



## Press Release

### **Eclear Leasing & Finance Private Limited**

**June 02, 2021**

#### **Ratings**

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Proposed Long Term Bank Facilities	50.00	IVR BBB-/Credit Watch with Developing Implication (IVR Triple B Minus under credit watch with developing implication)	Assigned
	<b>Total</b>	<b>50.00</b>		

**Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

The rating assigned to the proposed bank facilities of Eclear Leasing & Finance Private Limited comfort from its experienced management and significant increase in operations. The rating also factors its improvement in asset quality. However, these rating strengths are partially offset by moderate geographical concentration and concentration towards lending to NBFCs. Rating on credit watch with developing implication is on account of uncertainty in the operating scenario amidst Covid-19 pandemic and Infomerics will continue to monitor the developments in this regard and will take a view on the ratings once the exact implications of the above on the credit risk profile of the Eclear Leasing & Finance Private Limited is clear.

#### **Key Rating Sensitivities:**

#### **Upward Factor:**

- A significant increase in the scale of operations, without a significant impact on the asset quality, diversification of the funding source base while keeping adequate capitalization and operating buffers, and the maintenance of adequate liquidity, all on a sustained basis would lead to a positive rating action.



## Press Release

### **Downward factor:**

- Downward in the scale of operations and/or significant deterioration in the asset quality, along with a substantial increase in leverage, all on a sustained basis, could result in a negative rating action.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced Management**

Company is managed by Mr. Manoj Kumar Bansal and Ms. Neeru Bansal who are the directors of the company. Mr. Manoj Kumar Bansal has experience of over two decades into consulting & finance domain. He is responsible for day to day management of the NBFC and for building the necessary scale of business for the company's growth. Ms. Neeru Bansal also has almost two decades of experience into the finance domain. She is responsible for overall strategy, business enabling operations, organizational development and innovation for market development, as well as managing the relationships within the industry. Infomerics believes that the experience of the management will stand Eclear in good stead as it scales up its portfolio.

##### **Significant increase in operations**

Total Loan Portfolio of the company is continuously increasing over the last 3 years i.e. from Rs.81.86 Crores in FY19 to Rs.177.11 in FY20. As per FY21 (Prov), Loan Portfolio further increased to Rs.223.24 Crores. Consequently, total income is also increasing continuously over the last 3 years to Rs.27.39 Crores in FY21 (Prov) as against Rs.19.96 Crores in FY20.

##### **Improvement in the asset quality**

Gross NPA declined to Rs.4.56 Crores (2.04%) in FY21 (Prov) as against Rs.12.99 Crores (7.33%) in FY20. Similarly, Net NPA declined to Rs.2.47 Crores (1.11%) in FY21 (Prov) as against Rs.11.69 Crores (6.60%) in FY20. Company has written off the major GNPA in FY21 which majorly relates to loans sanctioned in FY18.



## Press Release

### Key Rating Weaknesses

#### **Moderate Geographical Concentration Risk**

ELFPL's operations are majorly based across five states mainly i.e. Delhi, Karnataka, Maharashtra, Rajasthan and Tamil Nadu. These five states account for ~68.00% of the total loan portfolio which indicates some concentration risk.

#### **Concentration towards lending to NBFCs**

The company provides funding to various clients across asset classes such as micro finance, gold finance, housing finance, vehicle finance, SME and enterprise finance etc. The majority of the lending is concentrated towards NBFCs. Furthermore, the top 20 exposures constituted around ~36% of its total AUM in FY20 & FY21. Given the difficult operating environment the NBFC sector has been facing since the beginning of FY21, which has aggravated the liquidity issues of NBFIs with the resultant impact on asset quality and profitability. Hence the company's portfolio remains exposed to these challenges.

#### **Analytical Approach:** Standalone

#### **Applicable Criteria:**

Rating Methodology for Non-Banking Finance Companies  
Financial Ratios & Interpretation (Financial Sector)

#### **Liquidity - Adequate**

Liquidity is marked adequate by adequate Capital adequacy ratio of 36.52% on March 31, 2020 and 41.15% as on March 31, 2021 (Prov) which is well above the stipulated regulatory norm of 15%. Company's collection efficiency for the last 7 months has been ~98.00%. Further there are positive cumulative mismatches across buckets as per ALM statement as on March 31, 2021 due to favorable asset maturity profile. Company's working capital utilization remained low at ~37.00% for the last 8 months period ended March, 2021. The Company has cash & cash equivalents of Rs.5.34 Crores as on March 31, 2021 (Prov). Overall, liquidity position is expected to be adequate.



## Press Release

### About the Company

Ecclar Leasing & Finance Private Limited was incorporated in the year 1995 having registered office at Barakhamba Road, New Delhi. Ecclar Leasing & Finance Private Limited is a Non-Deposit taking NBFC which operates mainly in wholesale segment. The company operates primarily in five business verticals i.e. Loan against Property, Business Loan, Personal Loan, Loan against shares and Partnership with NBFC-MFI. The majority of the lending i.e. ~95% is concentrated towards NBFCs. Company has total 162 borrowers as on March 31, 2021.

### Financials :

For the year ended*/As on	(Rs. crore)	
	31-03-2020	31-03-2021
	<b>Audited</b>	<b>Provisional</b>
Total Operating Income	19.96	27.39
Interest Expenses	6.47	11.92
PAT	5.55	5.54
Total Debt	137.42	121.78
Tangible Net worth	71.11	93.45
Total Loan Assets	177.11	223.24
PAT Margin (%)	27.80	20.22
Overall Gearing Ratio (x)	1.93	1.30
Gross NPA (%)	7.33	2.04
Net NPA (%)	6.60	1.11

\*Classification as per Infomerics' standards

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

**Any other information: Nil**

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based Bank Facilities Proposed	Long Term	50.00	IVR BBB-/Credit Watch with Developing Implication (IVR Triple B Minus under credit	-	-	-



## Press Release

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				watch with developing implication)			

**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](http://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. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. 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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## Press Release

and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Long Term Bank Facility	-	-	-	50.00	IVR BBB-/Credit Watch with Developing Implication (IVR Triple B Minus under credit watch with developing implication)

### Annexure II: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Eclear-Leasing-Finance-2june21.pdf>