

RATING RATIONALE

Margdarshak Financial Services Limited

15 April 2021

Brickwork Ratings revises the ratings for the bank loan facilities of Rs. 450 Crs & Non-Convertible Debentures of Rs. 70 Crs. of Margdarshak Financial Services Limited based on best available information, as the issuer did not cooperate.

Particulars:

Facility**	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (July 2020)	Present
Non Convertible Debentures (NCDs)	23.00	23.00	Long Term	BWR BBB Stable (Assigned)	BWR D Downgrade Issuer Not Cooperating
Bank Facilities	450.00	450.00	Long Term	BWR BBB Stable (Reaffirmed)	BWR D Downgrade Issuer Not Cooperating
Non Convertible Debentures (NCDs)	47.00	47.00	Long Term	BWR BBB Stable (Reaffirmed)	BWR D Downgrade Issuer Not Cooperating
Total	520.00	520.00	INR Five Hundred and Twenty Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

** Details of bank facilities and NCDs is provided in Annexure-I&II

RATING ACTION / OUTLOOK/ NATURE OF NON-COOPERATION

Brickwork Ratings (BWR) downgrades the rating of bank loan facilities of Rs. 450 Crs & Non Convertible Debentures (NCDs) of Rs 70.00 Crs of Margdarshak Financial Services Limited (MFSL or the company) to BWR D (Issuer Not Cooperating) on account of default in the interest payment for NCDs. The bankers have informed BWR vide email dated 12th April and 14th April 2021 about non payment of dues/EMI.

BWR migrates the rating to Issuer Not Cooperating category since the company has not submitted the ABS for FY20 and other financial information as of December 2020 despite BWR's followup through emails and telecommunications for reviewing the ratings. The company has not submitted the No Default Statement for the last three months. BWR contacted the other bank and financial institutions for the feedback of the account however the same is awaited.

The lenders may note to exercise due caution while using the above ratings, which mentions “ISSUER NOT COOPERATING” since the ratings lack any projections of a forward looking component as it is arrived based on the best available information on the firm without any management/ banker’s interaction.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress.

COMPANY PROFILE(As available with BWR)

Margdarshak Financial Services Ltd. (MFSL), headquartered in Lucknow, Uttar Pradesh, is a non-deposit-taking NBFC-MFI, incorporated on 9 May 1996. MFSL commenced its microfinance operations in June 2007 under the support of Margdarshak Development Services. The company is promoted by Mr. Rahul J Mittra, the present Managing Director and CEO. MFSL offers income generation loans to women borrowers under the JLG model, home improvement loans, MSME loans and clean energy/product loans.

KEY FINANCIAL INDICATORS(In Rs Crs)(As available with BWR)

Key Parameters	Units	FY19	FY18
Result Type		Audited	Audited
Revenue from Operations	Rs. Crores	57.76	58.24
Net Profit	Rs. Crores	3.25	3.88
Tangible Net Worth	Rs. Crores	53.59	33.15
Total Portfolio	Rs. Crores	300.06	307.61
Gearing	Times	4.73	7.66
GNPA	%	0.00	0.25
Total CRAR	%	21.47	18.00

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS (Including withdrawal and suspended)

S r N o	Name of Instru ment	Current Rating (2021)			Rating History								
		Type	Amount (₹ Crs)	Rating	2020			2019			2018		
1	NCD	Long Term	70.00	BWR D Issuer Not Cooperati ng	22.07.2020			26.11.2019			23.11.2018		
					Long Term	70.0 0	BWR BBB Stable	Long Term	47.00	BWR BBB Stable	Long Term	40.0 0	BWR BBB Stable
2	Bank Facilities	Long Term	450.00	BWR D Issuer Not Cooperati ng	22.07.2020			26.11.2019			23.11.2018		
					Long Term	450. 00	BWR BBB Stable	Long Term	450.0 0	BWR BBB Stable	Long Term	400. 00	BWR BBB Stable
	Total		520.00	INR Five Hundred and Twenty Crores Only									

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Banks & Financial Institutions](#)

Analytical Contacts	
Nagesh Kadu Primary Analyst Board: +91 22 2831 1426, + 91 22 2831 1439 Ext: 619 nagesh.k@brickworkratings.com	Anil Patwardhan Sr. Director – Ratings Board: 022 6745 6660 Ext: anil.p@brickworkratings.com
1-860-425-2742	media@brickworkratings.com

Margdarshak Financial Services Limited

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Type of Facilities	Long Term (₹ Crs)	Total (₹ Crs)
1	Term Loan	2.08	2.08
2	Term Loan	1.78	1.78
3	Term Loan	9.44	9.44
4	Term Loan	5.00	5.00
5	Term Loan	26.19	26.19
6	Term Loan	0.91	0.91
7	Term Loan	5.62	5.62
8	Term Loan	9.29	9.29
9	Term Loan	3.65	3.65
10	Term Loan	2.50	2.50
11	Term Loan	3.33	3.33
12	Term Loan	2.18	2.18
13	Term Loan	3.69	3.69
14	Term Loan	14.81	14.81
15	Term Loan	2.98	2.98
16	Term Loan	2.45	2.45
17	Term Loan	3.24	3.24
18	Term Loan	11.02	11.02
19	Term Loan	23.96	23.96
20	Housing Loan	2.51	2.51
21	Term Loan	10.15	10.15
22	Term Loan	2.24	2.24

23	Term Loan	1.00	1.00
24	Term Loan	5.86	5.86
25	Term Loan	13.13	13.13
26	Term Loan	7.04	7.04
27	Term Loan	14.17	14.17
28	Term Loan	2.81	2.81
29	Term Loan	13.39	13.39
30	Term Loan	4.24	4.24
31	Term Loan	30.22	30.22
32	Term Loan	7.14	7.14
33	Term Loan	6.61	6.61
34	Term Loan	9.73	9.73
35	Term Loan	9.29	9.29
36	Term Loan	25.48	25.48
A.	Total Bank Loan Facilities	299.11	299.11
37	Sub-Debt	15.00	15.00
38	Sub-Debt	5.00	5.00
B.	Total Sub Debt	20.00	20.00
	Total Existing Limits	319.11	319.11
C.	Proposed Limits	130.89	130.89
	Total	450.00	450.00

Total Rupees Four Hundred and Fifty Crores only.

ANNEXURE II

INSTRUMENT DETAILS

Instrument (Issued)	Issue Date	Amount in Crs.	Coupon Rate	Maturity Date	ISIN Particulars
Secured Unlisted Redeemable Non Convertible Bonds	05-Dec-2019	7.00	10.20	05-Dec-2022	INE189Y07028
Secured Redeemable NCD	24 July 2020	10.00	11.25	24 July 2023	INE189Y07036
Secured Redeemable NCD	8 Aug 2017	20.00	13.23	8 Aug 2022	INE189Y07044

ANNEXURE III

List of entities consolidated: NA

For print and digital media

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