

## Press Release

### Mentor Home Loans India Limited

August 27, 2019

### Rating Update



<b>Total Facilities Rated*</b>	Rs. 10.00 Cr.
<b>Long Term Rating</b>	ACUITE BBB+ (Under rating watch with developing implications)

\* Refer Annexure for details

### Rating Rationale

Acuite has placed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) to the Rs. 10.00 Cr. bank facilities of Mentor Home Loans India Limited (MHIL) on '**Rating watch with developing implications**'.

#### Rationale for placing the rating on watch:

Acuite has placed the MHIL's rating on watch on account of the ongoing serious differences of opinion in the promoter's family of MHIL, which may have an impact on the operations and financial performance of the company. Acuite has been in receipt of communication from certain stakeholders regarding certain compliance issues of the company. Clarifications sought from MHIL officials indicate that such communications is governed by extraneous considerations emanating from the ongoing disputes in the promoter family. As per the clarifications offered by MHIL they are even contemplating legal action against the said stakeholders for these acts of misinformation.

Acuite believes that the recurrences of such instances could possibly have an impact on the operating performance and financial performance (more specific to the future fund raising ability). Acuite is in talks with the management to understand the implications of these disputes, if any, on the performance of the company and its financial flexibility.

#### About the Company:

MHIL is a Jaipur based non-deposit taking Housing Finance Company (HFC) engaged in mortgage financing, Loans against Property (LAP) and housing loans. The company was originally established in 1995 as a Non deposit taking Non-Banking Finance Company (NBFC) and subsequently in 2014, the company got registered as a Housing Finance Company with the National Housing Bank. The company is promoted by Mr. G. L. Goyal (Chairman) and is presently managed by Mr. Pawan Goyal (Managing Director), who has over two decades of experience in the financial services sector.

The company has presence in Rajasthan, Madhya Pradesh, Maharashtra and Gujarat and operates through a network of 42 branches.

#### Analytical Approach

Acuite has considered a standalone approach on MHIL's business and financial risk profile for arriving at the rating.

#### About the Rated Entity - Key Financials

	Unit	FY18 (Audited)	FY17 (Audited)	FY16 (Audited)
Total Assets	Rs. Cr.	371.62	196.95	103.73
Total Income*	Rs. Cr.	38.06	18.67	9.34
PAT	Rs. Cr.	16.88	6.00	2.65
Net Worth	Rs. Cr.	50.50	33.62	22.61
Return on Average Assets (RoAA)	(%)	5.94	3.99	3.15
Return on Average Net Worth (RoNW)	(%)	40.14	21.36	14.09
Total Debt/Tangible Net Worth (Gearing)	Times	6.19	4.69	3.40
Gross NPA	(%)	1.51%	1.64%	0.99%
Net NPA	(%)	1.22%	1.35%	0.77%

\* Total income equals to Net interest income plus other income

For further details, kindly refer to Acuite's release dated February 19, 2019:

<https://www.acuite.in/documents/ratings/revised/21576-RR-20190214.pdf>

#### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/ Outlook
14-Feb- 2019	Unsecured Subordinated Redeemable Non-Convertible Debentures	Long Term	10.00	ACUITE BBB+/Stable (Reaffirmed)
06- April- 2018	Unsecured Subordinated Redeemable Non-Convertible Debentures	Long Term	10.00	ACUITE BBB+/Stable (Upgraded)
28-March- 2017	Proposed Non-Convertible Debentures	Long Term	10.00	ACUITE BBB/Stable (Assigned)

#### \*Annexure – Details of instruments rated

Name Of The Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs.Cr.)	Rating/ Outlook
Unsecured Subordinated Redeemable Non-Convertible Debentures	31-03-2017	14.00	30-09-2022	10.00	ACUITE BBB+ (Under Rating watch with developing implications)

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#### About Acuite Ratings & Research:

Acuite Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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