

September 30, 2024

Vriksh Advisors Private Limited: Rating upgraded to [ICRA]A(SO) for the PTCs issued by PIRG SDI 6 TRUST

Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Amount after Aug-24 Payout (Rs. crore)	Rating Action
PIRG SDI 6 TRUST	PTC Series A1	5.00	NA	4.40	[ICRA]A(SO); upgraded from [ICRA]A-(SO)

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates¹ (PTCs) have been issued under a collateralised bond obligation transaction, wherein the Seller/Originator is Vriksh Advisors Private Limited (Vriksh). At the time of issuance, the PTCs were backed by the future receivables arising from the non-convertible debentures (NCDs) issued by four entities, viz. Clix Capital Services Private Limited, Muthoot Capital Services Limited, Satin Creditcare Network Ltd. ([ICRA]A(Stable)/[ICRA]A1) and Spandana Sphoorty Financial Limited ([ICRA]A+(Stable)).

As the transaction structure does not have any external credit enhancement, the default probability on the PTC payouts is considered to be in line with the default probability of the lowest-rated entity in the pool. Post August 2024 payout, all the entities continue to be part of the balance pool and the collection efficiency remains 100% as all entities in the pool have made payment on the NCDs in a timely manner. The rating action factors in the improvement in the credit profile of a few entities in the pool since ICRA's last review.

Pool performance summary

Parameter	PIRG SDI 6 TRUST
Payout month	August 2024
Months post securitisation	12
Number of live entities in pool	4
Pool amortisation	12.00%
PTC Series A1 amortisation	12.00%
Cumulative collection efficiency ²	100.00%
Cumulative prepayment rate	0.00%
Loss-cum-0+ dpd ³ (% of initial pool)	0.00%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises of expected principal and interest payments to PTC Series A1. The principal and interest payments are promised on the legal final maturity date (July 01, 2025). The PTC payouts for a particular month will comprise of the NCD payouts received in the preceding month. Any prepayment in the pool would be used for the prepayment of PTC Series A1 principal.

¹ Also referred to as securitised debt instruments (SDI)

² (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

³ Inclusive of unbilled and overdue principal portion of delinquent contracts overdue by more than 0 days, as a % of initial pool principal

Key rating drivers and their description

Credit strengths

Diversity amongst the borrower entities in terms of the varied nature of businesses – The NCDs comprising the pool receivables have been issued by 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.

Presence of entities having moderate to strong credit profiles – The entities in the pool have standalone ratings in the A-category as assessed by ICRA which provides comfort. Credit profiles of the underlying entities have been either stable or witnessed improvement since ICRA’s last review.

Credit challenges

High obligor concentration in the pool – The pool comprises of NCD contracts issued by only four entities with the top obligor in the pool constituting ~31% of the pool principal as of August 2024 payout month.

No external credit enhancement in the structure – There is no external credit enhancement available in the structure; 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.

Key rating assumptions

ICRA’s rating (or shadow rating) on the entities in the pool has been taken into account while assigning rating to 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 balance pool.

Details of key counterparties

The key counterparties in the rated transactions is as follows:

Parameter	PIRG SDI 6 TRUST
Seller of NCDs	Vriksh Advisors Private Limited
Servicer	Vriksh Advisors Private Limited
Trustee	Beacon Trusteeship Limited
Collection and payout account bank	ICICI Bank

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 terms of the transaction.

Analytical approach

The rating action is based on the credit profiles of the underlying borrower entities in the transaction, the performance of the pool till August 2024 (payout month) and the performance expected over the balance tenure of the pool.

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Collateralised Debt Obligations
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the seller

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. 105 crore and involved 20+ Lessees with monthly/ 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 seen 26,000 investors invest Rs.1000+ crore since its launch 4 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 Stride Ventures, Venture Highway, Endiya Partners, AdvantEdge, Anicut Capital, Nueva Capital and Multiply Ventures.

Key financial indicators – Vriksh

	FY2022 (audited)	FY2023 (audited)	9M FY2024 (provisional)
Total income	0.06	0.16	0.19
Depreciation	-	-	-
Interest	-	0.87	0.70
Profit after tax (PAT)	(0.03)	(2.16)	(3.22)
Total debt	-	23.31	19.00
Net worth	1.61	(0.56)	(4.88)

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 (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
					September 30, 2024	September 19, 2023	August 17, 2023	-	-
1	PIRG SDI 6 TRUST	PTC Series A1	5.00	4.40	[ICRA]A(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(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
INE0QVD15016	PIRG SDI 6 TRUST	PTC Series A1	August 16, 2023	10.51%	July 01, 2025	4.40	[ICRA]A(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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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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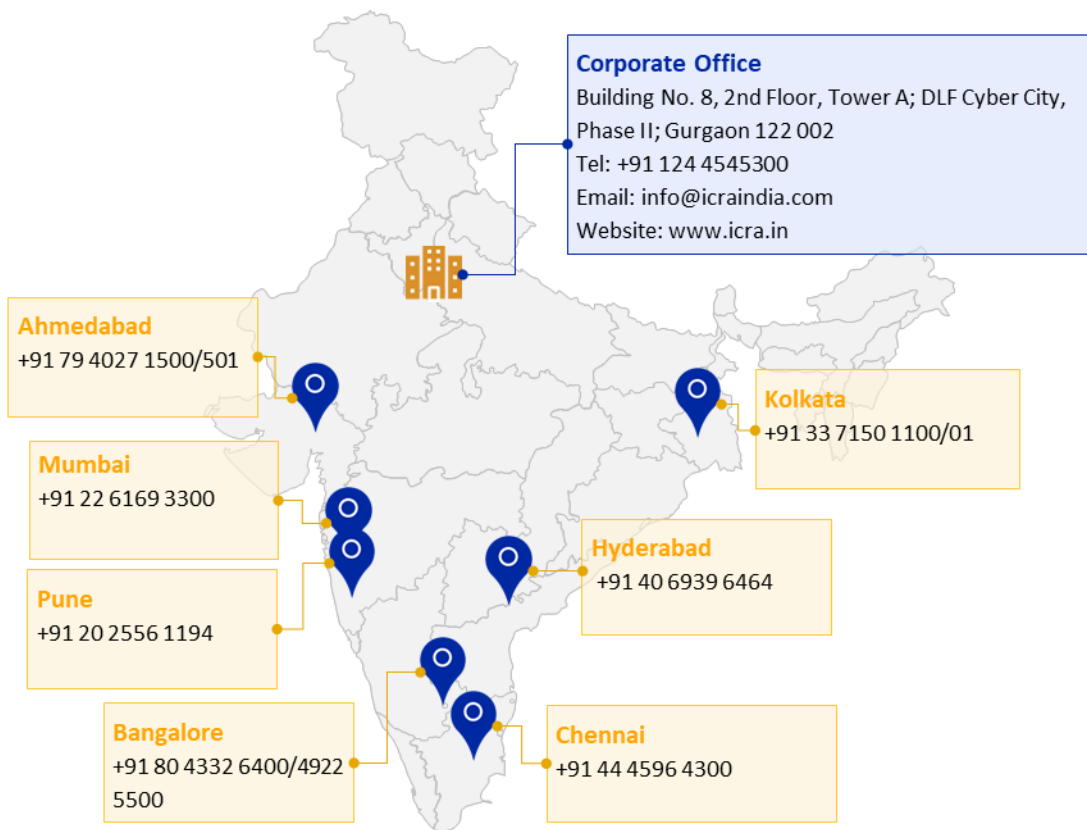
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