



CENTFIN:2017:235
09 June 2017


CERTIFICATE FOR RECEIPT AND NOTING OF INFORMATION

**[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]**

We, Debenture Trustees, hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Regulations'), provided to us by **Midland Microfin Limited** ('the Company') for the Half year ended 31 March 2017.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid Regulations, for onward submission to Stock Exchange(s) by the Company.

For CENTBANK FINANCIAL SERVICES LTD


Yashda A Waglimare
MANAGER

CENTBANK FINANCIAL SERVICES LIMITED

(Formerly: Centbank Financial & Custodial Services Ltd., erstwhile: The Central Bank Executor & Trustee Co. Ltd.)

Regd. Office : Central Bank of India - MMO Bldg, 3rd Floor, (East Wing)

55, Mahatma Gandhi Road, Fort, Mumbai 400001. ☎ : (022) 2261 6217 ✆ (022) 2261 6208

E-mail: info@cfsi.in Website: www.cfsi.in CIN: U67110MH1929GOI001484



The Manager

Listing Department – BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street, Mumbai - 400 001

Date – May 20, 2017

Ref: Clause 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The following information is furnished to you as required in terms of Clause 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. Credit Rating

Name of the Rating Agency	Rating
Credit Analysis and Research Limited	CARE BBB- (Triple B Minus)

- Asset Cover available: Rs. 27.50 Crores (1.10 time of the amount outstanding).
- Debt-Equity Ratio as on March 31, 2017: 4.52
- Previous due date of payment of interest/ principal and whether the same has been paid or not and next due date for payment of interest:

Option	Previous Interest paid date	Status	Next interest Payment Date
I	April 03, 2017	Paid	July 04, 2017
II*	NA	NA	July 04, 2018
III	April 03, 2017	Paid	July 04, 2017
IV*	NA	NA	October 04, 2020
V	April 03, 2017	Paid	July 04, 2017
VI*	NA	NA	January 04, 2024

*Cumulative interest payment at the end of maturity.

- Debt Redemption Reserve: Rs. 2,48,70,169.00
- Net Worth: Rs. 40,11,69,792.00
- Net Profit after Tax: Rs. 4,31,19,536.00
- Earnings per Share: 2.19

For and behalf of the Board


Sonia Dua
(Company Secretary)
Membership No. A24634



Midland microfin Limited

Regd. & Corporate Office : The Axis, Plot No. 1, R.B. Badri Dass Colony, BMC Chowk, G.T. Road, Jaladhar-144001 INDIA
Tel : 0181-508 5555, 508 6666 Fax : 508 7777 email : info@midlandmicrofin.com website : www.midlandmicrofin.com

CIN - U65921PB1988PLC008430

Independent Auditor's Report on the Computation of the Assets Coverage Ratio as at March 31, 2017

The Board of Directors
Midland Microfin Limited

1. This Certificate is issued to **Midland Microfin Limited** (hereinafter the "Company") in accordance with the terms of our Service Scope Letter and Master Engagement Agreement dated October 28, 2016 to provide a reasonable assurance on the Asset Coverage Ratio for the balance outstanding as at March 31, 2017 of Secured, Redeemable, Non-Convertible Bonds in the nature of Debentures (the "Debentures") issued to public. Its sole purpose is of submission to CENTBANK Financial Services Limited ("Debenture Trustee") in connection with their submissions to the Bombay Stock Exchange as required per the Clause 52 and 56 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Management's Responsibility

2. The Company's management is responsible to prepare and produce all information and the underlying data for the computation of the Ratio and recording and creation of charge on the book debts in respect of the Debentures. This responsibility includes the design, implementation and maintenance of internal controls relevant for ensuring correct recording of the underlying data in the books of accounts.
3. The accompanying statement of Ratios has been prepared by the Management (Refer 'Annexure I')

Auditors' Responsibility

4. Pursuant to the requirements of the Debenture Trustee, it is our responsibility to provide a reasonable assurance whether the amounts in the Statement that form part of the Asset Coverage Ratio computation as at March 31, 2017 have been accurately extracted from the audited financial statements for the year ended March 31, 2017 and the computation of Ratio is arithmetically correct;
5. The audited financial statements referred to in paragraph 4 above, have been audited by us, on which we issued an unmodified audit opinion vide our report dated May 20, 2017. Our audit of these financial statements was conducted in accordance with the Standards on Auditing, [as specified under Section 143(10) of the Companies Act, 2013] and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
6. We have performed the procedures in accordance with the requirements of the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics Issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination, as above, we are of the opinion that:
 - i. the amounts in the Statement in respect of Asset Coverage Ratio have been accurately extracted from the audited financial statements for the years ended March 31, 2017;
 - ii. the computation of the Asset Coverage Ratio in the Statement is mathematically accurate.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Restriction on Use

9. The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of submission to CENTBANK Financial Services Limited ("Debenture Trustee"), and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S. R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants



per Amit Kabra
Partner
Membership No. 094533

Place: Gurgaon, Haryana
Date: May 31, 2017



Refer "Annexure I" to this Report



Annexure I

Statement of Asset Coverage Ratio of the Debentures

Asset Coverage Ratio

Particulars	Amount in ₹
Outstanding Balance of the Debentures as on March 31, 2017	25,00,00,000
Asset Cover available for the Debentures	27,50,00,000
Asset Coverage Ratio	1.10 times

The Asset Coverage Ratio is expressed as the number of times asset cover is available in respect of the balance outstanding of the Public issue of Secured, Redeemable, Non-Convertible Bonds in the nature of Debentures (the "Debentures") as at March 31, 2017.

CERTIFIED TRUE COPY

For Midland Microfin Limited

Sonia Dua
Company Secretary
Place: Jalandhar, Punjab
Date: May 31, 2017

Amitesh Kumar
EVP and CFO
Place: Jalandhar, Punjab
Date: May 31, 2017



Independent Auditor's Report on the Computation of Net worth and Debt Equity Ratio and Debenture Redemption Reserve as at March 31, 2017

The Board of Directors
Midland Microfin Limited

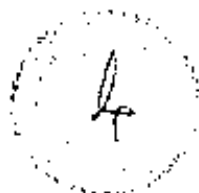
1. This Certificate is issued to Midland Microfin Limited (hereinafter the "Company") in accordance with the terms of our Service Scope Letter and Master Engagement Agreement dated October 28, 2016 to provide a reasonable assurance on the Statement of Net Worth of the Company, the Debt Equity Ratio and Debenture Redemption Reserve (the "Statement"). Its sole purpose is of submission to CENTBANK Financial Services Limited ("Debenture Trustee") in connection with their submissions to the Bombay Stock Exchange as required per the Clause 52 and 56 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations").
2. The accompanying Statement, which we have initialled for identification purposes only, contains the details as required pursuant to the Regulations.

Management's Responsibility for the Statement

3. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all supporting accounting and other relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

4. Pursuant to the requirements of the Debenture Trustee, it is our responsibility to provide a reasonable assurance whether
 - (i) the amounts in the Statement that form part of the Net Worth computation as at March 31, 2017 have been accurately extracted from the audited financial statements for the year ended March 31, 2017 and the computation of net worth is arithmetically correct;
 - (ii) the amounts in the Statement that form part of the Debt Equity Ratio computation as at March 31, 2017 have been accurately extracted from the audited financial statements for the year ended March 31, 2017 and the computation of Debt Equity Ratio is arithmetically correct;
 - (iii) the amounts used in the statement that form part of Debenture Redemption Reserve as at March 31, 2017 reflected in the Statement have been accurately extracted from the audited financial statements for the year ended March 31, 2017 and the balance is arithmetically correct;
5. The audited financial statements referred to in paragraph 4 above, have been audited by us, on which we issued an unmodified audit opinion vide our report dated May 20, 2017. Our audit of these financial statements was conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
8. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mentioned in paragraph 4 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement:
 - a) Traced and agreed the amounts in the attached Statement, to the audited financial statements of the Company as at and for the year ended March 31, 2017.
 - b) Tested the arithmetical and clerical accuracy of the Statement.
 - c) Obtained necessary representations from management.

Opinion

9. Based on our examination, as above, we are of the opinion that:
 - (i) the amounts in the Statement in respect of Net Worth, the Debt Equity Ratio and the Debenture Redemption Reserve have been accurately extracted from the audited financial statements for the years ended March 31, 2017;
 - (ii) the computation of Net Worth, the Debt Equity Ratio and the Debenture Redemption Reserve in the Statement is mathematically accurate.

Restriction on Use

10. The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of submission to CENTBANK Financial Services Limited ("Debenture Trustee"), and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004



per Amit Kabra
Partner
Membership Number: 094533

Place: Gurgaon, Haryana
Date: May 31, 2017

Refer "Annexure I" to this Report



ANNEXURE I

Statement of Net Worth, Debt Equity Ratio and Debenture Redemption Reserve

Net Worth as at March 31, 2017:

Particulars	Amount in ₹
Paid up Equity Share Capital	18,71,15,000
Add: Reserve & Surplus	21,40,54,792
Total	40,11,69,792

Net Worth is defined in the Prospectus for the Debentures issued to be the difference of the sum of Equity share capital and Reserve and surplus and Fictitious Assets.

Debt Equity Ratio as at March 31, 2017:

Particulars	Amount in ₹
Paid up Equity Share Capital	18,71,15,000
Add: Reserve & Surplus	21,40,54,792
Total (A)	40,11,69,792
Total Debt	1,63,26,11,037
Accrued Interest on Borrowings	18,12,20,853
Total (B)	1,81,38,31,890
Debt Equity Ratio (B/A)	4.52 times

Debenture Redemption Reserve as at March 31, 2017:

Particulars	Amount in ₹
Balance as at April 1, 2016	1,58,26,471
Add: Transfer during the year	90,43,698
Balance as at March 31, 2017	2,48,70,169

CERTIFIED TRUE COPY

For Midland Microfin Limited

Sonia Dua
Company Secretary
Place: Jalandhar, Punjab
Date: May 31, 2017

Amitesh Kumar
EVP and CFO
Place: Jalandhar, Punjab
Date: May 31, 2017



CARE/DRO/RR/2016-17/1391

Mr. Amardeep Samra
Managing Director
Midland Microfin Ltd
2nd Floor, Gobind Niwas,
36, G.T. Road, Jalandhar – 144001.

July 12, 2016

Dear Sir,

Credit rating of Bank Facilities for Rs.110 crore and NCDs for Rs.25 crore

Please refer to our letter(s) dated July 08, 2016 on the above subject.

2. The rationale for the rating is attached as an Annexure - I. Kindly note that the rationale would be published in the forthcoming issue of our monthly journal, 'CAREVIEW'.
3. A write-up (brief rationale) on the above rating is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as Annexure - II.
4. We request you to peruse the annexed documents 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 July 14, 2016, we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.


Thanking you,


(Akanksha Gupta)
Analyst

Akanksha.g@careratings.com

Encl: As above

Yours faithfully,


(Ankita Sehgal)
Senior Manager

ankita.sehgal@careratings.com

CREDIT ANALYSIS & RESEARCH LTD.

Rating Rationale
Midland MicroFin Ltd(MML)

Ratings

Instruments	Amount (Rs. Crore)	Ratings ¹	Remarks
Long Term Bank Facilities-Term Loan	110 (Enhanced from Rs. 40 crore)	CARE BBB (Triple B)	Revised from CARE BBB- (Triple B Minus)
Long Term Instruments-Debentures- Non convertible debentures	25.0	CARE BBB (Triple B)	Revised from CARE BBB- (Triple B Minus)

Rating Rationale

The revision in rating takes into account improvement in capitalization level post the significant equity infusion in FY16 (refers to the period of April 1 to March 31) and consistent improvement in scale of operations..

The rating continues to derive strength from the experienced promoter group and management team, good loan appraisal and portfolio management systems in place, moderate earnings profile and strong asset quality. However, the rating is constrained by the moderate scale of operations, geographical concentration of operations and inherent socio-political, regulatory and operational risks.

The ability of MML to continue to grow its portfolio and further improve profitability, while maintaining a good asset quality, diversifying its operations geographically and maintaining its overall gearing would be the key rating sensitivities.

Background

Midland Microfin Ltd (MML) was originally incorporated as 'Sajan Hire Purchase Pvt Ltd (SHPPPL)' on May 28, 1988. SHPPPL was engaged in hire purchase business. In June 2010, the Midland group of Punjab promoted by Mr. Amardeep Samra and family acquired SHPPPL with the aim of venturing into the microfinance business and the name of the company was changed to MML in January 2011. The hire purchase business was also discontinued at the same time.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications.

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CARE is a SEBI Registered Company

MML is registered with RBI as a NBFC-MFI (Non-Banking Financial Company-Microfinance Institute) since January 2015.

MML is currently operating in three states (i.e. Punjab, Rajasthan and Haryana). The operations are managed through a network of 45 branches with total of 1,31,439 JtG individual active borrowers and loan portfolio of Rs. 144.06 crore as on March 31, 2016.

Credit Risk Assessment

Improvement in capital adequacy ratio

During QFY16, there was equity infusion of Rs. 21.40 crore (i.e. Rs.15 crore by Kitara Capital , Rs 5.40 crore by retail investors and Rs. 1 crore by SIDBI) in the company. Post capital infusion and internal accrual, tangible net-worth of the company increased more than three and half times to Rs. 33 crore as on March 31, 2016 from Rs. 9.31 crore as on March 31, 2015. Post the equity infusion and issuance of optionally convertible preference shares of Rs. 2 crore to SIDBI, the capital adequacy ratio stood comfortable at 28.11% as on March 31, 2016 improving from 18.82% as on March 31, 2015. Tier 1 CAR as on March 31, 2016 improved to 21.88% from 12.81% as on March 31, 2015. Consequently, the overall gearing decreased to 4.21x as on March 31, 2016 from 7.59x as on March 31, 2015.

Continuous increase in scale of operations and moderate earning profile

MML started its microfinance business in January 2011 and therefore has a short track record of operations. MML's total income has grown at a compounded annual growth rate of 154% over a period of three years ended March 31, 2016. In FY16 (refers to period from April 1 to March 31), the total income increased by 99% to Rs. 30.69 crore from Rs. 15.40 crore in FY15 and PAT increased by 171% from Rs. 1.37 crore during FY15 to Rs. 3.71 crore during FY16 on the back of growth in loan portfolio to Rs. 144.06 crore as on March 31, 2016 from Rs. 67.85 crore as on March 31, 2015. With greater economies of scale, the operating expenses have declined as reflected by operating expense to average total assets ratio which declined from 9.81% during FY15 to 8.26% during FY16. ROTA and PAT Margin have grown to 2.85% and 12.07% in FY16 as against 2.32% and 8.88% respectively in FY15.

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CREDIT RATING: BAA1 (2016) | 10001

Experienced promoters and management team

The promoters of MML belong to the Midland group of Punjab engaged into asset finance and banking business. The management of MML is headed by Mr Amardeep Samra, Managing Director, who has an experience of over 19 years in the field of finance, hire-purchase, leasing, commercial real estate development and management of Agri based co-operative societies. He is assisted by Mr Vijay Kumar Bhandari, Chairman of the Board of MML with over 32 years of experience in the banking industry and Mr Dinesh Gupta, who has over two decades of experience as a corporate advisor and investment consultant. MML has created separate departments with clearly demarcated roles and responsibilities for handling different functions. MML has formed different board committees for technical review and formulation of policies and procedure for the working of the MFI including audit committee, risk management committee, board management committee, and head office executive committee.

Strong loan appraisal & portfolio management systems in place

MML has strong internal controls and procedures from group formation, loan appraisal and sanction to disbursement, loan utilization checks and collection with checks at multiple levels to ensure transparency of operations. MML follows a rigorous process for group identification which includes three day Mandatory Group Trainings (MGTs) by the Centre Officer, Field Investigation(FI) by the Branch Manager, Group Eligibility Test (GET) by the GET officer and Credit Bureau checks upon which final approval is given by the credit department at the head office based on automated credit scoring model used to determine member eligibility and the group's repayment capacity. Also, the presence of Branch Credit Executive (BCE) in all branches ensures accuracy of data entry for the purpose of credit appraisal at head office level. Further, all the disbursements take place at the branch level in the presence of Branch Manager and cameras are placed at all the branches to ensure disbursement to the applicant members only. A separate helpline and grievance redressal department at head office verifies each and every disbursement and addresses the borrowers' grievances. Risk Control Unit (RCU) at centralised level ensures loan utilisation checks have been undertaken at the field level. MML has also piloted cashless disbursements since January 2015. MML has adopted Inter-branch portfolio

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CICR: 4719014H1925FL1.Cr1.091

rotation policy. All these measures ensure proper checks on disbursements and help in maintaining the portfolio quality. MML also has a separate internal audit team conducting audit of the centre meetings, branches and head office at regular intervals. The management information system at MML provides information for the loan portfolio management both at the operational level and managerial level. The MIS helps in monitoring disbursements, collection and cash reconciliation on a daily basis along with maintaining security of data and faster access to reports for day-to-day monitoring.

Good asset quality

MML's has been able to maintain good asset quality. This has been possible with rigorous supervision by operations team and regular checks and controls of finance and internal audit department. There were Nil NPAs reported by MML as on March 31, 2016.

Geographical concentration of portfolio base

MML is operating in 45 branches across 3 states (viz. Punjab, Rajasthan and Haryana) as on March 31, 2016. As on March 31, 2016, approximately 84% of loan portfolio was concentrated in Punjab, 5% in Rajasthan and 11% in Haryana. As on March 31, 2016, the geographic concentration in Punjab as percent of networth was 367%.

Industry Outlook

Post the AP crisis and regulatory intervention by RBI, the microfinance sector has seen strong growth in loan portfolio on account of improving funding profile, control over operating expenses, improving margins and moderate leverage levels.

RBI has revised the lending norms for the MFI sector, post Andhra Pradesh (AP) crisis in 2010 and Malegam Committee Report on NBFC-MFI in 2011. The sector has evolved with the advent of credit bureaus in the sector and subsequent control over asset quality. MFI sector saw 30+ days past due (DPD) of around 0.33% as on March 31, 2016. As on the same date, aggregate gross loan outstanding for the sector was Rs.53,233 crore, registering 84% Y-o-Y growth from Rs. 28,940 crore as on March 31, 2015. (Source: MFIN) The stabilization of the regulatory

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regime has led to a renewed interest from both domestic and foreign funds in the sector. In the recent past, the sector has witnessed strong capital inflows.

Also post upward revision in loan ticket-size (from Rs. 35,000 to Rs. 60,000 for 1st cycle and from Rs. 50,000 to Rs. 100,000 for subsequent cycle), household income (from Rs. 60,000 to Rs. 100,000 for rural region and from Rs. 120,000 to Rs. 160,000 for urban & semi-urban region) and borrowing limit for individual borrower (from Rs. 50,000 to Rs. 100,000) by RBI would aid in the growth of the loan portfolio of MFIs as it widens the base of borrowers and significantly increases the addressable market size. Furthermore, resources are not seen as a major constraint given the significant capital infusion in recent times. If MFIs manage to control the asset quality of their portfolio while adhering to new guidelines, the profitability of the sector is expected to improve with the benefits of operating leverage. Credit view will continue to factor in risks associated with unsecured lending, socio-political intervention, geographic concentration and operational risks related to cash based transaction.

Prospects

Going forward, the ability of MML to continue to grow its portfolio and further improve profitability, while maintaining a good asset quality, diversifying its operations geographically and maintainence of its overall gearing would be the key rating sensitivities.

Details of Rated Facilities

1. Long-term facilities

1.A. Long Term Rupee Loans

Sr. No	Lender	Rated Amount (Rs. Crore)	Remarks
1.	SBI Bank	4.94	Outstanding
2.	Bank of Maharashtra	10.00	Outstanding
3.	DCB Bank	5.63	Outstanding
4.	ICCI Bank	10.00	Outstanding
5.	Long Term Bank Facilities-Term Loan	80.83	Proposed
	Total	110	

Total long-term facilities as at March 31, 2016: Rs. One hundred and ten crore.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partner/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN: L67120MH1993PLC071691

Annexure - II
Rating Rationale

CARE revises the rating assigned to the bank facilities and non convertible debentures of
Midland MicroFin Ltd(MML)

Ratings

Instruments	Amount (Rs. Crore)	Ratings²	Remarks
Long Term Bank Facilities Term Loan	110 (Increase of from Rs. 40 crore)	CARE BBF (Triple B)	Revised from CARE BBB (Triple B Minus)
Long term instruments Debentures- Non convertible debentures	25.0	CARE BBF (Triple B)	Revised from CARE BBB (Triple B Minus)

Rating Rationale

The revision in rating takes into account improvement in capitalization level post the significant equity infusion in FY16 (refers to the period of April 1 to March 31) and consistent improvement in scale of operations.

The rating continues to derive strength from the experienced promoter group and management team, sound risk appetite and controls management systems in place, moderate earnings profile and strong asset quality. However, the rating is constrained by the moderate scale of operations, geographical concentration of operations and inherent socio-political, regulatory and operational risks.

Capability of MML to continue to grow its portfolio and further improve profitability, while maintaining a good asset quality, diversifying its operations geographically and maintaining its overall gearing would be the key rating sensitivities.

Background

Midland Microfin Ltd (MML) was originally incorporated as 'Sajan Hire Purchase Pvt Ltd (SHPL)' on May 28, 1998. SHPL was engaged in hire purchase business. In June 2010, the

complete details of the ratings assigned are available at www.careratings.com and other CARE publications.

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CIN-L67190MH1997PLC071691

Multi-brand group of Punjab promoted by Mr. Amardeep Samra and family acquired SIPPPL with the aim of venturing into the microfinance business and the name of the company was changed to MMI in January 2011. The hire purchase business was also discontinued at the same time. MMI is registered with RBI as a NBFC-MFI (Non-Banking Financial Company Microfinance Institute) since January 2011.

MMI follows a five-member group lending methodology under the Joint Liability Group (JLG) model and 3-8 groups form the centre wherein each member is responsible for repayments obligations of the group and groups are jointly responsible for the centre. MMI is currently operating in three states (i.e. Punjab(84%), Rajasthan(11%) and Haryana(5%). The operations are managed through a network of 15 branches with total of 1,31,435 active borrowers as on March 31, 2016.

During FY16 (refers to the period April 1 to March 31), MMI reported a PAT of Rs.3.71 crore on a total income of Rs.30.69 crore, as compared with a PAT of Rs.1.37 crore on a total income of Rs. 1.40 crore in FY15. As on March 31, 2016, the assets under management (AUM) stood at Rs.244.06 crore with the capital adequacy ratio (CAR) at 28.11%.

Analyst Contact

Name: Ankita Sehgal

Cell: +915323226

Email: ankita.sehgal@careratings.com

Our analysis and opinions are based on the best of our knowledge and are not intended to constitute an offer of investment or any other financial product. Investors/clients, intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

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In case of partnership/proprietorship concerns, the rating assigned by CARE is based on the capital employed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN: L1150MH1993PLC071671



Sangeeta Sharma & Associates
CHARTERED ACCOUNTANTS

101, Sector 17, Gurgaon, Haryana

Phone: 0122-2100000

Ref. No.

To
 Midland Microfin Ltd
 The Axis
 Plot No. 1,
 R.H. Radh-Diaz Colony,
 B.A.L.C. Chowk,
 G.I. Road, Jalandhar

This is to certify that the Asset Coverage Ratio of Midland Microfin Ltd as on 31.03.2018 is as under:

S. No.	Series of Debenture	Charge (In Tinet)	Amount (In Rs.)	Charge Created (In Rs.)
1	Series-I	1.10	8,00,00,000	8,00,00,000
2	Series-II	1.10	8,00,00,000	8,00,00,000
3	Series-III	1.10	8,00,00,000	8,00,00,000
4	Series-IV	1.10	8,00,00,000	8,00,00,000
5	Public Issue	1.10	8,00,00,000	8,00,00,000

The above information is true and correct to the best of my knowledge, belief and as per the books of accounts and relevant detailed calculations produced for verification.

Sangeeta Sharma
 Chartered Accountant