

Press Release

Hindon Mercantile Limited

October 14, 2022



Rating Downgraded & Withdrawn and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	50.00	ACUITE BB+ Downgraded & Withdrawn Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	50.00	-	-

Rating Rationale

Acuite has downgraded & withdrawn the long-term rating of '**ACUITE BBB-**' (read as ACUITE Triple B minus) to '**ACUITE BB+**' (read as ACUITE double B plus) on the Rs.50.00 crore proposed bank facilities of Hindon Mercantile Limited. This rating is now an indicative rating and is based on the best available information. The rating has been downgraded on account of information risk. The rating is withdrawn on account of the request received from the company and is as per Acuite's policy on withdrawal of ratings.

About the Company

Incorporated in 1985, Hindon Mercantile Limited (HML), is a Non-Bank Finance Company (NBFC) based out of Delhi. The company is engaged in the business of providing secured loans like business loans, vehicle loans, LAP and gold loans with ROI ranging 20%-22%. The company commenced its operations with effect from August 2019 after Mufin Finance Limited and QTP Financial Services Ltd, companies run by HML's promoters merged into HML. The companies were acting as direct selling agents for banks for lending products.

While HML caters to self-employed, unemployed (guaranteed), salaried and first time borrowers, self-employed borrowers with CIBIL ranging 650-750+ constitute major chunk of the portfolio at ~76% as of March 2021. Its total AUM stood at ~Rs.355 Cr. as of June 2021 with a presence across 21 states.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in

the absence of information provided by the issuer / borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon.

Material Covenants

None

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Key Financials:

The rated entity has not shared the latest financial statements despite repeated requests.

Status of non-cooperation with previous CRA

None

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

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Oct 2021	Proposed Bank Facility	Long Term	50.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	50.00	ACUITE BB+ Downgraded & Withdrawn Issuer not co-operating*

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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