

## RATING RATIONALE

26 April 2021

Pooja Finelease Ltd.

**Brickwork Ratings reaffirms the ratings for Bank Loan Facilities of Rs.100.00 Crs of Pooja Finelease Ltd.**

### Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (February 2020)	Present
Fund based - Cash Credit	30.00	<b>30.00</b>	Long Term	BWR BBB (Stable)	<b>BWR BBB (Stable) (Reaffirmation)</b>
Proposed - Cash Credit - Term Loan	70.00 0.00	<b>20.00 50.00</b>	Long Term	BWR BBB (Stable)	<b>BWR BBB (Stable) (Reaffirmation)</b>
Total	100.00	<b>100.00</b>	<b>INR One Hundred Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bonds is provided in Annexure-I&II

### RATING ACTION / OUTLOOK

Brickwork Ratings reaffirms the long term rating of bank loan facilities of Pooja Finelease Ltd. (PFL) of Rs.100 Crs at BWR BBB (Stable). The rating factors in the experienced management team, comfortable capitalisation and support from group companies. The rating, however, is constrained by modest scale of operations, the geographical concentration in the company's loan portfolio, and moderate asset quality.

BWR has principally relied on the company's audited financials upto FY20, provisional financials of 11MFY21, publicly available information and information/clarifications provided by the company.

### Rating Outlook: Stable

BWR believes Pooja Finelease Ltd business risk profile will be maintained over the medium term. The Stable outlook indicates a low likelihood of a rating change over the medium term.

## KEY RATING DRIVERS

### Credit Strengths:

- **Experienced Management Team** - The promoters and management of the company have extensive experience in the industry. The company was founded by Mr. Lunkaran Mehta, having over five decades of experience in financing and leasing business. It is now managed by his son, Mr. Jethmal Mehta (The Chairman) having 30 years of experience in the field of lottery, finance and real estate and grandson Mr. Rohit Mehta (The Managing Director) an MBA in Finance and instrumental in scaling up the business. Mr. KL Sharma, the President, has over 37 years' experience in different banking areas.
- **Comfortable Capitalisation** - The company's tangible net worth stood at Rs.87.99 Crs. in FY20 with a capital adequacy ratio of 70.90%. As per the 9MFY21 provisionals the tangible net worth increased to Rs.91.07 Crs. and capital adequacy ratio improved to 83.32%. Gearing improved to 1.93x in FY20 from 2.32x in FY19. As per the 9MFY21 provisionals the same improved to 1.52x. The company has infused capital of Rs.10.00 Crs in March 2021.
- **Adequate Profitability** - The company recorded a profit of Rs.3.08 Crs. for the nine months ended December 2020. PFL's net interest income stood at Rs.21.96 Crs. in Dec'20 and Rs.28.11 Crs. in FY20.

### Credit Risks:

- **Modest scale of operations** - The company's operations are spread across 7 states and 17 branches with a customer base of 64,409 (as on 31 March 2020). PFL's AUM declined from Rs. 247.78 Crs. in March 2019 to Rs.196.46 Crs. in March 2020. As on 31st March 2021(Provisional) the AUM stood at Rs.157.73 Crs. This decline was on account of management's decision not to enhance the AUM considering the pandemics/post pandemic situation however the management will expand the business once the situation will stabilize.
- **Moderate Asset Quality** - The company's gross GNPA level deteriorated to 12.78% in March 2020 from 3.24% in Mar'19. As per the 9MFY21 the GNPA was recorded at 15.21%. The deterioration in NPA levels can be accounted to high delinquencies in the two wheeler product segment where the company is planning to reduce their exposure going forward.
- **Geographical Concentration Risk** - PFL's portfolio is spread across Delhi, West Bengal, Chhattisgarh, Haryana, Rajasthan, Uttar Pradesh, Uttarakhand, and Maharashtra, through a network of 17 branches. The portfolio is concentrated in Delhi (~56% of the book) followed by West Bengal (~35% of the book).(figures as on December 2020)



## **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale).

## **RATING SENSITIVITIES**

**Positive:** The ability to increase the interest income, PAT, improvement in the resource profile, increase in provisions and retention of asset quality from any further deterioration will be key rating positives.

**Negative:** Deterioration in the asset quality from the current level and its impact on the profitability and overall performance of the bank will remain monitorable.

## **LIQUIDITY POSITION: Adequate**

The company has adequate liquidity, as reflected through its cash balance of Rs.14.23 Crs as on 28th February 2021 and no negative cumulative mismatches up to a 1-year time bucket, as per the structural liquidity statement dated 31 December 2020. The current ratio as on 31st December 2021 the current ratio is 1.65x.

## **COMPANY PROFILE**

Pooja Finelease Limited is a Non-Banking Finance Company (NBFC) based out of Delhi, India. The company was formed in 1995 and registered with the RBI as an NBFC in 2001. PFL provides Two & Three wheeler loans, Loans against property, Business & Personal loans, and E-Rickshaw loans. The company is further entering into Digital Lending of personal loans given to MNC employees across Delhi-NCR.

PFL was founded by Mr. LK Mehta, having over five decades of experience in financing and leasing business besides real estate and trading in the share market. The company is currently helmed by his son, Mr. Jethmal Mehta (Chairman & Director), having 30 years of experience in the field of lottery, finance and real estate and grandson Mr. Rohit Mehta (Managing Director). PFL's operations are spread across Delhi, West Bengal, Chhattisgarh, Haryana, Rajasthan, Uttar Pradesh, Uttarakhand and Maharashtra.

**KEY FINANCIAL INDICATORS**

Key Parameters	Units	FY19	FY20
Result Type		Audited	Audited
Loan Portfolio o/s	Rs. Crores	247.78	196.46
Tangible Net Worth	Rs. Crores	87.78	87.99
Debt: Equity	Times	2.32	1.93
Revenue from Operations	Rs. Crores	56.63	50.76
Profit After Tax	Rs. Crores	3.68	0.21
Net Interest Income	Rs. Crores	30.74	28.11
GNPA %	%	3.24%	12.78
NNPA %	%	2.88%	11.08
CRAR	%	83.94%	70.90

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NIL**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY :NIL**

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]**

Facilities	Current Rating (2021)			Rating History		
	Tenure	Amount (₹ Cr)	Rating	10 February 2020	2019	2018
<b>Fund based - Cash Credit</b>	Long Term	<b>30.00</b>	BWR BBB (Stable) (Reaffirmation)	BWR BBB (Stable)	NIL	29 October 2018 BWR BBB (Stable)
<b>Proposed - Cash Credit - Term Loan</b>	Long Term	<b>20.00 50.00</b>				
<b>Total</b>		<b>100.00</b>	<b>INR One Hundred Crores Only</b>			

\*Rating Advisory issued on 18 February 2021 and rating not reviewed on 30 October 2019

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks and Financial Institution](#)

Analytical Contacts	
<b>Nagesh Kadu</b> Primary Analyst Board: +91 22 2831 1426, + 91 22 2831 1439 Ext: 619 <a href="mailto:nagesh.k@brickworkratings.com">nagesh.k@brickworkratings.com</a>	<b>Anil Patwardhan</b> Sr. Director – Ratings Board:022 6745 6660 Ext: <a href="mailto:anil.p@brickworkratings.com">anil.p@brickworkratings.com</a>
1-860-425-2742	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

Pooja Finelease Ltd.

### ANNEXURE I

#### Details of Bank Facilities rated by BWR

Sl. No.	Type of Facilities	Long Term (₹ Cr)	Total (₹ Cr)
1.	Cash Credit(Sanctioned)	30.00	30.00
2.	Proposed Cash Credit	20.00	20.00
3.	Proposed Term Loan	50.00	50.00
<b>TOTAL</b>			<b>100.00</b>



#### **For print and digital media**

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**About Brickwork Ratings :** Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER :** Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.

BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgement are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

BWR also wishes to inform that access or use of the said documents does not create a client relationship between the user and BWR.

The ratings assigned by BWR are only an expression of BWR's opinion on the entity / instrument and should not in any manner be construed as being a recommendation to either, purchase, hold or sell the instrument.

BWR also wishes to abundantly clarify that these ratings are not to be considered as an investment advice in any jurisdiction nor are they to be used as a basis for or as an alternative to independent financial advice and judgement obtained from the user's financial advisors. BWR shall not be liable to any losses incurred by the users of these Rating Rationales, Rating Reports or its contents. BWR reserves the right to vary, modify, suspend or withdraw the ratings at any time without assigning reasons for the same.

BWR's ratings reflect BWR's opinion on the day the ratings are published and are not reflective of factual circumstances that may have arisen on a later date. BWR is not obliged to update its opinion based on any public notification, in any form or format although BWR may disseminate its opinion and analysis when deemed fit.

Neither BWR nor its affiliates, third party providers, as well as the directors, officers, shareholders, employees or agents (collectively, "**BWR Party**") guarantee the accuracy, completeness or adequacy of the Ratings, and no BWR Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Rating Rationales or Rating Reports. Each BWR Party disclaims all



express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its web site, [www.brickworkratings.com](http://www.brickworkratings.com). More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.

---