

Press Release**Easy Home Finance Limited****April 26, 2019****Ratings**

Sl. No.	Instrument/Facility	Amount (Rs. Crores)	Rating Assigned
1.	Proposed Bank Facilities	100.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)
	Total	100.00	

Details of Facilities are in Annexure 1**Detailed Rationale**

The rating derives strength from competent promoters, well-experienced and reputed members on the Board, experienced management, comfortable capital structure, system and processes in place and favourable growth prospect for affordable housing segment. The rating however is constrained by short track record, modest scale of operation in the medium term and inherent risk of the borrower profile. Infusion of capital, business growth and profitability, gearing level and asset quality are the key rating sensitivities.

List of key rating drivers with detailed description**Key Rating Strengths****Experienced promoters**

The company is promoted by Mr. Suresh Chokhani and Mr. Kuldeep Halwasiya. Mr. Suresh Chokhani is a commerce graduate and has long experience in the real estate industry. Mr. Kuldeep Halwasiya is also a commerce graduate and the founder of Columbia Petro Chem Private Limited, a leading manufacturer and exporter of speciality chemicals. In the past, both the promoters have had successful business ventures together. Mr. Rohit Chokhani (son of Mr. Suresh Chokhani) manages the daily operation and is the Managing Director of the company.

Experienced management team with reputed personnel in the board

The company's Board has two Independent Directors who are highly qualified & experienced in the banking & financial services, adding credence & professionalism in the governance of the company. The management is supported with experienced and qualified team to manage the daily operation. Mr. Rohit Chokhani, the MD of the company, has experience of over 10

years in housing market and financial services. Mr. Praveen Agarwal, the CEO of the company, has over 27 years of prior experience in SIDBI. The top management is ably supported by a team of qualified individuals at key positions of the company.

Comfortable capital structure

Capital structure of the company is comfortable in the absence of any borrowing as on December 31, 2018. However, going forward, the company would be dependent on external borrowings in order to scale up the operation.

System and processes in place

EHFL has developed digital platform for paperless system for loan origination and loan management based on updated technology. This system enables the company to eliminate the need for a separate data entry team. The systems and technology enable live updates of status and monitoring of all accounts. The company has laid down the internal norms and procedures for underwriting the loans and also has Risk Management Committee and Credit Committee in place.

Favourable growth prospect for affordable housing segment

Opportunities for growth in the affordable housing segment are high considering the current low penetration level as well as the government thrust on the affordable housing segment. Through Pradhan Mantri Awas Yojana (Urban) and Pradhan Mantri Gramin Awaas Yojana, the Government of India aims to provide affordable housing to the poor population in India by 2022. The scheme focuses on rehabilitation of slum dwellers and also provides for credit Linked Subsidies to address the affordability issues for the middle and lower income group and partner.

Key Rating Weakness

Short track record

The company has received the registration from NHB to operate as a housing finance company only in July 2018. As a result, there is very limited track record of operation of the company. Notwithstanding, the company needs to scale up its operation in a very rational way and its operation needs to be time tested to inspire confidence. Also, the geographical concentration

of the portfolio is high in the initial phase as the company has commenced operation focusing on Maharashtra, Gujarat, Madhya Pradesh and Chhattisgarh.

Modest scale of operation in the medium term

The company's scale of operation continues to be modest in the short term, given the fact that that it started operation only in September 2018. The company has disbursed loans aggregating Rs.14.02 crore till March 31, 2019. However, the company is expecting to significantly scale up its lending operation, going forward.

Inherent risk of the borrower profile

The company operates in the affordable housing finance segment by providing loans to individuals in both formal and informal sector, both salaried and self-employed. Borrowers from the self-employed category (~52% till date) generally have relatively weak credit risk profile and have limited access to formal housing finance, due to inadequate documentary proof.

Analytical Approach & Applicable Criteria

Standalone

Rating Methodology for NBFCs/HFCs

About the Company

Easy Home Finance Limited (EHFL) was incorporated on July 25, 2017 to operate as a housing finance company (HFC). It received registration from NHB in July 2018 and started operation immediately thereafter. However, over the last year the company has built up its team and infrastructure, including systems & processes. The company was promoted by Mr. Suresh Chokhani and Mr. Kuldeep Halwasiya having equal shareholding in the company. Mr. Kuldeep Halwasiya, had established Columbia Petro Chem Private Limited, a leading manufacturer and exporter of speciality chemicals, in 1987. Mr. Suresh Chokhani has long experience of over three decades in the real estate industry. Mr. Rohit Chokhani (son of Mr. Suresh Chokhani) is the Managing Director of EHFL. Mr. Praveen Agarwal is the CEO of the company. The company has two independent directors in its Board who are highly qualified & experienced mainly in Indian banking & other financial services sector. During the first seven months of active operation (till March 31, 2019), the company has disbursed 139 loans aggregating

Rs.14.02 crore. The company focuses on providing home finance to individuals in the affordable housing segment, with ticket size of around Rs.10 lakh - Rs.25 lakh.

Financials (Standalone) (Rs. crores)

For the year ended / As on	March 31, 2018
	(Audited)
Networth	10.50
Total Debt	0.00
Current Investments	0.00
Cash and Bank Balance	10.22
Loan Book	0.00
Total Income	0.25
Profit After Tax	(0.10)

*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 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Proposed Bank Facilities	Long Term	100.00	IVR BBB- /Stable Outlook	--	--	--

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 (Rs. Crore)	Rating Assigned/ Outlook
Proposed Bank Facilities	--	--	--	100.00	IVR BBB-/Stable Outlook