

June 12, 2024

## Fourdegreewater Services Private Limited: Rating upgraded to [ICRA]BBB+(SO) for the PTCs issued by Wint Basket - 01

### Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Amount after Jun-24 Payout (Rs. crore)	Rating Action
Wint Basket - 01	PTC Series A1	9.09	NA	2.89	[ICRA]BBB+(SO); upgraded from [CIRA]BBB(SO)

\*Instrument details are provided in Annexure I

### Rationale

The pass-through certificates<sup>1</sup> (PTC) 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. 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)}.

As there is no external credit enhancement in the transaction structure, 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 June 2024 payout, Akara Capital Advisors Private Limited (Akara) has repaid all its dues as part of the underlying NCDs in the pool. The rating upgrade thus reflects the change in pool composition following the full repayment of dues by Akara. The rating on the PTCs also draws comfort from the 100% collection efficiency seen in the pool till June 2024 payout as all entities in the pool have made payment on the NCDs in a timely manner.

### Pool performance summary

Parameter	Wint Basket - 01
Payout Month	June 2024
Months post securitisation	9
Number of live entities in pool	6
Pool amortisation	68.26%
PTC Series A1 amortisation	68.28%
Cumulative collection efficiency <sup>2</sup>	100.00%
Cumulative prepayment rate	0.00%
Loss-cum-0+ dpd <sup>3</sup> (% of initial pool)	0.00%

<sup>1</sup> Also referred to as securitised debt instruments (SDI)

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

<sup>3</sup> 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 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. The yield on PTC Series A1 is residual and is not promised. Principal on the PTCs is promised on the final maturity date (January 08, 2025) of the transaction. 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 pool have standalone ratings in the BBB and A category as assessed by ICRA.

### Credit challenges

**High obligor concentration in the pool** – The pool comprises of NCD contracts issued by only six entities with the top obligor in the pool constituting ~25% of the pool principal as of June 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 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.

## Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction Name	Wint Basket - 01
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** – Improvement in the credit profile 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 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 May 2024 (collection month) and the performance expected over the balance tenure of the pool.

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Rating Methodology for Collateralised Debt Obligations</a>
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 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 invest in SEBI-regulated debt assets like listed corporate bonds, government securities, etc. Till date, the platform has facilitated more than Rs. 1,800 crore worth of bond transactions.

### Key financial indicators – Fourdegreewater

	FY2023 (Audited)	FY2024 (Provisional)
Total income	0.01	0.9
Profit before tax (PBT)	(0.02)	(2.0)
Profit after tax (PAT)	(0.02)	(2.0)
Net worth	10.0	7.8

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 Rated Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022
					Jun 12, 2024	Sep 12, 2023	Aug 31, 2023		
1	Wint Basket - 01	PTC Series A1	9.09	2.89	[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	Maturity Date	Amount Rated (Rs. crore)	Current Rating
INE0R3315017	Wint Basket - 01	PTC Series A1	September 04, 2023	10.03%*	January 08, 2025	2.89	[ICRA]BBB+(SO)

\*Expected coupon

Source: Company

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

Not Applicable

## ANALYST CONTACTS

**Abhishek Dafria**

+91 22 6114 3440

[abhishek.dafria@icraindia.com](mailto:abhishek.dafria@icraindia.com)

**Sachin Joglekar**

+91 22 6114 3470

[sachin.joglekar@icraindia.com](mailto:sachin.joglekar@icraindia.com)

**Gaurav Mashalkar**

+91 22 6114 3431

[gaurav.mashalkar@icraindia.com](mailto:gaurav.mashalkar@icraindia.com)

**Alwin Thankachan**

+91 22 6114 3411

[alwin.thankachan@icraindia.com](mailto:alwin.thankachan@icraindia.com)

**Ekta Baheti**

+91 22 6114 3423

[ekta.baheti@icraindia.com](mailto:ekta.baheti@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3304

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## 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.

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

## ICRA Limited



### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.