



## Press Release

### Megha Holdings Private Limited (MHPL)

November 27, 2023

#### Ratings

Instrument/ Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loan	28.07	IVR BB/ Stable (IVR Double B with Stable outlook)	Assigned	Simple
Long Term Bank Facilities – Non- Convertible Debentures	1.00	IVR BB/ Stable (IVR Double B with Stable outlook)	Assigned	Simple
<b>Total</b>	<b>29.07</b>	<b>(Rupees Twenty-Nine crore and Seven lakh only)</b>		

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of MHPL derive strength from experienced promoters, comfortable Capital Adequacy ratio and improvement in asset and collection efficiency. The ratings strengths are, however, constrained by geographical concentration risk, competitive nature of industry and smaller size of operations.

#### Key Rating Sensitivities:

##### Upward Factors

- Sustained improvement in loan portfolio while maintaining asset quality as well as NIM at comfortable levels.

##### Downward Factors

- Significant decline in loan portfolio along with deterioration in asset quality and/or decline in NIM on a sustained basis.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Experienced Promoters

MHPL is currently managed by Mr. Girdhari Lal Barala, Mr. Banshidhar Barala and Kalu Ram Barala collectively have experience more than 4 decades of experience in loan origination, valuation and collection.

##### Comfortable Capital Adequacy ratio

MHPL has maintained a healthy capital adequacy ratio (CAR) over the years, which has ended at 45.16% as on March 31, 2023, which is comfortably above statutory limit of 15%. IVR notes that, MHPL would require additional capital to grow at the envisaged pace while maintaining prudent capitalization levels.

##### Improvement in Asset quality and collection efficiency

MHPL's asset quality has improved and GNPA and NNPA stood at 0.92% and 0.71% respectively in FY23 (FY22: 1.41% and 1.27% respectively) with efficient collection efficiency which stood at 95% for FY23. Asset quality further improved with GNPA and NNPA is at 0.78% and 0.67% at the end of H1FY24 with stable collection efficiency. Delinquency remains stable with minimum delinquency in more than 30 days bucket as on 31<sup>st</sup> March 23.

#### Key Rating Weaknesses

##### Geographical concentration risk

MHPL's operations are concentrated majorly in the state of Rajasthan. One state concentration exposes the MHPL to high geographical concentration risk. The company has presence particularly in the Jaipur city.

##### Competitive nature of industry

MHPL is exposed to stiff competition from other NBFCs and banks. The lending industry focused around small ticket loans is highly fragmented with unorganized lenders also vying for the same set of borrowers. However, MHPL's professional management and focused approach towards vehicle loan and MSME loans lending and conservative underwriting policy standards is expected to grow its business while mitigating the risks.



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### **Smaller size of operations**

MHPL asset under management remains small and at Rs. 45 crore as on 1HFY24, though it has improved on y-o-y basis in FY23 to Rs. 38 crore. The growth is led by increase in portfolio of used vehicle segment as well as in Loan against property segment.

### **Analytical Approach:** Standalone

### **Applicable Criteria:**

[Criteria of Rating Outlook](#)

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

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

### **Liquidity – Adequate**

Considering the scale of operations as on March 31, 2023, the company is well capitalized with a CAR 45.16% and CAR of 43.42% in H1FY24. Also, it has adequately matched asset liability profile as on September 30, 2023. MHPL's cash and cash equivalents stood at Rs. 12.43 crore as on March 31, 2023.

### **About the Company**

Megha Holdings Private Limited, established and came into existence in the year 1985 and registered as Non- Banking Finance Company with Reserve Bank of India on May 20, 1998. MHPL is engaged in financing of New and Used Commercial vehicles, Private/Taxi Car, Two-Wheeler, Vehicle Insurance and Loan against Property. Presently MHPL's operations are spread across Rajasthan State. MHPL is currently managed by its promoter and director Mr. Girdhari Lal Barala and Mr. Banshidhar Barala and Kalu Ram Barala.



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### Financials (Standalone):

(Rs. crore)

For the year ended / As on	31-03-2022	31-03-2023
	Audited	Audited
Total Income	8.23	10.67
Interest Expenses	2.42	3.98
PAT	0.58	0.86
Total Debt	18.56	35.63
Tangible Net Worth	12.69	18.03
Total Loan Assets	22.05	38.02
Overall Gearing Ratio (x)	1.46	1.98
Gross NPA (%)	1.41	0.92
Net NPA (%)	1.27	0.71
CAR (%)	56.20	45.16

\* 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 Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	28.07	IVR BB/ Stable	--	--	--
2.	Non-Convertible Debentures	Long Term	1.00	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 visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned / Outlook
Term Loan	--	--	--	March, 2028	28.07	IVR BB/ Stable
Non-Convertible Debentures	INE0R4S07010	September 2023	16.00%	September 2025	1.00	IVR BB/ Stable

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

### Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-MeghaHoldings-nov23.pdf>

### Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

ISIN	INE0R4S07010
Issue	Unlisted Secured, Redeemable, NCDs
Nature of Instrument	Secured
Debenture Trustee	IDBI Trusteeship Services Limited
Participation Amount	Rs. 1.00 crore
Purpose	To be used for onward lending only, for Vehicle and Secured MSME loans only. All loans to borrowers whose cumulative exposure with MHPL is Rs. 0.01 crore or less
Tenor	24 months
Coupon %	16.00% (gap days interest in addition)
Coupon Payment frequency	Twelve times a year
Date of Allotment	September 1, 2023
Redemption	September 1, 2025

**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](http://www.infomerics.com).