



Press Release
Mahaveer Finance India Limited
February 21, 2024

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13.00	ACUITE BB+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	13.00	-	-

Rating Rationale

Acuite has downgraded the long term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE BBB+ (CE)**' (read as **ACUITE triple B plus (Credit Enhancement)**) on the Rs.13.00 Cr. bank facilities of Mahaveer Finance India Limited (MFIL). It is now flagged as Issuer Not Cooperating, and ratings are based on best available information, The rating has been downgraded on account of information risk.

About the Company

Chennai based, Mahaveer Finance India Limited (MFIL) was incorporated in 1981. MFIL was registered with Reserve Bank of India (RBI) as a deposit taking Non-Banking Finance Company. In 2015, MFIL surrendered its deposit-taking license and also delisted itself from Madras Stock Exchange. MFIL, currently a Non-deposit taking NBFC-asset finance company, is engaged in used commercial vehicle financing in rural and semi-urban areas. The company is promoted by Mr. Mahaveerchand Dugar (Managing Director) and his sons, Mr. Deepak Dugar (Joint Managing Director) and Mr. Praveen Dugar (Executive Director). MFIL operates in 4 states and 1 union territory, namely Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Puducherry with 53 branches in 47 districts as on September 30, 2022.

MFIL's AUM as on September 30, 2022 stood at Rs. 479.47 Cr. (Rs. 411.30 Cr. as on March 31, 2022, Rs. 322.92 Cr. as March 31, 2021 and Rs. 278.06 Cr. as on March 31, 2020). The AUM comprised of owned portfolio of Rs. 395 Cr. (82 percent of AUM) and off-book exposure of Rs. 84 Cr. (18 percent of AUM) as on September 30, 2022. The company takes off-book exposure through Direct Assignment and Pass Through Certificates.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions

lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

Not Applicable

Liquidity Position

Not Applicable

Outlook :

Not Applicable

Other Factors affecting Rating

None

Key Financials:

Particulars	Unit	FY23 (Actual)	FY22 (Actual)
Total Assets	Rs. Cr.	583.42	479.19
Total Income*	Rs. Cr.	49.08	40.29
PAT	Rs. Cr.	14.68	10.49
Net Worth	Rs. Cr.	106.9	92.28
Return on Average Assets (RoAA)	(%)	2.76	2.45
Return on Average Net Worth (RoNW)	(%)	14.74	12.05
Debt/Equity	Times	4.23	4.07
Gross NPA	(%)	4.5	4.17
Net NPA	(%)	3.58	3.31

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
23 Nov 2022	Term Loan	Long Term	13.00	ACUITE BBB+(CE) Stable (Reaffirmed)
25 Aug 2021	Term Loan	Long Term	13.00	ACUITE BBB+(CE) Stable (Assigned)
25 May 2021	Proposed Bank Facility	Long Term	13.00	ACUITE Provisional BBB+(CE) Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Hinduja Leyland Finance Ltd.	Not avl. / Not appl.	Term Loan	31 Mar 2021	Not avl. / Not appl.	31 Mar 2024	Simple	13.00	ACUITE BB+ Downgraded Issuer not co-operating* (from ACUITE BBB+ CE)

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Soham Vaidya Analyst-Rating Operations Tel: 022-49294065 soham.vaidya@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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