



## Rating Rationale

Pooja Finelease Ltd

29 Oct 2018

**Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of ₹ 100 Crores of Pooja Finelease Ltd (PFL).**

### Particulars

Facility	Amount Rated (in Rs. Cr)		Tenure	Previous Rating (March 2018)	Rating Assigned*
	Previous	Present			
Fund Based- Cash Credit	0	30.00	Long Term	BWR BBB- (Pronounced as triple B minus) (Outlook: Stable)	BWR BBB (Pronounced as triple B) (Outlook: Stable) (Upgradation)
Proposed Cash Credit	50.00	70.00			BWR BBB (Pronounced as triple B) (Outlook: Stable) (Upgradation)
<b>Total</b>	<b>50.00</b>	<b>100.00</b>	<b>INR Hundred Crores Only</b>		

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

### **Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has principally relied upon the audited financial results up to FY18, projections for FY19, publicly available information and information/ clarifications provided by the company.

The rating has, inter alia, factored in experience of the promoters in the financial sector, improvement in capital levels, improvement in revenue and profitability along with potential to raise funds and comfortable asset quality. The rating is, however, constrained by small scale of operations and competition from established Banks & NBFCs.

### **Key Rating Drivers**

#### **Credit Strengths**

- **Experience of Promoters** – The company was founded by Mr. Lunkaran Mehta, who has more than 5 decades of experience. Now, company is managed by his Grandson- Mr. Rohit Mehta (MBA Finance), who has more than a decade of experience and 7 years of

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experience in current line of business. He is well supported by efficient team of qualified personnel.

- **Business operations & Volume** - As of March 31, 2018, Loan Portfolio Outstanding was Rs.180.95 Crores compared to Rs.163.56 Crores as on March 31, 2017. Loan Portfolio outstanding as on 31st August 2018 was at Rs. 239.68 Crs.
- **Asset Quality** - As on March 31, 2018, the Gross NPA of the Company stood at 3.09% and the Net NPA% was 1.77%. Overall Provision Coverage ratio stood at 17.89% as of March 31, 2018.
- **Capital adequacy** - PFL's Tangible Net Worth increased from Rs.43.59 Crores as on March 31, 2017 to Rs.67.02 Crores as of March 31, 2018, on account of retention of profits for the period and infusion of capital through issue of equity shares at premium. PFL's capital adequacy stood at 33.82% as of March 31, 2018, which is well above the RBI's minimum stipulated requirement of 15%, indicating potential to borrow for further business growth.
- **Earnings Quality** - For FY18, Total Income from Operation for the Company stood at ` 49.57 Crores compared to Rs.41.98 Crores in FY17, a growth of 18.08%, while Net Operating Income (Total Operating Income net of Interest Expense) increased from Rs.25.79 Crores in FY17 to Rs.33.95 Crores in FY18. Company has reported an improvement in PAT in FY18. Company has reported Rs.3.46 Crs PAT in FY18 against Rs.1.88 Crs in FY17. Company has achieved Net Revenue from Operations of Rs.58.23 Crs in H1FY19.

#### **Credit Weakness**

- **Small scale of operations** - PFL currently spread across 3 states pan-India and has a borrower base close to 51000. It has disbursed around Rs.177.06 Crs in FY18 and has a portfolio outstanding of Rs.180.95 Crs as on 31.03.2018.
- **Competition from other NBFCs and Banks** - Company faces stiff competition from large established NBFCs and Banks as they are in a better position to raise funds at lower costs and have a more geographically diversified portfolio as compared to Pooja Finelease Ltd.

#### **Rating Outlook: Stable**

BWR believes the Pooja Finelease Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

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### About the Company

Pooja Finelease Ltd. is a Delhi based RBI Registered Non Deposit Accepting NBFC registered on 15.09.2001. Pooja Finelease started its operations in 2001 as a retail credit institution that offers a wide bouquet of debt products as listed below, to meet the growing credit requirements of Indian individuals.

- Term Loans for Vehicles including Three-wheelers, E-rickshaw, Two-wheelers etc.
- Loan against Properties.
- Other retail loans such as home loan, personal loan, car loan, mortgage loan, etc.

### Company Financial Performance

Key Parameters		FY 17 (Audited)	FY18 (Audited)
Net Interest Income	Cr	21.73	29.12
Total Income	Cr	25.79	33.95
EBDT	Cr	3.92	6.27
PAT	Cr	1.88	3.46
Tangible Net Worth	Cr	43.59	67.02
Total Portfolio	Cr	163.56	180.95
CRAR	%age	24.79	33.82

**Status of non-cooperation with previous CRA:** NA

### Rating History for the last three years (including withdrawn/suspended ratings)

Facility	Tenure	Rating Assigned (2018)		Rating History		
		Amount (Rs. Crs)	Rating	2017	2016	2015
<b>Fund Based - Cash Credit</b>	Long Term	30.00	BWR BBB (Pronounced as triple B) (Outlook: Stable)	BWR BBB-	NIL	NIL

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<b>Proposed Cash Credit</b>	Long Term	70.00	BWR BBB (Pronounced as triple B) (Outlook: Stable) (Upgradation)		NIL	NIL
<b>Total</b>		<b>100.00</b>	<b>INR Hundred Crores Only</b>			

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banking and Financial Institutions](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

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### **About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter 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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

### **DISCLAIMER**

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