Bluebell 03 2025
Originator: Earlysalary Services Private Limited
April 07, 2025

Instrument#	Amount (₹ crore)	Structure	Tenure* (months)	Rating[1]	Credit Enhancement$ (₹ crore)		Rating Action
					Over Collateral	Cash Collateral	
Series A1 PTCs	54.00	Par (TI-UP) with replenishment mechanism and conditional turbo amortisation	41	Provisional CARE A (SO)	8.79	3.14	Assigned

Details of instruments/facilities in Annexure-1.
The PTCs are rated based on the timely payment of interest and payment of principal by the final legal maturity date.
* Tenure / door-to-door maturity may change due to prepayments, occurrence of trigger events or changes in interest rates, if any.
$ EIS may flow back to the residual beneficiary per the waterfall.

Rating in the absence of the pending steps/documents	No rating can be assigned

Rationale and key rating drivers
CARE Ratings Limited (CARE Ratings) has assigned a rating of 'Provisional CARE A (SO)' (pronounced as 'Single A [Structured Obligation]') to the Series A1 PTCs, proposed to be issued by Bluebell 03 2025 backed by personal loans receivables originated by Earlysalary Services Private Limited ("the Originator" or "ESPL").

The rating is based on credit quality of underlying loans, support in the form of credit enhancement (CE), credit underwriting and servicing capability of the originator, well-defined payment mechanism, and robust legal structure of the transaction.

The final rating will be assigned after copies of the following documents, duly executed in accordance with the structure and to the satisfaction of CARE Ratings, are furnished by the originator:
a. Assignment agreement
b. Trust deed
c. Power of attorney
d. A legal opinion from an independent legal counsel
e. Due diligence audit report
f. Any other documents executed for the transaction.

Rating sensitivities: Factors likely to lead to rating actions
Positive factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:
- During the amortisation phase, delinquencies (90+ DPD) of <2% coupled with a sustained high collection efficiency (cumulative collection efficiency of >98%).
- Build-up of cash collateral (CC) of more than 2x the initial proposed (as a percentage of the balance principal outstanding [POS]).

Negative factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:
- Delinquencies (90+ DPD) of >5% coupled with a sustained lower collection efficiency (cumulative collection efficiency of <90%).
- Any utilisation of the cash collateral.
- Deterioration in the credit profile of the originator.
- Non-adherence to key transaction terms envisaged at the time of the rating.

[1]Complete definitions of ratings assigned are available at www.careedge.in and in other CARE Ratings Limited's publications.

Analytical approach

The rating is based on inter alia, the analysis of underlying pool of receivables, expected performance of the pool, performance of originator's portfolio and transaction structure including the proposed credit enhancement.

Detailed description of key rating drivers

The transaction is structured at par and the Series A1 PTCs are rated for the timely payment of interest with the repayment of principal on or before the final legal maturity. The transaction promises Series A1 PTCs interest payouts monthly while the principal repayment for Series A1 is promised to be paid by final legal maturity date. The investors may get principal repayment on monthly basis per the waterfall mechanism.

The transaction will have a tenure of 41 months and will comprise of a replenishment period and an amortising period. The tenure of the replenishment period shall be 12 months or till the occurrence of an early amortisation trigger event, whichever is earlier, post which the transaction would move in its amortising period. In the replenishment period, the cashflows will be utilised to pay the senior expenses, make promised interest payments to the Series A1 PTC holders and to purchase additional receivables from the seller (per the eligibility criteria). The pool will consequently keep adding new contracts in this phase. In this phase no principal payout will be made to the PTC holders.

In the amortisation period, cash flows realised by the Trust from the Pool will be used to make promised interest and expected principal payouts to the PTC holders. Prepayments in a month will be paid to Series A1 PTCs. In case of shortfall in principal repayment to Series A1 PTCs, cash collateral will be utilised only on the last payout date.

The EIS will be utilised to prepay the PTCs on the occurrence of a conditional turbo amortisation event or per the waterfall. In absence of the aforementioned events, the EIS will be released to the residual beneficiary.

The CE will comprise CC of 5.00%, subordinated over collateral of 14.00% of the pool POS in the structure, and excess interest spread (EIS). The CC will be in the form of fixed deposits (FDs) with a lien marked in favour of the trust, per CARE Ratings' criteria. The support of sOC and EIS, is subject to realisation. The EIS is also subject to compression prepayments in the pool. The cash flow from the underlying pool, along with external credit enhancement, will be used to make payout to the PTC investors.

Key strengths:

- The Robustness of transaction structure and well-defined pool selection criteria and payment mechanism;
- Credit enhancement comprising cash collateral, principal subordination of over collateral and EIS;
- No overdue contracts as on the pool cut-off date;
- Underwriting policies and collection capabilities of ESPL;

Key weaknesses:

- Exposed to inherent credit risk associated with the unsecured nature of asset class.

Liquidity: Adequate

The inherent liquidity in the structure is adequate. The Interest payouts for Series A1 PTCs are promised on a monthly basis, while the principal of Series A1 PTCs is promised to be paid by the final legal maturity. In case of any delinquency, the payouts are expected to be supported by CE in the form of a CC, principal subordination in the form of over collateral and EIS.

Key rating assumptions and adequacy of credit enhancement:

CARE Ratings has analysed the transaction to assess whether the CE is sufficient to cover the shortfalls. Since the transaction is sensitive to the credit quality of the underlying pool, CARE Ratings has analysed the performance of static pools provided by the originator and the overall portfolio performance of the originator. Considering the borrower profile, nature of the loan, pool characteristics, and portfolio performance, CARE Ratings has taken the average shortfall at 9.50%-10.50% of the principal outstanding. The base case shortfalls were stressed along with other key factors, such as the timing of shortfalls, the recovery assumptions, and the time to recovery. The pool cash flow has been further adjusted for prepayments of underlying loans, assuming monthly prepayments in the range of 0.50%-1.00%. CARE Ratings has stipulated credit enhancement which is commensurate with credit rating of the PTCs.

Key risks, concerns and mitigants:

The securitisation transaction involves several risks, including credit risk from borrower defaults, commingling risk due to time lags in fund deposits, prepayment risk from early principal repayments, servicer bankruptcy risk, legal risk regarding the validity of receivable transfers, and counterparty risk involving transaction parties. These risks are factored while assigning rating, wherever needed, and partially mitigated through credit enhancements, separate record-keeping, credit rating/profile of the originator, transaction structuring, true sale of receivables, legal opinion from independent legal counsel. The transaction structure also has provision to change counterparties e.g., trustee, banker etc. among others.

Applicable criteria

Policy on Default Recognition
Assignment of Provisional rating
CARE Ratings' methodology for asset/mortgage-backed securitisation

Validity of provisional rating

The Provisional rating will be converted to a final rating after the receipt of the above-mentioned transaction documents duly executed within 90 days from the date of issuance of the instrument. An extension of 90 days may be granted on a case-to-case basis aligned with CARE Ratings' Policy on the Assignment of Provisional Ratings.

Risks associated with provisional credit rating

When a rating is assigned pending execution of certain critical documents or steps to be taken, the rating is a 'Provisional' rating indicated by prefixing 'Provisional' before the rating symbol. On execution of the critical documents to the satisfaction of CARE Ratings, the final rating is assigned by CARE Ratings. In the absence of receipt of documents or in case such documents deviate significantly from the transaction structure considered by CARE Ratings, the provisional rating will be reviewed or withdrawn in line with the Policy on Assignment of Provisional Ratings and it is possible that no rating may be assigned.

About the Originator / Servicer and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Securitisation

Incorporated on September 06, 1994, Earlysalary Services Private Limited (formerly known as Ashish Securities Private Limited), subsidiary of Social Worth Technologies Private Limited (SWTPL) is a registered Non-Banking Financial Systematically Important Company (NBFC-SI), engaged in financing unsecured consumer loans for salaried individuals. ESPL operates through an online app, Fibe earlier known as Earlysalary. These loans are usually advanced for meeting the ultra-short-term liquidity needs of the borrower.

SWTPL, as holding company, is the entity through which external investors route their funds for investment in ESPL. The entire technological back end, credit engine, borrower-facing front-end and the ES app are held in SWTPL's books. Depending on the need for funds at the NBFC level, the equity is further downstream into ESPL. SWTPL also provides FLDG to the off-book lenders, since the interest income for these lenders is booked at the company.

ESPL is engaged in personal loan business for over 10 years and is an active player in securitisation/bilateral market and as on January 31, 2025, ESPL has four such live pools with initial size amounting to ₹193 crore

As on December 31, 2024, the ESPL had assets under management (AUM) of ₹5,099.12 crore.

Key financial indicators - DKGFS

Particulars	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total income (₹ crore)	276.64	705.42	755.70
PAT (₹ crore)	15.17	54.90	57.74
Interest coverage (times)	1.34	1.50	1.47
Total assets (₹ crore)	1,346	2,297	3,060

Particulars	FY23 (A)	FY24 (A)	9MFY25 (UA)
Net NPA (%)	1.59%	1.33%	1.70%
ROTA (%)	1.63%	3.01%	2.57%

A: Audited; UA: Unaudited; Note: these are latest financial results available.

Key terms of servicer contract:

The servicing agreement shall cover role of the originator as the Collection and Payment Agent (CPA) for the SPV in managing collections from underlying borrowers, without informing them of the assignment. The Servicer (originator) follows its standard procedures for collections, including recovery actions, and ensures timely transfers of funds to the SPV under an M+1 payment structure. The trustee monitors the sufficiency of funds for investor payouts one day prior to payout date and utilises cash collateral in case of shortfall. The Servicer must also submit detailed reports on billing, collections (including prepayment), overdue amounts with aging thereof, cash flow schedules to the trustee and such other information as may be required by the trustee. The terms of the agreement shall have provisions for the appointment of an alternate servicer in case of servicer event of default.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instruments/facilities: Annexure-3

Complexity level of instruments: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Pass Through Certificates	-	-	-	-	54.00	Provisional CARE A (SO)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Pass Through Certificates	LT	54.00	Provisional CARE A (SO)	-	-	-	-

LT- Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of Instrument	Complexity Level
1.	Pass Through Certificates	Highly complex

Annexure-5: Lender details

Not applicable

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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