



Press Release

HMT Finance Private Limited

November 14, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	32.29	IVR BB/ Stable (IVR Double B with Stable outlook)	-	Assigned	Simple
Proposed Long Term Bank Facilities	7.71	IVR BB/ Stable (IVR Double B with Stable outlook)	-	Assigned	Simple
Total	40.00 (Rupees Forty Crore Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its rating to the bank facilities of HMT Finance Private Limited (HFPL) based on comfortable capitalisation along with extensive experience of promoters. However, rating is constrained by small scale of operations, unseasoned portfolio and intense competition among NBFCs.

The Stable outlook of HFPL reflects expected growth in asset under management (AUM) leading to improvement in overall financial profile of the company.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in loan portfolio along with geographical diversification while maintaining healthy asset quality, profitability and capitalization.



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Downward Factors

- Substantial decline in loan portfolio and/or any deterioration in asset quality, profitability and capitalization levels below regulatory requirement.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Comfortable capitalization**

HFPL's net worth stood at Rs.10.16 crore at the end of FY24 (FY23: Rs.6.49 crore) with retention of profits. As per management, promoters are expected to infuse additional capital of ~Rs.20 crore during FY25. The overall CRAR stood comfortable at 55.30% as of March 31, 2024 (31st March 2023: 88.49%).

Infomerics expects the capitalization levels to be comfortable in the near to medium term on the back of expected capital infusion by the promoters.

- **Experienced promoters**

Mr. Mukesh Agarwal Promoter of HFPL has more than 17 years of experience in field of consultancy. Mr. Tara Chand Sharma, Director who is company secretary by profession and has 2 decades of experience. Directors are assisted by well qualified and experienced management team.

Key Rating Weaknesses

- **Small Scale of Operations**

HFPL's scale of operations remains small given the regional concentration of operations. Though, AUM has increased by ~187% in FY24 and stood at Rs.38.96 crore (Rs.36.72 crore on book and Rs.2.24 crore off book) driven by higher disbursements particularly to LAP segment. Going forward, the ability maintained the growth would be a key monitorable.



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- **Unseasoned portfolio**

Since major growth in disbursements/AUM happened in last 2 years and considering average tenure for loan portfolio which ranges from 3 to 4 years, portfolio lacks seasoning.

HFPL's Asset quality marked by GNPA and NNPA stands at 1.09% and 0.90% respectively as on March 31, 2024 (31st March 2023: 0.51% and 0.45% respectively). Infomerics Ratings expects that the asset quality is likely to moderate in medium term with seasoning of portfolio.

- **Competition in NBFC Segment**

HFPL is exposed to stiff competition from other NBFCs and banks. The lending industry focused on small ticket loans is highly fragmented with unorganized lenders also vying for the same set of borrowers.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Financial Institutions/NBFCs](#)

[Criteria for assigning Rating outlook.](#)

[Complexity Level of Rated Instrument/Facilities](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

Liquidity – Adequate

Liquidity of the company is adequate with cash and bank balance of Rs.3.19 crore as on March 31, 2024. As on March 31, 2024 HFPL has no cumulative mismatch in ALM profile. Considering scale of operations company is well capitalized with CRAR of 55.30% as of March 31, 2024.

About the Company

HMT Finance Private Limited (HFPL) (formerly known as Chandan Financiers Private Limited) is registered as a non-deposit taking Non-Banking Finance Company (NBFC), with Reserve Bank of India (RBI). Further, the company is a Non-Systematically Important NBFC as per



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“Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. The company operates in the state of Rajasthan from the city Jaipur.

Financials (Standalone):

(Rs. crore)

For the year ended* / As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	2.85	10.05
PAT	0.29	0.69
Tangible Net worth	5.47	10.16
Loan portfolio/AUM	13.55	38.96
Ratios		
NIM (%)	23.00	18.45
ROTA (%)	3.60	2.46
Interest Coverage (times)	1.85	1.26
Total CRAR (%)	88.49%	55.30%
Gross NPA [Stage III] (%)	0.51%	1.09%
Net NPA [Stage III] (%)	0.45%	0.90%

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					-	-	-
1.	Lon Term Bank Facilities- Term Loans	Long Term	32.29	IVR BB/ Stable	-	-	-
2.	Proposed Long Term Facilities	Long Term	7.71	IVR BB/ Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities- Term loan	-	-	-	Up to March 2029	32.29	IVR BB/Stable
Proposed Long Term Bank Facility	-	-	-	-	7.71	IVR BB/Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-HMT-Finance-nov24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.