

Press Release
WEST END HOUSING FINANCE LIMITED
July 17, 2024
Rating Assigned



Product	Quantum (Rs. Cr)	Long Term Rating	Shc R
Bank Loan Ratings	100.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs. 100.00 Cr. bank facilities of West End Housing Finance Limited (WEHFL). The outlook is '**Stable**'.

The rating takes into account support of resourceful promoters at regular intervals, which is well reflected through Capital Adequacy Ratio (CAR) of ~110.38 percent as on March 31, 2024 (Provisional). The rating also considers the stability in the loan book of Rs.82.09 Cr. as on March 31, 2024 (Provisional) from Rs.85.29 Cr. as on March 31, 2023. Since the company is equity funded, it has no borrowings. The rating is, however, constrained due to limited track record and low portfolio seasoning, modest scale of operations, geographic and client concentration. Acuite believes that the company is well positioned to leverage its capital structure and benefit from the demand for affordable housing in the country. Going forward, the company's ability to profitably scale up its operations in affordable housing segment, resources raising ability and maintain asset quality shall be key monitorables.

About the company

Mumbai based, firm West End Housing Finance Limited was incorporated in 2015. The company is registered under National Housing Bank Act, 1987. It is engaged in the business of housing finance without accepting public deposits. The company has been providing loans to retail customers for purchase and construction of residential property and also against property and demand loans to individual and corporate borrowers. Mrs. Sheetal Raghuvversingh Manhas, Mr. Pankaj Kumar Gupta, Mr. Jagdish Capoor, Mr. Virendra Singh are directors of the entity.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of WEHFL to arrive at the rating.

Key Rating Drivers

Strength

Comfortable capitalisation supported by resourceful promoters

WEHFL was incorporated in 2015, for the purpose of extending housing and non-housing finance to customers belonging to the Middle or Low Income Group segment and Economically Weaker Sections (EWS) of the society. WEHFL operates in 3 states in India as on March 31, 2024. The management team consists of Mr Arun Kanti Dasgupta (CEO) - He is

former Managing Director of LIC OF INDIA and CEO OF LIC HOUSING FINANCE LTD having a rich experience of Indian Financial and Housing sector. He was the architect of multiple strategic initiatives in the area of organisational improvement, retail finance both in domestic and NRI market IT infrastructure resource creation and adoption of best practices to keep the organisations ahead in terms service delivery and meeting Customer expectation. He was also in the Board of Directors of several listed blue chip companies. Neeraj Verma (Head Compliance, Legal & Company Secretary) He is a qualified Company Secretary & Law graduate with over 22 years of progressive experience of overseeing legal and operational compliance for global organisations in multiple industries majorly in BFSI sector Expert in navigating complex regulatory frameworks and negotiating transactional documents. Accomplished in restructuring and streamlining legal processes and procedures resulting in cost savings in excess of 30%, while increasing compliance effectiveness by 17%. Proven success in developing new corporate policies and procedures to ensure alignment with regulatory and legal framework. Mr. Sandesh Gaikwad (CFO) - Mr. Sandesh Gaikwad is currently working with West End Housing Finance as Chief Finance Officer. He is an MBA in Finance with diverse and rich experience of 18 years. He had financial management exposure in eCommerce and Agriculture domain. As on March 31, 2024, five group entities such as Nirav Investments Private Limited (24%), Filter Media Private Limited (24%), West End Software Solutions LLP (25%), Invent Business Turnaround Strategist LLP (24.76%) and Invent Operations & Management LLP (2%) are in total holding 99.76% of Equity Share Capital.

Acuité has observed the track record of continuous support received in the form of periodic capital infusion from the promoter group. The promoters have invested in the past and are further expected to support the growth plans as and when required. Presently, the company has no external borrowings, but has a plan to raise funds from various public and private banks in near to medium term. WEHFL's capital adequacy ratio stood at 110.38 percent as on March 31, 2024 (Provisional).

AUM growth & asset quality

The company's loan portfolio stood at Rs. 82.09 Cr. as on March 31, 2024 (Provisional) as against Rs. 85.29 Cr. as on March 31, 2023. Out of this, housing segment contributes 60.95% and rest is non-housing segment. The borrower base comprises mainly of salaried customers and balance comprises of self-employed customers. The loan book remained stable in FY2024 (Provisional).

Weakness

Limited track record of operations

The company commenced disbursements in FY2016. Currently, it has a loan book of Rs. 82.09 Cr. as on March 31, 2024 (Provisional). Out of which, housing segment contributes 60% and rest is non-housing segment. The borrower base comprises mainly of salaried customers and balance comprises of self-employed customers. Since the company's operations are at nascent stage, the portfolio has limited seasoning. WEHFL's operating scale is modest marked by PAT of Rs.2.84 Cr. in FY2024 (Provisional) as against Rs.2.32Cr. in FY2023.

Geographic concentration risk

WEHFL is exposed to geographic concentration risk marked. As on March 31, 2024, 9 borrowers accounted for Rs.53.72% i.e.~68% (Provisional) of the total loan book. Slippages from even few large accounts might impact asset quality and profitability metrics of the company. Geographic concentration is on account of 90.43% of the total portfolio originating from Maharashtra, followed by Gujarat and Odisha which accounted for 6.56% and 3% of portfolio respectively. Acuité believes that WEHFL's ability to maintain asset quality parameters while maintaining portfolio growth will be key rating monitorables.

Rating Sensitivity

- Continued promoter support
- Growth in scale of operations

- Profitability and asset quality
- Maintaining granularity in the portfolio

Liquidity Position

Adequate

Given that the company's operations are equity funded, the liquidity position is adequate and there are no cumulative negative ALM mismatches as on March 31, 2024(Provisional). Additionally, company's cash and cash equivalents stood at Rs.7.66 Cr. as on March 31, 2024 (Provisional).

Outlook: Stable

Acuité believes that WEHFL will benefit from its strong capitalisation levels and expected support from its promoters. Acuité believes that the outlook will be 'Stable'. The outlook may be revised to 'Positive' if the company is able to contain its asset quality pressures and maintain its profitability parameters while scaling up its operations. Conversely, the outlook will be revised to negative incase, the company faces headwinds in containing its asset quality pressures and maintaining its profitability parameters while significantly scaling up its operations.

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Provisional)	FY23 (Actual)
Total Assets	Rs. Cr.	112.68	109.67
Total Income*	Rs. Cr.	9.43	8.74
PAT	Rs. Cr.	2.84	2.32
Net Worth	Rs. Cr.	110.18	107.35
Return on Average Assets (RoAA)	(%)	2.55	2.14
Return on Average Net Worth (RoNW)	(%)	2.61	2.19
Debt/Equity	Times	0	0
Gross NPA	(%)	4.41	4.56
Net NPA	(%)	3.79	3.92

**Total income equals to Net Interest Income plus other income*

Status of non-cooperation with previous CRA (if applicable):

None

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Complexity Level Of Financial Instruments: <https://www.acuite.in/view-rating-criteria-55.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial

Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Jul 2022	Proposed Long Term Bank Facility	Long Term	100.00	ACUITE BB+ (Downgraded & Withdrawn & Issuer not co-operating* from ACUITE BBB- Stable)
12 Aug 2021	Proposed Long Term Bank Facility	Long Term	100.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	100.00	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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