



LETTER OF OFFER
(Strictly Private and Confidential)

For Equity Shareholders of the Company Only

MIDLAND MICROFIN LIMITED

Regd. & Corp. Office:- The AXIS, Plot No.1, R.B. Badari Dass Colony, B.M.C Chowk,
G. T. Road, Jalandhar-144001

Tel.: 0181 – 508 5555, 508 6666 E-mail: cs@midlandmicrofin.com

Website – www.midlandmicrofin.com; CIN: U65921PB1988PLC008430

Contact Persons: Mr. Gagan Deep Sharma, Assistant Vice President and Ms. Sharon Arora, Company Secretary
M. No:- 78372-18818,78372-18968

Rights Issue Offer Letter Dated September 10, 2018

ISSUE OF 4677876 EQUITY SHARES OF RS. 10/- (RUPEES TEN ONLY) EACH FOR CASH AT A PRICE OF RS. 20/- (RUPEES TWENTY ONLY) PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. 10/- (RUPEES TEN ONLY) PER EQUITY SHARE) AGGREGATING TO RS. 9,35,57,520 (NINE CRORE THIRTY FIVE LAKHS FIFTY SEVEN THOUSAND FIVE HUNDRED TWENTY ONLY) ON RIGHTS BASIS TO THE EXISTING SHAREHOLDERS AS ON SEPTEMBER 10, 2018 OF THE COMPANY ON RIGHTS BASIS (THE "RIGHTS ISSUE").

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Offer Document contains information with regard to the Issuer and the issue, which is material in the context of the issue, that the information contained in the Offer Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. THIS LETTER OF OFFER IS ALSO AVAILABLE ON WEB SITE OF COMPANY AT www.midlandmicrofin.com

GENERAL INFORMATION

| | |
|---|---|
| Name of the company | MIDLAND MICROFIN LIMITED |
| Registered Office& Corp. Office Address | The AXIS, Plot No.1, R.B. Badari Dass Colony, B.M.C Chowk, G. T. Road, Jalandhar-144001 |
| Contact details (Phone No.): | 0181 – 508 5555, 508 6666 |
| E-mail ID | cs@midlandmicrofin.com |
| Website | www.midlandmicrofin.com |
| Date of incorporation of the company | May 27, 1988 |

Issue Schedule

| | |
|--------------------|--------------------|
| Issue Opening Date | September 14, 2018 |
| Issue Closing Date | September 29, 2018 |

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DISCLAIMER

GENERAL DISCLAIMER

This Disclosure Document is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with the applicable laws and regulations. The District Courts in Jalandhar, Punjab State alone shall have the jurisdiction in connection with any matter arising under these precincts.

DISCLAIMER OF THE ISSUER

The Issuer confirms that the information contained in this Offer Document is true and correct in all material respects and is not misleading in any material respect. The Company accepts no responsibility for statements made otherwise than in this Offer Document or any other material issued by or at the instance of the Issuer Company and anyone placing reliance on any other source of information would be doing so at his/her/their own risk. This Offer Document is not intended to provide the sole basis of any credit decision or other evaluation and should not be considered as a recommendation that any recipients of this Offer Document should invest in the Equity Shares proposed to be issued by Issuer. Each potential investor should make its own independent assessment of the investment merit of the Equity Shares and the Issuer. No selective or additional information would be available for a section of investors in any manner whatsoever. The Equity Shares have not been recommended or approved by the Reserve Bank of India ("RBI"), nor do the RBI guarantee the accuracy or adequacy of this document. This Offer Document has not been submitted, cleared or approved by the RBI.

The Issuer does not undertake to update the Offer Document to reflect subsequent events after the date of the Offer Document and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer. Neither the delivery of this Offer Document nor any sale of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The Offer Document is made available to investors in the Issue on the strict understanding that it is confidential.

1. RISK FACTORS

The Issuer believes that the following factors may affect the performance of the Issuer going forward. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, certain factors which are material for the purpose of assessing the market risks associated with Equity Shares issued under the Offer Document are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Equity Shares issued under the Information Memorandum but the Issuer does not represent that the statements below regarding the risks of holding any Equity Shares are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offer Document and reach their own views prior to making any investment decision.

The Equity Shares are sophisticated instruments, can involve a high degree of risk and are intended for sale only to those Investors capable of understanding the risks entailed in such instruments. Potential investors are strongly recommended to consult with their financial, legal, tax and other professional advisors before making any investment decision.

The following are the risks envisaged by the management and Investors should consider the following risk factors carefully for evaluating the Company and its business before making any investment decision. Unless the context requires otherwise, the risk factors described below apply to the Company only. The risks have been quantified wherever possible. If any one of the following stated risks actually occurs, the Company's business, financial conditions and results of operations could suffer and therefore the value of the Company's securities could decline.

Note: The risk factors herein are not exhaustive and unless specified or quantified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risk mentioned herein below:

PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THESE KEY RISKS ASSOCIATED WITH THE EQUITY SHARES. THESE RISKS ARE NOT, AND ARE NOT INTENDED TO BE, A COMPLETE LIST OF ALL RISKS AND CONSIDERATIONS RELEVANT TO THE EQUITY SHARES OR YOUR DECISION TO PURCHASE THE EQUITY SHARES. THIS OFFER DOCUMENT IS NOT, AND DOES NOT PURPORT TO BE, INVESTMENT ADVICE.

(a) Uncertain Trading Markets and liquidity risk

Investors should be prepared to hold the Equity Shares for long term or till they are listed on a recognized stock exchange where they can be freely traded in secondary market, as Investors may not be able to liquidate or sell some or all of the Equity Shares as and when they require or at an amount equal to or more than the invested amount. There is currently no active or liquid secondary trading market for these Equity Shares. The Company cannot assure Shareholders that a trading market for their equity shares will ever develop or be maintained. Many factors independent of the creditworthiness of the Company affect the trading market of the equity shares.

(b) There can be no assurance that anyone intends to make a market in the Equity Shares, or that if anyone does so, that they will continue to do so, or that a market-maker in the Equity Shares (if any) will offer an amount equal to or greater than the invested amount, or that if a market-maker does offer a price for the Equity Shares which is equal to or greater than the invested amount, that it will continue to do so. No Investor should purchase Equity Shares unless such investor understands and is able to bear the risk that such Equity Shares may not be readily saleable, that the value of such Equity Shares will fluctuate over time.

(c) Unlisting

The Company has not listed its equity shares and does not have concrete plans to list its equity shares in immediate future. Although, the Company has plans to go for public issue of its equity shares in the medium term but it shall take some time and till then there shall be limited or no secondary market for its equity shares.

(d) Internal Risk Factors

(i) Credit Risk

The Company carries the risk of default by borrowers and other counterparties. Any lending and investment activity is exposed to credit risk arising from the risk of repayment default by the borrowers and counterparties. The Company has institutionalized a

systematic credit evaluation process monitoring the performance of its asset portfolio on a regular and continual basis to detect any material development, and also constantly evaluates the changes and developments in sectors to which it has substantial exposure.

(ii) Interest Rate Risk

The Company's business is dependent on interest rate regime in the economy. Interest rates are highly sensitive to many factors beyond its control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility.

(iii) Access to Capital Markets and Commercial Borrowings

The Company's growth will depend on its continued ability to access funds at competitive rates. With the growth of its business, the Company is increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and its ability to obtain funds at competitive rates will depend on various factors including its ability to maintain its credit ratings. If the Company was unable to access funds at an effective cost that is comparable to or lower than its competitors, the Company may not be able to offer competitive interest rates for its loans. This may adversely impact its business, its future financial performance.

(iv) Operational and Systems Risk

The Issuer is faced with operational and systems risks, which may arise as a result of various factors viz. like improper authorisations, inappropriate documentation, and failure in maintenance of proper security policies, frauds, inadequate training and employee errors. Failure or malfunction beyond the control of the Company of any telecommunication or computer system including, computer hacking, unauthorised access to computer data and storage devices, computer crashes, data loss, breach of confidentiality, network security, etc.

(e) Material Changes In Regulations

NBFCs in India are subject to detailed supervision and regulation by the RBI. In addition, the Company is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. The RBI also requires the NBFCs to make provisions in respect of NPAs. The provision made is equal to or higher than that prescribed under the prudential norms. Any changes in the regulatory framework could adversely affect the profitability of the Company or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

(i) Slowdown In Economic Growth In India Could Cause The Company's Business to Suffer:

The Company's performance and the quality and growth of its assets are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect its business, including its ability to grow its asset portfolio, the quality of its assets, and its ability to implement its strategy. India's economy could be adversely affected by a general rise in interest rates, or various other factors affecting the growth of industrial, manufacturing and services sector or general down trend in the economy.

(ii) Political Scenario

Since 1991, successive Indian governments have pursued policies of economic liberalization. The role of the central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed a number of times since 1996. The new government, its composition and policy stance will be critical for future pace of development of the Company and industry.

(iii) Social-Economic and Political scene

External factors such as potential terrorist attacks and other acts of violence or war or geo political and social turmoil may negatively affect the Indian markets and may also adversely affect the worldwide financial markets. These acts may also prevent or block the company's ability to do business, increase its cost and result in loss of business confidence. In addition, adverse social, economic and political events in India could have a negative impact on the Company. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the Company's business.

(iv) Market Risk

The Company is in the business of provision of financial services. The overall business of the Company is linked to the macroeconomic parameters like GDP growth, capital markets and liquidity. Any adverse movement on these factors will have an adverse impact on the business of the Company. The performance may also be affected by political and economic developments and natural disasters like

earthquakes, flood, drought, act of God, etc. These factors may affect the capital markets as well as reliability of the Issuer's assets. Interest rate volatility exposes the Issuer to market risks arising out of maturity rate/ interest rate mismatches, which may have an impact on its financial results.

(v) Legality of Purchase

A prospective Investor of the Equity Shares will be responsible for the lawfulness of the acquisition of the Equity Shares, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates or for compliance by that prospective Investor with any law, regulation or regulatory policy applicable to it.

(vi) Taxation

Each Share Holder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, income tax any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the equity shares. The Issuer will not pay any additional amounts to Share Holders to reimburse them for any tax, assessment or charge required to be withheld or deducted by the Issuer from payments in respect of the Equity Shares.

2. ISSUER INFORMATION

Business carried on by the company:

The company was incorporated as NBFC in the name of *Sajan Hire Purchase Private Limited* on May 27, 1988. The name of the company was changed to *Midland Microfin Limited* and fresh Certificate of Incorporation was issued on January 24, 2011. The company obtained a license to carry on the micro finance business from the Reserve Bank of India, registration number being B-06-00458. The Registered Office of the company situated at The AXIS, Plot No.1, R.B. Badari Dass Colony, B.M.C Chowk, G. T. Road, Jalandhar-144001.

3. BRIEF PROFILE

Midland Microfin Ltd. (MML) is the first Punjab based Microfinance Institution (MFI) having its Head Office at Jalandhar, Punjab and is working towards Financial & Social Empowerment of Women by way of extending small Business Loans etc. The Company is registered as an 'NBFC – MFI' with the Reserve Bank of India (RBI).

With a vision to be a world class, role model, techno savvy international Microfinance Institution providing support to progressive poor at low cost, MML came into existence in January 2011 to contribute in the eradication of global poverty. At present MML has got a network of 123 branches, which is spread out in 5 States and 1 Union Territory viz. Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar and Chandigarh.

With the intent to enhance control and efficiency of operations. Four Regional Offices have been opened in Jaipur, Patna, Varanasi and Chandigarh. These offices replicate the working of Head Office at regional level.

We encourage entrepreneurship amongst women as a sustainable source of livelihood by providing loans for working capital. These loans give economically active women an access to finance in order to support their micro enterprises. These small enterprises are; kiriyana stores, small vendors, repair shops, clay pot manufacturing, boutiques, embroidery centres, beauty parlours, micro ancillary units, livestock, small shops, small teaching centres, toy making, small eateries, dairy farming, fruit & vegetable selling and basket making etc. We offer a range of products and services, which have been, developed on the basis of financial need of poor working women. In some of the cases these women are running home based micro enterprises.

MML works on Joint Liability Group (JLG) lending model wherein a group of five women is formed by the members with the assistance of Centre Officer (Field Officer) and Branch Manager. The members undertake a guarantee on behalf of each other for timely repayment of the Loans extended to them. Hence the peer pressure and close social ties ensure credit discipline and smooth recovery mechanism.

The effectiveness and efficiency of the operations of MML can be analysed by the fact that the Company has maintained Collection Efficiency above 99.90% post demonetisation. Robust Mechanism and continuous follow-ups at field level has ensured the recovery

and reduction in arrears. The Company initially understood the genuineness of liquidity crunch and did not accept any old currency, however gradually MML adopted non – coercive but vigorous measures to collect the due repayments from its members. Spreading awareness and motivating the employees has always been MML’s Priority.

The Company has been accredited with MF2 grading assigned by Brickwork Ratings which is second notch grading on eight point scale. MML has received Bank Loan Rating of CARE BBB from CARE Ratings which has been upgraded from fifth to fourth notch on the scale of eight in this Financial Year 2017-18. The Bank Loan Rating facilities from Brickwork Ratings has been upgraded from BWR BBB to BWR BBB+ due to consistency in Financial performance and improved operational performance. With regard to the Code of Conduct Assessment (COCA), MML has been accredited with comprehensive MFI grading of “M2C1”. It signifies “High” capacity of the MFI to manage its operations in a sustainable manner and “excellent” performance on code of conduct dimensions. Both the Ratings and Grading received by MML are highest in its peer group.

a) Operational Model of Lending JLG-Lending Model

Midland Microfin broadly follows Grameen Model having Joint Liability Groups (JLGs) of the borrowers (a new hybrid model of lending and monitoring). As per business plans, the Company is a Techno Savvy Institution having fully computerized environment right from day one. This enables us to work more efficiently with better MIS and fool proof monitoring. A JLG is a Joint Liability Group, which is a small group of five women and is formed by the members with assistance, guidance and supervision of the Centre Officer. The members support each other emotionally and financially by guaranteeing the repayment of each of their loans. The members jointly stand liable for the repayment of the loan disbursed to any of them. A guarantee note for the same is taken when the group is formed; as these micro loans are collateral free, hence peer pressure is the only way to ensure timely recovery. Like most the MFIs, Midland Microfin extends loans only to women as it is established that women are better borrowers, and end users. JLG is a proven concept of risk free lending in India and abroad. We are the first Punjab based MFI to introduce this concept with latest Technology. Our Regional Managers, Divisional Manager, Cluster Managers, Branch Managers and Centre Officers outreach the communities and create awareness about the benefits of this concept.

b) Major Target Segment

The major target segment is semi urban and rural women and efforts are made to encourage their micro enterprises like kiriyana stores, small vendors, repair shops, service centers, boutiques, embroidery centers, beauty parlors, small shops, small teaching centers etc. and other home based workers. The basic purpose is to encourage entrepreneurship among women as sustainable source of livelihood. For the target group ‘entrepreneurship’ is the only way out of poverty, as the women in this strata are not much qualified to get in to well-paying jobs, so the only way out is to develop an enterprise that provides regular income which helps alleviation. The company aspires to encourage and inculcate entrepreneurship amongst women.

| Company Secretary and Compliance Officer | Auditors of the Company |
|--|---|
| Ms. Sharon Arora Midland Microfin Limited, The AXIS, Plot No.1, R.B.Badari Dass Colony, B.M.C Chowk, G. T. Road, Jalandhar – 144001 (Punjab) Tel.: 0181-505 3060, E-mail: cs@midlandmicrofin.com | M/s S.R. Batliboi & Associates LLP Chartered Accountants Golf View Corporate Tower – B, Sector-42, Sector Road, Gurugram- 122 002, Haryana (India) Tel.: 124 464 4000 |

Branch Network

a) Branches and/or Units of Company:

The company has 1 (One) Head Office and 104 (One hundred Four) Branches as on March 31, 2018, the details of which are as under:

| SN | Particulars | Details |
|----|---------------------------------------|---|
| 1 | Head Office | The AXIS, Plot No.1, R.B. Badari Dass Colony, B.M.C Chowk, G. T. Road, Jalandhar-144001 |
| 2 | Region wise Number of Branches | |
| | Region Wise | No. of Branches |
| | PUNJAB & CHANDIGARH | 31 |
| | RAJASTHAN | 40 |
| | BIHAR | 08 |
| | HARYANA | 16 |
| | UTTAR PARDESH | 9 |

Information Technology

With a vision of being a techno –savvy Company, MML made a huge investment in technology and mobility solutions to ease down its operations. The Company continues to leverage information technology as a strategic tool in business operations for customer delight by offering efficient and improved service as well as improving internal productivity, efficiency and controls. Information and technology can induce massive impact on the state of credit market accessibility, which remains the most significant issue when it comes to availability of formal loans at market price. Inaccessibility of credit at reasonable market price is the reason behind weak financial inclusion of the backward section of the population. A lack of suitable financial infrastructure provides the main bottleneck and it can be successfully tackled with innovative implementation of information technology keeping unique circumstances of rural population in mind. Last year Midland Microfin Limited migrated to a new software i.e. E-fimo by Jayam Solutions, specifically designed to cater to the current as well as future needs of the Company. Now E-fimo has been launched in all our branches. For better administration IT department has been segregated as Hardware & networking team and other one is Software team. We are constantly working over it being the need of the hour in the industry. Creation of Database backup site, shifting to E-clock attendance system, In-house anti-virus system with Quick Heal and so on are the successful endeavours of the Company.

Future Plans include Mobility Launch, Launching of separate individual loan module, Issuance of Tracking system for Branches and HO, centralised attendance management system including Attendance Mobile APP etc.MML has introduced a new system named “Gravity” to ease operation in Bio-Matric Attendance, Geo-Tagging, Digitized Loan Monitoring system.

All the I.T infrastructural development done to smoothen the overall working flow of the Company so that the staff could make more efforts to attain the growth and meeting the Business Plan that MML has made.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has an Internal Control System which is commensurate with the size, scale and complexity of its operations. The Internal Auditors monitor the efficiency and efficacy of the internal control systems in the Company, compliance with operating systems/accounting procedures and policies of the Company. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board. Your Company has a vigilant process to prevent and control risks involved in process of disbursing loan to the borrowers. The company has continued its efforts to align its processes and controls with best practices and has put in place a process wise internal control framework across the company. The internal Auditors of the Company conduct internal audit of various departments of the company and evaluate the adequacy, efficiency and effectiveness of internal controls. The Company conducts its internal audit and compliance functions within the parameters of regulatory framework, which is well commensurate with the size, scale, and complexity of operations. The internal controls are reviewed and enhanced periodically.

Competition

The Company faces competition in all of its principal lines of business. The Company's primary competitors are other Microfinance Companies dealing in the same product areas.

4. NAME AND DETAILS OF THE DIRECTORS AND AUDITORS OF THE ISSUER:

Names, Addresses, DIN and occupations of the Directors:

| S.No | Name/DIN | Age | Address | Occupation/Designation |
|------|--|----------|---|----------------------------------|
| 1. | Amardeep Singh Samra DIN: 00649442 | 47 Years | 182, New Jawahar Nagar, Jalandhar | Managing Director |
| 2. | Vijay Kumar Bhandari DIN:00052716 | 75 Years | 1704, Wallace Apartments (17th Floor) Sleater Road, Grant Road (W) Mumbai 400007 MH IN | Chairman, Non-Executive Director |
| 3. | Janak Raj Gupta DIN:07473685 | 72 Years | 80, Vijay Nagar, Jalandhar | Independent Director |
| 4. | Ms. Kamna Raj Aggarwalla DIN:07009446 | 60 Years | GDPA Fastners, Near Railway Godowns, Jalandhar-144004 | Independent Director |
| 5. | Harpal Singh Chhokar DIN:07070314 | 33 Years | Heudson House, Heudson Way, Gerrards Cross, Sl9, 7bd, London, U.K | Non-Executive Director |
| 6. | Shant Kumar DIN:01571485 | 53 Years | 98, SheedUdham Singh Nagar Jalandhar 144001 PB IN | Independent Director |
| 7. | Sachin Kamath DIN:01592593 | 53 Years | Assarain Complex, Villa No.17, Building No. 791, Way No. 2307, Qurum/Bausher, Muscat 113 Oman | Nominee Director |

DETAILS OF CHANGE IN DIRECTORS SINCE LAST THREE YEARS

| Name, Designation and DIN | Date of Appointment (Director Since) | Date of Cessation /Resign/ Retirement | Remarks |
|---|--------------------------------------|---------------------------------------|---|
| Mr. Gagan Samra Director DIN – 00650359 | 18/09/2015 | 06/01/2016 | Gave Resignation due to pre-occupations |
| Mrs. Kamna Raj Aggarwalla Director DIN-07009446 | 28/09/2015 | - | Appointed as a director on the Board of Directors w.e.f. 28/09/2015 |
| Mr. Janak Raj Gupta Director DIN – 07473685 | 19/03/2016 | - | Appointed as a director on the Board of Directors w.e.f. 19/03/2016 |
| Mr. Sachin Kamath Nominee Director DIN – 01537844 | 31/03/2016 | - | Appointed as a director on the Board of Directors w.e.f. 31/03/2016 |

DETAILS OF THE AUDITOR OF THE COMPANY:-

| Name | Address | Auditors Since |
|---|---|----------------|
| M/s S.R. Batliboi & Associates LLP Chartered Accountants | Golf View Corporate Tower – B, Sector-42, Sector Road Gurugram- 122 002, Haryana (India), Tel.: 124 464 4000 | 2016-2017 |

Brief Profile of Chairman and Managing Director

VIJAY KUMAR BHANDARI, Non-Executive Chairman

Mr. Vijay Kumar Bhandari is a Fellow member of Institute of Chartered Accountants of India. He is a banker by profession and former General Manager of Central Bank of India. He has over 31 years of experience in Banking Industry in various capacities as Senior Internal Auditor, Branch Manager, Regional Manager and Zonal Manager. He held his last position as General Manager-In-Charge of Credit, Credit Monitoring, Treasury, Investment, Fund Management, Merchant Banking and International Banking division of Central Bank of India. He is also on the Board of Various renowned companies as an Independent Director.

AMARDEEP SINGH SAMRA, Managing Director

Mr Amardeep Singh Samra is the Managing Director of Midland Microfin Ltd which is the first Punjab based Microfinance Institution and is one of the leading MFIs in the states of Punjab, Haryana and Rajasthan having more than 4,00,312 Customer base at present. He is passionate about microfinance, hence introduced this concept in Punjab & neighbouring states of Punjab and Northern Haryana & Rajasthan. He spearheads a highly experienced management team and with his professional and ethical approach, Midland Microfin Ltd has been able to become a major player in the area. In a short span of 7 years, Midland Microfin has achieved exemplary landmarks including excellent asset quality. Mr. Samra has a specialization in Finance, Marketing and Administration. He has introduced various innovative ideas in the business, which helped it to grow manifold. He is the Co-ordinator of Punjab & Haryana Finance Co's Association, the prestigious body of major NBFs in North India.

Socio-Economic Activities

Mr. Amardeep Samra has tremendous interest in Photography and art. He takes part in regional and international photo exhibitions – Highlighted heritage buildings of Punjab through his photographs. He takes keen interest in sports activities & Architecture. Mr. Amardeep Samra is a Member of Photographic Society of America (PSA) and life member of Bombay Natural History Society (BNHS). He is also Member of Young Presidents Organisation (YPO) Punjab Chapter, the world's premium network of chief executives.

Company Secretary & Compliance officer

Name: Ms. Sharon Arora
Designation: Company Secretary
Address: The AXIS, Plot No.1, R.B.Badari Dass Colony, B.M.C Chowk, G. T. Road, Jalandhar.
Contact No.: 0181 – 508 5555
E-Mail: cs@midlandmicrofin.com

Shareholders can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of Share Certificates or refund orders, etc.

5. CAPITAL STRUCTURE, SHAREHOLDING PATTERN

a) Capital Structure of the Company

| Share Capital | Amount (In Rs) |
|-----------------------------|--|
| a) Authorized Share Capital | The Authorised Share Capital is Rs. 57,00,00,000/- (Rs. Fifty Seven Crores Only) divided into 3,50,00,000 Equity share of Rs. 10/- each aggregating to Rs. 35,00,00,000/- (Rupees Thirty Five Crores Only) and 2,20,00,000 Preference share of Rs. 10/- each aggregating to Rs.22,00,00,000/- each |

| | |
|---|---|
| Equity Share Capital | Rs. 35,00,00,000/-consisting of 3,50,00,000 Equity Shares of face value of Rs. 10/- each |
| Preference Share Capital | Rs.22,00,00,000/- consisting of 2,20,00,000 Preference Shares of face value of Rs. 10/- each |
| Issued, Subscribed and Paid-up Share Capital | The Issued capital of the company is Rs. 37,05,65,000/- |
| Equity Share Capital | Rs. 18,71,15,000 /- consisting of 1,87,11,500 Equity Shares of face value of Rs. 10/- each |
| Preference Share Capital | Rs.16,34,50,000/- consisting of 1,63,45,000/- Cumulative, Non-Participative and Non-Convertible Preference Shares of Rs.10/- each and Rs.2,00,00,000/- consisting of 20,00,000/- Cumulative, Non-Participative and Optionally Convertible Preference Shares of Rs.10/- each |

b) Shareholding Pattern of the Company as on MARCH 31, 2018

| Particulars | Equity Share holding | | Preference Share holding | |
|---------------------------------|-----------------------|---------------------|--------------------------|--------------------|
| | No. of Shares | holding% | No. of Shares | holding% |
| a) Promoters | | | | |
| Resident | 2532400 | 13.53 | | |
| Non-Resident | 5117000 | 27.35 | - | - |
| Body Corporate | 150000 | 0.8 | | |
| | <u>7799400</u> | <u>41.68</u> | - | - |
| b) Promoter Group Member | | | | |
| Resident | 4868100 | 26.02 | 16345000 | 89.1 |
| Non-Resident | 475500 | 2.54 | - | - |
| Body Corporate | 462500 | 2.47 | | |
| | <u>5806100</u> | <u>31.03</u> | <u>16345000</u> | <u>89.1</u> |
| c) Financial Institution | | | | |
| Resident-SIDBI | 1000000 | 5.35 | 2000000 | 10.9 |
| Non-Resident-KITARA PIIN 1501 | 4106000 | 21.94 | - | - |
| | <u>5106000</u> | <u>27.29</u> | <u>2000000</u> | <u>10.9</u> |
| Total (a+b+c) | 18711500 | 100 | 18345000 | 100 |

6. DETAILS OF ALL DEFAULT/S AND/OR DELAY IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE COMPANY, IN THE PAST 5 YEARS .

NIL

7. AUDITED FINANCIAL RESULTS

Audited Financial results for the last three years are as under:

a) AUDITED ANNUAL FINANCIAL RESULTS

(In Crores)

| | | | March 31, 2018 | March 31, 2017 | March 31, 2016 |
|----------|--|---------------------------------------|----------------|----------------|----------------|
| I | EQUITY AND LIABILITIES | | | | |
| 1 | Shareholder's Funds | | | | |
| | (a) | Share Capital | 37.05 | 22.95 | 20.71 |
| | (b) | Reserves & Surplus | 34.33 | 21.40 | 14.84 |
| | (c) | Money Received Against Share Warrants | 0 | 0 | 0 |
| 2 | Share Application Money Pending Allotment | | 0 | 0 | 0 |
| 3 | Non-Current Liabilities | | | | |
| | (a) | Long Term Borrowings | 153.03 | 95.92 | 81.93 |
| | (b) | Deferred Tax Liabilities (NET) | 0 | 0 | 0.0 |
| | (c) | Other Long Term Liabilities | 24.13 | 17.06 | 11.28 |
| | (d) | Long Term Provisions | 0.64 | 0.48 | 0.27 |
| 4 | Current Liabilities | | | | |
| | (a) | Short Term Borrowings | 0 | 0 | 0 |
| | (b) | Trade Payables | 4.19 | 1.58 | 0.81 |
| | (c) | Other Current Liabilities | 132.40 | 70.10 | 46.02 |
| | (d) | Short Term Provisions | 3.23 | 2.21 | 2.75 |
| | TOTAL | | 389.01 | 231.74 | 178.64 |

| II | ASSETS | | | | |
|----------|---------------------------|-----------------------------|---------------|---------------|---------------|
| 1 | Non-Current Assets | | | | |
| | (a) | Fixed Assets | 7.05 | 5.77 | 2.72 |
| | (b) | Non-Current Investments | 0 | 0 | 0 |
| | (c) | Deferred Tax Assets (NET) | 0.88 | 0.70 | 0.47 |
| | (d) | Long Term Loans & Advances | 5.17 | 0.41 | 10.50 |
| | (e) | Other Non-Current Assets | 4.19 | 5.55 | 4.19 |
| 2 | Current Assets | | | | |
| | (a) | Current Investments | 1.20 | 21.03 | 0 |
| | (b) | Inventories | 0 | 0 | 0 |
| | (c) | Trade Receivables | 0.09 | 0.03 | 0.04 |
| | (d) | Cash And Cash Equivalents | 34.08 | 80.45 | 23.19 |
| | (e) | Short Term Loans & Advances | 333.06 | 116.17 | 136.53 |
| | (f) | Other Current Assets | 3.25 | 1.60 | 9.09 |
| | TOTAL | | 389.01 | 231.74 | 178.64 |

b) STATEMENT OF PROFIT AND LOSS ACCOUNT

(In Crores)

| S. No. | PARTICULARS | March 31, 2018 | March 31, 2017 | March 31, 2016 |
|-----------|--|----------------|----------------|----------------|
| 1. | Revenue from operations | 53.03 | 44.14 | 29.61 |
| 2. | Other Income | 3.76 | 2.47 | 1.07 |
| 3. | TOTAL INCOME (1+2) | 56.80 | 46.62 | 30.68 |
| 4. | Employee Cost | 16.14 | 9.41 | 6.76 |
| 5. | Financial Costs | 27.68 | 24.12 | 13.57 |
| 6. | Depreciation and other amortization expenses | 1.33 | 0.60 | 0.36 |
| 7. | Other expenses | 9.03 | 5.19 | 3.61 |
| 8. | Provisions | 1.00 | 0.75 | 0.76 |
| 8. | Total Expenses | 55.20 | 40.08 | 25.07 |
| 9. | Profit/(Loss) before Tax | 1.60 | 6.53 | 5.61 |
| 10. | Extraordinary items | 0 | 0 | 0 |
| 11. | Tax Expense: | | | |
| (a) | -current Tax Expenses for current | 0.60 | 2.41 | 2.25 |

| | | | | |
|-----|---|-------------|-------------|-------------|
| | year | | | |
| (b) | current Tax Expenses relating to prior year | 0 | 0.04 | 0.00 |
| (c) | Net current tax expenses | 0 | 2.45 | 2.25 |
| (d) | - Deferred Tax | (0.18) | (0.23) | (0.34) |
| 13. | Net Profit/(Loss) for the period | 1.17 | 4.31 | 3.70 |

8. AUDITED CASH FLOW STATEMENT:

(In Rupees)

| | March 31, 2018 | March 31, 2017 | March 31, 2016 |
|---|----------------------------|--------------------------|--------------------------|
| Cash flow from operating activities | | | |
| Profit before tax | 1,60,07,021.94 | 6,53,54,240.09 | 5,61,12,421.00 |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Depreciation and amortization | 1,33,50,279.00 | 60,36,614.91 | 36,13,886.00 |
| Preliminary Expenses | | | 2,42,555.00 |
| Contingent provision against standard assets | 1,00,94,126.94 | 75,58,449.00 | 76,37,360.00 |
| Provision for employee benefits | 16,38,784.00 | 21,69,415.00 | 19,71,468.00 |
| (Profit)/loss on sale/disposal of asset | | | 12,77,770.00 |
| Operating profit before working capital changes | 4,10,90,211.88 | 8,11,18,719.00 | 7,08,55,460.00 |
| Movements in working capital : | | | |
| Increase in trade payables | 2,60,12,632.85 | 76,57,058.00 | 62,43,187.00 |
| Increase in other current liabilities and other long term liabilities | 69,36,07,307.04 | 24,08,24,441.00 | 37,50,93,241.00 |
| (Increase) / decrease in trade receivables | (5,41,716.05) | 4,785.00 | 16,40,718.00 |
| (Increase) / decrease in loans and advances | (2,20,82,55,277.65) | 31,06,60,193.00 | (76,58,78,439.00) |
| (increase) in other current assets | (1,66,51,591.83) | (36,84,900.00) | (65,12,375.00) |
| Decrease / (increase) in other non-current assets | 1,35,88,297.00 | (1,36,10,682.00) | (3,88,00,028.00) |
| Cash (used in)/generated from operations | (1,45,11,50,136.76) | 62,29,69,614.00 | (35,73,58,236.00) |
| Direct taxes paid (net of refunds) | (1,43,22,340.83) | (3,19,22,889.00) | (2,03,05,028.00) |
| Net cash flow (used in)/ from operating activities (A) | (1,46,54,72,477.59) | 59,10,46,725.00 | (37,76,63,264.00) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipments, including capital work in progress and capital advances | (2,61,67,823.65) | (3,88,97,768.00) | (1,71,50,691.00) |
| Proceeds from current investments | 3,67,58,68,460.00 | 2,67,27,54,151.00 | |
| Purchase of current investments | (3,47,75,34,889.91) | (2,88,30,87,721.09) | |
| Net Cash from Investing Activities (B) | 17,21,65,746.44 | (24,92,31,338.09) | (1,71,50,691.00) |

| Cash Flows from Financing Activities | | | |
|---|--------------------------|------------------------|------------------------|
| Proceeds from issuance of preference share capital | 28,20,00,000.00 | 4,49,00,000.00 | 23,39,92,180.00 |
| Proceeds from Long-term borrowings (including debentures) | 1,47,36,67,171.54 | 81,94,94,790.00 | 55,22,65,782.00 |
| Repayment of Long-term borrowings (including debentures) | (90,25,37,111.09) | (62,17,41,176.00) | (22,18,85,978.00) |
| Proceeds from Proceeds from Short Term Borrowings | 0.00 | 0.00 | (2,32,00,000.00) |
| Dividend paid on equity shares | (1,12,26,900.00) | (87,26,391.00) | |
| Dividend paid on preference shares | (18,03,256.00) | (11,50,820.00) | |
| Tax paid on dividend on equity shares | (22,85,527.00) | (17,76,484.00) | |
| Tax paid on dividend on preference shares | (3,67,100.00) | (2,34,279.00) | |
| Share issue expenses | (78,57,500.00) | 0.00 | |
| Net Cash from Financing Activities (C) | 82,95,89,777.45 | 23,07,65,640.00 | 54,11,71,984.00 |
| | | | |
| Net (decrease)/ increase in Cash and Cash Equivalent (A+B+C) | (46,37,16,953.69) | 57,25,81,026.91 | 14,63,58,029.00 |
| Cash and Cash Equivalents at the Beginning of the Year | 80,45,38,975.91 | 23,19,57,949.00 | 8,55,99,920.00 |
| Cash and cash equivalents at the end of the year (refer note 17) | 34,08,22,022.22 | 80,45,38,975.91 | 23,19,57,949.00 |

9. CHANGE IN ACCOUNTING POLICIES

There is no change in the accounting policies of the Company during the last three years.

10. INFORMATION RELATING TO THE TERMS OF THE OFFER OR PURCHASE

OBJECTS OF THE ISSUE

The present Rights issue of equity shares is being made:

- To augment the capital base of the Company to meet the net worth and capital adequacy requirements of the Company.
- To augment long-term resources in order to successfully implement growth plans

The Company shall make use of the proceeds from the Rights Issue after meeting all expenses of the Rights issue, to augment its capital base to meet the working Capital requirements of the Company

The main objects clause and the objects incidental or ancillary to the main objects clause of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised by us in the Issue.

QUALITATIVE FACTORS

1. First Microfinance Institution (MFI) registered as NBFC in Punjab (India) having its headquarters at Jalandhar City, Punjab.
2. Techno Savvy institutions with dedicated work force.
3. Fastest Growing MFI in Northern India
4. Established a network of 104 branches spread over in 5 states short span of 7 years.

QUANTITATIVE FACTORS

The operational highlights for the financial year ended on March 31, 2018:

- a). 104 branches across 5 States (Punjab, Haryana, Rajasthan, U.P. and Bihar) and 1 Union Territory (Chandigarh).
- b). Customer base of 216336 and cumulative disbursements of Rs. 1,198.29 Crores.
- c). Loan Disbursed during the financial year Rs. 535.13 Crores.

The Company has made a sustainable growth in its operations, comparative operating Performance of the Company as on March 31, 2018:

| Particulars | March 31, 2018 | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|----------------|
| States | 5 | 3 | 3 |
| UT | 1 | 1 | 1 |
| Districts | 76 | 32 | 30 |
| Cities | 104 | 53 | 45 |
| Villages Covered | 11225 | 6234 | 3683 |
| Branches | 104 | 53 | 45 |
| Joint Liability Group | 43267 | 25677 | 39793 |
| No of Borrowers | 216336 | 129204 | 131439 |
| Maximum Loan Amount- Individual | 100000 | - | - |
| Joint Liability Group (JLG) | 50000 | 50000 | 50000 |
| Average Ticket Size | 25,180 | 15,636 | 13,884 |
| Cumulative Loan Disbursement (Rs. In Crores) | 1198.29 | 663.14 | 432.26 |
| Loan Disbursed in FY (Rs. In Crores) | 535.13 | 230.88 | 233.74 |
| Equity Share Capital (Rs. In Crores) | 18.71 | 18.71 | 18.71 |
| Preference Share Capital (Rs. In Crores) | 18.34 | 4.25 | 2.00 |
| Total Assets (Rs. In Crores) | 389.9 | 231.74 | 178.64 |

TERMS OF PRESENT ISSUE

1. AUTHORITY FOR THE RIGHTS ISSUE

The Rights Issue in terms of this offer has been authorised pursuant to the resolution passed in the meeting of Board of Directors of the Company held on August 28, 2018.

2. BASIS OF OFFER

4677876 Equity Shares of Rs.10/- each For cash at a Price of Rs.20/- per Equity Share (Including Share Premium of Rs.10/- per Equity Share) aggregating to Rs. 9,35,57,520 are proposed to be offered to existing shareholders on Rights basis in the ratio of one equity share for every four equity shares held at the close of the business hours on September 10, 2018. (Herein after referred to as date of Book closure).

3. ENTITLEMENT

An Equity Shareholder of the company on the date of the offer would be entitled to 1 equity shares against every 4 shares held i.e. the number of Equity Shares as shown in Block-II of Part A of the enclosed Composite Application Form (CAF).

4. ACCEPTANCE OF OFFER

You may accept and apply for the Equity shares offered hereby to you wholly or in part by filling up the "Part A" of the enclosed CAF and submitting the same along with the payment of application money to the any of the collecting Branches on the reverse of the CAF on or before the closing of Company's working hours on September 29, 2018 otherwise the offer contained in this letter of offer shall deemed to have been declined by you.

5. TERMS OF PAYMENT

100% of the issue price i.e. Rs.20/- shall be payable on Application.

6. RANKING OF EQUITY SHARES

The new Equity Shares shall rank pari passu in all respects with the existing fully paid up shares of the Company in all respect except that for the financial year during which the said Equity Shares are allotted, they shall rank for dividend, if any, pro rata for the remaining period of the said financial year from their respective dates of allotment on the date of declaring the dividend.

7. FRACTIONAL ENTITLEMENT

On applying, the Rights may lead to fractional entitlement to some of the shareholders. In such an event, the fractional entitlement will be rounded off to the next higher integer if the fraction comes to 0.5 or above.

8. JOINT-HOLDERS

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed (so far as the company is concerned) to hold the same as joint-tenants with benefits of survivorship subject to provisions contained in the Articles. According to the provisions contained in Articles of the Company the Company shall be entitled to decline to register more than three persons as the holder of any share.

9. OFFER TO NON-RESIDENT EQUITY SHAREHOLDERS/ APPLICANTS

Applications received from Non resident Indians (NRI) and other Non Resident (NR) shareholders for allotment of Equity Shares shall be, inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of application moneys, allotment of Equity Shares, issue of Letter of Allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to apply equity shares offered on Rights basis by an Indian Company in terms of FEMA and the rules and regulations thereunder. Vide notification dated June 18, 2003, bearing number FEMA 94/2003, RBI has granted general permission to Indian companies to issue Rights/bonus shares to existing non-resident shareholders. The existing non-resident shareholders may apply for issue of additional shares and the Company may allot the same subject to the condition that the overall issue of equity shares to non-residents in the total paid up capital does not exceed the sectoral cap. In other words, non-residents may subscribe for additional shares over and above shares offered on Rights basis by the company and renounce the shares offered in full or part thereof in favour of a person named by them. The Equity Shares issued under the Rights Issue and purchased by NR shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the previously held Equity Shares against which Equity Shares under the Rights Issue are issued. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the Equity Shareholders who are NR.

10. OPTIONS AVAILABLE TO THE EQUITY SHAREHOLDERS

The Equity Shareholders will be having the following five options:

- Apply for his entitlement in part
- Apply for his entitlement in part and renounce the other part
- Renounce his entire entitlement
- Apply for his entitlement in full
- Apply for his entitlement in full and apply for additional Equity Shares

For the sake of convenience, the options available and action required are summarized as under:-

| Sr.No. | Options Available | Action required |
|--------|---|--|
| 1. | Accept whole or part of the equity shares offered to you without renouncing the balance | Fill in and sign Part A indicating in Block III of Part A the number of equity shares accepted. If you accept the entire equity share offered in Block II of Part A you may apply for additional equity shares. Indicate in Block IV the additional equity shares applied for. |

| | | |
|----|---|---|
| 2. | Renounce all the equity shares offered to you to one person (joint renounees are deemed as one person) without your applying for any of the equity shares offered to you. | Fill in and sign Part B indicating the number of equity shares renounced in Block VII and handover the ENTIRE FORM to the renounee. The renounee/ joint renounee(s) must fill in and sign Part C of CAF. |
| 3. | Accept a part of your entitlement and renounce the balance or part of it to one or more Renounee(s). | Fill in and sign Part D for the Split Form and send the ENTIRE CAF to the Company. |
| 4. | OR | On receipt of Split Forms. |
| 5. | Renounce your entitlement or part of it to one or more persons (joint renounees are deemed as one person). | For the equity shares you are accepting, fill in and sign Part A. For the equity shares you are renouncing fill in and sign Part B indicating the number of equity shares renounced in Block VII. Each of the renounees should fill in and sign Part C. |

11. **ADDITIONAL EQUITY SHARES**

You are eligible to apply for additional equity shares over and above the number of equity shares entitled, provided you apply for all the equity shares offered to you without renouncing them in whole or in part in favour of any other person(s).

12. **MODE OF PAYMENT**

FOR NON-RESIDENT APPLICANTS

Payments by Non-Resident Shareholders will be accepted by Indian Rupee Drafts purchased abroad or cheques/drafts drawn on Non-Resident External Account (NRE Account) or Foreign Currency Non-Resident Account (FCNR Account) maintained anywhere in India but payable at Jalandhar only in favour of **“Midland Microfin Limited – Rights Issue” - NRI** by the concerned shareholders. However, in case shares are held on a non-repatriable basis, payment may also be made by cheque /draft drawn on Non-Resident Ordinary Account (NRO A/c.) maintained anywhere in India. The CAF along with cheques/drafts should be deposited with any of the branches of the Company. The certificate of inward remittance, if any, must be sent quoting the details of folio no. and the name and address of the branch where CAF has been deposited before the closure of the issue.

FOR RESIDENT APPLICANTS

Payment(s) must be made by cheque/demand draft and drawn on any bank located at the centre where the CAF is submitted. A separate cheque/draft must accompany each CAF. Only one mode of payment should be used. Money orders, postal orders, RTGS/NEFT and outstation cheques will not be accepted and applications accompanied by any such instruments will be rejected. Shareholders/Applicants should send their application at the Registered Office of the Company. Post/ Courier/Registered Post, may also send applications ONLY to the Company at its registered office, enclosing a demand draft drawn on a clearing Bank and payable at Jalandhar ONLY net of bank charges and postal charges, before the closure of the issue. Such cheque/drafts should be payable to **“Midland Microfin Limited – Rights Issue”**. All cheques/ drafts must be crossed ‘A/c Payee only’. No receipt will be issued for the application money received. However, acknowledge receipt of the application by stamping and returning the acknowledgement slip at the bottom of each CAF will be given. The Company is not responsible for any postal delay/ loss in transit on this account.

13. **APPLICATION NUMBER ON THE CHEQUE/DEMAND DRAFT**

To avoid any misuse of instruments, the applicants are advised to write the name of the first applicant along with address on the reverse of the cheque / demand draft.

14. **APPLICATION NOT COMPLETE IN ALL RESPECTS**

All applications should be made on the printed CAF provided by the Company and should be complete in all respects. Applications, which are not complete in all respects or are made otherwise than as herein provided or not accompanied by proper application money in respect thereof will be refunded without interest.

15. SHARE CERTIFICATES

Share Certificates shall be dispatched within 2 months from the date of allotments of equity shares.

16. REFUND ORDERS

Company shall ensure dispatch of refund orders, if any, by Courier or registered post or speed post or through modes as, as applicable, only at the sole or First Applicant's sole risk in the name of First Applicant within 15 days of closure of the Rights Issue. Further the said period of 15 days will be reckoned from date of receipt of communication from Reserve Bank of India in the cases where allotment is to be made with the prior approval/acknowledgement of Reserve Bank of India. The Company agrees that it shall pay interest at the rate of 12.00% per annum if the allotment has not been made and/or /refund orders have not been despatched within 15 days from the date of closure of the issue/communication by Reserve Bank of India.

17. RENUNCIATION

You may renounce all or any of the equity shares, you are entitled to renounce in favour of any individual, limited companies, or statutory corporations / institutions. However renunciation in favour of more than three persons as joint holders, trust or society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorised under its constitution to hold shares in a company), minors (unless acting through natural or legal guardians), Partnership Firms, or their nominees, or any of them will not be accepted.

18. PROCEDURE FOR RENUNCIATION

(i) To Renounce in WHOLE

If you wish to renounce this offer in whole, please complete PART 'B' of the CAF enclosed with the Letter of Offer for the number of equity shares renounced and deliver the CAF duly signed to the person(s) in whose favour the equity shares are so renounced. All joint holders must sign as per specimen signatures recorded with the Company at the place provided for the purpose and in the same order. The person(s), in whose favour the offer has been renounced (renounees) should complete and sign PART C of the CAF. In case of joint renounees, all joint renounees must sign.

(ii) To Renounce in PART

If you wish to either accept this offer in part and renounce the balance of this offer the CAF must first be split into the requisite number of forms, by applying to the Company. Please indicate your requirement of split forms in the space provided for this purpose in PART D of the CAF and return the entire CAF to the Company so as to reach them latest by the close of business hours on or before the last date for receiving requests for split forms i.e. September 29, 2018. If you wish to apply for equity shares jointly with any person(s) who is/are not already joint holder(s) with you, then it would amount to renunciation and the procedure of renunciation as mentioned above shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure as stated above shall have to be followed. Further, this Rights of renunciation is subject to the express condition that the Board shall be entitled in its absolute and unqualified discretion to reject any such request for allotment of equity shares from renounee(s) without assigning any reason thereof save where the equity shares have been renounced in favour of a person who is already a member of the Company.

19. APPLICATION ON PLAIN PAPER

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Rights Issue on plain paper, along with a Demand Draft/Cheque which should be drawn in favour of the Company and send the same by registered post directly to the Company at its Registered Office.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Company before the Issue Closing Date (i.e. **September 29, 2018 during working hours** and should contain the following particulars)

- Name of Issuer, being Midland Microfin Limited.
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number.
- Number of shares held as on September 10, 2018 (Record Date)
- Certificate numbers and distinctive numbers.
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for out of entitlement
- Number of additional Equity Shares applied for, if any

- Total number of Equity Shares applied for
- Total amount paid at the rate of Rs. 20/-per Equity Share
- Particulars of Electronic Mode/Cheque/DD

20. QUOTING OF PAN/GIR NO. IN THE APPLICATION FORMS

Where an application is for allotment of securities in response to a Rights issue, for a total value of Rs.50,000/- or more i.e. the total number of securities applied for multiplied by the issue price, is Rs.50,000/- or more the applicant or in the case of applications in joint names, each of the applicants, should mention his/her permanent account number (PAN) allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR number and the Income-Tax Circle/Ward/District. In case neither the permanent account number nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application forms and the form should be accompanied by form no 60/61. Application forms without this information will be considered incomplete and are liable to be rejected.

21. BASIS OF ALLOTMENT

In the event of oversubscription, allotment will be made within the overall size of the Rights issue stated in the letter of offer as retention of oversubscription is not permissible.

The Board will proceed to allot the Equity shares in the following order or priority:

- full allotment to the shareholders who have applied for their rights entitlement either in full or in part and also to the renounce(s) who have applied for the Equity Shares renounced in their favor full or in part.
- to the Shareholders who having applied for their full Rights Entitlement of Equity Shares, have applied for additional Equity Shares provided there is surplus after making full allotment under (i) above.
- to the renounce who having applied for all the Equity Shares renounced in their favor, have also applied for additional equity shares provided there is a surplus after making full allotment under (i) and (ii) above.
- to any other persons as the Board of Directors/ Board Management Committee authorized in this behalf (referred to as 'Committee') may, in their absolute discretion deem fit, provided there is a surplus after making allotment under (i), (ii) and (iii) above

Please note that the Company shall not consider any application for additional equity shares from shareholders who do not accept the Rights equity shares in full or who renounce the offer in whole or in part. Also the allotment of additional equity shares made by the Board/Committee shall be final, binding and conclusive and any objection(s) thereto from any applicant will not be entertained or enter into correspondence in that connection.

22. UNSUBSCRIBED EQUITY SHARES

In case any Equity Shares that are not taken up by the shareholders of the Company, remain unsubscribed, the Board/Committee shall have full discretion and absolute authority to dispose of the unsubscribed portion of the Equity Shares in such manner as they may deem fit.

23. ALLOTMENT OF EQUITY SHARES

Attention is invited to the following provision of RBI/DNBR/2016-17/44 Master Direction DNBR.PD.007/03.10.119/2016-17 dated September, 01, 2016 *"any acquisition of shares by a person/group which will take the aggregate shareholding of an individual or a group to equivalent of five percent or more of the paid up capital of the Company require acknowledgement of RBI before the Company can effect the allotment or transfer of shares."*

24. GENERAL INFORMATION AND INSTRUCTIONS

- Application forms must be filled in BLOCK LETTERS IN ENGLISH and in case of applicants in Part 'C' {form of application by renounce(s)} the relevant details of father's/husband's name(s), occupation(s) and address must be filled in Block letters in English.
- In case of joint holders all joint holders must sign the application form at the appropriate places in same order as recorded in relevant registers of the Company.
- In case of applications under Power of Attorney or by Limited Companies or Bodies Corporates or Societies registered under the applicable laws, a certified copy of the Power of Attorney or the relevant authority/Board resolution, as the case may be, along with the certified copy of the Memorandum and Articles of Association or Bye-laws, as the case may be, must be submitted along with CAF, failing which the application is liable to be rejected.

- (d) The Rights shares shall be subject to Lock in provisions under the applicable regulations of SEBI/ other regulatory body as may be applicable from time to time.
- (e) Equity shares cannot be allotted in name of minor (unless the application is made through the guardian), partnership firm or trust (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable Trust Laws and is authorized under its constitution to hold Equity Shares in a Company).
- (f) A request for allotment of Equity Shares by an applicant in whose favour you renounce your Rights to any of Equity Shares offered to you, shall be entitled at their absolute discretion to reject any such application.
- (g) Signatures in languages other than in English, Hindi , Punjabi and thumb impressions must be attested by Magistrate or Notary Public or a Special Executive Magistrate under his/her official seal.
- (h) Only person to whom this letter of offer has been addressed and not renounce(s) shall be entitled to obtain split forms.
- (i) OTHER TERMS OF ISSUES: The equity shares proposed to be issued are subject to the terms and conditions contained in this Letter of Offer including Composite Application Form, the Memorandum of Association and Articles of Association, the applicable laws including Companies Act, 2013, and guidelines issued by statutory authority and bodies from time to time. All rights/obligations of eligible equity shareholders in relation to application and refunds pertaining to this issue shall apply to the renouncee(s) as well.
 - i. In terms of Section 72 of the Companies Act, 2013, nomination facility is available in case of equity shares. The applicant can nominate any person by providing the relevant details in the Application Form. The sole equity shareholder or first equity shareholder, along with other joint equity shareholders (being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the equity shares. Person(s), being a nominee, becoming entitled to the equity shares by reason of the death of the original equity shareholder(s), shall be entitled to the same rights to which he would be entitled if he/she were the registered holder of the equity shares. Where the nominee is a minor, the equity shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the equity share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale/disposal of the equity share by the person nominating in case the allotment of equity shares is in dematerialized form, there is no need to make a separate nomination for the equity shares to be allotted in this rights issue. Nominations registered with respective depository participant of the applicant would prevail. If the applicant requires changing the nomination, they are requested to inform their respective depository participant.
 - ii. If any equity share certificate(s) is/are mutilated or defaced or the pages for recording transfers of equity shares are fully utilized, the company against the surrender of such Certificate(s) may replace the same, provided that the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible. If any equity share certificate(s) is/are destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of the company and upon furnishing such indemnity/ surety and/or such other documents as the company may deem adequate, duplicate equity share certificate(s) shall be issued.
 - iii. IMPERSONATION Attention of the applicants is specifically drawn to the provisions of Sub Section (1) of Section 38 of the Companies Act, 2013 which is reproduced below: Any person who-(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (5) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name. shall be liable for action under section 447 of the Companies Act, 2013. Section 447: Without prejudice to any liability including repayment of any debt under this act or any other law for the time being in force, any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud; Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.
 - iv. The following documents are available for inspection at the registered office of the Company.
 - (a) Copy of Memorandum and Articles of Association.
 - (b) Copy of Annual Report for Financial Year ended 2017-18.
 - v. This letter of Offer and any claims arising there from shall be subject to the jurisdiction of courts at Jalandhar, Punjab.
 - vi. For any query in filling the form/ non-receipt of Letter of Offer/ CAF/ Allotment advice etc., shareholders may contact the company secretary of the Company.

11. OTHER DISCLOSURES

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| 1. | Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of (i) statutory dues, (ii) debentures and interest thereon, (iii) deposits and interest thereon, (iv) loan from any bank or financial institution and interest thereon | NIL If required kindly contact Compliance officer for detailed report. |
| 2. | Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons. | NIL If required kindly contact Compliance officer for detailed report. |
| 3. | Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offered company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed. | NIL If required kindly contact Compliance officer for detailed report. |
| 4. | Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remarks. | NIL If required kindly contact Compliance officer for detailed report. |
| 5. | Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries. | NIL If required kindly contact Compliance officer for detailed report. |
| 6. | Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company. | NIL If required kindly contact Compliance officer for detailed report. |

DISCLAIMER CLAUSE

This Offer Document is neither a prospectus nor a statement lieu of prospectus and does not constitute an offer to the public to subscribe for or otherwise acquire the Equity Shares issued by the Company (Issuer) as Right Issue. Apart from this Offer Document no offer document or prospectus has been prepared in connection with this Issue and no prospectus in relation to the Issuer or the Equity Shares relating to this Offer has been delivered for registration nor is such a document required to be registered under the applicable laws. This Offer Document is issued by the Company and has been prepared by the Company to provide general information on the Company and does not purport to contain all the information a potential investor may require. This information relating to the Company contained in the Offer Document is believed by the Company to be accurate in all respects as of the date hereof.

12 DECLARATION

The Board of Directors of the Company hereby declares as under:-

- a) the company has complied with the provisions of the Act and the rules made there under;
- b) the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
- c) the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.

Ms. Sharon Arora, Company Secretary of the Company has been authorized by the Board of Directors of the Company vide resolution no. 10 dated August 28, 2018 to sign this offer document and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

By ORDER OF THE BOARD

Amardeep Singh Samra
Managing Director

Date: September 10, 2018

Place: Jalandhar, Punjab