

May 22, 2020

Muthoot Vehicle & Asset Finance Limited: Ratings withdrawn for bank facilities; rating for fixed deposit programme put on notice of withdrawal for six months

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term (LT) – Fund based	100.00	100.00	[ICRA]BBB+(Negative); withdrawn
Short term (LT) – Interchangeable#	22.50	22.50	[ICRA]A2; withdrawn
Fixed deposit programme	-	-	MA(Negative); put on notice of withdrawal for six months
Total	100.00	100.00	

* Instrument details are provided in Annexure-1

Short-term facilities are interchangeable with long-term facilities; total rated limit is Rs. 100.00 crore

Rationale

The ratings for the bank facilities of Muthoot Vehicle & Asset Finance Limited (MVFL) have been withdrawn in accordance with ICRA's policy on withdrawal and suspension, and as desired by the company, on the receipt of no-objection certificates from the banks. ICRA does not have adequate information to suggest that the credit risk has changed since the time the ratings were last reviewed. Further, the rating for the fixed deposit programme, basis a request from the company for withdrawal, has been put on notice of withdrawal for six months and ICRA will withdraw this rating at the end of the notice period.

The previous rating rationale is available at the following link: [Rationale](#)

Key rating drivers and their description

Not applicable

Liquidity position

Not applicable

Rating sensitivities

Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies ICRA's policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	NA
Consolidation/Standalone	The ratings are based on the standalone financials of MVFL

About the company

Muthoot Vehicle & Asset Finance Limited (MVFL) is a non-banking finance company (NBFC), classified as a deposit accepting asset finance company, headquartered in Kochi. MVFL is primarily engaged in new and used vehicle financing and has 23 branches in Kerala. MVFL is a part of the Muthoot Finance Group, which has diversified lines of business including gold loans, vehicle finance, home finance, microfinance, foreign exchange, insurance, hospitals, schools, and real estate among others.

The company achieved a net profit of Rs. 11.2 crore on a managed asset base of Rs. 428.1 crore in FY2019 compared to a net profit of Rs. 10.2 crore on a managed asset base of Rs. 384.3 crore in FY2018.

Key financial indicators (audited)

	FY2018	FY2019
Total Income	50.2	68.0
Net Profit	10.2	11.2
Net Worth	89.5	98.9
Total Managed Portfolio	384.3	428.1
Total Managed Assets	428.7	482.3
Return on Managed Assets	3.0%	2.5%
Return on Net Worth	11.8%	11.9%
Gearing (times)	3.6	3.7
Gross NPA%	0.9%	1.5%
Net NPA%	0.7%	1.2%
Net NPA/Net Worth	3.2%	5.3%
CRAR %	22.6%	22.5%

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

	Instrument	Current Rating (FY2021)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Rating	FY2020	FY2019	FY2018
					22-May-20	31-Oct-19	06-Jul-18	08-Aug-17
1	Long term (LT) – Fund based	Long term	100.00	100.00	[ICRA]BBB+(Negative); withdrawn	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)
2	Short term (ST) – Interchangeable	Short term	22.50*	22.50*	[ICRA]A2; withdrawn	[ICRA]A2	[ICRA]A2	[ICRA]A3+
3	Fixed deposit programme	Medium term	-	-	MA(Negative); put on Notice of withdrawal for six months	MA(Negative)	MA(Stable)	MA(Stable)

Amount in Rs. crore

* Short-term facilities are interchangeable with long-term facilities; total rated limit is Rs. 100.00 crore

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Long term (LT) – Fund based	NA	NA	NA	100.00	[ICRA]BBB+(Negative); withdrawn
-	Short term – Interchangeable	NA	NA	NA	22.50	[ICRA]A2; withdrawn
-	Fixed deposit programme	NA	NA	NA	-	MA(Negative); put on notice of withdrawal for six months

Source: MVFL

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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