



Press Release

Navachetana Microfinance Services Private Limited

June 04, 2025

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loans	386.44	IVR D; ISSUER NOT CO- OPERTATING*	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating Downgraded & moved to issuer not co-operating category	Simple
Proposed - Long Term Bank Facilities	219.65	IVR D; ISSUER NOT CO- OPERTATING*	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Rating Downgraded & moved to issuer not co-operating category	Simple
Total	606.09 (Six hundred and six core and nine lakhs only)				

*Issuer not co-operating; based on non-submission of NDS

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 downgraded the rating assigned to the bank facilities of Navachetana Microfin Services Private Limited (NMSPL) following delays in debt servicing since April 2025, as reported by the lender on June 3, 2025.

Non- Cooperation by Issuer:

Infomerics expects the issuer to submit the monthly No Default Statement (NDS) without fail as long as the rating is live. Infomerics has been regularly following up with the company to provide the No Default Statement, vide several mails and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has failed to submit No Default Statement consecutively for two months (April and May 2025). In the absence of submission of NDS on time, in consonance with SEBI guidelines, Infomerics must review the ratings based on the best available information. Accordingly, the long-term



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rating for the bank facilities aggregating to Rs. 606.09 crore has been classified under the “ISSUER NOT CO-OPERATING CATEGORY”.

Key Rating Sensitivities

Upward Factors

- Continuous timely servicing of debt obligation for at least 90 days.

Key Rating Drivers with detailed description

Key Rating Weaknesses

Irregularities in the repayment of Term loan

There are intermittent ongoing irregularities in the repayment of term loan due to stress in liquidity on account of asset quality issues impacting the collection efficiency which in turn impacted the cash flows of the company.

Analytical Approach: Consolidated

Infomerics has combined the financials of NMSPL and Chetana Financial Services Private Limited (CFSPL rated at IVR C/Negative) and hereafter referred as Chetna group as both the entities have common management with same beneficial owner and is engaged in the lending business.

Applicable Criteria:

[Rating Methodology for Financial Institutions/Non-Banking Finance companies](#)

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

[Criteria of assigning Rating Outlook](#)

[Complexity level of rated instruments/Facilities](#)

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

[Criteria on consolidation of companies](#)

[Policy on issuer not Co-operating](#)

Liquidity: Poor



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The liquidity position of NMSPL appears to be poor, as there are irregularities in the repayment of the term loan due to liquidity stress on account of asset quality issues which impacted the collection efficiency and there by impacting the cash flows of the company.

About NBFC

NMSPL is a Karnataka based non-deposit taking NBFC-MFI. NMSPL is engaged in extending micro credit primarily to women borrowers through (JLG) model since 2009. At present, The group operates through 102 branches operating in Karnataka, Tamil Nadu and Maharashtra and Madhya Pradesh.

Financials (Standalone) : NMSPL

(Rs. Crore)

For the year ended/As on*	31-03-2023	31-03-2024
	(Audited)	(Audited)
Total Income	90.89	146.45
PAT	5.15	13.79
Assets Under Management	1063.00	663.46
Tangible Net worth	71.65	93.75
Total debt	304.50	434.32
Ratios		
NIM (%)	5.15	6.45
Overall Gearing (Times)	4.25	4.63
Total CRAR (%)	21.52%	21.69%
Gross NPA (%)	0.96%	0.91%
Net NPA (%)	0.00%	0.00%
Interest coverage (Times)	1.15	1.38

**Classification as per Infomerics' standards*



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Financials (Combined): NMSPL & CFSPL

(Rs. Crore)

For the year ended/As on*	31-03-2023	31-03-2024
	(Audited)	(Audited)
Total Income	99.58	155.57
PAT	5.67	14.45
Assets Under Management	1109.38	745.70
Tangible Net worth	83.15	105.86
Total debt	334.42	484.63
Ratios		
NIM (%)	5.97	6.50
Overall Gearing (Times)	4.02	4.58
Total CRAR (%)	40.34	35.92
Interest coverage (Times)	1.15	1.36

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (Sept 23, 2024)	Date(s) & Rating(s) assigned in 2023-24 (July 28, 2023)	Date(s) & Rating(s) assigned in 2022-23 (May 25, 2022)
1.	Long Term Bank Facilities – Term Loans	Long Term	386.44	IVR D; ISSUER NOT CO-OPERATING*	IVR BBB/ Stable Outlook	IVR BBB/ Stable Outlook	IVR BBB/ Stable Outlook
2.	Proposed – Long Term Bank Facilities	Long Term	219.65	IVR D; ISSUER NOT CO-OPERATING*	IVR BBB/ Stable Outlook	-	-

*Issuer not co-operating; based on non-submission of NDS



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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: Details of Facilities

Name of Facility/Instrument	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Listing Status	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loans	-	-	-	29.03.2027	386.44	Not Applicable	IVR D; ISSUER NOT CO-OPERATING
Proposed Long Term Bank Facilities	-	-	-	-	219.65	Not Applicable	IVR D; ISSUER NOT CO-OPERATING
Total					606.09		

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-navachetana-june25.pdf>

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

Annexure 4: List of companies considered for consolidated analysis:

Name of the Company	Consolidation Approach
Chetana Financial Services Pvt Ltd	Full
Navachetana Microfin Services Pvt Ltd	Full

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.