

March 31, 2024^(Revised)

Scient Capital Private Limited: Rating downgraded for PTCs backed by pool of non-convertible debenture receivables

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
Pyxis Fixed Income Trust	PTC Series A1	5.13	0.97	0.37	[ICRA]D(SO); Downgraded from [ICRA]C(SO)

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) issued by Pyxis Fixed Income Trust are backed by the underlying pool of non-convertible debenture (NCD) receivables. The underlying pool consisted of NCD receivables issued by three entities, viz. Spandana Sphoorty Financial Limited (SSFL; [ICRA]A (Positive)), Oxyzo Financial Services Private Limited (Oxyzo; [ICRA]A+ (Stable)/[ICRA]A1+) and Sadbhav Engineering Limited (SEL). All the payments under the NCD receivables of SSFL and Oxyzo have been received and the balance pool has only one obligor, namely SEL. There has been continued deterioration in SEL's credit profile along with delay in making the payments due from September 2023 towards the NCDs in the pool.

The final maturity date for the PTCs was March 27, 2024 and as per the transaction terms, the principal is promised only on the final maturity date while the yield is on an expected basis. The transaction structure does not have any external credit enhancement to meet any shortfall. As per the latest payout report shared by the trustee for the transaction, there was a shortfall of Rs. 0.37 crore on the promised principal payouts to the PTC investors on the final maturity date as the collections from SEL were not adequate. The rating action factors in the deterioration in SEL's financial profile that has led to the said shortfall in PTC payouts.

Key rating drivers

Credit strengths

- Not applicable

Credit challenges

- Obligor concentration is high with only one obligor remaining
- No external credit enhancement in the structure
- Weak credit quality of the obligor

Description of key rating drivers highlighted above

As per the transaction structure, the monthly cash flow schedule comprises the expected principal and interest payment to PTC Series A1. The principal payment would be senior to the interest payment and any shortfall in making the expected principal and interest payment to PTC Series A1 in a particular payout would be carried forward to the subsequent payout. On the final maturity date, only the principal is promised on the PTCs while the entire yield is on an expected basis. Hence, the rating assigned by ICRA addresses the timely payment of the entire principal to the PTC investors by the final maturity date.

There is no external credit enhancement in the structure. The only credit enhancement available in the transaction is the excess interest spread (EIS) arising because the interest to be paid on the PTCs, after paying the Trust expenses, is expected and not promised (i.e. the pool yield less the Trust expenses would be the PTC yield/EIS component). However, the expected

interest would still be paid to the investor each month. Thus, the EIS of any month is not available to support any shortfall in subsequent months.

The pool had not seen any prepayments and all the underlying entities had made the payments on the NCDs in a timely manner till the June 2023 payout, after which there had been a shortfall from SEL in making the payments related to its NCDs in September 2023. While there has been some payment from SEL from September 2023 till March 2024, the same has not been sufficient to fully redeem the PTCs and thus there has been a shortfall of Rs. 0.37 crore as per the trustee on the final maturity date of March 27, 2024.

Performance of past rated pools: ICRA has rated only the current pool where Scient Capital Private Limited (SCPL) has been the seller.

Key rating assumptions

As per the latest payout report shared by the trustee there has been a shortfall in the PTCs on the final maturity date. ICRA has taken into consideration the reports shared by the trustee.

Liquidity position: Poor

On the scheduled maturity dates of these transaction, the collections have been insufficient to make the promised payments. Considering the weak credit quality of the underlying obligor in the pool, the liquidity is expected to be poor.

Rating sensitivities

Positive factors – Not Applicable

Negative factors – Not Applicable

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA Rating Methodology for Collateralized Debt Obligations Policy on default recognition
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the seller

Scient Capital Private Limited (SCPL) is an alternate asset management firm. It uses research and structuring to create investment products for different categories of investors. The company's offerings are designed to complement the investor's core portfolio. On the debt side, these include high-yield debt and intermediate-yield debt, which complement debt mutual funds and tax-free bonds. The equity side covers early-stage venture capital and international investments, which help investors diversify beyond listed Indian equities.

Key financial indicators: Not applicable

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust Name	Current Rating (FY2024)					Chronology of Rating History for the past 3 years				
	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating n FY2024		Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021
				March 31, 2024	September 29, 2023	September 26, 2022	June 20, 2022	December 13, 2021	October 12, 2021	-
Pyxis Fixed Income Trust	PTC Series A1	5.13	0.37	[ICRA]D(SO)	[ICRA]C(SO)	[ICRA]B-(SO)	[ICRA]B+(SO)	[ICRA]BB+(SO)	Provisional [ICRA]BB+(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	Coupon Rate*	Maturity Date	Amount Rated (Rs. crore)	Current Rating
INE0JXS15015	Pyxis Fixed Income Trust	PTC Series A1	October 07, 2021	7.73%	March 27, 2024	0.37	[ICRA]D(SO)

* Expected yield to maturity

Annexure II: List of entities considered for consolidated analysis

Not Applicable

Corrigendum:

Document dated March 31, 2024 has been corrected with revision as detailed below:

Section where the revision is made:

Annexure I: Instrument details

Revision made:

The date of issuance 'October 2021' and the maturity date 'March 2024' has been replaced by 'October 07, 2021' and 'March 27, 2024' respectively.

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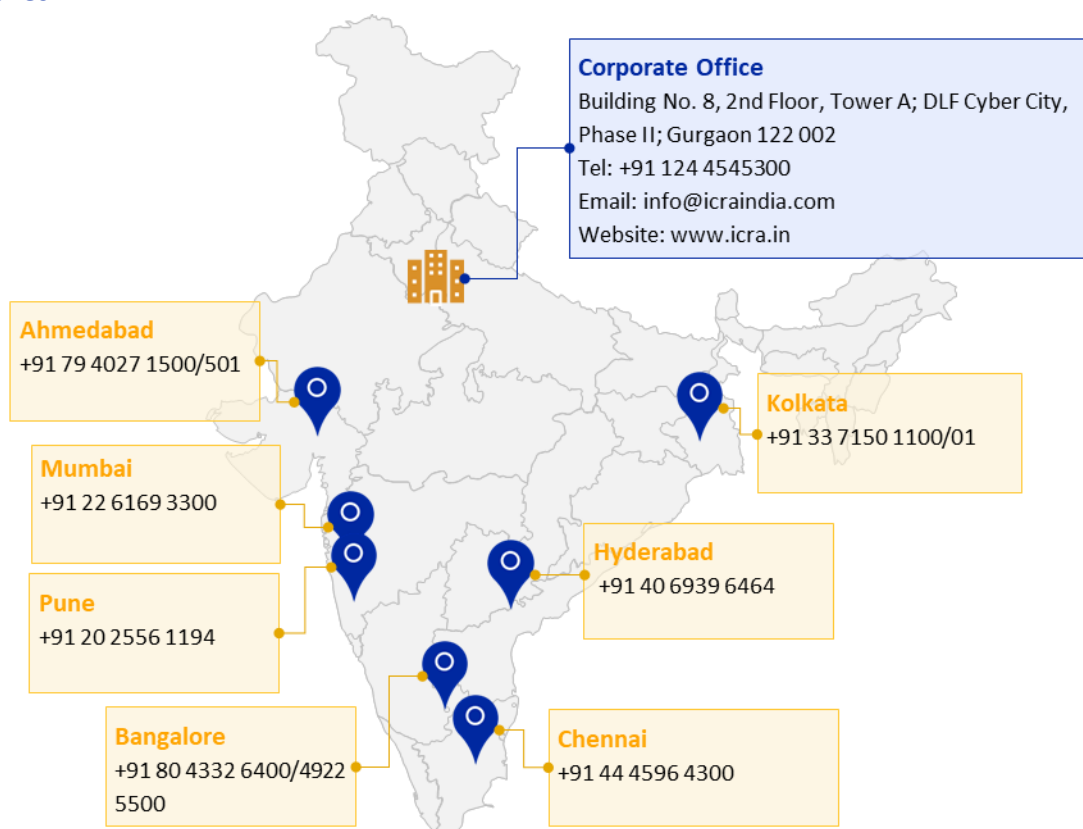


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