

Pearl Trust March 2018
Originator: Agriwise Finserv Ltd. (Erstwhile, StarAgri Finance Limited)

February 23, 2021

Ratings

Instrument	Outstanding Principal Amount (Rs. Crores)*	Credit Collateral*	Rating	Rating Action
Series A PTCs	14.20 (Fourteen Crore and Twenty Lakhs Only)	2.35	CARE BBB+ (SO) [Care Triple B Plus (Structured Obligation)]	Revised from CARE A (SO)

Details of instruments/facilities in Annexure-1

**After Jan'21 payouts*

Detailed Rationale & Key Rating Drivers

CARE has revised the ratings for the Series A PTCs issued by Pearl Trust March 2018 to 'CARE BBB+ (SO)' [CARE Triple B Plus (Structured Obligation)] from 'CARE A (SO)' backed by LAP receivables originated by Agriwise Finserv Ltd. (AFL), erstwhile, StarAgri Finance Limited.

The rating revision is primarily based on the performance of the underlying loans over the past 33 months post-securitisation, the observed rise in delinquencies in the pool especially in post moratorium period and the downward revision in rating of the originator thereby elevating the commingling / servicer risk. The rating continues to draw comfort from the available credit cum liquidity enhancement facility and the transaction structure. Further, CARE has factored in the overall performance of AFL and the possible stress in collections from the underlying pool in the forthcoming period.

Rating Sensitivities

Positive Factors – Factors that could lead to positive rating action/upgrade:

- Significant Build-up of cash collateral (as % of balance POS)

Negative Factors – Factors that could lead to negative rating action/downgrade:

- Continued rise in delinquencies in the forthcoming period
- Utilization of the available credit enhancement support

Detailed description of the key rating drivers

CARE has revised the ratings to 'CARE BBB+ (SO)' [pronounced as 'CARE Triple B Plus (Structured Obligation)'] assigned to the Series A PTCs issued by Pearl Trust March 2018 and backed by LAP loan receivables originated by Agriwise Finserv Limited (AFL).

The rating is primarily based on the performance of the underlying loans over the past 33 months post-securitisation. Stress in collections has been observed post moratorium period with increasing number of underlying contracts in different OD buckets. The recent downward revision in rating of the originator has also resulted in elevated commingling and servicer risk. Going forward, CARE will continue to monitor the pool performance for any further stress in collections in the forthcoming period.

Pool Summary (as of January 2021)	
Months Post Securitization	33
Pool Amortization (%)	55.2
90+ Delinquency (% of Initial POS)	8.2
180+ Delinquency (% of Initial POS)	3.8
Overdue (% of Initial POS)	1.6
CC as % of Balance POS	15.1
Cumulative Collection Efficiency	95.9
Cumulative Prepayments (%)	44.9

Key Rating Strengths:

- ~56% amortization of series A PTCs till Jan'21 payout month
- Available credit enhancement for the transaction

Key Rating Weaknesses:

- Stress in collections in post moratorium period
- Rise in delinquencies
- Weakening of servicer's credit profile

Liquidity Position:

The inherent liquidity in the structure is moderate. The interest payouts for Series A PTCs are promised on a monthly basis, while principal is promised by the last payout date. In case of any delinquency, the payouts are expected to be supported by Over Collateral, Excess Interest Spread and Cash Collateral.

Analytical approach & Applicable Criteria**CARE's methodology for Asset / Mortgage Backed Securitization****Key Rating Assumptions**

CARE has analyzed the transaction to assess whether the credit cum liquidity enhancement is sufficient to cover shortfalls. Since the transaction is sensitive to credit quality of the underlying pool, CARE analyzed the performance of overall portfolio of the originator. Considering the borrower profile, nature of loan, pool characteristic, portfolio performance, past pool performance and the current macro-economic scenario, CARE has assumed the shortfall between 6.00% – 7.00% of 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.

Originator – Brief Profile**Agriwise Finserv Limited (Earlier StarAgri Finance Limited)**

StarAgri Finance Limited has changed its name to Agriwise Finserv Limited w.e.f. October 15, 2020. Agriwise Finvest Limited (SAFL) was incorporated on 14th March 1995 as Raylight Leasing & Finance Limited (RLFL). The Company got the Certificate of Registration from RBI for carrying business of a NBFC on 22nd February 2002. However, since inception, the business of the company was insignificant. During FY15, Star Agriwarehousing & Collateral Management Ltd (SACML) acquired 100% equity stake in the company (4th August 2014) and the name of company was changed from Raylight Leasing & Finance Limited to 'StarAgri Finance Limited'. The company is in the business of providing loans against property (LAP) and agri-based loans. The company re-started its operations under the current management in February, 2015. As on September 30, 2020, the company had a gross loan book of Rs.342 crore and tangible net worth of Rs.163 crore. The company provides Agri Term Loans (LAP), Secured Term Loans (Non-agri LAP), and Unsecured Loans against Imperfect Collateral, Agricultural Commodity Loans and Flexi-Loans.

The company is currently rated as 'CARE BB+; Negative' for its long term debt.

Brief Financials:

Particulars	FY19*	FY20*	H1FY21
Total Income	75.23	63.39	31.59
PAT	8.32	4.53	3.61
Total Assets	409.12	419.73	404.09
Net NPA (%)	2.27	6.72	N.A
ROTA (%)	1.67	1.00	1.78

* Audited

Status of non-cooperation with previous CRA: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Pass Through Certificates	-	-	-	14.20	CARE BBB+ (SO)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Pass Through Certificates	LT	14.20	CARE BBB+ (SO)	1)CARE A (SO) (07-Apr-20)	-	1)CARE A (SO) (15-Mar-19) 2)CARE A (SO) (28-Jun-18)	1)Provisional CARE A (SO) (29-Mar-18)

Annexure 3: Detailed explanation of covenants of the rated instrument /facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of Instrument	Complexity Level
1	Pass through Certificates	Highly Complex

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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