

Manipal Housing Finance Syndicate Limited

April 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Fixed deposit	45.00	CARE BB+; 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 (CARE Ratings) vide its press release dated March 15, 2024, continued to place the rating of Manipal Housing Finance Syndicate Limited (MHFSL) under the 'issuer non-cooperating' category as MHFSL had failed to provide information for monitoring of the rating. MHFSL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/emails dated January 29, 2025, February 08, 2025 and February 18, 2025. Considering the extant SEBI guidelines, CARE Ratings has reviewed the rating based on the best available information which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating.

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

The rating of MHFSL's fixed deposit programme continues to remain constrained by geographical concentration of portfolio majorly to Karnataka and nominal growth in portfolio over the years. The ratings derive strength from its established and long track record of over three decades and being promoted jointly with Syndicate Bank (now Canara Bank). MHL has diversified its asset portfolio dominated by housing loans and presence in gold loan segment. Presence in high yielding gold loan business helps the company in targeting better profiled customers in the housing segment having evidenced source of income which generates lower yield but better asset quality. The rating also positively takes note of the company's adequate capitalisation, healthy asset quality and gearing levels. The profitability continue to remain at moderate levels.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 15, 2024, the following were the rating strengths and weaknesses (updated for the information available from FY24 Annual Report, from website and other public information).

Key weaknesses

Small size of operations with moderate growth in business

With a loan portfolio outstanding of ₹474.55 crore as on March 31, 2024 (₹457.64 crore as on March 31, 2023), the company is one of the small-sized housing finance companies.

Geographic concentration of operations

MHFSL's major business comes from Karnataka, mainly three districts, Bengaluru, Mangaluru, and Udupi. Though the company's operations have been concentrated in Karnataka, it has gained the expertise of operating in these regions with track record of over three decades.

Key strengths

Established track record of the group and experience senior management

MHFSL was incorporated in 1986 as a public limited company by the Manipal Group in association with Syndicate Bank (Syndicate Bank was amalgamated to Canara Bank from April 01, 2020). MHFSL is jointly promoted by Sunil Pai and Syndicate Bank (now Canara Bank). The promoter and Syndicate Bank (now Canara Bank) together hold 68.43% stake in

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

*Issuer did not cooperate; Based on best available information

the entity. The company's board also comprises experienced senior personnel including a nominee director from Canara Bank.

Diversified asset portfolio dominated by housing loans

The company's asset profile comprises housing, non-housing, and gold loan portfolio, which it lends to salaried and self-employed class. Non-housing loan comprises mortgage loans, loan against property (LAP), and home improvement among others. Over the years, the company has also increased its exposure in the gold loan segment. As on March 31, 2024, of the portfolio of ₹474.55 crore, 84.2% accounted for home loans and balance constituted mortgage and gold loans.

Adequate capitalisation and gearing levels

Capital adequacy ratio (CAR) is adequate and stands at 38.04% (Tier-I CAR: 35.58%) as on March 31, 2024, against 34.54% (Tier-I CAR: 33.05%) as on March 31, 2023, which is higher than the stipulation of 15% by the Reserve Bank of India (RBI). MHFSL's leverage level (overall debt/tangible net worth [TNW]) stood at 3.27x as on March 31, 2024 compared to 3.55x as on March 31, 2023.

Healthy asset quality

Gross non-performing assets (GNPA)% improved to 1.24% as on March 31, 2024, against 2.52% as on March 31, 2023. Net NPA% stood nil as on March 31, 2024, against 0.57% as on March 31, 2023. MHFSL provides loans to those having evident documented income source and do not serve informal/undocumented income segment. Over the years, MHFSL has adopted a cautious approach in growing its loan book while maintaining its asset quality.

Consistent profitability over the years

The company's profit after tax (PAT) improved to ₹ ₹11.54 crore in FY24 compared to ₹10.81 crore in FY23, driven by lower credit cost. Consequently, return on total assets (ROTA) improved marginally from 2.27% in FY23 to 2.32% in FY24.

Applicable criteria

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

[Criteria on Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Policy on Default Recognition](#)

[Financial Ratios-Financial Sector](#)

[Rating Methodology - Housing Finance Companies \(HFCs\)](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Housing finance company

MHFSL was incorporated in 1986 as a public limited company by the Manipal Group in association with Syndicate Bank (Syndicate Bank was amalgamated to Canara Bank from April 01, 2020). Manipal Group holds 61.38% stake, while Syndicate Bank (now Canara Bank) holds ~7.05% stake in the company as on March 31, 2024. MHFSL is a deposit-accepting housing finance company registered with National Housing Bank (NHB) and engaged in offering long-term financial assistance for purchase, construction, repairs, and renovation of residential units largely to individuals. The company also maintains gold loan portfolio. As on March 31, 2024, MHFSL had outstanding portfolio of ₹474.55 crore, of which housing portfolio was 84.2%. The company's day-to-day affairs are managed by T Sunil Pai (Executive Director), who is assisted by Dr K K Ammannaya, General Manager.

Brief Financials (₹crore)-Standalone	31-03-2022 (A)	31-03-2023 (A)	31-03-2024 (A)
Total operating income	56.32	57.36	58.62
PAT	10.19	10.81	11.54
Interest coverage (times)	1.46	1.49	1.47
Total Assets	464.89	487.39	505.94
Net NPA (%)	0.74	0.57	0.00
ROTA (%)	2.14	2.27	2.32

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fixed Deposit	-	-	-	-	45.00	CARE BB+; Stable; ISSUER NOT COOPERATING*

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

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 2025-2026	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
1	Fixed Deposit	LT	45.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (15-Mar-24)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (20-Dec-22) 2)CARE BBB+; Stable; ISSUER NOT COOPERATING* (22-Jun-22)

LT-Long term ;*Issuer did not cooperate; based on best available information.

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	Fixed Deposit	Simple

Annexure-5: Lender details: Not applicable

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.

Contact us

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About us:

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