

CENTFIN:2017:507
29 November 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 30 September 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. Wadgaonkar
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



Mr. H.V. Kamdar

Company Secretary – Centbank Financial Services Limited
Central Bank of India-MMO Bldg, 3rd Flr (East),
55 Mahatma Gandhi Road, Fort,
Mumbai - 400001

Date –November 28, 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)

- Asset Cover available: 27.50 Crores (1.10 time of the amount outstanding).
- Debt-Equity Ratio as on September 30, 2017: 5.84
- 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	October 04, 2017	Paid	January 04, 2018
II*	NA	NA	July 04, 2018
III	October 04, 2017	Paid	January 04, 2018
IV*	NA	NA	October 04, 2020
V	October 04, 2017	Paid	January 04, 2018
VI*	NA	NA	January 04, 2024

*Cumulative interest payment at the end of maturity.

- Debt Redemption Reserve (Rs. In Lakhs): 248.70
- Net Worth (Rs. in Lakhs): 3647.12
- Net Profit after Tax (Rs. in Lakhs): (207.74)
- Earnings per Share: (1.17)

For and behalf of the Board

Sonia Dua

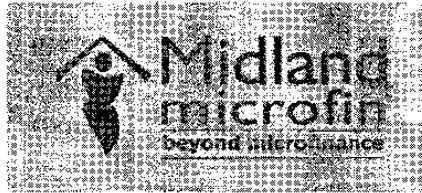
(Company Secretary)

Membership No. A24634

Midland Microfin Limited

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

CIN - U65921PB1988PLC008430



Mr. H.V. Kamdar

Company Secretary – Centbank Financial Services Limited
Central Bank of India-MMO Bldg, 3rd Flr (East),
55 Mahatma Gandhi Road, Fort,
Mumbai - 400001

November 09, 2017

Sub: Submission of Financial results under Clause 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir,

In Compliance with Clause 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Financial Results of the Company for the half-year ended 30.09.2017 and Disclosure required under Clause 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(along with supporting Documents).

Kindly note the financial results submitted to you and issue "Certificate of Receipt and Noting of Information" pursuant to Clause 52(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For & on behalf of the Board

Sonia Dua
Company Secretary
M.No. A24634

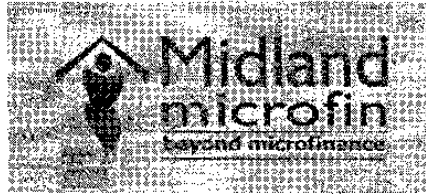
Enclosure:

- i. Financial Results for the half- year ended 30.09.2017.
- ii. Disclosures under Clause 52(4) of SEBI(LODR) regulations, 2015.
- iii. Supporting Documents:-
 - a) Asset Coverage Ratio certificate.
 - b) Debt Equity Ratio certificate.
 - c) Credit rating letter issued by CARE.

Midland Microfin Limited

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CIN - U65921PB1988PLC008430



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

November 08, 2017

Dear Sir,

Sub: Submission of Un- Audited Financial Results for the half year ended 30th September 2017 under Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.


Pursuant to Regulation 52 and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 Board of Directors in their meeting held on November 8, 2017 considered and approved Un- Audited Financial Results along with Limited Review Report issued by Statutory Auditors for the half year ended 30th September 2017 duly reviewed by the Audit Committee

The said financial have been signed by the Managing Director of the Company and we hereby declare that the statutory Auditors M/s. S.R. BATLIBOI & ASSOCIATES LLP Chartered Accountants (ICAI Firm registration number: 101049W/E300004) have submitted the Limited Review Report for Financial Results of the Company for the half year ended 30th September 2017 with an Un-modified opinion.

Company has already submitted these results to the Debenture Trustee and certificate signed by the Debenture Trustee regarding taken note of the contents of the Financial Results is awaited and the same will be submitted as soon as we receive the same.

Kindly acknowledge the receipt of the same.

For and behalf of
Midland Microfin Limited.


Sonia Dua
(Company Secretary)
Membership No. A24534

Midland Microfin Limited

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Tel.: 0181-508 5555, 508 6666 Fax : 508 7777 email : info@midlandmicrofin.com website : www.midlandmicrofin.com

CIN - U65921PB1988PLC008430

Midland Microfin Limited
(CIN: U65921PB1988PLC008430)

Registered Office:- The Axis, Plot No.1, R.B. Badri Dass Colony, G.T. Road Jalandhar PB 144001 (INDIA)

Tel : +91-181-5076000, Fax No : +91- 181-2236070 Website : www.midlandmicrofin.com

Statement of Assets and Liabilities as at September 30, 2017

(Amount in Rupees unless otherwise stated)

Particulars	As at September 30, 2017 (Unaudited)	As at March 31, 2017 (Audited)
Equity and liabilities		
Shareholders' funds		
Share capital	229,565,000	229,565,000
Share Application Pending Allotment	249,300,000	-
Reserves and surplus	177,597,385	214,054,792
	656,462,385	443,619,792
Non-current liabilities		
Long-term borrowings	1,104,025,398	959,184,370
Other Long-term liabilities	205,582,896	170,672,729
Long-term provisions	6,294,617	4,829,952
	1,315,902,911	1,134,687,051
Current liabilities		
Trade Payables	16,358,178	15,837,197
Other current liabilities	848,663,479	701,089,955
Short-term provisions	38,888,966	22,174,498
	903,910,622	739,101,650
TOTAL	2,876,275,918	2,317,408,492
Assets		
Non-current assets		
Fixed assets		
Property, Plant and Equipment	57,869,109	43,743,491
Intangible assets	6,568,293	2,956,034
Capital work-in-progress	-	11,058,585
Deferred tax assets (net)	17,175,869	7,061,595
Loans and advances	-	4,142,567
Other non-current assets	70,781,694	55,540,606
	152,394,765	124,502,878
Current assets		
Current Investments	110,823,917	210,333,570
Trade receivables	452,967	348,076
Cash and bank balances	519,548,960	804,538,975
Loans and advances	2,078,023,591	1,161,757,912
Other current assets	15,031,719	15,927,081
	2,723,881,154	2,192,905,614
TOTAL	2,876,275,918	2,317,408,492

For and on behalf of the Board of Directors of
Midland Microfin Limited



Amardeep Singh Samra
(Managing Director)

Date: November 03, 2017
Place: Jalandhar



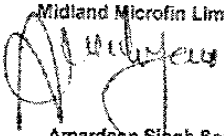
Midland Microfin Limited
(CIN: U65921PB1988PLC005430)
Registered Office:- The Axis, Plot No.1, R.B. Badri Dass Colony, G.T Road JalandharPB 144001 (INDIA)
Tel : +91-181-5076000, Fax No : +91- 181-2238070 Website : www.midlandmicrofin.com
Statement of Unaudited Financials Results for the half year ended September 30, 2017

(Amount in Rupees unless otherwise stated)

Particulars	Half year ended		Year ended
	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)	March 31, 2017 (Audited)
Income			
Revenue from operations	189,886,757	246,844,372	441,480,465
Other income	23,430,760	1,513,697	24,750,861
Total revenue (I)	213,317,517	248,358,039	466,231,326
Expenses			
Employee benefit expenses	68,980,724	43,364,316	94,143,344
Finance costs	115,115,932	117,856,921	241,198,913
Depreciation and amortization expenses	6,322,103	2,250,000	6,036,615
Other expenses	37,157,100	23,196,221	51,939,765
Provisions and write-offs	16,630,354	4,701,468	7,558,449
Total expenses (II)	244,206,214	191,369,426	400,877,086
Profit before tax (III)=(I)-(II)	(30,888,697)	56,988,613	65,354,240
Tax expense:			
Current tax		21,756,666	24,574,380
Pertaining to profit for the current period		21,756,666	24,103,120
Adjustment of tax relating to earlier periods		-	471,260
Deferred tax	(10,114,074)	(2,251,892)	(2,339,676)
Total tax expense (IV)	(10,114,074)	19,504,774	22,234,704
Profit after tax (III)-(IV)	(20,774,623)	37,483,839	43,119,536
Earnings per equity share*			
Basic (Rs.)	(1.17)	3.89	2.19
Diluted (Rs.)	(1.00)	3.62	2.08

*EPS, DPS for the half year ended September 30, 2017 and September 30, 2016 are not annualised.

For and on behalf of the Board of Directors of
Midland Microfin Limited


Amardeep Singh Samra
(Managing Director)

Date: November 08, 2017

Place: Jalandhar



Midland Microfin Limited

(CIN: U65921PB1988PLC008430)

Registered Office:- The AXIS, Plot No.1, R.S. Badli Dass Colony, G.T Road JalandharPB 144001 (INDIA)

Tel : +91-181-5076000, Fax No : +91- 181-2238070 Website : www.midlandmicrofin.com

Statement of Unaudited Financials Results for the half year ended September 30, 2017

Notes:

1. The above results for the half year ended September 30, 2017 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on November 8, 2017, in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Statutory Auditors have carried out a limited review of the same.
2. The Company operates in a single business segment i.e. lending to borrowers, which have similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies act 2013, read with rule 7 of the Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.
3. Previous year / half year figures have been regrouped where necessary to conform to current year presentation.

For and on behalf of the Board of Directors

Midland Microfin Limited



Amardeep Singh Samra
(Managing Director)


Date: November 08, 2017
Place: Jalandhar



Limited Review Report**Review Report to
THE BOARD OF DIRECTORS OF
MIDLAND MICROFIN LIMITED**

1. We have reviewed the accompanying statement of unaudited financial results of MIDLAND MICROFIN LIMITED (the "Company") for the half year ended September 30, 2017 (the "Statement") being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/IMD/DF1/9/2015 dated November 27, 2015 and Circular No. CIR/IMD/DF1/69/2016 dated August 10, 2016.
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Accounting Standard 25, Interim Financial Reporting (AS 25) prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder; other accounting principles generally accepted in India read with SEBI Circular No. CIR/IMD/DF1/9/2015 dated November 27, 2015, Circular No. CIR/IMD/DF1/69/2016 dated August 10, 2016 and Reserve Bank of India (RBI) Master Directions - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 in respect of income recognition, asset classification, provisioning and other related matters in respect of income recognition, asset classification, provisioning and other related matters is the responsibility of the Company's management. The Statement has been approved by the Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25, Interim Financial Reporting (AS 25) prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/IMD/DF1/9/2015 dated November 27, 2015 and Circular No. CIR/IMD/DF1/69/2016 dated August 10, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the Reserve Bank of India (RBI) Master Directions - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 in respect of income recognition, asset classification, provisioning and other related matters in respect of income recognition, asset classification, provisioning and other related matters.

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


per Amit Kabra
Partner
Membership No: 094533

Place: JALANDHAR
Date: 8/11/17



**Independent Auditor's Report on the Computation of Net worth and Debt Equity Ratio
As at September 30, 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 November 2, 2017 to provide a limited assurance on the Statement of Net Worth and Debt Equity Ratio of the Company. 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.
4. The accompanying statement of Net Worth and Debt Equity Ratio has been prepared by the Management (Refer 'Annexure I').

Auditor's Responsibility

5. Pursuant to the requirements of the Debenture Trustee, it is our responsibility to provide a limited assurance whether the amounts in the Statement that form part of the Net Worth and Debt Equity Ratio computation as at September 30, 2017 have been calculated correctly and there is nothing which causes us to believe that the underlying information used is incorrect.
6. The procedures vary in nature and timing from, and are less extent than for, a reasonable assurance and consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we have performed the following procedures:
 - a. We have traced and agreed the relevant amounts in the Statement that form part of the Net Worth computation as at September 30, 2017 prepared by the management to the unaudited books and accounting records of the Company for the period ended September 30, 2017.
 - b. We have traced and agreed the relevant amounts of Equity and Debt in the computation of the Debt Equity Ratio prepared by the management to the unaudited books and accounting records of the Company for the period ended September 30, 2017.
 - c. We have verified the computations and arithmetical accuracy of the amounts stated in the statement annexed to this certificate.
7. 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. Our scope of work did not include verification of compliance with other requirements of the other circulars and notifications issued by regulatory authorities from time to time and any other laws and regulations applicable to the Company. Further, our scope of work did not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the



S.R. BATIBOI & ASSOCIATES LLP

Chartered Accountants

financial information or the financial statements of the Company, taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts, or items thereof, for the purpose of this certificate. Accordingly, we do not express such an opinion.

8. 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.

Conclusion

9. Based on the procedures performed, as stated in paragraph 6 above, and according to the information, explanation and management representations provided to us nothing has come to our attention that causes us to believe that the Net Worth and Debt Equity Ratio are not correctly computed.

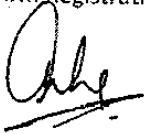
Restriction on Use

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. This certificate relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

For S.R. Batliboi & Associates LLP

Chartered Accountants

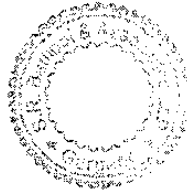
ICAI Firm Registration Number: 101049W/E300004



per Amit Kabra

Partner

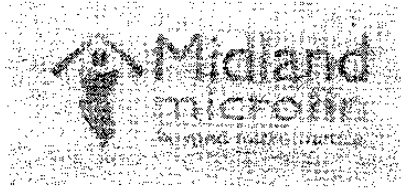
Membership Number: 094533



Place: Gurgaon

Date: Nov. 9, 2017

Refer "Annexure I" to this Report



ANNEXURE I

Statement of Net Worth, Debt Equity Ratio

Net Worth as at September 30, 2017:

Particulars	Amount in Rs.
Paid up Equity Share Capital	76,71,15,000
Add: Reserve & Surplus	17,75,97,385
Total	36,47,12,385

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 Preference AS700.

Debt Equity Ratio as at September 30, 2017:

Particulars	Amount in Rs.										
Paid up Equity Share Capital	76,71,15,000										
Add: Reserve & Surplus	17,75,97,385	Total (A)	36,47,12,385	Total Debt	1,91,28,04,077	Accrued Interest on Borrowings	11,70,53,405	Total (B)	2,03,03,56,482	Debt Equity Ratio (B/A)	5.84 times
Total (A)	36,47,12,385										
Total Debt	1,91,28,04,077										
Accrued Interest on Borrowings	11,70,53,405	Total (B)	2,03,03,56,482	Debt Equity Ratio (B/A)	5.84 times						
Total (B)	2,03,03,56,482										
Debt Equity Ratio (B/A)	5.84 times										

CERTIFIED TRUE COPY

For Midland Microfin Limited

Sonia Dua
Company Secretary
Member No. 100 - A24614
Place: Jaipur, Punjab
Date: November 8, 2017

Amithesh Kumar
EUP and CFO
Place: Jaipur, Punjab
Date: November 8, 2017



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

8. 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.

Conclusion

9. Based on the procedures performed, as stated in paragraph 6 above, and according to the information, explanation and management representations provided to us nothing has come to our attention that causes us to believe that the ratio has not been correctly computed.

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. This certificate relates only to the items specified above and does not extend to any financial statements of the Company taken as a whole.

For S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants



per Amit Kabra

Partner

Membership No. 094533



Place: Gurgaon

Date: Nov 9, 2017

Refer "Annexure I" to this Report



Annexure I

Statement of Asset Coverage Ratio of the Debentures

Asset Coverage Ratio

Particulars	Amount in Rs.
Outstanding Balance of the Debentures as on September 30, 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 September 30, 2017

CERTIFIED TRUE COPY

For Midland Microfin Limited

Sonia Dua
Company Secretary
Membership No.: A24634
Place: Jalandhar, Punjab
Dated: November 8, 2017

Amitesh Kumar
EVP and CFO
Place: Jalandhar, Punjab
Dated: November 8, 2017



Midland Microfin Limited

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

CIN : U65921PB1988PLC008430

Mr. Amardeep Samra
Managing Director
Midland Microfin Ltd
The Axis building , BMC Chowk ,
Jalandhar-144001.

September 1, 2017

Confidential

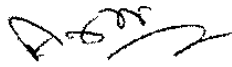
Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your company for FY17 (Audited) and Q1FY18 (Prov), our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	110	CARE BBB; Stable (Triple B); Outlook: Stable	Reaffirmed
Total	110 (Rs. One Hundred and Ten crore only)		

2. Refer Annexure-I 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-II. 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 September 4, 2017, we will proceed on the basis that you have no any comments to offer.
4. CARE 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.




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

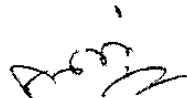
CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

5. CARE 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 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 so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE 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 shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE 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. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE 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,

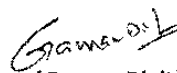
Yours faithfully,



[Arti Tahiliani]

Manager

arti.tahiliani@careratings.com



[Gaurav Dixit]

Dy General Manager

gaurav.dixit@careratings.com

Encl.: As above

Disclaimer

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Annexure 1
Details of Rated Facilities

1. Long-term facilities

1.A. Term Loan

Bank	Sanctioned/Outstanding/ Proposed	Amt o/s	Last Repayment due on
IDBI Bank	outstanding	0.67	01/03/18
Bank of Maharashtra	outstanding	5.00	30/09/2018
DCB Bank	outstanding	4.38	31/05/18
UCO Bank	outstanding	14.33	30/12/19
HDFC	outstanding	0.26	05/11/18
SIDBI	outstanding	3.47	10/09/19
YES Bank	outstanding	2.92	30/09/18
SBI	outstanding	13.75	30/03/20
BOB	outstanding	6.58	31/03/20
Proposed	Proposed	58.64	
Total		110.00	

Total Long Term Bank Facilities = Rs. 110 crore as on March 31, 2017

Mr. Amardeep Samra
Managing Director
Midland Microfin Ltd
The Axis building , BMC Chowk ,
Jalandhar-144001.

September 1, 2017

Confidential

Dear Sir,

Credit rating for outstanding Non-Convertible Debenture issue

On a review of recent developments including operational and financial performance of your company for FY17 (Audited) and Q1FY18 (Provisional), our Rating Committee has reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debenture issue	25 (Rs. Twenty Five Crore)	CARE BBB; Stable (Triple B); Outlook: Stable	Reaffirmed

- The existing NCD is repayable by December 18, 2020.
- 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

- 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. 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 September 4, 2017, we will proceed on the basis that you have no any comments to offer.

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

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5. CARE 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 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 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 so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE 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. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE 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,

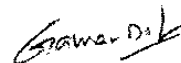
Yours faithfully,



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Midland Microfin Ltd

Ratings

Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Long-term Bank Facilities	110 (Rs. One Hundred Ten Crore Only)	CARE BBB; Stable (Triple B); Outlook: Stable	Reaffirmed
Non-Convertible Debentures	25.00 (Rs. Twenty Five crore only)	CARE BBB; Stable (Triple B); Outlook: Stable	Reaffirmed

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating of the bank facilities of Midland Microfin Limited (MML) continues to derive strength from the experience of the promoters and management team, good loan appraisal and portfolio management systems in place, comfortable capitalization levels. The rating also draws comfort from the ability of the company to ensure high collection efficiency post demonetization resulting in limited impact on strong asset quality. However, the rating is constrained by the small scale of operations, moderate income, improving albeit high geographical concentration of operations and inherent socio-political, regulatory and operational risks.

The ability of MML 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.

Detailed description of the key rating drivers

Key Rating Strengths

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 34 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

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

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. MML has now systematized and streamlined its Loan Origination System (LOS) and Loan Monitoring System (LMS) by moving on Mobility Solutions which allows geo tagging, credit scoring matrix, bio metric attendance, real time processing of data along with automation in overall System. 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 which piloted cashless disbursements in January 2015, is now disbursing nearly 95% of the loans through cashless mode. 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. MML has strengthened its IT infrastructure and software by migrating to a more flexible and structured software e-Fimo which is a complete ERP based Core Micro finance solution with automated functionalities which would ease down operational processes.

Comfortable capital adequacy

MML's capital adequacy ratio (CAR) and Tier-1 CAR as on March 31, 2017 were comfortable at 42.53% and 27.22% as against 28.81% and 21.87% respectively as on March 31, 2016. This was due to run-down of portfolio upon demonetization. The overall gearing however increased to 4.64x as on March 31, 2017 (P.Y. 4.21x). This was due to higher debt being deployed to maintain liquidity (in the form of cash and bank balances and investments). The overall gearing and capital adequacy has improved post FY15 on account of capital infusion of Rs 25.64 crore (including optionally convertible preference shares of Rs. 4.25 crore during FY16 and FY17). CAR and Tier 1 CAR stood at 18.82% and 12.81% respectively as on March 31, 2015.

Good asset quality

MML has been able to maintain good asset quality since 2011 when it started its operations. This has been possible with rigorous supervision by operations team and regular checks and controls of finance and internal audit department. MML had 'NIL' NPAs (Gross NPA and Net NPA) as on March 31, 2017 (taking into consideration the RBI dispensation for classification of loans post demonetization). Portfolio at Risk (PAR>0, 30, 90 days) stood at 5.43%, 4.50% and 1.94% respectively as on March 31, 2017. The overall collection efficiency since demonetization (Nov-June) stood at 97%, much higher than the average industry. MML maintains standard provision of 1% on loan portfolio in compliance with the RBI guidelines. However, the company's ability to maintain asset quality with further increase in scale of operations across different states is yet to be seen.

Key Rating Weaknesses

Moderation in earnings profile during Q1FY18 due to impact on operations post demonetization

MML started its microfinance business in January 2011 and therefore has a short track record of operations. MML's total income had grown by 52% to Rs. Rs. 46.62 crore during FY17 on the back of disbursements upto October 2017 (prior to demonetization). However, de-growth of portfolio since demonetization has meant moderation in interest income earned and decline in Net Interest Margin during FY17 and Q1FY18 to 9.04% and 2.90% respectively from 10.79% during FY16. Also, MML has had to

provide for higher operating expenses due to deployment of staff towards recovery operations as against disbursements. The operational costs of MML have traditionally remained high due to emphasis on strict controls and practices which include supervision of operations at branch, cluster and headquarters level. With greater economies of scale, the operating expenses had been consistently declining since FY14 as reflected by operating cost ratio (OCR) which declined from 11.18% during FY14 to 7.12% during FY16. However, OCR increased to 12.90% for FY17 due to higher incidence of fixed costs (administrative and employee expenses) over a reduced asset base as at the end of FY17. MML has also provided for higher contingent provision on standard assets of Rs. 0.85 crore during Q1FY18 as against provision of Rs. 0.76 crore during FY17. Consequently, MML has reported net loss Rs. 1.80 on income of 9.26 crore for Q1FY18 as against PAT of Rs. 4.31 crore for FY17.

Geographical concentration of portfolio base

MML is operating in 53 districts across 3 states (viz. Punjab, Rajasthan and Haryana) as on March 31, 2017. The company being a Punjab based player has major portfolio concentrated in Punjab. However, the expansion and new branches being opened in Haryana and Rajasthan the concentration of portfolio of MML in Punjab has reduced to 72% as on March 31, 2017 as against 84% as on March 31, 2016. The Top State concentration/Net Worth stood at 208% as on March 31, 2017 as against 363% as on March 31, 2016.

Industry Prospects

On account of various events post demonetization, collection efficiency of the MFIs/newly converted SFBs has deteriorated. This has impacted the asset quality of the MFIs/SFBs leading to increase in credit costs. It is expected that the loss on account of this event is likely to be in the range of 5-10% of the total loan portfolio for the sector.

Given the current situation and any further deterioration in the situation from hereon, the profitability of the MFIs/SFBs are expected to take a severe hit in FY18 on account of higher provisioning costs. Overall FY18 is expected to be a challenging year for the sector with growth expected to moderate on the back of demonetization as the MFIs/SFBs will primarily concentrate on overhaul of entire operations to minimize future losses. The portfolio growth for the sector is expected to be around 25 to 30% y-o-y in FY18 as compared to 50-60% y-o-y growth achieved in the past few years. However given the market potential, the sector is likely to continue its high growth post normalization of situation with MFIs continuing to attract funds and improving operational efficiencies to maintain profitability.

The 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.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Criteria for placing rating on credit watch

Rating Methodology for Non-Banking Financial Companies

Financial Sector Ratios

About the Company

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Midland Microfin Ltd (MML) was originally incorporated as 'Sajan Hire Purchase Pvt Ltd (SHPPL)' on May 28, 1988. SHPPL was engaged in hire purchase business. In June 2010, the Midland group of Punjab promoted by Mr. Amardeep Samra and family acquired SHPPL 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. 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 53 branches with total of 1,28,388 JLG individual active borrowers and loan portfolio of Rs. 113.15 crore as on March 31, 2017. The loan portfolio has since grown to Rs. 138.06 crore as on June 30, 2017 on the back of revival of disbursements post the impact of demonetization.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Pre-tax operating income	30.69	40.62
Interest income	3.71	4.31
Interest coverage (times)	1.41	1.27
Total Assets	178.04	230.74
NPAs (%)	Nil	Nil
ROTA (%)	2.85	2.11

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

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Email: gaurav.dixit@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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