



Press Release
MSM MICRO FINANCE LIMITED
July 12, 2023

Rating Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.50	ACUITE B+ Reaffirmed Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	24.50	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE B+**' (read as **ACUITE B Plus**) on the Rs. 24.50 crore bank facilities of MSM Micro Finance Limited (MSMMFL). The rating continues to be flagged as "Issuer Not Cooperating" and is based on the best available information.

About the Company

MSM Micro Finance Limited (MSMMFL), 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. The day-to-day operations are led by Mr. Muthukumar, Managing Director, Mr. Mohan Kumar Subramanyam, Mr. P.S.V. Vasanth, Dr. R. Balakrishnan and Mr. Deivasigamani Balu. The registered office of the company is in Tamilnadu.

Non-cooperation by the issuer/borrower

Acuite 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 the due date.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

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

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). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

"No information provided by the issuer / available for Acuite to comment upon."

Material Covenants

None

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials:

	Unit	FY2022(Actual)	FY2021(Actual)
Total Assets	Rs.Cr.	38.02	41.94
Total Income (Net of Interest Expense)	Rs.Cr.	6.21	6.06
PAT	Rs.Cr.	0.04	0.22
Networth	Rs.Cr.	15.22	15.18
Return on Average Assets (RoAA)	(%)	0.09	0.49
Return on Average Net Worth (RoNW)	(%)	0.24	1.44
Total Debt/Tangible Net Worth (Gearing)	Times	1.40	1.66
Gross NPAs	(%)	-	-
Net NPAs	(%)	-	-

Status of non-cooperation with previous CRA

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Apr 2022	Proposed Long Term Loan	Long Term	20.00	ACUITE B+ (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	4.50	ACUITE B+ (Issuer not co-operating*)
18 Jan 2021	Proposed Bank Facility	Long Term	4.50	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Proposed Long Term Loan	Long Term	20.00	ACUITE B+ (Downgraded and Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	4.50	ACUITE B+ Reaffirmed Issuer not co-operating*
Not Applicable	Not Applicable	Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE B+ Reaffirmed Issuer not co-operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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