

Press Release
MENTOR HOME LOANS INDIA LIMITED
February 06, 2026
Rating Downgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Shc Rating
Bank Loan Ratings	155.00	ACUITE BB Negative Downgraded	-
Total Outstanding Quantum (Rs. Cr)	155.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

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

Rationale for the rating.

Acuite has downgraded the rating on Mentor Home Loans India Limited primarily on account of the significant misrepresentation of financial data in FY25. The issuer had submitted provisional financials indicating a Profit After Tax (PAT) of Rs. 1.25 Cr. and disbursements of Rs. 67.44 Cr.; however, the audited statements revealed a net loss of Rs. 43.74 Cr. and actual disbursements of only Rs. 17.03 Cr., largely due to elevated write-offs of Rs. 43 Cr. Acuite notes with concern the significant deviation between the FY25 provisional financials submitted by the issuer and the audited results. This material divergence not only underscores weak earnings quality and business contraction but also raises questions on the reliability of financial reporting and governance standards. These factors have collectively constrained the company's credit profile and have been duly factored into the rating downgrade.

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

Adequate Capitalisation

MHIL's capitalization remained comfortable with overall Capital Adequacy Ratio (CAR) of 111.16 percent as on March 31, 2025 as against 119.88 percent as on March 31, 2024. Of the overall CAR as on March 31, 2025, Tier I CAR stood at 101.82 percent and Tier II CAR stood 9.34 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. 104.88 Cr. and gearing of 0.64 times as on March 31, 2025.

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

Weakness

Misrepresentation of Audited FY25 Results Compared to Provisional Statements

Acuite notes with concern the significant deviation between the FY25 provisional financials submitted by the issuer and the FY25 audited results, which reflects a serious misinterpretation and misleading disclosure of the company's performance. While the provisional numbers had indicated a Profit After Tax (PAT) of Rs.1.25 Cr. while the audited statements reveal a net loss of Rs.43.74 Cr. The loss was primarily on account of substantially high write-offs of Rs. 43 Cr. for FY25. Additionally, disbursements were overstated to Rs.67.44 Cr, compared to the actual Rs. 17.03 Cr. for FY25. This material divergence not only underscores weak earnings quality and business contraction but also raises questions on the reliability of financial reporting and governance standards, which Acuite has factored into the rating action.

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

Decline in Scale of Operations

The company's profitability remains constrained, as evidenced by the steep decline in earnings during FY25, with net interest income reducing to Rs. 9.89 Cr. from Rs. 16.63 Cr. in FY24 and PAT slipping into a significant loss of Rs. 43.74 Cr. against a marginal profit of Rs. 0.39 Cr. in FY24, largely driven by elevated provisioning and write-offs of Rs. 43 Cr. for FY25 which eroded operating gains. Alongside weak profitability, business growth has moderated significantly, reflected in the sharp contraction in disbursements and AUM; disbursements fell to Rs. 17.03 Cr. in FY25 from Rs. 95.27 Cr. in FY24 and remained subdued at Rs. 20.22 Cr. in 9MFY26, while AUM declined to Rs. 254.52 Cr. in FY25 from Rs. 338.97 Cr. in FY24 and further to Rs. 260.06 Cr. in 9MFY26 (provisional), highlighting challenges in sustaining growth momentum.

Rating Sensitivity

- Resolution of ongoing promoters dispute.
- Movement in profitability metrics.
- 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. 1.11 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(Actual)	FY24(Actual)
Total Assets	Rs. Cr.	185.59	259.93
Total Income*	Rs. Cr.	15.25	21.25
PAT	Rs. Cr.	(43.74)	0.39
Net Worth	Rs. Cr.	104.88	148.62
Return on Average Assets (RoAA)	(%)	(19.63)	0.13
Return on Average Net Worth (RoNW)	(%)	(34.51)	0.26
Debt/Equity	Times	0.64	0.64
Gross NPA	(%)	1.16	1.67
Net NPA	(%)	0.64	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, Acuité 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
20 Aug 2025	Secured Overdraft	Long Term	1.00	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	10.53	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	0.01	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	15.00	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Proposed Long Term Bank Facility	Long Term	88.67	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Secured Overdraft	Long Term	4.06	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	0.09	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	0.71	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Secured Overdraft	Long Term	9.04	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	11.14	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
	Term Loan	Long Term	14.75	ACUITE BBB Negative (Upgraded from ACUITE BBB- Stable)
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)
	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)
		Long		

26 Apr 2024	Term Loan	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-Convertible Debentures (NCD)	Long Term	5.00	ACUITE Not Applicable (Withdrawn)

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 BB Negative Downgraded (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 BB Negative Downgraded (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 BB Negative Downgraded (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 BB Negative Downgraded (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 BB Negative Downgraded (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 BB Negative Downgraded (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 BB Negative Downgraded (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 BB Negative Downgraded (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 BB Negative Downgraded (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 BB Negative Downgraded (from ACUITE BBB)
LIC Housing Finance	Not avl. / Not	Term Loan	27 Feb 2018	Not avl. / Not	01 Jul 2028	14.75	Simple	ACUITE BB Negative Downgraded

Ltd.	appl.			appl.				(from ACUITE BBB)
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