

February 25, 2025

Fourdegreewater Services Private Limited: Rating upgraded for PTCs issued by Wint Basket 02

Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Amount after Jan-25 Payout (Rs. crore)	Rating Action
Wint Basket 02	PTC Series A1	15.03	13.66	6.70	[ICRA]A-(SO); Upgraded from [ICRA]BBB+(SO)

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates¹ (PTCs) are issued under a collateralised bond obligation (CBO) transaction, wherein the Seller/Originator is Fourdegreewater Services Private Limited (Fourdegreewater). At time of issuance, PTCs were backed by future receivables arising from the non-convertible debentures (NCD) issued by seven entities, viz. Aye Finance Limited (rated [ICRA]A(Stable)) , Clix Capital Services Private Limited, Navi Finserv Limited, NeoGrowth Credit Private Limited {rated [ICRA]BBB+(Stable)}, Protium Finance Limited, Spandana Sphoorty Financial Limited {rated [ICRA]A(Negative)} and Vivriti Capital 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 January 2025 payout, four out of seven 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. Three entities namely Aye Finance Limited, Clix Capital Services Private Limited and NeoGrowth Credit Private Limited have repaid all its dues as part of the underlying NCDs in the pool. The rating action factors in the improvement in the credit profile of the balance pool due to repayment of NCDs of these entities pool since ICRA's last review.

Pool performance summary

Parameter	Wint Basket 02
Payout month	January 2025
Months post securitisation	13
Number of live entities in pool	4
Pool amortisation	55.37%
PTC Series A1 amortisation	55.48%
Cumulative collection efficiency ²	100.00%
Cumulative prepayment rate	0.00%
Loss-cum-0+ dpd ³ (% of initial pool)	0.00%

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

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the expected principal and interest payment to PTC Series A1, while the interest and the principal are promised to PTC Series A1 on the final maturity date (May 01, 2025) of the transaction. All the rights of the NCD holders will be exercised by the Trustee on behalf of the PTC investors. Any prepayment in the pool would be used for the prepayment of PTC Series A1 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 balance pool have standalone ratings/shadow ratings in the A category as assessed by ICRA.

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 ~38% of the pool principal as of January 2025 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 ratings (or shadow ratings) for the entities in the pool have been taken into account while assigning the rating to the PTCs. As the structure does not have any external credit enhancement, the default probability of the PTC payout is considered to be in line with the default probability of the lowest-rated entity in the pool.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Wint Basket 02
Seller of NCDs	Fourdegreewater Services Private Limited
Servicer	Fourdegreewater Services Private Limited
Trustee	Mitcon Credentia Trusteeship Services Limited
Collection and payout account bank	ICICI Bank

Liquidity position: Adequate

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

Rating sensitivities

Positive factors – An improvement in the credit profile of the underlying entities could lead to an upgrade in the rating.

Negative factors – The rating could be downgraded due to the weakening of the credit profile of the 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, the performance of the pool till December 2024 (collection 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

Fourdegreewater Services Private Limited (Fourdegreewater) is a wholly-owned subsidiary of Fourdegreewater Capital Private Limited. It is a Securities and Exchange Board of India (SEBI) registered stockbroker. Fourdegreewater is a trading member registered with the National Stock Exchange (NSE) and operates as an online bond platform provider, facilitating the buying and selling of bonds and other fixed income products to retail investors through its fixed income focused wealth platform. This platform allows mass affluent/retail investors to invest in SEBI-regulated debt assets like listed corporate bonds, government securities, etc. Till date, the platform has facilitated more than Rs. 2,200 crore worth of bond transactions.

Key financial indicators – Fourdegreewater

	FY2023 (audited)	FY2024 (audited)
Total income	1.23	2.74
Profit before tax (PBT)	(0.23)	(0.32)
Profit after tax (PAT)	(0.21)	(0.35)
Net worth	9.79	9.44

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

S. 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
						Feb 25, 2025	Feb 29, 2024	Nov 23, 2023	Nov 01, 2023		
1	Wint Basket 02	PTC Series A1	15.03	6.70	[ICRA]A-(SO)	[ICRA]BBB+(SO)	[ICRA]BBB(SO)	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 (p.a.p.m)	Maturity Date	Current Amount Rated (Rs. crore)	Current Rating
INEORXA15016	Wint Basket 02	PTC Series A1	November 15, 2023	10.03%	May 01, 2025	6.70	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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