

August 31, 2023

## Fourdegreewater Services Private Limited: Provisional [ICRA]BBB(SO) assigned to PTC Series A1 to be issued by Wint Basket - 01

### Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Wint Basket - 01	PTC Series A1	9.09	Provisional [ICRA]BBB(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

ICRA has assigned a provisional rating to pass-through certificates (PTC) Series A1 to be issued under a collateralised bond obligation (CBO) transaction, wherein the seller/originator is Fourdegreewater Services Private Limited (Fourdegreewater). Fourdegreewater shall assign to Wint Basket - 01 the future receivables arising from the non-convertible debentures (NCD) issued by seven entities, viz. Clix Capital Services Private Limited, Ugro Capital Limited, KrazyBee Services Private Limited, Aye Finance (P) Ltd., Akara Capital Advisors Private Limited {[ICRA]BBB(Stable)}, NeoGrowth Credit Private Limited {[ICRA]BBB(Stable)} and Vivriti Capital Limited {[ICRA]A(Stable)}.

The provisional rating is based on the strength of the cash flows from the selected pool of NCDs and the integrity of the legal structure. There is no external credit enhancement in the structure. The 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.

### Key rating drivers

#### Credit strengths

- Diversity amongst the borrower entities in terms of the varied nature of businesses
- Presence of entities having moderate to strong credit profiles

#### Credit challenges

- High obligor concentration in the pool (top obligor constitutes ~21% of pool principal)
- No external credit enhancement in the structure

### Description of key rating drivers highlighted above

As on August 28, 2023, the aggregate receivables stood at Rs. 9.65 crore with an underlying pool principal of Rs. 8.98 crore. The Trust will issue a single series of PTCs (PTC Series A1 of Rs. 9.09 crore) backed by the NCD receivables. As per the transaction structure, the monthly cash flow schedule comprises the expected principal payment to PTC Series A1 with the yield to the PTC Series A1 being in the form of the residual cash flow after making all senior payouts based on the transaction waterfall. The yield on PTC Series A1 is not promised. On the final maturity date (January 08, 2025) of the transaction, only the principal is promised on the PTCs. All the rights of the NCD holders will be exercised by the Trustee on behalf of the PTC investors.

No external credit enhancement is available in the structure. The entities, the NCDs of which would be assigned to the Trust, have standalone ratings in the BBB and A category. The entities are non-banking financial companies (NBFCs) involved in the lending business across different product classes and end use, thereby providing a diverse portfolio mix to the pool. However, the concentration risk is high since the transaction comprises NCD contracts issued by only seven entities; the top obligor in

the pool constitutes ~21% of the pool principal. Hence, any deterioration in the credit quality of the individual entities in the pool to a rating level below the rating assigned to the PTCs would have a bearing on the credit quality of the rated PTCs.

**Past rated pools:** This is the first NCD receivables-backed PTC transaction (originated by Fourdegreewater) to be rated by ICRA.

### Key rating assumptions

ICRA's rating (or shadow rating) on the entities in the pool has been taken into account while assigning the rating to the PTCs. There is no external credit enhancement in the structure; hence, the default probability on the PTC payout is considered to be in line with the default probability of the lowest-rated entity in the pool.

### Liquidity position: Adequate

Considering the liquidity profiles of the underlying entities, the liquidity position for PTC Series A1 is considered to be adequate to meet the promised investor payouts.

### Rating sensitivities

**Positive factors** – Improvement in the credit profiles of the underlying entities could lead to upgrade in PTC rating.

**Negative factors** – The rating could be downgraded due to weakening of credit profile of entities which are a part of the pool or non-adherence to the material terms of the transaction.

### Analytical approach

The rating action is based on the credit profiles of the underlying borrower entities in the transaction and the performance expected over the balance PTC tenure.

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Collateralised Debt Obligations</a>
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. Assignment Agreement
3. Information Memorandum; and
4. Any others prescribed by the Transaction Counsel

### 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](http://www.icra.in).

## About the seller

Fourdegreewater Services Private Limited (“Fourdegreewater”) is a wholly owned subsidiary of Fourdegreewater Capital Private Limited. It is the broking arm of the Wint Wealth group and is a SEBI registered intermediary. Fourdegreewater is a trading member registered with NSE and operates as an Online Bond Platform Provider wherein it facilitates the buying and selling of bonds and other fixed income products to retail investors. The platform “Wint Wealth” is owned by Fourdegreewater Capital Private Limited, a private limited company founded in 2020. Wint Wealth is a fixed income focused wealth platform that lets mass affluent/retail investors invest in SEBI regulated debt assets like listed corporate bonds, government securities etc. Through Wint Wealth, individual investors can invest in regulated debt assets. Till date, the platform has facilitated more than Rs. 1,000 crore worth of bond transactions.

## Key financial indicators – Fourdegreewater

	FY2023 (audited)
Total income	0.012
PBT	(0.020)
Profit after tax (PAT)	(0.021)
Net worth	10.00

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

## 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	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					August 31, 2023			
1	Wint Basket - 01	PTC Series A1	9.09	9.09	Provisional [ICRA]BBB(SO)	-	-	-

## Complexity level of the rated instrument

Instrument	Complexity Indicator
PTC Series A1	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)	Current Rating
NA	Wint Basket - 01	PTC Series A1	August 2023	10.03%**	January 08, 2025	9.09	Provisional [ICRA]BBB(SO)

\* Scheduled maturity date; may change on account of prepayments/foreclosure

\*\*Expected coupon

Source: Company

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

Not Applicable

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## About ICRA Limited:

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

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