



Press Release

Agriwise Finserv Limited

November 28, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	52.67	IVR BBB-/Stable (IVR Triple B Minus with Stable outlook) and withdrawn*	IVR BB+/Negative; Issuer Not Cooperating (IVR Double B plus with Negative outlook; Issuer Not Cooperating)	Rating upgraded, outlook revised, removed from 'Issuer Not Cooperating' category and withdrawn	Simple
Proposed Long Term Bank Facilities	47.33	IVR BBB-/Stable (IVR Triple B Minus with Stable outlook) and Withdrawn*	IVR BB+/Negative; Issuer Not Cooperating (IVR Double B plus with Negative outlook; Issuer Not Cooperating)	Rating upgraded, outlook revised, removed from 'Issuer Not Cooperating' category and withdrawn	Simple
Long Term Bank Facilities	0.00	Withdrawn*	IVR BB+/Negative; Issuer Not Cooperating (IVR Double B plus with Negative outlook; Issuer Not Cooperating)	Withdrawn*	Simple
Non-Convertible Debentures	0.00	Withdrawn*	IVR BB+/Negative; Issuer Not Cooperating (IVR Double B plus with Negative outlook;	Withdrawn*	Simple



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			Issuer Not Cooperating)		
Proposed Non-Convertible Debentures	0.00	Withdrawn*	IVR BB+/Negative; Issuer Not Cooperating (IVR Double B plus with Negative outlook; Issuer Not Cooperating)	Withdrawn*	Simple
	100.00 (Rs. Hundred Crore Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

** The rating is withdrawn in accordance with Infomerics policy on withdrawal of ratings.*

Detailed Rationale

Infomerics Ratings has upgraded its rating to the Bank facilities of Agriwise Finserv Limited (AFL) with outlook revised to Stable from Negative and removed from Issuer Not Cooperating category and simultaneously withdrawn with immediate effect based on 'No dues certificate' & 'No objection Certificate' received from lenders who have extended the facilities which is rated by Infomerics. Withdrawal of the ratings of NCDs is based on 'No dues Certificate' received from Investor. Proposed NCD of AFL has been withdrawn as company is not going ahead with issuance of Proposed NCD as envisaged earlier.

The rating is withdrawn in accordance with the Infomerics Ratings' policy on withdrawal of rating.

The rating to the bank facilities of AFL continues to derive strength from strategic importance of parent company, comfortable capitalization and experienced promoters and management. However, rating is partially constrained by average asset quality and credit concentration risk.

The Stable outlook reflects as Infomerics expects AFL scale of operations is expected to grow at steady pace over FY25-FY27 as well as asset quality to improve in the medium term.

Key Rating Sensitivities: Not Applicable as rating is being withdrawn



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Strategic Importance of AFL to SACML**

SACML acquired AFL in 2015 to expand its financial services within the agriculture sector. Since then, SACML has supported AFL with Rs 150 crore in equity and a corporate guarantee for its debt. The two companies benefit from strong operational synergies, with AFL using SACML's warehouses for collateralized financing and its network for supply chain support. SACML's promoters are actively involved in AFL's strategy, and AFL also leverages the group's banking relationships. SACML remains committed to providing ongoing financial and operational support to AFL for its growth and stability.

- **Comfortable Capitalization**

AFL has Comfortable capitalization levels supported by tangible net worth of Rs 179.9 crore as of March 31, 2024 (Vis-a-vis Rs.174.34 Crore in FY23). The company also maintains a healthy CRAR of 76.09% (Vis-a-vis Rs.70.34 Crore in FY23).

- **Experienced promoters and management**

Mr. Suresh Goyal, Managing Director who has more than 3 decades of experience in agriculture and farming related businesses like Agri-financing, Agri procurement, commodity trading and warehousing. He has been associated with leading corporates in advisory and consulting roles. He is associated by well qualified management team.

Key Rating Weaknesses

- **Average asset quality**

Asset quality marked by GNPA and NNPA increased to 4.07% and 1.97% as of March 31, 2024 (Vis-a-vis 2.80% and 1.36% in FY23). Deterioration in asset quality primarily attributed to the slippage of a single delinquent account in the state of Rajasthan in



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which Rs. 1.40 crore is already recovered out of the outstanding Rs. 2.50 crore and the remaining amount is expected to be recovered by the end of FY25. The ability of the company to maintain healthy asset quality on a sustainable basis will be a key monitorable.

- **Credit Risk Concentration**

AFL targets borrowers in the agriculture sector with moderate credit profiles, focusing on value chains and geographies based on its expertise and credit behaviour analysis. Loan origination considers factors like borrower history, credit checks, and financial assessments. However, the company's concentration in agriculture poses risks, as market or regulatory changes could impact earnings.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Withdrawal of Ratings](#)

[Complexity Level of Rated Instrument/Facilities](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

Liquidity – Adequate

As on May 31, 2024, AFL has cash and bank balance of Rs 17.18 crore, which is adequate to cover 3-4 months of debt repayments. Liquidity is further backed by financial support from the parent, in times of exigency. Asset Liability Management (ALM) profile of company as of March 31, 2024 had no negative cumulative mismatch across various buckets.

About the Company



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Agriwise Finserv Limited (AFL), previously StarAgri Finance Limited, was renamed in FY20 and was incorporated in 1995 after acquiring Raylight Leasing and Finance Limited. The company provides funding solutions to Agri and MSME borrowers through a variety of products, including term loans, commodity-based financing, working capital loans, and invoice discounting.

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	37.08	38.24
PAT	1.20	2.79
Tangible Net worth	174.34	179.9
Total Asset	237	299
Ratios		
NIM (%)	9.56	13.68
ROTA (%)	0.42	1.07
Interest Coverage (times)	1.14	1.46
Total CAR (%)	70.34	76.09
Gross NPA [Stage III] (%)	2.80	4.07
Net NPA [Stage III] (%)	1.36	1.97

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					November 29, 2023		
1.	Fund based Facilities – Term Loan	Long Term	29.67	IVR BBB-/Stable& Withdrawn	IVR BB+/Negative; Issuer Not Cooperating	IVR BBB-/Negative (December 08,2022) IVR BBB-/Stable	IVR BBB-/Credit Watch with Developing Implication (February 18,2022)



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					November 29, 2023		
						(August 09,2022)	IVR BBB-/Credit Watch with Developing Implication (October 06,2021)
							IVR BBB-/Credit Watch with Developing Implication (September 17,2021)
2.	Proposed Fund based Facilities – Term Loan	Long Term	47.33	IVR BBB-/stable & Withdrawn	IVR BB+/Negative; Issuer Not Cooperating	IVR BBB-/Negative (December 08,2022) IVR BBB-/Stable (August 09,2022)	IVR BBB-/Credit Watch with Developing Implication (February 18,2022) IVR BBB-/Credit Watch with Developing Implication (October 06,2021) IVR BBB-/Credit Watch with Developing Implication (September 17,2021)



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					November 29, 2023		
3.	Fund Based Facilities- Term Loan	Long Term	0.00	Withdrawn	IVR BB+/Negative; Issuer Not Cooperating	IVR BBB-/Negative (December 08,2022) IVR BBB-/Stable (August 09,2022)	IVR BBB-/Credit Watch with Developing Implication (February 18,2022) IVR BBB-/Credit Watch with Developing Implication (October 06,2021) IVR BBB-/Credit Watch with Developing Implication (September 17,2021)
4.	Fund based Facilities – Cash Credit	Long Term	23.00	IVR BBB-/Stable & Withdrawn	IVR BB+/Negative; Issuer Not Cooperating	IVR BBB-/Negative (December 08,2022) IVR BBB-/Stable (August 09,2022)	IVR BBB-/Credit Watch with Developing Implication (February 18,2022) IVR BBB-/Credit Watch with Developing Implication (October 06,2021)



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					November 29, 2023		
							IVR BBB-/Credit Watch with Developing Implication (September 17, 2021)
5.	Non-Convertible Debenture	Long Term	0.00	Withdrawn	IVR BB+/Negative; Issuer Not Cooperating	IVR BBB-/Negative (December 08, 2022) IVR BBB-/Stable (August 09, 2022)	IVR BBB-/Credit Watch with Developing Implication (February 18, 2022) IVR BBB-/Credit Watch with Developing Implication (October 06, 2021) IVR BBB-/Credit Watch with Developing Implication (September 17, 2021)
6.	Proposed Non-Convertible Debenture	Long Term	0.00	Withdrawn	IVR BB+/Negative; Issuer Not Cooperating	IVR BBB-/Negative (December 08, 2022) IVR BBB-/Stable	IVR BBB-/Credit Watch with Developing Implication (February 18, 2022)



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					November 29, 2023		
						(August 09,2022)	IVR BBB-/Credit Watch with Developing Implication (October 06,2021) IVR BBB-/Credit Watch with Developing Implication (September 17,2021)

Analytical Contacts:

Name: Sree Harsha

Tel: (022) 62396023

Email: sree.harsha@infomerics.com

Name: Amey Joshi

Tel: (022) 62396023

Email: amey.joshi@infomerics.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



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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 and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities- Term Loan	-	-	-	-	29.67	IVR BBB-/Stable and Withdrawn
Proposed Long Term Bank Facilities- Term Loan	-	-	-	-	47.33	IVR BBB-/Stable and Withdrawn
Long Term Bank Facilities- Cash Credit	-	-	-	-	23.00	IVR BBB-/Stable and Withdrawn
Long Term Bank Facilities- Term Loan					0.00	Withdrawn
Non-Convertible Debenture	INE363 T07011	06/07/2 020	12%	3 Years (06-07- 2023)	0.00	Withdrawn



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Proposed non-convertible Debenture	-	-	-	-	0.00	Withdrawn
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Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Agriwise-finserv-28nov24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Particulars	Non-Convertible Debentures
Instrument Description	12% RATED, LISTED, UNSUBORDINATED, SECURED, TRANSFERABLE, REDEEMABLE, NON-CONVERTIBLE DEBENTURES.
ISIN	INE363T07011
Issue size	INR10.00 crore
Date of allotment	July 06, 2020
Redemption date	July 06, 2023
Redemption amount	INR10.00 crore
Coupon Rate	12.00%
Frequency of coupon payment	Annual
Investor	Union Bank of India
Purpose of the issue	Onward Lending
Name of the trustee	Catalyst Trusteeship Limited
Covenants	To maintain the value of security at all times equal to 1.1 (One decimal point one) time or 110.0% (One hundred and ten percent) the aggregate amount of principal and interest outstanding of the NCDs where at least 1.1 (One decimal point one) time or 110.0% (One hundred and ten percent) of the security cover is from principal and interest receivables.



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	Minimum CRAR as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions.
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Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

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.

