



Rating Rationale

Pooja Finelease Ltd.

27 March 2018

Brickwork Ratings assigns the ratings for the BLR of ₹ 50 Crores of Pooja Finelease Ltd.

Particulars

Facility	Amount	Tenor	Rating
Fund Based (Proposed)	50	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable
Total	50	(INR Fifty Crores Only)	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon Audited Financial results of FY 15-17, publicly available information and clarification provided by company's Management .

The rating draws support from the experience of the promoters in the financial sector The rating also derives strength from improvement in capitalization and substantial improvement in financial performance with potential to raise funds. The rating, also takes into account the comfortable asset quality.

The rating is, however, constrained by the small scale of operations and competition from Banks & NBFCs, in general.

About The Company

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

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



Key Rating Drivers: Management Profile

The company was founded by Mr. Lankaran 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 experience in current line of business. He is well supported by efficient team of qualified personnel. The company has well defined succession plan.

Business operations & Volume

As of March 31, 2017 Loan Portfolio Outstanding was Rs. 163.56 Crores compared to Rs. 95.87 Crores as of March 31, 2016. Loan Portfolio outstanding as on 31st December 2017 is Rs. 187 Crs and the company has reported revenue of Rs. 34.09 Crs for the corresponding period. Company is planning to raise Rs. 50 Crs of Debt from Banks- The additional borrowings shall enable the Company to further augment its resources to grow the loan portfolio.

Asset Quality

As of March 31, 2017, the Gross NPA of the Company stood at 2.60% and the Net NPA% was 1.77%. Overall Provision Coverage ratio stood at 32.47% as of March 31, 2017.

Capital adequacy

PFL's Tangible Net Worth increased from Rs. 29.94 Crores as of March 31, 2016 to Rs. 44.97 Crores as of March 31, 2017, on account of retention of profits for the period and infusion of further capital. PFL's capital adequacy stood at high of 24.79% as of March 31, 2017, which is well above the RBI's minimum stipulated requirement of 15%, indicating potential to borrow for further business growth.

Liquidity

As of December 31, 2017, Company's long term borrowings and short term borrowings aggregated Rs. 75.10 Crores and Rs. 65.91 Crores respectively are by way of secured and unsecured loans from related parties. The Company has a comfortable liquidity position both in the short term and long term.

Earnings Quality

For FY17, Total Income from Operation for the Company stood at Rs. 41.98 Crores compared to Rs. 22.54 Crores in FY16, a growth of ~86.24%, while Net Operating Income (Total Operating Income net of Interest Expense) increased from Rs. 9.41 Crores in FY16 to Rs. 21.81 Crores in FY17. Net Interest Margin improved from 11.61% in FY16 to 16.81% in FY17 mainly due to increase in Interest Income. PAT stood at Rs. 1.88 Crores for FY17 compared to Rs. 1.08 Crores for FY16. Return on Asset was at around 1% for FY16 and FY17

Rating Outlook: Stable

BWR believes that 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 revenue and profit shows sustained improvement . The rating outlook may be revised to negative if revenues go down and profit margins show lower than expected numbers

Company Financial Performance

Key Parameters	Units	2016 Audited	2017 Audited
Result Type			
Net Interest Income	₹ Cr	9.41	21.81
Gross AUM	₹ Cr	95.87	163.56
Tangible Net worth	₹ Cr	29.94	44.97
Gross NPA	%	-	2.6
Net NPA	%	-	1.77
CRAR	%	28.07	24.79

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based	Long Term	50	BWR BBB-/Stable	N.A	N.A	NA
	Total		50	(INR Fifty Crores Only)			

Status of Non-Cooperating Category: NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banks and Financial Institutions](#)

For any other criteria obtain hyperlinks from website



Analytical Contacts	Media
<i>Satvinder Gakhar</i> <i>DGM-Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
Phone: 1-860-425-2742	bd@brickworkratings.com

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.

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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.