

**Pearl Trust March 2018**  
**[Originator: StarAgri Finance Limited]**

March 15, 2019

**Ratings**

Instrument	Initial Pool outstanding (Rs. crore)	Current Pool outstanding (Rs. crore) <sup>&amp;</sup>	Tenure * (months)	Rating	Credit Enhancement	
					Over Collateral	Cash Collateral
Series A PTCs	33.50	24.42	158	CARE A (SO) (SO) [CARE Single A (Structured Obligation)]	0.96	2.35

Details of instruments/facilities in Annexure-1

<sup>&</sup>After Feb'19 Payouts

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

**Detailed Rationale & Key Rating Drivers**

CARE has reaffirmed the rating of 'CARE A (SO)' [pronounced as 'CARE Single A (Structured Obligation)'] to the Series A PTCs issued by Pearl Trust March 2018 backed by LAP loan receivables originated by StarAgri Finance Limited (SAFL).

The rating is primarily based on the performance of the underlying loans over the past 10 months, post-securitisation. In addition, it draws comfort from the available credit cum liquidity enhancement facility and EIS support, transaction structure and defined payment mechanism, and the sound legal structure of the transaction. Further, CARE has factored in the overall performance of SAFL.

Pool Summary (as of February 2019)	
Months Post Securitization	10
Pool Amortization	27.1%
90+ Delinquency (% of Initial POS)	0.0%
180+ Delinquency (% of Initial POS)	0.0%
Overdue Amt (% of Initial POS)	0.2%
CCE	98.7%
CC as % of Balance POS	9.6%
Cumulative Prepayments	23.0%

**Key Rating Strengths:**

- The transaction has witnessed steady performance in the period post-securitisation.
- Till Feb'19, the pool has amortized 27.1%.
- Total Credit Enhance enhancement includes Over Collateral of Rs. 1.01 Cr (4.12% of balance POS), Cash Collateral of Rs. 2.35 Cr. (9.50% of Balance POS) and EIS of Rs. 7.98 Cr. (33.81 % of balance POS)
- Cumulative collection efficiency of the pool is at around 98.7%.
- As on Feb'19, the 90+DPD and 180+ DPD (as % of Initial POS) is 0.0%. OD as % of Initial POS is 0.2%.

**Key Rating Weaknesses:**

NA

**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 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.

### About the Company

StarAgri Finance Limited (SFL) 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. Since inception the business of the company was insignificant.

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. Currently, the company has 25 branches/spokes across 6 states in the country and 154 employees. The company currently also has arrangements with 40 Direct Selling Agents and its own sales force of 91 employees. As on September 30, 2017, the company had a loan book of Rs.351.61 crore and net worth of Rs.163.08 crore.

During FY17, SAFL earned consolidated PAT of Rs. 6.61 crore (Rs. 3.54 crore in FY16) on total income of Rs. 42.01 crore (Rs. 19.09 crore in FY16). As on March 31 2017, Gross NPA ratio was 00.84% (0.00% as on March 31, 2016) with Net NPA ratio of 0.62% (0.00% as on March 31, 2016).

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	19.09	42.01
PAT	3.54	6.61
Interest coverage (times)	3.41	1.77
Total Assets	209.38	386.82
Net NPA (%)	0.00	0.62
ROTA (%)	2.74	2.22

### Status of non-cooperation with previous CRA:

Not Applicable

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

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

**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 A1 PTC	28 March 2018	Pool yield minus 600bps	Apr'32	23.46	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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Pass Through Certificates	LT	23.46	CARE A (SO)	1)CARE A (SO) (28-Jun-18)	1)Provisional CARE A (SO) (29-Mar-18)	-	-

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CIN - L67190MH1993PLC071691