



Press Release

Easy Home Finance Limited (EHFL)

August 07th, 2020

Sr. No	Facilities	Amount (INR Crore)	Current Ratings	Rating Action
1	Proposed Bank Facilities	100.00	IVR BBB- (Credit Watch with Developing Implication) (IVR Triple B Minus under Credit Watch with Developing Implication) (Withdrawn)	Affirmed and placed the rating on watch with developing implication & Withdrawn
	Total	100.00		

Details of Facilities are in Annexure 1

Rating Action

Infomerics Valuation and Rating Private Limited has affirmed and placed the rating on watch with developing implication and withdrawn the rating assigned to the Proposed Bank Facilities of INR100.00 Crore. The rating on watch with developing implication reflects industry headwinds arising out of COVID-19 crisis. However, the extent of implication is yet to be ascertained.

The rating has been withdrawn based on the withdrawal request from the client.

Detailed Rationale

The rating derives strength from Support of promoters and experienced board of directors and Sound capital structure to support future growth plans. However, the rating strengths are partially offset by Ability to maintain asset quality & profitability given the nascent stage of business operations.

Key Rating Drivers with detailed description

Key Rating Strengths

- Support from promoters and experienced board of directors:***

EHFL is promoted by Mr. Kuldeep Halwasiya (promoter of Columbia Petro Chem Private Limited) and Mr. Suresh Chokhani (promoter of Lakshachandi Realty) and owns almost



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69.54% of the Company, while 25.07% is owned by Harbourfront India LLP (strategic investor) and the balance being owned by professionals and family members.

The Board of Directors of EHFL comprises of Mr. Debabrata Sarkar, who has been the Ex-CMD of Union Bank of India, Ex-ED at Allahabad Bank and holds prominent board positions including LIC Home Finance, Mr. T.V. Rao, who has headed treasurers of NHB, SIDBI & EXIM Bank while also holds board positions including LIC Home Finance and CanFin Home, Mr. R.S. Loona, who is a former ED of SEBI and Ex-CGM of IDBI. The board is also represented by Mr. Rohit Chokhani (son of Mr. Suresh Chokhani), Mr. Sanjay Jain and Mr. Shinji Kimura (promoter of Harbourfront India LLP). The board is supported by a senior management team comprising of experienced industry professionals having a strong background in financial services and lending.

The senior management team is headed Mr. Praveen Agrawal (Ex-CGM of SIDBI) who acts as the Chief Executive Officer and has over 20 years of experience in Banking & Finance. The extensive experience of the board and management team has enabled EHFL put in place robust policies and procedures for its target lending business.

- ***Sound Capital structure to support future growth plans:***

The Company commenced its lending operations post July 31st, 2018 after receiving its NHB registration and since then has expanded its loan portfolio to INR28.14 Crore as on March 31st, 2020 as against INR 13.30 Crore as on March 31st, 2019. The growth in the loan portfolio has been through capital support from the promoters and the minimal liability in the form of external debt. The Company's Capital Adequacy Ratio (CAR%) stood at 116.12% as on March 31st, 2020 when compared to 68.44% as on March 31st, 2019. Its overall gearing stood comfortable at 0.80x as on March 31st, 2020 (0.45x as on March 31st, 2019) giving sufficient headroom for leveraging for growth in the loan book going further.

EHFL's ability to raise fresh low cost borrowings in order to grow its loan book while improving its operational parameters is to be seen.

Key Rating Weaknesses

- ***Ability to maintain asset quality, profitability given the nascent stage of business operations:***



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EHLF forayed into the housing finance lending since July 2018 with tenure ranging up to 20 years. The outstanding loan portfolio stood modest at INR28.14 Crore as on March 31st, 2020. The Company's operations in Gujarat and Maharashtra comprised almost 91% of the portfolio as on March 31st, 2020. The key risk from geographically concentrated borrowers is that the cash flows of the borrowers are dependent on the level of economic activity in the region. Any moderation in economic activity also impacts demand for housing in the region, which is likely to impact the realizable value of the housing assets which are backing the loan.

Analytical Approach & Applicable Criteria:

Standalone Approach

Rating Methodology for Financial Institutions/NBFCs

Financial Ratios & Interpretation (Financial Sector)

Liquidity: Adequate

The Company had adequately matched asset liability profile as on March 31st, 2020 with no negative cumulative mismatches in any of the time buckets upto 5 years. Overall gearing stood comfortable at 0.80x as on March 31st, 2020. The cash and cash equivalents balances stood moderate at INR8.45 Crore as on March 31st, 2020.

About the Company

Easy Home Finance Limited (EHFL) was incorporated on July 25, 2017 and operates as a Housing Finance Company (HFC). It received registration from NHB in July 2018 and started operation immediately thereafter. Currently, it is a mortgage lending company at nascent scale of business operations.

Financials:

For the year ended/ As On*	(INR Crore)	
	31-03-2019 (Audited)	31-03-2020 (Audited)
Total Operating Income	1.78	4.13
Interest	0.04	0.70
PAT	(1.47)	(1.95)
Total Debt	5.32	17.19
Total Net-worth	11.93	21.52
Total Loan Assets	13.30	28.14



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Ratios (%)		
PAT Margin (%)	(82.59)	(47.29)
Overall Gearing Ratio (x)	0.45	0.80
Gross NPA (%)	0.00	0.00
Net NPA (%)	0.00	0.00
CAR (%)	68.44	116.12

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: N.A

Any other information: N.A

Rating History for last three years:

Sl. No	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20 (April 26 th , 2019)	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Proposed Bank Facilities	Long Term	100.00	IVR BBB- (Credit Watch with Developing Implication) (Withdrawn)	IVR BBB-	--	--

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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Proposed Bank Facilities	NA	NA	NA	100.00	IVR BBB- (Credit Watch with Developing Implications) (Withdrawn)