

Date: December 22, 2023

To

The General Manager,
Market Operations Department – BSE Limited,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001

Subject – Intimation w.r.t. change in Credit Ratings.

Dear Sir/Madam,

Notice is hereby given that pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Acuite Ratings and Research Limited has reaffirmed its ratings for Long-Term bank facilities and Non-Convertible Debentures based of our company i.e. Midland Microfin Limited on the basis of recent developments including operational and financial performance of the company. The details of the ratings are as follows:

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.00	ACUITE A CE Stable Reaffirmed	-
Bank Loan Ratings	200.00	ACUITE A- Stable Assigned	-
Bank Loan Ratings	325.00	ACUITE A- Stable Reaffirmed	-
Non-Convertible Debentures (NCD)	60.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding	596.00	-	-

The copy of the rating letter dated December 15, 2023 along with rating rationale dated December 15, 2023 for the above said is enclosed herewith for your kind perusal and records. Kindly consider the same.

Thanking you,

Yours Faithfully

**For and on behalf of
Midland Microfin Limited**



Sumit Bhojwani
Company Secretary
M. No. A-36611

Midland Microfin Limited

Rating Letter - Intimation of Rating Action

Letter Issued on : December 15, 2023
Letter Expires on : June 21, 2024
Annual Fee valid till : June 21, 2024

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verify authenticity of this
rating

**MIDLAND MICROFIN LIMITED**

The Axis Building, Plot No. 1,
RB Badri Dass Colony, B.M.C Chownk, G.T Road,
Jalandhar 144001
PUNJAB

Kind Attn.: Bhimanshu Gupta, Sr. manager - Finance (Tel. No.7347044660)

Sir / Madam,

Sub.: Rating(s) - Bank Loans of MIDLAND MICROFIN LIMITED

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

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.00	ACUITE A CE Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	11.00	-	-

5W Jyf reserves the right to revise the rating(s), along with the outlook, at any time, on the basis of new information, or other circumstances which 5W Jyf believes may have an impact on the rating(s). Such revisions, if any, would be appropriately disseminated by 5W Jyf as required under prevailing SEBI guidelines and 5W Jyf's policies.

This letter will expire on **June 21, 2024** or on the day when 5W Jyf takes the next rating action, whichever is earlier. It may be noted that the rating(s) 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(s).

5W Jyf will re-issue this rating letter on **June 22, 2024** subject to receipt of surveillance fee as applicable. If the rating(s) is reviewed before **June 21, 2024**, 5W Jyf will issue a new rating letter.

Please note that under extant SEBI regulations and as per the terms of the rating agreement, once a rating is accepted and outstanding, the issuer is required to promptly furnish the No Default Statement on the first working day of every month.

Sd/-
Chief Rating Officer

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Annexure A. Details of the rated instrument				
Lender's Name	Facilities	Scale	Amt. (Rs. Cr)	Rating Assigned (Outlook) Rating Action
SBM Bank (India) Ltd.	Term Loan	Long-term	11.00	ACUITE A CE Stable Reaffirmed
Total Facilities			11.00	-

DISCLAIMER

An 5W Jyf rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. 5W Jyf ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, 5W Jyf, in particular, makes no representation or warranty of accuracy, completeness or timeliness of the data and information provided. 5W Jyf is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. 5W Jyf ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by 5W Jyf, 5W Jyf B rating scale and its definitions.

Any inadvertent omission or error in the rating letter which is discovered or brought to the notice of Acuite shall be rectified as soon as reasonably practicable not later than 48 hours of such discovery or notice. Such error or omission shall not render Acuite liable to any person for any kind of loss or damage including, but not limited to, any special, incidental, indirect or consequential damages caused by errors or omissions, provided such omission or error is rectified as soon as possible after discovery/notice.

Rating Letter - Intimation of Rating Action

Letter Issued on : December 15, 2023
 Letter Expires on : August 12, 2024
 Annual Fee valid till : August 12, 2024

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MIDLAND MICROFIN LIMITED

The Axis Building, Plot No. 1,
 RB Badri Dass Colony, B.M.C Chownk, G.T Road,
 Jalandhar 144001
 PUNJAB

Kind Attn.: Bhimanshu Gupta, Sr. manager - Finance (Tel. No.7347044660)

Sir / Madam,

Sub.: Rating(s) - Bank Loans of MIDLAND MICROFIN LIMITED

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

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	200.00	ACUITE A- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	200.00	-	-

5W Jf reserves the right to revise the rating(s) , along with the outlook, at any time, on the basis of new
 information, or other circumstances which 5W Jf believes may have an impact on the rating(s). Such
 revisions, if any, would be appropriately disseminated by 5W Jf as required under prevailing SEBI
 guidelines and 5W Jf policies.

This letter will expire on **August 12, 2024** or on the day when 5W Jf takes the next rating action, whichever
 is earlier. It may be noted that the rating(s) is subject to change anytime even before the expiry date of this
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5W Jf will re-issue this rating letter on **August 13, 2024** subject to receipt of surveillance fee as applicable.
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 working day of every month.

Sd/-
 Chief Rating Officer

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Annexure A. Details of the rated instrument				
Lender's Name	Facilities	Scale	Amt. (Rs. Cr)	Rating Assigned (Outlook) Rating Action
Not Applicable	Proposed Long Term Bank Facility	Long-term	175.00	ACUITE A- Stable Assigned
Union Bank of India	Term Loan	Long-term	25.00	ACUITE A- Stable Assigned
Total Facilities			200.00	-

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Jalandhar 144001
PUNJAB

Kind Attn.: Bhimanshu Gupta, Sr. manager - Finance (Tel. No.7347044660)

Sir / Madam,

Sub.: Rating(s) - Bank Loans of MIDLAND MICROFIN LIMITED

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

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	325.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	325.00	-	-

5W Jf reserves the right to revise the rating(s), along with the outlook, at any time, on the basis of new information, or other circumstances which 5W Jf believes may have an impact on the rating(s). Such revisions, if any, would be appropriately disseminated by 5W Jf as required under prevailing SEBI guidelines and 5W Jf policies.

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Please note that under extant SEBI regulations and as per the terms of the rating agreement, once a rating is accepted and outstanding, the issuer is required to promptly furnish the No Default Statement on the first working day of every month.

Sd/-
Chief Rating Officer

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Annexure A. Details of the rated instrument				
Lender's Name	Facilities	Scale	Amt. (Rs. Cr)	Rating Assigned (Outlook) Rating Action
IDBI Bank Ltd.	Term Loan	Long-term	11.56	ACUITE A- Stable Reaffirmed
Bank of Maharashtra	Term Loan	Long-term	8.57	ACUITE A- Stable Reaffirmed
Nabard Financial Services Limited	Term Loan	Long-term	1.62	ACUITE A- Stable Reaffirmed
Bandhan Bank	Term Loan	Long-term	64.44	ACUITE A- Stable Reaffirmed
Federal Bank	Term Loan	Long-term	24.32	ACUITE A- Stable Reaffirmed
State Bank of India	Term Loan	Long-term	138.87	ACUITE A- Stable Reaffirmed
IDFC First Bank Limited	Term Loan	Long-term	30.34	ACUITE A- Stable Reaffirmed
Not Applicable	Proposed Long Term Bank Facility	Long-term	22.20	ACUITE A- Stable Reaffirmed
Indian Bank	Term Loan	Long-term	23.08	ACUITE A- Stable Reaffirmed
Total Facilities			325.00	-

DISCLAIMER

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Rating Letter - Intimation of Rating Action

Letter Issued on : December 15, 2023
 Letter Expires on : **May 25, 2024**
 Annual Fee valid till : **May 25, 2024**

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MIDLAND MICROFIN LIMITED

The Axis Building, Plot No. 1,
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 Jalandhar 144001
 PUNJAB

Kind Attn.: Bhimanshu Gupta, Sr. manager - Finance (Tel. No.7347044660)

Sir / Madam,

Sub.: Rating(s) Reaffirmed - Debt Instruments of MIDLAND MICROFIN LIMITED

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.)	60.00	0.00
Quantum of Enhancement (Rs. Cr.)	0.00	0.00
Rating(s)	ACUITE A-	Not Applicable
Outlook	Stable	Not Applicable
Most recent Rating Action(s)	Reaffirmed	Not Applicable
Date of most recent Rating Action(s)	December 15, 2023	Not Applicable
Rating Watch	Not Applicable	Not Applicable

5W Jf reserves the right to revise the rating(s), along with the outlook, at any time, on the basis of new information, or other circumstances which 5W Jf believes may have an impact on the rating(s). Such revisions, if any, would be appropriately disseminated by 5W Jf as required under prevailing SEBI guidelines and 5W Jf B policies.

This letter will expire on **May 25, 2024** or on the day when 5W Jf takes the next rating action, whichever is earlier. It may be noted that the rating(s) 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(s).

5W Jf will re-issue this rating letter on **May 26, 2024** subject to receipt of surveillance fee as applicable. If the rating(s) is reviewed before **May 25, 2024**, 5W Jf will issue a new rating letter.

Please note that under extant SEBI regulations and as per the terms of the rating agreement, once a rating is accepted and outstanding, the issuer is required to promptly furnish the INo Default Statement on the first working day of every month.

**Sd/-
 Chief Rating Officer**

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Annexure A. Details of the rated instrument			
Instruments	Scale	Amt. (Rs. Cr)	Rating Assigned (Outlook) Rating Action
Non-Convertible Debentures (NCD)	Long-term	30.00	ACUITE A- (Stable) Reaffirmed
Non-Convertible Debentures (NCD)	Long-term	30.00	ACUITE A- (Stable) Reaffirmed
Total Quantum Rated		60.00	-

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Press Release

December 15, 2023

MIDLAND MICROFIN LIMITED Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.00	ACUITE A CE Stable Reaffirmed	-
Bank Loan Ratings	200.00	ACUITE A- Stable Assigned	-
Bank Loan Ratings	325.00	ACUITE A- Stable Reaffirmed	-
Non Convertible Debentures (NCD)	60.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding	596.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of ‘**ACUITE A-**’ (read as **ACUITE A minus**) on the Rs. 200.00 crore bank facilities (including proposed facilities) of Midland Microfin Limited (MML). The outlook is ‘**Stable**’.

Acuite has reaffirmed its long-term rating at ‘**ACUITE A (CE)**’ (read as **ACUITE A (Credit Enhancement)**) on the Rs.11.00 Cr. partially credit enhanced term loan facility of Midland Microfin Limited (MML). The outlook is ‘**Stable**’.

Acuite has reaffirmed its long-term rating at ‘**ACUITE A-**’ (read as **ACUITE A minus**) on the Rs. 325.00 crore bank facilities (including proposed facilities) of Midland Microfin Limited (MML). The outlook is ‘**Stable**’.

Acuite has reaffirmed its long-term rating at ‘**ACUITE A-**’ (read as **ACUITE A minus**) on the Rs. 60.00 crore Non-Convertible Debentures of Midland Microfin Limited (MML). The outlook is ‘**Stable**’.

Rationale for the rating

The rating continues to factor in company’s established presence in the areas of operations, experienced management, and representation of institutional investors on the MML’s board. The rating further takes into account the improvement in company’s AUM and its improved capital structure supported by regular capital infusion by its promoters. Midland Microfin Limited’s AUM grew by ~57 percent from Rs. 1,137.41 crore as on March 31, 2022 to Rs.1753.96 crore as on June 30, 2023. (As on September 30, 2023, the AUM further grew to Rs. 2038.69 Cr.) During FY23 and 1QFY24, the company received a capital infusion of Rs. 41.57 crore from its existing investors Kitara Capital and ICICI Bank in the form of Compulsorily convertible preference shares resulting in improvement in its gearing levels at 3.80 times as on June 30, 2023 as against 4.50 times and 4.60 times as on March 31, 2023 and March 31, 2022 respectively. The ratings also considers the company’s adequate capitalization profile with capital adequacy ratio (CAR) at 29.14 percent as on September 30, 2023. Going forward, the company’s ability to maintain its capital structure through capital infusions will remain a key rating sensitivity.

The above strengths are partially offset by the increased slippages and higher credit costs in FY23 coupled with the inherent risks in the micro finance segment and modest capital structure. The slippage ratio of the company has deteriorated to 6.45 percent as on March 31, 2023 as against 1.39 percent as on March 31, 2022.

About the company

Punjab based, Midland Microfin Limited (MML) is an NBFC-MFI engaged in providing microcredit to women borrowers via Joint Liability Group (JLG) model. The company is promoted by Mr. Amardeep Singh Samra who acquired an existing NBFC - Sajan Hire Purchase Private Limited in 2010 and re-named it to Midland Microfin Limited. The company commenced its operation in Jalandhar Punjab in 2011 and since then has expanded its presence in 11 states across the northern region. MML currently operates in 169 districts with a branch network of 329 branches as on March 31, 2023.

About the Guarantor

Northern Arc, previously known as IFMR Capital Finance Ltd., is a Non-Deposit taking NonBanking Financial Company (ND-NBFC) incorporated in 1989. It is involved in the placement (arranging funding for its clients via loan syndication, securitisation and assignment among others) and lending business. The company acts as a link between mainstream capital markets investors and high quality last mile lending institutions and businesses. The company's business is categorized as finance sector exposure, i.e., microfinance, affordable housing finance, commercial vehicle finance, consumer finance, agri-finance and small business loans, and non-finance sector exposure, i.e., mid-market finance and corporates.

Unsupported Rating

ACUITE A-/ Stable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of MML, the rating of MML (ACUITE A-/ Stable) and has further factored in the credit enhancement arising from the structure.

For Rs. 11.00 Cr. PCE transaction:

The suffix (CE) indicates credit enhancement arising from the PCE in the form of unconditional, irrevocable, payable on demand guarantee covering 18% of the initial principal value of the facility amount. The strength of the underlying structure and continued adherence to the same is central to the rating. Accounting for the Partial Credit Enhancement, the agency has enhanced the rating of the Rs. 11.00 Cr facility to ACUITE Provisional A (CE)/ Stable. The Credit Enhancement (CE) in the rating is solely for the rated issue and its terms and structure. The notched up rating of the loan facility incorporates the PCE in the form of guarantee by Northern Arc Capital Limited ("Northern Arc"), acting as the Credit Enhancer/ Guarantor.

Key Rating Drivers**Strength****Strength of underlying structure**

The Rs. 11.00 Cr. transaction has a PCE in the form of unconditional, irrevocable, payable on demand guarantee by Northern Arc covering 18 percent of the issue size of facilities. The level of guarantee as a percentage of the aggregate outstanding principal of the issuance is, however, capped at 24 percent. If due to the amortization of the facilities, the credit enhancement percent exceeds 24 percent of the aggregate outstanding principal of the facilities, the Guarantee Cap shall be reduced to 24 percent of the aggregate outstanding principal of the facilities (Revised Guarantee Cap). MML shall make payments of interest and principal amounts due along with all other obligations (if any) under the Transaction Document on T-3 business days. In the event of failure of the Issuer to comply, on T-3 Business Days, the Trustee shall invoke the PCE and the credit enhancement shall be dipped on T-1 Business days. The issuances shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables. The Hypothecated Receivables shall at all times be equal to the value of 1.1 times the outstanding amounts of the facility.

Established presence in the areas of operations

MML commenced its microfinance operations in 2011, extending micro-credit to women borrowers engaged in income generating activities under Joint Liability Group (JLG) model. The company caters to rural and semi-urban areas where the borrowers are mainly engaged in agri and agri allied activities and providing essential services. MML commenced its operations in Punjab and over the years has expanded its presence in other states namely Bihar, Rajasthan, Haryana, Uttar Pradesh, Jharkhand, Himachal Pradesh, Gujarat, Madhya Pradesh, Uttarakhand and West Bengal. The company has presence in 187 districts with a network of 376 branches with an asset under management (AUM) of Rs. 2038.69 Cr. as on September 30, 2023. MML is promoted by Mr. Amardeep Singh Samra (Managing Director) who has been previously engaged in asset financing, hire-purchase and leasing businesses. Mr. Samra purchased an existing NBFC - Sajjan Hire Purchase Private Limited in 2010 and renamed it to Midland Microfin Limited. The company is led by Mr. Samra who is supported by other members on the board which comprise Mr. Vijay Kumar Bhandari, ex- GM Central Bank of India, having around three decades of experience in banking, Mrs. Kamna Aggarwalla, ex Chairperson of the Confederation of Indian Industry (CII), Punjab amongst others. Private equity investor Kitara Capital have board representation and MML benefits from their expertise. Mr. Sachin Kamath founder member of Kitara Capital International Limited is on the board of MML. The company has on-boarded Mr. Praveen Kumar Gupta as an Independent Director who has over 3 decades in the banking sector to further strengthen their management board.

Acuité believes that MML will continue to benefit from its established presence and experience of the promoters in micro finance segment.

Demonstrated fund raising ability

MML's networth stood at Rs. 383.48 Cr. as on September 30, 2023 (Prov.), as compared to Rs. 347.57 Cr. as on March 31, 2023 and Rs. 270.85 crore as on March 31, 2022. The company has demonstrated fund raising ability by raising funds from private equity investor and promoter group. Over the last four years the company has raised ~180 crore of capital from its investors in the form of equity or Compulsorily convertible preference shares (CCPS). Further, during

FY23 and 1QFY24, MML received a capital infusion of Rs. 41.57 crore from its existing investors Kitara Capital and ICICI Bank in the form of Compulsorily convertible preference shares. MML received sanctions totalling to ~Rs. 1,900 Cr. during FY2023 in the form of term loans from Banks & NBFC/FI's throughout the year. MML has demonstrated its fund raising ability with access to funds from Banks, NBFC/FI's, External commercial borrowings, NCD's and also securitization.

Acuité believes that the company's growth prospectus will be supported by promoter's experience in the industry along with their demonstrated track record of resource raising ability.

Sustained growth in AUM and profitability

MML's AUM has seen a Y-o-Y growth of 57.32 percent during FY23 led by expansion in newer geographies and thereby also reducing its overall geographical concentration. The company has expanded its overall network to 376 branches in 187 districts as on June 30, 2023. The AUM of the company stood at Rs. 2,038.69 crore as on September 30, 2023 (Prov.) as against 1,789.45 crore as on March 31, 2023 and 1,137 crore as on March 31, 2022. The company's AUM comprises of a mix of on-book and off book exposure. MML takes off book exposure through securitized transactions like Pass through Certificates (PTC) and Direct Assignments. As a result of the increased scale, the profitability of the company has improved reflected by improvement in Return on Average Assets (RoAA) and Net Interest Margins (NIM). The ROAA for FY23 stood at 2.64 percent as against 1.68 percent for FY22. The Net interest Margins of the company improved at 15.67 percent for FY23 as against 11.84 percent for FY22. The profit after tax for FY23 has doubled at Rs. 46.83 crore for FY23 as against Rs. 22.28 crore for FY22.

Weakness

Modest albeit improving capital structure

MML is engaged in microfinance lending providing short term loans up to 12-24 months. The company extends micro-credit through the Joint Liability Group (JLG) model. The company's networth stood at Rs. 383.48 Cr. and total debt stood at Rs. 1,685.05 Cr. as on September 30, 2023 which translates into a gearing of 4.32 times. While the gearing has seen a sequential improvement the capital structure of the company continues to remain modest. The improvement seen in the capital structure is supported by regular capital infusions by the promoters and investors and increased accretion of profits to reserves. To support the growth momentum MML would require further debt and in order to maintain the capital structure the promoters might be required to infuse additional equity to support any future business growth.

Acuité believes that company's ability to manage its gearing will be a key monitorable.

Profits susceptible to higher credit cost

MML's asset quality continues to remain sound marked by its low NPA levels. The GNPA of the company stood at 1.73 percent as on June 30, 2023 as against 0.06 and 3.07 percent as on March 31, 2023 and March 31, 2022 respectively. However, on account of slippages, the GNPA moderated to 2.16 percent with an NNPA of 1.06 percent as on September 30, 2023. The GNPA level of the company as on March 31, 2023 has primarily improved on account of a sale of stressed assets of Rs. 155 crore to an ARC. The company has however seen additional slippages and provisioning during FY23. The slippage ratio of the company has deteriorated to 6.45 percent as on March 31, 2023 as against 1.39 percent as on March 31, 2022. Further, the credit costs as a percentage of its loan book stood at 3.38 percent for FY23 as against 0.89 percent for FY22.

Acuité believes that the ability of the company to profitably scale-up its operations while maintaining healthy asset quality will be key monitorable.

Inherent risk in microfinance segment

MML primarily extends unsecured loans to economically challenged borrowers who have limited ability to absorb income shocks and it majorly focusses on the rural areas. Since financial assistance to economic challenged borrowers is a sensitive issue, from government standpoint the regulatory dispensation in respect of the policies becomes relevant. Any changes in the regulatory environment impeding the ability of entities like MML to enforce collections, etc will have an impact on its operational performance. Besides the regulatory risks, the inherent nature of the business renders the portfolios vulnerable to event risks such as natural calamities in the area of operations.

Acuité believes that containing additional slippages while maintaining the growth in the loan portfolio will be crucial.

Assessment of Adequacy of Credit Enhancement

MML has significant experience in the MFI segment, and its adequate capital position has been bolstered by capital infusions. Thus, even after considering risks such as geographical concentration and possible asset quality deterioration, Acuité believes that the CE will stand adequate in all scenarios and in the event of any requirement, Northern Arc will provide the necessary support.

ESG Factors Relevant for Rating

Midland Microfin Limited (MML) belongs to the NBFC-MFI sector which facilitates lending to the unbanked population. Some of the material governance issues for the financial services sector are policies and practices with regard to business ethics, board diversity and independence, compensation structure for board and KMPs, role of the audit committee and shareholders' rights. On the social aspect, some of the critical issues for the sector are the contributions to financial inclusion and community development, responsible financing including environmentally friendly projects and policies around data privacy. The industry, by nature has a low exposure to environmental risks.

The entity maintains adequate transparency in its business ethics practices as can be inferred from the entity's disclosures regarding related party transactions, vigil mechanism and whistle blower policy. The board of directors of the company comprise of 7 directors out of which 3 are independent directors and 1 nominee director. The audit committee is with the objective to monitor and provide an unbiased supervision of the management's financial reporting process. MML also maintains transparency in terms of disclosures pertaining to interest rate policy and its adherence to Fair Practice Code as disseminated by Reserve Bank of India's circular. MML aims to empower women by providing micro loans to help them generate additional income opportunities, hence making an economic contribution by way of financial inclusion. It continues to work on several community development initiatives and has also worked on empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizen and measures for reducing inequalities faced by socially and economically backward groups.

Rating Sensitivity

- Timely infusion of capital
- Movement in capital structure
- Movement in collection efficiency and asset quality
- Movement in liquidity buffers
- Movement in profitability metrics
- Changes in the regulatory environment

All Covenants

Financial Covenants

1. Minimum capital ratio of Tier I Capital and Tier II Capital to aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items shall not be less than 15.00% (Fifteen Point Zero Zero percent) or as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions, whichever is higher.
2. Maximum permissible ratio of sum of the Par > 30 and write-offs (on the Borrower's entire portfolio including receivables sold or discounted on a non-recourse basis) to Gross Loan Portfolio shall be 8% (Eight Point Zero Zero percent) till September 30, 2022 and 5% (Five Point Zero Zero percent) from October 01, 2022 onwards, write-offs would be calculated for trailing twelve months and only writes-offs taken after July 01, 2021 shall be considered.
3. Maximum permissible ratio of Par > 30 net off Loan Loss Provisions (on the Borrower's entire portfolio including receivables sold or discounted on a non-recourse basis) to Tangible Networth shall be 20.00% (Twenty Point Zero Zero percent) till December 31, 2021.

Financial Covenants of Credit Enhancer

The Credit Enhancer shall at all times until the Discharge Date ensure that the financial covenants set out below are complied with until the Discharge Date:

- a. its Capital Adequacy Ratio of at least 15% (Fifteen percent) or as per the regulatory minimum prescribed by the Reserve Bank of India under the NBFC Master Directions.

Liquidity Position

Adequate

MML's overall liquidity profile remains adequate with no negative cumulative mis-matches in near to medium term as per ALM dated September 30, 2023. The company's liquidity is supported by capital infusion by investors in FY2023. The company has maintained cash and bank balances of Rs. 181.05 Cr. as on September 30, 2023. The borrowings of MML have an average maturity of 24 to 48 months for its term loans. While, the average lending tenure of ~12 to 24 months. Hence, there is inherent financial flexibility in the company. Acuité believes that the liquidity profile will continue to benefit from funding support from its promoters.

Outlook: Stable

Acuité has revised the outlook from 'Positive' to 'Stable' as MML's credit profile will benefit from the buoyancy in the environment once the economic revival is demonstrated on sustainable basis. The outlook may be revised to 'Positive' in case of higher than envisaged growth in loan portfolio while maintaining profitability and asset quality metrics. Conversely, the outlook may be revised to 'Negative' in case of any deterioration in asset quality or profitability metrics or in case of headwinds faced by promoters in raising resources in a timely and profitable manner or in case of any deterioration in capital structure or capitalization levels.

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY23 (Actual)	FY22 (Actual)
Total Assets	Rs. Cr.	1989.12	1564.09
Total Income*	Rs. Cr.	226.38	115.71
PAT	Rs. Cr.	46.83	22.28
Net Worth	Rs. Cr.	347.57	270.85
Return on Average Assets (RoAA)	(%)	2.64	1.68
Return on Average Net Worth (RoNW)	(%)	15.15	9.95
Debt/Equity	Times	4.50	4.60
Gross NPA	(%)	0.06	3.07
Net NPA	(%)	0.03	0.96

*Total income equals to Net Interest Income plus other income

Status of non-cooperation with previous CRA (if applicable):

Not applicable

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Complexity Level Of Financial Instruments: <https://www.acuite.in/view-rating-criteria-55.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Sep 2023	Term Loan	Long Term	10.00	Not Applicable (Withdrawn)
	Term Loan	Long Term	11.00	ACUITE A (CE) Stable (Upgraded from ACUITE A- (CE) Positive)
	Proposed Bank Facility	Long Term	25.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Proposed Bank Facility	Long Term	30.14	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Term Loan	Long Term	10.49	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Term Loan	Long Term	2.68	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Term Loan	Long Term	6.25	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Term Loan	Long Term	12.77	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Term Loan	Long Term	159.27	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Non Convertible Debentures	Long Term	30.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Term Loan	Long Term	35.91	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Term Loan	Long Term	13.91	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Term Loan	Long Term	28.58	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
	Non Convertible Debentures	Long Term	30.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Positive)
03 Oct 2022	Term Loan	Long Term	1.04	ACUITE BBB+ Positive (Reaffirmed)
	Proposed Bank Facility	Long Term	25.00	ACUITE BBB+ Positive (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A- (CE) Positive (Reaffirmed)
	Term Loan	Long Term	22.50	ACUITE BBB+ Positive (Reaffirmed)
	Term Loan	Long Term	19.99	ACUITE BBB+ Positive (Reaffirmed)
	Term Loan	Long Term	11.00	ACUITE A- (CE) Positive (Assigned)
	Proposed Non Convertible Debentures	Long Term	60.00	ACUITE BBB+ Positive (Reaffirmed)
	Term Loan	Long Term	59.52	ACUITE BBB+ Positive (Reaffirmed)
	Term Loan	Long Term	24.06	ACUITE BBB+ Positive (Reaffirmed)
	Term Loan	Long Term	59.80	ACUITE BBB+ Positive (Reaffirmed)
	Proposed Bank Facility	Long Term	113.09	ACUITE BBB+ Positive (Reaffirmed)
05 Aug 2022	Term Loan	Long Term	1.04	ACUITE BBB+ Positive (Assigned)
	Proposed Bank Facility	Long Term	25.00	ACUITE BBB+ Positive (Reaffirmed)
	Term Loan	Long Term	24.06	ACUITE BBB+ Positive (Assigned)
	Term Loan	Long Term	22.50	ACUITE BBB+ Positive (Assigned)

	Proposed Non Convertible Debentures	Long Term	60.00	ACUITE BBB+ Positive (Reaffirmed)
	Proposed Bank Facility	Long Term	113.09	ACUITE BBB+ Positive (Assigned)
	Term Loan	Long Term	59.52	ACUITE BBB+ Positive (Assigned)
	Term Loan	Long Term	19.99	ACUITE BBB+ Positive (Assigned)
	Proposed Term Loan	Long Term	11.00	ACUITE Provisional A-(CE) Positive (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A-(CE) Positive (Reaffirmed)
	Term Loan	Long Term	59.80	ACUITE BBB+ Positive (Assigned)
05 Jul 2022	Proposed Term Loan	Long Term	11.00	ACUITE Provisional A-(CE) Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE A-(CE) Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	60.00	ACUITE BBB+ Positive (Reaffirmed)
	Proposed Bank Facility	Long Term	25.00	ACUITE BBB+ Positive (Reaffirmed)
17 Jun 2022	Proposed Bank Facility	Long Term	25.00	ACUITE BBB+ Positive (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A-(CE) Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	60.00	ACUITE BBB+ Positive (Assigned)
22 Sep 2021	Proposed Bank Facility	Long Term	25.00	ACUITE BBB+ Positive (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A-(CE) Stable (Assigned)
17 Jun 2021	Proposed Bank Facility	Long Term	25.00	ACUITE BBB+ Positive (Reaffirmed)
	Proposed Bank Facility	Long Term	10.00	ACUITE Provisional A-(CE) Stable (Assigned)
18 Dec 2020	Proposed Bank Facility	Long Term	25.00	ACUITE BBB+ Positive (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE884Q07665	Non-Convertible Debentures (NCD)	01 Jul 2022	11.20	30 Jun 2024	30.00	Simple	ACUITE A- Stable Reaffirmed
Not Applicable	INE884Q07657	Non-Convertible Debentures (NCD)	30 Jun 2022	13.20	28 Sep 2026	30.00	Simple	ACUITE A- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	22.20	Simple	ACUITE A- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	175.00	Simple	ACUITE A- Stable Assigned
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	23.08	Simple	ACUITE A- Stable Reaffirmed
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	138.87	Simple	ACUITE A- Stable Reaffirmed
IDFC First Bank Limited	Not Applicable	Term Loan	Not available	Not available	Not available	30.34	Simple	ACUITE A- Stable Reaffirmed
SBM Bank (India) Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	11.00	Simple	ACUITE A- CE Stable Reaffirmed
IDBI Bank Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	11.56	Simple	ACUITE A- Stable Reaffirmed
Bank of Maharashtra	Not Applicable	Term Loan	Not available	Not available	Not available	8.57	Simple	ACUITE A- Stable Reaffirmed
Nabard Financial Services Limited	Not Applicable	Term Loan	Not available	Not available	Not available	1.62	Simple	ACUITE A- Stable Reaffirmed
Bandhan Bank	Not Applicable	Term Loan	Not available	Not available	Not available	64.44	Simple	ACUITE A- Stable Reaffirmed
Federal Bank	Not Applicable	Term Loan	Not available	Not available	Not available	24.32	Simple	ACUITE A- Stable Reaffirmed
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	25.00	Simple	ACUITE A- Stable Assigned

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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