



Release
HINDON MERCANTILE LIMITED
April 25, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	30.00	ACUITE A- Stable Assigned	-
Non Convertible Debentures (NCD)	170.00	ACUITE A- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	200.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long term rating of ‘**ACUITE A-**’ (read as **ACUITE A minus**) to the Rs.30.00 Cr. proposed bank facilities of Hindon Mercantile Limited (HML). The outlook is ‘**Stable**’.

Acuite has assigned the long term rating of ‘**ACUITE A-**’ (read as **ACUITE A minus**) to the Rs.170.00 Cr. proposed non-convertible debentures of Hindon Mercantile Limited (HML). The outlook is ‘**Stable**’.

Rationale for Rating

The rationale of the rating reflects the sustained growth in AUM while maintaining its asset quality and being comfortable in its capitalization metrics. The disbursement levels have shown significant traction; accordingly, the AUM levels have increased from Rs. 675.78 Cr. as on Mar 31, 2024, to Rs. 1021.87 Cr. as on 9MFY25. The rating also considers comfortable capitalization levels and the capital infusion of Rs 81.47 Cr. in FY2024 and Rs.223.65 Cr in 9MFY25 resulting in the improvement of Net worth from Rs 269.38 Cr. as on FY24 to Rs 504.67 Cr. as on 9MFY25, the Capital Adequacy Ratio (CAR) of the company stood at 34.70 percent as on March 31, 2024 and 35.04 percent as on 9MFY25. The rating continues to factor in rich experience of management in E- Vehicle financing, cumulatively the group has financed~80,000 E-vehicle since 2016. The rating strengths are partially offset by moderate scale of operations and low seasoning of the loan portfolio. The company scaled up its portfolio mainly in last quarter of FY2022 indicating low seasoning. Also, the portfolio remained geographically concentrated in Uttar Pradesh, Bihar, Delhi, Maharashtra and other states having a collective exposure of over 50 percent as on 9MFY24. Going forward, HML Group's ability to raise capital, demonstrate sustainable growth in its scale of operations while maintaining asset quality and profitability metrics will remain a key monitorable.

About the Company

Hindon Mercantile Limited (HML) is a Non-Banking Financial Company Non-Deposit Taking (NBFC-ND) entity registered with the Reserve Bank of India. The Company was incorporated on 14th August 1985 and the company was then acquired by the promoter Mr. Kapil Garg in 2019. The company is engaged in the businesses of providing secured loans such as wholesale lending, Mediclaim Premium Financing, secured MSME, business loans, Unsecured loans and other corporate loans. The present directors of the company Mr. Luv Khanna, Mr. Kapil Garg, Mr. Pradip Kumar Kar, Mr. Amol Sinha and Mr. Hemant Bhageria. The registered office of the company is in New Delhi.

About the Group

Hindon Mercantile Limited (HML) is a Non-Banking Financial Company Non-Deposit Taking (NBFC-ND) registered entity with the Reserve Bank of India. The Group has been extending loans towards EV vehicles, Solar Panels, Mediclaim Premium Financing, MSME loan, wholesale financing and other corporate loans. The present directors of the company are Mr. Luv Khanna, Mr. Kapil Garg, Mr. Pradip Kumar Kar, Mr. Amol Sinha and Mr. Hemant Bhageria. HML is the parent company of Mufin Green Finance Limited where the parent company owns 54.44% of the subsidiary as on March 2024. The registered office of the company is in New Delhi.

Unsupported Rating
Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profiles of Hindon Mercantile Limited (Parent Company) and its subsidiary Mufin Green Finance Limited. This consolidation is in the view of the common promoters and strong financial and operation synergies.

Key Rating Drivers

Strength

Support from Promoter and Investors

HML group is a Non-Banking Financial Company Non-Deposit Taking (NBFC-ND) registered with Reserve Bank of India. The Group has been extending loan towards EV vehicles, the Solar Panels, Mediclaim Premium Financing, MSME loan, wholesale financing and other corporate loans. The present directors of the company are Mr. Luv Khanna, Mr. Kapil Garg, Mr. Pradip Kumar Kar, Mr. Amol Sinha and Mr. Hemant Bhageria. HML is the parent company of Mufin Green Finance Limited where the parent company owns 54.44% of the subsidiary as on March 2024. The company has a comfortable capitalization marked by a net worth of Rs. 269.38 Cr. as on March 2024. The company has raised capital of Rs. 221.54 Cr. in FY2025 from HNI, family funds and venture capital out of which Rs.27 Cr. raised as right issue from existing investors.

Moderate Earnings Profile

HML's branch light, digital lending business model has enabled it to break-even at an early stage. During FY24, HML reported profit after tax (PAT) of Rs.18.51 Cr. (Rs.12.32 Cr. for FY23) on total income of Rs.70.03 crore (Rs.69.24 crore for FY23). This improvement in the earnings is primarily on account of significant growth in incremental disbursements made in FY2024 which has led to the AUM growing from Rs. 675.78 Cr. in FY24 to Rs. 1,021.87 Cr. in 9MFY25. This enabled it to expand its geographical presence pan India as on March 31, 2024. Profitability was partially offset by higher operating expenses (Rs.18.51 Cr. for FY2024 to Rs.20.21 Cr. for 9MFY25) on the back of higher borrowing costs. Acuite believes that company's ability to sustain improvement in earnings profile in the current operating environment coupled with the intense competition in the retail segment will be key rating monitorable.

Weakness

Limited track record of operations coupled with limited seasoning of newly disbursed portfolio and geographical concentration:

HML commenced its lending operations with vehicle loans and gradually diversified its product offerings to infrastructure financing for E-vehicles. HML caters to over 47,287 customers across 20 states via OEM and dealer network in India. The AUM stood at ~Rs 675.78 Cr. as on Mar 2024 and has grown to Rs.1021.87Cr. as on Dec 31, 2024, of which Electric vehicle loans comprised ~76% followed by loans towards infrastructure for EVehicles at ~9%, Secured business & personal loan at ~15% and Solar Panel loans at ~1%. The AUM grew significantly in FY2024 and 9MFY2025 mainly on account of E-vehicle loan disbursements (~76% of the total disbursements during 9MFY2025). Though these loans are offered for short tenor ranging 18-24 months, disbursements of these loans were made largely in the FY2023 and FY2024 indicating limited seasoning of the newly disbursed AUM. As on March 31, 2024, the company's AUM is majorly concentrated in Uttar Pradesh (23.95%) followed by Delhi (24.55 %), Bihar (10.61%), and rest 40.89% of AUM is covered in remaining states, namely, Haryana, Telengana and Karnataka . Thus, the company's performance is expected to remain exposed to the competitive landscape in these regions, which may adversely impact the credit profile of the borrowers. Besides geography, the company will be exposed to competition and any changes in the regulatory framework, thereby impacting the credit profile of HML and MGFL. Acuite believes that the ability of the company to maintain sustainable growth of portfolio while managing its asset quality through business cycles will be key monitorable.

ESG Factors Relevant for Rating

HML Group belongs to the Non-Banking Financial Companies (NBFC) sector which complements bank lending in India. Adoption and upkeep of strong business ethics is a sensitive material issue for the financial services business linked to capital markets to avoid fraud, insider trading and other anti-competitive behaviour. Other important governance issues relevant for the industry include management and board compensation, board independence as well as diversity, shareholder rights and role of audit committee. As regards the social factors, product or service quality has high materiality so as to minimise misinformation about the products to the customers and reduce reputational risks. For the industry, retention, and development of skilled manpower along with equal opportunity for employees is crucial. While data security is highly relevant due to company's access to confidential client information, social initiatives such as enhancing financial literacy and improving financial inclusion are fairly important for the financial services sector. The material of environmental factors is low for this industry.

The groups board comprises of a total of six directors out of which four are independent directors and two female directors. HML maintains adequate disclosures with respect to the various board level committees mainly audit committee, nomination and remuneration committee along with stakeholder management committee. MGFL also

maintains adequate level of transparency with regards to business ethics issues like related party transactions, investors grievances, litigations, and regulatory penalties for the group, if relevant. In terms of its social impact, MGFL is actively engaged in community development programmes through its CSR committee. For better servicing of its customers, the entity has disseminated a step-by-step guide for loan appraisal, the document requirements and its services and charges.

Rating Sensitivity

- Growth in Scale of Operations
- Movement in Asset Quality
- Movement in Profitability Metrics

All Covenants

There are no financial covenants available .

Liquidity Position

Adequate

HML group liquidity profile as on 31st Mar,2024 is well matched with no negative cumulative mismatches across time buckets. The company reported cash and cash equivalents of Rs. 269.71 Cr. as on March 31, 2024.

Outlook

Stable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Total Assets	Rs. Cr.	159.57	137.89
Total Income*	Rs. Cr.	14.49	38.89
PAT	Rs. Cr.	2.19	2.30
Net Worth	Rs. Cr.	94.36	92.12
Return on Average Assets (RoAA)	(%)	1.47	0.72
Return on Average Net Worth (RoNW)	(%)	2.35	2.84
Debt/Equity	Times	0.60	0.44
Gross NPA	(%)	2.29	0.59
Net NPA	(%)	1.85	0.36

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

Key Financials (Consolidated)

Particulars	Unit	FY24 (Actual)	FY23 (Actual)
Total Assets	Rs. Cr.	998.60	463.28
Total Income*	Rs. Cr.	70.03	69.24
PAT	Rs. Cr.	18.51	12.32
Net Worth	Rs. Cr.	269.38	177.23
Return on Average Assets (RoAA)	(%)	2.53	2.52
Return on Average Net Worth (RoNW)	(%)	8.29	8.82
Debt/Equity	Times	2.54	1.51
Gross NPA	(%)	1.75	2.28
Net NPA	(%)	1.48	1.99

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

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

None

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.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
14 Oct 2022	Proposed Term Loan	Long Term	50.00	ACUITE BB+ (Downgraded & Withdrawn & Issuer not co-operating* from ACUITE BBB- Stable)

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.	30.00	Simple	ACUITE A- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	70.00	Simple	ACUITE A- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A- Stable Assigned

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr.no.	Company Name
1	Hindon Mercantile Limited
2	Mufin Green Finance Limited

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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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