

December 18, 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Varthana Finance Private Limited (erstwhile Thirumeni Finance Private Limited): Rating withdrawn for PTCs backed by school finance receivables securitisation transaction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Northern Arc 2019 SBL Chandler	PTC Series A3	3.45	3.45	0.00	[ICRA]BBB+(SO); Withdrawn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ICRA has withdrawn the rating for pass through certificates (PTCs) issued under school finance loan securitisation transaction originated by Varthana Finance Private Limited (erstwhile Thirumeni 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liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn.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	ICRA's Policy on Withdrawal of Credit Rating
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
					Dec 18, 2023	Dec 19, 2022	Dec 21, 2021	Dec 24, 2020
1	Northern Arc 2019 SBL Chandler	PTC Series A3	3.45	0.00	[ICRA]BBB+(SO); Withdrawn	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Northern Arc 2019 SBL Chandler	PTC Series A3	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 analyzing 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 A3	December 2019	13.60%	March 2027	0.00	[ICRA]BBB+(SO); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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