



## Press Release

### Muthalagu Finance Private Limited (MFPL)

**March 26, 2025**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><a href="#">Compl exity Indica tor</a></b>
Proposed Non-Convertible Debentures	100.00	IVR BB/Negative; Issuer Not Cooperating* (IVR Double B with Negative Outlook; Issuer Not Cooperating*)	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	Rating downgraded, outlook revised and moved to ISSUER NOT CO-OPERATING category	Simple
Proposed Short Term Bank Facilities	100.00	IVR A4; Issuer Not Cooperating (IVR A Four; Issuer Not Cooperating)	IVR A4+ (IVR A Four Plus)	Rating downgraded and moved to ISSUER NOT CO-OPERATING category	Simple
<b>Total</b>	<b>Rs.200.00 Crore (Rupees Two hundred crore only)</b>				

*\*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.**

#### **Detailed Rationale**

Infomerics has downgraded the ratings assigned to bank facilities/ NCD of Muthalagu Finance Private Limited(MFPL) and moved to 'Issuer Not Cooperating' category due to lack of adequate information and the uncertainty around its credit risks. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as this rating may not adequately reflect the credit risk profile of the entity.



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### **Non-cooperation by Issuer**

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide mail communications dated, 03 March 2025, 07 March 2025 and 17 March 2025 and 18 March 2025 concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted the essential details/information for surveillance exercise.

Availability of information is very critical in the rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the long-term rating for the bank facilities and NCD aggregating to Rs. 200.00 Crore has been downgraded to IVR BB/Negative and IVR A4 and moved under ISSUER NOT COOPERATING category by Infomerics.

### **Applicable Criteria:**

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

[Criteria for assigning Rating Outlook](#)

[Policy on Default Recognition](#)

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

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

[Policy on issuer not cooperating](#)

### **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



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town in the Theni District of Tamil Nadu) by the late L. Subbaiyan Chettiar, grandfather of Shri A. Jeganath. The main business was pawn broking and money lending.

### Financials (Standalone):

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

\* Classification as per Infomerics' standards.

\*Not Available

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Not Applicable**

### 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	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-204	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
					April 15, 2024	-	--
1.	Proposed Non-Convertible Debenture	Long Term	100.00	IVR BB/Negative; Issuer Not Cooperating	IVR BB+/Stable	-	--
2.	Proposed Bank Facilities	Short Term	100.00	IVR A4; Issuer Not	IVR A4+	-	-



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Sr . N o.	Name of Security/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
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					April 15,2024	-	--
				Cooperati ng			

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

### Analytical Contacts:

Name: Sree Harsha Tel: (022) 62396023 Email: <a href="mailto:sree.harsha@infomerics.com">sree.harsha@infomerics.com</a>	Name: Amey Joshi Tel: (022) 62396023 Email: <a href="mailto:amey.joshi@infomerics.com">amey.joshi@infomerics.com</a>
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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 visit [www.infomerics.com](http://www.infomerics.com)



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**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
Proposed Non-Convertible Debenture	-	-	-	-	100.00	Unlisted	IVR BB/Negative; Issuer Not Cooperating
Proposed Bank Facilities	-	-	-	-	100.00	-	IVR A4; Issuer Not Cooperating

**Annexure 2: Facility wise lender details:** Not Applicable

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

#### Draft Terms for Proposed NCD

Particulars	Non-Convertible Debentures
Issue Size	Rs.100.00 crore
Instrument type	Non-Convertible Debentures
End Use / Purpose	To meet the ongoing funding requirements for onward lending



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Particulars	Non-Convertible Debentures
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	Up to 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.
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](http://www.infomerics.com).