

About Midland Micro Finance Limited Unlisted Shares

About Midland Microfin

(i) Established in 2011, Midland Microfin Limited (MML) is a pioneering microfinance institution (MFI) based in Punjab. The organization is dedicated to the financial and social empowerment of women by offering small business loans. MML is registered as a 'Non-Banking Financial Company - Micro-Finance Institution' (NBFC - MFI) with the Reserve Bank of India (RBI).

(ii) Currently, MML operates a network of 154 branches across five states and one Union Territory, namely Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar, and Chandigarh. During the fiscal year 2018-19, the company launched 50 new branches, primarily focusing on expanding its presence in Eastern U.P. and Bihar to enhance geographical diversification.

(iii) In 2019, MML established four Regional Offices located in Jaipur, Chandigarh, Varanasi, and Patna to effectively oversee business operations and progress.

(iv) The company's fundamental business philosophy emphasizes a rigorous lending process and stringent controls at every stage of service delivery, which has allowed MML to uphold its asset quality. The institution successfully recovered its loans even during the period of demonization.

Type of Loan Products:

(i) **Business Loan:** MML promotes entrepreneurship among women as a viable means of livelihood by providing business loans aimed at working capital. These loans enable economically active women to access financial resources to support their micro-enterprises. The company offers loans ranging from Rs. 11,000 to 30,000 and Rs. 31,000 to 50,000, with an interest rate of 25.20% for durations of one year and two years, respectively.

(ii) **Water Purifier Loan:** Recognizing that individuals, particularly in rural areas, incur significant medical expenses, MML aims to alleviate this financial burden. The deteriorating quality of water in Punjab, which contains numerous toxic elements harmful to health, has made water purifiers an essential household item. Loans are offered within the range of Rs. 4200 to 8500, carrying an interest rate of 25.20%, with terms available for 6 months, 9 months, and 11 months.

(iii) **Sewing Machine Loan:** In order to deliver exceptional products and services to our members, Midland Microfin Limited has partnered with Greenlight Planet India Pvt Ltd., a prominent dealer and manufacturer of solar products. This collaboration aims to enhance services with the objective of serving members "Beyond Microfinance." The loan amount is set at Rs. 3520, with an interest rate of 25.20%, available for durations of 6 months, 9 months, and 11 months.

(iv) **Solar Lamp Loan:** In an effort to deliver exceptional products and services to our members, Midland Microfin Limited has partnered with Greenlight Planet India Pvt Ltd., a prominent dealer and manufacturer of solar products. This collaboration aims to enhance our offerings with the objective of serving our members "Beyond Microfinance." The loan amount available is Rs. 2,899, with an interest rate of 25.20%, applicable for terms of 6 months, 9 months, and 11 months.

(v) Udaan-Individual Loan: The Udaan loan product is designed for existing customers of MML, providing them with financial support for working capital as well as capital investments in their current businesses. This initiative represents one of MML's initial efforts to create individual credit products tailored for its dedicated clientele. The loan amount ranges from Rs. 60,000 to Rs. 100,000, with an interest rate of 25.20%, available for a duration of 2 years.

Fact Sheet:

- (i)** The organization operates in 15,734 villages across India.
- (ii)** As of March 31, 2019, the company's borrower base stands at 296,238.
- (iii)** There has been a registered growth of 92% in total assets, which reached Rs. 748 crores as of March 31, 2019.
- (iv)** In 2019, 54 new branches were established.
- (v)** The loan portfolio increased to Rs. 549.07 crores in 2019, up from Rs. 350.79 crores in 2018, reflecting a growth of 56.53%.

Credit Strengths:

Enhanced Operational Performance: The number of active borrowers rose from 216,336 as of March 31, 2018, to 296,239 as of March 31, 2019. The branch count increased from 104 as of March 31, 2018, to 154 as of March 31, 2019, and further expanded to 177 during the first half of FY20.

Healthy Capitalization: MML has consistently maintained its Capital Risk-Weighted Assets Ratio (CRAR) above the minimum requirement of 15% since its inception, reporting a CRAR of 23.32% as of March 31, 2019.

Sustained Asset Quality: The company received a capital infusion of Rs. 40 crores in the previous fiscal year, which provided a sufficient buffer for expansion. The Tier I CRAR improved from 14.27% as of March 31, 2018, to 18.19% as of March 31, 2019. Consistent Asset Quality: The company has demonstrated a commitment to maintaining high asset quality. As of March 31, 2019, the Gross Non-Performing Assets (NPA) constituted 0.47% of the total loan portfolio. Adequate provisions have been made, resulting in Net NPAs of 0.04%. The collection efficiency slightly improved from 99.38% as of March 31, 2018, to 99.66% as of March 31, 2019.

MML was founded by Mr. Amardeep Singh Samra, who is also the promoter of Capital Small Finance Bank (formerly Capital Local Area Bank). The promoters possess over four decades of experience in asset financing. Additionally, the company has recruited qualified and experienced professionals to oversee various

Business Updates for Fiscal Year 2020-2021

1. During the fiscal year 2020-2021, Midland Microfin celebrated a decade of its operations. The evolution of MML has been remarkable, beginning with a single branch and expanding to 217 branches. Initially serving a small group of women customers, the organization has now empowered and provided services to over 400,000 customers, extending its reach from one state to nine states and union territories.

2. As of March 31, 2021, the total asset size has risen to 1,100 Crores.
3. The impact of COVID-19 has been mitigated, as 97% of Midland Microfin Ltd. (MML) borrowers reside in rural areas, which have experienced a relatively lower incidence of the virus. Additionally, 62% of these borrowers are involved in essential services, such as dairy and agriculture, ensuring that their cash flows and ability to repay loans remain largely unaffected. Following the directive from the Ministry of Home Affairs on April 15, 2020, 45% of MML's branches resumed operations by the end of April and May, fully adhering to regulatory guidelines and COVID-19 protocols.
4. Midland Microfin has enhanced its distribution capabilities and expanded its footprint in Gujarat by adding 20 new branches, bringing the total to 217 branches, compared to 197 in the previous year.
5. In the financial year 2020-21, MML disbursed loans amounting to Rs. 688 Crores, reflecting a decrease of 33.42% from the previous year's disbursement of Rs. 1,034 Crores, primarily due to the COVID-19 pandemic and restrictions in certain areas. As of March 31, 2021, the cumulative loan disbursement stands at approximately Rs. 3,800 Crores.

The state-wise distribution of loans is as follows:

Bihar - 650 Crores, Gujarat - 1 Crore, Haryana - 400 Crores, Himachal Pradesh - 4 Crores, Jharkhand - 58 Crores, Punjab - 1,805 Crores, Rajasthan - 627 Crores, and Uttar Pradesh - 242 Crores.

Financial updates for FY 2020-21

1. Gross Income of the Company's gross income increased to Rs. 192 Crores, marking a growth of 4.45% compared to the previous year's gross income of Rs. 184 Crores, driven by an increase in interest income from the JLG loan portfolio.
2. The profit after tax (PAT) for the financial year 2020-21 is reported at Rs. 14.6 Crores, reflecting a decline of 21.91% from the previous year's PAT of Rs. 18 Crores, attributed to the establishment of higher provisions (ECL) in response to the effects of Covid-19.
3. As of March 31, 2021, the Gross Non-Performing Assets (NPA) were recorded at 1.69%, compared to the figure of 0.57% from the previous year.

Fundamentals

Fundamentals			
Midland Microfin	190 Per Equity Price	Market Cap (in cr.)	1021
Unlisted Shares Price		P/E Ratio	14.18
Lot Size	1000 Shares	P/B Ratio	2.05
52 Week High	195	Debt to Equity	3.79
52 Week Low	195	ROE (%)	14.77
Depository	NSDL/CDSL	Book Value	95.01
PAN Number	AAGCS6186A	Face Value	10
ISIN Number	INE884Q01015		
CIN Number	U65921PB1988PLC008430		
RTA	Skyline Financial services		

Financials (Figures in cr)

P&L Statement				
P&L Statement	2021	2022	2023	2024
Interest Earned	191	207	355	449
Other Income	1	12	40	84
Interest Expended	103	104	168	204
Operating Expenses	53	74	110	183
Provision and Contingencies	12	9	51	51
PAT	15	22	47	72
EPS	3.94	4.84	10.33	15.13
Gross NPA	1.69	3.07	0.06	2.97
Net NPA	0.35	0.96	0.03	0.82
Financial Ratios	2021	2022	2023	2024
Advances	756	1034	1528	2027
Book Value	45.19	59.45	76.37	102.44
P/B	4.31	3.28	2.55	1.9
ROE (%)	8.49	8.13	13.53	14.77

Balance Sheet				
Assets	2021	2022	2023	2024
Fixed Assets	11.5	11	12	16.3
Cash And Balances	313	482	326	0.6
Investments	0	15	80	52
Advances	756	1034	1528	2027
Other Assets	18.5	27	44	825.1
Total Assets	1099	1569	1990	2921
Liabilities	2021	2022	2023	2024
Share Capital	39.1	45.5	45.5	47.6
FV	10	10	10	10
Reserves	137.6	225	302	440
Borrowings	787	1129	1438	1846
Deposits	0	0	0	0
Other Liabilities	135.3	169.5	204.5	287.4
Total Liabilities	1099	1569	1990	2621

Cash-Flow Statement				
Cash- Flow Statement	2021	2022	2023	2024
PBT (%)	19	29	61	94
OPBWC	37	38	34	144
Term Deposit	0	0	0	0
Change in Investment	0	0	0	0
Change in Advances	-41	-287	-481	-542
Change in Deposit	0	0	0	0
Other Changes	-11	-55	74	12
Working Capital Change	-52	-342	-407	-530
Cash Generated From Operations	-15	-304	-373	-386
Tax	6	17	15	16
Cash Flow From Operations	-21	-321	-388	-402
Purchase of PPE	-1.7	-2	-5	-7.5
Sale of PPE	0	0	0	0
Purchase of Investment	0	-16	-329	-222
Sale of Investment	0	1	265	233
Others	-0.2	-1	-1	0.5
Cash Flow From Investment	-1.9	-18	-70	4
Proceeds From Borrowing	28	343	306	484
Repayment of Borrowing	-6	0	0	-76
Divided	-2	-2.3	-3	-3
Proceeds From Equity	5.8	6.4	0	2
Other From Financing	66.2	78	44	79
Cash Flow From Financing	92	425.1	347	486
Net Cash Generated	69.1	86.1	-111	88
Cash at the Start	80	149	235	124
Cash at the End	149.1	235.1	124	212