

Press Release

MSM Micro Finance Limited

August 14, 2018



Rating Update

Total Bank Facilities Rated*	Rs.24.50 Cr.
Long Term Rating	ACUITE BB- Issuer not co-operating*

Refer Annexure for details

*The issuer did not co-operate; Based on best available information.

Rating Rationale

Acuité has reviewed the long term rating of '**ACUITE BB-**' (**read as ACUITE double B minus**) on the Rs. 24.50 crore bank facilities of MSM Micro Finance Limited (MSM). This rating is now an indicative rating and is based on best available information.

Non-cooperation by the issuer/borrower: Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

Non-Banking Finance Entities- <https://www.acuite.in/view-rating-criteria-10.htm>

Default Recognition- <https://www.acuite.in/view-rating-criteria-17.htm>

Financial Ratios and Adjustments- <https://www.acuite.in/view-rating-criteria-20.htm>

Limitation regarding information availability: The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity:

MSM Microfinance Limited (MSM), incorporated in 1996, is engaged in the financing of income generating agricultural activities in Tamil Nadu, Gujarat and Madhya Pradesh. The company is also a partnership model for several non-banking finance companies such as MAS Financial Services Limited, Equitas Finance Limited and Ananya Finance Limited. MSM originates loans on behalf of these NBFCs and is responsible for credit appraisal, monitoring and collections of receivables from the portfolio.

MSM, incorporated in 1969 is engaged in the business of lending and offers micro finance loans in south and west India. The company is also a partnership model for non-banking finance companies. MSM reported Profit after Tax (PAT) of Rs. 0.18 crore on total income (Interest Income plus Fee Income) of Rs.3.44 crore in FY2016 as compared to PAT of Rs.0.04 crore on total income of Rs.2.07 crore in FY2015.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
June 28, 2017	Proposed Bank Facility	Long Term	4.50	ACUITE BB-/ Stable (Assigned)
	Proposed	Long Term	20.00	ACUITE BB-/ Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE BB- Issuer not co-operating*
Proposed	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE BB- Issuer not co-operating*

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*Erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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