

Pearl Trust March 2018 (Originator: StarAgri Finance Limited)

April 7, 2020

Ratings

Instrument	Initial PTC Principal outstanding (Rs. crore)	Current PTC Principal outstanding (Rs. crore)	Tenure (months)*	Rating1	Rating Action	Credit Enhancement (Rs. Crore)	
						Over Collateral (Rs. Cr)	Cash Collateral (Rs. Cr)
Series A1 Pass Through Certificates	32.50 (Thirty two Crores and Fifty Lakhs Only)	17.56 (Seventeen Crores and Fifty six Lakhs Only)	216	CARE A (SO) [CARE Single A (Structured Obligation)]	Reaffirmed to 'CARE A (SO)' [CARE Single A (Structured Obligation)]	0.93	2.35

@After January 2020 Payout

Details of instruments/facilities in Annexure-1

*The tenure may change due to prepayments / foreclosures in the pool.

Rating Action

CARE has reaffirmed the Rating on Series A PTCs to 'CARE A (SO)' issued by Pearl Trust March 2018 backed by LAP loan receivables (Pool Principal outstanding Rs.18.49 Cr) originated by StarAgri Finance Limited (SAFL).

The key factors for the rating reaffirmation are substantial amortization level, low delinquency levels, good collection efficiency, and available Credit Enhancement.

Detailed description of the key rating drivers

The pool has amortized by 44.8% in 12 months post securitization, with nil utilization of Credit collateral. The pool continues to exhibit better than expected delinquencies. As on January 2019, the 90+DPD (as a % of initial POS) is 2.7% and 180+DPD (as a % of initial POS) is 2.3%. OD as a % of initial POS is 0.6%. The pool has maintained a good collection efficiency of 98.1% and has amortized 44.8%.

The available CC facility is expected to be adequate to sustain the investor payouts in spite of the severe stress envisaged during the moratorium period announced by RBI and the subsequent period of compromised collections.

Pool Summary (as of January 2020 Payout)	
Months Post Securitisation	21
Pool Amortisation (%)	44.8
90+ Delinquency (% of Initial POS)	2.7
180+ Delinquency (% of Initial POS)	2.3
Overdue Amt (% of Initial POS)	0.6
CCE (%)	98.1
CC as % of Balance POS	12.7
Cumulative Prepayments (%)	37.1

Key Rating Strengths:

1. Significant amortization of the pool (44.8%)
2. Credit Collateral (CC) as % of Balance POS is 12.7% and is unutilised.
3. Cumulative Collection Efficiency of the pool is 98.1%.

Key Rating Weaknesses:

1. Heightened Servicer Risk
2. Impact of Moratorium Period on Pool Collection

Rating Sensitivities

Positive Factors

1. Build-up of Cash Collateral (as a % of Balance POS).

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

2. Lower than expected Delinquencies

Negative Factors

1. Revision in rating of originator to BBB-, creating the prospect of Commingling/ Servicer Risk.
2. Cumulative Collection Efficiency drops below 90%
3. Impact of Moratorium Period on Pool Collection

Liquidity Position:

The inherent liquidity in the structure is adequate. 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](#)

About the Company

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 has observed the monthly performance of the pool since securitization and has compared the same with initial shortfall assumptions. CARE has also analyzed the overall portfolio performance of the originator. Considering the borrower profile, nature of loan, pool characteristics, portfolio performance and credit profile of originator, CARE has assumed the shortfall between 4.5% – 5.5% of principal outstanding. CARE has also considered the current delinquency level and amortization of the pool. The shortfalls were stressed along with other key factors such as the timing of shortfalls, the recovery assumptions and the time to recovery.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)	FY19 (A)	H1FY20 (UA)
Total Income	42.01	64.11	75.23	33.20
PAT	6.61	10.41	8.32	1.76
Total Tangible Assets	385.60	505.28	490.12	509.43
Net NPA (%)	0.62	1.91	2.27	Not available
ROTA (%)	2.22	2.34	1.67	0.71

A: 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
Series A PTC	28 March 2018	Pool yield minus 600bps	Dec'37	17.56	CARE A (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	17.56	CARE A (SO)	-	-	1)CARE A (SO) (28-Jun-18) 2)CARE A (SO) (15-Mar-19)	1)Provisional CARE A (SO) (29-Mar-18)

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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About CARE Ratings:

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