



Press Release

Muthalagu Finance Private Limited

May 08, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Short Term Bank Facilities	49.00	IVR D (IVR D)	IVR A4; ISSUER NOT COOPERATING (IVR A Four; Issuer Not Cooperating*)	Rating Downgraded and removed from Issuer Not Cooperating Category	Simple
Proposed Short Term Bank Facilities	51.00	IVR D (IVR D)	IVR A4; ISSUER NOT COOPERATING (IVR A Four; Issuer Not Cooperating*)	Rating Downgraded and removed from Issuer Not Cooperating Category	Simple
Proposed Non-Convertible Debenture (NCD)	0.00#	--	IVR BB/Negative; ISSUER NOT COOPERATING (IVR Double B with Negative Outlook; Issuer Not Cooperating*)	Rating Withdrawn	Simple
Total	100.00 Crore (Rs. One Hundred Crore only)				

**Issuer did not cooperate; based on best available information*

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

Proposed NCD of Muthalagu Finance Private Limited (MFPL) has been withdrawn at the request of the company, as the company has informed that they are not going ahead with issuance of Proposed NCD as envisaged earlier and the same has been confirmed by statutory auditor of company vide letter dated 03 May 2025. The rating withdrawal is in accordance with Infomerics policy on withdrawal of ratings.



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Detailed Rationale

Earlier Infomerics had moved the ratings of MFPL into Issuer Not Cooperating category vide its press release dated March 26, 2025, due to non-submission of information required for detailed review of the company. However, the company started cooperating and submitted required information. Consequently, Infomerics has removed the rating 'ISSUER NOT COOPERATING' category and simultaneously downgraded the rating assigned to the bank facilities of Muthalagu Finance Private Limited (MFPL) to IVR D from IVR A4; ISSUER NOT COOPERATING. The ratings to the bank facilities have been downgraded to IVR D on account of the delays in servicing debt obligations as confirmed by the banker. The banker has also confirmed due to irregularities in repayment in past 12 months.

Infomerics has also withdrawn the rating assigned to Proposed NCD at the request of MFPL as the company has informed that they are not going ahead with issuance of proposed NCD issue as envisaged earlier and confirmation received from statutory auditor of company on non-utilisation of Infomerics ratings from raising any NCDs. The ratings are withdrawn in accordance with Infomerics' policy on withdrawal.

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

- **Delays in Debt Servicing**

There are various instances of irregularities in the account in past 12 months as same has been confirmed by banker through its email dated 06 May 2025.

- **Decline in scale of operations**

MFPL's AUM declined marginally and stood at Rs.104.95 crore in 9MFY25 (On book Rs.58.08 Crore and off book Rs.46.87 Crore) (Vis-à-vis Rs.112.28 crore in FY23). Decline in AUM is due to company's limitations in raising adequate resources to fund



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fresh disbursements. This has in turn resulted in having higher dependence on BC business both in terms of market position and profitability.

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 has defaulted in debt servicing on various occasions in last 12 months as confirmed by the lender.

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 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



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For the year ended* / As on	31-03-2023	31-03-2024
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	IVR A4; Issuer Not Cooperating (March 26,2025) IVR A4+ (April 15,2024)	-	-
2.	Short Term Bank Facilities – Short Term Loan	Short term	15.00	IVR D	IVR A4; Issuer Not Cooperating (March 26,2025) IVR A4+ (April 15,2024)	-	-



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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
3.	Proposed Short Term Bank Facilities	Short term	51.00	IVR D	IVR A4; Issuer Not Cooperating (March 26,2025)) IVR A4+ (April 15,2024)	-	-
4.	Proposed Non-Convertible Debenture #	Short term	0.00	-	IVR BB/Negative; Issuer Not Cooperating (March 26,2025) IVR BB+/Stable (April 26,2025)	-	-

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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



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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.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

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 Facilities - Overdraft	-	-	-	-	34.00	-	IVR D
Short Term Bank Facilities – Short Term Loan	-	-	-	-	15.00	-	IVR D



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Proposed Short Term Bank Facilities	-	-	-	-	51.00	-	IVR D
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Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Muthalagu-Finance-8may25.pdf>

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

Particulars	Proposed Non-Convertible Debentures
Issue Size	Rs.100.00 crore
Instrument type	Proposed Non-Convertible Debentures
End Use / Purpose	To meet the ongoing funding requirements for onward lending
Face value per Debenture	Rs.1000/- (Indian Rupees One Thousand only)
Issue Price	Rs.1000/- (Indian Rupees One Thousand only) Single Holder: Minimum Subscription Rs. 20,000 & Maximum Subscription less than Rs.1.00 crore
Tenor	Upto 5 years
Coupon	Interest Rate shall range between 10.50% to 12.50%
Redemption/ Principal payment	2% interest reduction in case of early redemption. Interest shall be paid monthly to the holder's bank account.
Listing Status	Proposed to be Unlisted
Financial Covenants	Nil
Non-Financial Covenants	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.