------------|-------------------------|
|         |                                |               | Initial Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating                                     | Date & Rating in FY2023 | Date & Rating in FY2022 | Date & Rating in FY2021 |
|         |                                |               |                                  |                                | Sep 13, 2023                                      | Dec 19, 2022            | Dec 21, 2021            | Dec 24, 2020            |
| 1       | Northern Arc 2019 SBL Chandler | PTC Series A2 | 6.47                             | 0.00                           | [ICRA]A(SO);<br>Withdrawn                         | [ICRA]A(SO)             | [ICRA]A(SO)             | [ICRA]A(SO)             |

### Complexity level of the rated instrument

| Trust Name                     | Instrument    | Complexity Indicator |
|--------------------------------|---------------|----------------------|
| Northern Arc 2019 SBL Chandler | PTC Series A2 | 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, 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         |
|--------------------------------|-----------------|-----------------------------|-------------|---------------|--------------------------|------------------------|
| Northern Arc 2019 SBL Chandler | PTC Series A2   | December 2019               | 12.00%      | March 2027    | 0.00                     | [ICRA]A(SO); Withdrawn |

Source: Company

#### 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)

**Gaurav Mashalkar**

+91 22 6114 3431

[gaurav.mashalkar@icraindia.com](mailto:gaurav.mashalkar@icraindia.com)

**Advait Athavale**

+91 22 6114 3433

[advait.athavale@icraindia.com](mailto:advait.athavale@icraindia.com)

**Nemish Shah**

+91 22 6114 3450

[nemish.shah@icraindia.com](mailto:nemish.shah@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**

+91 22 6169 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.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

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



### Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.