

**Date: July 20, 2024**

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,

Pursuant to Reg 51(2) and Reg 55 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Acuite Ratings and Research Limited and CARE Ratings has reaffirmed its ratings for the various Loans facilities and the Debentures of. Midland Microfin Limited. The details of the ratings are as follows:

<b>Acuite Ratings and Research Limited</b>			
<b>Product</b>	<b>Quantum (Rs. Cr)</b>	<b>Long Term Rating</b>	<b>Short Term Rating</b>
<b>Bank Loan Ratings</b>	136.11	ACUITE A-   Stable   Reaffirmed	-
<b>Bank Loan Ratings</b>	388.89	ACUITE A-   Stable   Reaffirmed	-
<b>Bank Loan Ratings</b>	11.00	ACUITE A   CE   Stable  Reaffirmed	-
<b>Long Term Instruments - Non-Convertible Debentures (NCD)</b>	60.00	ACUITE A-   Stable   Reaffirmed	-
<b>Long Term Instruments - Proposed Non-Convertible Debentures</b>	150.00	ACUITE A- (Stable)   Assigned	-
<b>Total Outstanding</b>	<b>746.00</b>	-	-

<b>CARE Ratings Limited</b>			
<b>Facilities</b>	<b>Amount (Rs. Crore)</b>	<b>Rating</b>	<b>Rating Action</b>
Long Term Bank Facilities	910.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Reaffirmed
Non-Convertible Debentures	34.00	CARE BBB+; Stable (Triple B Plus: Outlook: Stable)	Reaffirmed

**Midland Microfin Limited**

Non-Convertible Debentures (Proposed)	25.00	CARE BBB+; Stable (Triple B Plus: Outlook: Stable	Reaffirmed
<b>Total Facilities</b>	<b>969.00</b> <b>(Rs. Nine Hundred Sixty Nine Crore Only)</b>	-	-

This is for your information and record, please.

Thanking you,

Yours Faithfully

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

**Amardeep Singh Samra**  
**Managing Director**  
**DIN: 00649442**

**Enclosed:**

1. Acuite Rating Letter dated June 11, 2024
2. Care Rating Letter dated June 6, 2024

**Rating Letter - Intimation of Rating Action**

Letter Issued on : June 11, 2024  
 Letter Expires on : August 11, 2024  
 Annual Fee valid till : August 11, 2024

Scan this QR Code to  
 verify authenticity of this  
 rating



**MIDLAND MICROFIN LIMITED**  
 The Axis Building, Plot No. 1,  
 RB Badri Dass Colony, B.M.C Chowkn, G.T Road,  
 Jalandhar 144001  
 PUNJAB

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

Sir / Madam,

**Sub.: Rating(s) Reaffirmed - 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	136.11	ACUITE A-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	136.11	-	-

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 11, 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 **August 12, 2024** subject to receipt of surveillance fee as applicable.  
 If the rating(s) is reviewed before **August 11, 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 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
Not Applicable	Proposed Long Term Bank Facility	Long-term	93.09	ACUITE A-   Stable   Reaffirmed
Union Bank of India	Term Loan	Long-term	20.82	ACUITE A-   Stable   Reaffirmed
Canara Bank	Term Loan	Long-term	22.20	ACUITE A-   Stable   Reaffirmed
<b>Total Facilities</b>			<b>136.11</b>	-

**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 k UffUbmzYI dFYggYX'cf'ja d'JYX k Jh fYgdYVhtc h Y UXYeI UvWz UvWf UvWhtcf Vta d'YIYbYgg'cZtAY JbZfa Ufjcb fY'JYX i dcb" 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](http://www.acuite.in)) for the latest information on any instrument rated by 5W JyF, 5W JyF B rating scale and its definitions.

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**Rating Letter - Intimation of Rating Action**

Letter Issued on : June 11, 2024  
 Letter Expires on : **August 11, 2024**  
 Annual Fee valid till : **August 11, 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) Reaffirmed - 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	388.89	ACUITE A-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	388.89	-	-

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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**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	11.20	ACUITE A-   Stable   Reaffirmed
Bank of Maharashtra	Term Loan	Long-term	5.04	ACUITE A-   Stable   Reaffirmed
Nabard Financial Services Limited	Term Loan	Long-term	0.56	ACUITE A-   Stable   Reaffirmed
Bandhan Bank	Term Loan	Long-term	79.72	ACUITE A-   Stable   Reaffirmed
State Bank of India	Term Loan	Long-term	129.83	ACUITE A-   Stable   Reaffirmed
IDFC First Bank Limited	Term Loan	Long-term	37.03	ACUITE A-   Stable   Reaffirmed
Not Applicable	Proposed Long Term Bank Facility	Long-term	7.73	ACUITE A-   Stable   Reaffirmed
Indian Bank	Term Loan	Long-term	17.78	ACUITE A-   Stable   Reaffirmed
Nabard Financial Services Limited	Term Loan	Long-term	100.00	ACUITE A-   Stable   Reaffirmed
<b>Total Facilities</b>			<b>388.89</b>	-

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**Rating Letter - Intimation of Rating Action**

Letter Issued on : June 11, 2024  
Letter Expires on : June 20, 2025  
Annual Fee valid till : June 20, 2025

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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) Reaffirmed - 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.

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5W Jyf will re-issue this rating letter on **June 21, 2025** subject to receipt of surveillance fee as applicable. If the rating(s) is reviewed before **June 20, 2025**, 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
<b>Total Facilities</b>			<b>11.00</b>	-

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**Rating Letter - Intimation of Rating Action**

Letter Issued on : June 11, 2024  
 Letter Expires on : May 24, 2025  
 Annual Fee valid till : May 24, 2025

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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)	June 11, 2024	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 24, 2025** 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 25, 2025** subject to receipt of surveillance fee as applicable. If the rating(s) is reviewed before **May 24, 2025**, 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
<b>Total Quantum Rated</b>		<b>60.00</b>	-

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**Rating Letter - Intimation of Rating Action**

Letter Issued on : June 11, 2024  
 Letter Expires on : **May 14, 2025**  
 Annual Fee valid till : **May 14, 2025**

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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) Assigned - 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.)	150.00	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)	Assigned	Not Applicable
Date of most recent Rating Action(s)	June 11, 2024	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 policies.

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5W Jf will re-issue this rating letter on **May 15, 2025** subject to receipt of surveillance fee as applicable. If the rating(s) is reviewed before **May 14, 2025**, 5W Jf will issue a new rating letter.

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**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
Proposed Non Convertible Debentures	Long-term	50.00	ACUITE A- (Stable)   Assigned
Proposed Non Convertible Debentures	Long-term	100.00	ACUITE A- (Stable)   Assigned
<b>Total Quantum Rated</b>		<b>150.00</b>	-

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**Press Release**

**June 11, 2024**

**MIDLAND MICROFIN LIMITED  
Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.00	ACUTE A   CE   Stable   Reaffirmed	-
Bank Loan Ratings	525.00	ACUTE A-   Stable   Reaffirmed	-
Non Convertible Debentures (NCD)	150.00	ACUTE A-   Stable   Assigned	-
Non Convertible Debentures (NCD)	190.00	ACUTE A-   Stable   Reaffirmed	-
<b>Total Outstanding</b>	<b>876.00</b>	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating at 'ACUTE A (CE)' (read as ACUTE A (Credit Enhancement)) on the Rs.11 Cr. partially credit enhanced term loan facility of Midland Microfin Limited (MML). The outlook is 'Stable'.

Acuite has reaffirmed the long-term rating of 'ACUTE A-' (read as ACUTE A minus) on the Rs.525 crore bank facilities (including proposed facilities) of Midland Microfin Limited (MML). The outlook is 'Stable'.

Acuite has assigned its long-term rating at 'ACUTE A-' (read as ACUTE A minus) on the Rs. 150.00 crore Non-Convertible Debentures (including proposed facilities) of Midland Microfin Limited (MML). The outlook is 'Stable'.

Acuite has reaffirmed its long-term rating at 'ACUTE A- (read as ACUTE A minus) on the Rs. 190.00 crore Non-Convertible Debentures of Midland Microfin Limited (MML). The outlook is 'Stable'.

**Rationale for 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 -42 percent to Rs. 2543.25 crore as on March 31, 2024 from Rs. 1789.45 Cr. as on March 31, 2023. During FY24, the company received a capital infusion of Rs. 71.02 crore from its existing shareholders and ICICI Bank in the form of Compulsorily convertible preference shares and equity, resulting in improvement in its gearing levels at 4.06 times as on March 31, 2024 as against 4.50 times and 4.60 times as on March 31, 2023 and March 31, 2022 respectively. The ratings also consider the company's adequate capitalization profile with capital adequacy ratio (CAR) at 28.34 percent as on March 31, 2024. 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 FY24 coupled with the inherent risks in the micro finance segment and modest capital structure.

**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 12 states across the northern region. MML currently operates in 209 districts with a branch network of 436 branches as on March 31, 2024.

**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**

ACUTE A-/ Stable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of MML, the rating of MML (ACUTE 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 ACUTE 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 209 districts with a network of 436 branches with an asset under management (AUM) of Rs. 2,543.25 Cr. as on March 31, 2024. 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 - Sajan 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 Aggarwala, 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. Acuite 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 network stood at Rs. 487.86 Cr. as on March 31, 2024, 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 ~224 crore of capital from its investors in the form of equity or Compulsorily convertible preference shares (CCPS). Further, during FY24 and 1QFY24, MML received a capital infusion of Rs. 71.02 crore from its existing shareholders and ICICI Bank in the form of Compulsorily convertible preference shares and equity. MML received sanctions totalling to ~Rs. 2,157 Cr. during FY2024 in the form of term loans and NCDs from Banks & NBFC/FT's throughout the year. MML has demonstrated its fund raising ability with access to funds from Banks, NBFC/FT's, External commercial borrowings, NCD's and also securitization. Acuite 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 profit ability**

MML's AUM growth during FY24 led by expansion in newer geographies and thereby also reducing its overall geographical concentration. The company has expanded its overall network to 436 branches in 209 districts as on March 31, 2024. The AUM of the company stood at Rs. 2,543.25 crore as on December 31, 2024 as against 1,789.45 crore as on March 31, 2023 and Rs. 1,137.42 crore as on March 31, 2022. The company's AUM comprises of a mix of onbook 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 FY24 stood at 3.14 percent as against 2.64 percent for FY23. The Net interest Margins of the company improved to 15.10 percent for FY24 as against 15.62 percent for FY23. The profit after tax for FY24 stood at Rs. 72.15 crore as against Rs. 46.83 crore for FY23.

**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 network stood at Rs. 487.86 Cr. and total borrowings at Rs. 1,982.77 Cr. as on March 31, 2024 which translates into a gearing of 4.06 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. Acuite believes that company's ability to manage its gearing will be a key monitorable.

**Profits susceptible to higher credit cost**

On account of slippages, the GNPA of the company slightly improved to 2.97 percent with NNPA of 0.82 percent as on March 31, 2024 as against 3.02 percent with NNPA of 1.18 percent as on December 31, 2023. There is a sharp increase in GNPA from 0.06 percent in FY 23 to 2.97 percent in FY 24 is largely on account of factors such as expectation of loan waivers to be extended by RBI, farmer's protests and floods. Acuite 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. Acuite believes that containing additional slippages while maintaining the growth in the loan portfolio will be crucial.

**Assessment of Adequacy of Credit Enhancement (Applicable only for CE Ratings)**

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, Acuite 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 8 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 (Applicable only for CE & SO Ratings)

##### 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 March 31, 2024. The company has maintained cash and bank balances of Rs. 212.08 Cr. as on March 31, 2024. 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. Acuite believes that the liquidity profile will continue to benefit from funding support from its promoters.

##### Outlook: Stable

Acuite believes that MML will maintain a 'Stable' outlook over the near to medium term owing to its established presence in the key operating segment and adequate capitalization buffers. 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	FY24 (Actual)	FY23 (Actual)
Total Assets	Rs. Cr.	2613.8	1989.12
Total Income*	Rs. Cr.	306.66	226.38
PAT	Rs. Cr.	72.15	46.83
Net Worth	Rs. Cr.	487.86	347.57
Return on Average Assets (RoAA)	(%)	3.14	2.64
Return on Average Net Worth (RoNW)	(%)	17.27	15.15
Debt/Equity	Times	4.06	4.5
Gross NPA	(%)	2.97	0.06
Net NPA	(%)	0.82	0.03

\*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](http://www.acuite.in).



Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Apr 2024	Non-Coverible Debentures (NCD)	Long Term	3.05	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.60	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	8.27	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.32	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.54	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.06	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.90	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	7.81	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	7.49	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	17.51	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	2.69	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	1.30	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.10	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	3.36	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.35	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	1.91	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.72	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	2.00	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	1.37	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	1.55	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.72	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	6.69	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.62	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	2.62	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	30.00	ACUITE A-   Stable (Reaffirmed)
	Non-Coverible Debentures (NCD)	Long Term	30.00	ACUITE A-   Stable (Reaffirmed)
	Non-Coverible Debentures (NCD)	Long Term	0.05	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	3.33	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	3.40	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.61	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.04	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	9.10	ACUITE A-   Stable (Assigned)
	Non-Coverible Debentures (NCD)	Long Term	0.55	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	14.19	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	169.38	ACUITE A-   Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	0.37	ACUITE A-   Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	45.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	11.00	ACUITE A (CE)   Stable (Reaffirmed)
	Term Loan	Long Term	20.82	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	136.08	ACUITE A-   Stable (Reaffirmed)
Term Loan	Long Term	39.20	ACUITE A-   Stable (Reaffirmed)	
Term Loan	Long Term	12.66	ACUITE A-   Stable (Reaffirmed)	
Term Loan	Long Term	85.91	ACUITE A-   Stable (Reaffirmed)	
Term Loan	Long Term	18.26	ACUITE A-   Stable (Reaffirmed)	
Term Loan	Long Term	22.90	ACUITE A-   Stable (Reaffirmed)	
Term Loan	Long Term	5.04	ACUITE A-   Stable (Reaffirmed)	
Term Loan	Long Term	0.56	ACUITE A-   Stable (Reaffirmed)	
15 Dec 2023	Non-Coverible Debentures (NCD)	Long Term	30.00	ACUITE A-   Stable (Reaffirmed)
	Non-Coverible Debentures (NCD)	Long Term	30.00	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	175.00	ACUITE A-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	22.20	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	23.08	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	138.87	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	30.34	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	25.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	11.00	ACUITE A (CE)   Stable (Reaffirmed)
	Term Loan	Long Term	11.56	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	8.57	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	1.62	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	64.44	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	24.32	ACUITE A-   Stable (Reaffirmed)
	08 Sep 2023	Non-Coverible Debentures (NCD)	Long Term	30.00
Non-Coverible Debentures (NCD)		Long Term	30.00	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Positive)
Proposed Long Term Bank Facility		Long Term	25.00	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Positive)
Proposed Long Term Bank Facility		Long Term	30.14	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Positive)
Term Loan		Long Term	11.00	ACUITE A (CE)   Stable (Upgraded from ACUITE BBB+   Positive)
Term Loan		Long Term	10.00	ACUITE Not Applicable (Withdrawn)
Term Loan		Long Term	159.27	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	13.91	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	6.25	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	28.58	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Positive)
Term Loan		Long Term	35.91	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Positive)
03 Oct 2022		Proposed Long Term Bank Facility	Long Term	113.09
	Proposed Long Term Bank Facility	Long Term	25.00	ACUITE BBB-   Positive (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	60.00	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	24.06	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	19.99	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	22.50	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	59.80	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	59.52	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	1.04	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	11.00	ACUITE A- (CE)   Positive (Assigned)
05 Aug 2022	Proposed Long Term Bank Facility	Long Term	113.09	ACUITE BBB-   Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	25.00	ACUITE BBB-   Positive (Reaffirmed)
	Proposed Long Term Loan	Long Term	11.00	ACUITE Provisional A- (CE)   Positive (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	60.00	ACUITE BBB-   Positive (Reaffirmed)
	Term Loan	Long Term	24.06	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	19.99	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	22.50	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	59.80	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	59.52	ACUITE BBB-   Positive (Assigned)
	Term Loan	Long Term	1.04	ACUITE BBB-   Positive (Assigned)
05 Jul 2022	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE A- (CE)   Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	25.00	ACUITE BBB-   Positive (Reaffirmed)
	Proposed Long Term Loan	Long Term	11.00	ACUITE Provisional A- (CE)   Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	60.00	ACUITE BBB-   Positive (Reaffirmed)
17 Jun 2022	Term Loan	Long Term	10.00	ACUITE A- (CE)   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	25.00	ACUITE BBB-   Positive (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	60.00	ACUITE BBB-   Positive (Assigned)
22 Sep 2021	Term Loan	Long Term	10.00	ACUITE A- (CE)   Stable (Reaffirmed)
	Proposed Long Term 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 Long Term Bank Facility	Long Term	25.00	ACUITE BBB-   Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE Provisional A- (CE)   Stable (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	INE884Q07467	Non-Convertible Debentures (NCD)	21 Jul 2015	12.25	21 Jan 2025	0.55	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07434	Non-Convertible Debentures (NCD)	21 Jul 2015	12.25	21 Jan 2025	0.05	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08259	Non-Convertible Debentures (NCD)	19 Aug 2022	10	18 Aug 2032	3.33	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08242	Non-Convertible Debentures (NCD)	19 Aug 2022	9.50	18 Aug 2029	3.40	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08275	Non-Convertible Debentures (NCD)	19 Aug 2022	10	18 Aug 2029	0.61	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07202	Non-Convertible Debentures (NCD)	06 Oct 2015	12.25	06 Apr 2025	0.04	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08267	Non-Convertible Debentures (NCD)	19 Aug 2022	10.75	18 Aug 2032	9.10	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08226	Non-Convertible Debentures (NCD)	02 Jul 2021	10	01 Jul 2031	3.05	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08200	Non-Convertible Debentures (NCD)	02 Jul 2021	9.50	01 Jul 2028	0.60	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08234	Non-Convertible Debentures (NCD)	02 Jul 2021	10.5	01 Jul 2031	8.27	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07145	Non-Convertible Debentures (NCD)	06 Oct 2015	12.25	06 Apr 2025	0.32	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08218	Non-Convertible Debentures (NCD)	02 Jul 2021	9.95	01 Jul 2028	0.54	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07236	Non-Convertible Debentures (NCD)	13 Jul 2018	10.6	13 Jan 2025	0.06	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08184	Non-Convertible Debentures (NCD)	09 Feb 2021	10	08 Feb 2028	0.90	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08176	Non-Convertible Debentures (NCD)	09 Feb 2021	10.8	08 Feb 2031	7.81	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07244	Non-Convertible Debentures (NCD)	13 Jul 2018	10.6	13 Jan 2025	2.49	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08192	Non-Convertible Debentures (NCD)	09 Feb 2021	11.10	08 Feb 2031	17.51	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07251	Non-Convertible Debentures (NCD)	13 Jul 2018	10.85	13 Jul 2028	2.69	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08168	Non-Convertible Debentures (NCD)	09 Feb 2021	10.1	08 Feb 2028	1.30	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08135	Non-Convertible Debentures (NCD)	29 Oct 2019	11.10	28 Apr 2029	0.10	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07160	Non-Convertible Debentures (NCD)	13 Jul 2018	10.4	13 Jan 2025	3.36	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08127	Non-Convertible Debentures (NCD)	30 Sep 2019	11.10	29 Mar 2029	0.35	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07210	Non-Convertible Debentures (NCD)	13 Jul 2018	10.80	13 Jul 2028	1.91	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08093	Non-Convertible Debentures (NCD)	29 Oct 2019	10.6	28 Apr 2026	0.72	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08085	Non-Convertible Debentures (NCD)	30 Sep 2019	10.6	29 Mar 2026	2.00	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08077	Non-Convertible Debentures (NCD)	23 Jul 2016	11.25	23 Jan 2026	1.37	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08150	Non-Convertible Debentures (NCD)	29 Oct 2019	11.50	28 Apr 2029	1.55	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08051	Non-Convertible Debentures (NCD)	27 Jul 2016	11.25	23 Jan 2026	0.72	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08143	Non-Convertible Debentures (NCD)	30 Sep 2019	11.50	29 Mar 2029	6.69	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08119	Non-Convertible Debentures (NCD)	29 Oct 2019	10.85	28 Apr 2026	0.62	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q08101	Non-Convertible Debentures (NCD)	30 Sep 2019	10.85	29 Mar 2026	2.62	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07681	Non-Convertible Debentures (NCD)	30 Apr 2024	12.80	30 Sep 2025	35.00	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	INE884Q07699	Non-Convertible Debentures (NCD)	02 May 2024	12.80	29 May 2026	10.00	Simple	ACUITE A-   Stable   Reaffirmed
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 avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.73	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	93.09	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.37	Simple	ACUITE A-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A-   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A-   Stable   Assigned
Nabard Financial Services Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	100.00	Simple	ACUITE A-   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Aug 2026	20.82	Simple	ACUITE A-   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	11 Dec 2026	22.20	Simple	ACUITE A-   Stable   Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Oct 2026	17.78	Simple	ACUITE A-   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2026	129.83	Simple	ACUITE A-   Stable   Reaffirmed
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2025	37.03	Simple	ACUITE A-   Stable   Reaffirmed
SBM Bank (India) Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2024	11.00	Simple	ACUITE A   CE   Stable   Reaffirmed
IDBI Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Jan 2025	11.20	Simple	ACUITE A-   Stable   Reaffirmed
Bank of Maharashtra	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2024	5.04	Simple	ACUITE A-   Stable   Reaffirmed
Nabard Financial Services Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Aug 2024	0.56	Simple	ACUITE A-   Stable   Reaffirmed
Bandhan Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2025	79.72	Simple	ACUITE A-   Stable   Reaffirmed

**Contacts**

Mohit Jain  
Senior Vice President - Rating Operations

Nivedita Gokul  
Associate - Rating Operations

**Contact details exclusively for investors and lenders**

Mob: +91 8591310146  
Associate Vice President - Rating Operations

**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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No. CARE/NRO/RL/2024-25/1261

**Shri Amardeep Samra**  
**Managing Director**  
**Midland Microfin Limited**  
The Axis building , BMC Chowk,  
G.T. ROAD, Jalandhar,  
Jalandhar  
Punjab 144001



June 06, 2024

**Confidential**

Dear Sir,

**Credit rating for bank facilities**

On the basis of recent developments including operational and financial performance of your Company for FY24 (Provisional), our Rating Committee has reviewed the following ratings:

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
<b>Long Term Bank Facilities</b>	<b>910.00</b>	<b>CARE BBB+; Stable (Triple B Plus; Outlook: Stable)</b>	<b>Reaffirmed</b>

2. Refer **Annexure 1** for details of rated facilities.

3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by June 11, 2024, we will proceed on the basis that you have no any comments to offer.

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

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Budh Nagar, Noida, (UP) - 201301  
Phone: +91-120-4452000

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Somaiya Hospital Road, Off Eastern Express  
Highway, Sion (E), Mumbai - 400 022  
Phone: +91-22-6754 3456 • [www.careedge.in](http://www.careedge.in)

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4. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

5. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.

6. Our ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.

7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

8. Users of this rating may kindly refer our website [www.careedge.in](http://www.careedge.in) for latest update on the outstanding rating.

9. CARE Ratings Ltd. ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

**Anushree Chhabra**  
Rating Analyst  
[anushree.chhabra@careedge.in](mailto:anushree.chhabra@careedge.in)

Encl.: As above

**Neha Kadiyan**  
Associate Director  
[neha.kadiyan@careedge.in](mailto:neha.kadiyan@careedge.in)

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*Plot no. C-001 A/2 Sector 16B, Berger Tower, Gautam  
Budh Nagar, Noida, (UP) - 201301  
Phone: +91-120-4452000*

*Corporate Office :4th Floor, Godrej Coliseum,  
Somaiya Hospital Road, Off Eastern Express  
Highway, Sion (E), Mumbai - 400 022  
Phone: +91-22-6754 3456 • [www.careedge.in](http://www.careedge.in)*

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Budh Nagar, Noida, (UP) - 201301  
Phone: +91-120-4452000*

*Somaiya Hospital Road, Off Eastern Express  
Highway, Sion (E), Mumbai - 400 022  
Phone: +91-22-6754 3456 • [www.careedge.in](http://www.careedge.in)*

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## Annexure 1

### Details of Rated Facilities

#### 1. Long Term Facilities

##### 1.A. Term Loans

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)
1.	ICICI Bank Ltd.	133.25
2.	Small Industries Development Bank of India	122.50
3.	National Bank for Agriculture and Rural Development	100.56
4.	Indian Overseas Bank	68.06
5.	DCB Bank Ltd.	55.94
6.	Bank of Baroda	30.75
7.	Kotak Mahindra Bank Ltd.	27.95
8.	UCO Bank	25.14
9.	Canara Bank	21.50
10.	SBM Bank (India) Ltd.	18.75
11.	Indian Bank	17.12
12.	Bajaj Finserv Ltd.	15.83
13.	Micro Units Development and Refinance Agency Bank	15.15
14.	Shivalik Small Finance Bank	11.53
15.	Yes Bank Ltd.	11.46
16.	DBS Bank Limited	1.04
17.	Proposed	233.47
	<b>Total</b>	<b>910.00</b>

**Total Long Term Facilities : Rs.910.00 crore**

**Total Facilities (1.A) : Rs.910.00 crore**



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Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022  
Phone: +91-22-6754 3456 • www.careedge.in

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No. CARE/NRO/RL/2024-25/1262

**Shri Amardeep Samra**  
Managing Director  
Midland Microfin Limited  
The Axis building , BMC Chowk,  
G.T. ROAD, Jalandhar,  
Jalandhar  
Punjab 144001



June 06, 2024

**Confidential**

Dear Sir,

**Credit rating for Non-Convertible Debenture issue**

On the basis of recent developments including operational and financial performance of your Company for FY24 (Provisional), our Rating Committee has reviewed the following ratings:

Sr. No.	Instrument	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
1.	Non Convertible Debentures	34.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Reaffirmed
2.	Non Convertible Debentures	25.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Reaffirmed

- The NCDs are repayable as per Annexure I.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and in other CARE Ratings Ltd.'s publications.

**CARE Ratings Limited**

Plot no. C-001 A/2 Sector 16B, Berger Tower, Gautam  
Budh Nagar, Noida, (UP) - 201301  
Phone: +91-120-4452000

Corporate Office :4th Floor, Godrej Coliseum,  
Somaiya Hospital Road, Off Eastern Express  
Highway, Sion (E), Mumbai - 400 022  
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**CIN-L67190MH1993PLC071691**



4. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by June 11, 2024, we will proceed on the basis that you have no any comments to offer. |
5. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website [www.careedge.in](http://www.careedge.in) for latest update on the outstanding rating.
9. CARE Ratings Ltd. ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



---

### **CARE Ratings Limited**

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Budh Nagar, Noida, (UP) - 201301  
Phone: +91-120-4452000

Corporate Office :4th Floor, Godrej Coliseum,  
Somaiya Hospital Road, Off Eastern Express  
Highway, Sion (E), Mumbai - 400 022  
Phone: +91-22-6754 3456 • [www.careedge.in](http://www.careedge.in)

**CIN-L67190MH1993PLC071691**

**Anushree Chhabra**  
Rating Analyst  
[anushree.chhabra@careedge.in](mailto:anushree.chhabra@careedge.in)

**Neha Kadiyan**  
Associate Director  
[neha.kadiyan@careedge.in](mailto:neha.kadiyan@careedge.in)

Encl.: As above

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Plot no. C-001 A/2 Sector 16B, Berger Tower, Gautam  
Budh Nagar, Noida, (UP) - 201301  
Phone: +91-120-4452000

Corporate Office :4th Floor, Godrej Coliseum,  
Somaiya Hospital Road, Off Eastern Express  
Highway, Sion (E), Mumbai - 400 022  
Phone: +91-22-6754 3456 • [www.careedge.in](http://www.careedge.in)

**CIN-L67190MH1993PLC071691**

## Annexure 1

### Details of Instruments

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity	Size of the Issue (₹ crore)
Non-Convertible Debentures (Proposed)	-	-	-	-	25.00
Non-Convertible Debentures	INE884Q08283	21-Dec-2022	13.63%	15-Dec-2026	34.00



### **CARE Ratings Limited**

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Budh Nagar, Noida, (UP) - 201301  
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**CIN-L67190MH1993PLC071691**

Corporate Office :4th Floor, Godrej Coliseum,  
Somaiya Hospital Road, Off Eastern Express  
Highway, Sion (E), Mumbai - 400 022  
Phone: +91-22-6754 3456 • www.careedge.in

No. CARE/NRO/RL/2024-25/1263

**Shri Amardeep Samra**  
**Managing Director**  
**Midland Microfin Limited**  
The Axis building , BMC Chowk,  
G.T. ROAD, Jalandhar,  
Jalandhar  
Punjab 144001



June 06, 2024

**Confidential**

Dear Sir,

**Withdrawal of rating assigned to the Instruments of Midland Microfin Limited**

We have noted that Midland Microfin Limited has repaid the aforementioned NCD issue in full and there is no outstanding under the said issue as on date. Taking cognizance of this, we hereby withdraw our rating for Midland Microfin Limited's NCD issue, with immediate effect.

2. As per our normal procedure, we will be announcing the withdrawal of the rating through a Press Release, a copy of which is enclosed. **Meanwhile, please ensure that the ratings are not used hereafter, for any purpose whatsoever.**

3. In case of any future rating requirements, we will be happy to offer our services.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

**Anushree Chhabra**  
Rating Analyst  
[anushree.chhabra@careedge.in](mailto:anushree.chhabra@careedge.in)

**Neha Kadiyan**  
Associate Director  
[neha.kadiyan@careedge.in](mailto:neha.kadiyan@careedge.in)

Encl.: As above

**CARE Ratings Limited**

Plot no. C-001 A/2 Sector 16B, Berger Tower, Gautam Corporate Office :4th Floor, Godrej Coliseum,  
Budh Nagar, Noida, (UP) - 201301  
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**Somaiya Hospital Road, Off Eastern Express  
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## Midland Microfin Limited

June 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	910.00	CARE BBB+; Stable	Reaffirmed
Non-convertible debentures	34.00	CARE BBB+; Stable	Reaffirmed
Non-convertible debentures	25.00	CARE BBB+; Stable	Reaffirmed
Non-convertible debentures	-	-	Withdrawn
Non-convertible debentures	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to the long-term bank facilities and non-convertible debentures (NCDs) of Midland Microfin Limited (MML) continues to factor in the regular support from shareholders in terms of capital infusion made in March 2024 and expected infusion in FY25, healthy growth in its portfolio, established track record of operations of over a decade, and improving profitability profile. Ratings are further supported by the diversified resource base and the company's adequate liquidity position.

Ratings of MML are constrained by the moderate asset quality metrics, high though reducing geographical concentration of the operations and the inherent risks involved in the microfinance industry, including unsecured lending, marginal profile of borrowers, socio-political intervention risk, and regulatory uncertainty.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors – Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Significantly growing loan book portfolio while ensuring lower geographical concentration and controlled asset quality.
- Sizeable equity raises, leading to improving net worth and improved gearing.

#### Negative factors – Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Weakness in the capitalisation profile of MML with assets under management (AUM)/net worth rising above 6x.
- Significantly deteriorating asset quality, and consequently, the company's profitability profile.

**Analytical approach:** Standalone

#### Outlook: Stable

The 'stable' outlook for the long-term instruments of MML factors in the expectation that the company will be able to continue to grow its portfolio while maintaining asset quality under control.

### Detailed description of key rating drivers

#### Key strengths

##### Healthy capitalisation metrics supported by regular capital infusion

MML has reported healthy capitalisation levels with tangible net worth (TNW) of ₹489 crore as on March 31, 2024, as against ₹345 crore as on March 31, 2023. Apart from support from its promoters, the company is backed by strong investors namely Kitara Capital and ICICI Bank and with the recent infusion made by the existing shareholders of ₹63 crore in the form of partly paid equity and partly paid CCPS, the share of Kitara stood at 34.53% [vs 32.71% as of March 2023] and ICICI Bank at 9.67% [vs 9.89% as of March 2023]. Overall gearing improved to 4.05x as on March 31, 2024 [vs 4.53x as of March 2023]. Capital adequacy ratio (CAR) stands comfortable at 28.34% and Tier-I at 21.92% as on March 31, 2024. With the planned infusion in FY25, CARE Ratings expects the company to maintain healthy gearing going forward.

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

### **Adequate track record of operations**

MML has an established track record and has been carrying out microfinance lending activities since January 2011. It is promoted by Amardeep Singh Samra, who has over a decade experience in the micro-finance institution (MFI) industry and is also the board member of Mfin.

The company's portfolio stood at ₹2,550 crore as on March 31, 2024, growing by 42% y-o-y. MML has a widespread branch network, with 436 branches present across 12 states and two Union Territories – Punjab, Rajasthan, Haryana, Uttar Pradesh, Bihar, Jharkhand, Himachal Pradesh, Gujarat, Madhya Pradesh, Uttarakhand, West Bengal, and Odisha, and Union Territories – Chandigarh and Jammu and Kashmir, as on March 31, 2024. The company has a client base of 9.45 lakh borrowers with an average ticket size of ₹46,393 as on March 31, 2024.

### **Diversified resource profile**

MML has a diversified resource profile with borrowing from over 40 lenders majorly raising from non-banking finance companies (NBFCs) contributing to 46% as on March 31, 2024 [vs 41% as on March 31, 2023], followed by public sector banks [March 2024 – at 17% vs March 2023 – at 20%], private sector banks [March 2024 – at 23% vs March 2023- at 31%], financial institutions (FIs)[March 2024 – at 14% vs March 2023 – at 8%], and non-convertible debentures [March 2024 - at 13% vs March 2023 – at 17%]. The company has raised incremental cost of funds at 12.2% as on March 31, 2024. Majority of the borrowings are raised in the form of term loan contributing to 87% of the overall borrowings as on March 31, 2024, remaining from non-convertible debenture (13%). The company has also made DA transactions to access funds, which contributes to ₹531 crore as on March 31, 2024. MML has raised funds from organisations such as the National Bank for Agriculture and Rural Development (NABARD), Micro Units Development & Refinance Agency Ltd (MUDRA) and the Small Industries Development Bank of India (SIDBI), National Scheduled Castes Finance and Development Corporation (NSFDC), which forms 14% of the total borrowings as on March 31, 2024. The company's ability to raise funds at competitive rates, going forward, will be a key monitorable.

### **Improving profitability**

MML's profitability has been on a rising trend since FY21 with return on total asset (ROTA) at 1.41% to 3.26% in FY24 on the back of rising net interest margins (NIMs) and lower credit cost. Also, MML did DA transactions during the year owing to which, managed income on an average of total assets rose to 2.28% in FY24 from 1.23% in FY23, supporting profitability.

The company reported a profit after tax (PAT) of ₹72.15 crore (+54% y-o-y) on a total income of ₹532.17 crore (+35% y-o-y) in FY24. Owing to higher disbursements made in Q4FY24 and slight reduction in lending rates, average yields moderated to 23.63% in FY24 from 25.71% in FY23 and with cost of funds at a similar range, interest spreads moderated to 11.99% in FY24 from 13.73% in FY23. NIMs improved in FY24 to 10.69% from 10.49% in FY23 with the reduction in gearing levels and credit costs improved to 1.82% in FY24 from 2.90% in FY23. Operating expenses on an average of total assets (Opex) raised to 7.97% in FY24 owing to in line with company's expansion plans.

Going forward, CARE Ratings expects MML to maintain an adequate profitability profile while growing its operations.

### **Key weaknesses**

#### **Moderate asset quality metrics**

Gross non-performing asset (GNPA) and net non-performing asset (NNPA) ratio stood low in FY23 at 0.06% and 0.03% owing to ARC transaction done by the company. However, with rise in slippages in FY24, GNPA and NNPA ratio moderated to 2.97% and 0.82%.

With the agitation going on in Punjab under the name of "Karja Mukti" related to misleading customers on the ground of nonpayment of loans, the company faced rise in both softer delinquency [30+dpd at 15.68% and 60+ dpd at 12.80%] and harder delinquency [90+dpd at 7.90%] in Punjab as on March 31, 2024. CARE Ratings notes the improvement in collection efficiency in the state in Q4FY24. Also, overall exposure stands relatively modest in Punjab at 6.60% as of March 2024. CARE Ratings also notes the company's ability to withstand any shocks, noting the comfort provided by its healthy profitability, with a ROTA of 3.26% in FY24. The restructured portfolio also stood nil as on March 31, 2024.

Going forward, with the company growing its operation, its ability to maintain asset quality metrics will remain a key monitorable. Also, the company caters to a customer segment with an inherently weaker credit profile and those who are more susceptible to economic vulnerabilities and socio-political risks, if any.

### **Geographical concentration of portfolio, albeit reducing**

On an overall basis, the company operates in 12 states and two Union Territories through a network of 436 branches as on March 31, 2024. Bihar, Uttar Pradesh, and Rajasthan are the key areas of the company's operations, contributing to 38%, 27%, and 9% of the portfolio as on March 31, 2024. This is followed by Punjab (6.6%), Jharkhand (5.2%), and the rest in Haryana, West

Bengal, Madhya Pradesh, Gujarat, Odisha, Uttarakhand, Jammu and Kashmir, and Himachal Pradesh. The top four states contribute to 81% of the total AUM as on March 31, 2024 [vs 82% as on March 31, 2023]. Going forward, CARE Ratings expects the company to deepen its presence in the current states and open operations in southern region.

### Inherent industry risks

The microfinance sector continues to be impacted by inherent risks involved, including socio-political intervention risk and regulatory uncertainty and risks emanating from unsecured lending and the marginal profile of borrowers who are vulnerable to economic downturns, besides operational risks related to cash-based transactions.

### Liquidity: Adequate

The company has a favourable liquidity position, given the longer tenure of borrowings as against the shorter tenure of MFI loans of up to two years, as also reflected by a well-matched asset and liability management (ALM) as on March 31, 2024. The company has advances of ₹1,308 crore in the up to one-year bucket as against borrowings of ₹973 crore in the bucket. The company has cash and bank balances of ₹449 crore as on March 31, 2024.

### Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Withdrawal Policy](#)

[Non Banking Financial Companies](#)

### About company and industry

#### Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Finance	Microfinance institutions

MML was originally incorporated as Sajan Hire Purchase Pvt Ltd (SHPPL) on May 28, 1988. SHPPL was engaged in the hire-purchase business. Subsequently, in January 2011, the name of the company was changed to Midland Microfin Limited. The hire-purchase business was also discontinued at the same time. MML is registered with the Reserve Bank of India (RBI) as an NBFC-MFI since January 2015.

MML currently operates in 12 states and two UTs – Punjab, Rajasthan, Haryana, Bihar, Uttar Pradesh, Jharkhand, West Bengal, Uttarakhand, Madhya Pradesh, Gujarat, Himachal Pradesh, Odisha, and two Union Territories – Chandigarh and Jammu and Kashmir. The company had a client base of 9.45 lakh borrowers as on March 31, 2024, with an average ticket size of ₹46,393.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	219.78	394.91	532.17
PAT	22.28	46.83	72.15
Interest coverage (times)	1.28	1.37	1.49
Total assets	1,562.76	1,988.06	2,620.17
Net NPA (%)	0.96	0.03	0.82
ROTA (%)	1.68	2.64	3.26

A: Audited; UA: Unaudited. Note: These are the latest financial results available.

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

**Any other information:** Not applicable

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

**Covenants of rated instruments/facilities:** Annexure-3

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



## Lender details: Annexure-5

## Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term loan	-	-	-	26-Aug-2025	910.00	CARE BBB+; Stable
Debentures- Non-convertible debentures (Proposed)	-	-	-	-	25.00	CARE BBB+; Stable
Non-convertible debenture	INE884Q07061	04-Jul-2016	12%	04-Jan-2024	-	Withdrawn
Non-convertible debentures	INE884Q07038	04-Jul-2016	12%	04-Jan-2024	-	Withdrawn
Non-convertible debentures	INE884Q07616	18-Jan-2021	11.62%	18-Jan-2024	-	Withdrawn
Non-convertible debentures	INE884Q07608	26-Nov-2020	11.73%	26-Nov-2023	-	Withdrawn
Non-convertible debentures	INE884Q08283	21-Dec-2022	13.63%	15-Dec-2026	34.00	CARE BBB+; Stable

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

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Debentures-Non-convertible debentures	LT	-	-	-	1)CARE BBB+; Stable (20-Sep-23) 2)CARE BBB+; Stable (04-Sep-23) 3)CARE BBB+; Stable (03-Jul-23) 4)CARE BBB+; Stable	1)CARE BBB; Positive (20-Dec-22)	1)CARE BBB; Stable (10-Feb-22)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
						(23-Jun-23)		
2	Fund-based - LT-Term loan	LT	910.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (20-Sep-23) 2)CARE BBB+; Stable (04-Sep-23) 3)CARE BBB+; Stable (03-Jul-23) 4)CARE BBB+; Stable (23-Jun-23)	1)CARE BBB; Positive (20-Dec-22)	1)CARE BBB; Stable (31-Mar-22) 2)CARE BBB; Stable (10-Feb-22)
3	Debentures-Non-convertible debentures	LT	-	-	-	1)CARE BBB+; Stable (20-Sep-23) 2)CARE BBB+; Stable (04-Sep-23) 3)CARE BBB+; Stable (03-Jul-23) 4)CARE BBB+; Stable (23-Jun-23)	1)CARE BBB; Positive (20-Dec-22)	1)CARE BBB; Stable (10-Feb-22)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
4	Loan-Long-term	LT	0.40	CARE A-(CE); Stable	-	1)CARE A-(CE); Stable (20-Mar-24)	1)CARE A-(CE); Stable (15-Feb-23)	1)CARE A-(CE); Stable (28-Mar-22) 2)CARE A-(CE); Stable (20-Aug-21)
5	Debt-Non-convertible debenture/Subordinate debt	LT	-	-	-	-	-	1)Withdrawn (31-Mar-22) 2)CARE BBB; Stable (10-Feb-22)
6	Unsupported rating	LT	0.00	CARE BBB+	-	1)CARE BBB+ (20-Mar-24)	1)CARE BBB (15-Feb-23)	1)CARE BBB (28-Mar-22)
7	Debentures-Non-convertible debentures	LT	34.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (20-Sep-23) 2)CARE BBB+; Stable (04-Sep-23) 3)CARE BBB+; Stable (03-Jul-23) 4)CARE BBB+; Stable (23-Jun-23)	1)CARE BBB; Positive (20-Dec-22)	-
8	Debentures-Non-convertible debentures	LT	25.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (20-Sep-23)	-	-

\*Long term/Short term.

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities**

Not applicable

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

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fund-based - LT-Term loan	Simple

**Annexure-5: Lender details**

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

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

## Contact us

<p><b>Media Contact</b></p> <p>Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Pradeep Kumar V Senior Director <b>CARE Ratings Limited</b> Phone: 91 44 2850 1001 E-mail: <a href="mailto:pradeep.kumar@careedge.in">pradeep.kumar@careedge.in</a></p>	<p><b>Analytical Contacts</b></p> <p>Gaurav Dixit Director <b>CARE Ratings Limited</b> Phone: 91-120-4452002 E-mail: <a href="mailto:gaurav.dixit@careedge.in">gaurav.dixit@careedge.in</a></p> <p>Neha Kadiyan Associate Director <b>CARE Ratings Limited</b> Phone: 91-120-4452022 E-mail: <a href="mailto:Neha.Kadiyan@careedge.in">Neha.Kadiyan@careedge.in</a></p> <p>Anushree Chhabra Rating Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Anushree.Chhabra@careedge.in">Anushree.Chhabra@careedge.in</a></p>
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### About us:

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