

Mentor Home Loans India Limited (Revised)

May 06, 2024

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|---------------------------|------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Long Term Bank Facilities | 250.00 | CARE B+; Stable; ISSUER NOT COOPERATING* | Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB-; Stable; |

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Mentor Home Loans India Limited to monitor the rating vide e-mail communications/letters dated February 17, 2024, February 07, 2024 and January 28, 2024 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Mentor Home Loans India Ltd.'s bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

The ratings have been revised on account of limited information available, uncertainty pertaining to the outcome of the pending National Company Law Tribunal (NCLT) litigation in relation to the ongoing dispute within the promoter family that has impacted its resources raising ability and thereby led to sustained decline in operations of the company.

Key weaknesses

Pending NCLT litigation in relation to on-going dispute in the promoter family

Pending NCLT litigation in relation to on-going dispute in the promoter family which has impacted the company's overall operations.

Challenges in resource mobilization

Company is facing challenges in fund raising from external sources. In sync with sustained decline in operations, total borrowing from external sources reduced to Rs. 100 crore as on March 31, 2023 from Rs. 165 crore as on March 31, 2022.

Small scale of operations and continued de-growth in AUM

MHIL's scale of operations continued to remain small marked by sustained decline in AUM since FY19. The company's AUM has been consistency declining over the last few years and stood at Rs.397.93 crore as on March 31, 2023 from Rs. 480 crore as on March 31, 2019.

Moderate Profitability & regional concentration

MHIL's total income decreased during FY23 mainly due to consistent decline in AUM and decline in interest income to Rs. 59.91 crore in FY23 from Rs. 69.41 crore in FY22. However, NIMs improved, Opex and credit cost increased due to the denominator impact resulting to decline in RoTA. Roughly 73.37% of portfolio as on March 31, 2022 is concentrated in Rajasthan followed by Madhya Pradesh (22.19%), Gujarat (3.56%) and Maharashtra (0.88%). **(updated data for geography wise not available).**

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key strengths

Experienced promoters

Mr. Pawan Kumar Goyal (Managing Director) has an experience of over two decades in various lines of business, including managing Mentor Home Loans India Limited (MHIL) and has been instrumental in driving the growth of the company since its inception. Mr. Pawan Goyal is assisted by his son, Mr Sahil Goyal (Chief Operating Officer) who has a experience in the financial sector. The promoters are supported by experienced second line of management.

Secured nature of portfolio with low LTV Ratio

MHIL focuses on housing loans and LAP which comprised 75:25 of total loan portfolio mix as on March 31, 2022 (71:29 as on March 31, 2021) which are secured in nature. During FY22, nearly 81% of total disbursements (FY21: 87%) had LTV of upto 50% with the balance 19% having LTV ranging between 51% to 75% (FY21: 13.32%). **(Updated data not available)**

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Housing Finance Companies](#)

About the company and industry

Industry classification

| Macro-Economic Indicator | Sector | Industry | Basic Industry |
|--------------------------|--------------------|----------|-------------------------|
| Financial Services | Financial Services | Finance | Housing Finance Company |

Mentor Home Loans India Limited was initially registered as a non-deposit taking Non-Banking Finance Company (NBFC) with Reserve Bank of India (RBI) as an Asset finance company and was engaged in vehicle financing. Subsequently, it got registered with National Housing Bank (NHB) as non-deposit taking Housing Finance Company (HFC) in August, 2014 and commenced its housing finance business. The company is headquartered in Jaipur and is engaged in financing of housing loans and LAP (Mortgage loan). As on March 31, 2023, MHIL's own book loan portfolio stood at Rs. 282.40 crore. The company operates out of its network of 35 branches (as on March 31, 2023) which are located across Rajasthan, Madhya Pradesh and Gujarat.

| Brief Financials (₹ crore) | March 31, 2021 (A) | March 31, 2022 (A) | March 31, 2023 (A) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income | 89.67 | 74.88 | 65.22 |
| PAT | 20.84 | 16.26 | 11.68 |
| Interest coverage (times) | 1.64 | 1.67 | 1.58 |
| Total Assets | 471.47 | 398.94 | 335.75 |
| Net NPA (%) | 1.29 | 1.48 | 1.07 |
| ROTA (%) | 4.25 | 3.74 | 3.18 |

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

| Name of the Instrument | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|-----------------------------|------|------------------|-----------------|---------------|-----------------------------|-------------------------------------------|
| Fund-based - LT-Cash Credit | | - | - | - | 35.00 | CARE B+; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Term Loan | | - | - | NA | 215.00 | CARE B+; Stable; ISSUER NOT COOPERATING* |

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|----------------------------------------|-----------------|------------------------------|-------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 |
| 1 | Fund-based - LT-Cash Credit | LT | 35.00 | CARE B+; Stable; ISSUER NOT COOPERATING * | - | - | 1)CARE BB-; Stable; ISSUER NOT COOPERATING * (14-Mar-23) | 1)CARE BB+; Stable (07-Mar-22) 2)CARE BBB-; Stable (07-Apr-21) |
| 2 | Fund-based - LT-Term Loan | LT | 215.00 | CARE B+; Stable; ISSUER NOT COOPERATING * | - | - | 1)CARE BB-; Stable; ISSUER NOT COOPERATING * (14-Mar-23) | 1)CARE BB+; Stable (07-Mar-22) 2)CARE BBB-; Stable (07-Apr-21) |

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|-----------------------------|------------------|
| 1 | Fund-based - LT-Cash Credit | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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Disclaimer:

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