

CLARIFICATION ON DOWN GRADING OF BANK LOAN RATING (BLR) BY THE BRICKWORK RATINGS IN DECEMBER, 2020 & JULY 2021 FOR THE EXPOSURE OF RS.382.54 CRORE WHICH WAS SURVEILLANCED IN SEPTEMBER, 2019

This clarification is in respect of the rating rationale published by the Brickwork Ratings on rating of Bank loan exposures with CASHPOR. The rating rationales were uploaded on their website on 30th December 2020 and 5th July 2021 down grading the Bank Loan Ratings stating “issuer not cooperating”.

In this regard we would like to clarify here that the Bank Loan Rating (BLR) for our bank loan exposure only to the tune of Rs 524 Crore was first assigned to Brickwork Ratings in the month of June 2018 on the basis of lowest quoted Rating Fee and consideration of inherent uniqueness of CASHPOR, being a not for profit section 25 company engaged in providing microfinance, health and education services to its rural BPL women beneficiaries on a not for profit basis. The Brickwork Rating had assigned us **BWR A – with Stable Outlook** as per **Rating Rationale dated 03rd August 2018**. Further, the surveillance of this rated exposure became due in the month of August 2019 with remaining exposure of Rs.382.54 crore as of July 2019 out of total On Balance Sheet borrowing exposure of Rs.965.76 crore. The balance exposure was rated by **India Ratings & Research Private Limited & Acuite Ratings & Research Limited**.

One of largest Public Sector Bank with whom our loan proposal was under consideration pointed out that having rating with three different Rating Agencies create confusion on rating status of the company’s bank loan exposures and suggested that the Company should preferably have one Rating for its entire bank loan exposure. It was discussed internally and the management agreed to this suggestion. Accordingly, the entire bank loan exposure including new sanctions had been assigned for fresh bank loan rating to one of our existing Rating Agency i.e. **Acuite Ratings & Research Limited** which gave ‘**Acuite A Stable**’ Rating to our entire bank loan exposure to the tune of Rs. 1499.95 crores vide their rating letter dated 21st October 2019 (appended herewith). At the same time the Brickwork Rating whose surveillance assignment for the above exposure of Rs.382.54 crore was expiring in the month of September 2020 was also requested well in advance **vide our letter dated 17th January 2020** informing them with our current status of Bank Loan Rating and advising them not to go for further surveillance of earlier exposure rated by them.

However, Brickwork Rating did not take cognizance of our above request and after a long gap of six months from date of our above letter, in the month of August 2020 Brickwork Rating wrote us asking detail information about the company for review of the Bank loan exposure earlier rated by them whose outstanding had come down significantly and as of Nov-2020 it had arrived to Rs 91.68 Crore only. We reminded them informing about our above letter dated 17th January 2020 for withdrawal of Rating and requested to close the matter. The Analyst of the Brickwork Ratings again reminded for the data and no dues from all lending Banks/FIs. We submitted the data and requested to close this matter as Lender may not give no objection as their exposure is already rated and they have been informed accordingly. However instead of replying our letter with proper reason for asking such information, the analyst team of Brickwork Ratings was advising us that if NOC will not be given it may result in Rating action.

We again approached to the Banks/FIs whose reaction was that *“Bank never insist any borrower to go for rating to any specific Agency so why NOC is required from us?”* However, we sent letters to our lenders requesting them for issuing NOCs but in the meantime Brickwork Ratings **on 30th December 2020** issued Rating Rationale by downgrading the Ratings to **BWR BBB/ Stable with Issuer Not Cooperating** remark. We regularly followed up with Banks and submitted all NOCs except from 3 institutions in June 2021 but Brickwork Ratings again **on 05th July 2021** issued another rating rationale with further downgrading the Rating to **BWR BB+/Stable with Issuer Not Cooperating** remark on the same grounds although they were knowing well that most NOCs are submitted and all these exposures are already rated by Acuite Ratings & Research Limited. On telephonic enquiry their analyst advised to submit NOCs from remaining 3 institutions for withdrawal of Ratings and after receiving the remaining NOCs the **Brickwork Ratings finally withdrawn the rating on 7th September 2021** and uploaded the Rating Rationale on their Website. **A copy of such Rating Rationale withdrawing the ratings by Brickwork Ratings is attached for reference.**

This clarification has been issued for information to all concerns, our lenders and others.

Encl: a/a



RATING RATIONALE

7 Sep 2021

Cashpor Micro Credit

Brickwork Ratings (BWR) Reaffirms and Withdraws the ratings for the Term Loan facilities of Rs. 40.51 Crs. of Cashpor Micro Credit based on best available information, as the issuer did not cooperate.

Particulars

Facilities/ Instrument**	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (July 2021)	Present
Fund based Term Loan Facilities	382.54	40.51	Long Term	BWR BB+/Stable Issuer Not Cooperating# (Downgraded)	BWR BB+/Stable Issuer Not Cooperating# Withdrawn
Total	382.54	40.51	(Rs. Forty Crore and Fifty One Lacs only)		

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

**Complete details of Bank Loan facilities is provided in Annexure-I

Issuer not cooperating, based on best available information

RATING ACTION / NATURE OF NON-COOPERATION/WITHDRAWAL

Cashpor Micro Credit (CMC/company) has requested BWR to withdraw the ratings issued to Bank Loan Ratings of the Company. The rating is reaffirmed and withdrawn at the request of the company, and based on no objection certificates/ confirmations provided by lenders of the rated facilities outstanding as on 10/08/21, to withdraw the ratings. The withdrawal is in line with BWR's policy on withdrawal of ratings.

Nature of Non-Cooperation: The Company had in the past requested for withdrawal of the Ratings. However, NoCs/ confirmations from lenders for the purpose of withdrawal were yet to be shared. BWR has now received the NoCs/ confirmations as mentioned above. However, despite BWR's best efforts to obtain at least the minimum required information and documents for review, the company has not provided the same. In the absence of adequate information from the issuer, BWR is unable to assess the issuer's financial performance and maintain a valid rating. Hence, on account of inadequate information and the lack of management cooperation, BWR has reaffirmed the rating of the bank loan facilities at BWR BB+/Stable/ ISSUER NOT COOPERATING.

LIMITATIONS OF THE RATING

The availability of the latest information is essential for assessing credit risk. The non-availability of information enhances this risk. The users of the credit ratings should therefore, take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

KEY FINANCIAL INDICATORS [AS AVAILABLE WITH BWR]

Particulars	Units	FY20	FY21
Result Type		Audited	Audited
Loan Book	Rs.in Crs	1,465.5	1,809.2
Income from operations	Rs.in Crs	373.7	425.8
Surplus for the year	Rs.in Crs	45.4	71.6
Networth	Rs.in Crs	298.8	370.4
Total Debt	Rs.in Crs	1,538.3	1,882.3
D:E	Times	5.15	5.08
GNPA %	%	0.31	1.40

COMPANY'S PROFILE

Cashpor Micro Credit (CMC) is a Section 25 company registered under the Indian Companies Act, 1956, and its corporate office is in Varanasi district, Uttar Pradesh. It is the oldest MFI in North India and is lending through the Joint Liability Group (JLG) model. The company started operations in the microfinance segment in January 1997 under the name of Cashpor Financial & Technical Services (CFTS). In 2002, Cashpor Micro Credit registered itself as a not-for-profit Section 25 company. In December 2002, following the RBI notification allowing only registered NBFCs and Section 25 companies to conduct microfinance services, CFTS transferred all its microfinance activities to Cashpor Micro Credit.

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY : N/A
RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

S.No.	Name of Instrument	Current Rating			Rating History for the past 3 years			
		Type	Amount outstanding (Rs.in crs)	Rating	2021 (05/07/21)	2020 (30/12/20)	2019 (12/09/19)	2018 (09/08/18)
1	Term Loans	Long Term	40.51	BWR BB+/ Stable Issuer Not Cooperating Withdrawn	BWR BB+/ Stable Issuer Not Cooperating (Downgrade)	BWR BBB/ Stable Issuer Not Cooperating (Downgrade)	BWR A-/ Stable	BWR A-/ Stable

Rupees Forty Crore and Fifty One Lakh Only

COMPLEXITY LEVELS OF THE INSTRUMENTS : Simple

For more information, visit

www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria :

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

Analytical Contacts	
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ANNEXURE I

Cashpor Micro Credit

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)
1	Actiam IMF	Term Loan	21.50	0.00	21.50
2	SIDBI	Term Loan	2.50	0.00	2.50
3	MUDRA	Term Loan	0.68	0.00	0.68
4	Nabsamruddhi Finance Limited	Term Loan	0.83	0.00	0.83
5	IndusInd Bank (OD Facilities)	Term Loan	15.00	0.00	15.00
		TOTAL	40.51	0.00	40.51
(Rupees Forty Crore and Fifty One Lakh Only).					

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS:N/A

ANNEXURE III

List of entities consolidated: N/A



For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings : Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, , Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

Disclaimer: Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.

BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgement are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

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BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

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BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.

Rating Letter - Intimation of Rating Action

Letter Issued on: October 21, 2019
 Letter Expires on: **October 21, 2020**

Scan this QR Code to verify authenticity of this rating



Cashpor Micro Credit

S-8/107, 107-A-1,
 2nd Floor,
 Varanasi Trade Center, Khajuri,
 Maqbool Alam Road,
 Varanasi, UP-221002

Kind Attn.: Mr. B. B. Singh, CFO (Tel. No. 9794452600)

Dear Mr. Singh,

Sub.: Rating(s) Reaffirmed - Bank Loans / Debt Instruments of Cashpor Micro Credit

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
Total Rated Quantum (Rs. Cr.)	1499.95	Not applicable
Quantum of Enhancement (Rs. Cr.)	1,032	Not applicable
Rating	ACUITE A	Not applicable
Outlook	Stable	Not applicable
Most recent Rating Action	Reaffirmed	Not applicable
Date of most recent Rating Action	October 21, 2019	Not applicable
Rating Watch	Not applicable	Not applicable

Acuité reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which Acuité believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by Acuité as required under prevailing SEBI guidelines and Acuité 's policies.

This letter will expire on **October 21, 2020** or on the day when Acuité takes the next rating action, whichever is earlier. It may be noted that the rating is subject to change anytime even before the expiry date of this letter. Hence lenders / investors are advised to visit <https://www.acuite.in/> OR scan the QR code given above to confirm the current outstanding rating.

Acuité will re-issue this rating letter on **October 22, 2020** subject to receipt of surveillance fee as applicable. If the rating is reviewed before **October 21, 2020**, Acuité will issue a new rating letter.



Suman Chowdhury
 President - Rating Operations

Annexures: A. Details of the Rated Instrument
 B. Details of the rating prior to the above rating action

Acuité Ratings & Research Limited

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Annexure A. Details of the rated instrument

Bank	Facilities	Scale	Previous Amt. (Rs. Cr.)	Revised Amt. (Rs. Cr.)	Ratings	Rating Action
Fund Based Facilities						
Small Industries Development Bank of India	Term Loan	Long Term	39.39	15.15	ACUITE A/Stable	Reaffirmed
Small Industries Development Bank of India	Term Loan	Long Term	-	57.50	ACUITE A/Stable	Assigned
ICICI Bank Limited	Term Loan	Long Term	-	250.00	ACUITE A/Stable	Assigned
Union Bank of India	Term Loan	Long Term	32.50	14.99	ACUITE A/Stable	Reaffirmed
Union Bank of India	Term Loan	Long Term	-	30.01	ACUITE A/Stable	Assigned
Union Bank of India	Term Loan	Long Term	-	75.00	ACUITE A/Stable	Assigned
Mudra	Term Loan	Long Term	40.00	16.00	ACUITE A/Stable	Reaffirmed
Mudra	Term Loan	Long Term	-	17.40	ACUITE A/Stable	Assigned
Mudra	Proposed Term Loan	Long Term	-	100.00	ACUITE A/Stable	Assigned
UCO Bank Limited	Term Loan	Long Term	19.39	9.70	ACUITE A/Stable	Reaffirmed
UCO Bank Limited	Term Loan	Long Term	-	18.17	ACUITE A/Stable	Assigned
Dena Bank	Term Loan	Long Term	27.27	16.67	ACUITE A/Stable	Reaffirmed
Vijaya Bank	Term Loan	Long Term	5.27	3.33	ACUITE A/Stable	Reaffirmed
Vijaya Bank	Term Loan	Long Term	-	1.25	ACUITE A/Stable	Assigned
Vijaya Bank	Term Loan	Long Term	-	6.11	ACUITE A/Stable	Assigned
Axis Bank Limited	Term Loan	Long Term	25.71	3.57	ACUITE A/Stable	Reaffirmed
Axis Bank Limited	Term Loan	Long Term	-	7.14	ACUITE A/Stable	Assigned
Axis Bank Limited	Term Loan	Long Term	-	17.86	ACUITE A/Stable	Assigned
Axis Bank Limited	Term Loan	Long Term	-	100.00	ACUITE A/Stable	Assigned
Bandhan Bank Limited	Term Loan	Long Term	42.68	42.68	ACUITE A	Withdrawn
Bandhan Bank Limited	Term Loan	Long Term	-	94.29	ACUITE A/Stable	Assigned
Bandhan Bank Limited	Proposed Term Loan	Long Term	-	100.00	ACUITE A/Stable	Assigned
AU Small Finance Bank Ltd	Term Loan	Long Term	29.17	12.50	ACUITE A/Stable	Reaffirmed
AU Small Finance Bank Ltd	Term Loan	Long Term	-	27.50	ACUITE A/Stable	Assigned
HDFC Bank Limited	Term Loan	Long Term	43.57	8.71	ACUITE A/Stable	Reaffirmed
HDFC Bank Limited	Term Loan	Long Term	50.00	38.10	ACUITE A/Stable	Reaffirmed
HDFC Bank Limited	Proposed Term Loan	Long Term	-	100.00	ACUITE A/Stable	Assigned
Indusind Bank Limited	Term Loan	Long Term	43.17	9.09	ACUITE A/Stable	Reaffirmed
Indusind Bank Limited	Overdraft	Long Term	-	15.00	ACUITE A/Stable	Assigned
RBL Bank Limited	Term Loan	Long Term	-	12.50	ACUITE A/Stable	Assigned
RBL Bank Limited	Term Loan	Long Term	-	30.00	ACUITE A/Stable	Assigned
Dia Vikas Capital Private Limited	Term Loan	Long Term	4.17	0.17	ACUITE A/Stable	Reaffirmed
Bank of Baroda Limited	Term Loan	Long Term	-	31.63	ACUITE A/Stable	Assigned
Kotak Mahindra Bank Limited	Term Loan	Long Term	25.00	17.95	ACUITE A/Stable	Reaffirmed
Kotak Mahindra Bank Limited	Term Loan	Long Term	-	20.95	ACUITE A/Stable	Assigned
YES Bank Limited	Term Loan	Long Term	30.00	14.58	ACUITE A/Stable	Reaffirmed
Federal Bank Limited	Term Loan	Long Term	-	23.96	ACUITE A/Stable	Assigned
NABSAMRUDDHI Finance Limited	Term Loan	Long Term	-	6.67	ACUITE A/Stable	Assigned
NABSAMRUDDHI Finance Limited	Term Loan	Long Term	-	11.00	ACUITE A/Stable	Assigned
IDFC Limited	Term Loan	Long Term	-	100.00	ACUITE A/Stable	Assigned
Water Credit Investment Fund	Proposed External Commercial Borrowings	Long Term	-	9.50	ACUITE A/Stable	Assigned
ACTIAM Institutional Microfinance Fund III	External Commercial Borrowings	Long Term	-	21.50	ACUITE A/Stable	Assigned
Proposed Long Term Loan		Long Term	10.66	34.50	ACUITE A/Stable	Reaffirmed
Total Fund Based Facilities			467.95	1499.95		
Total Facilities			467.95	1499.95		

Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	467.95 Cr.	Not applicable
Rating	ACUITE A	Not applicable
Outlook	Stable	Not applicable

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