

Press Release
MENTOR HOME LOANS INDIA LIMITED
August 20, 2025
Rating Upgraded



Product	Quantum (Rs. Cr)	Long Term Rating	SL Rating
Bank Loan Ratings	155.00	ACUITE BBB Negative Upgraded Stable to Negative	-
Total Outstanding Quantum (Rs. Cr)	155.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to '**ACUITE BBB**' (read as **ACUITE triple B**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs. 155.00 Cr. bank facilities of Mentor Home Loans India Limited (MHIL). The outlook is revised from '**Stable**' to '**Negative**'.

Rationale for the rating.

The upgrade in the rating is driven by improvements in MHIL's operational performance and profitability metrics, along with its robust capital position and moderate asset quality. The company's on-book AUM stood at Rs.285.06 Cr. as on March 31,2025 (provisional), supported by a stable asset base and prudent underwriting practices. PAT improved to Rs.1.02 Cr. in FY2025 (provisional) from Rs.0.39 Cr. in FY2024, reflecting better cost efficiency and moderate profitability. The rating also factors in the company's experienced promoter and management team, adequate capitalisation (CAR at 122.76% as on March 31,2025, provisional), and moderate liquidity buffers. The rating is however, constrained by its relatively small scale of operations, moderate geographical concentration and ongoing promoter dispute, which could impact business growth.

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 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 41 branches.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of MHIL to arrive at this rating.

Key Rating Drivers

Strength

Moderate Asset Quality

MHIL, initially started its operations in 1994 as an NBFC engaged in vehicle financing and subsequently shifted to housing finance in 2014. The company's AUM stood at Rs. 285.06 Cr. as on March 31, 2025(provisional). However, MHIL's AUM has remained stagnant over the past couple of year. The company's operations are mostly concentrated around Rajasthan with around 76 percent of the loan book originated from Rajasthan. Besides Rajasthan, the company has presence in other states like Gujarat, Madhya Pradesh & Maharashtra. It operates through a network of 36 branches spread across these four states. While Rajasthan continues to be a major market for MHIL, its entry into other states will gradually de-risk its portfolio from geographical concentration risk.

MHIL's operations are overseen by Mr. Pawan Goyal, Managing Director, along with support from professionals in various verticals. MHIL has reported decline in loan portfolio while maintaining asset quality. The company reported Gross Non Performing Assets (GNPA) of 1.65 percent and NNPA of 1.26 percent as on March 31, 2025 (provisional). MHIL's borrower profile constitutes exposure of ~60 percent to self-employed borrowers and remaining to salaried borrowers. The cash flows of these borrowers especially in the self-employed category are linked to the economic activities in the region. MHIL's portfolio has however, declined as the company is raising funds only through direct assignment transactions as lenders have taken a cautious approach in sanctioning fresh loans with regards to on-going family feud.

Acuite believes that MHIL's ability to raise and deploy the funds profitably while maintaining its asset quality will be key rating monitorable.

Adequate Capitalisation

MHIL's capitalization remained comfortable with overall Capital Adequacy Ratio (CAR) of 122.76 percent as on March 31, 2025 (provisional) as against 119.89 percent as on March 31, 2024. Of the overall CAR as on March 31, 2025 (provisional), Tier I CAR stood at 115.35 percent and Tier II CAR stood 7.41 percent. The improvement in CAR was majorly on account of reduction in risk weighted assets due to declining on-book loan portfolio. MHIL has a net worth of Rs. 149.64 Cr. as on March 31, 2025 (provisional) and Rs. 148.62 Cr. as on March 31, 2024.

The company had relied mainly on bank lines to support its business growth however, since FY2021, the company has relied on direct assignment transactions to sustain its AUM. The company reported gearing of 0.45 times as on March 31, 2025 (provisional) from 0.64 times as on March 31, 2024. Debt comprises mostly term loans and cash credit availed from Banks & NBFC/FL.

Acuite believes that the MHIL is adequately capitalized to support its growth prospects for over near to medium term.

Weakness

Disputes in the promoter family

MHIL is a family run NBFC, promoted by Mr. G. L. Goyal. The day to day operations of the company were managed by his sons, Mr. Pawan Goyal and Mr. Basant Goyal. Post a family feud, Mr. Basant Goyal, (a member of the promoter family), who was earlier associated with MHIL as an Executive director, has stepped down from his executive role, though he still continues on the Board of the company. Mr. Pawan Goyal, is presently in charge of the day to day operations. The promoter dispute is currently sub judice and is being represented in National Company Law Tribunal (NCLT).

The management has inducted professionals from the industry to oversee key functions which were earlier handled by Mr. Basant Goyal. The ability of the new management to maintain the key operating parameters, post these operational level developments is to be examined.

Acuite believes that the efficacy of the company to maintain its operating performance and financial flexibility under these circumstances will remain a key rating monitorable.

Susceptibility of operating performance to the overall operating environment

MHIL's key product offerings are spread across financing through home loans in the affordable housing segment and Loan against property (LAP). Around 72 percent of MHIL's portfolio as on March 31, 2025 accounts for home loans while remaining comprises of LAP portfolio. Majority of the MHIL's borrowers comprise of self-employed individuals including small traders, retailers, businessmen and other local small business operators. MHIL's overall credit profile is also susceptible to concentration of portfolio in Rajasthan, hence, the serviceability of these loans is directly dependent on the level of economic activity in the region.

While on one hand, MHIL could face asset side challenges w.r.t asset quality, MHIL also faces challenges in raising fresh long-term funding. The overtly cautious and selective approach adopted by lenders and management dissent has led to lower availability of fresh funding for MHIL. The increasing challenges in the operating environment has further made it difficult to raise fresh long-term funding. Amidst such a challenging financing environment, companies like MHIL, with dissension in management, are likely to face challenges in terms of their funding. MHIL has, in this period, adopted to means like raising finances through sale of pool through direct assignment route. Further the thrust of regulator in the affordable housing segment, has led to various large number of players entering the affordable housing finance segment. These players offer similar products at competitive rates which has led to increased choice for customers. Acuite believes that the company will benefit from the expected buoyancy in demand for affordable housing segment once the economic climate in the country stabilises and MHIL's ability to benefit from the growth in demand for affordable housing.

MHIL's disbursement for FY2025 (provisional) declined at Rs. 67.44 Cr. as compared to Rs.95.27 Cr. in FY24. Sustainability of growth of this segment remains a key monitorable.

Acuite believes that MHIL's ability to raise long term funding at competitive rates to augment its growth in a challenging operating environment while maintaining its asset quality and keeping its opex at optimal levels will be a key rating monitorable.

Rating Sensitivity

- Resolution of ongoing promoters dispute
- Growth in AUM
- Movement in profitability metrics and asset quality.
- Liquidity and capitalisation buffers
- Changes in regulatory environment

Liquidity Position

Adequate

MHIL has a well-matched asset liability profile as per ALM statement dated March 31, 2025, and reports no cumulative negative mismatches. As on March 31, 2025 MHIL had cash & cash equivalents of Rs. 1.34 Cr. The company also avails cash credit facilities from Banks and has sold down its assets mainly through direct assignment transactions.

Outlook:

Negative.

Other Factors affecting Rating

None.

Key Financials - Standalone / Originator

Particulars	Unit	FY25(Prov.)	FY24(Actual)
Total Assets	Rs. Cr.	230.80	259.93
Total Income*	Rs. Cr.	25.59	21.25
PAT	Rs. Cr.	1.02	0.39
Net Worth	Rs. Cr.	149.64	148.62
Return on Average Assets (RoAA)	(%)	0.42	0.13
Return on Average Net Worth (RoNW)	(%)	0.69	0.26
Debt/Equity	Times	0.45	0.64
Gross NPA	(%)	1.65	1.67
Net NPA	(%)	1.26	1.28

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

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

Not Applicable

Any other information

None.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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
25 Jul 2025	Secured Overdraft	Long Term	1.00	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Term Loan	Long Term	10.53	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Term Loan	Long Term	0.01	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Term Loan	Long Term	15.00	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Proposed Long Term Bank Facility	Long Term	88.67	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Secured Overdraft	Long Term	4.06	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Term Loan	Long Term	0.09	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Term Loan	Long Term	0.71	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Secured Overdraft	Long Term	9.04	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Term Loan	Long Term	11.14	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
	Term Loan	Long Term	14.75	ACUITE BBB- Stable (Downgraded from ACUITE BBB Negative)
26 Apr 2024	Proposed Long Term Bank Facility	Long Term	3.84	ACUITE BBB Negative (Reaffirmed)
	Secured Overdraft	Long Term	4.06	ACUITE BBB Negative (Reaffirmed)
	Secured Overdraft	Long Term	1.00	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	0.01	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	1.64	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	2.84	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	0.69	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	2.36	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	1.81	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	13.80	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	0.01	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	1.20	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	4.22	ACUITE BBB Negative (Reaffirmed)
	Proposed Long Term Loan	Long Term	4.36	ACUITE BBB Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	58.65	ACUITE BBB Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	5.00	ACUITE BBB Negative (Reaffirmed)
	Term Loan	Long Term	15.76	ACUITE BBB Negative (Reaffirmed)

	Term Loan	Long Term	18.75	ACUITE BBB Negative (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	10.00	ACUITE Not Applicable (Withdrawn)
28 Apr 2023	Proposed Non Convertible Debentures	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.84	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	7.92	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	4.84	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	3.49	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.61	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.21	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	2.25	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	4.23	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	2.69	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	17.19	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	3.80	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	7.83	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	2.69	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	3.34	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	1.17	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	4.36	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	33.54	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	5.00	ACUITE BBB Stable (Assigned)
	Non-Covertible Debentures (NCD)	Long Term	5.00	ACUITE Not Applicable (Withdrawn)
	Term Loan	Long Term	7.06	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	2.69	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	10.89	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	6.20	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BBB Stable (Reaffirmed)
		Long		

05 May 2022	Term Loan	Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	20.31	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	3.41	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.77	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.25	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	9.38	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	7.94	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.04	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	6.77	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	1.97	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	9.56	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	3.56	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.84	ACUITE BBB Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	5.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	4.36	ACUITE BBB Stable (Assigned)
25 Feb 2022	Non-Convertible Debentures (NCD)	Long Term	5.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	125.00	ACUITE BBB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	88.67	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
Jana Small Finance Bank Ltd.	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.04	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
A U Small Finance Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.06	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
IDFC First Bank Limited	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
Capital Small Finance Bank Ltd.	Not avl. / Not appl.	Term Loan	23 Apr 2018	Not avl. / Not appl.	23 Jul 2025	0.09	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
Capital Small Finance Bank Ltd.	Not avl. / Not appl.	Term Loan	02 Feb 2019	Not avl. / Not appl.	02 Feb 2026	0.71	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	23 Jul 2018	Not avl. / Not appl.	23 Jul 2030	10.53	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	27 Mar 2017	Not avl. / Not appl.	27 Mar 2024	0.01	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	23 Jul 2018	Not avl. / Not appl.	23 Jul 2028	15.00	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
LIC Housing Finance Ltd.	Not avl. / Not appl.	Term Loan	24 Mar 2017	Not avl. / Not appl.	01 Aug 2027	11.14	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)
LIC Housing Finance Ltd.	Not avl. / Not appl.	Term Loan	27 Feb 2018	Not avl. / Not appl.	01 Jul 2028	14.75	Simple	ACUITE BBB Negative Upgraded Stable to Negative (from ACUITE BBB-)

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