

## Newlink Overseas Finance Limited

April 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Non-convertible debentures	3.12	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Non-convertible debentures	6.68	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Non-convertible debentures	9.77	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Fixed deposit	15.12	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings), vide its press release dated March 19, 2024, placed the rating(s) of Newlink Overseas Finance Limited (NOFL) under the 'issuer non-cooperating' category as the company had failed to provide information for monitoring of the rating. NOFL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated February 02, 2025, February 12, 2025, and February 22, 2025. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating basis best available information, which in CARE Ratings' opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and public at large) are hence requested to exercise caution while using these rating(s).**

Ratings consider delays in debt servicing including ongoing delays in repayment of dues to debenture holders and fixed deposits due to the acute shortfall in cashflow.

**Analytical approach:** Standalone

### Detailed description of key rating drivers:

At the time of last ratings on March 19, 2024, the following were rating strengths and weaknesses

#### Key weaknesses

##### Poor liquidity; instances of delays in debt servicing

With lower collections in FY21 accentuated by outbreak of COVID-19, the company defaulted in repayment of dues to debenture holders and deposits. Per the auditor report for FY23 dated July 24, 2023, NOFL defaulted in repayment of dues to debenture holders and deposits. As on March 31, 2023, the company had cash and bank balance of ₹1.49 crore.

##### Small scale of operations

NOFL completely paused disbursements since FY21 and as a result, loan portfolio declined and stood at ₹48.84 crore as on March 31, 2023, against ₹50.84 crore as on March 31, 2022. The Reserve Bank of India (RBI) vide its letter dated May 26, 2023, cancelled the company's Certificate of Registration, restricting it to carry out business operations of a non-banking finance company (NBFC) as defined in clause (a) of Section 45-IA of the RBI Act 1934.

##### Weak asset quality

Gross non-performing assets (GNPA) and net non-performing assets (NNPA) stood at 100% and 0% as on March 31, 2023 from 100% and 30.42% as on March 31, 2022, respectively. With higher provisions made in FY23, Provision Coverage Ratio (%) stood at 100% in FY23.

##### Continuation of losses in FY23

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

With the significant increase in NPA, interest income has dropped 42% y-o-y from ₹0.60 crore in FY22 to ₹0.35 crore in FY23. However, with profit from the sale of asset and other income, total income stood at ₹3.21 crore in FY23 compared to ₹1.74 crore in FY22. With credit cost remaining high, the company reported net loss of ₹22.93 crore in FY23 against a loss of ₹23.29 crore in FY22.

### Capital adequacy falling below regulatory requirement

With significant losses reported in from FY21 to FY23, the net worth completely deteriorated and remained negative as on March 31, 2023.

### Concentrated funding profile

NOFL's funding profile remained concentrated over the years with dependence on non-convertible debentures (NCDs) and fixed deposits (FDs). RBI vide their letter dated February 13, 2021, advised the company to stop accepting fresh public deposits and renew existing deposits and that all existing deposits shall run off till maturity. Share of FDs as percentage of total borrowings stood at 57% (PY: 50%) and share of NCDs stood at 32% (PY: 32%) as on March 31, 2022. Apart from these, inter corporate deposits (ICDs; 9%) and working capital loans from banks (2%) account for the balance portion of the funding mix as on March 31, 2022. The public deposits held by the company as on March 31, 2022, stood at ₹24.59 crore.

### Key strengths

#### Long-standing track record of the company

NOFL was incorporated in January 1991 and has a long-standing track record of ~30 years of operations. Post the demise of A. Namasivayam (Former MD) in December 2018, there were many changes in the board of directors and currently the board comprises four directors as on March 31, 2022, O.P.Garg, U.P.Prakasham, Denise Marcelle Mollex Panjwani and S.Deivanai.

### Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Non Banking Financial Companies](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

NOFL is a Chennai-based deposit taking NBFC registered with RBI. It was promoted in January 1991 by retired bankers in Chennai, and Mumbai-based businessmen. The company was engaged in hypothecation loans, hire purchase financing and short-term lending.

Brief Financials (₹ crore) Standalone	31-03-2021 (A)	31-03-2022 (A)	31-03-2023 (A)
<b>Total operating income</b>	4.35	1.74	3.21
<b>PAT</b>	-19.09	-23.29	-22.93
<b>Interest coverage (times)</b>	-2.33	-2.82	-2.56
<b>Total Assets</b>	72.94	61.45	56.96
<b>Net NPA (%)</b>	62.49	30.42	0.00
<b>ROTA (%)</b>	NM	NM	NM

A: Audited NM: Not Meaningful; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### **Annexure-1: Details of instruments/facilities**

<b>Name of the Instrument</b>	<b>ISIN</b>	<b>Date of Issuance (DD-MM-YYYY)</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date (DD-MM-YYYY)</b>	<b>Size of the Issue (₹ crore)</b>	<b>Rating Assigned and Rating Outlook</b>
Debentures-Non Convertible Debentures	-	03-Jul-2017	8.5	July 03, 2020	3.12	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	-	29-Aug-2018	8.5	August 29, 2021	6.68	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	-	27-Mar-2019	8.5	yet to be placed	9.77	CARE D; ISSUER NOT COOPERATING*
Fixed Deposit	-	-	-	-	15.12	CARE D; ISSUER NOT COOPERATING*

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

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fixed Deposit	LT	15.12	CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D; ISSUER NOT COOPERATING * (19-Mar-24)  2)CARE D (03-Apr-23)	1)CARE D (22-Jun-22)
2	Debentures-Non Convertible Debentures	LT	3.12	CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D; ISSUER NOT COOPERATING * (19-Mar-24)  2)CARE D (03-Apr-23)	-
3	Debentures-Non Convertible Debentures	LT	6.68	CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D; ISSUER NOT COOPERATING * (19-Mar-24)  2)CARE D (03-Apr-23)	-
4	Debentures-Non Convertible Debentures	LT	9.77	CARE D; ISSUER NOT COOPERATING *	-	-	1)CARE D; ISSUER NOT COOPERATING * (19-Mar-24)  2)CARE D (03-Apr-23)	-
5	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (03-Apr-23)	-

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

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fixed Deposit	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

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### About us:

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### Disclaimer:

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