



Press Release

Muthalagu Finance Private Limited

August 04, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Short Term Bank Facilities	49.00	IVR D and Withdrawn (IVR D and Withdrawn)	IVR D (IVR D)	Rating Reaffirmed and withdrawn*	Simple
Proposed Short Term Bank Facilities	0.00	--	IVR D (IVR D)	Rating Withdrawn**	Simple
Total	49.00 Crore (Rs. Forty Nine 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.

** Bank Facilities of MFPL has been withdrawn at request of the company, as NOC (No objection certificate) has been provided by lenders of MFPL which are rated by Infomerics. Withdrawal is at request of the company and is in line with the Infomerics policy of withdrawal.*

***Proposed bank facilities of the company that was rated in last surveillance exercise has been withdrawn as company is not going ahead with proposed facilities as envisaged earlier as per mail from auditor. The rating is withdrawn in accordance with Infomerics policy on withdrawal of ratings.*

Detailed Rationale

Infomerics Ratings has reaffirmed its ratings assigned to bank facilities of Muthalagu Finance Private Limited (MFPL) on account of absence of clean track record of continuous debt repayment for 90 days post default. Rating is simultaneously withdrawn with immediate effect. Withdrawal of ratings is based on request of MFPL and 'No objection certificate' received from various lenders for sanctioned facilities. Similarly, ratings assigned to proposed bank facilities have been withdrawn based on request of MFPL and confirmation that company is not going ahead with raising these loans as envisaged earlier.

The rating is withdrawn in accordance with the Infomerics Ratings' policy on withdrawal of ratings.



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Key Rating Sensitivities:

Upward Factors

- Timely servicing of debt obligations for minimum of 90 days

List of Key Rating Drivers with Detailed Description

A. Key Rating Weaknesses

Lack of track record of continuous debt repayment for 90 days post default

The account has exhibited instances of irregularities, leading to its classification under SMA-1 and SMA-2 categories, as confirmed by the lender's communication dated May 06, 2025. However, subsequent visibility on the account's repayment track record posts this period remains unavailable.

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 \(Financial Sector\)](#)

[Policy of Withdrawal of Rating](#)

Liquidity – Poor

MFPL's liquidity remains poor on account of delays in debt servicing.

About the Company

Incorporated in 1997, Muthalagu Finance Private Limited (MFPL) is a Non-Banking Finance Company (NBFC) registered with Reserve Bank of India and is as a non-deposit accepting - non-systematically important NBFC providing gold loans. MFPL is part of Balamuthalagu



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Finance group which is in lending industry since 1927. It was founded in Cumbum (a valley town in the Theni District of Tamil Nadu) by the late L. Subbaiyan Chettiar, grandfather of Mr. A. Jeganath. The main business was pawn broking and money lending.

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	10.45	17.03
PAT	0.90	2.58
Tangible Net worth	22.62	26.52
Total loan Assets/AUM	46.73	61.50
Ratios		
NIM (%)	16.88	22.16
ROTA (%)	1.81	4.04
Interest Coverage (times)	1.41	1.79
Total CRAR (%)	36.43%	36.77%
Gross NPA [Stage III] (%)	0.00	0.00
Net NPA [Stage III] (%)	0.00	0.00

* 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 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Short Term Bank Facilities - Overdraft	Short term	34.00	IVR D and withdrawn (August 04,2025) IVR D	IVR A4; Issuer Not Cooperating (March 26,2025)	-	-



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
				(May 08,2025)	IVR A4+ (April 15,2024)		
2.	Short Term Bank Facilities – Short Term Loan	Short term	15.00	IVR D and withdrawn (August 04,2025) IVR D (May 08,2025)	IVR A4; Issuer Not Cooperating (March 26,2025)) IVR A4+ (April 15,2024)	-	-
3.	Proposed Short Term Bank Facilities	Short term	0.00	-- (August 04,2025) IVR D (May 08,2025)	IVR A4; Issuer Not Cooperating (March 26,2025)) IVR A4+ (April 15,2024)	-	-
4.	Proposed Non-convertible Debenture	Long Term	0.00	- Withdrawn (May 08,2025)	IVR BB/Negative; Issuer Not Cooperating (March 26,2025) IVR BB+/Stable (April 15,2024)	-	-

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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)	Listing Status	Rating Assigned/ Outlook
Short Term Bank	-	-	-	-	34.00	-	IVR D and Withdrawn



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Facilities - Overdraft							
Short Term Bank Facilities – Short Term Loan	-	-	-	-	15.00	-	IVR D and Withdrawn
Proposed Short Term Bank Facilities	-	-	-	-	00.00	-	-

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Muthalagu-Finance-4aug25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Nil

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.