



## Press Release

### Prosperity Asset 8 Trust

(Originator: Vriksh Advisors Private Limited)

**August 11, 2023**

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Cash Collateral	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term – Series 1 PTCs	4.43	Nil	*Provisional IVR BB (SO) Stable [Provisional IVR Double B (Structured Obligation) with Stable Outlook]	Assigned	Complex
<b>Total</b>			<b>4.43</b> <b>(Rupees Four Crores and Forty Three Lakhs Only)</b>		

\* The rating assigned to the PTCs is 'provisional' and not a comment on the achievability of the projections submitted by the company. The rating will be confirmed/affirmed once the company submits the following executed documents as mentioned below to the satisfaction of Infomerics:

- Trust Deed
- Assignment Agreement
- Servicing Agreement
- Accounts Agreement
- Power of Attorney
- Information Memorandum
- Legal opinion

#### **Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

Infomerics Ratings has assigned '**Provisional IVR BB(SO)/Stable**' rating to Series 1 pass-through certificates (PTCs) issued by 'Prosperity Asset 8 Trust' against loans backed by lease rental receivables originated by Vriksh Advisors Private Limited (VAPL).



## Press Release

The ratings assignment takes into consideration the strength of cash flows from the underlying pool, structure of the PTCs, payment mechanism of the transaction, the credit quality of the underlying pool receivables, VAPL's origination and servicing capabilities, and soundness of the transaction's legal structure.

**Transaction Structure:** According to the transaction structure, the loan receivables will be transferred "at par" to a Special Purpose Vehicle (SPV) and the Trust will issue the PTCs to the investors. The transaction will have a Ultimate Interest Ultimate Principal (UIUP) structure. PTC-holders are scheduled to receive interest and principal on a quarterly basis. However, the interest and principal are promised on an ultimate basis (UIUP).

**Payment Mechanism:** Series A1 PTCs have a senior claim over the cash flows of the pool. 100% cash flows of the underlying pool are made available for servicing Series 1 PTCs and once the Series 1 PTCs are fully paid, the cash flows can be utilised to meet other obligations.

### Key Rating Sensitivities:

#### Upward Factors

- Substantial improvement in the overall financial and credit profile of the originator and obligor

#### Downward Factors

- Substantial deterioration in the overall financial and credit profile of the originator and obligor
- Non compliance of terms and conditions envisaged in the term sheet

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Structure of PTCs

The PTCs are backed by lease rental receivables from Omega Seiki Mobility Private Limited (OSMPL) (Obligor) for the Electric Three-Wheeler Vehicles given on lease basis by Vriksh



## Press Release

Advisors Private Limited (VAPL) (Originator). The transaction has a 'Par' with no EIS' structure. VAPL will assign the lease receivables (including GST net of TDS) of Rs 4.43 crores to 'Prosperity Asset 8 Trust', a trust settled by Mitcon Credentia Trusteeship Limited in exchange for a purchase consideration of Rs 4.43 crores.

VAPL will continue to service the pool contracts as the servicer, with the lease rentals coming through eNach in a Trust collection and payout account. The collection and payout account shall be operated only by the trustee and shall be used to make payouts to investors as per the waterfall mechanism. PTC-holders are scheduled to receive interest and principal on a quarterly basis. However, the interest and principal are promised on an ultimate basis (UIUP) and the cash flows shown below are expected cash flows. The underlying assets (Electric Three-Wheeler Vehicles) are hypothecated in the favour of Trustee, who shall be acting on behalf of Trust and for the benefit of the beneficiaries. The transaction is a bankruptcy remote transaction with non-recourse to the originator.

### **Payment Mechanism**

The waterfall mechanism has been structured in such a way that the gap between the expected due date (payout date) and the Deposit of quarterly collections of Receivables from the Obligor/lessor into Collection and Pay-out Account is 20 days. Any shortfalls in the payment of the expected principal or interest will be carried forward as payment in arrears and will be paid out on a future Expected Pay-out Date as and when there are sufficient amounts to meet the shortfall, in accordance with the Waterfall Mechanism for Pay-Outs.

As per the structure of PTCs, the entire cash flows will be utilised to repay the PTCs. The tenure of the lease and the PTCs are same. Also, the lease receivables are similar to the PTC payouts. In case of default by OSMPL, the Trust either by itself or through VAPL may repossess and initiate the sale of the Hypothecated Assets at a fair market value for and on behalf of the Trust. In the event of a Prepayment, the Receivables due from the Obligor/lessor will be discounted at a rate as agreed between the Originator and the lessee but will be paid to the Investors at the promised Series 1 Yield. The lease agreement read with other transaction documents provides that the obligations can be terminated only at the instance of the Trust and even in case of termination, the liability to pay the Present Value of future lease rentals stands for the lessee.



## Press Release

### **Adequacy of Credit enhancement**

The transaction has a UIUP (Ultimate Interest, Ultimate Principal) Structure which negates the interim cash flow mismatches, if any, arising out of delays in repayments from underlying loans.

### **Compliance of regulatory requirement**

The transaction complies with the regulatory requirements such as minimum retention ratio, minimum holding period and all the loans in the pool are on time with no overdue.

### **Key Rating Weaknesses**

#### **Borrower concentration**

The pool has a single obligor, hence the rating on the instrument is strongly related to that of the obligor.

#### **Receivables are non-financial obligation of the obligor.**

The lease rentals are operating obligations of the obligor and not financial obligations. As per Agreement, the lease obligations are non-cancellable and unconditional obligations of the lessee, which provides comfort regarding the lease repayments.

**Analytical Approach:** The rating is based on the analysis of the past performance of VAPL's portfolio, repayment history of the obligor, key characteristics and composition of the current pool and performance expected over the balance tenure of the pool.

### **Applicable Criteria:**

[Rating Methodology - Securitization Transactions](#)

[Criteria of assigning rating outlook](#)

[Policy on Provisional Ratings](#)

### **Liquidity – Adequate**

The UIUP transaction structure negates the interim cash flow mismatches, if any, arising out of delays in repayments from underlying loans.



## Press Release

### Additional disclosures for Provisional ratings:

The provisional rating is contingent upon execution of the following documents:

- Trust Deed
- Assignment Agreement
- Servicing Agreement
- Accounts Agreement
- Power of Attorney
- Information Memorandum
- Legal opinion

Additional documents executed for the transaction, if any, should also be provided to IVR. The provisional rating shall be converted into a final rating after receipt of transaction documents duly executed within 90 days from the date of issuance of the instrument. The final rating assigned post conversion shall be consistent with the available documents. In case of non-receipt of the duly executed transaction documents within the above-mentioned timelines, the rating committee of IVR Ratings may grant an extension of up to another 90 days.

**Key Rating Assumptions:** IVR Ratings does not envisage any risk arising on account of commingling of cash flows given the waterfall mechanism of the transaction. IVR Ratings has adequately factored in the risks arising on account of counterparties (refer to counterparty details provided below).

Capacity	Counterparty Name	Counterparty rating / Track record	Impact on credit ratings in case of non-performance
Originator	Vriksh Advisors Private Limited	Unrated	Significant
Collection and servicing agent	Vriksh Advisors Private Limited	Unrated	Significant
Trustee	Mitcoin Credentia Trusteeship Limited	Adequate track record	Negligible
Obligor	Omega Seiki Mobility Private Limited	Unrated	Significant



## Press Release

**Rating that would have been assigned in absence of the pending documentation:** In the absence of documentation considered while assigning provisional rating as mentioned above, IVR Ratings would not have assigned any rating.

**Risks associated with provisional nature of credit rating:**

A prefix of 'Provisional' to the rating symbol indicates that the rating is contingent upon execution of certain documents by the issuer, as applicable. In case the documents received deviates significantly from the expectations, IVR Ratings may take an appropriate action including placing the rating on watch or a rating change on a case to case basis. In the absence of the pending documentation, the rating on the instrument would either have been different or not assigned ab initio.

A rating rationale/report indicating the conversion of the 'provisional' rating into 'final' following receipt of all the required final legal documents will be published on the IVR website. Please click on the link below for detailed information on IVR's policy on provisional rating

<https://www.infomerics.com/policies-and-procedures-details/policy-on-provisional-ratings>

**About the pool:**

**Vriksh Advisors Private Limited, (VAPL)** 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 (or in a continuous and as early as possible sequence) with the lease of assets, Vriksh assigns all or a significant portion of the lease rent receivable from its customers on a non- recourse basis to third parties who are willing to purchase such lease rent receivables. In furtherance of its new business activities, Vriksh originated and listed India's first SDI (Securitised Debt Instrument) transaction on the NSE in Oct'2022.

Grip Invest Advisors Private Limited ("Grip" or "Company"), an affiliate of Vriksh Advisors Pvt Ltd, is 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 enabled 24,000 investors to invest INR 650 Cr+ since its launch 3.0 years ago. Grip's business development team led by Ankit Goyal (ex-HSBC, SMBC, Yes Bank) is responsible for identifying leasing opportunities. Grip has enabled leasing to 125+ companies with a focus on mobility, warehousing, and furniture.





## Press Release

INR 261 Cr has been returned to investors as per repayment schedules. Grip is capitalized with INR 70 Cr in equity capital from leading institutional investors Venture Highway, Endiya Partners, AdvantEdge, and Anicut Capital. Grip has also signed documents to raise an additional INR 25 Cr in capital from investors such as Nueva Capital and Multiply Ventures.

### **About the Obligor:**

Omega Seiki Mobility (OSM) is a part of the Anglian Omega Group, which is present in 6 countries, namely India, UAE, Switzerland, Thailand, Japan and Hong-Kong. The group has been in operation since 1971 and focuses on manufacturing cold forming parts for automotive and rail industries and high precision machining powertrain parts. Anglian omega also makes bright steel.

Omega Group was founded by the Narang family more than 50 years ago. Uday Narang is the founder and chairman of OSM and OSPL. Uday is an BA (Economics), BS (Management) & MS (Management & Policy) from State University of New York at Stony Brook. He has worked in finance, financial markets and management across Europe, United States and Asia. He has led and managed hedge funds for over a decade and is presently leading Anglian Omega Group and driving its expansion in the ASEAN region. Anglian Omega Group has a net worth of ~INR 300 Cr. Both OSPL and OSM are core businesses for the group. Till date, Omega Group has invested over \$20 million into the EV business. Differentiating Factor.

OSM provides last mile delivery solutions for e-commerce and non-e-commerce players and is a 100% subsidiary of Omega Seiki Private Limited (OSPL). In Dec'22, OSPL registered highest numbers of electric cargo vehicles with ~20% market share. It is India's second largest three-wheeler player and manufactures electric three-wheelers with a current fleet size of more than 2k vehicles. Company has four operational facilities in Faridabad with a capacity of ~15k units each of three-wheelers and two-wheelers. OSPL sells over 400 electric three-wheelers on a monthly basis through its wide 140+ India-wide dealership network.



## Press Release

**Financials (Standalone): Vriksh Advisors Private Limited (Originator)**

(Rs. Crore)

For the year ended/ As on*	31-03-2021 Audited	31-03-2022 Audited
Total operating income	0.05	0.06
PAT	0.02	-0.03
Tangible Net-worth	1.91	1.63
Total Debt	0.35	0.00
Overall gearing (Times)	0.19	0.00

**\*Classification as per Infomerics' standards**

**Financials (Standalone): Omega Seiki Mobility Private Limited (Obligor)**

(Rs. Crore)

For the year ended/ As on*	31-03-2021 Audited	31-03-2022 Audited
Total operating income	0.00	0.60
PAT	0.00	0.00
Tangible Net-worth	0.69	0.69
Total Debt	0.00	0.00
Overall gearing (Times)	0.00	0.00

**\*Classification as per Infomerics' standards**

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Series 1 PTCs	Long Term	4.43	Provisional IVR BB (SO)/Stable	-	-	-





## Press Release

### Name and Contact Details of the Rating Analyst:

Name: Mr. Prakash Kabra

Tel: (022) 62396023

Email: Prakash.kabra@infomercis.com

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



## Press Release

### Annexure 1: Details of Facilities:

Name of Facility/Instrument	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Series 1 PTCs	-	-	-	4.43	Provisional IVR BB (SO)/Stable

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details – Not Applicable**

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Available**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).