# Midland Microfin Limited (Revised)

December 22, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long-term bank facilities | 910.00 | CARE BBB+; Negative | Reaffirmed |
| Non-convertible debentures | 100.00 | CARE BBB+; Negative | Assigned |
| Non- convertible debentures | 34.00 | CARE BBB+; Negative | Reaffirmed |
| Non- convertible debentures | 25.00 | CARE BBB+; Negative | Reaffirmed |
| Non- convertible debentures | 70.00 | CARE BBB+; Negative | Reaffirmed |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) reaffirmed ratings to long-term bank facilities and non-convertible debentures (NCDs) of Midland Microfin Limited (MIDLAND) and assigned CARE BBB+; Negative to its ₹100 crore fresh NCD programme. Ratings factor in its adequate capitalisation profile supported by regular capital infusion by its shareholders, its established track record, diversified resource base and adequate liquidity position.

However, ratings are constrained by the company's weakened asset quality metrics, weakening its profitability profile. Its operations are geographically concentrated. However, CareEdge Ratings noted that the company is expanding into new geographies to mitigate regional concentration risk. It also faces inherent risk involved in the microfinance industry, including unsecured lending, cash-based operations, and socio-political intervention risk.

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

### Positive factors

- Improvement in the profitability with controlled credit costs on a sustained basis.
- Significant growth in loan book portfolio, while improving stressed loan book.
- Net stress as a proportion of tangible net worth (TNW) less than 10%.

### Negative factors

- Weakness in capitalisation profile of MIDLAND with assets under management (AUM)/net worth rising above 6x.
- Sustained weakening or delay in turnaround of its earnings and asset quality.

## Analytical approach:

Standalone

## Outlook: Negative

The Negative outlook reflects CareEdge Ratings' concern on rising delinquencies and deteriorating asset quality of the company, which has adversely impacted profitability metrics. CareEdge Ratings would continue to monitor the impact of this stress on the company. The outlook may be revised to stable if the company improves its asset quality and profitability.

## Detailed description of key rating drivers:

### Key Strengths

**Adequate capitalisation metrics supported by regular capital infusion**

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

MIDLAND has an adequate capitalisation with capital adequacy ratio (CAR) of 33.37% and gearing level of 3.7x as on September 30, 2025. Its capital profile was supported by equity infusion of ₹113 crore in FY25 and ₹21.14 crore in H1FY26 from existing shareholders. Its TNW stood at ₹601 crore as on March 31, 2025, compared to ₹478 crore as on March 31, 2024, and further increased to ₹625 crore as on September 30, 2025. CareEdge Ratings expects the company would require further capital once its growth normalises to maintain adequate capitalisation and gearing levels.

**Established track record**

MIDLAND 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 microfinance industry (MFI). MIDLAND's management is headed by Amardeep Samra, Promoter and Managing Director, who has over two decades of extensive experience in finance, hire-purchase, leasing, commercial real estate development and management of Agri-based co-operative societies. MIDLAND's overall operations are governed by the Board of six members comprising three independent directors, one nominee director, one non-executive non-independent director, and one promoter directors.

**Diversified resource profile**

As on September 30, 2025, the company maintained a well-diversified funding profile, with borrowings from over 48 lenders, including nine NCD investors. Banks accounted for the largest share at 40.85%, followed by non-banking financial companies (NBFCs) at 16%, capital market instruments at 33.19%, and external commercial borrowing (ECB) at 9.95%. The company manages its portfolio through multiple channels such as pass-through certificates (PTCs), direct assignment (DA), and business correspondent (BC) partnerships with SIDBI and ICICI. In the six-month period ending September 30, 2025, the company raised incremental borrowings of ₹1,027 crore through term loans, PTCs, NCDs, and DAs, with PTCs comprising the largest portion at 33%. Its ability to continue to raise required funding at competitive rates will remain monitorable.

## Key weaknesses

**Moderate asset quality metrics**

In FY25, MIDLAND faced considerable pressure on asset quality, reflecting the broader stress in the microfinance sector, which was evident from ₹222 crore in fresh non-performing assets (NPA) additions in the year, indicating a sharp rise in delinquent accounts. Loans worth ₹45 crore were written off, and a portfolio of ~₹220 crore was sold to an ARC, resulting in a hit of ₹77 crore. Security receipts (SRs) were valued at ₹143 crore, of which the company has recovered ~₹52 crore in the last 6-7 months, indicating some progress. Despite these measures, overall asset quality continued to be under strain. The stress persisted into H1FY26, though at a relatively lower level, with ₹76 crore in fresh NPA additions. Consequently, the gross NPA (GNPA) ratio rose to 2.94% from 1.47% as on March 31, 2025.

The gross stressed book (which includes GNPA, gross security receipts, and Gross Stage two assets) has increased significantly, rising from 14.24% as of March 31, 2025, to 16.6% as of September 30, 2025, due to increase in slippages and slower growth. On the solvency front, net stressed assets as a proportion of TNW have escalated to 43.8% as of September 30, 2025, compared to 44.7% on March 31, 2025, and 21.4% on March 31, 2024.

Given the prevailing stress in the MFI sector and the inherently unsecured nature of the business model, the company's ability to maintain asset quality remains a key area of concern.

**Moderation in profitability due to high credit costs**

The company's profitability has come under pressure due to rising credit costs, driven by persistent challenges in the microfinance sector. Credit costs surged to 4.41% in FY25, compared to 2.21% in FY24 primarily reflecting deterioration in asset quality, and remained high at 2.6% in H1FY26. Operating expenses, as a percentage of total assets (opex), remained elevated at 8% in FY25 and 9.43% in H1FY26. This high operating cost is attributed to the company's aggressive expansion plans. As a result, return on total assets (RoTA) declined from 3.1% in FY24 to 1.0% in FY25, and further dropped to 0.63% in H1FY26. CareEdge Ratings expects credit cost to remain elevated in FY26 as well, although it should be lower than the credit cost witnessed by MFIs in FY25.

**Geographical concentration of portfolio**

The company operates in 15 states and two Union Territories through a network of 570 branches as on September 30, 2025. A majority portfolios remain concentrated in Bihar (31.32%) and Uttar Pradesh (22.93%), which together account for 54% of AUM as on September 30, 2025. This is followed by Rajasthan (9.56%), Punjab (7.83%), Jharkhand (7.45%), and the rest in Haryana, West Bengal, Madhya Pradesh, Gujarat, Odisha, Uttarakhand, Jammu and Kashmir, Andhra Pradesh, Chhattisgarh, and Himachal Pradesh. Top five states contribute to 79% of the total AUM as on September 30, 2025 (against 81% as on March 31, 2025). Going forward, performance of the company's portfolio in these states remains key monitorable.

**Vulnerable borrower profile for majority asset classes:**
The microfinance sector continues to be impacted by inherent risks involved. These include socio-political intervention risk, regulatory uncertainty, risks emanating from unsecured lending and marginal profile of borrowers, who are vulnerable to economic downturns, this apart operational risks related to cash-based transactions.

**Liquidity**: Adequate
The company has a favourable liquidity position due to the longer tenure of borrowings 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 September 30, 2025. The company has advances of ₹1,447 crore up to one-year bucket against borrowings of ₹1,272 crore in the bucket. The company has cash and bank balances of ₹535 crore (excluding margin money deposit) as on September 30, 2025.

## Applicable criteria

Definition of Default
Rating Outlook and Rating Watch
Financial Ratios - Financial Sector
Non Banking Financial Companies

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Financial services | Financial services | Finance | Microfinance institutions |

MIDLAND was originally incorporated as Sajan Hire Purchase Private Limited (SHPPL) on May 28, 1988. SHPPL was engaged in the hire purchase business. In January 2011, the company's name was changed to its present one. The hire purchase business was also discontinued at the same time. MIDLAND is registered with the Reserve Bank of India (RBI) as an NBFC-MFI since January 2015. MIDLAND currently operates in 15 states – Punjab, Rajasthan, Haryana, Uttar Pradesh, Bihar, Jharkhand, Himachal Pradesh, Gujarat, Madhya Pradesh, Uttarakhand, West Bengal, Assam, Chhattisgarh, Andhra Pradesh, and Odisha, and Union Territories – Chandigarh, and Jammu and Kashmir, as on September 30, 2025. The company had a client base of 8.6 lakh borrowers as on September 30, 2025, with an average ticket size ranging at ₹11,000-80,000.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | H1FY26 (U/A) |
|---|---|---|---|
| Total income | 532.76 | 636.45 | 315.39 |
| Profit after tax (PAT) | 72.16 | 26.67 | 9.07 |
| Assets under management (AUM) | 2,549.81 | 2,288.12 | 2,339.92 |
| On-book gearing (x) | 4.15 | 3.46 | 3.71 |
| AUM / tangible net-worth (TNW) (x) | 5.33 | 3.81 | 3.74 |
| Gross non-performing assets (NPA) / gross stage 3 (%) | 2.97 | 1.47 | 2.94 |
| Return on managed assets (ROMA) (%) | 2.64 | 0.89 | 0.57 |
| Capital adequacy ratio (CAR) (%) | 28.34 | 31.41 | 33.37 |

A: Audited UA: Unaudited; Note: these are latest available financial results

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

**Any other information:**
Not applicable

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

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

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

**Lender details**: Annexure-5

**Annexure-1: Details of instruments/facilities**

| Name of the Instrument | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|---|---|---|---|---|---|
| Debentures-Non Convertible Debentures | INE884Q08283 | 21-Dec-2022 | SBI Base rate | 15-Dec-2026 | 34.00 | CARE BBB+; Negative |
| Debentures-Non Convertible Debentures | INE884Q07673 | 22-Sep-2023 | 13.00 | 24-Jan-2028 | 25.00 | CARE BBB+; Negative |
| Debentures-Non Convertible Debentures | INE884Q08291 | 12-Dec-2025 | 13.75 | 15-Dec-2028 | 35.00 | CARE BBB+; Negative |
| Debentures-Non Convertible Debentures | INE884Q08309 | 17-Dec-2025 | 11.80 | 18-Dec-2030 | 20.00 | CARE BBB+; Negative |
| Debentures-Non Convertible Debentures (Proposed) | - | NA | NA | NA | 15.00 | CARE BBB+; Negative |
| Debentures-Non Convertible Debentures (Proposed) | - | NA | NA | NA | 100.00 | CARE BBB+; Negative |
| Fund-based - LT-Term Loan | | - | - | 20-09-2026 | 910.00 | CARE BBB+; Negative |

**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 2025-2026 | 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 |
| 1 | Debentures-Non-Convertible Debentures | LT | - | - | - | 1)Withdrawn (12-Jun-24) | 1)CARE BBB+; Stable (20-Sep-23)<br><br>2)CARE BBB+; Stable (04-Sep-23)<br><br>3)CARE BBB+; Stable (03-Jul-23) | 1)CARE BBB; Positive (20-Dec-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 2025-2026 | 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 |
| | | | | | | | 4)CARE BBB+; Stable (23-Jun-23) | |
| 2 | Fund-based - LT-Term Loan | LT | 910.00 | CARE BBB+; Negative | 1)CARE BBB+; Negative (01-Dec-25) | 1)CARE BBB+; Negative (27-Dec-24)<br><br>2)CARE BBB+; Stable (09-Aug-24)<br><br>3)CARE BBB+; Stable (12-Jun-24) | 1)CARE BBB+; Stable (20-Sep-23)<br><br>2)CARE BBB+; Stable (04-Sep-23)<br><br>3)CARE BBB+; Stable (03-Jul-23)<br><br>4)CARE BBB+; Stable (23-Jun-23) | 1)CARE BBB; Positive (20-Dec-22) |
| 3 | Debentures-Non Convertible Debentures | LT | - | - | - | 1)Withdrawn (12-Jun-24) | 1)CARE BBB+; Stable (20-Sep-23)<br><br>2)CARE BBB+; Stable (04-Sep-23)<br><br>3)CARE BBB+; Stable (03-Jul-23)<br><br>4)CARE BBB+; Stable (23-Jun-23) | 1)CARE BBB; Positive (20-Dec-22) |
| 4 | Loan-Long Term | LT | - | - | - | 1)Withdrawn (13-Dec-24) | 1)CARE A-(CE); Stable (20-Mar-24) | 1)CARE A-(CE); Stable (15-Feb-23) |
| 5 | Un Supported Rating | LT | - | - | - | 1)Withdrawn (13-Dec-24) | 1)CARE BBB+ (20-Mar-24) | 1)CARE BBB (15-Feb-23) |

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2025-2026 | 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 |
| 6 | Debentures-Non Convertible Debentures | LT | 34.00 | CARE BBB+; Negative | 1)CARE BBB+; Negative (01-Dec-25) | 1)CARE BBB+; Negative (27-Dec-24)<br>2)CARE BBB+; Stable (09-Aug-24)<br>3)CARE BBB+; Stable (12-Jun-24) | 1)CARE BBB+; Stable (20-Sep-23)<br>2)CARE BBB+; Stable (04-Sep-23)<br>3)CARE BBB+; Stable (03-Jul-23)<br>4)CARE BBB+; Stable (23-Jun-23) | 1)CARE BBB; Positive (20-Dec-22) |
| 7 | Debentures-Non Convertible Debentures | LT | 25.00 | CARE BBB+; Negative | 1)CARE BBB+; Negative (01-Dec-25) | 1)CARE BBB+; Negative (27-Dec-24)<br>2)CARE BBB+; Stable (09-Aug-24)<br>3)CARE BBB+; Stable (12-Jun-24) | 1)CARE BBB+; Stable (20-Sep-23) | - |
| 8 | Debentures-Non Convertible Debentures | LT | 70.00 | CARE BBB+; Negative | 1)CARE BBB+; Negative (01-Dec-25) | - | - | - |
| 9 | Debentures-Non Convertible Debentures | LT | 100.00 | CARE BBB+; Negative | | | | |

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

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

| Sr. No. | Name of the Instrument | Complexity Level |
|---|---|---|
| 1 | Debentures-Non-Convertible Debentures | Highly Complex |

| | | |
|---|---|---|
| 2 | Debentures-Non-Convertible Debentures | Complex |
| 3 | Fund-based - LT-Term Loan | Simple |

## Annexure-5: Lender details

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| To view lender-wise details of bank facilities please click here |

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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