

Mahaganapati Fincorp Private Limited

January 17, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE B-; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited had, vide its press release dated March 26, 2024, placed the rating of Mahaganapati Fincorp Private Limited (MFPL) under the 'issuer non-cooperating' category as MFPL had failed to provide information for monitoring of the rating. MFPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated December 13, 2024, December 19, 2024, December 23, 2024 and December 26, 2024. 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 ratings have been reaffirmed on account of MFPL's relatively small scale of operations, weak asset quality with exposure to relatively riskier borrower segment, reported losses, geographical and product concentration of portfolio, and concentrated resource base.

Analytical approach: Standalone

CARE Ratings has analyzed the credit profile of MFPL on a standalone basis.

Outlook: Stable

Stable outlook reflects experience of the promoters.

Detailed description of key rating drivers:

At the time of last rating on March 26, 2024, the following were the rating strengths and weaknesses (updated for the information available from FY24 Annual Report [sourced from MCA website]):

Key weaknesses

Geographical and product concentration of portfolio

MFPL's operations are concentrated only in 1 state i.e., Rajasthan (mainly in and around Jaipur region) resulting in geographical concentration of operations. Further, as on March 31, 2021, the company's loan portfolio is concentrated with unsecured loans (given to women borrowers) comprising 74.85% of total loan portfolio followed by Personal loans (12.92%), LAP (11.45%) and Auto loans (0.78%).

Exposure to relatively riskier borrower segment

MFPL mainly caters to the financing needs of the self-employed segment in the lower to middle income category, which is unserved by banking sector, at high rate of interest. Since self-employed segment is highly susceptible to the impact of economic downturn, asset quality will remain a key monitorable.

Weak Asset Quality

MFPL's asset quality deteriorated significantly during FY21 marked by Gross NPA increasing from Rs.0.32 crore in FY20 to Rs.1.6 crore in FY21 mainly owing to rise in NPAs in the unsecured loans segment. Resultant Gross NPA (as a % of Gross Advances) and Net NPA (as a % of Net Advances) increased to 22.35% and 19.55% respectively as on March 31, 2021 from 3.83% and 3.23% as on March 31, 2020. As of March 31, 2022, GNPA declined to 1.65%, however, further moderated to 1.92% as on March 31,

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

2023. Net NPA to Net worth has also deteriorated significantly from 10.54% as on March 31, 2020 to 55.24% as on March 31, 2021.

Risk associated with the volatility in interest rates

The borrowings of the company are at floating rates while entire asset book is at fixed rates. Hence, the company's spreads are exposed to volatility in the interest rates. The said risk is mitigated to some extent due to the higher interest rates charged by the company on its loans.

Small scale of operations with high unsecured portfolio

MFPL's scale of operations have remained small with total income of Rs.1.30 crore in FY24 which increased from Rs.1.09 crore in FY23. The outstanding loan portfolio stood at Rs.3.02 crore as on March 31, 2024 (Rs. 3.44 crore as on March 31, 2023), registering a degrowth of 12.20% y-o-y. Moreover, majority of the loan portfolio i.e., around 88% of total outstanding loan portfolio is of unsecured nature comprising unsecured loans to women borrowers (75% as on March 31, 2021) and Personal loans (13% as on March 31, 2021).

Concentrated resource base

As on March 31, 2022, MFPL's operations are funded through funds infused by promoters and via term loans from banks. MFPL had total assets of Rs.5.03 crore which of which Rs.1.14 crore was funded through term loans, and Rs.1.02 crore was funded through unsecured loans from directors and relative and the balance was funded via internal accruals. Raising of additional funds for funding portfolio would be crucial going forward.

Key strengths

Experienced promoters with long track record

MFPL is managed by Mr. Raju Saraf (Whole Time director & Founder) and his daughter Ms. Vedita Saraf (Managing Director). Mr. Raju is a first-generation entrepreneur and holds a master's degree in economics and has vast experience of over 25 years in finance, construction, and other SME businesses. He looks after the overall operations of MFPL. Ms. Vedita Saraf holds a master's degree in business administration. She has experience of more than 5 years and looks after marketing, credit, risk analysis and collection functions of MFPL. They are also supported by experienced key personnel.

Adequate capitalization

MFPL's operations are funded through funds infused by promoters in the form of equity share capital, unsecured loans from directors and external borrowings. Tangible Net Worth remained nearly stable at Rs.2.69 crore in FY24. Overall gearing (including unsecured loans from directors) has marginally reduced to 0.67 times as on March 31, 2024 from 0.68 times as on March 31, 2023 mainly on account of lower debt levels. CAR as of March 31, 2023 stood at 86.74%

Moderate profitability

Total income declined in FY23 on the back of decrease in interest income, which in turn is on account of decline in the loan portfolio. The total income increased a little in FY24 to ₹1.30 crore. But the company has reported a loss of ₹0.30 crore in FY24. This is majorly due to increased operating costs and credit cost in FY24.

Applicable criteria

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

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Non Banking Financial Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Finance	Non Banking Financial Company (NBFC)

Mahaganapati Fincorp Private Limited (MFPL) was incorporated in 1996 as Manwani Fincorp Private Limited. Subsequently in September 2012, the company was acquired by Mr. Raju Saraf and his friends and name of the company was changed to its current name. MFPL is a Jaipur (Rajasthan) based small-sized RBI registered non-deposit taking NBFC, engaged in financing of Unsecured loans, Personal loans, Loan against Property (LAP) and Auto loans. MFPL operates from its head office at Jaipur and its 7 branches and most of the business is concentrated in rural and semi-urban areas of Jaipur and surrounding districts within Rajasthan.

Standalone Financials of MGFPL

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	1.70	1.09	1.30
PAT	0.13	0.03	-0.03
Total Assets	5.03	4.72	4.74
Net NPA (%)	NA	NA	NA
ROTA (%)	2.11	0.61	-0.63

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

None

Any other information:

Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	1.42	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan (Proposed)		-	-	-	8.24	CARE B-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	July 2024^	0.34	CARE B-; Stable; ISSUER NOT COOPERATING*

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

^Not received a NOC/NDC from the bank

Annexure-2: Rating history for 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-Term Loan	LT	8.58	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (26-Mar-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (29-Mar-23)	1)CARE B; Stable; ISSUER NOT COOPERATING* (30-Mar-22) 2)CARE B+; Stable (08-Apr-21)
2	Fund-based - LT-Cash Credit	LT	1.42	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (26-Mar-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (29-Mar-23)	1)CARE B; Stable; ISSUER NOT COOPERATING* (30-Mar-22) 2)CARE B+; Stable (08-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 rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of 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 complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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