11 Celebrating years of Belief & Commitment

Great Place To Work. Certified

First Microfinance Institution of the Region

Midland microfin
beyond microfinance

ANNUAL REPORT
2021- 2022

Advancing financial inclusion for all

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“If we want to help poor people out, one way to do that is to help them explore and use their own capability.”

- Muhammad Yunus

Microfinance

Is an effective tool that enable the poor to empower themselves economically and eradicate poverty on the global scale

Is about giving avenues of hope & growth for self-reliance & self-sustainability

Transforms the lives at bottom of the pyramid by helping them to get up to the ladder of development

"Creating a poverty-free world would be greater than all these accomplishments while at the same time reinforcing them."

As truly quoted by 'Mohammad Yunus' in his book **'Banker to the Poor'** and one of the reasons that motivated us to start microfinance 11 years ago. We were the first Microfinance Institution in the state of Punjab to introduce the concept of microfinance. We started with disbursing small ticket size loans to the bottom of pyramid in a regulated environment.

Over the years we have been instrumental in helping people to gear up their lives, in the way they wanted to. Over 11 years we have provided technology driven financial services to more than **5 lakh progressive poor women in 11 states through 274 branches** with a vision to further expand geographically. Starting from scratch, we have come a long way and the growth both internal, as well as external, has been extraordinary.

A glimpse of our growth during these 11 years:-

- The Company started its journey and came into existence in the year 2011 as a Microfinance Institution registered with the Reserve Bank of India as a Non-Banking Financial Company(NBFC-MFI).
- In 2014, Midland Microfin Limited stepped forward and came up with the **Initial Public Offer (IPO)** of Non-Convertible Debentures of an amount of **₹25 crores** and MML received an overwhelming response from the public and the IPO was **over-subscribed.**
- As the growth of the company was magnificent, Company got its first **Private Equity Investment** from a renowned corporate Foreign Investor i.e. **Kitara PIIN-1501,** in the year 2016.
- Further, MML continued to grow and raised its first External Commercial Borrowing **(ECB) of ₹40 Crores** from Triple Jump (Netherlands) and crossed the prominent benchmark of **₹500 Crores Asset Under Management (AUM)** and became a Systemically Important Non- Deposit taking Non-Banking Financial Company (NBFC-ND-SI) with 150+ branches, in the year 2019.
- As the growth continued, MML provided the best-suited work environment to its employees and received a prestigious **'Great Place to Work'** certification for the first time in the year 2020.
- During the period of the pandemic our promoters invested **₹64 Crores in equity.**
- In the year 2021, one of the premier banks ICICI Bank Limited, and our first Body Corporate Investor-Kitara Capital invested with an amount of **₹75 Crores in our equity.**
- In the present year i.e. 2022, MML has crossed the eminent benchmark of **₹1000 Crores Gross Loan** Portfolio with **274 branches** and has received the prestigious certification i.e. 'Great Place to Work' for third consecutive year.

As MML has always strived to move ahead on the growth path and played the role of torchbearer for its stakeholders. Thus, it looks forward to set-up benchmarks in the microfinance industry.

About **Midland Microfin Limited**

Midland Microfin Limited (MML) is the first Punjab based Microfinance Institution (MFI) having its Head Office at Jalandhar, Punjab and is working towards Financial & Social Empowerment of Women by way of extending small Business Loans. The Company is registered as an NBFC – MFI with the Reserve Bank of India (RBI) and operates as Systemically Important Non-Deposit taking Non-Banking Financial Company.

With a vision to be a world class, role model, technology driven Microfinance Institution providing support to progressive poor at low cost, MML came into existence in January 2011 to contribute in the eradication of global poverty. At present, MML has widened its geographic coverage and expanded its branch network to 274 branches, which is spread out in 11 States and 1 Union Territories viz. Punjab, Haryana, Himachal Pradesh, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Gujarat, Madhya Pradesh, Uttarakhand, West Bengal and Chandigarh. In the financial year 2021-22, MML has expanded its geographical reach and strengthened its grip towards organizational goals by establishing its foothold in the regions of Madhya Pradesh, Uttarakhand and West Bengal.

The company has recently achieved a pre-eminent benchmark and became a company having a portfolio under management of ₹1137.41 crores. The company has been yet again certified with a prestigious certification i.e. 'Great Place To Work'.

In order to achieve its Mission, MML encourages entrepreneurship amongst women as a sustainable source of livelihood by providing loans for working capital. These loans give economically active women an access to formal finance in order to support their micro-enterprises. We offer a range of products and services which have been developed on the basis of financial needs of progressive poor working women.

Our **Presence**

Vision, Mission & Values

Vision

To be a world class, role model, techno savvy international Microfinance Institution providing support to progressive poor at low cost.

Values

Courage
Respect
Responsibility
Commitment
Achievement

Mission

Encourage micro enterprise as source of sustainable livelihood, with special emphasis on women by providing financial services with the help of technology. Work for financial and social empowerment of women. Provide easy access to financial services for low income entrepreneurs so they can improve their standard of living and create sustainable assets for themselves.

Board of Directors

MML believes in sustainable corporate growth that emanates from its top leadership, which is governed by duly comprised Board of Directors consisting of executive, non-executive, women and independent directors who are highly experienced professionals in their respective functional areas. The blend of the experienced BODs from various fields helps the company to have a macro view from each perspective of the director that helps the management in the formation of best strategic practices, adoption of various systems, implementation of management plans and compliance of various legal and other requirements.

The guidance of the Board of Directors has helped MML to achieve excellent growth over the years and to get close to the Vision and Mission of the MML.

VIJAY KUMAR BHANDARI
Chairman

AMARDEEP SINGH SAMRA
Managing Director

SANTOKH SINGH CHHOKAR
Non- Executive Director

SHANT KUMAR GUPTA
Independent Director

SACHIN NITHYANAND KAMATH
Nominee Director

PARVEEN KUMAR GUPTA
Independent Director

KAMNA RAJ AGGARWALLA
Independent Women Director

AUDITORS

M/s SCV & Co. LLP
Chartered Accountants
B-41, Panchsheel Enclave,
New Delhi-110017

SECRETARIAL AUDITOR

M/s Harsh Goyal & Associates
Company Secretaries,
1st & 4th Floor, Noble Enclave,
Bhai Wala Chowk,
Ludhiana, Punjab, India

COO & CFO
Amitesh Kumar

COMPANY SECRETARY
Sumit Bhojwani

DEPOSITORIES

Central Depository Services (India) Limited
Regd. Offce: Marathon Futurex, A-Wing, 25th foor,
NM Joshi Marg, Lower Parel, Mumbai 400013

National Securities Depository Limited
Trade World, A wing,
4th Floor, Kamala Mills Compound, Lower
Parel, Mumbai - 400013

REGISTRAR & SHARE TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.
D-153A, 1st Floor,
Okhla Industrial Area,
Phase – 1
New Delhi – 110020.

DEBENTURE TRUSTEE

Centbank Financial Services Ltd.
(Wholly Owned Subsidairy of Central Bank of India)
3rd Floor (East Wing),
Central Bank of India MMO Building, 55-M.G Road, Fort,
Mumbai-400001.

Catalyst Trusteeship Limited
Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina,
Santacruz (East),
Mumbai – 400098

Beacon Trusteeship Limited
4C & D, Siddhivinayak Chambers,
Gandhi Nagar, Opp. M.I.G. Cricket Club, Bandra (East),
Mumbai - 400 051.

CORPORATE & REGISTERED OFFICE
The AXIS, Plot No. 1, R.B. Badri Dass Colony, B.M.C. Chowk, G.T. Road, Jalandhar, Punjab, India.
Phone:-0181-5085555 | Fax: 5087777
Email:- info@midlandmicrofin.com
CIN: U65921PB1988PLC008430

Managing **Director's** Note

"We begin by coming together, and we keep going by staying together. Finally, we succeed by working together. As long as we stick together, no goal is too big to accomplish!"

Dear stakeholders,

Due to the earnest efforts of our outstanding team at Midland Microfin Limited, our presence and acclaimed success in the microfinance industry can be seen clearly. Our gross loan portfolio has tripled in size. We continue to grow and strengthen our position in the Indian microfinance industry.

With 2500 employees, even in the midst of pandemic unrest, our company's employee morale has remained exceptionally high. This is our third year in a row that we have received the 'Great Place to Work' certification.

Field Officers, Branch Managers, Divisional Managers, Regional Managers, and Zonal Managers are motivated to further reduce the Pandemic related challenges. Members and borrowers are taught by our staff the importance of fiscal responsibility and how to borrow responsibly. This year, our loan portfolio has become extremely manageable, which has resulted in a significant reduction in default risk.

Learning experience has undergone a sea change as a result of the integration of new softwares such as AWS tools, HRMS software, and Edurigo LMS to name a few. We are now able to centralize network security management for all resources, allowing us to better integrate with a wider range of software and hardware. To achieve the company's long term strategic goals, we made significant investments in Information Technology infrastructure and Information Security Management System.

We have achieved a paramount benchmark of INR 1000 crores Gross Loan Portfolio (GLP) and closed the figure of INR 1163 crores as on April 30, 2022. Achieved another milestone of INR 5000 crores of Cumulative Loan Disbursement in the last financial year as well. Pertinent to mention that one of the premier banks ICICI Bank and our first Body Corporate Investor Kitara Capital have invested in the equity capital of our company during peak time of pandemic.

A new era in microfinance has begun, thanks to the Reserve Bank of India's new guidelines and regulations. Very significant development in the microfinance industry has just taken place. Since April 01, 2022, we have successfully implemented these guidelines, and we are fully compliant. We are determined to keep the growth strong in a responsible way.

Amardeep Singh Samra
Managing Director

Product Offerings

Midland Microfin Limited provides numerous products to its customers based on the requirement. Every product offered by MML is customer-centric & need based.

MML helps its customers to raise their standard of living by increasing their income by setting up a business with the help of various products. A snapshot of the products is provided below:

BUSINESS LOAN

₹ 11000 -60000

We encourage entrepreneurship amongst women as a sustainable source of livelihood by providing business loans for working capital.
Business Loans give economically active women access to formal finance to support their micro-enterprises. Members use this to cater to their diverse business needs such as tools and equipment purchases, stock purchases,
working capital, etc.

12/18/24 MONTHS

INDIVIDUAL ENTERPRISE LOAN

₹ 60000-150000

The core objective of the 'Udaan' loan product is to provide financial assistance to the existing borrowers of MML who have completed at least one business loan cycle under the JLG Model.
It will help them to grow their business.

24 MONTHS

PM SVANIDHI LOAN

₹ 10000-15000

Street vendors represent a very important constituent of the urban informal economy and play a significant role in ensuring the availability of goods and services at affordable rates at the doorstep of the city dwellers. This helps the street vendors to earn their livelihood and to achieve overall development & socio-economic upliftment.

12 MONTHS

DAIRY LOAN

₹ 60000-150000

To provide financial assistance to borrowers in terms of the loan for the purchase of new cattle to grow their Dairy business. Under this product, newly purchased cattle will be insured under the Cattle Insurance policy.

24 MONTHS

WATER PURIFIER LOAN

₹ 9000-10000

Most of borrowers of our company lack access to clean drinking water and are also unable to afford water purifiers, but have shown immense interest in buying water purifiers as per our survey. Therefore, MML and Hindustan Unilever Limited have collaborated for the prevention of water borne diseases in poor households through awareness about the use of safe drinking water and particularly enabling poor households to purchase 'Purit' water purifiers with the help of Loan from MML.

6/9/11/18 MONTHS

CREDIT PLUS PRODUCTS

₹ 1000-5000

This includes non-financial need based social impact products, which are being offered to our borrowers to improve their standard of living.

6/9 MONTHS

EDUCATION LOANS

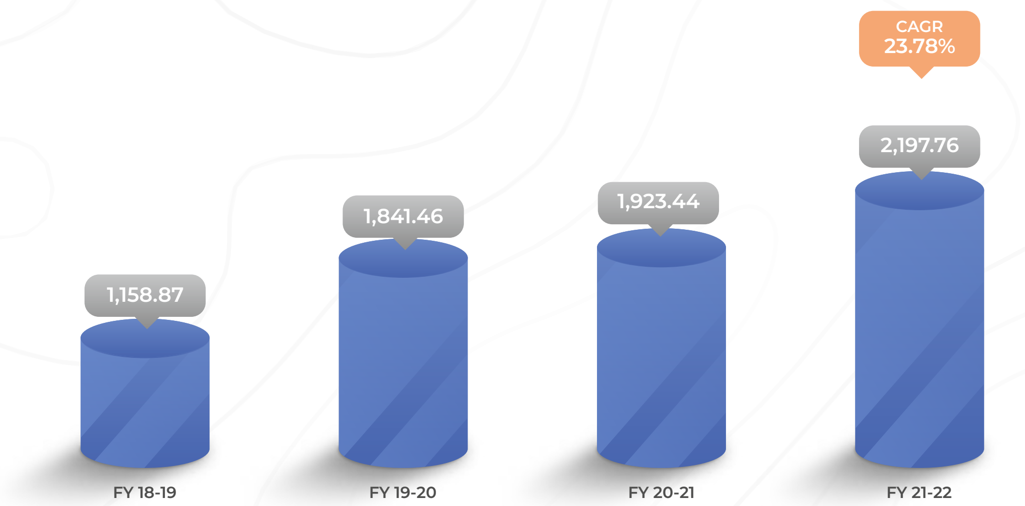
₹ 10000-30000

To Provide financial assistance to the students for post-secondary education or higher education-related expenses. The purpose of this loan is to cover the cost of tuition fees, books, gadgets etc. required.

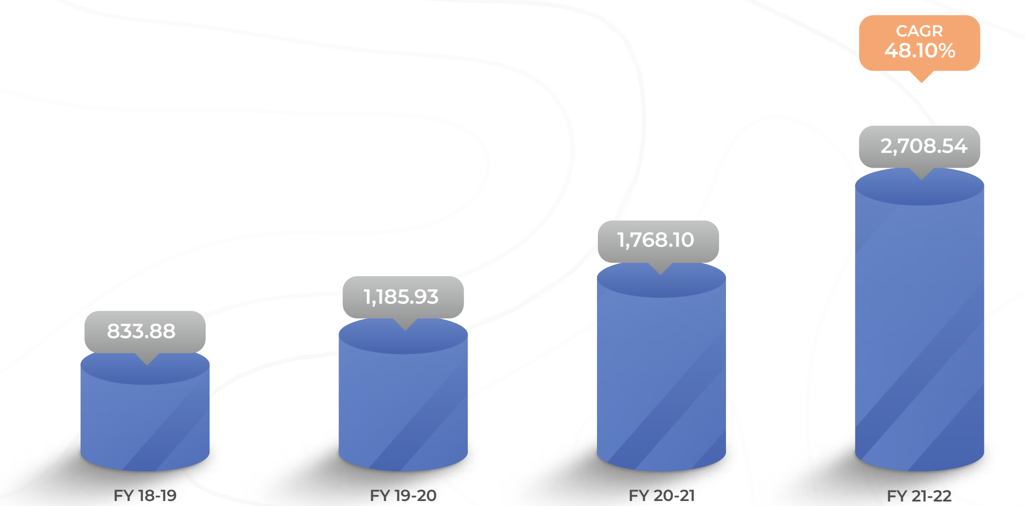
12/18/24 MONTHS

Key Financial **Highlights**

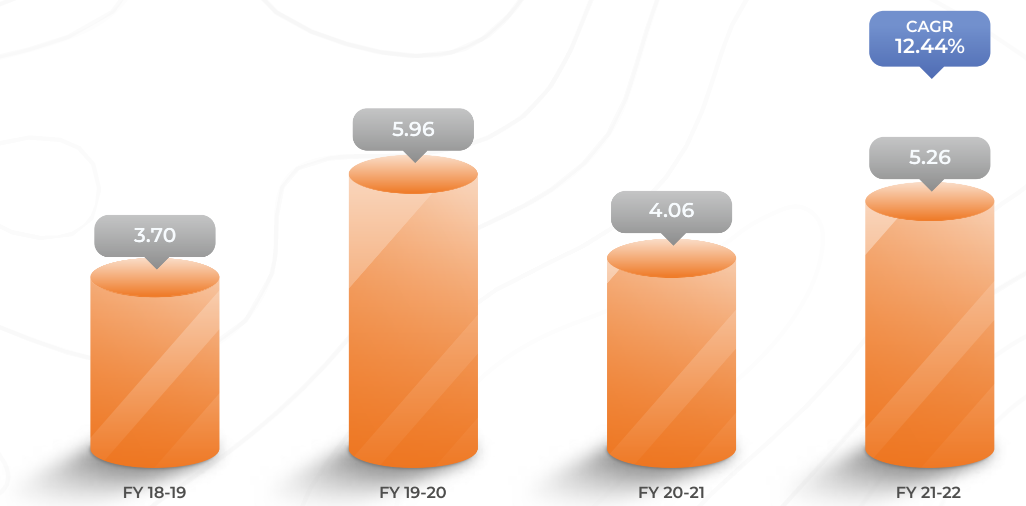
Total Gross Income (In MN)



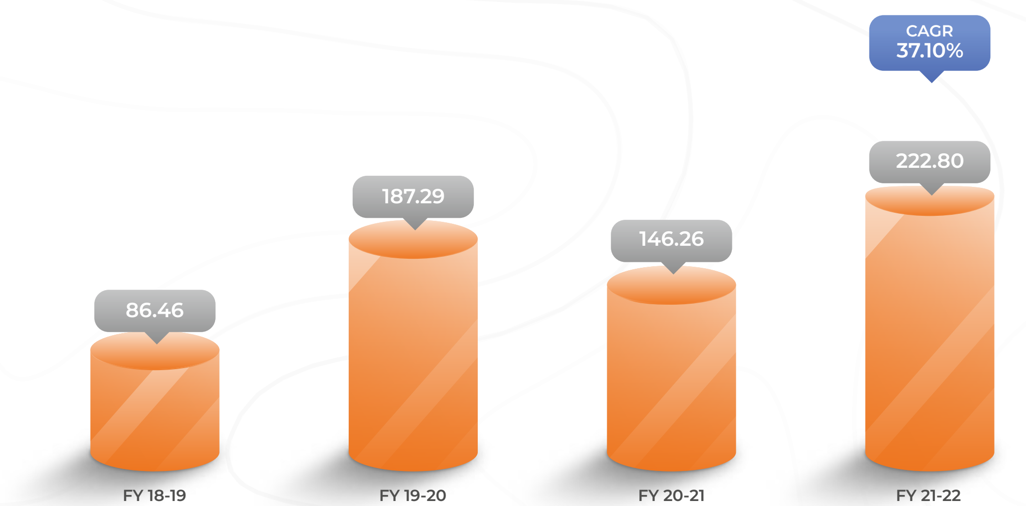
Net worth (excluding preference share capital) (In mn)



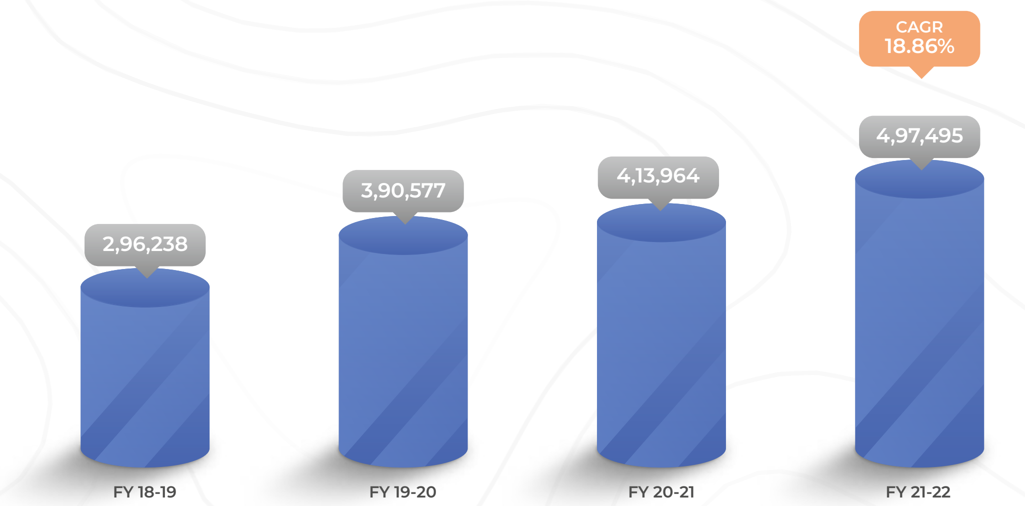
Earning per share (In rupees)



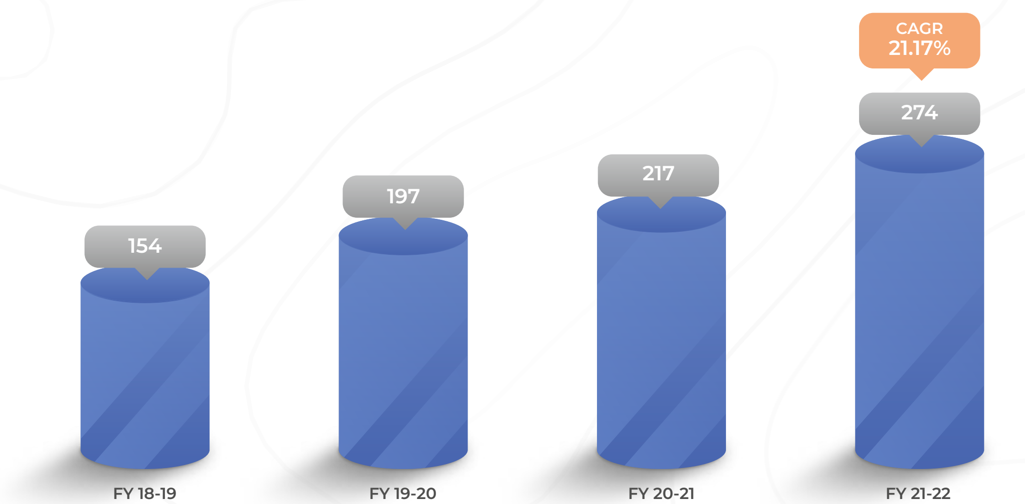
Net profit after tax (In mn)



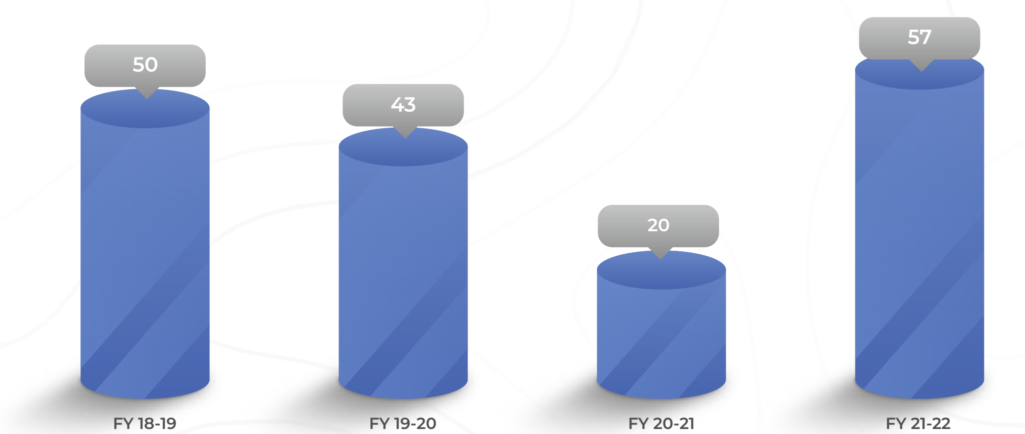
Borrowers



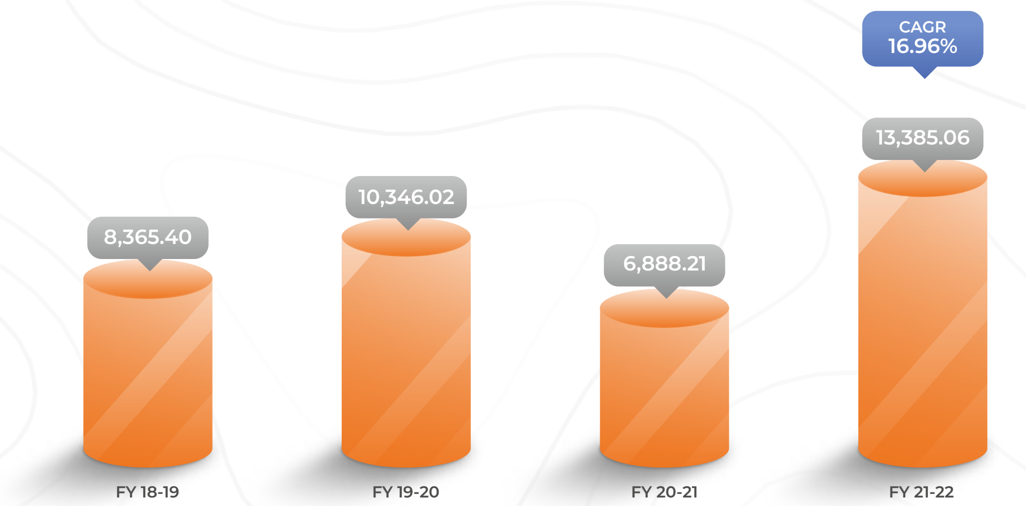
Branches



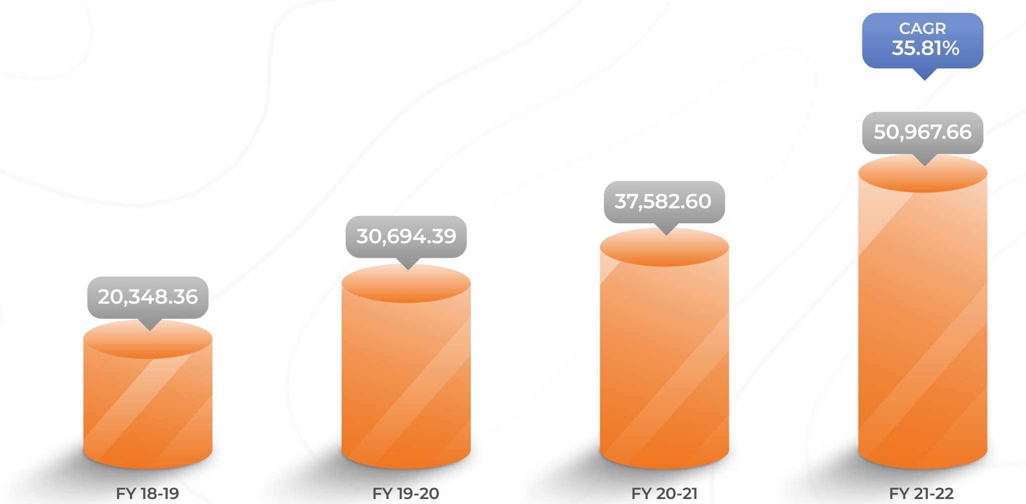
Branches opened year on year



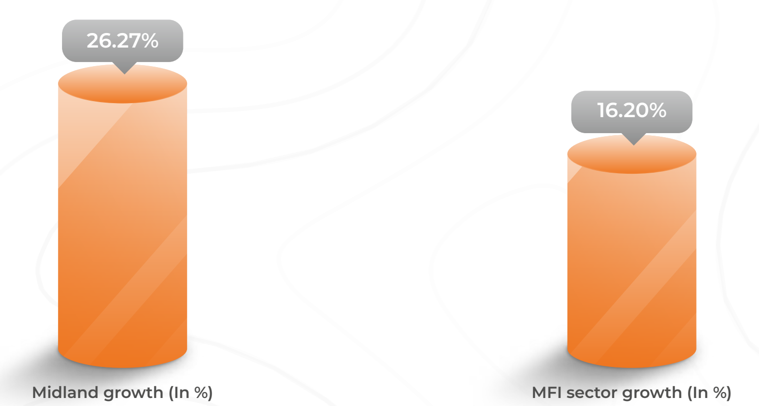
Disbursement (YOY) (In mn)



Cumulative loan

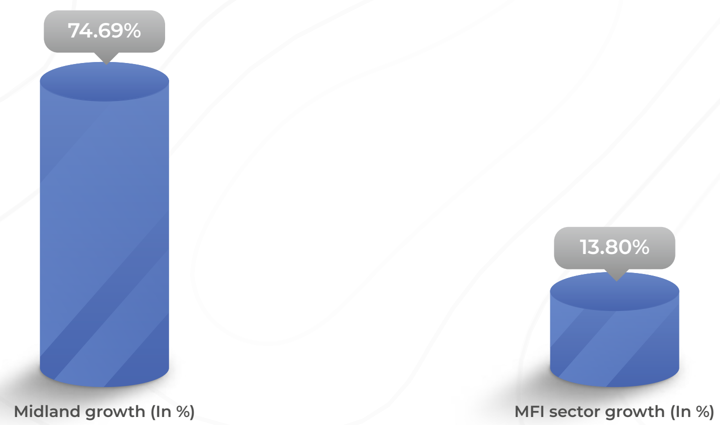


Comparison with Sector

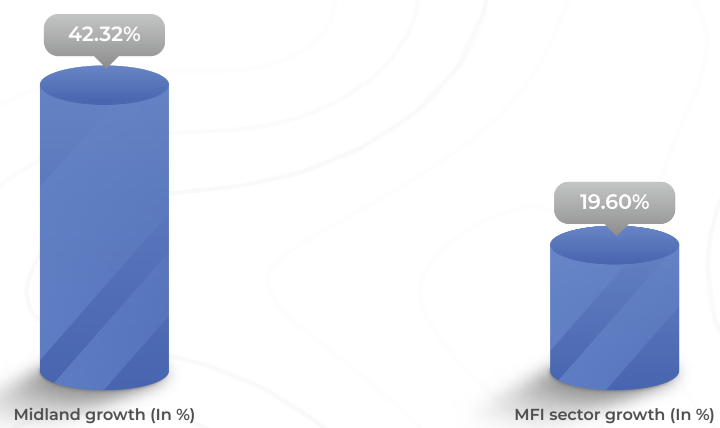


Loan disbursed in one year

Debt. Funding



Portfolio outstanding



Key Operational Highlights

Operational details as on March 31, 2022

11 & 1
States & UT

274
Branches

2,499
Total Staff

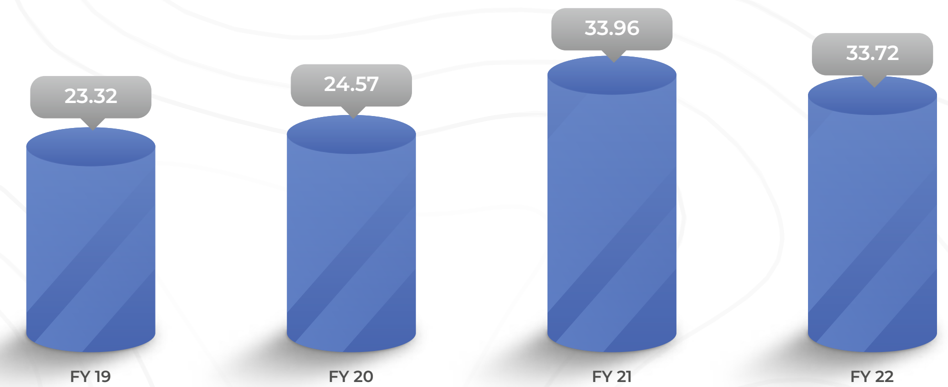
4,97,495
Borrowers

29,658
Villages

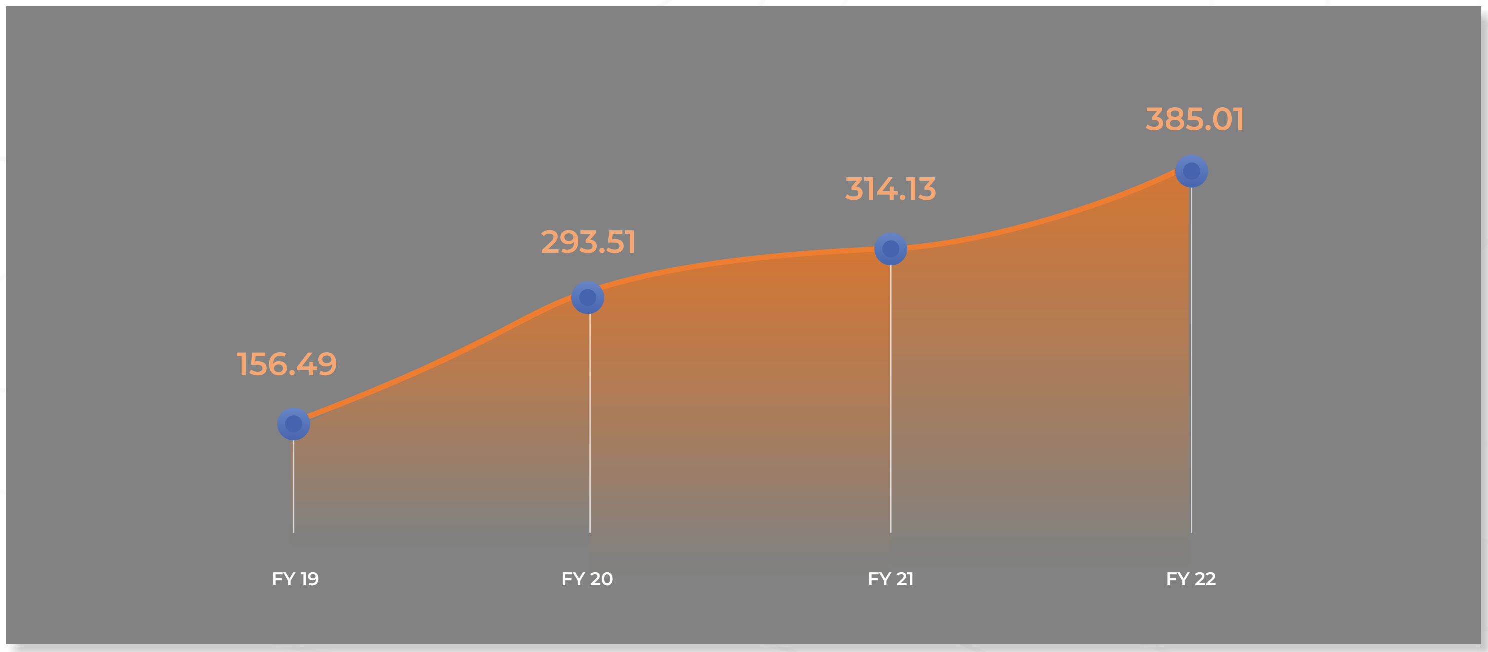
₹13,385 MM
Disbursement FY 21-22

₹11,374 MM
Gross Loan Portfolio

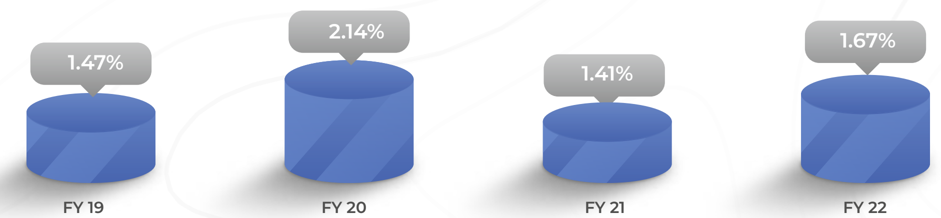
CRAR (In %)



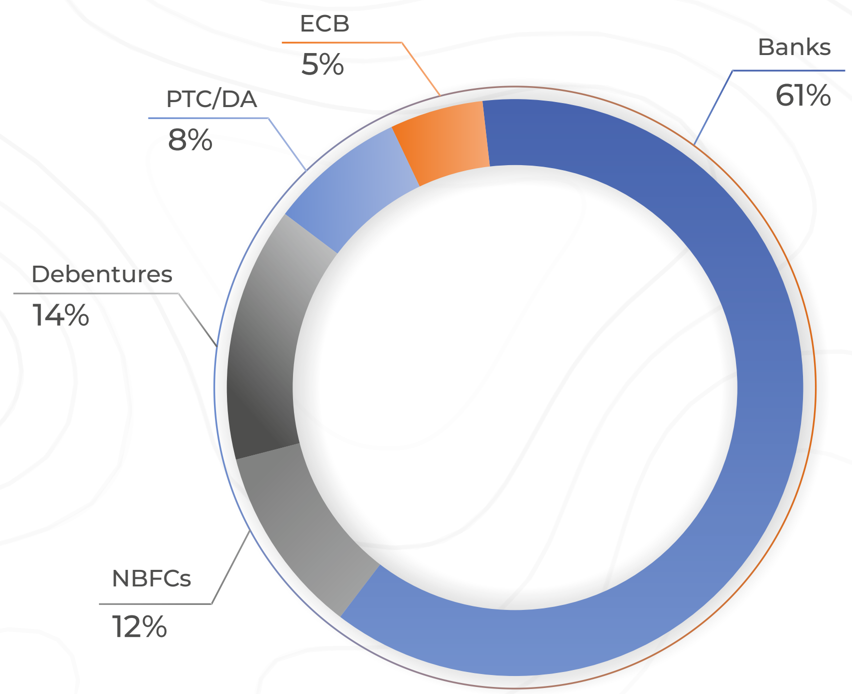
Pre Provisioning Profits



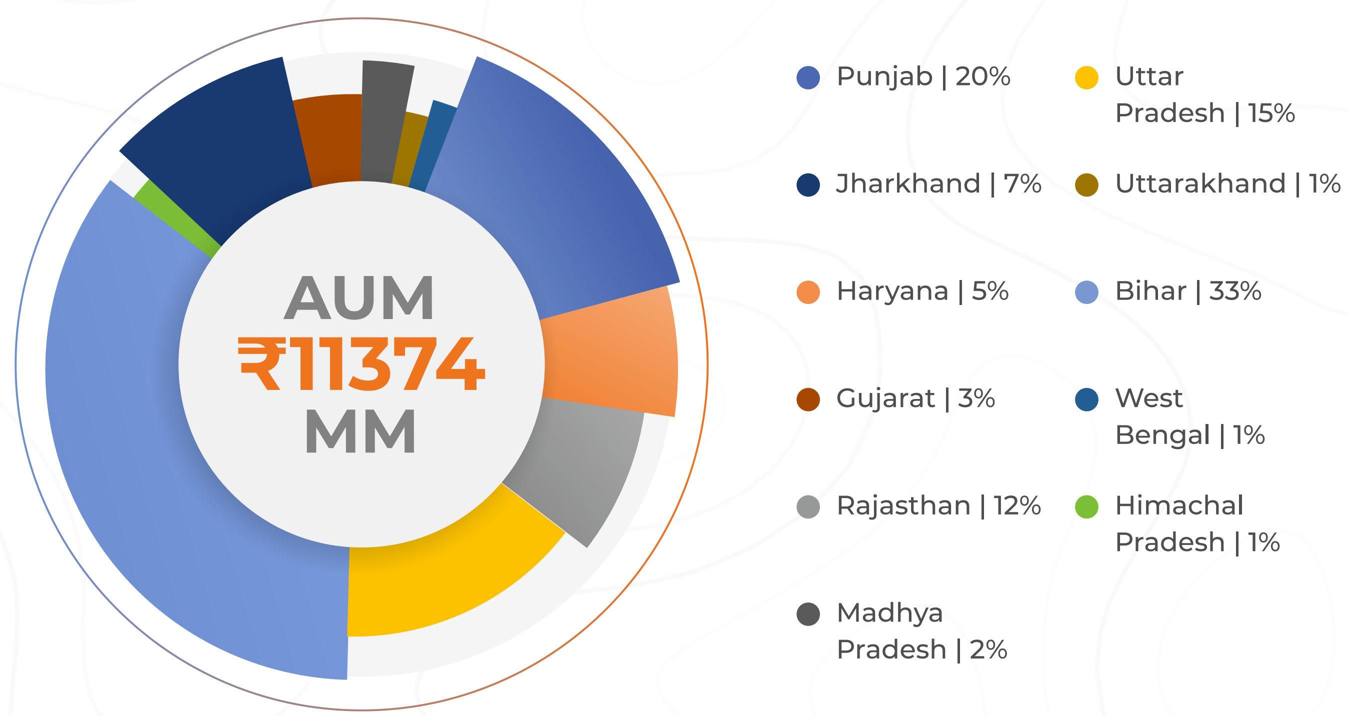
Return on Assets

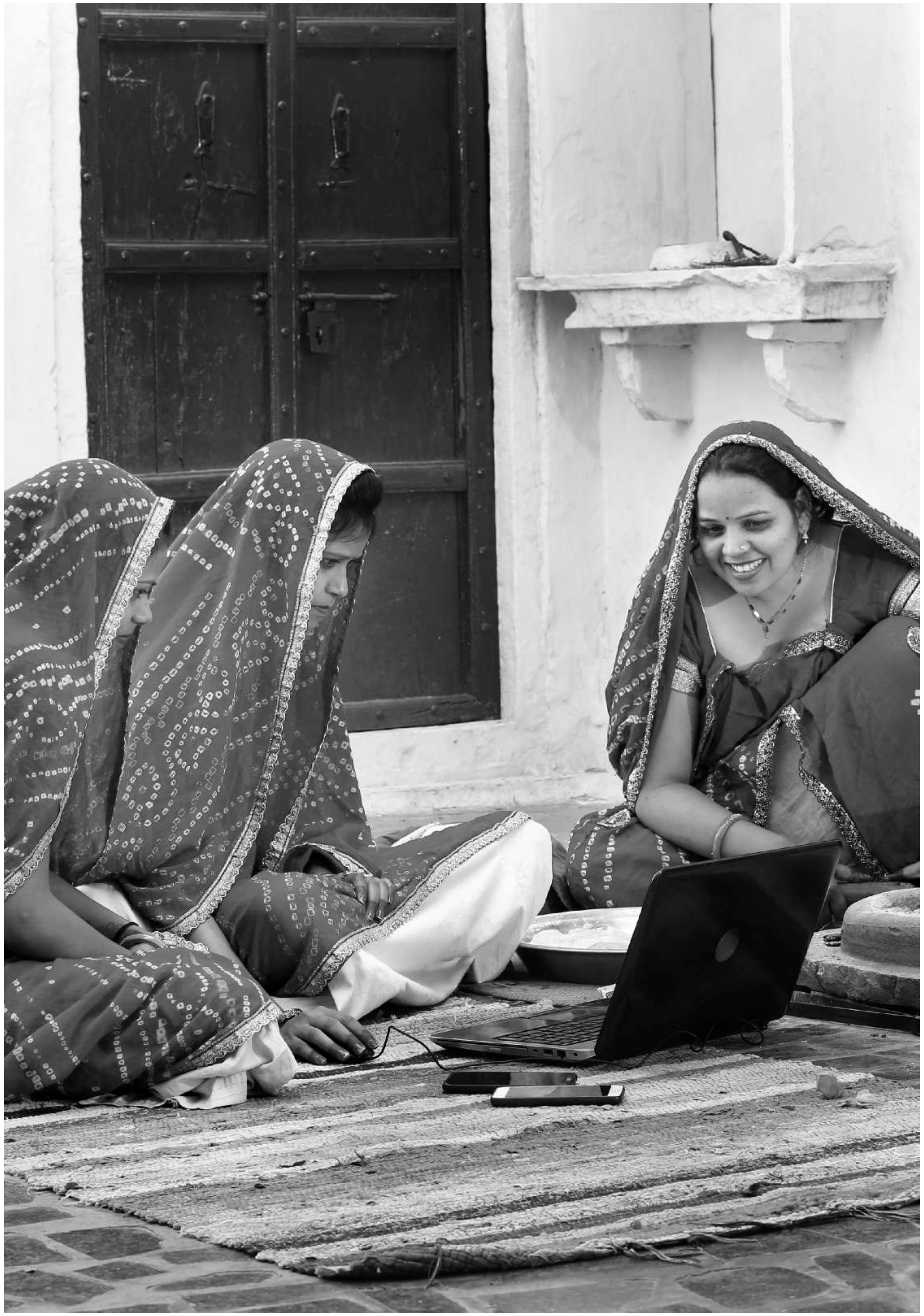


Borrowings Outstanding as on March 2022



State wise portfolio %





Directors' Report

Dear Members,

Your Directors have the pleasure in presenting the 34th Annual Report on the business and operations of your Company for the Financial Year (FY) ended March 31, 2022 along with the Audited Financial Statements, Auditor's Report and Secretarial Auditor's Report.

1. Financial performance/ State of affairs

The highlights of the financial performance of the Company for the Financial Year ended on March 31, 2022 together with comparative position of the previous financial year, are as under:

(Rs. in Millions)

Sr. No.	Particulars	For year ended March 31, 2022 (Audited)	For year ended March 31, 2021 (Audited)
1.	Total Gross Income	**2,197.76**	1,923.44
2.	Interest Expended	**1,040.25**	1,036.36
3.	Operating expenses (i)+(ii)	**772.50**	572.95
	(I) Employees cost	**520.11**	385.89
	(ii)Other operating expenses	**252.39**	187.06

(Rs. in Millions)

Sr. No.	Particulars	For year ended March 31, 2022 (Audited)	For year ended March 31, 2021 (Audited)
4.	TOTAL EXPENDITURE (2)+(3) (Excluding provisions and contingencies)	**1,812.75**	1,609.31
5.	OPERATING PROFIT (1 - 4) (Profit before Provisions and Contingencies)	**385.01**	314.13
6.	Provisions (other than tax) and contingencies (Net)	**91.82**	124.03
7.	Profit before Tax (5 - 6)	**293.19**	190.10
8.	Tax expense	**70.39**	43.84
9.	Net Profit from Ordinary Activities after Tax (7 - 8)	**222.80**	146.26
10.	Net Profit/(Loss) for the period	**222.80**	146.26
11.	Paid-up equity share capital (Face value Rs. 10/- per share)	**455.70**	391.70
12.	Reserves & Surplus excluding revaluation reserves	**2,252.84**	1,376.40
13.	Dividend %		
	- Preference	**17%, 0.02% & 0.01%**	17%, 0.02% & 0.01%
	-Equity	**7%**	6%
14.	Net Worth (excluding Preference Share Capital)	**2,708.54**	1,768.10
15.	Earnings Per Share (in Rs.)	**5.26**	4.06
16.	Capital Adequacy Ratio (in %)	**33.72**	33.96
17.	Operating Expenses (Opex) Ratio	**7.98**	7.27
18.	Return on Total Assets (in %)	**1.67**	1.41
19.	Return on AUM (in %)	**2.30**	1.86
20.	Return on Equity (in %)	**9.95**	9.90

1.1 Financial Highlights

i) Preparation of Annual Accounts

The Annual Accounts have been prepared on the basis of Ind-AS and the corresponding impact of the same in the accounts of financial year 2021-22 has been made accordingly.

ii) Gross Income

The Company has earned Total Gross Income of Rs. 2,197.76 Million for the year ended March 31, 2022 as compared to Rs. 1,923.44 Million as on March 31, 2021 registering a growth of 14.26%. The contributing factors to this growth in income was increase in the interest income on JLG loan portfolio. Further, the Company has registered a growth of 1700% in fees income, which has increased to Rs. 85.73 Million from Rs. 4.8 Million. This is due to the significant introduction of various Credit Plus Products in the kitty of the Company.

iii) Profit Before Tax (PBT)

Profit before Tax (PBT) increased to Rs. 293.19 Million at the end of the Financial Year 2021-22 recording a growth of 54.22% over the previous year's PBT of Rs. 190.10 Million.

iv) Profit After Tax (PAT)

Meeting all the challenges occurred due to the second wave of COVID-19 pandemic resulting in economic slowdown in the whole ecosystem, higher provisioning, negative carry for maintaining higher liquidity and reducing lending rates, the Company has still been able to book a net profit after taxes amounting to Rs. 222.80 Million in current year as compared to Rs. 146.26 Million in previous year, registering a tremendous growth of 52.33%. This growth is basically been contributed by the factors of higher efficiency of operations and additional fees income.

v) Net Worth

During the year under review, the Company has been able to meet the challenges of capital and issued and allotted equity shares to ICICI Bank and Kitara PIIN 1501. Thus, the Net Owned Funds of the Company increased to Rs. 2,708.54 Million during the current financial year as compared to Rs. 1,768.10 Million in the previous year showing a growth of 53.20%. This growth is also being contributed by the PAT of Rs. 222.80 Million as well.

vi) Earnings Per Share

During the Financial Year 2021-22, the Earning per share of the Company increased to Rs. 5.26 as compared to Rs. 4.06 in the previous year showing a growth of 29.56%.

vii) Capital to Risk Weighted Assets Ratio (CRAR)

The Company's Capital to Risk Weighted Assets Ratio (CRAR) stood at 33.72% as at the end of the year under report, which is more than the minimum limit of 15% prescribed under RBI norms for NBFC- MFIs.

1.2 Operational Highlights

i) Branch Expansion

The Company has expanded its distribution capabilities and has also expanded its presence in the state of Madhya Pradesh, Uttarakhand and West Bengal by adding 57 new branches overall to its network that has been scaled to the level of 274 branches as against 217 in the previous year. Concurrently, the Company has emphasized on increasing the operational efficiency of the existing branches.

ii) Operational Cost

The Company has expanded in new states and opened around 57 branches. Also, the Company has taken various initiatives in technology to increase the efficiency of branches and back offices, due to which the operational cost has increased to 7.98 % during the current financial year as against 7.27 % for the previous financial year. However, this increase is an investment of the Company which will help the Company in the longer run. Further, an increase in the Operational Cost is also due to the challenges faced by the Company in FY 2021-22 and its focus to increase collection efficiency which was supported by increase in the employee benefit expenses of the company (Incentive Cost).

During the year, the operational and financial performance of your Company was as follows:

Particulars	March 31, 2022	March 31, 2021	March 31, 2020
States	11	8	7
Union Territories	1	1	1
Districts	140	112	101
Villages Covered	29,658	24,603	20,587
Branches	274	217	197
Joint Liability Groups	98,658	81,867	77,206
No. of Borrowers	4,97,495	4,13,964	3,90,577
Maximum Loan Amount (Rs.)			
- Individual Loans	1,50,000	1,50,000	1,50,000
- Joint Liability Group	50,000	50,000	50,000
Average Ticket Size (Rs.)	32,731	24,859	31,356
Cumulative Loan Disbursement (Rs. In million)	50,967.66	37,582.60	30,694.39
Outstanding Loan Portfolio (Own Book) (Rs. In million)	10,594.10	7,739.09	7,337.79
Managed Portfolio (Rs. In million)	780.04	252.62	438.97
Gross Loan Portfolio (Rs. In million)	11,374.14	7,991.72	7,776.76
Loan Disbursed in FY (Rs. In million)	13,385.06	6,888.21	10,346.02
Equity Share Capital (Rs. In million)	455.70	391.70	333.25
Preference Share Capital (Rs. In million)	393.33	430.44	391.16
Total Assets (Rs. In million)	15,693.48	10,998.10	9,795.05

1.3 Fund Mobilization

During the Financial Year 2021-22, your Company raised a sum of Rs. 187 Million by way of Secured Redeemable Non-Convertible Debentures and Rs. 124.60 Million by way of Unsecured Redeemable Non-Convertible Debentures through Private Placement. Further, the Company raised resources aggregating to Rs. 8,350 Million in total through various domestic banks and financial Institutions in the form of Working Capital Term loans. The Company also sourced funds through securitization and Direct Assignments.

2. Lending Operations

2.1 Disbursements

During the Financial Year 2021-22, the loan disbursals were of Rs. 13,385.06 Million showing an increase of 94.32% as compared to previous year's loan disbursals of Rs. 6,888.21 Million.

As on March 31, 2022, the Company's cumulative disbursement stood at Rs. 50,967.66 Million implying the growth of 35.61% as compared to cumulative disbursement of Rs. 37,582.60 Million as on March 31, 2021.

This growth is due to the increment in the number of branches by 57 and also a growth of disbursement to Rs. 49 Million per branch as against Rs. 32 million per branch.

The details of cumulative state-wise sanctions and disbursements are as under:

Rs. In Million

State	Disbursement
Bihar	10,509.30
Gujarat	503.91
Haryana	4,752.10
Himachal Pradesh	90.29
Jharkhand	1,602.16
Punjab	20,628.36
Rajasthan	7,950.33
Uttar Pradesh	4,598.46
Madhya Pradesh	218.97
Uttarakhand	34.54
West Bengal	79.24
Grand Total	**50,967.66**

3. Recovery & Stressed Assets Management

As on March 31, 2022, the Gross NPA stood at 3.07% as against the previous year's figure of 1.70%. The Company continued with the recovery actions against the NPAs and overdue cases. These actions resulted in the recovery of an aggregate amount of Rs. 96.16 Million from NPAs. The overdue loans to total loans due as on March 31, 2022 stood at 5.82% against the corresponding previous year ratio of 4.22%.

4. Resource Mobilisation

The total Borrowings of the Company stood at Rs. 12,456.53 Million as on March 31, 2022 as against Rs. 8,931.14 Million in the previous year.

4.1 External Resources

During the Financial Year 2021-22, the Company raised funds amounting to Rs. 187.00 Million by way of rupee denominated Secured Redeemable Non-Convertible Debentures (SRNCD) from a foreign fund, the details of which are as under:

Sr. No.	Type of Debentures	Amount	Listed/Unlisted	Maturity	Coupon Rate
1	Secured Redeemable Non-Convertible Debentures (SRNCDs)	Rs. 187 Millions	Listed (Debt platform of Bombay Stock Exchange)	60 Months	11.7702% (eleven decimal seven seven zero two percent) per annum, net of withholding taxes, payable semi-annually until the Maturity Date. The Coupon Rate as on the date of this Placement Memorandum, gross of withholding taxes, shall amount to 12.4500% (twelve decimal four five zero zero percent)

Further, during the Financial Year ended on March 31, 2022, the Company received foreign direct investment of Rs. 219.96 Million from Kitara PIIN 1501.

4.2 Domestic Resources

During the Financial Year under review, the Company mobilised funds amounting to Rs. 124.60 Million by way of Unsecured Redeemable Non-Convertible Debentures (URNCDs) through Private Placement. The details of URNCDs along with their maturity & coupon rate are provided below.

Sr. No.	Type of Debentures	Amount	Listed/Unlisted	Maturity	Coupon Rate
1	Unsecured Redeemable Non-Convertible Debentures (URNCDs)	124.6 Millions	Unlisted	7 & 10 Years	9.50%, 9.95%, 10.00% & 10.50%

Further, the Company took the term loan facility amounting to Rs. 8,350 Million from domestic banks/financial institutions.

5. Share Capital and Debentures

5.1 Capital Structure

The Authorized Share Capital of your Company as on March 31, 2022 stood at Rs. 75,00,00,000/- (Rupees Seventy-Five Crores Only) of Rs. 10/- (Rupees Ten Only) each comprising of:

- Rs. 53,00,00,000/- (Rupees Fifty-Three Crores Only) divided into 5,30,00,000/- (Five Crores and Thirty Lacs) equity shares of Rs. 10/- (Rupees Ten Only) each; and

- Rs. 22,00,00,000/- (Rupees Twenty-Two Crores Only) divided into 2,20,00,000/- (Two Crores and Twenty Lacs) preference shares of Rs. 10/- (Rupees Ten Only) each.

The Issued, Subscribed and Paid-up Share Capital of your Company as on March 31, 2022 stood at Rs. 58,66,01,620/- (Rupees Fifty-Eight Crores Sixty-Six Lacs One Thousand Six Hundred and Twenty Only) comprising of:

- Rs. 45,57,01,620/- (Rupees Forty-Five Crores Fifty-Seven Lacs One Thousand Six Hundred and Twenty Only) divided into 4,55,70,162 (Four Crores Fifty-Five Lacs Seventy Thousand One Hundred and Sixty Two) equity shares of Rs. 10/- (Rupees Ten Only) each

- Rs. 13,09,00,000/- (Rupees Thirteen Crores and Nine Lacs Only) divided into 1,30,90,000 (One Crore Thirty Lacs and Ninety Thousand) preference shares of Rs. 10/- (Rupees Ten Only) each

5.2 Raising of Funds/Capital

Paid-Up Share Capital

During the period under review, the Company has allotted and redeemed shares as follows:

Amount in Rs.

Date	Particulars	No. of Equity Shares	Nominal Value	Issue Price	Equity Share Capital	Preference Share Capital	Cumulative Issued & Paid up Share Capital
April 01, 2021	Opening Balance	3,91,70,206	10	-	39,17,02,060	15,94,50,000	55,11,52,060
September 12, 2021	Redemption of Preference Share Capital	-	-	-	-	1,67,50,000	53,44,02,060
September 30, 2021	Private Placement (KITARA PIIN 1501)	18,91,787	10	116.27/- (including premium of Rs. 106.27/-)	1,89,17,870	-	55,33,19,930
September 30, 2021	Private Placement (ICICI Bank)	45,08,169	10	116.27/- (including premium of Rs. 106.27/-)	4,50,81,690		59,84,01,620

Amount In Rs.

Date	Particulars	No. of Equity Shares	Nominal Value	Issue Price	Equity Share Capital	Preference Share Capital	Cumulative Issued & Paid up Share Capital
March 14, 2021	Redemption of Preference Share Capital	-	-	-	-	50,00,000	59,34,01,620
March 29, 2021	Redemption of Preference Share Capital	-	-	-	-	68,00,000	58,66,01,620
March 31, 2022	**Closing Balance**	**4,55,70,162**	**10**	-	**45,57,01,620**	**13,09,00,000**	**58,66,01,620**

5.3 Non-Convertible Debentures

During the Financial Year ended on March 31, 2022, the Company allotted the Debentures on private placement basis as follows:

a) Unsecured Redeemable Non-Convertible Debentures (Unlisted):

During the Financial Year ended on March 31, 2022, the Company allotted Unlisted Unsecured Redeemable Non-Convertible Debentures worth Rs. 124.6 Million (Rupees One Hundred Twenty Four Decimal Six Million Only) on private placement basis as follows:

Date	No. of Debentures	Nominal Amount (in Rs.)	Total Amount (in Million)
July 02, 2021	12,460	10,000	124.6
Total	**12,460**	**10,000**	**124.6**

b) Secured Senior Rated Redeemable Non-Convertible Debentures (Listed):

During the Financial Year ended on March 31, 2022, the Company allotted Listed Secured Senior Rated Redeemable Non-Convertible Debentures worth Rs. 187 Million (Rupees One Hundred Eighty Seven Million Only) on private placement basis as follows:

Date	No. of Debentures	Nominal Amount (in Rs.)	Total Amount (in Million)
March 31, 2022	187	10,00,000	187
Total	**187**	**10,00,000**	**187**

6. Dividend

During the year, the Company has shown excellent results. Keeping in view the performance of the Company and to preserve the profits for future expansion, the Board has recommended to pay the Dividend of Rs. 0.70/- (Seventy paise Only) per equity share to the Equity Shareholders of the Company subject to the declaration by shareholders in the ensuing Annual General Meeting.

The Company issued Non-Convertible Redeemable Cumulative Preference Shares ("NCRCPS") at 17%, 0.02% and 0.01% in the previous years, dividend on which has been recommended by the Board. The same would also be paid on the declaration by shareholders in Annual General Meeting.

7. Credit Rating

Your Company enjoys strong credit rating from different credit rating agencies such as CARE, SMERA BRICKWORK and INDIA Ratings. The credit rating ensure that the Company continues to have access to financing at the most competitive rates at all times and even during tight liquidity conditions.

During the financial year ended on March 31, 2022, the rating agencies assigned and reaffirmed the following long term and short-term ratings of the Company:

Name of Agency	Instrument	Amount (In Millions)	Rating
India Ratings	Non-Convertible Debentures	750	IND BBB
CARE Ratings	Bank Loan	3100	BBB
CARE Ratings	Non-Convertible Debentures	500	BBB
CARE Ratings	Non-Convertible Debentures	118.90	BBB
SMERA	Code of Conduct Assessment	N.A.	M2C1
Brickwork Ratings	Institutional Grading	N.A.	Mf2
Brickwork Ratings	Bank Loan Rating	3000	BBB+

8. Risk Management

8.1 Enterprise-Wide Integrated Management

Risk Management and governance is an elemental part of the Company. Assessing risk has been important to maintain a sustainable approach toward fulfilling the ultimate objective of the organization. Credit risk, operation risk, geographical risk, liquidity risk, interest rate risk, asset-liability management risk and political risk are the major risks faced by the microfinance industry. These risks, if not effectively managed may have a bearing on our financial strength and operations. Bearing this in mind, we continuously improve our risk management policies and procedures and implement them rigorously for the efficient functioning of our businesses. The key objective in the risk management processes is to measure and monitor the risks and effectively contain these within acceptable limits. For safeguarding the interest of all the stakeholders, MML has taken steps to inculcate risk management and mitigation in its operations. MML periodically reviews various risk levels and their movement, composition of the assets and liability portfolios, the status of impaired assets, recovery/ collection etc.

The Company has ***Credit risk*** frameworks, policies, procedures and systems for managing the credit risk. Management of credit risk rests on the process for evaluating the creditworthiness of customers, transparent and fair valuation of the collateral and prudential loan to value limit. Our credit policies ensure evaluation of various factors including income, demography, credit history and other indebtedness of the borrower, loan to value ratio, the tenor of the loan, risk gradation and others while evaluating loans.

Operational risks are risks arising from inadequate or failed internal processes, people and systems or external events. To control our operational risks, we have adopted clearly defined loan approval processes and procedures. The internal control includes effective separation of functions, segregation of roles and responsibilities, reliance on the maker-checker concept, monitoring of exceptions, etc. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing policies and procedures to monitor transactions, maintaining necessary back-up procedures and undertaking contingency planning.

Liquidity risk arises due to the unavailability of sufficient amount of funds to meet the Company's financial obligations at an appropriate price and tenure. As most of our loans (at the portfolio level) have maturity shorter than the maturity of our liabilities, we have positive cash flows in all maturity buckets. The Company attempts to minimise this risk through a mix of strategies, including diversification of sources of funds, securitisation and assignment of receivables, fixing caps on short-term funds and maintaining liquidity buffer.

To avoid the deficiencies of handling risk initiatives, policies are reviewed at regular intervals and steps are taken to strengthen our management practices in the increasingly uncertain lending environment. All- inclusive, risk management is a very important part of our organisation and focuses to provide ample support to business growth with minimized risk and pro-active risk identification and management.

8.2 Asset Liability Management

The Board of Directors has the overall responsibility for establishing the risk management framework for the Company. The Board in turn has established an Asset Liability Management Committee (ALCO) for evaluating, monitoring and reviewing liquidity and interest rate risks arising in the Company on both sides of the Balance sheet. The Board, based on recommendations from the ALCO has prescribed policies and the risk limits for the management of liquidity risk.

ALCO Committee is responsible for managing the risks arising out of Asset Liability mismatches consistent with the regulatory requirements and internal risk tolerances established by the Board. Amongst other responsibilities, ALCO has been empowered to decide the rate of interest for the various portfolios and funding mix for the company in light of the future business strategy, risk matrix, market standards, practices and prevailing market conditions. The scope of ALCO has been commensurate with the requirements of the master directions issued by the Reserve Bank of India.

Your Company has duly constituted an Asset Liability Management Committee (ALCO) chaired by Managing Director for monitoring various risks such as Liquidity risk, Interest rate risk and the Currency risk. The ALCO determines the asset liability management strategy as per the prevailing and expected business environment and reviews major decisions affecting the business and working results, ALM mismatches, budgeting, resources etc. Your Company follows a reporting system of Asset Liability Management to review the mismatches and accordingly, remedial measures are taken.

9. Regulatory Update

Your Company being registered as an NBFC-MFI (Non-Banking Financial Company–Micro Finance Institution) has complied with all the relevant guidelines and directions issued by the Reserve Bank of India from time to time and other applicable laws.

The Company confirms that being a Debt listed Company, the timely disclosures have been made as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the Financial Year ended on March 31, 2022.

The Company confirms that being an issuer of various debt instruments have complied with applicable provisions, regulations and circulars issued by the Securities and Exchange Board of India for the time being in force.

The Company has filed all the requisite information and forms with the Registrar of Companies (ROC), Chandigarh as required under the Companies Act, 2013 during the financial year ended on March 31, 2022.

The Company is registered as a Reporting Entity under Financial Intelligence Unit (FIU), Ministry of Finance.

The Company further confirms that being an issuer of various securities have complied with applicable provisions, terms and conditions of contracts, agreements executed with stock exchange, debenture trustees, depositories, depositories participants and Registrar & Shares Transfer Agents for the time being in force.

The Company is also registered with the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI). CERSAI is a risk mitigation tool for the Banks / Housing Finance Companies, Financial Institutions and public at large to prevent multiple financing against the same property.

The Company is also registered with Legal Entity Identifier (LEI). LEI is mandatory for transactions in interest rate, forex and credit derivative market. LEI helps banks and credit providers in monitoring the exposure of corporate borrowers. It prevents banks/financial institutions from issuing multiple loans against the same collateral.

10. Details of Subsidiaries/ Associates/ Joint Ventures

During the Financial Year ended on March 31, 2022, no company became or ceased to be the subsidiary/ associate or joint venture of Midland Microfin Limited.

11. Transfer to Statutory Reserve

Your Directors are pleased to report that with an objective of reinforcing the financial strength an amount of Rs. 4,45,63,752/- (Rupees Four Crores Forty-Five Lacs Sixty Three Thousand Seven Hundred and Fifty- Two Only) being 20% of the profit after tax (PAT) has been transferred to Statutory Reserve of the Company pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

12. Internal Controls

12.1 Internal Financial Controls

The Board of Directors confirms that the Company has laid down a set of standards, processes and structure which enables it to implement Internal Financial Controls across the organisation with

reference to Financial Statements and that such controls are adequate and are operating effectively. This includes its design, implementation and maintenance along with periodic internal review of operational effectiveness and sustenance, and whether these are commensurate with the nature of its business and the size and complexity of its operations.

This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records, the timely preparation of reliable financial information and prevention and detection of frauds and errors. Internal financial controls with reference to the financial statements were adequate and operating effectively.

Assurance on the effectiveness of Internal Financial Controls is obtained through management reviews, continuous monitoring by functional experts as well as testing of the Internal Financial Control systems by the internal auditors during the course of their audits. During the financial year under review, no material or serious observations have been received from the Auditors of the Company, citing inefficacy or inadequacy of such controls.

12.2 Internal Control Systems

Your Company has put in place, well defined and adequate Internal Control System and mechanism commensurate with size, scale and complexity of its operations to ensure control of entire business and assets. The functioning of controls is regularly monitored to ensure their efficiency in mitigating risks. A comprehensive internal audit department functions in house to continuously audit and report gaps if any, in the diverse business verticals and statutory compliances applicable.

13. Deposits

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) did not accept any public deposit(s) and maintained the non-acceptance of public deposit NBFC status during the Financial Year ended on March 31, 2022.

14. Web Address where Annual Returns has been placed

The Annual Return of the Company is available on the Company's website at the web link: https://www.midlandmicrofin.com/

15. Loans, Guarantees or Investment

Pursuant to Section 186(11) (a) of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loans made, guarantee given or security provided or any investment made in the ordinary course of its business by a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India is exempt from the applicability of provisions of Section 186 of the Act. Hence, no disclosure is required to be made.

16. Corporate Social Responsibility

Your Company strongly believes in committing to operate in an economically, socially and environmentally sustainable manner. The Company's Corporate Social Responsibility (CSR) initiatives are based on this principle.

The CSR mandate of your Company is to serve, uplift and empower communities that are at the bottom of the income pyramid; particularly those often lacking access to essential amenities such as affordable healthcare, clean and safe drinking water, employment opportunities and quality education as per the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

To oversee the activities of CSR and pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, the Company has in place a Board level CSR Committee. The Committee is responsible for formulating, implementing and monitoring the CSR policy of the Company. The CSR Policy is available on the Company's website and can be accessed by clicking on the following link: www.midlandmicrofin.com.

During the year, apart from striving to improve the Human Development Index indicators in under-served pockets of urban slums, semi-urban and rural areas, your Company has also extended support to needy families in providing relief in the pandemic COVID-19 particularly in rural and slum area. The CSR activities undertaken by your Company are based on the approved CSR policy,

During the financial year under review, your Company has spent Rs. 18,73,055/- (Rupees Eighteen Lacs Seventy Three Thousand Fifty Five Only) on its CSR activities through 'Midland Foundation' ("the Trust"), a trust duly registered and set by the Company as prescribed under the Companies Act, 2013 and rules framed thereunder as against the required CSR liability of an amount of 38,50,086/- (Rupees Thirty- Eight Lac Fifty Thousand Eighty Six Only) i.e. 2% of the average net profits of previous three financial years. The CSR initiatives undertaken by your Company along with other CSR related details form part of the Annual Report on CSR activities for FY 2021-22, which is annexed as Annexure – D to this Report.

The CSR policy of your Company, as adopted by the Board, broadly covers the following focus areas–

a) To eradicate hunger, poverty and malnutrition; or
b) To promote healthcare including sanitization & preventive healthcare; or
c) To promote education, including special education and employment enhancing vocation skills; or especially among the children, women, elderly and the differently abled and livelihood enhancement projects; or
d) To promote gender equality and women empowerment; or
e) Rural development projects; or
f) Slum area development projects; or
g) All other projects permitted under the Schedule VII of the Companies Act, 2013.

17. Audits & Inspection of Accounts

17.1 Statutory Auditors

Pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, the Company in its 33 rd Annual General Meeting (AGM) held on September 26, 2021 has appointed M/s SCV & Co. LLP, Chartered Accountants (Firm Registration Number: 000235N/N500089) as Statutory Auditors of the Company to hold office for a term of three years until the conclusion of the 36 th Annual General Meeting to be held in the year 2024.

M/s SCV & Co. LLP, Chartered Accountants, Statutory Auditors of the Company have audited the financial statements of the Company for the Financial Year 2021-2022.

17.2 Auditors' Report

M/s SCV & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, have audited the financial statements of the Company for the financial year ended on March 31, 2022. Pursuant to section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as 'Annexure to Independent Auditors' Report.

The Statutory Auditors' Report to the members does not contain any qualification.

17.3 Statement in respect of frauds reported by Auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government

During the period under review, two fraud cases for consolidated amount of Rs. 4.79 Lacs were reported and the due intimations vide FMR-1 and FMR-2 were filed with Reserve Bank of India within the prescribed timelines. However the company has put its arduous efforts to recover the hard earned money and been successful to recover entire amount from the said cases during the year.

17.4 Response of the Board to the Auditors' Comment

The Auditors' Report, read with notes to the accounts are self-explanatory and therefore, do not require further comments/elaborations pursuant to Section 134 of the Companies Act, 2013.

17.5 Internal Audit

In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive Internal Audits are conducted by independent internal auditors. They review internal controls, operating systems and procedures. The Audit function also proactively recommends improvement in operational process and service quality to mitigate various risks. Your Company had appointed M/s DJNK & Co. LLP (Formerly JAC & Associates LLP), Chartered Accountants (FRN: 013170N/N500368) as Internal Auditors for the FY 2021-22. The Audit Committee of Directors periodically reviews the significant findings of audits, as prescribed in the Companies Act, 2013.

17.6 Secretarial Auditors and Secretarial Audit Report

M/s Harsh Goyal & Associates, Company Secretaries (COP: 2802), were appointed by the Board of Directors as the Secretarial Auditors of the Company to carry out the secretarial audit of the Company for the financial year ended on March 31, 2022, as required under Section 204 of the Companies Act, 2013 and rules framed thereunder.

The Secretarial Audit Report for the financial year ended on March 31, 2022 is attached herewith as Annexure E to this Report and the same is self-explanatory. There are no observations, qualifications, reservations or adverse remarks, which requires comments from the Board.

17.7 Compliance with Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

17.8 Cost Records and Cost Audit

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

18. Corporate Governance

Midland recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, investors, regulators and other stakeholders. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better these practices by adopting the best practices.

Midland's governance framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors ("Board") and of senior management and their relationships with others in the corporate structure. Sincerity, Fairness, Good Citizenship and Commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders.

Your Company believes that governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximising value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision, while upholding the core values of transparency, integrity, honesty and accountability.

Midland is committed to taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. This is vital to retain the trust of all stakeholders of the Company.

Your Company complies with the best Corporate Governance practices in true letter and spirit. At Midland, we evolve and follow the corporate governance guidelines and best practices diligently. Your Company considers it an inherent responsibility to disclose timely and accurate information regarding the operations & performance, leadership and governance of the Company. Your Company follows a culture based on trusteeship, transparency, empowerment, accountability and corporate ethics.

19. Particulars of Contracts or Arrangement with Related Parties

During the year under review, all related party transactions entered into by the Company, were duly approved by the Audit Committee and were at arm's length and in the ordinary course of business. The Company did not have any contracts or arrangements with related parties in terms of Section 188(1) of the Companies Act, 2013. Also, there were no material related party transactions entered into by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company for the Financial Year 2021- 22 and hence, does not form part of this report.

Details of related party transactions entered into by the Company, in terms of Ind AS-24 are disclosed in Note No. 9 of the financial statements forming part of this Report.

None of the Directors had any pecuniary relationships or transactions vis-a-vis the Company except as provided in the notes to the accounts.

Pursuant to the requirement of Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the policy on related party transactions is available on the Company's website, and the same can be accessed at web link: www.midlandmicrofin.com

20. Governance and Social Commitment

20.1 Conservation of Energy: Ecology & Environment

Your Company is engaged in the business of micro financing to self-help groups and lending Business Development Loans to them. The Company has been taking its best efforts to conserve and optimize the use of energy, wherever possible. The Company has allocated specific cost budgets for the same in its head office and all its branches to reduce electricity waste and the same is monitored on periodical basis.

20.2 Technology Absorption

Your Company is engaged in financing of loans and does not own any manufacturing facility as on the date of this report, hence, the subject matter is not applicable. However, the Company continued to use technology intensively in its operations during the year under review and there are no significant particulars relating to technology absorption under the Companies (Accounts) Rules, 2014 regarding disclosure of particulars in the Report of Board of Directors.

20.3 Foreign Exchange Earnings and Outgo

There was no foreign exchange earnings and outgo during the year except the payments made under Extra Commercial Borrowings, Equity subscription, Director's Sitting Fee & reimbursements etc. during the year.

21. Directors and Committees

21.1 Board of Directors

Keeping with the commitment to the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of independent and non-independent directors to maintain the independence of the Board and to separate the Board functions of governance and management.

Composition

In compliance with the provisions of the Companies Act, 2013 ("the Act"), the Company has an optimum combination of executive and non–executive directors with a woman director.

As on March 31, 2022, the Board of the Company comprised of seven Directors, of whom three are Independent Directors (including one Woman Director), one Nominee Director, one Non-Executive Director, one Non-Executive Chairman and one Managing Director.

The Board of Directors possess requisite qualifications, experience, expertise, professionalism and diversity in general corporate management, banking, finance, economics, marketing, analytics and other allied fields which enable them to contribute effectively to the Company.

Detailed profile of the Directors is available on the Company's website at the web-link:
https://www.midlandmicrofin.com/about-us/?t=2

Composition as on the date of the Directors' Report

DIN	Name of Directors	Designation	Qualification	Brief Profile
00649442	Mr. Amardeep Singh Samra	Promoter Director (Managing Director)	B.Com.	He is passionate about microfinance; introduced the concept in the region of Punjab, Haryana and Rajasthan. He has a specialization in Finance, Marketing and Administration. He is the Co-ordinator of Punjab & Haryana Finance Companies Association (PHFCA), the prestigious body of major NBFCs in North India. He is also a Director in Microfinance Institutions Network (MFIN), the premier industry Association and Self-Regulatory Organization (SRO) for the microfinance industry in India as regulated under RBI. Furthermore, he is also a member of Young Presidents Organisation (YPO) Punjab Chapter, the world's premium network of chief executives.
00052716	Mr. Vijay Kumar Bhandari	Promoter Director (Chairman)	B. Com (Hons), F.C.A.	Having more than 33-years of experience in Banking Industry as Senior Internal Auditor, Branch Manager, Regional Manager and Zonal Manager. Held his last position as General Manager-In-Charge of Credit, Credit Monitoring, Treasury, Investment, Fund Management, Merchant Banking and International Banking division of Central Bank of India.

DIN	Name of Directors	Designation	Qualification	Brief Profile
01571485	Mr. Shant Kumar Gupta	Independent Director	B.Com. M.A. (Eco.)	He is Chairman and Promoter of renowned 'HAMCO GROUP' engaged in manufacturing and trading of Iron and Steel and hand tools. Post graduate in Economics and a businessman by profession. He is also a Founder and Chairman of 'Hamco Charitable Trust', an NGO involved in imparting free computer education to poor and needy students.
07009446	Mrs. Kamna Raj Aggarwalla	Woman Independent Director	B.A.	She is the Managing Partner of GDPA Fasteners', one of the youngest women entrepreneurs to pave way for GDPA Fasteners' entry into exports. She is also the member of the Advisory Board to Government of Punjab for Small Scale Industries. She is also the Regional Chairperson of Northern Region Engineering Export Promotion Council of India. She is a past Chairperson of the Confederation of Indian Industry (CII), Punjab and is also the Member of the board of CII Northern Region. Apart from this, she is also Convener for Education and Skilling Panel of the Confederation of Indian Industry (CII), Punjab and is on Board to Punjab Technical University.
01592593	Mr. Sachin Nithyanand Kamath	Nominee Director	F.C.A.	He is experienced Asset Manager with a stellar record in managing multi-million dollars' investment across geographies and asset classes. He is also one of the founding members of Kitara Capital International Limited.

DIN	Name of Directors	Designation	Qualification	Brief Profile
01592593	Mr. Sachin Nithyanand Kamath	Nominee Director	F.C.A.	He has worked in various position in the field of investments for Paradigm Investments Pvt Ltd; BOI Mutual Fund and JV Gokal Group in India. At Ajit Khimji Group of Companies in Oman as Chief Investment Officer he has headed and managed the investment division of the group for over a decade involving turnover of assets above US$450 million across various asset classes and countries viz: US, UK, France, China, Middle East, Singapore and India.
00514356	Mr. Santokh Singh Chhokar	Additional Director (Non-Executive)	B.SC (Hons.), PGD Law	He is originally a medical and social sciences graduate from the University of London, he also completed his Law Society's Post Graduate Diploma in Law in 1991 and the Law Society's final Examination in 1992. After completing his two years training he was admitted as a Solicitor in 1994 Senior Partner in Chhokar & Co. Solicitors. He is a long-standing member of the Solicitors' Family Law Association, and the International Bar Association. He has been a Fellow of the Royal Society since 2005. He served as Chairman of South Bucks District Council for two years. Currently, He is serving as a counsellor in Buckinghamshire Council and as Chairman of Denham, Gerrards Cross and Chalfonts Community Board. He has served as Honorary Treasurer and President of the Middlesex Law Society.

DIN	Name of Directors	Designation	Qualification	Brief Profile
02895343	Mr Parveen Kumar Gupta	Additional Director (Independent Director)	Company Secretary, C.A.I.I.B – Indian Institute of Bankers, Mumbai, B.Com	Mr. Gupta has vast experience in the banking sector of over 37 years. He retired as managing director, retail and digital banking, from State Bank of India ("SBI") and held various positions in the "SBI Group" including managing director, compliance and risk, SBI, whole-time director, SBI, managing director and chief executive officer, SBI Capital Markets Ltd, deputy managing director and chief financial officer, global markets, SBI, deputy chief executive officer, SBI- MACQUARIE Infra. Mgmt. (P) LTD., and chief general manager, global markets, SBI. Further, He is currently Part Time Non-Executive Chairman of Utkarsh Small Finance Bank, and Director on the Board of Hiranandani Financial Services Private Limited, BOI AXA Investment Managers Private Limited, Light Microfinance Private Limited and Growth Source Financial Technologies P Ltd. He holds a bachelor's degree in commerce from Guru Nanak Dev University and is an associate member of the Institute of Company Secretaries of India.

Note: None of the Directors holds office as a director, including alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies that are either holding or subsidiary company of a public company are included. As per declarations received, none of the directors serves as an independent director in more than seven listed companies.

i. Appointment of Directors

During the year ended on March 31, 2022, the Company has appointed Mr. Parveen Kumar Gupta (DIN: 02895343), Non-Executive Independent Director and Mr. Santokh Singh Chhokar (DIN: 00514356), Non-Executive Director.

ii. Re-appointment of Director

-

iii. Retire by Rotation

Pursuant to the provisions of the Companies Act, 2013 ('Act') and Articles of Association of the Company, Mr. Sachin Nithyanand Kamath (DIN: 01592593) is liable to retire by rotation and seek re-appointment as Director of the Company in the financial year 2022-23.

iv. Cessation of Directors

During the year ended on March 31, 2022, following Directors ceased to hold office of the company: On December 21, 2021, Mr. Harpal Singh Chhokar, Non-Executive Director (DIN: 07070314) ceased to hold the office as the Director of the Company due to resignation filed by him. The Board places on record its sincere appreciation for guidance, services and mentorship provided by him as a non-executive director of the Company.

21.2 Key Managerial Personnel

Pursuant to the provisions of section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following were the KMPs of the Company as on March 31, 2022:

DIN/PAN	Name	Designation
00649442	Mr. Amardeep Singh Samra	Managing Director
BBRPK3548N	Mr. Amitesh Kumar	Chief Operational Officer (COO) & Chief Financial Officer (CFO)
BGCPB7211F	Mr. Sumit Bhojwani	Company Secretary

21.3 Meetings of the Board

Number of Board Meetings

During the financial year 2021-22, the Board met eight (8) times. The maximum gap between any two (2) Board Meetings was not more than one hundred and twenty days at any point of time. The details of Board Meetings conducted are as follows:

Date	Board Strength	No. of Directors Present
May 26, 2021	6	6
August 19, 2021	6	6
October 05, 2021	6	5
November 13, 2021	6	6
December 21, 2021	7	5
February 10, 2022	7	6
March 17, 2022	7	7
March 31, 2022	7	5

Attendance of Directors in Board Meetings

Name of the Directors	Category	No. of Board Meetings		Whether attended last AGM	No. of other Directorships held (excluding Private Companies, Foreign Companies and Section 25 Companies)
		Held	Attended		
Mr. Amardeep Singh Samra	Managing Director	8	8	Yes	None
Mr. Vijay Kumar Bhandari	Non-Executive Director	8	8	Yes	Six
Mr. Shant Kumar Gupta	Independent Director	8	8	Yes	None
Mrs. Kamna Raj Aggarwalla	Independent Director	8	6	Leave of Absence	One
Mr. Sachin Nithyanand Kamath	Nominee Director	8	7	Leave of Absence	None
Mr. Santokh Singh Chhokar*	Non-Executive Director	8	3	N.A.	None
Mr. Parveen Kumar Gupta**	Non-Executive Independent Director	8	3	N.A.	One
Mr. Harpal Singh Chhokar***	Non-Executive Director	8	3	Yes	None

During the Financial Year 2021-2022, following changes have been recorded in the Board of the company:
**Mr. Santokh Singh Chhokar was appointed as a Non-Executive Director w.e.f. December 21, 2021.*
***Mr. Parveen Kumar Gupta was appointed as a Non-Executive Independent Director w.e.f. December 21, 2021.*
****Mr. Harpal Singh Chhokar has resigned from the Board w.e.f. December 21, 2021.*

21.4 Meeting of Independent Directors

Pursuant to the requirements of Schedule IV to the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was also held on March 31, 2022 through video conferencing, without the presence of non-independent directors and members of the management, to review the performance of non-independent directors and the Board as a whole, the performance of the Chairman of the Company and also to assess the quality, quantity and timeliness of the flow of information between the Company, management and the Board.

21.5 Confirmation/Statement/Declaration by Independent Directors

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence as laid out in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, there has been no change in the circumstances which may affect their status as independent directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Companies Act, 2013 and applicable rules thereunder) of all Independent Directors on the Board.

Pursuant to Section 150 of the Companies Act, 2013 read with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of the Company have registered themselves in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs. The Independent Directors have committed to qualify the online proficiency self-assessment as required under aforesaid Rule within prescribed timeline.

21.6 Disclosure in respect of any MD / WTD Receiving Commission from a Company and also receiving Commission or Remuneration from its Holding or Subsidiary Company

Since the Company has no holding or subsidiary company, thus, no particulars are required to be given pursuant to the provisions of section 197 (14) of the Companies Act, 2013.

21.7 Committees

The Company has various Committees, which have been constituted as a part of good corporate governance practices, and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes. The Company currently has ten (10) Committees which are as follows:

- i Audit Committee
- ii Nomination and Remuneration Committee
- iii Stakeholders' Relationship Committee
- iv Corporate Social Responsibility Committee
- v Risk Management Committee
- vi Asset Liability Management Committee
- vii IT Strategy Committee
- viii Core Committee*
- ix Board Management Committee
- x Head office Executive Committee

* The Core Committee stood dissolved w.e.f. October 30, 2021 because of removal of clause from Articles of Association mandating the requirement of Core Committee.

I. Audit committee

Pursuant to the provisions of the Companies Act, 2013, during the Financial Year 2021-22, your Company has a duly constituted Audit Committee and its composition is in conformity with the requirements of the Company Act, with minimum of three directors with independent directors forming a majority.

Composition of Audit Committee

Mr. Vijay Kumar Bhandari	: Chairman
Mr. Shant Kumar Gupta	: Independent Director
Mrs. Kamna Raj Aggarwalla	: Independent Director
Mr. Parveen Kumar Gupta*	: Independent Director
Mr. Sachin Nithyanand Kamath	: Nominee Director

*Mr. Parveen Kumar Gupta, Independent Director, was appointed as member of the Audit Committee w.e.f. December 21, 2021.

Terms of Reference

The terms of reference of the Audit Committee as approved by the Board of Directors includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors, including cost auditors (if any), for any other services rendered by them;
- Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for its approval,
- Review with the management, the quarterly financial statements before submission to the Board for approval;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions with related parties of the Company;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Review the functioning of the Whistle Blower mechanism / oversee the vigil mechanism;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- Monitoring the end use of funds raised through public offers and related matters & scrutiny of inter-corporate loans and investments;
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

Dates of Audit Committee Meetings

During the financial year ended on March 31, 2022, the Audit Committee meetings held 4 times on the below-stated dates:

- May 26, 2021
- August 19, 2021
- November 13, 2021
- February 09, 2022

Attendance in Audit Committee Meetings

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Vijay Kumar Bhandari	Chairman	4	4
Mr. Parveen Kumar Gupta	Independent Director	4	1
Mr. Shant Kumar Gupta	Independent Director	4	4
Mrs. Kamna Raj Aggarwalla	Independent Director	4	3
Mr. Sachin Nithyanand Kamath	Nominee Director	4	4

II. Nomination and Remuneration Committee

Pursuant to the provisions of the section 178 of the Companies Act, 2013, your Company has a duly constituted Nomination and Remuneration Committee with its composition in conformity with the requirements of the Act.

Composition of Nomination and Remuneration Committee

Mr. Shant Kumar Gupta	Chairman and Independent Director
Mr. Vijay Kumar Bhandari	Non-Executive Director
Mrs. Kamna Raj Aggarwalla*	Independent Director
Mr. Parveen Kumar Gupta**	Independent Director
Mr. Sachin Nithyanand Kamath	Nominee Director

*Mrs. Kamna Raj Aggarwalla, Independent Director, was appointed as member of the Nomination and Remuneration Committee w.e.f. October 05, 2021.
**Mr. Parveen Kumar Gupta, Independent Director, was appointed as member of the Nomination and Remuneration Committee w.e.f. December 21, 2021.

Terms of Reference

The terms of reference of the Nomination and Remuneration Committee as approved by the Board of Directors includes the following:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal;
- Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- Consider extension or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors;
- Specify the manner for effective evaluation of performance of Board, its Committees and Individual Directors
- Recommend / review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
- Review information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

Dates of Nomination and Remuneration Committee Meetings

During the financial year ended on March 31, 2022, the Nomination and Remuneration Committee meetings held twice on below-stated dates:

- August 19, 2021
- December 21, 2021

Attendance in Nomination and Remuneration Committee Meetings

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Shant Kumar Gupta	Chairman	2	2
Mr. Vijay Kumar Bhandari	Member	2	2
Mrs. Kamna Raj Aggarwalla	Member	2	2
Mr. Sachin Nithyanand Kamath	Member	2	2
Mr. Parveen Kumar Gupta*	Member	2	0

*Mr. Parveen Kumar Gupta, Independent Director, was appointed as member of the Nomination & Remuneration Committee w.e.f. December 21, 2021, Hence he was not entitled to join any meeting pertaining to the F.Y. 2021-22.

III. Stakeholders Relationship Committee

Pursuant to the provisions of sub-section (5) of section 178 of the Companies Act, 2013, your Company has duly constituted Stakeholders' Relationship Committee to specifically look into the debenture holders', shareholders' and investors' complaints on matters relating to transfer/transmission of securities, non-receipt of annual report, non-receipt of dividend, payment of unclaimed dividends, payment of interest/principal amount to debenture holders, other lenders etc.

Composition of Stakeholders' Relationship Committee

Mr. Vijay Kumar Bhandari	Chairman
Mr. Amardeep Singh Samra	Managing Director
Mr. Shant Kumar Gupta	Independent Director

Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee as approved by the Board of Directors includes the following:

- Oversee and review all matters connected with transfer of Company's securities;
- Oversee the performance of the Company's Registrar and Share Transfer Agent;
- Consider, resolve and monitor various aspects of interest of shareholders, debenture holders and other security holders including the redressal of investors' / shareholders' / security holders' grievances related to transfer / transmission of securities, non-receipt of annual reports, non-receipt of declared dividend, issue new / duplicate certificates, general meetings and so on;
- Review measures taken for effective exercise of voting rights by shareholders;
- Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent and recommend methods to upgrade the service standards adopted by the Company;
- To look into matters that can facilitate better security-holder's services and relations.

Dates of Stakeholders' Relationship Committee Meetings

During the financial year ended on March 31, 2022, the Stakeholders' Relationship Committee Meetings held twice on below-stated dates:

- November 13, 2021
- March 31, 2022

Attendance in Stakeholders' Relationship Committee Meetings

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Vijay Kumar Bhandari	Chairman	2	2
Mr. Amardeep Singh Samra	Member	2	2
Mr. Shant Kumar Gupta	Member	2	2

IV. Corporate Social Responsibility Committee

Pursuant to the provisions of the section 135 of the Companies Act, 2013 and the rules made thereunder, the Company has a duly constituted Corporate Social Responsibility Committee. The Committee has formulated the CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to the provisions of Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time. The CSR Policy may be accessed on the Company's website at the link http://midlandmicrofin.com/wp- content/uploads/CSR-Policy.pdf

The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure-D.

Composition of Corporate Social Responsibility Committee

Mr. Amardeep Singh Samra	Managing Director
Mr. Sachin Nithyanand Kamath	Nominee Director
Mrs. Kamna Raj Aggarwalla	Independent Director

Terms of Reference

The terms of reference of the Corporate Social Responsibility Committee as approved by the Board of Directors includes the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Monitor CSR Policy of the Company from time to time;
- Monitor the CSR activities undertaken by the Company;
- Formulate / approve codes and / or policies for better governance;
- Provide correct inputs to the stakeholders so as to preserve and protect the Company's image and Standing;
- Disseminate factually correct information to investors, institutions and the public at large;
- Establish oversight on important corporate communication on behalf of the Company with the assistance of consultants / advisors, if necessary;
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

Dates of Corporate Social Responsibility Committee Meetings

During the financial year ended on March 31, 2022, the Corporate Social Responsibility Committee Meetings was held twice on the below-stated date:

- May 26, 2021
- March 31, 2022

Attendance in Corporate Social Responsibility Committee Meetings

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Amardeep Singh Samra	Chairman	2	2
Mr. Sachin Nithyanand Kamath	Member	2	2
Mrs. Kamna Raj Aggarwalla	Member	2	2

V. Risk Management Committee

Pursuant to the guidelines issued by the Reserve Bank of India, notified vide its circular dated May 8, 2007, your Company has a duly constituted Risk Management Committee to manage the integrated risk of the Company. The Company has established effective risk assessment and minimization procedures, which are reviewed by the Risk Management Committee periodically.

Composition of Risk Management Committee

Mr. Amardeep Singh Samra	Managing Director
Mr. Shant Kumar Gupta	Independent Director
Mr. Vijay Kumar Bhandari	Non-Executive Director (Chairman of the Company)
Mr. Harpal Singh Chhokar*	Non-Executive Director

*Mr. Harpal Singh Chhokar resigned from the Board w.e.f. December 21, 2021.

Terms of Reference

The terms of reference of the Risk Management Committee as approved by the Board of Directors includes the following:

- The Risk Management Landscape in the company covers the stages of identifying, assessing, measuring, managing, controlling and reporting risk concerns across all the risk classes viz. Credit, Market and Operational Risks and Liquidity Risk.
- Frame Risk Management Plan and Policy;
- Oversee implementation / Monitoring of Risk Management Plan and Policy;
- Validate the process of Risk Management;
- Validate the procedure for Risk Minimisation;
- Periodically review and evaluate the Risk Management Policy and Practices with respect to risk assessment and risk management processes;
- Review of development and implementation of a Risk Management Policy including identification therein of element of risk;
- Review of cyber security and related risks;
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.
- The Risk Management Policies adopted and reviewed periodically articulate, codify the strategy, structure, processes and systems.

- Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed;
- Expanding business arenas, deregulation and globalization of financial activities, emergence of new financial products and increased level of competition has necessitated the need for an effective and structured risk management practice in financial institution.

Dates of Risk Management Committee Meetings

During the financial year ended on March 31, 2022, the Risk Management Committee Meeting held twice on the below-stated date:

- August 19, 2021
- November 13, 2021

Attendance in Risk Management Committee Meeting

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Amardeep Singh Samra	Chairman	2	2
Mr. Vijay Kumar Bhandari	Member	2	2
Mr. Shant Kumar Gupta	Member	2	2
Mr. Harpal Singh Chhokar*	Member	2	1

*Mr. Harpal Singh Chhokar resigned from the Board w.e.f. December 21, 2021.

VI. Asset Liability Management Committee

Pursuant to the guidelines issued by the Reserve Bank of India (RBI) on Asset Liability Management (ALM) System for NBFCs on June 27, 2001, your Company has a duly constituted an Asset Liability Management Committee (ALCO) to check the asset liability mismatches, interest risk exposure and to help the Company to improve the overall system for effective risk management in various portfolios held by the Company.

Composition of Asset Liability Management Committee

Mr. Amardeep Singh Samra	Managing Director
Mr. Amitesh Kumar	COO & CFO
Mr. Gopesh Gupta	Dy. Vice President (Finance)
Mr. Gagan Deep Sharma*	Dy. Vice President (Legal and Audit)
Mr. Bhimanshu Gupta	Senior Manager (Finance)
Mr. Ashish Guleria	Manager(Finance)
Mr. Sumit Bhojwani	Company Secretary
Mr. Gagandeep Sharma*	DVP (IT)
Mr. Paramjit Singh Pathania**	AVP (IT)
Mr. Sanjeev Mishra**	DVP (Audit)
Mr. Maninder Kumar	AVP (Credit)

** Mr. Gagandeep Sharma was Co-opted as a member of the committee in place of Mr. Paramjit Singh Pathania W.e.f. December 21, 2021*
*** Mr. Paramjit Singh Pathania was relieved from the membership of the committee w.e.f. December 21, 2021.*
*** Mr. Sanjeev Mishra & Mr. Maninder Kumar were co-opted as members of the committee w.e.f. March 30,2022.*

Terms of Reference

The terms of reference of the Asset Liability Management Committee as approved by the Board of Directors includes the following:

- The committee actively manages and controls the structure of assets and liabilities and interest rate sensitivities with a view of optimizing profits besides maintaining capital adequacy and sufficient Liquidity.
- The Committee Statements for Structured Liquidity, Liquidity Coverage and Interest Rate Sensitivity of company is being prepared in line with the RBI guidelines to actively manage the liquidity and interest rate risks.

Dates of Asset Liability Management Committee Meetings

During the financial year ended on March 31, 2022, the Asset Liability Management Committee Meetings were held seven times on the below-stated dates:

- June 30, 2021
- August 19, 2021
- September 30, 2021
- December 21, 2021
- December 31, 2021
- March 30, 2022
- March 31, 2022

Attendance in Asset Liability Management Committee Meetings

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Amardeep Singh Samra	Managing Director	7	7
Mr. Amitesh Kumar	Member	7	7
Mr. Gopesh Gupta	Member	7	7
Mr. Gagan Deep Sharma	Member	7	7
Mr. Bhimanshu Gupta	Member	7	7
Mr. Ashish Guleria	Member	7	7
Mr. Sumit Bhojwani	Member	7	7
Mr. Gagandeep Sharma	Member	7	4
Mr. Sanjeev Mishra**	Member	7	1
Mr. Maninder Kumar **	Member	7	1
Mr. Paramjit Singh Pathania*	Member	7	3

** Mr. Paramjit Singh Pathania was relieved from the membership of the committee w.e.f. December 21, 2021.*
*** Mr. Sanjeev Mishra & Mr. Maninder Kumar were co-opted as a member of the committee w.e.f. March 30, 2022.*

VII. IT Strategy Committee

Pursuant to RBI Master Direction-Information Technology Framework for the NBFC sector dated June 08, 2017, the Company has constituted an IT Strategy Committee on May 16, 2019 to review the IT strategies in line with the corporate strategies, board policy reviews, cyber security arrangements and any other matter related to IT governance.

Composition of IT Strategy Committee

Mr. Shant Kumar Gupta	Independent Director
Mr. Amardeep Singh Samra	Managing Director
Mr. Amitesh Kumar	COO & CFO
Mr. Gopesh Gupta	Dy. Vice President (Finance)
Mr. Gagan Deep Sharma	Dy. Vice President (Legal and Audit)
Mr. Bhimanshu Gupta	Senior Manager (Finance)
Mr. Ashish Guleria	Manager (Finance)
Mr. Sumit Bhojwani	Company Secretary
Mr. Gagandeep Sharma*	Dy. Vice President (IT)
Mr. Paramjit Singh Pathania*	AVP (IT)

*Mr. Gagandeep Sharma was co-opted as member in place Mr. Paramjit Singh Pathania w.e.f. January 24, 2022.

Terms of Reference

The terms of reference of the IT Strategy Committee as approved by the Board of Directors includes the Following:

- Approving IT strategy and policy documents and ensuring effective strategic planning process;
- Monitoring the method to determine the IT resources which are needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

- Ascertaining that implemented processes and practices delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits & that budgets are acceptable;
- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.

Dates of IT Strategy Committee Meetings

During the financial year ended on March 31, 2022, the IT Strategy Committee Meetings were held twice on the below-stated dates:

- August 19, 2021
- January 24, 2022

Attendance in IT Strategy Committee Meetings

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Shant Kumar Gupta	Chairman	2	2
Mr. Amardeep Singh Samra	Member	2	2
Mr. Amitesh Kumar	Member	2	2
Mr. Gopesh Gupta	Member	2	2
Mr. Gagan Deep Sharma	Member	2	2
Mr. Bhimanshu Gupta	Member	2	1
Mr. Ashish Guleria	Member	2	1
Mr. Sumit Bhojwani	Member	2	2
Mr. Gagandeep Sharma	Member	2	1
Mr. Paramjit Singh Pathania	Member	2	1

VIII. Core Committee*

The Company had constituted the Core Committee in order to approve the businesses having special importance as provided under the Articles of Association of the Company. The Committee stood dissolved w.e.f. October 30, 2021 because of removal of clause from Articles of Association mandating the requirement of Core Committee.

Composition of Core Committee

Mr. Vijay Kumar Bhandari	Chairman
Mr. Amardeep Singh Samra	Managing Director
Mr. Sachin Nithyanand Kamath	Nominee Director
Mr. Shant Kumar Gupta	Independent Director

Terms of Reference

The terms of reference of the Core Committee as approved by the Board of Directors includes the following:

- To formulate and recommend to the Board of Directors the Company's various policies for risk management, operations etc.
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Operate the Vigil Mechanism in the Company;

Dates of Core Committee Meetings

During the financial year ended on March 31, 2022, the Core Committee meetings were held thrice (3) on the below-stated dates:

- May 26, 2021
- August 19, 2021
- October 05, 2021

Attendance in Core Committee Meetings

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Vijay Kumar Bhandari	Chairman	3	3
Mr. Amardeep Singh Samra	Member	3	3
Mr. Sachin Nithyanand Kamath	Member	3	3
Mr. Shant Kumar Gupta	Member	3	3

IX. Board Management Committee

The Company has constituted the Board Management Committee in order to regulate the operations and processes of the Company in the most effective manner.

Composition of Board Management Committee

Mr. Amardeep Singh Samra	Managing Director
Mr. Shant Kumar Gupta	Independent Director
Mrs. Kamna Raj Aggarwalla	Independent Director

Terms of Reference

The terms of reference of the Board Management Committee as approved by the Board of Directors includes the following:

- To approve Transfer and Transmission of shares
- To Raise Funds - Borrowing of funds/ loans by the Company in form of Term Loan, Overdraft Facility, Cash Credit Facility, External Commercial Borrowings (ECB), Direct Assignments (DA), Pass Through Certificates (PTC) or any other instrument(s) which the committee may deem fit from all the eligible lenders Including Banks, Financial institutions, NBFCs, Foreign Lenders, Foreign Investors, Institutional Investors, FPIs, Mutual Funds and such other category of lenders.
- To approve opening/closure of bank account on the name of the company.
- To apply for the internet banking facility for the existing bank accounts of the company.
- To consider and approve the terms and conditions of the sanction letters received by the Company from the financial Institutions and Banks, etc.
- With respect to borrowings of the Company. To execute all agreements, documents, etc. and to enter into borrowing arrangements for the Company.
- To avail requisite Insurance, but not limited to cash-in-transit insurance, fidelity insurance, health & accidental insurance, and other insurance as may be necessary during the business operation.
- To transact all the matters relating to allotment of securities including debentures and settle any matter which may arise in relation to the allotment of securities anti to flip the necessary forms, agreements, returns and such other documents pertaining to the securities with the Registrar of the Companies and SEBI as may be required from time to time.
- To create, modify and satisfy the charge created on the assets of the Company.
- To invest the funds of the company.
- To grant loans or give guarantee or provide security in respect of loans.
- To enter into hedging transactions.
- To act as Business Correspondent.
- To enter into any rent, lease or licence agreement for taking any building for its Business operation including establishment of Branch office/Guest House or any other type of property.
- To authorize for obtaining, activation, deactivation, portability of Sim cards, data cards, mobile connections, voice lines, lease lines, internet connections and other telecommunication services on 'As and when required basis' for the routine work.
- To Consider any other matter specifically referred to the Board Management Committee by the full Board.

Dates of Board Management Committee Meetings

During the Financial Year ended on March 31, 2022, the Board Management Committee Meetings were held 19 times on the below-stated dates:

-April 20, 2021
- June 01, 2021
- June 29, 2021
- July 02, 2021
- July 28, 2021
- July 30, 2021
- August 20, 2021
- August 27, 2021
- September 30, 2021
- October 19, 2021
- October 29, 2021
- November 17, 2021
- December 21, 2021

- December 30, 2021
- January 31, 2022
- February 23, 2022
- March 10, 2022
- March 23, 2022
- March 31, 2022

Attendance in Board Management Committee Meetings

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Amardeep Singh Samra	Managing Director	19	18
Mr. Shant Kumar Gupta	Member	19	18
Mrs. Kamna Raj Aggarwalla	Member	19	18

X. Head Office Executive Committee

The Company has constituted the Head Office Executive Committee in order to oversee the day-to-day functioning of the company and to review the policy matters to be put to the board.

Composition of Head Office Executive Committee

Mr. Amardeep Singh Samra	Managing Director
Mr. Amitesh Kumar	COO & CFO
Mr. Gopesh Gupta	Dy. Vice President (Finance)
Mr. Gagan Deep Sharma	Dy. Vice President (Legal and Audit)
Mr. Sumit Bhojwani	Company Secretary

Dates of Head Office Executive Committee Meetings

During the financial year ended on March 31, 2022, the Head Office Executive Committee Meetings were held four (4) times on the below-stated dates:

- July 09, 2021
- August 09, 2021
- February 16, 2022
- March 09, 2022

Name of Members	Position held	No. of Meetings held	No. of Meetings attended
Mr. Amardeep Singh Samra	Chairman	4	4
Mr. Amitesh Kumar	Member	4	4
Mr. Gopesh Gupta	Member	4	4
Mr. Gagan Deep Sharma	Member	4	4
Mr. Sumit Bhojwani	Member	4	4

22. Policy on appointment of Directors and Remuneration of Directors, Key Managerial Personnel and Employees

Pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("the Act"), the Board of Directors has approved and adopted the Nomination & Remuneration Policy, inter alia, for the appointment and fixation of remuneration of the directors, key managerial personnel and other employees of your Company as applicable. The Nomination and Remuneration Committee has also developed the criteria for determining the qualifications, positive attributes and independence of Directors.

The Reserve Bank of India has issued circular for all Non-Banking Financial Companies w.r.t. Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management on April 29, 2022 vide circular No. RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23, in which it has required NBFCs to put in place a Board approved compensation policy in order to address the issues arising out of excessive risk-taking caused by misaligned compensation packages. Further, the policy is required to include the constitution of a Remuneration Committee, the principles for fixed/variable pay structures and, malus/clawback provisions. The said circular will be applicable from shall April 01, 2023.

The Nomination and Remuneration Policy of the Company as required under Section 178(3) of the Companies Act, 2013 and applicable rules thereunder is available on our website and the same can be accessed at web link: www.midlandmicrofin.com

The salient features of the Nomination and Remuneration Policy of the Company are mentioned hereunder: -

a To support the organization's strategy by helping to build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high- performing employees;

b To promote the achievement of strategic objectives within the company's risk appetite;

c To promote / support positive outcomes across the economic and social context in which the company operates; and

d To promote an ethical culture and responsible corporate citizenship.

23. Annual Evaluation-Board, its Committees and of Individual Directors

During the financial year under review, a formal evaluation of the performance of the Board, its Committees and of individual directors was done on the basis of Performance Evaluation Policy.

The feedback was sought from Directors on various parameters including:

- Degree of fulfilment of key responsibilities towards stakeholders;
- Structure, composition, and role clarity of the Board and Committees;
- Extent of co-ordination and cohesiveness between the Board and its Committees;
- Effectiveness of the deliberations and process management;
- Board/Committee culture and dynamics; and
- Quality of relationship between Board Members and the Management.

The Nomination and Remuneration Committee reviewed the performance of the individual directors and the Board as a whole. In the subsequent Board Meeting held after the Nomination and Remuneration Committee, the performance of the Board, its committees, and individual directors was considered.

In a separate meeting of Independent Directors held on March 31, 2022, performance of Non-Independent Directors, the Board as a whole, and the Chairman of the Company has been evaluated, taking into account the views of Executive Directors and Non-Executive Directors. Furthermore, in that separate meeting of Independent Directors, the annual performance evaluation of Non-Independent Directors, the Board as a whole and the Chairman was also carried out. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the Director being evaluated.

24. Vigil Mechanism/Whistle-blower Policy

Your Company has a well formulated and duly Board approved Vigil Mechanism/Whistle-blower Policy. The Policy provides a whistle blowing route to employees, including part-time, temporary and contract employees, directors and other stakeholders of the organization to raise their concerns about serious irregularities, unethical behaviour, actual or suspected fraud within the Company to the Whistle and Ethics Officer.

In compliance with the procedure laid down under the Vigil Mechanism as required under Section 177(9) of the Companies Act, 2013, the Company has established a secured Vigil Mechanism which provides the procedures for:

i *Receiving, retaining and treating complaints received by employees, directors and other stakeholders;*

ii *Confidential, anonymous submission of complaints by Employees/Directors/other Stakeholders regarding questionable matters and conduct which results in a violation of law by Company or in a substantial mismanagement of Company resources and any other concern;*

Name and Address of the Whistle and Ethics Officer:

Mr. Amitesh Kumar- COO & CFO
Email: amitesh@midlandmicrofin.com
Contact No.: +91 7837218817

The confidentiality of reporting violations is maintained and are not subjected to any discriminatory practice.

During the year under review, the Company received 5 whistle-blower complaints. Investigation against the said cases were done as per the statutory provisions and appropriate actions were taken against them and none of the investigations were pending/underway for the complaints as on March 31, 2022.

25. Human Resource Development

25.1 Human Resources

Your Company considers its employees as its most valuable assets and aims to align its human assets to achieve the business goal. Our people practices are aimed at developing a culture of care, commitment, engagement and harmony across the workforce. Over the last one year, the Human Resource team has contributed significantly in improving productivity and supporting the business in identifying and grooming leaders across all business units of the Company. With an unswerving focus on nurturing and retaining talent, your Company provide avenues for learning and development through functional, behavioural and leadership training programmes as well as on the job training to enable the employees to constantly upgrade their skills.

Your company adopted digitization process by implementing e-office and work from home to improve efficiency and productivity. This has facilitated operating functions of office during the COVID-19 Pandemic. Standard Operating Procedures were notified and 'Work from Home' was announced. Considering the health first, the company took the following initiatives during the relevant financial year:

1. We at MML introduced Tele-health & Tele-Medicine platform called M- Insure Digital Health in which we provided facilities such as doctor-on-call/consultation (voice/video calls) was provided for any kind of health- related issues to all of our employees as well as their family members which was of great help to us in this unprecedented covid-19 times.

2. Calls to all employees and their family were made to enquire about their well-being and counselled them about the Covid norms.

3. We introduced the Midland Cares policy in which we provided 14 days of Covid leave to employees and additional insurance and medi-claim benefits were introduced. We also provided Covid allowance of ₹ 2000/- was provided to each and every employee infected with Covid.

4. Vaccination Camps were organized.

5. Provided vaccination reimbursement to the employees Rs 300 for paid vaccination and 100 for free vaccination.

6. Each branch employee was provided financial assistance for the procurement of Mask and Sanitizers.

7. Introduced women health benefits such as menstrual leave policy.

The Company had 2499 permanent employees on the rolls of the Company as on March 31, 2022.

25.2 Particulars of Employees and Related Disclosures

The statement of disclosure of remuneration under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules"), is appended as Annexure-C and forms part of this report.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure-B and forms part of this report.

25.3 Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has complied with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Prevention of Sexual Harassment (POSH) Policy is in place and Anti-Sexual Harassment Committee has been constituted and is fully operational & functional. The constitution of Anti-Sexual Harassment Committee is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the committee includes external member with relevant experience. The Committee meets at regular intervals in order to ensure and enhance security of female employees.

During the financial year 2021-22, no complaint pertaining to Sexual Harassment was received by the Committee.

26. Disclosure in respect of voting rights not exercised directly by the employee

Pursuant to Section 67(3) of the Companies Act, 2013 read with Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014, the Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees, thus, the disclosure is not required to be given in the Report.

27. Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year

No such application has been made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

28. Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

The Company has not entered into one-time settlement with any bank or financial institution, thus, the disclosure is not required to be given by the Company.

29. Statutory Disclosure

29.1 Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

No material changes and commitments affecting the financial position of the Company have occurred after March 31, 2022 till the date of this report.

29.2 Significant and material orders passed by regulators or courts or tribunals impacting the going concern status and operations of the Company

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

29.3 Transfer of Unclaimed Dividend to Investor Education and Protection Fund

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

29.4 Disclosure pertaining to Consolidated Financial Accounts under section 129(3) of the Companies Act, 2013

The Company has no subsidiary or associate companies, thus, the provisions of Section 129(3) of the Companies Act, 2013 are not applicable to the Company.

29.5 Change in the nature of business

There was no change in the nature of business of the Company in the financial year ended on March 31, 2022. The Company is determined to work efficiently for its growth.

29.6 Issue of equity shares with differential rights, sweat equity, ESOP etc.

The Company has not issued any equity shares with differential rights, Sweat Equity, ESOP etc. during the financial year ended on March 31, 2022.

30. Disclosures pursuant to RBI master directions

Your Company has complied with all the provisions and has made adequate disclosures pursuant to Non- Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Furthermore, the Reserve Bank of India issued a Master Direction called as the Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 on March 14, 2022, which is applicable from April 01, 2022 and mandated all Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks) excluding Payments Banks, All Primary (Urban) Co- operative Banks/ State Co-operative Banks/District Central Co-operative Banks and All Non-Banking Financial Companies (including Microfinance Institutions and Housing Finance Companies) to prepare/modify/update regulatory framework for microfinance loans. In compliance to the above-stated Master Directions, The Board of Directors in its meeting held on March 31, 2022 prepared/modified & updated the following policies which have been implemented w.e.f. April 01, 2022:

a) Policy to provide the flexibility of repayment periodicity on microfinance loans as per borrowers' requirement.

b) Policy for assessment of household income.

c) Policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income (subject to a limit of maximum 50 per cent of the monthly household income).

d) Policy regarding pricing of microfinance loans which shall, inter alia, cover the following:

    I A well-documented interest rate model/approach for arriving at the all-inclusive interest rate;

    ii. Delineation of the components of the interest rate such as cost of funds, risk premium and margin, etc. in terms of the quantum of each component based on objective parameters;

    iii. The range of spread of each component for a given category of borrowers; and

    iv. A ceiling on the interest rate and all other charges applicable to the microfinance loans.

e) Fair Practices Code (FPC) based on the above-stated Master Direction.

f) Policy regarding the conduct of employees and system for their recruitment, training and monitoring. This policy shall, inter alia lay down minimum qualifications for the staff and shall provide necessary training tools to deal with the customers.

The Board members provided approval for all the policies and framework required to be implemented w.e.f. April 01, 2022 in compliance to the Master Directions – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022.

31. Customer Relations

31.1 Customer Service

We strive to create a culture of 'Customer Obsession' — by always listening to customers and driving continuous transformation to provide a frictionless experience across the lifecycle, from pre-disbursal to closure of a loan. We always aim to reduce the time to disburse loans with minimal documentation. And we have enhanced and introduced varied communication and service channels to keep our customers informed and instantly address their queries and requests.

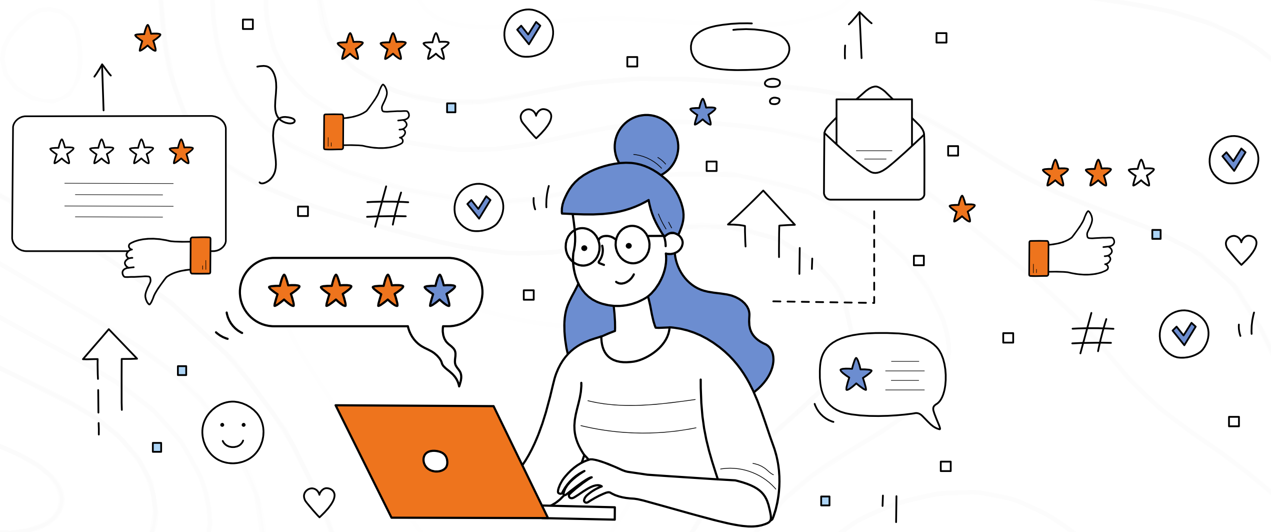
Going forward we look towards the financial year 2021-22 with cautious optimism in spite of the worldwide COVID-19 pandemic and the disruptions it has caused and still causing. We believe that the microfinance sector will move back to normalcy post the pandemic and the need for credit would increase, as newer micro business entrepreneurs would emerge. We stand pledged to help our existing customers with newer and innovative products at cheaper rates of interest such as emergency loans etc. to tide over temporary incomes losses. The company has deliberately kept a rural skew in the branch expansion, and we expect that the rural incomes would remain resilient in the ongoing crisis, which would help the company going forward.

31.2 Customer Grievance Redressal

As per RBI and MFIN guidelines, your Company has a Board approved Customer Grievance Redressal Mechanism for expeditious redressal of customer grievances. The mechanism is to ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level. Your Company has adopted the concept of "First Contact Resolution" in order to redress the grievance of its customers promptly and satisfactorily through their first contact with us.

Grievance Redressal at Branch Level – Your Company has placed suggestion cum complaint boxes in all its branches as the customers' first point of contact for any query resolution of the customers. The utmost importance is given to the placement of suggestion cum complaint boxes in all our branches and the redressal of customer grievances.

Toll Free Customer Helpline - Your Company has a dedicated toll free customer helpline number, which has been displayed in all its branches, and the number has also been given on all the loan cards and applications. The Help Desk ensures that all queries are tracked, resolved and if required, escalated on a timely basis.



Persistent Customer Connect-

Whatsapp Chatbot: This advancement has been made keeping in view the dynamic environment along with the perspective of upscaling the reach of our company. As the name suggests, an aid for resolution of customer grievances and information seeking. A designated WhatsApp number is there which will be a quick go to in case of any query/ information or for any complaints. Resolution will be in 2 languages- Hindi and Punjabi, thus making customer complacent while explaining the query or complaint

AI Bot Calling: Staying connected with customers is a non-negotiable need of any organization today, It is always about getting to what matters which is, in this case, winning customers' loyalty in a highly competitive market. Through AI Conversation, we are discovering the advantages of both using and being served by it. These benefits include but are not limited to fast, improved, 24/7 customer service, automation of repetitive tasks, hyper-personalization, human-like interaction, and improved customer satisfaction. Its ability to capture, process and analyze humongous amounts of data safely and securely is unmatched.

IVR Calling: Your company start pushing IVR (Interactive voice response) to customers that enable organizations to achieve last-mile connectivity for social impact. The main objective of these calls are feedback gathering and Creating awareness. Voice applications overcome the language barrier, offering services in 4 languages (Hindi, Punjabi, Gujrati and Bengali) and overcome literacy constraints.

Grievance Redressal Officer – Your Company has appointed Grievance Redressal Officer (GRO) at Head Office for III level escalation. GRO monitors customer grievances at all the levels and is responsible for ensuring timely resolution of all complaints through CCRs and Help Desks. A report on status of customer grievances is periodically reviewed at various levels of Management and the Board for decision making and minimizing complaints.

31.3 Resolution of Grievances

The Grievance Redressal Officer (GRO) appointed by the Company ensures closure of all the complaints to the customer's satisfaction. It is ensured that the complaint is escalated to the appropriate levels on a timely basis. Whilst the ultimate endeavour is to ensure to reach a situation where our customers don't have to complain to senior management to get an effective redressal, a robust mechanism is being put in place to handle these complaints, review them from a point of view of understanding reasons for the complaint and for the escalation and working on prevention of recurrence thereof.

31.4 Internal Audit for reviewing Redressal Mechanisms

Audit team of the Company ensures the implementation of Grievance Redressal Mechanism at the head office as well as the branch offices by conducting quarterly audit. At the time of audit, the Auditor ensures that all the grievances reported by customers through suggestion cum complaint box and all other channels has been addressed by the Company within the due time frame and, also cross verifies the details from the compliant register maintained at branch level.

At head office level, the team of auditors review the compliant register and portal on quarterly basis to verify the status of grievances. The Auditor do random calling to cross verify the status of escalations. In case of any discrepancy, the same is reported to the Grievance Redressal Officer.

31.5 Staff and Customer Education on Code of Conduct and Grievance Redressal Mechanism

As your Company has mainly its customers in the rural areas, thus, considering the educational, social and economic background of the customers, there is a possibility of customers being prone to be misinformed and mis-communicated. Thus, the Company has in place the mechanism that links directly customers to the Company.

Our Company has a Board approved Customer Grievance Redressal Mechanism for expeditious redressal of customer grievances to resolve the queries of the customers efficiently and effectively.

Fair Practice Code and Policy on Code of Conduct have been displayed in vernacular language at all the branch premises.

As your Company is focused on transparency, prompt and efficient customer service, thus, it follows below-stated guidelines for the Redressal of customers' and staff grievances:

a) The 'Toll free number' e.g. 1800-137-0600 for grievance is printed on members' passbook. Members are being educated on registering the complaints and whole Redressal mechanism. Along with Toll Free number, we have two dedicated customer helpline number 0181-5085555 & 0181- 5086666 to capture customer grievances.

b) Members are also educated about toll free number where they can call for any queries &complaints during disbursement calling verification from head office.

c) The details of grievance Redressal officer are also placed on the website of the Company. Members can lodge complaint on given phone number of head office i.e. 0181-5076000.

d) If the member is not satisfied with the resolution provided, he/she can approach MFIN or the nodal officer of Reserve Bank of India. The MFIN toll free number i.e. 1800- 2700-317 and Reserve Bank nodal officer's contact number i.e. 0172-2540320 both are printed on passbook provided to the member for better transparency.

e) HR Toll free no. (1800-137-9600) is provided to all the employees to report the grievances, if any anonymously. Employee can approach the HR toll free, if he/she is not satisfied with the solutions provided by their senior.

31.6 Fair Practices Code

The Company is committed towards dealing with its customers in a transparent manner and in executing the fair deals. Thus, the Company has adopted the Board approved Fair Practices Code, which provides operating guidelines for effective dissemination and implementation of responsible business practices and grievance redressal system. The Company follows various guidelines issued by Reserve Bank of India (RBI) and Microfinance Institutions Network (MFIN) on Fair Practices Code for NBFC-MFIs and has also adopted Industry Code of Conduct developed by Sa-Dhan, a Self-Regulatory Organisation (SRO) recognized by the Reserve Bank of India.

The Company's Fair Practice Code can be accessed at the link https://www.midlandmicrofin.com/fair-practice-code/.

The Fair Practice Code of the Company has been displayed at all the branch offices, in English as well as in vernacular language.

32. Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's business in India, risk management systems and other material developments during the year under review, as per **Annexure-A**.

33. Directors' Responsibility Statement

Pursuant to the provisions of Section 134 (3) (c) of the Companies Act, 2013, the Board of Directors of the Company state and confirm that:

a) In the preparation of annual accounts for the financial year ended on March 31, 2022, the applicable accounting standards had been followed and there are no material departures;

b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the statement of profit and loss of the Company for the financial year ended on March 31, 2022;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

d) The Directors had prepared the annual accounts of the financial year ended on March 31, 2022 on a going concern basis;

e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

34. Acknowledgement

The Board of Directors would like to express their sincere thanks to various organizations of the Government of India, Reserve Bank of India, Securities and Exchange Board of India and other regulatory authorities for the continuous support, guidance, co-operation and assistance.

The Board of Directors is also thankful to the Statutory Auditors for their diligently conducted audit and to the team of employees for their dedicated and committed efforts and look forward for their continuous involvement in achieving common future goals.

The Board of Directors is also thankful to the valued customers, partners, professionals, members/shareholders, debenture holders, and well-wishers for the assistance and co-operation received and for their trust and support.

For & on Behalf of Board of Directors of Midland Microfin Limited

	Vijay Kumar Bhandari	*Amardeep Singh Samra*
Date: May 09, 2022	*(Chairman)*	*(Managing Director)*
Place: Jalandhar	*DIN: 00052716*	*DIN: 00649442*

Client's Testimonial

SANGEETA DEVI

Dairy Business

My name is Sangeeta Devi, I am the wife of Shri Lalit Kumar Ram and a humble resident of Prem Nakuty-Rajnagar. My journey with Midland Microfin Ltd began 2 years ago, which was the first time I took a loan from them. Recently, I have taken a loan of Rs. 60,000 from Midland to buy cattle and earn a living by selling its milk. Today I make RS. 400 per day through this business which helps me to keep up with my installments and maintain a steady quality of life for my family.

I am thankful to Midland for its help.

Nakuty-Rajnagar, Bihar

GEETA

Cosmetic Shop

Hi, I am Geeta, a resident of Chunar, Mirzapur, where I run a small cosmetic shop. My journey with Midland Microfin Ltd began 2 years ago when my sister recommended them to me as I was going through some financial hardships. My first loan from Midland was RS. 25,000 which I paid off from the profits of my flourishing business. Today I am on my third loan from them and ensure to attend all center meetings. It was because of their continuous stream of financial aid in my times of need that I have become capable of providing my family a steady quality of life. I would like to thank Midland Microfin Ltd from the bottom of my heart.

Chunar, Mirzapur, Uttar Pradesh

VIDHAWATI

Dairy Business

Hi, my name is Vidhawati and I am a resident of Babu Patti, Deoria, Uttar Pradesh. My journey with Midland Microfin Limited began in 2021 with a loan of RS. 30,000, which I took to start a small business of Dairy Product sale (Milk, Curd and cheese). Since then my small business has flourished and has given me a steady source of income of RS. 1500- 2000/- on a daily basis. I am delighted of the financial progress I have made and I have only Midland to thank for it.

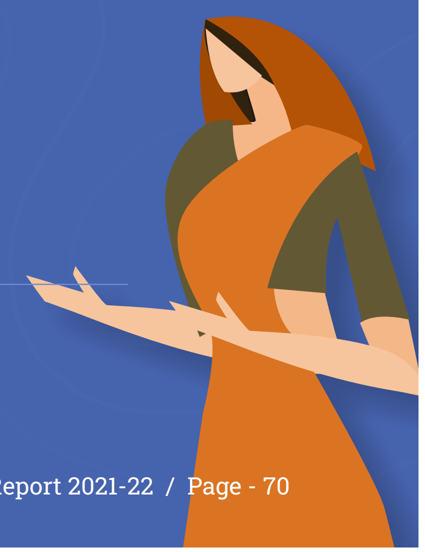
Babu Patti, Deoria, Uttar Pradesh

SUNITA

Disposal Machine

Hello, I am Sunita and I reside in the food city of India, Indore. My endeavor with Midland Microfin Ltd was set in motion with a loan of Rs. 40,000/-, which I took to set up a small business of disposable plates with the required disposable machine. Through this business, I was able to create a sturdy source of income, making my life easier, which would not have been possible without the financial aid from Midland.

Indore



SANGEETA

Kirana Shop

Hi, I am Sangeeta, a native of Bhagalpur. When I wanted to improve my living standards by opening a Kirana shop in my village it was Midland Microfin Ltd that came forward with a loan of Rs. 30,000. Since then my daily earnings have been somewhere in between Rs. 1200-2000. I am content with the progress I have made financially and I am grateful to Midland for their part in it. If the need ever arises again Midland is the place I go to.

Bhagalpur, Bihar

SAKILA DEVDA

General Store

Greetings! My name is Sakila, and I am a Dungarpur native. For the purpose of starting a general store I borrowed Rs. 30,000 from Midland Microfin Limited. I'm pleased that this company approved my loan amount and that I'm able to pay the loan installments with my current source of income. I owe a great deal of my family's well-being to Midland, and I hope to being associated with them for a long time.

Dungarpur, Rajasthan

RADHA

Tailoring Service

Hi, my name is Radha and I am a resident of Indore. In order to start a tailoring service at my home, I borrowed Rs. 40,000 from Midland Microfin Limited. I'm glad I was able to secure a steady income thanks to this loan. I'd like to express my gratitude to Midland Microfin Limited.

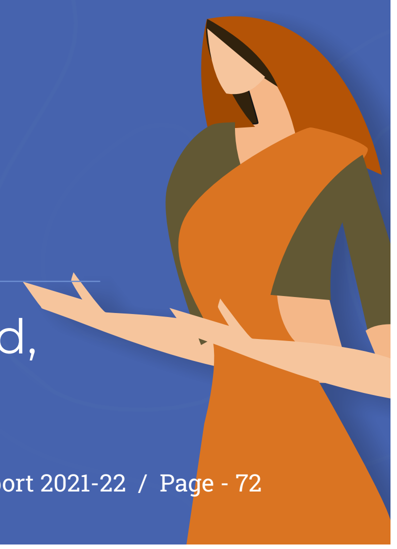
Indore

GURVINDER KAUR

Cloth Shop

My name is Gurvinder Kaur, and I live in Jakhal Mandi, Tehsil Tohana, District Fatehabad with my husband, Sahib Singh, and our two children. With a loan of Rs 60,000 my journey with Midland Microfin Ltd began. I used the loan to open a clothing shop and then use the generated income for my family's wellbeing. In the absence of Midland, it would have been inconceivable. When it comes to securing a loan to improve your financial situation, Midland is your best bet.

Thank you,
Gurvinder Kaur.



Fatehabad, Haryana

SUKHWINDER KAUR

Boutique Shop

Hi, I am Sukhwinder Kaur and I live in the village of Burj Harika. In order to open a boutique shop, I obtained a loan from Midland Microfin Ltd. The shop is now a success, and I am grateful to the Midland family for their assistance in getting me off the ground.

Regards,
Sukhwinder Kaur

Burj Harika, Punjab

KANCHAN KUMARI

Cosmetic Shop

Hi, my name is Kanchan Kumari and I am a resident of Purnia. My journey with Midland Microfin Ltd began with a loan that I took to set up a cosmetic shop. Today, because of the said cosmetic shop I am able to make somewhere between Rs. 5000-7000 on a monthly basis. I also have the aspiration to indulge in the wholesale market and I am sure that Midland will come through for me when apply for a loan again for the same. I appreciate all of the financial aid provided by Midland Microfin Limited.

Purnia, Bihar

LAKSHMI DEVI

Clothing Store

Hi, my name is Lakshmi Devi and I am a resident of Devda Village. With the unfortunate death of my husband I became the sole bearer of family's wellbeing. I used every last bit of my savings to open a clothing store to deal with the financial stress of my suddenly acquired responsibilities. It was during this demanding time that I fortunately discovered Midland Microfin Ltd from whom I took a group loan to grow my business. My clothing store began to advance because of that loan. I was ecstatic to see my store's progress after taking out yet another loan from them. It is my sincere hope that Midland Microfin Limited will assist me in obtaining additional loans in the future so that I can continue to grow my business and provide a better life for my family. Thank you Midland Microfin Limited.

Devda Village. Gujarat

KANCHAN

Beauty parlor & tailoring service

Hello there, my name is Kanchan and I own a beauty parlor and tailoring service in Gorakhpur. My journey with Midland Microfin Ltd began when I took a loan from them to enhance my business. I am glad to say that I was able to do just that and from the bottom of my heart I thank Midland Microfin Limited. I'm looking forwards to a fruitful and extended working relationship with this organization. With the help of this company, I hope to meet my future financial obligations.

Gorakhpur, Uttar Pradesh

Annexure

Annexure-A

Management Discussion and Analysis Report

Macro Economy Review

The last two years have been difficult for the world economy on account of the COVID-19 pandemic. Repeated waves of infection, supply-chain disruptions and, more recently, inflation have created particularly challenging times for policy-making. However, global environment still remains uncertain. At the time of writing, a new wave in the form of the Omicron variant is sweeping across the world which has led to inflation in most of the countries. Despite all the disruptions caused by the global pandemic, India's balance of payments remained in surplus throughout the last two years. This allowed the Reserve Bank of India to keep accumulating foreign exchange reserves (they stood at US$ 597.73 billion as on April 29, 2022). This is equivalent to 12.4 months of merchandise imports. The combination of high foreign exchange reserves, sustained foreign direct investment, and rising export earnings will provide an adequate buffer against possible global liquidity tapering in 2022-23.

The financial system is always a possible area of stress during turbulent times. However, India's capital markets, like many global markets, have done exceptionally well and have allowed record mobilization of risk capital for Indian companies. More significantly, the banking system is well capitalized and the overhang of Non-Performing Assets seem to have structurally declined even allowing for some lagged impact of the pandemic.

Inflation & unemployment have reappeared as a global issues in both advanced and emerging economies, India does need to be wary of imported inflation, especially from elevated global energy prices. Overall, macro-economic stability indicators suggest that the Indian economy is well placed to take on the challenges of 2022-23.

Organization Structure and Development

Midland Microfin limited is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India (RBI) and is engaged in the business of lending on the 'Grameen Model' having Joint Liability Groups (JLGs) of the borrowers in 11 states and 1 Union Territory viz. Punjab, Haryana, Himachal Pradesh, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Gujarat, Madhya Pradesh, Uttarakhand, West Bengal and Chandigarh.

India is the largest microfinance market in the world, with the sector growing at an average rate of over 50 per cent. Consequently, it is attracting domestic and foreign investors and new players, who are hoping to practice profitable philanthropy. Close to two decades after its emergence in India, microfinance has matured from being a pure development activity to also being an economic driver at the grassroots level. In the few years microfinance sector has witnessed phenomenal growth, more noticeably in the past two decades in terms of increase in both the number of institutions providing microfinance and also the quantum of credit made available to the microfinance borrowers.

RBI via notification RBI/2021-22/112DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on Framework for Scale Based Regulation for Non-Banking Financial Companies, bifurcated the Regulatory structure of NBFCs in four layers i.e. NBFC - Base Layer (NBFC-BL), NBFC - Middle Layer (NBFC-ML), NBFC -Upper Layer (NBFC-UL) and NBFC - Top Layer (NBFC-TL) based on their size, activity, and perceived riskiness. Your Company being an NBFC - Middle Layer (NBFC-ML), endeavours to ensure compliance with this notification.

Recently, The Reserve Bank of India in its Master Direction has allowed microfinance institutions the freedom to set interest rates they charge from borrowers, with a caveat that the rates should not be usurious and has changed the definition of a microfinance loan to indicate a collateral-free loan given to a household having annual income of up to ₹3 lakh. Earlier, the urban household income limit was kept at ₹2 lakh, and that of rural was ₹1.25 lakh.

These guidelines are a strong reflection of the maturity of MFIs in the country and will go a long way in harmonizing the regulatory framework for different types of lenders, encouraging healthy competition and enabling customers to make an informed choice regarding their credit needs.

Non-Banking Financial Companies ("NBFCs"), are one of the most critical pillars for financial services in India. NBFCs cater to the needs of both retail as well as commercial sectors and, at times, develop strong niches with their specialized credit delivery models that even larger players including banks have found hard to match. They play a critical role in supporting economic growth across income levels, sectors as well as geographies, and in doing so, leading to more employment opportunities and greater wealth creation.

Outlook

Organization Structure and Development

Economic recovery was impacted in 2021 with re-emergence of COVID-19 related pandemic in different parts of the world in varying magnitudes. Vaccination programs were rapid and effective in most advanced economies while in many emerging markets and developing economies vaccination pace was sluggish. The direct impact on the world economy is expected to continue but in lower magnitude. However, it is a great relief to see the world economy coming back to growth. India started seeing an economic revival in Q3 of F.Y. 2021 and F.Y.2022 is certainly a turnaround year. Countries have adapted to Covid and consequently, economies have opened up. This is due to the higher inoculation of populations with vaccines.

According to IMF's World Economic Outlook (Apr' 22), the world economy is projected to grow by 3.6% each in 2022 and 2023 from a growth of 6.1% in 2021 and normalize in the range of 3.3%-3.4% over the medium term.

The Russia–Ukraine Conflict: The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. Economic damage from the conflict will contribute to a significant slowdown in global growth in 2022. A severe double-digit drop in GDP for Ukraine and a large contraction in Russia are more than likely, along with worldwide spillovers through commodity markets, trade, and financial channels. Even as the war reduces growth, it will add to inflation. Fuel and food prices have increased rapidly, with vulnerable populations—particularly in low-income countrieElevated inflation will complicate the trade-offs central banks face between containing price pressures and safeguarding growth.

Interest rates are expected to rise as central banks have tighten the policy, exerting pressure on emerging markets and developing economies. Moreover, many countries have limited fiscal policy space to cushion the impact of the war on their economies. The invasion has contributed to economic fragmentation as a significant number of countries sever commercial ties with Russia and risk derailing the post-pandemic recovery.

In addition, the conflict adds to the economic strains brought by the pandemic. Although many parts of the world appear to be moving past the acute phase of the COVID-19 crisis, deaths remain high, especially among the unvaccinated. Moreover, recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.

Global growth: Global Growth is projected to deliberate slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than in the January World Economic Outlook Update. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term. Crucially, this forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector (although the impact of European countries' decisions to wean themselves off Russian energy and embargoes announced through March 31, 2022, are factored into the baseline), and the pandemic's health and economic impacts abate over the course of 2022.

With a few exceptions, employment and output will typically remain below pre-pandemic trends through 2026. Scarring effects are expected to be much larger in emerging market and developing economies than in advanced economies—reflecting more limited policy support and generally slower vaccination—with output expected to remain below the pre-pandemic trend throughout the forecast horizon. Unusually high uncertainty surrounds this forecast, and downside risks to the global outlook dominate—including a possible worsening of the war, escalation of sanctions on Russia, a sharper-than-anticipated deceleration in China as a strict zero-COVID strategy is tested by Omicron, and a renewed flare-up of the pandemic should a new, more virulent virus strain emerge. Moreover, the war in Ukraine has increased the probability of wider social tensions because of higher food and energy prices, which would further weigh on the outlook.

Inflation: Inflation is expected to remain elevated for longer than in the previous forecast as the war in Ukraine has exacerbated the difficulty in tackling inflation and safeguarding the recovery. The war prompted an increase in commodity prices and widened the price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies—1.8 and 2.8 percentage points higher than projected in January. Although a gradual resolution of supply-demand imbalances and a modest pickup in labor supply are expected in the baseline, easing price inflation eventually, uncertainty again surrounds the forecast. Conditions could significantly deteriorate. Worsening supply-demand imbalances-including those stemming from the war—and further increases in commodity prices could lead to persistently high inflation, rising inflation expectations, and stronger wage growth. If signs emerge that inflation will be high over the medium term, central banks will be forced to react faster than currently anticipated- raising interest rates and exposing debt vulnerabilities, particularly in emerging markets.

(Source: World Economic Outlook by International Monetary Fund (IMF).

As per the World Economic Outlook, the global economy's growth projections are as follows:

Real GDP, annual precent change	2021	2022 (Projections)	2023 (Projections)
World output	6.1	3.6	3.6
Advanced Economics	5.2	3.3.	2.4
United States	5.7	3.7	2.3
Euro Area	5.3	2.8	2.3
Germany	2.8	2.1	2.7
France	7.0	2.9	1.4
Italy	6.6	2.3	1.7
Spain	5.1	4.8	3.3
Japan	1.6	2.4	2.3
United Kingdom	7.4	3.7	1.2
Canada	4.6	3.9	2.8
Other Advanced Economies	5.0	3.1	3.0
Emerging Market and Developing Economics			
Emerging and Developing Asia	7.3	5.4	5.6
Chi na	8.1	5.4	5.1
India	8.9	8.2	6.9
ASEAN-5	3.4	5.3	5.9
Emerging and Developing Europe	6.7	-2.9	1.3
Russia	6.7	-8.5	-2.3
Latin America and the Carribben	6.8	2.5	2.5
Brazil	4.6	0.8	1.4
Mexico	4.8	2.0	2.5
Middle East and Central Asia	5.7	4.6	3.7
Saudia Arabia	3.2	7.6	3.6
Sub-Saharan Africa	4.5	3.8	4.0
Nigeria	3.6	3.4	3.1
South Africa	4.9	1.9	1.4
Memorandum			
Emerging Market and Middle-Income Economics	7.0	3.8	4.3
Low-Income Developing Countries	4.0	4.6	5.4

Source: IMF,World Economic Outlook, April 2022

Note: For India, data and forecasts are presented on fiscal year basis, with FY 2021/2022 starting in April 2021. For the April 2022 WEO, India's growth projections are 8.9 percent in 2022 and 5.2 percent in 2023 based on calender year.

Indian Economy

With a GDP of $3.1 trillion, India is the world's sixth-largest economy & third-largest economy on Purchasing Power Parity (PPP) basis (as per World Bank & IMF-World Economic Outlook, April-2021). The country has one of the highest GDP growth rates in the world. As per various leading research institutions, the Indian economy has the potential to deliver the highest GDP CAGR globally in the medium term among large economies, driven by various structural policy measures taken by the Indian government.

The Indian economy grew 8.7 percent in 2021-22, with the gross domestic product (GDP) expanding 4.1 percent in the March quarter from a year ago. The GDP growth for 2021-22 takes the economy above its pre-pandemic level and is an improvement after contracting 6.6 percent in 2020-21. But the January-March quarter expansion was the weakest in the previous fiscal year. It is lesser than the 5.4 percent growth seen during the December quarter of 2021-22. At the same time, the 4.1 percent growth in March quarter of 2021-22 is an expansion over the meagre 1.6 percent growth seen during the fourth quarter of 2020-21.

Incidentally, the economic growth during the entire fiscal of 2021-22 has gradually spiralled downwards with each quarter. In the first quarter of 2021-22, the economic growth had been a stupendous 20.1 percent, which however was mainly due to the low base effect. In the second quarter it was 8.4 percent, while it was 5.4 percent in third quarter. Now for the fourth quarter, it has slid down to 4.1 percent. As Indian economy, along with other global economies, suffered many tribulations since the start of the pandemic. However, the economic rebound has been sharp post the second wave, and the GDP crossed the pre- pandemic levels in the second quarter of FY22. (Source: NDTV)

India is expected to remain one of the fastest-growing major economies in the world. Pegged at USD 3.1 trillion in 2022, based on the current price in dollar terms, India is chasing a target of becoming a USD 5 trillion economy by 2025, as the government pushes ahead with various economic reforms to drive manufacturing capacity and domestic consumption. The global supply chain vacuum caused by geo-political changes work in India's favour and is expected to add impetus to economic growth trajectory as India becomes a key natural choice for sourcing.

According to the first advanced estimates by the National Statistics Office (NSO), in FY22, the GDP growth rate is projected at 9.2% on the back of strong projected performance of major sectors including services, agriculture, manufacturing, mining, construction and energy.

Microfinance Institutions (MFIs)

India's microfinance industry witnessed a growth of 10 percent to Rs 2.54 trillion in the March quarter over the December quarter. The year-on-year growth has been 8.4 per cent., as per the recent data from Sa-Dhan, an RBI recognised self-regulatory organisation (SRO) for microfinance institutions (MFIs).

The total portfolio of all lenders rose to Rs 2,62,598 crore in March 2022, compared to Rs 2,32,126 crore in December 2022. While the industry disbursed total loan of Rs 85,667 crore in the final quarter, up from Rs 69,231 crore in the third quarter. The outbreak of the COVID-19 pandemic badly hurt the microfinance industry. Whereas, the recent changes affected by the Reserve Bank of India (RBI) through the implementation of the Master Circular, the industry is looking to forward the signs of recovery.

The RBI, on March 14, rolled out a much-awaited framework for the microfinance sector to ensure banks and MFIs follow an identical set of regulations, which were made effective w.e.f April 01, 2022. The RBI has defined microfinance as a collateral-free loan to a household having an annual income up to Rs 3 lakh per annum.

Key Highlights- RBI Master Directions

1. Definition of Microfinance Loans-

Loans- Clause 3 of the Master Direction defines the term:-

- The Microfinance Loan has been defined under the Master Direction as collateral free loan given to a household having annual income of Rs. 3 Lakhs. The term household has been defined as individual unit comprising of husband, wife and their unmarried children.

- Also, the definition of Microfinance Loan has been given a wider scope and it is provided that any collateral free loan given to house hold unit having annual income up to Rs. 3 Lakhs irrespective of end use and mode of application/ processing/ disbursal will be considered as Micro-finance loan. Earlier annual income was demarcated separately for Rural and Urban household.

  In order to ensure that the loans stay collateral-free, RBI has suggested non-linkage of lien on deposit account of the borrowers with loans under this Master Direction.

2. Assessment of Household Income-

Clause 4 of the Master Direction lays down for assessment of household income by Board of Directors of Microfinance Institution.

- The Board of Directors of NBFC to approve policy on Assessment of Household Income. A sample assessment methodology has been provided which cover areas like composition of household, source of incomes etc. The methodology specifies following parameters to be taken into consideration while construing Income of Household:

  a. Household profile- includes information about members, amenities, assets of household
  b. Household income- Primary and other sources of Income
  c. Household expenses- Regular and irregular expenses (over the year)

  Also, all the entities engaged in micro finance mandatorily have to submit the household income information to the "Credit Information Companies".

3. Limit on Loan Repayment Obligations of a Household-

The direction also provides for board approved policy in regard to the repayment of the loan under Clause 5.

- Computation of loan repayment obligations shall include taking into account all outstanding loans (collateral-free microfinance loans as well as any other type of collateralized loans) of the household.

- The outflows capped at 50% of the monthly household income shall include repayments (including both principal as well as interest component) towards all existing loans as well as the loan under consideration.

4. Pricing of Loans-

Clause 6 of the Master Direction proposes on pricing of microfinance loans to cover the following particulars:

- A well-documented interest rate model/ approach for arriving at the all-inclusive interest rate

- Delineation of the components of the interest rate such as cost of funds, risk premium and margin, etc. in terms of the quantum of each component based on objective parameters;

- The range of spread of each component for a given category of borrowers; and

- A ceiling on the interest rate and all other charges applicable to the microfinance loans.

Regulated Entities (RE) are required to disclose pricing related information to a prospective borrower in a standardised and simplified factsheet. All types of fees and charges applicable for microfinance borrower, payable to RE and/ or its partner/ agent, are required to be clearly mentioned in the said factsheet, i.e. the borrower shall not be charged any amount which is not explicitly mentioned.

5. Guidelines related to the recovery of Loans-

The Master Direction's Clause 7.4 has provided for the accommodative approach to be adopted by the regulated entities while doing recovery of Loans. The Master direction states that regulated entities should provide assistance and guidance if some difficulties are faced by borrower as part of Fair Practice Code. It also prohibits certain types of tactics which are considered to be of harsh nature. It also mandatorily provides for mechanism of grievance redressal related to loan recovery.

6. Not-For-Profit Companies to register as NBFC - MFI

Not-For-Profit Companies registered under Section 8 of Companies Act, 2013 which deals in Micro-finance Loans are brought under the purview of the provisions of this Master Direction where the monthly loan obligations of a household do not exceed 50% of the monthly household income. Not-For-Profit Companies with asset size of less than Rs. 100 Crore are now required to register as NBFC-MFI within 3 months of notification of this Master Direction, as mentioned in clause.

7. Maximum Limit of Microfinance Loans by NBFC-

The Reserve Bank has revised the maximum limit up to which a Non-Banking Financial Institution other than NBFC-MFI can issue Micro Finance Loans to 25% of Total Asset earlier it was 10%.

8. Net Owned Fund Requirement-

The Bank requires a NBFC- Microfinance Institution is also required to attain Net Owned Fund as per Scale Based Regulation issued by RBI for NBFCs at Rs.10 crore. Reserve Bank provides glidepath to NBFCs to attain Net Owned Fund requirement by March 31, 2027.

In the last decade, this sector has evidenced phenomenal growth which has brought all Microfinance Institutions under one umbrella and has established steadiness.

With the view to govern and regulate the quality and availability of these financial services, the said framework on MFI's has been implemented which is helping to empower Rural India.

Industry Structure and Developments

Microfinance in India plays a major role in the development. It acts as an anti-poverty vaccine for the people living in rural areas. It aims at assisting communities of the economically excluded to achieve greater level of asset creation and income security at the household and community level.

The utmost significance of microfinance in India is that it dispenses the access to the capital to small entrepreneurs. The concept of microfinance focuses on women by granting them loans. It acts as a tool for the financial and social empowerment of progressive poor women, as women are becoming independent, they are able to contribute directly to the well beings of their families and are able to confront all the gender inequalities. The major targets of microfinance are the poor rural and urban households and women too.

Microfinance is an effective channel for providing credit to low-income population and those in the informal sector. Hence, microfinance is instrumental in ensuring financial inclusion at the bottom of the economic pyramid. Over the years, the industry has metamorphosed extensively – formulation of structured guidelines, Government's supportive initiatives, digital interventions and a redefined customer servicing approach.

Some highlights of Microfinance Sector for this quarter/ financial year are as under:

- As on 31 March 2022, 3.4 Cr clients* have loan outstanding from NBFC-MFIs, which is 8.3% higher than clients as on 31 March 2021.
- The aggregate GLP of MFIs is Rs 96,561 Cr as on 31 March 2022, including owned portfolio Rs 82,458 Cr and managed portfolio (off BS) of Rs 14,104 Cr.
- On a YoY basis GLP has increased by 19.4% as compared to 31 March 2021 and by 12.5% in comparison to 31 December 2021.
- Loan amount of Rs 83,354 Cr was disbursed in FY 21-22 through 2.3 Cr accounts, including disbursement of Owned as well as Managed portfolio. This is 44.9% higher than the disbursements made in FY 20-21.
- Average loan amount disbursed per account during FY 21-22 was Rs 37,020 which is an increase of around 8.5% in comparison to last financial year.
- During FY 21-22, NBFC-MFIs received a total of Rs 47,931 Cr in debt funding, which is 18.1% higher than FY 20-21.
- Total equity increased by 15.2% as compared to end of FY 20-21 and is at Rs 21,419 Cr as on 31 March 2022.
- Portfolio at Risk (PAR) for 30 plus Days Past Due as on 31 March 2022 has increased to 9.7% as compared to 9.2% as on 31 March 2021.
- MFIs have presence in 27 states and 5 union territories.

(SOURCE: MFIN MICROMETER Q4 2021-22)

The sector serves the underserved lower and mid-income households and micro, small and medium enterprises (MSMEs). It devises affordable credit while transforming lives of millions of its beneficiaries. It is, thereby, propelling a significant boost in the loan portfolio and the number of borrowers.

Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022.

The Reserve Bank of India has released 'Master Direction, Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 & on March 14, 2022, which became effective from April 01, 2022.

The RBI's master directions on the regulatory framework for microfinance are aimed at providing a level playing field to all entities involved in microfinance businesses and build upon a consultation paper issued in June 2021.

"The regulator has enhanced the annual household income threshold than what was proposed in consultation paper in June 2021 and this could increase the maximum permissible indebtedness limit of borrowers than current level,"

Vice-President and Sector Head, Financial Sector, ICRA Sachin Sachdeva said.

Today, the microcredit sector is diverse and competitive with over 100 regulated players – Banks, NBFC-MFIs (Non-Banking Finance Company-Microfinance Institutions), SFBs (Small Finance Banks), NBFCs (Non-Banking Finance Companies) and others. Microfinance sector has adopted three lending models– Self Help Group (SHG), JLG (Joint Liability Group) and SHG Bank Linkage. However, the operating model varies amongst different players.

Segment wise or product wise performance

The Company operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

Opportunity and threats

OPPORTUNITY

Low mortgage penetration in India–huge potential

Much Demographic factors such as urbanisation, Nuclearization and population growth

Government initiatives to boost & promote the microfinance

THREATS

Any industry or economic situations

Competition from Fintechs

Uncertain economic and political environment

Pandemic Covid-19 or any Global Crisis

Risk Management and Concerns

Being in the business of financing and buying risk, Midland Microfin Limited is exposed to credit, liquidity and interest rate risk; therefore, making an effective risk management framework becomes paramount. The Company has invested in people, processes and technology to mitigate risks posed by the external environment and by its borrowers. Several other risks that could affect each of the functions of the Company.

In accordance with the requirements of the Companies Act, 2013 and RBI Regulations, the Company, has adopted and formulated the Risk Management Framework which lays down the procedure for risk assessment and mitigation. The Board has delegated the responsibility of overseeing the Risk Management framework to Risk Management Committee.

In order to mitigate the interest rate risk and liquidity risk, the Company has developed innovative resource mobilization techniques and prudent fund management practices, among others. Besides, superior credit rating of the Company's financial instruments enables us to raise funds at competitive rates. The Company's Asset Liability Management Committee regularly reviews the interest rate and liquidity risks. Details of the Material risk and mitigations are written as under:

Material Risks and Mitigation Strategies

Sr. No.	Material Risks	Mitigation Strategies:
1.	**Credit Risk:** Borrower's inability to repay the loan	The Company's prudent lending strategies and robust credit appraisal system minimizes the probability of default. Also, various processes backed by technology, proactively help the Company identify people with negative intentions.
2.	**Regulatory Risk:** Non-compliance with regulations lead to stringent actions and penalties from the Regulator or Statutory Authorities	The Company diligently complies with all the regulatory framework imposed by respective authorities, along with timely reporting.
3.	**Operational Risk:** Risk of possible losses, arising due to inadequate controls over the internal processes, people, systems and operations.	The Company promptly took several measures, along with SROs viz. MFIN and Sa-dhan, to address the concerns. Additionally, cashless disbursement and collection mitigate cash-based operation risks.
4.	**Information Technology/Cyber Security Risk:** Unavailability of systems and/or loss or manipulation of information or information data security	The Company has the prevalence of a robust Information Security Management System, which helps safeguard sensitive customer data.
5.	**Liquidity Risk:** Liquidity squeeze due to a skewed asset-liability profile could result in significantly higher costs of funds	The Company has prudent asset-liability management and well-diversified liability profile which insulates it from market turbulences.

Financial and Operational Performance

The Company always focus on three key principals - operating efficiency, customer centricity and skill up. Following are the key financial parameters –

₹10,345.95 Million
Loan

₹293.19 Million
Profit before tax (PBT)

₹2,197.76 Million
Total income

₹222.80 Million
Profit after tax (PAT)

Key Ratios

Ratios	FY 21-22	FY 20-21	% change	Reason
Debtors Turnover	N.A.	N.A.	-	-
Inventory Turnover	N.A.	N.A.	-	-
Interest Coverage Ratio	N.A.	N.A.	-	-
Current Ratio	N.A.	N.A.	-	-
Debt Equity Ratio (in times)	4.45	4.81	-7.36%	-
Operating Profit Margin (%)	N.A.	N.A.	-	-
Net Profit Margin (%)	10.14	7.6	33.42%	Due to increase in facilitation fee income and decrease in finance cost in comparison to previous year.
Sector specific equivalent ratios, as applicable:				
Capital Adequacy Ratio (%)	33.72	33.96	-0.71%	

Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof

There is no material change in Return on Net Worth. Hence no detailed explanation is required.

Internal control systems and their adequacy

The Company has an independent Internal Audit function which is commensurate with its size and scale. It evaluates the adequacy of all internal controls and processes and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework. The Company has further strengthened its Internal Audit function by investing in domain specialists to increase the effectiveness of controls. The Audit Committee of the Board of Directors reviews the internal audit reports on regular basis and the adequacy and effectiveness of the internal controls.

The Company's internal controls commensurate with its business requirements, its scale of operation and applicable statutes. Hence leading to orderly and efficient conduct of business. The controls are designed to safeguard the Company's assets, prevent and detect errors and frauds, ensure strict compliance with applicable laws and assure reliability of financial statements and financial reporting. The Audit Committee ensures that all procedures are properly authorized, documented, described, and monitored. The Company has technologically advanced infrastructure with automated operations, including accounts and MIS in place.

MML has a complete in-house Internal Audit department. It has processes and systems to design an Annual Audit Plan, ensuring optimum portfolio quality while keeping risks at bay. The Regional Office Audit, Branch Audit and system Audit is conducted on a quarterly basis, based on the risk-based audit methodology. The Audit team comprises seasoned auditors with good understanding of systems and processes. The Audit Committee of the Board of Directors, comprising independent directors, periodically reviews the internal audit reports, covering findings, adequacy of internal controls and ensuring compliances. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements. This includes the financial reporting system, compliance with accounting policies and procedures, adequacy and effectiveness of the internal controls and systems.

The Company regularly invests in IT systems including back-up systems. This helps the Company achieve better operational efficiency, customer service and decision-making process. In the F.Y. 2021-22 the company has invested heavily in the advancement of the infrastructure of Information Technology and this Information Security Management System plays a vital role in the achievement of the Company's strategic goals. A few of them are written below.

Technology Advancements **Leading to Excellence**

HR One

HRMS software helps to improve employee engagement, manages employee lifecycle, boosts productivity, and much more of an organization.

Benefits at a Glance:

1. Ability to automate maximum HR processes, simplify human interactions and deliver actionable insights.

2. Integrated modules for payroll, attendance, workforce, performance management, etc. to optimize and maximize outputs of an organization.

3. Multiple actions like recruitment, onboarding, reminders and notifications, and more must be instantly handled in real-time.

4. Secure confidential data related to employee details, policies of the organization, and structural hierarchy.

5. Stay compliant with regulatory modifications in tax laws and updates, labor laws, and other related guidelines.

AWS Cloud Movement

We have moved our Core Business Applications EFIMO (Web-Based) & MFIMO (Mobile App) along with its MS SQL Database, and MIS Reporting Server to AWS Cloud.

Using AWS tools, Auto Scaling, and Elastic Load Balancing, applications can scale up or down based on demand. Backed by Amazon's massive infrastructure, we have access to compute and storage resources when we need them.

Benefits at a Glance:

1. Easy to use.
2. Flexible & Affordability.
3. Scalable & High Performance.
4. Reliable Encryption & Security.
5. 99.99% uptime and less downtime.
6. Meet Compliance Requirements.

Active Directory

Active Directory can streamline the security management of all network resources and extend interoperability with a wide range of applications and devices. When Active Directory is implemented and secured properly, it allows the administrator to effectively implement a company's policy and procedures for cyber security, network services, and resources at a detailed level. In this, data is stored as objects, which include users, groups, applications, and devices, and these objects are categorized according to their name and attributes.

Benefits at a Glance:

1. Centralized resources and security administration.

2. Single login for access to global resources.

3. Simplified resource location.

Tableau – Business Intelligence Tool

Tableau is a visual analytics platform transforming the way we use data to solve problems—empowering people and organizations to make the most of their data.

Benefits at a Glance:

1. Better visibility and control over the Organization's data.
2. It helps the organization to be more data-driven.
3. Faster analysis, intuitive dashboards.
4. Increased organizational efficiency.
5. Data-driven business decisions.

Edurigo LMS

It's a Learning Experience Platform, which transforms & Revolutionizes the way of learning and employee experience with the Edurigo Learning Experience Platform.

Benefits at a Glance:

1. Content Authoring and Management.
2. Gamification based platform.
3. Micro-Learning Nuggets.
4. Learning via Video Tutorials.
5. Score Based Testing.
6. 360 Analytics and powerful Graphical Reporting.

SpotWays

SpotWays is an Artificial Intelligence-powered Mobile-Cloud platform for field force management. It creates efficiencies, transparency, and business growth opportunities for any organization with a field force across industries.

It is being used by Audit and Operations employees to provide the shortest distance for tagged destinations, and deviations and to keep the track of the users and their traveled distance.

Benefits at a Glance:

1. Fuel Payout on the basis of distance traveled by filed Employees.
2. 2Geo tagging of the center location for better reachability.
3. Hassle-free branch handover process for Center Officers.
4. Intense tracking and monitoring of underperforming resources.
5. Increased accuracies in portfolio mapping and manpower deployment.

SPINE – Fixed Asset Management Solution

Spine (Fixed Asset Management Solution) helps to keep track of all the Fixed assets of the Organization and their movement along with the Audit Feature.

Benefits at a Glance:

1. Asset Assignment.
2. Compliance Tracking.
3. Repair & Maintenance Tracking.
4. Service Contract Tracking.
5. Asset Auditing.
6. Managing Non-Capitalized Assets.
7. Lease Contract Management.
8. Software License Management.

Chatbot Integrations

HR Chatbot: - HireBOT Recruitment includes a process of job application for potential candidates and provides quick feedback. Customer Grievance Chatbot: - Sahayak is a member grievance redressal platform available for queries, complaints, escalations, and client service.

Benefits at a Glance:

1. Automate FAQ.
2. Customer Delight.
3. Employee Engagement.
4. Elevate the Employee Experience.

goCollect

Digital Debt Collection Mobile app-based solution for financial lending institutes to bring accountability and automation to their collection department.

Benefits at a Glance:

1. Monitor team-wise and individual collection efficiency with an interactive performance dashboard and drill down reports via mobile app and web portal.

2. Assign the right owner to handle each overdue case, so no PTP follow-up gets dropped.

3. Generate and send digital collection receipt in real-time via auto SMS/email to the customer or print and share a hard copy of the receipt.

4. Bring Tracking and accountability into Collection Department.

5. A transparent collection and recovery app designed to make collection easier.

OTP - One Time Password

OTP solution has been integrated with Karza and Sify Technology to Secure and verify the mobile numbers of our employees for login business applications and also to verify our client's mobile numbers. OTPs are auto-generated unique authentication codes that users can utilize for a single transaction or login. In simple terms, an OTP is a time-bound password that can be used only once. Unlike static or user-generated passwords, an OTP adds an extra layer of security for people.

Benefits at a Glance:

1. Secure and Reliable.
2. Prevent unauthorized access.
3. Control over Fake mobile numbers.

Seqrite, End Point Security

Seqrite Endpoint Security Cloud is a comprehensive security management software for its user's network, featuring a wide variety of endpoint protection tools. Thus, allowing them to manage the security of multiple endpoints from any remote location at their convenience. The software detects and blocks malicious and phishing sites in an automatic way. Further, using the dashboard of Seqrite Endpoint Security Cloud, admins can check the security status, configurations, and critical events within their network. They can also define sudden activities within the network as threat indications and the software will send instant notification to the admin, on the detection of any such threats.

Benefits at a Glance:

1. Anti-Malware.
2. Ransomware Protection.
3. Vulnerability Scanning.
4. Application Firewall Security.
5. Internet Security.
6. Phishing Protection.
7. Advanced Device Control.
8. Data Security.
9. Asset Management.
10. Website Security.
11. Document Security.
12. Analytics & Reporting.
13. Access Control.

DLP (Data Loss Prevention) - Indefend Solution

DLP helps to secure against insider threats and cyber security risks with In the Organization. It has full control over the organization's data by minimizing the possibility of data theft across the enterprise network while maintaining relevant data access through the device and network access control, simultaneously blocking all kinds of unauthorized removable media devices, websites, and applications. It is deployed on the devices of the employees, who are working on crucial data and are having access to interact with outside domain networks by using the organization's device.

Benefits at a Glance:

1. Protection against data compromise.
2. Full Control over the remote workforce and their productivity.
3. Control & monitor the data shared.
4. Outside domain communication emails or data can be tracked.
5. Employee productivity stats can be monitored.
6. Enhanced Data Security.

Material Development in Human Resource

Human Capital is the most valuable asset for your Company. The Company believes in providing a conducive environment for work to its employees. Living the culture of being an employee-centric organization, regular workshops/trainings/discussion sessions are organized across locations and communication is shared with employees updating them on various organizational developments.

Midland Microfin Limited offered a range of benefits to help its employees manage professional and personal commitments to achieve a healthy work-life balance. MML has continued to provide the highest standards of health, safety and security for its employees to operate in a healthy and safe environment. Health check-up camps have been organized for regular health check-ups of the employees.

A snapshot of the initiatives taken for the transformation and growth of the Human Capital is provided below:

Human Resources:

Building A Culture of Inclusive Growth:

In all aspects of business, Midland Microfin Limited takes pride in the commitment, competence and dedication of its employees. It is through this commitment that we have achieved our 1000 Gross Loan Portfolio milestone and were also awarded for third consecutive "Great Place To Work" Certificate.

Midland believes in the potential of its employees to go beyond and be the force for transformation and growth for business. It is therefore critical to offer an open and inclusive work atmosphere that allows for performance and holistic development in order to realise this potential. With unbreakable determination, Midland concluded the year with total manpower of 2499 employees with focus on women employees being hired.

The human resource department plays a vital role in inculcating the mission, vision and values of a positive culture to all its employees. With the teams focus on employee centric and well-defined HR policies, job satisfaction, retention, career progression, the HR department is successful in delivering the MML culture to the "last-mile".

Highlights

Recent past has proved to be challenging for all and HR department along with its dynamic business team and other departments is working strategically to recruit, develop, and upskill the work force which is its most valuable business resource. We strongly practice the MML values of team work, quality of service, integrity and value responsible, ethical behaviour and excellence in what we do. We are committed to creating a positive and productive environment for our employees to outperform, stay healthy, resilient and happy at work. Progressive HR policies and ongoing employee engagement initiatives, guided by our culture, have made Midland Microfin Ltd an industry benchmark for talent retention.

TOTAL EMPLOYEE STRENGTH YOY INCREASED TO	2499
NO OF TRAINING PROGRAMS DELIVERED	600+
GPTW CERTIFIED, THIRD CONSECUTIVE YEAR	Great Place To Work® Certified MAR 2022 - MAR 2023 INDIA

Recruitment, Onboarding and Induction:

The COVID-19 pandemic, gave a new perspective and encouraged organizations including ourselves to adapt to new processes one of which was the end-to-end process of recruitment and on-boarding and welcoming talent through virtual mode.

Aiming to hire the right fit, effective and efficiently with on time recruitment is extremely essential and we ensure the same through our monthly organized Mega Recruitment Drives

Gaon Gaon Rozgaar Muhim aims to provide employment in each Gaon (village) of the country and create employment opportunities. With the advancements in technology MML introduced an automated recruitment process through the introduction of a conversational artificial intelligence enables WhatsappBOT (called HireBOT), which aims to ease the process of job application for potential candidates and provide quick feedback. We believe bright minds contribute immensely as they bring a fresh perspective and ideas to an organization and thus we actively participate in various campus placements and have on- boarded students across various departments.

Technological Advancements:

Another step towards being a techno savvy organisation is the introduction of an end to end HRMS software, HR-One to achieve high employee trust index, enhance employee satisfaction, transparency, encourage paperless processes, payroll, attendance and many more such activities.

Midland in FY 2021-22 also moved its Performance Management System (PMS) module to HR-One, under the new automations of HR processes. The platform shall support the entire PMS process starting from Goal Setting to performance assessment and rating, making it transparent for employees.

Midland deeply emphasizes the institutions core values and does every bit to make learning a crucial part of the culture. We host rigorous training sessions on various business processes and technology platforms to upskill its employees, along with various seminars and workshops to help improve their behavioural patterns for all-round personality development. We have partnered with an e-learning platform to enable us to make this possible.

Wellness:

Midland recognizes the importance of wellbeing and health and so to encourage and support our employees, various vaccinations drives, health camps, free doctor on call consultants, wellness programs were organized for employees and their families.

Additional health benefits and allowances through “Midland cares” policy have contributed to ensure well-being of our workforce.

Rewards & Recognition:

Midland constantly endeavours to recognize its workforce for their relentless efforts and constant support to ensure growth. With this belief, we organized a 2-day strategy meet and recognized our top performers PAN India and also empower our leadership team to the mission, and vision of MML. Our annual day celebration of 11 years also acknowledged the “Employee of the Year”, “Outstanding Employees” and employee with exemplary contribution to the growth of Midland. We have also introduced a wall of fame through our HRMS platform; dedicated to appreciate employees with extraordinary contribution to various fields.

Our prestigious Chairman’s Club is a great motivation; it gives an opportunity to our top performing employees to travel for a domestic or internal trip with the top management.

Employee benefits

Employee benefits are no longer considered perks, but the standard. Dynamic benefit programs are required to recruit and retain a robust workforce. During the lockdown, MML's HR team, guided by the top management, introduced various policies and benefits.

Various revised mediclaim and insurance policies, introduction additionally leaves such as menstrual, celebration and transfer leave, we strive to achieve an employee centric workplace.

Engagement activities with employees especially during COVID was well received by our employees and families. Happy Hour, an initiative to connect with employees to enjoy an hour of fun, games and celebration.

Midland provides a well-defined Grievance Redressal, Fraud Reporting and Whistle-blower Policy along with dedicated helpline numbers. We are an equal opportunity employer and strive to ensure a harassment free environment in line with and adherence to our POSH Internal policy and Zero Tolerance Policies.

Cautionary Statement

Certain statements in the Management Discussion and Analysis Report could be forward looking statements within the meaning of applicable law. Actual results may vary significantly from the forward looking statements due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political risks within and outside India, volatility in interest rates, change in Government or regulatory policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Annexure -B
Details of Remuneration

Statement under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for year ended March 31, 2022

Sr. No.	Particulars	Disclosures
I.	the ratio of remuneration of each director to the median remuneration of the employees of the Company for the Financial Year;	120/1
ii.	the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, If any, In the Financial Year; [See Annexure C for details]	Managing Director: 72.88% CFO: 42.30% Company Secretary: 24.95%
iii.	the percentage increase in median remuneration of employees in the financial Year	15.87%
iv.	the number of permanent employees on the rolls of the company as on March 31, 2022;	2499
v.	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	17.60%
vi	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

Name of every employee of the Company who:-

a. If employed throughout the financial Year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees: **Amardeep Singh Samra**

b. If employed for a part of the financial year, was in receipt of remuneration for any part of the year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand per month: **NIL**

c. If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in theaggregate, or as the case may be, at a rate which, in the aggregate, in excess of that drawn by the managing director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company: **NIL**

Employee name	Designation	Qualification	Remuneration received		Nature of Employment	Date of Commencement of Employment	Age	Experience (Years)	Last Employment details	Whether relative of any director/ Manager
			Gross	Net						
Amardeep Singh Samra	Managing director	B.com	1,58,34,623.00		Full time employment	07-06-2010	51	23	PRINCE HIGHWAYS LIMITED	No

Annexure -C
Details of Remuneration

Details pertaining to remuneration as required under section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2021- 2022, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2021- 2022 are as under:

Sr. No.	Name of Director/ KMP	Designation	Remuneration of Director/ KMP for the Financial Year 2021- 22 (Rs. in crores)	Remuneration of Director/ KMP for the Financial Year 2020-21 (Rs. in crores)	% increase in Remuneration In the Financial Year 2021- 22	% increase in Remuneration In the Financial Year 2020- 21	Ratio of each Director to median Remuneration
1.	Amardeep Singh Samra	Managing Director	1.58	0.92	72.88	-32.35	120:1
2.	Amitesh Kumar	Chief Financial Officer/Chief Operating Officer	0.55	0.39	42.30	-1.69	-
3.	Sumit Bhojwani	Company Secretary	0.08	0.06	24.95	-	-

Note: - the information disclosed above relates to complete financial year.

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year:

The median remuneration of employees of the Company during the Financial Year was Rs. 131,647 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year is provided in the above table.

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year is provided in the above table.

3. The percentage increase in the median remuneration of employees in the Financial Year: In the Financial Year, there was an increase of 15.87% in the median remuneration of employees.

4. The number of permanent employees on the rolls of Company: There were 2499 permanent employees on the rolls of the Company as on 31st March, 2022.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars	FY. 2021-22	F.Y. 2020-21
Increase in Salary of employees other than managerial	17.60	14.91
Managerial	72.88	(32.35)

Affirmation that the remuneration is as per the remuneration policy of the company: Yes

Annexure -D
CSR Activities

1. Brief outline on CSR Policy of Midland Microfin Limited, the brief outline as follows:
The Company believes that CSR is a way of creating shared value and contributing to social and environmental good. Company's strategy has been to integrate its activities in community development, social responsibility, and environmental responsibility and encourage each business unit or function to include these considerations into its operations. These projects are in accordance with Schedule VII of the Companies Act, 2013.

2. Composition of CSR Committee:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Amardeep Singh Samra	Chairman Managing Director	1	1
2.	Mr. Sachin Nithyanath Kamath	Nominee Director	1	1
3.	Mrs. Kamna Raj Aggarwalla	Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: No

S. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
NO			

6. Average net profit of the company as per section 135(5): Rs. 192,504,296/-

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 3,850,086/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: No Surplus

(c) Amount required to be set off for the financial year, if any: No

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 3,850,086/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,873,055.00	1,977,031.00	30-04-2022	NA	NA	NA

b. Details of CSR amount spent against ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/ No)	Location of the Project		Project Duration	Amount allocated for the project (in Rs.).	Amount spent in the current financial year (in Rs.)	Amount transferred to Unspent CSR Account for the Section 135(6) (in Rs.).	Mode of Impleme-ntation-Direct (Yes/No	Mode of Impleme-ntation - Through Agency	
				State	District						Name	CSR Registration Number
1.	Plantation	Environment Safety & Plantation Drive	Yes	Punjab	Jalandhar	1 Year	7,890.00	7,890.00	-	No	Midland Foundation	
2.	Distribution of clothes to needy people	Eradication of Hunger & Poverty & Malnutrition	Yes	Punjab	Jalandhar	1 Year	7,805.00	7,805.00	-	No	Midland Foundation	
3.	Awareness drive to impart financial literacy to customers. (Social Influence)	Financial Literacy & Awareness Drive	No	PAN India Level	Rajatalab, Sindhora, Jamalpur, Basti, Harraiya etc	1 Year	335,161.00	335,161.00	-	No	Midland Foundation	
4.	Rural Area Development (Renewable Clean Energy (Distribution of Bulb))	Rural Area Development Energy	No	PAN India Level	Bagha Purana, Malout, Rajsamand, Deoghar, Tundla etc	1 Year	836,938.00	836,938.00	-	No	Midland Foundation	
5.	My Pad MY Right, Medical Camp,Abhar Kits	Swastha Evam Swasth Jagrukta Abhiyaan	No	PAN India Level	Bagha Purana, Mansa, Banswara etc	3 Year	2,662,292.00	685,261.00	1,977,031.00	No	Midland Foundation	

d. Amount spent in Administrative Overheads: Nil

e. Amount spent on Impact Assessment, if applicable: Not Applicable

f. Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 1,873,055/-

g. Excess amount for set off, if any: NA*

S. No.	Particular	Amount (in Rs.)
1.	Two percent of average net profit of the company as per section 135(5)	3,850,086.00
2.	Total amount spent for the Financial Year	1,873,055.00
3.	Excess amount spent for the financial year [(ii)-(i)]	-
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer.	
1.	2020 – 21	866,615.00					866,615.00
2.	2019 -20	-					
3.	2018 -19	-					

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

S. No.	Project ID	Name of the Project	Financial Year in which the project was commen-ced	Project Duration	Total Amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project-Completed/ Ongoing
	N.A.							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: N.A.

    (a) Date of creation or acquisition of the Capital Asset(s):

    (b) Amount of CSR spent for creation or acquisition of capital asset:

    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): The amount is allocated to an ongoing project with a duration of 3 (three) years, hence the pending amount transferred to the unspent CSR account will be spent in the succeeding Financial Years.

For and Behalf of Board of Directors

Kamna Raj Aggarwalla
Independent Director
DIN: 07009446

Amardeep Singh Samra
Managing Director & Chairman of
CSR Committee
DIN: 00649442

Date: May 09, 2022
Place: Jalandhar

Annexure -E
Secretarial Audit report

To,
The Members,
Midland Microfin Limited
Jalandhar.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Midland Microfin Limited (herein after referred to as Company).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts, statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2022 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

    a. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

    b. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

    c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

    d. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

The following regulations and Guidelines of SEBI are not applicable to the company as only the debt securities are listed:-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d. Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;

e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

We have also examined the compliance of the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof on test check basis, the company has complied with the following laws applicable specifically to the company:

a. Reserve Bank of India Act, 1934 and directions, regulations and circulars issued therein relating to Non-Banking Finance Companies - Micro Finance Institutions and;

b. Reserve Bank of India Act, 1934 and directions, regulations and circulars issued therein relating to Non-Banking Finance Companies – Non Deposit Systemically Important NBFCs (NBFCs - ND - SI).

We further report that

a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Harsh Goyal & Associates
Company Secretaries

(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.:2802

Place: Ludhiana
Date: 09.05.2022
UDIN: F003314D000347526
Peer Review No. S1998PB021900

This report is to be read with our letter of even date which is annexed as' Annexure A' and forms an integral part of this report.

Annexure
to Secretarial Audit Report

To
The Members,
Midland Microfin Limited
Jalandhar

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Harsh Goyal & Associates
Company Secretaries

(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.2802

Place: Ludhiana
Date: 09.05.2022

Auditor's Report

MIDLAND MICROFIN LIMITED
Independent Auditor's Report
for the period from April 1, 2021, to March 31, 2022

To the Members of,
Midland Microfin Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS Financial Statements of Midland Microfin Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income) for the year ended March 31, 2022, the Statement of Changes in Equity and the Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended (hereinafter referred to as ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other Comprehensive Income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing ('Sas'), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Ind AS Financial Statements" section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Emphasis of Matter-COVID 19

4. We draw attention to Note 47 of the Ind AS Financial Statements which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. The impact of the pandemic on the operations of the Company and its financial position as at March 31, 2022 including the measurement of expected credit losses on the loan assets are significantly dependent on uncertain future economic conditions. Our opinion is not modified in respect to this matter.

Key Audit Matters

5. Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS Financial Statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming and opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

   We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS Financial Statements.

Key Audit Matters	How our audit addressed the key audit matters
Impairment of financial instruments (including provision for expected credit loss) (as described in Note 8 of the Ind AS financial statements)	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: • Defining Staging of loans (i.e., classification in ;significant increase in credit risk;("SICR") and 'default' categories); • Grouping of borrowers based on homo-geneity by using appropriate statistical techniques; • Estimation of losses for loan products with no/ minimal historical defaults; and • Estimating recoveries to determine loss given default on a collective basis for loans that have defaulted. • Determining effect of less frequent past events on future probability of default. • Management overlay for macro-economic factors and estimation of their impact on the credit quality.	• Our audit procedures included reading and considering Company's accounting policies for impairment of financial assets and assessing compliance with Ind AS 109 and the governance framework approved by the Board of Directors. • We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates; and underlying computation by testing the input data • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. •We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. • Tested samples to ascertain the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with underlying books of accounts and records. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring. • For samples of exposure, we tested the appropriateness of determining Exposure at Default, Probability of Default and Loss Given Default. • Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults by testing the input data. • Tested assumptions used by the management in determining the overlay for macro-economic factors in accordance with the governance framework approved by the Board of Directors pursuant to RBI guidelines. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 and Ind AS 109 in relation to ECL especially in relation to judgements used in estimation of ECL provision

Information other than the Ind AS Financial Statements and Auditor's Report Thereon

6. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the Ind AS Financial Statements and our auditor's report thereon.

   Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other Comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards), Rules, 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the Audit of the Ind AS Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard of Auditing, specified under section 143(10) of the Act, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS Financial Statements.

9. As part of an audit in accordance with Standard of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Ind AS Financial Statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the Ind AS Financial Statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Ind AS Financial Statements of the Company as at and for the year ended March 31, 2021, have been audited by predecessor auditor whose report dated May 26, 2021, expressed an unmodified opinion on those Ind AS Financial Statements.

Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

11. As required by Section 143 (3) of the Companies Act, 2013, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion, proper books of account, as required by law have been kept by the Company so far, as appears from our examination of such books;

c. The Balance Sheet, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;

e. On the basis of written representations received from the Directors as on March 31, 2022, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2022, from being appointed as a Director in terms of under sub-section (2) of Section 164 of the Companies Act, 2013.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, issued by the Central Government of India in terms of clause (j) of sub-section (3) of section 143 of the Companies Act, 2013 as amended in our opinion and to the best of our information and explanations given to us:

(i) The Company does not have any pending litigations which would impact its financial position.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Also Refer Note 45(iii) to the Ind AS Financial Statements.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No. 44(x)(a) to the Ind AS Financial Statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the Note No. 44(x)(b) to the Ind AS Financial Statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014, as provided under (a) and (b) above, contain any material misstatement.

(v) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

12 With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Companies Act, 2013, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 31, 2022, has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with schedule V to the Companies Act, 2013.

For SCV & Co. LLP
Chartered Accountants
Firm Regn. No. 000235N/N500089

(Rajiv Puri)
Partner
Membership No.: 084318
UDIN: 22084318AIRLAE1179

Place: Noida
Dated: May 09, 2022

Annexure-A to Independent Auditors' Report

Referred to in Paragraph 10 of the Independent Auditors' Report of even date to the members of
MIDLAND MICROFIN LIMITED
on the Ind AS Financial Statements for the year ended March 31, 2022

(i) (a) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

(b) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the verification of Property, Plant and Equipment and Right-of-use assets has been conducted by the management during the year. All the Property, Plant and Equipment have not been physically verified by the management during the year, however, there is a regular phased programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No discrepancies were noticed on such verification.

(c) The Company does not have any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee), therefore requirements to report under paragraph 3(i)(c) of the order are not applicable to the Company.

(d) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company has not revalued its property, plant, and equipment (including Right-of-use assets) and/or intangible assets during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Register Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right Of Use Assets) or intangible Assets does not arise.

(e) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, no proceedings have been initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company does not have any inventory, therefore requirements to report under paragraph 3(ii)(a) of the Order are not applicable to the Company.

(b) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company has not been sanctioned any working capital limit in excess of Rs. 5 Crores, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets, therefore requirements to report under paragraph 3(ii)(b) of the order are not applicable to the Company.

(iii) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(a) The Company's principal business is to give loans, and hence requirements to report paragraph 3(iii)(a) of the Order is not applicable to the Company.

(b) The terms and conditions of grant of all loans and advances in the nature of loans, and investments made in Mutual Funds during the year under audit, in our opinion, are prima-facie not prejudicial to the Company's interest. There are no other investments made or guarantees provided or security given during the year under audit.

(c) In respect of loans and advances in the nature of loans (together referred to as "loan assets"), the schedule of repayment of principal and payment of interest has been stipulated.

Note 3.6 to the Ind AS Financial Statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at March 31, 2022, aggregating ₹ 326.19 million were categorized as credit impaired ("Stage 3") and ₹ 219.29 million were categorized as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 8 to the Financial Statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating ₹ 10,096.81 million, where credit risk has not significantly increased since initial recognition (categorized as "Stage 1"), overdue in the repayment interest and/or principal aggregating ₹ 114.61 million were also identified. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemized list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year-end is ₹ 326.19 million. In our opinion, reasonable steps are being taken by the Company for recovery of the principal and interest as stated in the applicable Regulations and Loan agreements.

(e) The Company's principal business is to give loans, and hence requirements to report under paragraph 3(iii)(e) of the Order is not applicable to the Company.

(f) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, requirements to report under paragraph 3(iii)(f) of the Order is not applicable to the Company.

(iv) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company has not given any loans, or provided any guarantee or security or made any investments (other than in Mutual Funds) as specified under Section 185 & 186 of the Companies Act, 2013, Accordingly, the requirements to report under Paragraph 3(iv) of the Order are not applicable to the Company.

(v) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Rules framed thereunder to the extent applicable. Accordingly, the requirements to report under Paragraph 3(v) of the Order are not applicable to the Company.

(vi) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the maintenance of cost records has not been specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Accordingly, the requirements to report under Paragraph 3(vi) of the Order are not applicable to the Company.

(vii) (a) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The Company does not have liability in respect of sales-tax, service tax, duty of excise, and value added tax, since effective 1 July 2017, these statutory dues have been subsumed into GST. Further no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, there were no dues referred in sub-clause (a) above, which have not been deposited on account of disputes, except for the following:

Name of the Statue	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax demand (Rectification of mistake u/s 154 of Income tax Act, 1961)	2,25,900	2017-18	Assessing Officer (u/sec 154)
Income Tax Act, 1961	Income tax demand (Rectification of mistake u/s 154 of Income tax Act, 1961)	7,52,800	2018-19	Assessing Officer (u/sec 154)
Income Tax Act, 1961	Income tax demand (Rectification of mistake u/s 154 of Income tax Act, 1961)	90,350	2019-20	Assessing Officer (u/sec 154)

(viii) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, there were no transactions in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, the requirements to report under paragraph 3(viii) of the Order are not applicable to the Company.

(ix) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that,

(a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(c) Term loans availed by the Company were, applied by the Company during the year for the purposes for such term the loans were obtained.

d) On an overall examination of the Ind AS Financial Statements, funds raised on short-term basis have, prima facie, not been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate, or Joint Venture as defined under the Companies Act, 2013 and therefore, the requirements to report under Paragraph 3(ix)(e) & (f) of the Order are not applicable to the Company.

(x) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and accordingly, the requirements to report under Paragraph 3(x)(a) of the Order are not applicable to the Company.

(b) The Company, during the year under audit, has made private placement of equity shares. For such allotment, the requirements of Section 42 of the Companies Act, 2013 have been complied with. Also, the funds raised therefrom have been applied for the purpose for which those were raised. There was no preferential allotment of shares or convertible debentures (fully, partially, or optionally convertible) during the year, therefore compliance with the provisions of Section 62 of the Companies Act, 2013 is not applicable. Further, the Company, during the year under audit, has not made any private placement of convertible debentures, though has made private placement of non-convertible debentures.

(xi) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(a) Two fraud cases for cash embezzlement by employees of the Company aggregating to ₹ 0.48 million were reported during the year and the due intimations vide FMR-1 and FMR-2 were filed with Reserve Bank of India within the prescribed timelines.

(b) No report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year, while determining the nature, timing, and extent of our audit procedures.

(xii) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company is not a Nidhi Company. Accordingly, requirements to report under Paragraph 3(xii) of the Order are not applicable to the Company.

(xiii) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standards.

(xiv) (a) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued for the year under audit.

(xv) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, reporting on the compliance of the provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that,

(a) The Company has been registered under Section 45-IA of the Reserve Bank of India Act, 1934, as required.

(b) The Company has not conducted any business of non-banking financial or Housing Finance activities without a valid certificate of Registration (COR) as required under Section 45-IA of Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, requirements to report under Paragraph 3(xvi) (c) of the Order are not applicable to the Company.

(d) The Group does not have any CICs, which are a part of the Group. We have not, however, separately evaluated whether the information provided by the Management is accurate and complete. Accordingly, requirements to report under Paragraph 3(xvi) (d) of the Order are not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year, though there has been change in the statutory auditors pursuant to RBI Guidelines for appointment of auditors for NBFCs issued on April 27, 2021 (unwillingness from outgoing auditors for being reappointed), and there were no issues, objections or concerns raised by the outgoing auditors.

(xix) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, asset liability maturity (ALM) pattern and other information accompanying the Ind AS Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions,

nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that;

(a) There is no unspent amount, in respect of other than ongoing projects.
(b) The Company has transferred the amount remaining unspent, pursuant to the ongoing project, under sub- section (5) of section 135 of the Companies Act in compliance with the provision of sub-section (6) of section 135 of the said Act.

For SCV & Co. LLP
Chartered Accountants
Firm Regn. No. 000235N/N500089

(Rajiv Puri)
Partner
Membership No.: 084318
UDIN: 22084318AIRLAE1179

Place: Noida
Dated: May 09, 2022

Annexure-B to Independent Auditors' Report

Referred to in Paragraph 11(f) of the Independent Auditors' Report of even date to the members of
MIDLAND MICROFIN LIMITED
on the Ind AS Financial Statements for the year ended March 31, 2022

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MIDLAND MICROFIN LIMITED ("the Company") as of March 31, 2022, in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that;

a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SCV & Co. LLP
Chartered Accountants
Firm Regn. No. 000235N/N500089

(Rajiv Puri)
Partner
Membership No.: 084318
UDIN: 22084318AIRLAE1179

Place: Noida
Dated: May 09, 2022

Financial Statements

Balance Sheet as at March 31, 2022

(Rupees in millions unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	4	2,348.07	1,490.29
Bank balances other than cash and cash equivalents	5	2,470.58	1,642.50
Derivative financial instruments	6	18.36	25.56
Receivables			
Trade Receivables	7	14.94	2.01
Other Receivables	7	-	-
Loans	8	10,345.95	7,557.37
Investments	9	150.00	-
Other financial assets	10	106.32	80.67
Total financial assets		**15,454.22**	**10,798.40**
Non-financial assets			
Current tax assets (net)	11	2.83	4.23
Deferred tax assets (net)	29	52.58	41.59
Property, plant and equipment	12	106.44	115.71
Intangible assets	12	13.35	10.55
Other non-financial assets	13	64.06	27.62
Total non-financial assets		**239.26**	**199.70**
Total assets		**15,693.48**	**10,998.10**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	14	-	-
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	14	27.43	6.33
Other payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	14	3.72	1.49
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	14	7.14	7.69
Debt securities	15	1,321.93	1,314.87
Borrowings (other than debt securities)	15	9,973.75	6,562.83

Balance Sheet as at March 31, 2022

(Rupees in millions unless otherwise stated)

Particulars	Particulars	As at March 31, 2022	As at March 31, 2021
Subordinated liabilities	15	1,160.85	1,053.44
Other financial liabilities	16	452.20	250.60
Total financial liabilities		**12,947.02**	**9,197.25**
Non-financial liabilities			
Provisions	17	20.58	17.51
Other non-financial liabilities	18	17.34	15.24
Total non-financial liabilities		**37.92**	**32.75**
EQUITY			
Equity share capital	19	455.70	391.70
Other equity	20	2,252.84	1,376.40
Total equity		**2,708.54**	**1,768.10**
Total liabilities and equity		**15,693.48**	**10,998.10**

Summary of significant accounting policies 3
The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration number : 000235N/N500089

per Rajiv Puri
Partner
Membership No. 084318

Place: Noida

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Shant Gupta
Director
DIN: 01571485

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No.: A36611

Date: May 09, 2022

Place: Jalandhar

Profit and Loss statement for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Revenue from operations			
Interest income	21	2,075.53	1,909.40
Fees and commission income	22	85.73	4.84
Net gain on derecognition of financial instruments under amortised cost category	23	33.92	7.85
Total revenue from operations		**2,195.18**	**1,922.09**
Other income	24	2.58	1.35
Total income		**2,197.76**	**1,923.44**
Expenses			
Finance cost	25	1,040.25	1,036.36
Impairment on financial instruments	26	91.82	124.03
Employee benefit expenses	27	520.11	385.89
Depreciation and amortization expense	12	30.09	37.62
Other expenses	28	222.30	149.44
Total income		**1,904.57**	**1,733.34**
Profit before tax		**293.19**	**190.10**
Tax expense:			
Current tax	29	83.02	72.67
Deferred tax	29	(12.63)	(28.83)
Income tax expense		**70.39**	**43.84**
Profit for the year (A)		**222.80**	**146.26**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain on defined benefit plans		3.50	2.99
Income tax effect		(0.88)	(0.75)
Items that will be reclassified subsequently to profit or loss			
Fair value income on derivative financial instruments		2.99	5.77
Income tax effect		(0.75)	(1.45)
Other comprehensive income (B)		**4.86**	**6.56**
Total comprehensive income for the year (A+B)		**227.66**	**152.82**
Earnings per share (equity share, par value of Rs.10 each)			
Computed on the basis of total profit for the year			
Basic	30	5.26	4.06
Diluted	30	5.26	4.06
Nominal value		10.00	10.00

Profit and Loss statement for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Summary of significant accounting policies	3		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date
For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration number:
000235N/N500089

per Rajiv Puri
Partner
Membership No. 084318
Place: Noida

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Shant Gupta
Director
DIN: 01571485

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No.: A36611

Date: May 09, 2022

Place: Jalandhar

Statement of Cash Flows for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2022	For year ended March 31, 2021
Cash flow from operating activities		
Profit before tax	293.19	190.10
Adjustments for:		
Depreciation and amortization	30.09	37.62
Provision for employee benefits	6.56	6.37
Impairment of financial instruments	91.11	124.03
Net gain on de-recognition of financials instruments under amortised cost category	(33.92)	23.67
Profit on sale of mutual fund units	(0.06)	-
Other provisions and write offs	0.60	0.03
Interest expense	6.16	8.50
Lease rental reversed upon implementation of Ind AS 116	(15.44)	(20.33)
Operating profit before working capital changes	**378.29**	**369.99**
Movements in working capital :		
Increase/(decrease) in payables	22.78	(0.25)
Increase in other financial liabilities (excluding lease liabilities)	214.54	112.66
Increase in other non financial liabilities	2.10	1.05
(Increase) in bank balances other than cash and cash equivalents	(828.08)	(207.40)
(Increase)/decrease in receivables	(12.93)	0.72
Decrease in other current tax assets	84.98	15.36
Increase in loans	(2,879.80)	(416.46)
Decrease/(increase) in other financial assets	7.81	(28.20)
(Increase)/decrease in other non financial assets	(36.44)	0.08
Cash (used in) operating activities post working capital changes	**(3,046.75)**	**(152.45)**
Income taxes paid	(166.60)	(62.27)
Net cash (used in) operating activities (A)	**(3,213.35)**	**(214.72)**
Cash flow from investing activities		
Purchase of property, plant and equipment (excluding right of use assets)	(21.44)	(17.02)
Purchase of intangible assets	(5.85)	(2.12)
Purchase of investments	(160.00)	-
Sale of investments	10.06	-
Net cash (used in) investing activities (B)	**(177.23)**	**(19.14)**
Cash flow from financing activities		
Proceeds from issue of equity shares	64.00	58.44
Premium on issue of equity shares	680.12	391.59
Share issue expenses	(7.84)	(0.69)
Proceeds from issue (redemption) of Debt securities (net)	7.06	279.38
Proceeds from issue of Borrowings (other than debt securities) (net)	3,421.11	(57.80)
Proceeds from issue of Subordinated liabilities (net)	107.41	273.50
Dividend on equity shares	(23.50)	(20.00)

Standalone Cash Flow Statement for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2022	For year ended March 31, 2021
Net cash from financing activities (C)	**4,248.36**	**924.42**
Net increase in cash and cash equivalents (A + B + C)	**857.78**	**690.56**
Cash and cash equivalents at the beginning of the year	1,490.29	799.73
Cash and cash equivalents at the end of the year (refer note 4)	**2,348.07**	**1,490.29**
Components of cash and cash equivalents as at the end of the year		
Cash in hand	14.10	14.06
Balance with banks - on current account	413.65	306.97
Deposits with original maturity of less than or equal to 3 months	1,920.32	1,169.26
Total cash and cash equivalents	**2,348.07**	**1,490.29**

Note: 3

1. Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".
2. Previous year figures have been regrouped / reclassified wherever applicable.
3. For disclosures relating to changes in liabilities arising from financing activities, refer note 43.

As per our report of even date
For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration number:
000235N/N500089

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

per Rajiv
Puri Partner
Membership No. 084318

Amardeep Singh Samra
Managing Director
DIN: 00649442

Shant Gupta
Director
DIN: 01571485

Place: Noida

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No.: A36611

Date: May 09, 2022

Place: Jalandhar

Statement of Changes in Equity for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

A. Equity Share Capital

Equity Share of Rs. 10 each issued, subscribed and fully paid

Particulars	No. of Shares	Amount
As at March 31, 2020	**33,325,645**	**333.26**
Changes in equity share capital due to prior period errors	-	-
Changes in equity share capital during the year ended March 31, 2021 (refer note 19(b))	5,844,561	58.44
As at March 31, 2021	**39,170,206**	**391.70**
Changes in equity share capital due to prior period errors	-	-
Changes in equity share capital during the year ended March 31, 2022 (refer note 19(b))	6,399,956	64.00
As at March 31, 2022	**45,570,162**	**455.70**

B. Other Equity

(Rupees in millions unless otherwise stated)

Particulars	Notes	Reserves & Surplus						Other Comprehensive Income		Grand total
		Securities Premium	Retained Earnings	Statutory Reserve	Debenture Redemption Reserve	Capital Redemption Reserve	Total	Effective Portion of Cashflow hedges	Re-measurement gain on defined benefit plans	
Balance as at March 31, 2020	**20**	**567.28**	**185.58**	**80.96**	**36.63**	**4.00**	**874.45**	**(22.24)**	**0.47**	**852.68**
Profit for the year		-	146.26	-	-	-	146.26	-	-	146.26
Other comprehensive income		-	-	-	-	-	-	4.32	2.24	6.56
Total comprehensive income for the year		**-**	**146.26**	**-**	**-**	**-**	**146.26**	**4.32**	**2.24**	**152.82**
Transfer to Statutory Reserve		-	(29.25)	29.25	-	-	-	-	-	-
Issue of share capital during the year	19	391.59	-	-	-	-	391.59	-	-	391.59
Share issue expenses		(0.69)	-	-	-	-	(0.69)	-	-	(0.69)
Transfer to Capital Redemption Reserve		-	-	-	-	-	-	-	-	-
Dividend on equity shares		-	(20.00)	-	-	-	(20.00)	-	-	(20.00)
Balance as at March 31, 2021	**20**	**958.18**	**282.59**	**110.21**	**36.63**	**4.00**	**1,391.61**	**(17.92)**	**2.71**	**1,376.40**
Profit for the year		-	222.80	-	-	-	222.80	-	-	222.80
Other comprehensive income		-	-	-	-	-	-	2.24	2.62	4.86
Total comprehensive income for the year			**222.80**	**-**	**-**	**-**	**222.80**	**2.24**	**2.62**	**227.66**
Transfer to Statutory Reserve		-	(44.56)	44.56	-	-	-	-	-	-
Issue of share capital during the year	19	680.12	-	-	-	-	680.12	-	-	680.12
Share issue expenses		(7.84)	-	-	-	-	(7.84)	-	-	(7.84)
Transfer to Capital Redemption Reserve		-	(28.55)	-	-	28.55	-	-	-	-
Dividend on equity shares		-	(23.50)	-	-	-	(23.50)	-	-	(23.50)
Balance as at March 31, 2022	**20**	**1,630.46**	**408.78**	**154.77**	**36.63**	**32.55**	**2,263.19**	**(15.68)**	**5.33**	**2,252.84**

As per our report of even date
For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration number :
000235N/N500089

per Rajiv
Puri Partner
Membership No. 084318

Place: Noida

Date: May 09, 2022

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Shant Gupta
Director
DIN: 01571485

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No.: A36611

Place: Jalandhar

1. Corporate information

Midland Microfin Limited ('the Company') is a public limited company and incorporated under the provision of the Companies Act, 1956 ('the Act'). The Company was registered as a non- deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and was classified as a Non-Banking Financial Company - Micro Finance Institution ('NBFC-MFI') with effect from January 2, 2015 vide registration no. B-06.00458. The Company came out with a Public Issue of Secured Redeemable Non-Convertible Debentures in 2014 and the said securities are listed with Bombay Stock Exchange (BSE). As such, the Company has acquired the status of Listed Company pursuant to section 2(52) of Companies Act, 2013.

The Company is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'). The Company has its operations spread across eleven states and one union territory namely Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Himachal Pradesh, Gujarat, Madhya Pradesh, Uttarakhand, West Bengal and Chandigarh.

These Ind AS Financial Statements have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 09, 2022. The above results for the year ended March 31, 2022 have been audited by the Statutory Auditors of the Company.

2. Basis of preparation

a. Statement of compliance in preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), regulatory guidance issued by RBI on Implementation of Indian Accounting Standards vide circular- DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 and the Master Direction- Non-Banking Financial Company- Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 ('NBFC Master Directions') issued by RBI.

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values through other comprehensive income (FVOCI) as explained in relevant accounting policies. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest millions, except when otherwise indicated.

The regulatory disclosures as required by the NBFC Master Directions to be included as a part of the Notes to Accounts are also prepared as per the Ind AS financial statements.

b. Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

3A. Summary of significant accounting policies

3.1 Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

a. Fair Value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

b. Impairment of Loan portfolio

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments of the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ and resulting in changes to the impairment allowance.

c. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d. Provisions other than impairment on loan portfolio

Provisions are held in respect of range of future obligations such as employee entitlements and litigation provisions. Some of the provisions involve significant judgement about the likely outcome of various events and estimated future cash flows.

The measurement of these provisions involves the exercise of management judgements about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than 1 year are discounted at a rate that reflects both current interest rates and the risk specific to that provision.

e. Estimating the incremental cost of borrowing

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available.

f. Business model assessment

Refer Note 3.14(i) to the financial statements.

g. Effective interest rate (EIR)

Refer Note 3.2(a) to the financial statements.

h. Other estimates

These includes contingent liabilities, useful lives of tangibles & intangibles assets etc.

3.2 Recognition of Income and Expense

The Company earns revenue primarily from giving loans. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

a. Interest Income

Interest revenue is recognised using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates the interest income to the extent recoverable. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on gross basis.

b. Interest expense

Interest expense includes issue costs that are initially recognised as part of carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commission payable to arrangers and other expense such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability. Overdue interest is recognised on realization basis.

c. Fees and commission income

Income in the form of fees and commission is recognised as and when the services are rendered as per agreed terms and conditions of the contract.

d. Fees and commission income

Interest income from investments is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably.

e. Assignment income

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

f. Other income and expense

All other income and expense are recognised in the period they occur.

3.3 Property, plant and equipment (PPE) and intangible asset

PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Any item of property, plant & equipment and any significant part initially recognised is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of asset (calculated as the difference between the net disposals proceeds and carrying amount of the asset) is included in the statement of profit & loss when the asset is derecognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

3.4 Depreciation and amortization and intangible assets

Depreciation and amortization on PPE and intangible assets is provided on a straight-line basis using the rates arrived at, based on the expected useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also the useful life of the assets estimated by the managementand also supported by technical advice::

a) Furniture and fixtures 10 years	10 years
b) Computers	
- Servers and networks	6 years
- End user devices, such as, desktops, laptops, etc.	3 years
c) Office equipment	10 years
d) Vehicles	8 years
e) Leasehold improvements	Life based on the lease period
f) Intangible Assets	6 Years

3.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

3.6 Impairment of financial assets

Overview of the principle for measuring expected credited loss ('ECL') on financial assets
In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognise credit losses over next 12-month period. The Company has an option to determine such losses on an individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

Notes to financial statements for the year ended March 31, 2022

Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposures upto 30 days overdue fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed a period of 30 days and upto 90 days.

Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows.

Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows.

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon (12-month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) – It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc.

with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Definition of Default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

3.7 Leases (where the Company is the lessee)

Lease under Ind AS 116

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 3.5 Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the lease payments.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.8 Foreign currency transactions

Functional & presentation currency

The financial statements are presented in Indian Rupees (INR), which is the functional currency of the company and the currency of the primary economic environment.

Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.9 Retirement and other employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognised as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company operates following employee benefit plans:

i. Employee Provident Fund and Employee State Insurance Scheme

Retirement benefit in the form of Employee Provident Fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense when an employee renders the related service.

ii. Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of profit and loss in subsequent periods.

iii. Leaves

The Company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

3.10 Income taxes

Tax expenses comprises current tax and deferred tax.

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Notes to financial statements for the year ended March 31, 2022

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.11 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings Per Share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue and bonus element in a rights issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs.

3.13 Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.

3.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the entity becomes a party to contractual provisions of the instruments.

i) Financial Assets

Initial Measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification & Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Loan Portfolio at amortized cost
- Investment in mutual funds at fair value through profit & loss.
- Other financial assets at amortized cost.

Loan portfolio at amortized cost:

A loan portfolio is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. The company considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of a holistic assessment of how company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Notes to financial statements for the year ended March 31, 2022

Therefore, the company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVTOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect and earn contractual cash flows (i.e. measured at amortized cost), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note 3.6.

Investment in mutual funds

Mutual funds included within FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

ii) Financial Liabilities

Initial measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

iii) De-recognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement.

Assignment arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the "original asset"), but assumes a contractual obligation to pay those cash flows to one or more entities ("eventual recipients"), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.
- In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

iv) Derivative financial instruments and hedging

The Company uses derivative financial instruments such as range forward and par forward currency contracts to hedge its foreign currency risks. Such derivative instruments are initially recognised at fair value on the date at which the derivative contract is entered and are subsequently re-measured at fair value as at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated. The Company designates their derivatives as hedges of foreign exchange risks associated with the cash flows of loan repayments including the interest part.

Cash flow hedges

For hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a risk associated with a recognised asset or liability or the foreign currency risk in the committed payments.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

When a hedging instrument expires, or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognised in the Statement of Profit and Loss.

v) Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets and liabilities subsequent to their initial recognition.

3.15 Fair Value measurement

The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair- value-hierarchy which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- **Level 1 financial instruments -** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- **Level 2 financial instruments -** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

- **Level 3 financial instruments –** include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole

3.16 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank with an original maturity of three months or less.

3.17 Preference Shares

Convertible Preference shares

Convertible Preference shares are treated as financial liability as it provides the right to the holder to put it back to the issuer for cash or other financial asset. Financial liability is measured at cost using effective interest rate method (net of transaction costs) until it is extinguished on conversion or redemption as per Ind AS 32.

Non-Convertible Preference shares

A preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability. Financial liability is measured at cost using effective interest rate method (net of transaction costs) until it is extinguished on conversion or redemption as per Ind AS 32.

3B. Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 - Business Combination - Reference to Conceptual Framework

The amendments specify that to qualify for recognition as pa of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its Ind AS financial statements.

Ind AS 16 – Property, Plant and Equipment - Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its Ind AS financial statements.

Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its Ind AS financial statements.

Ind AS 109 – Financial Instruments - Annual Improvements to Ind AS

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its Ind AS financial statements.

(Rupees in millions unless otherwise stated)

4: Cash and cash equivalents	As at March 31, 2022	As at March 31, 2021
Cash on hand	14.10	14.06
Balances with banks		
On current accounts	413.65	306.97
Deposit with original maturity of less than three months	1,920.32	1,169.26
	2,348.07	1,490.29

Balances with banks in current accounts do not earn any interest. Short-term deposits are made for varying periods of between one day and three months, depending upon the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

5: Bank balances other than cash and cash equivalents	As at March 31, 2022	As at March 31, 2021
Deposit with remaining maturity of less than 12 months	992.42	861.39
Deposit with remaining maturity of more than 12 months	418.10	11.79
Margin money deposits (refer note below)	1,060.06	769.33
	2,470.58	1,642.50

Fixed deposits and margin money deposits with banks earns interest at fixed rates or floating rates based on daily bank deposit rates.

Margin money deposits are placed with banks to avail term loans from banks and financial institutions and placed as cash collateral in connection with securitization transactions.

6: Derivative Financial Instruments

Part I	As at March 31, 2022"			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Currency Derivatives:				
-Currency Swaps	597.02	18.36	-	-
Total derivative financial instruments	**597.02**	**18.36**	**-**	**-**

Part II	As at March 31, 2022"			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Included in above are derivatives held for hedging and risk management purposes as follows:				
Cash flow hedging:				
-Currency Swaps	597.02	18.36	-	-
Total derivative financial instruments	**597.02**	**18.36**	-	-

Part I	As at March 31, 2021"			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Currency Derivatives:				
-Currency Swaps	597.02	25.56	-	-
Total derivative financial instruments	**597.02**	**25.56**	**-**	**-**

Part II	As at March 31, 2021"			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Included in above are derivatives held for hedging and risk management purposes as follows:				
Cash flow hedging:				
-Currency Swaps	597.02	25.56	-	-
Total derivative financial instruments	**597.02**	**25.56**	-	-

6.1: Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk and foreign currency risk.

6.2: Derivatives designated as hedging instruments

(a) Cash flow hedges

The company uses Currency Swap to hedge its risks associated with foreign currency risk arising from External Commercial Borrowings. Currency Swap provides hedging of both principal and coupon payments on the underlying exposure.

The Company designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS. These contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in “Cash Flow Hedge Reserve”. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the Currency Swaps match that of the external commercial borrowing (notional amount, interest payment dates, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the FCS contracts are identical to the hedged risk components.

(Rupees in millions unless otherwise stated)

	As at March 31, 2022"				
	Notional Amounts	Carrying amount	Line item in the statement of financial position	Change in fair value	Cash flow hedge reserve as at March 31, 2022
The impact of hedging instruments (Net)	597.02	39.32	Derivative Financial Asset	18.36	(15.68)

(Rupees in millions unless otherwise stated)

	As at March 31, 2021"				
	Notional Amounts	Carrying amount	Line item in the statement of financial position	Change in fair value	Cash flow hedge reserve as at March 31, 2021
The impact of hedging instruments (Net)	597.02	49.51	Derivative Financial Asset	25.56	(17.92)

7: Receivables	"As at March 31, 2022"	"As at March 31, 2021"
Trade Receivables*		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	14.94	2.01
Other Receivables		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	-	-
	14.94	**2.01**

*Trade receivables are non-interest bearing and generally due in short-term. Based on the management's assessment, no impairment allowance is considered necessary for trade receivables.

Ageing for trade receivables outstanding as at March 31, 2022 is as follows:

(Rupees in millions unless otherwise stated)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	14.94	-	-	-	**14.94**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk"	-	-	-	-	**-**
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	**-**
(iv) Disputed Trade Receivables– considered good	-	-	-	-	**-**
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	**-**
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	**-**

Ageing for trade receivables outstanding as at March 31, 2021 is as follows:

(Rupees in millions unless otherwise stated)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	2.01	-	-	-	**2.01**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk"	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-

*in case where due date of payment is not specified, disclosure has been given based on the date of transaction.

8: Loans	As at March 31, 2022	As at March 31, 2021
Secured, considered good*	-	-
Less: Impairment loss allowance	-	-
Unsecured, considered good*	10,316.10	7,631.42
Less: Impairment loss allowance	(69.97)	(100.17)
Unsecured, Considered doubtful**	326.19	131.06
Less: Impairment loss allowance	(226.37)	(104.94)
Total	**10,345.95**	**7,557.37**
Above amount includes		
Loans provided in India	10,345.95	7,557.37
Total	**10,345.95**	**7,557.37**

Notes to financial statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

* Represents assets classified under stage I and stage II in accordance with Company's asset classification policy [refer note 3.6]

** Represents assets classified under stage III in accordance with Company's asset classification policy [refer note 3.6]

Overview of the loan portfolio of the Company

The table below discloses credit quality of the Company's exposures (net of impairment loss allowance) as at reporting date:

Portfolio classification as at March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Considered good	10,076.05	170.08	-	**10,246.13**
Considered doubtful	-	-	99.82	**99.82**
Total	**10,076.05**	**170.08**	**99.82**	**10,345.95**

Portfolio classification as at March 31, 2021

Particulars	Stage I	Stage II	Stage III	Total
Considered good	7,046.12	485.13	-	**7,531.25**
Considered doubtful	-	-	26.12	**26.12**
Total	**7,046.12**	**485.13**	**26.12**	**7,557.37**

Gross Portfolio Movement for the year ended March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2021	7,077.25	554.17	131.06	**7,762.48**
Total (A)	**7,077.25**	**554.17**	**131.06**	**7,762.48**
Inter-stage movements				
Stage I	(188.68)	134.68	54.00	-
Stage II	22.36	(96.10)	73.74	-
Stage III	4.20	3.44	(7.64)	-
Total (B)	**(162.12)**	**42.02**	**120.10**	**-**

Gross Portfolio Movement for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Particulars	Stage I	Stage II	Stage III	Total
New assets originated, repaid and derecognised during the year	3,181.67	(376.90)	75.04	**2,879.81**
Total (C)	**3,181.67**	**(376.90)**	**75.04**	**2,879.81**
Gross carrying amount as at March 31, 2022 (A+B+C)	**10,096.80**	**219.29**	**326.20**	**10,642.29**

Gross Portfolio Movement for the year ended March 31, 2021

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2020	7,299.83	4.32	41.87	**7,346.02**
Total (A)	**7,299.83**	**4.32**	**41.87**	**7,346.02**
Inter-stage movements				
Stage I	(302.22)	236.44	65.78	-
Stage II	-	(0.21)	0.21	-
Stage III	6.16	1.23	(7.39)	-
Total (B)	**(296.06)**	**237.47**	**58.59**	**-**
New assets originated, repaid and derecognised during the year	73.48	312.38	30.60	**416.46**
Total (C)	**73.48**	**312.38**	**30.60**	**416.46**
Gross carrying amount as at March 31, 2021 (A+B+C)	**7,077.25**	**554.17**	**131.06**	**7,762.48**

(Rupees in millions unless otherwise stated)

ECL movement during the year ended March 31, 2022 :-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	31.13	69.04	104.94	**205.11**
Provision made/ (reversed) during the year	(10.38)	(19.83)	121.44	**91.23**
Write off	-	-	-	**-**
Closing Balance	20.75	49.21	226.38	**296.34**

ECL movement during the year ended March 31, 2021:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	41.95	1.36	38.11	**81.42**
Provision made/ (reversed) during the year	(10.82)	67.68	66.83	**123.69**
Write off	-	-	-	**-**
Closing Balance	31.13	69.04	104.94	**205.11**

9: Investments	"As at March 31, 2022"	"As at March 31, 2021"
Investment in mutual funds (at fair value through profit or loss)		
1,31,779.405 (March 31, 2021: Nil) units of Rs. 10 each fully paid-up of DSP Mutual Fund - Overnight Fund	150.00	-
	150.00	**-**
Less: Impairment loss allowance	-	-
Total	**150.00**	**-**
Investment in India	**150.00**	**-**

10: Other financial assets (at amortised cost)	As at March 31, 2022	As at March 31, 2021
Security deposits		
Unsecured, considered good	3.48	3.08
Other Assets		
Security deposits placed with non banking financial companies*	-	3.99
Retained interest on asset assigned	50.47	16.55

(Rupees in millions unless otherwise stated)

10: Other financial assets (at amortised cost)	As at March 31, 2022	As at March 31, 2021
Employee loans	5.29	4.64
Less: Impairment loss allowance**	(4.63)	(4.16)
Other financial assets	51.71	56.57
	106.32	**80.67**

*Represent margin money deposits placed to avail term loans from non banking financial companies.
**Represent impairment loss allowance on retained interest on asset assigned and employee loans (considered doubtful).

11: Current Tax Assets (net)	As at March 31, 2022	As at March 31, 2021
Advance income tax (net of provision)	2.83	4.23
	2.83	**4.23**

12: Property, plant and equipment

Particulars	Right of use assets (refer note 32)	Furniture & fixtures	Vehicles	Leasehold Impro-vements	Computers	Office equipments	Total
Gross block (at cost)							
At March 31, 2020	81.22	22.51	8.44	26.61	42.48	18.19	199.45
Addition	1.02	2.10	11.15	2.40	3.41	1.90	21.98
Disposals	-	-	(6.64)	-	-	(0.06)	(6.70)
Adjustments	-	-	-	-	-	-	-
At March 31, 2021	**82.24**	**24.61**	**12.95**	**29.01**	**45.89**	**20.03**	**214.73**
Addition	3.06	4.86	-	-	12.00	4.83	24.75
Disposals	-	-	-	-	(1.70)	(0.22)	(1.92)
Adjustments	(6.73)	-	-	-	-	-	(6.73)
At March 31, 2022	**78.57**	**29.47**	**12.95**	**29.01**	**56.19**	**24.64**	**230.83**
Depreciation							
At March 31, 2020	18.43	5.43	3.81	9.46	26.65	4.11	67.89
Charge for the year	17.69	2.21	1.87	3.84	7.39	1.80	34.80
Disposals	-	-	(3.65)	-	-	(0.02)	(3.67)
At March 31, 2021	**36.12**	**7.64**	**2.03**	**13.30**	**34.04**	**5.89**	**99.02**

Particulars	Right of use assets (refer note 32)	Furniture & fixtures	Vehicles	Leasehold Impro-vements	Computers	Electric implants	Total
Charge for the period	9.79	2.52	1.54	4.11	7.01	2.07	27.04
Disposals	-	-	-	-	(1.58)	(0.09)	(1.67)
At March 31, 2022	**45.91**	**10.16**	**3.57**	**17.41**	**39.47**	**7.87**	**124.39**
Net Carrying Amount							
At March 31, 2020	62.79	17.08	4.63	17.15	15.83	14.08	131.56
At March 31, 2021	46.12	16.97	10.92	15.71	11.85	14.14	115.71
At March 31, 2022	**32.66**	**19.31**	**9.38**	**11.60**	**16.72**	**16.77**	**106.44**

Intangible assets

Particulars	Software	Vehicles	Total
Gross block (at cost)			
At March 31, 2020	9.19	8.16	17.35
Addition	1.38	0.74	2.12
At March 31, 2021	**10.57**	**8.90**	**19.47**
Addition	2.27	3.58	5.85
At March 31, 2022	**12.84**	**12.48**	**25.32**
Amortization			
At March 31, 2020	2.45	3.65	6.10
Charge for the year	1.54	1.28	2.82
At March 31, 2021	**3.99**	**4.93**	**8.92**
Charge for the period	1.65	1.40	3.05
At March 31, 2022	**5.64**	**6.33**	**11.97**
Net Carrying Amount			
At March 31, 2020	6.74	4.51	11.25
At March 31, 2021	6.58	3.97	10.55
At March 31, 2022	**7.20**	**6.15**	**13.35**

(Rupees in millions unless otherwise stated)

13: Other non-financial assets	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Prepaid expenses	19.02	9.30
Balances with statutory / government authorities"	39.93	13.77
Other Non Financial Assets	5.11	4.55
	64.06	27.62

14: Payables	As at March 31, 2022	As at March 31, 2021
Trade Payables		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	27.43	6.33
Other Payables		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	3.72	1.49
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	7.14	7.69
	38.29	15.51

The management has identified enterprises which qualify under the definition of micro enterprises and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Ageing for payables outstanding as at March 31, 2022 is as follows:

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3.72	-	-	-	**3.72**
(ii) Others	34.57	-	-	-	**34.57**
(iii) Disputed dues – MSME	-	-	-	-	**-**
(iv)Disputed dues - Others	-	-	-	-	**-**

Ageing for payables outstanding as at March 31, 2021 is as follows:

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	1.49	-	-	-	**1.49**
(ii) Others	14.01	-	-	-	**14.01**
(iii) Disputed dues – MSME	-	-	-	-	**-**
(iv)Disputed dues - Others	-	-	-	-	**-**

*in case where due date of payment is not specified, disclosure has been given based on the date of transaction.

15: (a) Debt Securities (at amortised cost)	As at March 31, 2022	As at March 31, 2021
Secured Debentures*		
380 (March 31, 2021 : 380), Series I, 11.75% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 4 years from the date of allotment.	3.80	3.79
325 (March 31, 2021 : 325), Series I, 12% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 4 years from the date of allotment.	3.25	3.24
548 (March 31, 2021 : 933), Series I, 11.85% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 4 years from the date of allotment.	15.78	24.32
235 (March 31, 2021 : 325), Series I, 12.10% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 4 years from the date of allotment.	6.83	8.50
222 (March 31, 2021 : 222), Series II, 12% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 4 years from the date of allotment.	2.21	2.20
520 (March 31, 2021 : 520), Series II, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 5 years from the date of allotment.	5.18	5.16
805 (March 31, 2021 : 805), Series II, 12% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 5 years from the date of allotment.	20.70	18.59
1,300 (March 31, 2021 : 1300), Series II, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 5 years from the date of allotment.	33.91	30.36
927 (March 31, 2021 : 927), Series I, 11.00% - 12.25% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each redeemable within 4 to 10 years from the date of allotment i.e. July 4, 2014.	9.47	9.44
7,108 (March 31, 2021 : 7,108), Series I, 11.00% - 12.25% Secured, Listed, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each redeemable within 4 to 10 years from the date of allotment i.e. July 4, 2014.	179.02	158.59

(Rupees in millions unless otherwise stated)

15: (a) Debt Securities (at amortised cost)	As at March 31, 2022	As at March 31, 2021
Nil (March 31, 2021 : 200), Series X, 13.00% Secured, Listed, Simple, Redeemable, Non- Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 24th March, 2021.	-	199.92
3,880 (March 31, 2021 : 3,880), Series VI, 10.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 15 months from the date of allotment.	38.75	38.58
1,950 (March 31, 2021 : 1,950), Series VI, 10.40% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 15 months from the date of allotment.	27.65	25.09
Nil (March 31, 2021 : 205), Series IV, 11.75% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 5 years from the date of allotment.	-	2.05
Nil (March 31, 2021 : 50), Series IV, 11.50% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 5 years from the date of allotment.	-	0.90
Nil (March 31, 2021 : 485), Series IV, 11.75% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 5 years from the date of allotment.	-	8.81
Nil (March 31, 2021 : 250), Series V, 11.50% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. 15. Put option is available after 5 years from the date of allotment.	-	2.50
Nil (March 31, 2021 : 600), Series V, 11.75% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 5 years from the date of allotment.	-	10.77
50 (March 31, 2021 : 50), Series IV, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 7 years from the date of allotment.	0.50	0.50
550 (March 31, 2021 : 550), Series IV, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 7 years from the date of allotment.	11.41	10.24

15: (a) Debt Securities (at amortised cost)	As at March 31, 2022	As at March 31, 2021
3,360 (March 31, 2021 : 3,360), Series VI, 10.40% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 4 years from the date of allotment.	33.35	33.26
2,550 (March 31, 2021 : 2,550), Series VI, 10.60% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 4 years from the date of allotment.	36.28	32.87
320 (March 31, 2021 : 320), Series V, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. 15. Put option is available after 7 years from the date of allotment.	3.20	3.20
35 (March 31, 2021 : 35), Series V, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 7 years from the date of allotment.	0.71	0.64
9,300 (March 31, 2021 : 9,300), Series VII, 16% Secured, Simple, Redeemable, Non- Convertible Debentures of Rs. 10,000 each. The date of allotment was 1st May 2020. Put option is available after 3 years from the date of allotment.	92.21	92.02
250 (March 31, 2021 : 250), Series VIII, 12.40% Secured, Listed, Simple, Redeemable, Non- Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 26th November, 2020.	259.40	258.70
250 (March 31, 2021 : 250), Series IX, 12.30% Secured, Listed, Simple, Redeemable, Non- Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 18th January, 2021.	255.00	254.32
187 (March 31, 2021 : 187), Series XI, 12.45% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 31st March, 2022.	186.82	-
1,910 (March 31, 2021 : 1,910), Series VI, 10.80% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 8 years from the date of allotment.	18.89	18.86
2,690 (March 31, 2021 : 2,690), Series VI, 10.85% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 8 years from the date of allotment.	38.34	34.73

(Rupees in millions unless otherwise stated)

15: (a) Debt Securities (at amortised cost)	As at March 31, 2022	As at March 31, 2021
Borrowing under securitisation arrangement**		
From Banks	10.13	22.72
From non-banking financial companies	29.14	-
Total Debt Securities	**1,321.93**	**1,314.87**

*The above debentures are secured by hypothecation of moveable property (assets given as loans, financial or other investments, receivables on loans, marketable or other securities including shares, rights, present and/or future receivables relating to loans and advances and other movable assets).
**The securitisation liabilities are secured by hypothecation of loans and margin money deposits.

(b) Borrowings (Other than Debt Securities at amortised cost)	As at March 31, 2022	As at March 31, 2021
Term Loans (Secured)*		
Banks	7,772.28	3,986.55
Non-banking financial companies	1,511.37	1,836.47
External commercial borrowings	640.27	645.77
Overdraft facility	-	87.55
Term Loans (Unsecured)		
Others	49.83	6.49
Total Borrowings (Other than Debt Securities)	**9,973.75**	**6,562.83**
***Nature of Security for Term Loans:**		
Secured by hypothecation (exclusive charge) of loans and margin money deposits	6,140.14	3,960.20
Secured by hypothecation (exclusive charge) of loans	3,778.03	2,587.80
Secured by fixed assets (Car Loan)	5.75	8.34
Total Outstanding	**9,923.92**	**6,556.34**

(c) Subordinated Liabilities (at amortised cost)	As at March 31, 2022	"As at March 31, 2021"
Unsecured Debentures		
Nil (March 31, 2021 : 3,000), Series II, 12.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was June 13, 2015.	-	29.99
5,738 (March 31, 2021 : 5,738), Series III, 11.00% - 11.25% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. July 23, 2016.	57.35	57.31

(Rupees in millions unless otherwise stated)

(c) Subordinated Liabilities (at amortised cost)	As at March 31, 2022	As at March 31, 2021
6,262 (March 31, 2021 : 6,262), Series III, 11.00% - 11.25% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. July 23, 2016.	110.63	100.09
2,350 (March 31, 2021 : 2,350), Series IV, 10.60% - 11.10% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. September 30, 2019.	23.16	23.11
9,310 (March 31, 2021 : 9,310), Series IV, 10.85% - 11.50% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. September 30, 2019.	119.06	107.20
820 (March 31, 2021 : 820), Series IV, 10.60% - 11.10% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. October 29, 2019.	8.02	7.99
2,170 (March 31, 2021 : 2,170), Series IV, 10.85% - 11.50% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. October 29, 2019.	27.42	24.62
871 (March 31, 2021 : 871), Series V, 10.00% - 10.80% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. February 09, 2021.	85.62	85.45
1,881 (March 31, 2021 : 1,881), Series V, 10.10% - 11.10% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. February 09, 2021.	207.45	187.24
8,810 (March 31, 2021 : Nil), Series VI, 9.95% - 10.50% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. July 02, 2021.	92.95	-
3,650 (March 31, 2021 : Nil), Series VI, 9.50% - 10.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. July 02, 2021.	35.86	-
Preference shares other than those that qualify as Equity		
NCPS*	393.33	430.44
Total Subordinated Liabilities	**1,160.85**	**1,053.44**
	12,456.53	**8,931.14**

Notes to financial statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

(c) Subordinated Liabilities (at amortised cost)	As at March 31, 2022	As at March 31, 2021
Borrowings in India	11,816.26	8,931.14
Borrowings outside India	640.27	-
Total	**12,456.53**	**8,931.14**

*In the event of liquidation of the company before redemption of NCPS, the holders of all classes of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

(d) Terms of conversion/ redemption of NCPS

11,65,000 (March 31, 2021: 15,00,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 0.02% p.a. NCPS are compulsorily redeemable within Five to Eight years from the date of allotment at a premium of Rs 10 each. The date of allotment was March 30, 2017.

Nil (March 31, 2021: 3,45,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 17% p.a. NCPS are compulsorily redeemable within five years from the date of allotment at a premium of Rs 10 each. The date of allotment was March 30, 2017.

1,01,50,000 (March 31, 2021: 1,18,25,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 0.01% p.a. NCPS are compulsorily redeemable within four years to ten years from the date of allotment at a premium of Rs 10 each. The date of allotment was October 13, 2017.

9,25,000 (March 31, 2021: 9,25,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 17% p.a. NCPS are compulsorily redeemable within five years from the date of allotment at a premium of Rs 10 each. The date of allotment was October 13, 2017.

7,50,000 (March 31, 2021: 12,50,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 0.01% p.a. NCPS are compulsorily redeemable within four years to ten years from the date of allotment at a premium of Rs 10 each. The date of allotment was January 15, 2018.

1,00,000 (March 31, 2021: 1,00,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 17% p.a. NCPS are compulsorily redeemable within five years from the date of allotment at a premium of Rs 10 each. The date of allotment was January 15, 2018.

Terms of repayment of borrowings as on March 31, 2022

(Rupees in millions unless otherwise stated)

Repayment Frequency	Interest rate (Range)	Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due beyond 5 years		Grand Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Debt Securities										
Monthly	9.01%-12.00%	2	32.45	-	-	-	-	-	-	32.45
	12.01%-15.00%	1	6.71	-	-	-	-	-	-	6.71
Half Yearly	9.01%-12.00%	-	-	-	-	-	-	-	-	-
	12.01%-15.00%	2	125.00	2	375.00	2	187.00	-	-	687.00
Bullet	6.01%-9.00%	12	140.20	2	27.60	2	46.00	-	-	213.80
	9.01%-12.00%	11	30.10	2	52.75	-	-	-	-	82.85
	12.01%-15.00%	-	-	1	93.00	-	-	-	-	93.00
Sub-total (A)		**28**	**334.46**	**7**	**548.35**	**4**	**233.00**	**-**	**-**	**1,115.81**
Borrowings (Other than Debt Securities)										
Monthly	5.01%-9.00%	63	653.46	82	758.80	8	55.05	-	-	1,467.31
	9.01%-12.00%	287	3,073.31	267	2,272.65	-	-	-	-	5,345.96
	12.01%-15.00%	145	863.83	47	275.55	-	-	-	-	1,139.38
Quarterly	5.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	7	122.75	16	227.25	-	-	-	-	350.00
	12.01%-15.00%	12	145.88	3	59.33	-	-	-	-	205.21
Half Yearly	5.01%-9.00%	1	100.00	-	-	-	-	-	-	100.00
	9.01%-12.00%	4	21.20	2	26.80	-	-	-	-	48.00
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Bullet	5.01%-9.00%	4	640.00	-	-	-	-	-	-	640.00
	9.01%-12.00%	-	-	2	110.67	-	-	-	-	110.67
	12.01%-15.00%	2	396.48	1	139.88	-	-	-	-	536.36
Sub-total (B)		**524**	**6,016.91**	**421**	**3,870.93**	**8**	**55.05**	**-**	**-**	**9,942.89**

		Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due beyond 5 years		
Repayment Frequency	Interest rate (Range)	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	Grand Total
Subordinated Liabilities										
Bullet	0.01%-3.00%	-	-	3	126.80	-	-	2	114.50	241.30
	9.01%-12.00%	2	99.15	-	-	6	80.45	12	486.70	666.30
	15.01%-18.00%	2	20.50	-	-	-	-	-	-	20.50
Sub-total(C)		**4**	**119.65**	**3**	**126.80**	**6**	**80.45**	**14**	**601.20**	**928.10**
Total (A+B+C)		**556**	**6,471.02**	**431**	**4,546.08**	**18**	**368.50**	**14**	**601.20**	**11,986.80**

*The amounts mentioned above represents only principal outstanding on all types of borrowings.

Terms of repayment of borrowings as on March 31, 2021

(Rupees in millions unless otherwise stated)

		Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due beyond 5 years		
Repayment Frequency	Interest rate (Range)	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	Grand Total
Debt Securities										
Monthly	9.01%-12.00%	2	11.46	-	-	-	-	-	-	11.46
	12.01%-15.00%	7	210.56	-	-	-	-	-	-	210.56
Half Yearly	9.01%-12.00%	-	-	-	-	-	-	-	-	-
	12.01%-15.00%	-	-	4	500.00	-	-	-	-	500.00
Bullet	6.01%-9.00%	15	100.85	5	86.70	-	-	2	46.00	233.55
	9.01%-12.00%	8	21.45	6	62.30	-	-	-	-	83.75
	12.01%-15.00%	-	-	1	93.00	-	-	-	-	93.00
Sub-total (A)		**32**	**344.32**	**16**	**742.00**	**-**	**-**	**2**	**46.00**	**1,132.32**
Borrowings (Other than Debt Securities)										
Monthly	6.01%-9.00%	53	262.50	43	242.53	3	0.69	-	-	505.72
	9.01%-12.00%	140	968.22	66	642.15	1	3.60	-	-	1,613.97
	12.01%-15.00%	338	1,797.38	102	503.65	-	-	-	-	2,301.03
Quarterly	6.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	4	38.57	-	-	-	-	-	-	38.57
	12.01%-15.00%	16	187.50	16	105.21	-	-	-	-	292.71
Half Yearly	6.01%-9.00%	2	200.00	1	100.00	-	-	-	-	300.00
	9.01%-12.00%	4	126.50	8	42.40	1	5.60	-	-	174.50
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Bullet	6.01%-9.00%	2	420.00	2	180.00	-	-	-	-	600.00
	9.01%-12.00%	-	-	1	60.67	-	-	-	-	60.67
	12.01%-15.00%	-	-	3	536.35	-	-	-	-	536.35
Sub-total (B)		**559**	**4,000.67**	**242**	**2,412.96**	**5**	**9.89**	**-**	**-**	**6,423.52**

(Rupees in millions unless otherwise stated)

Repayment Frequency	Interest rate (Range)	Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due beyond 5 years		Grand Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Subordinated Liabilities										
Bullet	0.01%-3.00%	3	50.20	-	-	3	126.80	2	114.50	291.50
	9.01%-12.00%	1	30.00	2	99.15	4	67.05	10	375.50	571.70
	15.01%-18.00%	-	-	3	27.40	-	-	-	-	27.40
Sub-total(C)		**4**	**80.20**	**5**	**126.55**	**7**	**193.85**	**12**	**490.00**	**890.60**
Total (A+B+C)		**595**	**4,425.19**	**263**	**3,281.51**	**12**	**203.74**	**14**	**536.00**	**8,446.44**

*The amounts mentioned above represents only principal outstanding on all types of borrowings.

16: Other Financial liabilities	As at March 31, 2022	As at March 31, 2021
Employee benefits payable	13.10	19.62
Loans pending disbursement	141.26	35.95
Payable towards direct assignment transactions	180.74	87.42
Unclaimed Dividend	0.03	0.02
Application money received for allotment of securities and due for refund	0.00	0.00
Lease liability (refer note 32)	42.68	55.64
Other payable	74.39	51.95
	452.20	**250.60**

17: Provisions	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Provision for gratuity	13.54	11.92
Provision for compensated absences	7.04	5.59
	20.58	**17.51**

18: Other Non-Financial liabilities	As at March 31, 2022	As at March 31, 2021
Statutory Dues Payable	17.34	15.24
	17.34	**15.24**

19: Equity Share capital	As at March 31, 2022	As at March 31, 2021
Authorized		
5,30,00,000 (March 31, 2021: 5,30,00,000) equity shares of Rs.10 each	530.00	530.00
2,20,00,000 (March 31, 2021: 2,20,00,000) preference shares of Rs.10 each	220.00	220.00
Issued, subscribed and paid-up		
4,55,70,162 (March 31, 2021: 3,91,70,206) equity shares of Rs.10/- each fully paid up	455.70	391.70
	455.70	**391.70**

(a) Terms / rights attached to equity shares

The Company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees.

The Board of Directors at their meeting proposed a dividend of Rs. 0.70 per share @7.00% for the year ended March 31, 2022 (Previous Year: Rs. 0.60 per share @6.00%), subject to the approval of the members at the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

(Rupees in millions unless otherwise stated)

Particulars	March 31, 2022		March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	39,170,206	391.70	33,325,645	333.26
Issued during the year	6,399,956	64.00	5,844,561	58.44
Outstanding at the end of the year	**4,55,70,162**	**455.70**	**3,91,70,206**	**391.70**

* During the year ended March 31, 2022, the Company has issued 63,99,956 equity shares of a face value of Rs.10 at a price of Rs.116.27 per equity share including premium of Rs.106.27 per equity share aggregating to Rs.744.12 Mn through private placement.

(b) Aggregate number of shares issued for consideration other than cash during the last five years:

On 16th May 2019, the Company allotted 2,338,970 equity shares of face value of Rs.10/- each as bonus shares in the proportion of one bonus equity share for every ten equity shares of face value of Rs.10/- each held as on the record date, by capitalising an amount of Rs.23.39 mn from securities premium account.

(c) Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Name of the shareholder	March 31, 2022		March 31, 2021	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares				
Kitara PIIN 1501	14,907,510	32.71%	13,015,723	33.23%
ICICI Bank Limited	4,508,169	9.89%	-	-
Amardeep Singh Samra	3,500,528	7.68%	3,050,528	7.79%
Mohinder Kaur Chhokar	2,750,000	6.03%	2,750,000	7.02%
International Township Developers Pvt. Ltd.	2,453,740	5.38%	2,278,740	5.82%
Ranjit Kaur Chhokar	2,242,000	4.92%	2,242,000	5.72%

(Rupees in millions unless otherwise stated)

(d) Shareholding of Promoters:

For year ended March 31, 2022

Shares held by promoters at the end of the year				% Change during the year
S.No.	Promoter Name	No. of Shares	% of total shares	
1	Amardeep Singh Samra	35,00,528	7.68%	-0.11%
2	Gagan Samra	8,25,443	1.81%	-0.30%
3	Balbir Singh	10,85,700	2.38%	-0.39%
4	Hamco Ispat Limited	3,16,750	0.70%	-0.11%
5	Vijay Kumar Bhandari	4,59,486	1.01%	-0.16%
6	Sneh Bhandari	3,99,486	0.88%	-0.14%
7	Ranjit Kaur Chhokar	22,42,000	4.92%	-0.80%
8	Ashish Bhandari	17,84,954	3.92%	-0.64%
9	Inderjit Vasudev	3,55,300	0.78%	-0.13%
10	Mohinder Kaur Chhokar	27,50,000	6.03%	-0.99%
Total		**1,37,19,647**	**30.11%**	**-3.77%**

For year ended March 31, 2021

Shares held by promoters at the end of the year				% Change during the year
S.No.	Promoter Name	No. of Shares	% of total shares	
1	Amardeep Singh Samra	30,50,528	7.79%	0.82%
2	Gagan Samra	8,25,443	2.11%	0.04%
3	Balbir Singh	10,85,700	2.77%	-0.49%
4	Hamco Ispat Limited	3,16,750	0.81%	0.17%
5	Vinay Gupta	10,000	0.03%	-0.28%
6	Vijay Kumar Bhandari	4,59,486	1.17%	0.02%
7	Sneh Bhandari	3,99,486	1.02%	0.02%
8	Ranjit Kaur Chhokar	22,42,000	5.72%	1.60%
9	Ashish Bhandari	17,84,954	4.56%	1.38%
10	Inderjit Vasudev	3,55,300	0.91%	-0.16%
11	Mohinder Kaur Chhokar	27,50,000	7.02%	-1.23%
Total		**1,32,79,647**	**33.90%**	**1.90%**

(Rupees in millions unless otherwise stated)

20: Other Equity	As at March 31, 2022	As at March 31, 2021
Securities premium (refer Note 20.1)		
Balance as per the last financial statements	958.18	567.28
Add: Premium on issue of equity shares	680.12	391.59
Less: Share issue expenses	(7.84)	(0.69)
Closing balance	**1,630.46**	**958.18**
Debenture redemption reserve (refer Note 20.2)		
Balance as per the last financial statements	36.63	36.63
Closing balance	**36.63**	**36.63**
Capital redemption reserve (refer Note 20.3)		
Balance as per the last financial statements	4.00	4.00
Add: amount transferred from surplus balance in the statement of profit and loss	28.55	-
Closing balance	**32.55**	**4.00**
Statutory reserve (refer Note 20.4)		
Balance as per the last financial statements	110.21	80.96
Add: Amount transferred from surplus of profit and loss	44.56	29.25
Closing balance	**154.77**	**110.21**
Retained earnings (refer Note 20.5)		
Balance as per the last financial statements	282.59	185.58
Add: Profit for the year	222.80	146.26
Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934]	(44.56	(29.25)
Less: Dividend on equity shares	(23.50)	(20.00)
Less: Transfer to Capital Redemption Reserve	(28.55)	-
Closing balance	**408.78**	**282.59**
Other comprehensive income		
Re-measurement gain on defined benefit plans (refer Note 20.6)		
Balance as per the last financial statements	2.71	0.47
Add: Other comprehensive income	2.62	2.24
Closing balance	**5.33**	**2.71**
Cashflow hedge reserve (refer Note 20.7)		
Balance as per the last financial statements	(17.92)	(22.24)
Add: Other comprehensive income	2.24	4.32
Closing balance	**(15.68)**	**(17.92)**
Total other equity	**2,252.84**	**1,376.40**

Nature and purpose of reserves

20.1: Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

20.2: Debenture redemption reserve

"The Companies Act 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings.
As per the Companies (Share Capital and Debentures) Amendment Rules, 2020 issued vide MCA notification dated 16th August, 2020, NBFCs registered with RBI under section 45-IA of RBI Act, 1934 have been exempted from the creation of Debenture Redemption Reserve in case of debentures."

20.3: Capital redemption reserve

Where the preference shares are redeemed out of the profits available for distribution, a sum equivalent to the nominal amount of shares being redeemed shall be transferred to the Capital Redemption Reserve. The CRR can be utilized for issue of bonus shares.

20.4: Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45-IC of Reserve Bank of India Act 1934.

20.5: Retained earnings

Retained earnings represent the surplus in Profit and Loss Account and appropriations. The Company also recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings.

20.6: Re-measurement gain on defined benefit plans

Remeasurement of the net defined benefit liabilities comprise actuarial gain/ loss.

20.7: Cashflow hedge reserve

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

21: Interest Income	"For year ended March 31, 2022"	"For year ended March 31, 2021"
Measured at amortised cost		
Interest on loan portfolio	1,856.02	1,752.37
Interest on fixed deposits	99.52	113.03
Interest on margin money deposits*	51.49	37.72
Interest income on unwinding of assigned portfolio	68.50	6.28
	2,075.53	**1,909.40**

*Note: Represent interest on margin money deposits placed with banks to avail term loans from banks and financial institutions and placed as cash collateral in connection with securitisation transactions.

(Rupees in millions unless otherwise stated)

22: Fees and commission income	For year ended March 31, 2022	For year ended March 31, 2021
Servicer fee and facilitation charges	85.73	4.84
	85.73	**4.84**

23: Net gain on derecognition of financial instruments under amortised cost category	For year ended March 31, 2022	For year ended March 31, 2021
Net gain on derecognition of financial instruments under amortised cost category	33.92	7.85
	33.92	**7.85**

24: Other income	For year ended March 31, 2022	For year ended March 31, 2021
Profit on sale of mutual fund units	0.06	-
Miscellaneous income	2.52	1.35
	2.58	**1.35**

25: Finance cost	For year ended March 31, 2022	For year ended March 31, 2021
Interest		
On Debt Securities	184.83	119.12
On Borrowings (Other than Debt Securities)	716.83	813.68
On Subordinated Liabilities	125.01	91.71
On Others	10.39	9.41
Other finance cost	3.19	2.44
	1,040.25	**1,036.36**

26: Impairment on financial instruments	For year ended March 31, 2022	For year ended March 31, 2021
Measured at amortised cost		
Impairment on loans	91.23	123.69
Impairment on other financial assets	0.59	0.34
	91.82	**124.03**

(Rupees in millions unless otherwise stated)

27: Employee benefits expense	For year ended March 31, 2022	For year ended March 31, 2021
Salaries, wages and bonus	469.75	347.09
Contribution to provident fund and other funds	45.99	35.79
Staff welfare expenses	4.37	3.01
	520.11	**385.89**

28: Other expenses	For year ended March 31, 2022	For year ended March 31, 2021
Rent (refer note 32)	37.16	21.83
Rates and taxes	19.70	13.97
Bank charges	0.33	0.66
Cash deposit charges	19.35	12.26
Insurance	9.89	8.80
Training Expenses	0.64	0.28
Business Promotion	2.66	0.80
Repairs and maintenance	16.61	12.29
Electricity charges	8.41	6.82
Travelling expenses	53.20	33.44
Communication expenses	16.61	12.37
Credit information service charges	3.82	3.04
Printing and stationery	9.15	4.99
Legal and professional charges	12.88	6.80
Directors sitting fees	0.42	0.43
Auditors remuneration (refer details below)	1.83	2.63
CSR Expenses	3.85	2.69
Miscellaneous expenses	5.13	4.10
Donation	0.01	-
Loss on sale of property, plant and equipment	0.05	1.21
Other provisions	0.60	0.03
	222.30	**149.44**
Payment to auditors		
As auditor:		
Audit fee	0.80	1.50
Limited review fee	0.80	0.70
Other services fee	0.20	0.40
Out of pocket expenses	0.03	0.03
	1.83	**2.63**

(Rupees in millions unless otherwise stated)

29: Income Tax Expense	For year ended March 31, 2022	For year ended March 31, 2021
A. Income tax expense in the statement of profit and loss consists of:		
Current Income Tax:		
Income Tax	83.02	72.68
Deferred Tax	(12.63)	(28.83)
Income Tax expense reported in the statement of profit or loss	**70.39**	**43.84**
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gain on defined benefit plans	0.88	0.74
Deferred tax arising on fair value income on derivative financial instruments	0.75	1.45
Total	**1.63**	**2.20**
Total income tax expense	**72.02**	**46.04**
B. Reconciliation between the provision of Income Tax of the Company and amounts computed by applying the Indian statutory Income Tax rate to profit before taxes is as follows:		
Profit before tax	293.19	190.10
Re-measurement gain on defined benefit plans	3.50	2.99
Fair value income on derivative financial instruments	2.99	5.77
Profit before tax (Re-measurement gain on defined benefit plans/Fair value income on derivative financial instruments)	299.68	198.86
Enacted tax rates in India	25.17%	25.17%
Computed tax expense	75.43	50.05
Effect of :		
Non-deductible expenses	23.58	21.15
Additional tax allowances	(26.99)	(25.16)
Total Income Tax expense	**72.02**	**46.04**

C. Deferred Tax Assets (net)

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Effects of deferred tax assets/ liabilities :		
Deferred Tax Assets		
Impairment allowance for financial assets	62.06	44.24
Provisions allowable on payment basis	5.18	4.41
Impact on Loans using effective rate of Interest	12.04	13.23
Impact of capitalisation leases under Ind AS 116	2.53	2.40
Derivative instruments in Cash flow hedge relationship	5.27	6.03
Differences of written down value of Property, plant and equipment and Intangible assets	0.22	-
Total Income Tax expense	**87.30**	**70.31**
Deferred Tax Liabilities		
Differences of written down value of Property, plant and equipment and Intangible assets	-	(0.23)
Remeasurement gain/(loss) on defined benefit plan	(1.80)	(0.92)
Impact on Borrowings using effective rate of Interest	(13.41)	(14.69)
Impact of re-recognition of securitization transactions in books	(6.95)	(8.74)
Impact of upfronting of EIS with respect to assigned loans	(12.56)	(4.14)
	(34.72)	**(28.72)**
Net deferred tax assets/(liabilities)	**52.58**	**41.59**

30: Earning per Share	For year ended March 31, 2022	For year ended March 31, 2021
Net profit after tax as per Statement of Profit and Loss	222.80	146.26
Net profit for calculation of basic earnings per share	**222.80**	**146.26**
Net profit as above	222.80	146.26
Net profit for calculation of diluted earnings per share	**222.80**	**146.26**
Calculation of weighted average number of equity shares for basic EPS		
Equity shares		
Opening No. of shares	39.17	33.33
Add: Issued during the year	3.21	2.66
Weighted average number of equity shares for basic EPS	**42.38**	**35.98**
Effect of dilution	-	-
Weighted average number of equity shares for diluted EPS	**42.38**	**35.98**
Basic earnings per share (In rupees)	**5.26**	**4.06**
Diluted earnings per share (In rupees)	**5.26**	**4.06**
Nominal value per share: Rs.10 (Previous year: Rs.10)		

31. Segment information

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of Ind AS 108 on 'Operating segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The Company operates in a single geographical segment i.e. domestic.

32. Leases

The carrying amounts of right-of-use of assets recognised and the movements during the period are as follows:

(Rupees in millions unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Balance at the beginning of the year	46.12	62.79
Modification in Lease Term	(6.73)	1.02
Additions made during the year	3.06	-
Depreciation charged during the year	(9.79)	(17.69)
Balance at the end of the year	32.66	46.12

The carrying amounts of lease liabilities and the movements during the period are as follows:

(Rupees in millions unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Balance at the beginning of the year	55.64	66.46
Modification in Lease Term	(6.73)	1.02
Additions made during the year	3.06	-
Interest accretion for the year	6.16	8.49
Payments made during the year	(15.45)	(20.33)
Balance at the end of the year	42.68	55.64

The maturity analysis of lease liabilities is disclosed under Other financial liabilities in Note 39(b).

The followings are the amounts recognised in profit and loss:

(Rupees in millions unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Depreciation expense in respect of right-of-use-of-asset	9.79	17.69
Interest Expense in respect of lease liabilities	6.16	8.50
Expense relating to short term lease (included in other expenses)	37.16	21.83
Total amount recognised in profit and loss	53.11	48.02

Notes to financial statements for the year ended March 31, 2022

33. Related parties

a. Related parties under Ind AS 24 with whom transactions have taken place during the year

Key Management Personnel

Amardeep Singh Samra	Managing Director
Amitesh Kumar	Chief Financial Officer & Chief Operating Officer
Sumit Bhojwani	Company Secretary (w.e.f. May 20, 2020)
Sharon Arora	Company Secretary (May 25, 2018 to May 20, 2020)
Vijay Kumar Bhandari	Non-Executive Chairman
Sachin Nityanand Kamath	Nominee Director
Shant Kumar Gupta	Independent Director
Janak Raj Gupta	Independent Director (retired w.e.f. March 18, 2021)
Kamna Raj Aggarwalla	Independent Women Director
Harpal Singh Chhokhar	Non-Executive Director (resigned w.e.f. December 21, 2021)
Santokh Singh Chhokhar	Non-Executive director (w.e.f. December 21, 2021)
Jeeban Kumar Sethy	Nominee Director (March 05, 2019 to April 16, 2020)

Relatives of Key Management Personnel

Surinder Kaur Samra	Mother of Mr Amardeep Singh Samra
Amarjit Singh Samra	Father of Mr Amardeep Singh Samra
Sarvjit Singh Samra	Brother of Mr Amardeep Singh Samra
Gagan Samra	Wife of Mr Amardeep Singh Samra
Lata Kumari	Wife of Mr Amitesh Kumar
Mohinder Kaur Chhokar	Mother of Mr Santokh Singh Chhokar
Sneh Bhandari	Wife of Mr V.K. Bhandari
Ashish Bhandari	Son of Mr V.K. Bhandari
Ranjit Kaur Chokhar	Wife of Mr Santokh Singh Chokhar
Neha Gupta	Wife of Shant Kumar Gupta
Prerna Bhandari	Wife of Mr. Ashish Bhandari
Ashish Gupta	Son of Mr J.R. Gupta

Investing party in respect of which the reporting enterprise is an associate:
Kitara PIIN 1501

b. Transactions with Related Parties

(Rupees in millions unless otherwise stated)

S. No	Related party	Nature of Transactions	Transaction during the year ended 31st March 2022	Transaction during the year ended 31st March 2021	(Payable)/Receivables	
					March 31, 2022	March 31, 2021
1.	Amardeep Singh Samra	Remuneration	15.83	9.16	-	-
		Rent	1.31	1.33	-	-
		Sitting fees	0.06	0.06	(0.01)	(0.01)
		Issue of equity shares (including premium)	-	39.15	-	-
		Payment of dividend on equity shares	1.83	1.53	-	-
2.	Amitesh Kumar	Remuneration	5.52	3.88	-	-
		Loans given & repayment thereof	-	-	0.53	0.53
		Issue of equity shares (including premium)	-	2.78	-	-
		Payment of dividend on equity shares	0.16	0.11	-	-
3.	Sumit Bhojwani	Remuneration	0.78	0.63	-	-
4.	Surinder Kaur Samra	Rent	0.12	0.11	-	-
5.	Amarjit Singh Samra	Rent	0.12	0.11	-	-
6.	Sarvjit Singh Samra	Rent	1.31	1.33	-	-

(Rupees in millions unless otherwise stated)

S. No	Related party	Nature of Transactions	Transaction during the year ended 31st March 2022	Transaction during the year ended 31st March 2021	(Payable)/Receivables	
					March 31, 2022	March 31, 2021
7.	Gagan Samra	Issue of equity shares (including premium)	-	10.59	-	-
		Payment of dividend on equity shares	0.50	0.41	-	-
8.	Lata Kumari	Rent	0.93	-	-	-
		Professional fees	-	0.58	-	-
9.	Kitara PIIN 1501	Issue of equity shares (including premium)	744.12	150.59	-	-
		Payment of dividend on equity shares	7.81	6.64	-	-
10.	V.K. Bhandari	Issue of equity shares (including premium)	-	5.90	-	-
		Payment of dividend on equity shares	0.28	0.23	-	-
		Payment of dividend on preference shares	0.00	0.00	-	-
		Sitting fees	0.08	0.09	(0.01)	(0.01)
11.	Sachin Nityanand Kamath	Sitting fees	0.07	0.08	(0.02)	(0.05)
12.	Shant Kumar Gupta	Sitting fees	0.09	0.08	(0.01)	(0.01)
13.	Janak Raj Gupta	Issue of equity shares (including premium)	-	-	-	-
		Payment of dividend on equity shares	0.05	0.08	-	-
		Payment of dividend on preference shares	0.06	0.06	-	-

(Rupees in millions unless otherwise stated)

S. No	Related party	Nature of Transactions	Transaction during the year ended 31st March 2022	Transaction during the year ended 31st March 2021	(Payable)/Receivables March 31, 2022	(Payable)/Receivables March 31, 2021
		Interest on debentures	0.32	0.09	-	-
		Sitting fees	-	0.06	-	-
		Issue of debentures	-	3.00	-	-
14.	Kamna Raj Aggarwala	Issue of equity shares (including premium)	-	0.39	-	-
		Sitting fees	0.05	0.04	(0.01)	(0.01)
15.	Sneh Bhandari	Issue of equity shares (including premium)	-	5.13	-	-
		Payment of dividend on equity shares	0.24	0.20	-	-
		Payment of dividend on preference shares	0.00	0.00	-	-
16.	Ashish Bhandari	Issue of equity shares (including premium)	-	47.49	-	-
		Payment of dividend on equity shares	1.07	0.69	-	-
17.	Ashish Gupta	Issue of equity shares (including premium)	-	-	-	-
		Payment of dividend on equity shares	0.01	0.04	-	-
18.	Mohinder Kaur Chhokar	Issue of equity shares (including premium)	-	-	-	-
		Payment of dividend on equity shares	1.65	1.65	-	-
19.	Harpal Singh Chhokar	Sitting fees	0.02	0.02	-	-
20.	Neha Gupta	Issue of equity shares (including premium)	-	3.10	-	-
		Payment of dividend on equity shares	0.15	0.12	-	-

S. No	Related party	Nature of Transactions	Transaction during the year ended 31st March 2022	Transaction during the year ended 31st March 2021	(Payable)/Receivables March 31, 2022	(Payable)/Receivables March 31, 2021
21.	Ranjit Kaur Chokhar	Issue of equity shares (including premium)	-	64.06	-	-
		Payment of dividend on equity shares	1.35	0.85	-	-
22.	Santokh Singh Chhokar	Sitting fees	0.03	-	(0.01)	-
23.	Parveen Kumar Gupta	Sitting fees	0.03	-	(0.01)	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

34. Contingent Liabilities and commitments (to the extent not provided for)

There are no contingent liabilities and commitments as at the end of the current year and the previous year.

35. Fair Value Measurement

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly/ indirectly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair Value hierarchy of Asset and Liabilities measured at fair value

Particulars	As at March 31, 2022 Stage I	Stage II	Stage III	Total
At fair value through OCI				
Derivative Asset – Forward currency swaps	-	18.36	-	18.36
At fair value through Profit and Loss				
Investments	-	150.00	-	150.00
Total	**-**	**168.36**	**-**	**168.36**

Particulars	As at March 31, 2021			
	Stage I	Stage II	Stage III	Total
At fair value through OCI				
Derivative Asset – Forward currency swaps	-	25.56	-	25.56
At fair value through Profit and Loss				
Investments	-	-	-	-
Total	**-**	**25.56**	**-**	**25.56**

Fair Value hierarchy of Asset and Liabilities not measured at fair value

The management assessed that carrying value of financial assets and financial liabilities are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values.

Valuation technique used

For Loan Portfolio

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fair value of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

For Borrowings

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

For Derivatives

Currency swaps held for the purpose of hedging foreign currency denominated external commercial borrowings are accounted as cash flow hedge. These swaps are considered under Level 2 for fair valuation which is performed through discounted cash flow method by deriving future forward rates. All future cashflows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates and accordingly arrived at the valuation for a point of time.

36. Capital Management

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times (refer Note 45(i)).

Notes to financial statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Debts	12,063.20	8,500.70
Net Worth	2,708.54	1,768.10
Debt to Net Worth (In times)	4.45	4.81

37. Retirement benefits

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to a limit of Rs. 2.00 mn as per The Payment of Gratuity Act, 1972.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the Balance Sheet for the gratuity plan.

Movement in Defined Benefit Obligations

Particulars	March 31, 2022	March 31, 2021
Defined benefit obligations as at the beginning of Year	11.92	10.16
Current Service Cost	5.07	4.66
Interest on defined benefit obligations	0.81	0.69
Re-measurements - Actuarial (Gain)/Loss on total Liabilities	(3.50)	(2.99)
Benefits paid	(0.76)	(0.60)
Defined benefit obligations as at the end of Year	**13.54**	**11.92**

Balance Sheet

Amount recognised in balance sheet

Particulars	March 31, 2022	March 31, 2021
Present Value of obligations	13.54	11.92
Fair value of plan assets	-	-
Net defined benefit liability recognised in balance sheet	**(13.54)**	**(11.92)**

Notes to financial statements for the year ended March 31, 2022 (Rupees in millions unless otherwise stated)

Expense charged to the statement of profit and loss

Particulars	March 31, 2022	March 31, 2021
Current service cost	5.07	4.66
Interest Cost	0.81	0.69
Total	**5.88**	**5.35**

Re-measurement (gain)/loss in other comprehensive income

Particulars	March 31, 2022	March 31, 2021
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(2.77)	(2.99)
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	(0.73)	-
Amount recognised under other comprehensive income	**(3.50)**	**(2.99)**

Summary of Actuarial Assumptions

Particulars	March 31, 2022	March 31, 2021
Discount rate	7.26%	6.76%
Rate of Increase in compensation levels	5.00%	5.00%
Retirement age (years)	60	60

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2022	March 31, 2021
Discount rate (+0.5%)	(0.77)	(0.71)
Discount rate (-0.5%)	0.85	0.79
Salary Inflation (+0.5%)	0.80	0.75
Salary Inflation (-0.5%)	(0.73)	(0.69)

Maturity Profile of Defined Benefit Obligation

Particulars	March 31, 2022	March 31, 2021
Year 1	0.43	0.32
Year 2	0.42	0.36
Year 3	0.51	0.44
Year 4	0.58	0.52
Year 5	0.62	0.55
Year 6	0.59	0.52
After 6 years	10.39	9.21

Discount rate: The discount rate is based on government bond yields as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimate of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

38. Dues to micro, small and medium enterprises

Refer Note 14 to the financial statements.

39. Risk Management & financial objectives

Risk is an integral part of the Company's business and sound risk management is critical to its success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks.

The company continuously identifies potential risks in advance, analyzes them and takes precautionary steps to reduce/curb the risk. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

a. Credit Risk

Credit risk is the risk of loss that may occur from defaults by Borrowers under loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts to contain credit risk. The Company also follows a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; socio- economic and law and order risks in the proposed area. Further, client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet the company's criteria.

The Company is a rural focused NBFC with a geographically diversified presence in India and offers income generation loans under the joint liability group model, predominantly to women from low-income households in rural areas. Further, as it focuses on providing micro-loans in rural areas, The Company's results of operations are affected by the performance and the future growth potential of microfinance in rural India.

The Company's clients typically have limited sources of income, savings and credit histories and the loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, the Company rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of loans.

In order to mitigate the impact of credit risk in the future profitability, the Company makes reserves basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The below discussion describes the Company's approach for assessing impairment as stated in note 3.6 of the significant accounting policies.

A) Probability of Default (PD)

The company uses flow rates information of its loan portfolio to estimate its PD. The Company's loans largely consist of Joint Liability Group Loans and have similar characteristics. Thus, the Company estimates its PD on a collective basis without further stratifying its portfolio. However, the Company performs a separate assessment to determine the effect of uncertainties and risks arising from its operations in different geographical states in the country on its PD.

Based on the review of macro-economic developments and economic outlook, the Company assesses any adjustments required for temporary overlays to determine qualitative impact on its PD(s).

In determining the PD, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future.

B) Exposure at Default (EAD)

The outstanding balances as at the reporting date is considered as EAD by the Company. Considering that the PD determined above factors in an amount at default, there is no separate requirement to estimate EAD.

C) Loss given Default

The Company determines its expectation of lifetime losses by estimating recoveries towards its entire loan portfolio through an analysis of historical information. The Company determines its recovery rates by analysing the recovery trends by discounting such recoveries over different periods of time after a loan has defaulted. In estimating LGD, the Company reviews macro-economic developments taking place in the economy.

Credit Risk on Derivative financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. With gross–settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.

b. Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure.

(Rupees in millions unless otherwise stated)

The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, and insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. The maturity schedule for all financial liabilities is regularly reviewed and monitored. Company has an Asset Liability Management (ALM) policy and has constituted an ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement.

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on:

Maturity pattern of Liabilities as on March 31, 2022:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings *	839.11	533.68	548.49	2,403.94	2,805.61	4,598.10	1,409.27	1,569.73	**14,707.93**
Other financial liabilities	448.77	0.98	0.98	3.06	6.10	25.03	17.40	4.48	**506.80**

*Represents debt securities, borrowings (other than debt securities) and Subordinated liabilities.

Maturity pattern of Liabilities as on March 31, 2021:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings *	855.66	397.07	406.88	1,237.48	2,292.82	3,428.84	939.92	1,355.19	**10,913.86**
Other financial liabilities	212.15	1.70	1.60	4.63	8.59	27.79	23.18	9.02	**288.66**

*Represents debt securities, borrowings (other than debt securities) and Subordinated liabilities.

c. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to two types of market risks as follows:

Notes to financial statements for the year ended March 31, 2022 (Rupees in millions unless otherwise stated)

A) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our ALM Committee evaluates the maturities of assets and liabilities and ensures that all significant mismatches, if any, are being managed appropriately. The Company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize the stability of funds.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings as follows:

Finance Cost*	March 31, 2022	March 31, 2021
0.50% increase	(17.59)	(16.78)
0.50% decrease	17.59	16.78

B) Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

C) Foreign currency risk

The Company is exposed to foreign currency fluctuation risk for its external commercial borrowings (ECB). The ECB are governed by RBI guidelines. The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved hedging policy.

The Company manages its currency risks by entering into derivative contracts as hedge positions. The Company's exposure of foreign currency risk at the end of the reporting period expressed in INR is as follows:

Particulars	As at March 31, 2022		As at March 31, 2021	
	EUR	GBP	EUR	GBP
Hedged				
ECB	423.30	213.04	430.50	216.03
Derivative*	396.48	200.55	396.48	200.55

* represents the notional amount of the derivative financial instrument

d. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities. The company recognises that operational risk event types that have the potential to result in substantial losses include Internal fraud, external fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management. The company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

40. Transfer of Financial Assets

Transfers of financial assets that are not derecognised in their entirety

a. Securitisation Transaction:

During the period, the Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loans which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred.

The value of financial assets and liabilities as on:

Particulars	March 31, 2022	March 31, 2021
Carrying amount of transferred assets measured at amortised cost	21.37	19.69
Carrying amount of associated liabilities	39.27	22.72

The carrying amount of above assets and liabilities is a reasonable approximation of their fair values.

b. Assignment Transaction:

During the period ended March 31, 2022, the company has sold some loans and advances measured at amortised cost as part of assignment deals, as a source of finance. As per the terms of the deal, the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the company's business model remains to hold the assets for collecting contractual cash flows.

(Rupees in millions unless otherwise stated)

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset:

Loans and advances measured at amortised cost	For the year ended March 31, 2022	For the year ended March 31, 2021
Carrying amount of derecognised financial assets	971.60	290.95
Gain/(loss) from derecognition	99.58	7.46

Since the company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

41. Expenditure on Corporate Social Responsibility:

Particulars	March 31, 2022	March 31, 2021
a) Gross amount required to be spent by the Company during the year	3.85	2.69
b) Amount of Expenditure incurred		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	1..87	1..82
c) Shortfall at the end of the year (a-b)	1.98	0.87
Total of previous years short fall	0.87	-
Reason for shortfall of CSR expenditure	The amount is allocated to an ongoing project with a duration of 3 years, hence the pending amount transferred to unspent CSR account will be spend in the succeeding Financial Year.	The amount is allocated to an ongoing project with a duration of 2 years, hence the pending amount transferred to unspent CSR account will be spend in the succeeding Financial Year.
Nature of CSR activities	Environment Safety & Plantation Drive, Eradication of Hunger & Poverty & Malnutrition, Financial Literacy & Awareness Drive, Rural Area Development Energy.	Promoting Health care and sanitation including preventive health care, Eradicating hunger, poverty and malnutrition, promoting education, promoting gender equality, empowering women.

Particulars	March 31, 2022	March 31, 2021
Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard.	Contribution to a trust controlled by the company	Contribution to a trust controlled by the company
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	N.A.	N.A.

The company has complied with the provisions of the section 135 of the Companies Act 2013 and transferred the unspent amount to the Unspent CSR account within 30 days from the end of the FY 2021-22.

42. Maturity analysis of assets and liabilities

Maturity analysis of assets and liabilities as at March 31, 2022

Particulars	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	2,348.07	-	2,348.07
Bank balances other than cash and cash equivalents	1,551.31	919.27	2,470.58
Derivative financial instruments	17.39	0.97	18.36
Receivables			
Trade Receivables	14.94	-	14.94
Other Receivables	-	-	-
Loan portfolio	7,105.06	3,240.89	10,345.95
Investments	150.00	-	150.00
Other financial assets	106.32	-	106.32
Total financial assets	**11,293.09**	**4,161.13**	**15,454.22**
Non-financial assets			
Current tax assets (net)	2.83	-	2.83
Deferred tax assets (net)	-	52.58	52.58
Property, plant and equipment	-	106.44	106.44
Intangible assets	-	13.35	13.35
Other non-financial assets	64.06	-	64.06
Total non-financial assets	**66.89**	**172.37**	**239.26**
Total assets	**11,359.98**	**4,333.50**	**15,693.48**

(Rupees in millions unless otherwise stated)

Particulars	Within 12 months	After 12 months	Total
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	-
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	27.43	-	27.43
Other payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	3.72	-	3.72
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	7.14	-	7.14
Debt securities	334.46	987.47	1,321.93
Borrowings (other than debt securities)	6,016.91	3,956.84	9,973.75
Subordinated liabilities	119.65	1,041.20	1,160.85
Other financial liabilities	421.59	30.61	452.20
Total financial liabilities	**6,930.90**	**6,016.12**	**12,947.02**
Non-financial liabilities			
Provisions	1.10	19.48	20.58
Other non-financial liabilities	17.34	-	17.34
Total non-financial liabilities	**18.44**	**19.48**	**37.92**
EQUITY			
Equity share capital	-	455.70	455.70
Other equity	-	2,252.84	2,252.84
Total equity	**-**	**2,708.54**	**2,708.54**
Total liabilities and equity	**6,949.34**	**8,744.14**	**15,693.48**

Maturity analysis of assets and liabilities as at March 31, 2021

Particulars	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	1,490.29	-	1,490.29
Bank balances other than cash and cash equivalents	1,160.17	482.33	1,642.50
Derivative financial instruments	-	25.56	25.56
Receivables			
Trade Receivables	2.01	-	2.01
Other Receivables	-	-	-
Loan portfolio	6,544.18	1,013.19	7,557.37
Investments	-	-	-
Other financial assets	79.04	1.63	80.67
Total financial assets	**9,275.69**	**1,522.71**	**10,798.40**
Non-financial assets			
Current tax assets (net)	-	4.23	4.23
Deferred tax assets (net)	-	41.59	41.59
Property, plant and equipment	-	115.71	115.71
Intangible assets	-	10.55	10.55
Other non-financial assets	27.62	-	27.62
Total non-financial assets	**27.62**	**172.37**	**199.70**
Total assets	**9,303.31**	**1,694.79**	**10,998.10**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	-
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	6.33	-	6.33
Other payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	1.49	-	1.49
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	7.69	-	7.69

(Rupees in millions unless otherwise stated)

Particulars	Within 12 months	After 12 months	Total
Debt securities	344.32	970.55	1,314.87
Borrowings (other than debt securities)	4,000.67	2,562.16	6,562.83
Subordinated liabilities	80.20	973.24	1,053.44
Other financial liabilities	213.16	37.44	250.60
Total financial liabilities	**4,653.86**	**4,543.39**	**9,197.25**
Non-financial liabilities			
Provisions	0.98	16.53	17.51
Other non-financial liabilities	15.24	-	15.24
Total non-financial liabilities	**16.22**	**16.53**	**32.75**
EQUITY			
Equity share capital	-	391.70	391.70
Other equity	-	1,376.40	1,376.40
Total equity	**-**	**1,768.10**	**1,768.10**
Total liabilities and equity	**4,670.08**	**6,328.02**	**10,998.10**

43. Disclosure of investing and financing activities that do not require the use of cash and cash equivalents

For the year ended March 31, 2022

Name of instrument	Opening	Cash flows	Exchange differences	Others	Closing
Equity share capital (including securities premium)	1,349.88	744.12	-	(7.84)	2,086.16
Borrowings (other than debt securities)	6,562.83	3,421.11	(10.19)	-	9,973.75
Right-of-use assets	46.12	3.06	-	(16.52)	32.66
Lease liabilities	55.64	(15.44)	-	2.48	42.68
Total	**8,014.47**	**4,152.85**	**(10.19)**	**(21.88)**	**12,135.25**

For the year ended March 31, 2021

Name of instrument	Opening	Cash flows	Exchange differences	Others	Closing
Equity share capital (including securities premium)	900.53	450.03	-	(0.68)	1,349.88
Borrowings (other than debt securities)	6,589.96	(57.80)	30.67	-	6,562.83
Right-of-use assets	62.79	-	-	(16.67)	46.12
Lease liabilities	66.46	(20.33)	-	9.51	55.64
Total	**7,619.74**	**371.90**	**30.67**	**(7.84)**	**8,014.47**

44. Additional regulatory information

i. The Company does not hold any immovable property as on March 31, 2022 and March 31, 2021. All the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

ii No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder, as at March 31, 2022 and March 31, 2021.

iii. The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended March 31, 2022 and March 31, 2021.

iv. The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended March 31, 2022 and March 31, 2021.

v. There was no delay in the registration or satisfaction of any charges with Registrar of Companies during the year ended March 31, 2022 and March 31, 2021.

vi. The company does not have any investment in any subsidiary company. Therefore, there is no requirement to comply with the number of layers prescribed under clause (87) of section 2 of Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.

vii. Analytical Ratios

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variance	Reasons for variance (if above 25%)
I. Capital to risk-weighted assets ratio	3,623.45	10,744.32	33.72%	33.96%	-0.24%	NA
ii. Tier I CRAR	2,629.91	10,744.32	24.48%	22.09%	2.39%	NA
iii. Tier II CRAR	993.54	10,744.32	9.24%	11.87%	-2.63%	NA
iv. Liquidity Coverage Ratio	3,758.59	319.26	1177.30%	560.04%	617.26%	Note 1 below

Note:
1.Higher liquidity maintained during the March 31, 2022.

viii. There was no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year ended March 31, 2022 and March 31, 2021.

ix. The Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Company with the banks and financial institutions are in accordance with the books of accounts of the Company for the respective quarters.

x. The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at March 31, 2022 are held by the Company in the form of deposits till the time the utilisation is made subsequently.

xi. There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended March 31, 2022 and March 31, 2021, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended March 31, 2022 and March 31, 2021.

xii. As a part of normal lending business, the company grants loans and advances on the basis of security/guarantee provided by the Borrower/ co-borrower. These transactions are conducted after exercising proper due diligence. Other than the transactions described above,

a. No funds have been advanced or loaned or invested by the Company to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries);

b. No funds have been received by the Company from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

xiii. The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2022 and March 31, 2021.

xiv There are some pending income tax demands, against which Company has already filed applications under Sec-154 of Income-tax Act 1961 (rectifications of mistakes apparent from records). In the assessment of management, the possibility of any outflow in settlement is remote.

(Rupees in millions unless otherwise stated)

45. Additional disclosures required by the RBI

(Disclosures are made as per Ind AS financial statements except otherwise stated)

i. Capital to Risk Assets Ratio ('CRAR'):

Particulars	March 31, 2022	March 31, 2021
I. CRAR	33.72%	33.96%
ii. CRAR – Tier I Capital	24.48%	22.09%
iii. CRAR – Tier II Capital	9.24%	11.87%
iv. Amount of Subordinated debt raised as capital Tier-II capital	767.52	623.00
v. Amount raised by issuing perpetual debt instrument	-	-

Notes:

- CRAR as at 31 March, 2022 has been computed in line with RBI notification No. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 w.r.t. implementation of Indian Accounting Standards.
- The company has considered impairment allowance towards stage I as contingent provision for standard assets for calculating Tier II capital.
- The securitised assets not qualifying for de-recognition under Ind AS due to credit enhancement given by the originating NBFC on such assets shall be risk weighted at zero percent.

ii. Investments:

Particulars	March 31, 2022	March 31, 2021
1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	150.00	-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India		
(b) Outside India	150.00	-
	-	-

(Rupees in millions unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
1) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less Write-off/ write-back of excess	-	-
(iv) Closing Balance	-	-

iii. Derivatives:

Qualitative Disclosure

The Company's activities expose it to the financial risks of changes in foreign exchange rates. The Company uses derivative contracts such as currency swaps to hedge its exposure to movements in foreign exchange. The use of these derivative contracts reduces the risk to the Company and the Company does not use those for trading or speculation purposes. The Company uses hedging instruments that are governed by the approvals of Board of Directors. The officials authorized by the board to enter into derivative transactions for the company are kept separate from the authorized signatories to confirm the derivative transactions. All derivative transactions that are entered into by the company are reported to the board, and the mark-to-market on its portfolio is monitored regularly by the senior management.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Derivative assets and liabilities are recognised on the balance sheet at fair value. Fair value of derivatives is ascertained using valuation techniques described in Note 35 which is verified with the mark to market and accrual values received from the counter-party banks. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship.

Quantitative Disclosure

Particulars	March 31, 2022	March 31, 2021
i) Derivatives (Notional Principal Amount)	597.02	597.02
ii) Marked to Market Positions	18.36	25.56
(a) Assets (+)	18.36	25.56
(b) Liabilities (-)	-	-
iii) Credit Exposure	Nil	Nil
iv) Unhedged Exposures	Nil	Nil

iv. Disclosures relating to securitisation:

During the year the Company has sold loans through securitisation. The information on securitisation activity is as below:

(Rupees in millions unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Total number of loans securitised (including over collateralized loans) during the year	40,691	-
Total book value of loans securitised during the year	661.31	-
Total book value of loans securitised including loans placed as collateral during the year	661.31	-
Sale consideration received for loans securitised	21.76	-
Credit enhancements provided and outstanding (Gross) as at balance sheet date		
Interest subordination		
Principal subordination	57.04	35.18
Cash Collateral	29.27	17.59

Sr. No	Particulars	March 31, 2022	March 31, 2021
1.	No. of SPVs sponsored by the NBFC for securitisation transactions	2	1
2.	Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on date of balance sheet:	78.41	54.87
3.	Total amount of exposures retained to comply with minimum retention requirement ('MRR') as on date of balance sheet:		
	a) Off balance sheet exposures		
	- First loss-	-	-
	-Others	-	-
	b) On balance sheet exposures (cash collateral and over collateral)		
	- First loss	86.31	52.78
	- Others	-	-
4.	Amount of exposures to other than MRR:		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	
	- Others	-	-
			-

(Rupees in millions unless otherwise stated)

Sr. No	Particulars	March 31, 2022	March 31, 2021
	b) On balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

v. Details of assignment transaction undertaken:

Particulars	March 31, 2022	March 31, 2021
No. of Accounts	1,26,145	14,011
Aggregate value of account sold	1792.44	206.48
Aggregate consideration	1792.44	206.48
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/ (loss) over net book value	-	-

vi. Details of financial assets sold to Securitisation / Reconstruction Company for asset reconstruction:

The Company has not sold financial assets to Securitisation/ Reconstruction companies for asset reconstruction in the current and previous year.

vii. Details of non-performing financial assets purchased / sold:

The Company has not purchased / sold non-performing financial assets in the current and previous year.

viii. Asset Liability Maturity pattern of certain items of Assets and Liabilities:

Maturity pattern of assets and liabilities as on March 31, 2022**

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	-	-	618.13	703.61	681.31	1,831.77	3,000.23	3,416.12	100.48	-	10,351.65
Investments	150.00	-	-	-	-	-	-	-	-	-	150.00
Borrowings*	172.94	121.29	406.16	450.38	456.55	2,097.67	2,408.14	3,963.28	1,246.25	656.25	11,978.91

Maturity pattern of assets and liabilities as on March 31, 2021**

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	-	-	591.50	620.58	640.49	1,925.48	2,659.40	1,150.91	26.64	-	7,615.00
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings*	178.16	160.49	297.88	333.42	344.47	1,044.07	2,073.60	2,774.43	694.03	545.89	8,446.44

*Borrowings include foreign currency borrowings in the form of ECB which have been fully hedged.

**The amounts mentioned above represent only principal outstanding on advances and borrowings.

ix. Exposures:

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current or previous year.

x. Details of financing of parent company products:

This disclosure is not applicable as the Company does not have any holding / parent company.

xi. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:

The Company has not exceeded the Single Borrower Limit (SGL) i.e. 15% of its Owned fund / Group Borrower Limit (GBL) i.e. 25% of its own fund, during the current or previous year.

xii. Value of Imports calculated on CIF basis:

The Company has not imported any goods therefore value of import on CIF basis is Nil in the current and previous year.

xiii. Unsecured advances:

Refer Note 8 to the financial statements.

xiv. Registration obtained from other financial sector regulators:

The Company is registered with the Ministry of Finance (Financial Intelligence Unit).

xv. Disclosure of penalties imposed by RBI and other regulators:

No penalties were imposed by RBI or any other regulator during the current or the previous year.

xvi. Related Party Transactions:

Refer Note 33 of Financial Statements for related party transactions disclosure.

xvii. Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2022:

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed	Amount	Rating assigned*
Bank Loan Rating (Long term Facilities)	Brickwork Ratings	August 6, 2021	3,000.00	BWR BBB+
Bank Loan Rating (Long Term Bank facilities)	CARE Ratings	February 15, 2022	3,100.00	CARE BBB
MFI Grading	Brickwork Ratings	December 9, 2021	N.A.	BWR MF2
MFI Grading	SMERA	November 30,2021	N.A.	SMERA M2C1
Non-convertible debentures	CARE Ratings	February 7, 2022	500.00	CARE BBB

Notes to financial statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed	Amount	Rating assigned*
Non-convertible debentures	CARE Ratings	February 7, 2022	118.90	CARE BBB
Non-convertible debentures	India Ratings	March 22, 2022	750.00	IND BBB
Securitisation	ICRA Ratings	August 3, 2021	201.20	A1 PTC - ICRA A (SO) A2 PTC - ICRA BBB+(SO)
Securitisation	CARE Ratings	September 6, 2021	193.20	A1 PTC-CARE A (SO) A2 PTC-CARE A- (SO)
Securitisation	CARE Ratings	October 29, 2021	266.90	CARE A (SO)
Covered Term Loan Facility	CARE Ratings	March 22, 2022	87.80	CARE A- (CE)

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2021:

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed	Amount	Rating assigned*
Bank Loan Rating (Long term Facilities)	Brickwork Ratings	August 4, 2020	3,000.00	BWR BBB+
Bank Loan Rating (Long Term Bank facilities)	CARE Ratings	February 16, 2021	2,100.00	CARE BBB
MFI Grading	Brickwork Ratings	October 1, 2020	N.A.	BWR MF2
MFI Grading	SMERA	November 26, 2020	N.A.	SMERA M2C1
Non-convertible debentures	CARE Ratings	November 26, 2020	500.00	CARE BBB
Non-convertible debentures	CARE Ratings	March 18, 2021	200.00	CARE BBB
Non-convertible debentures	CARE Ratings	March 27, 2021	118.90	CARE BBB

(Rupees in millions unless otherwise stated)

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed	Amount	Rating assigned*
Securitisation	ICRA Ratings	March 15, 2021	316.70	A1 PTC-ICRA A+(SO) A2 PTC-ICRA A-(SO)
Covered Term Loan Facility	CARE Ratings	March 26, 2021	120.00	CARE A- (CE)

*The ratings are subject to annual surveillance till the final repayment/redemption of rated facilities.

xviii. Remuneration of Directors:

The Company has not entered into any transactions or in a pecuniary relationship with the non-executive directors other than those as disclosed in note 33 of Financial Statements.

xix. Provisions and Contingencies (shown in Statement of Profit and Loss):

Particulars	March 31, 2022	March 31, 2021
Provision made towards Income Tax	83.02	72.67
Provision towards NPA	121.44	66.83
Provision for Standard Assets	(29.62)	56.86
Provision for leave benefits	1.44	1.62
Provision for gratuity	2.38	2.35
Provision for Other Doubtful Debts	1.19	0.37

xx. Draw down from Reserves:

There has been no draw down from Reserves during the year ended March 31, 2022 (previous year: Nil) other than those disclosed under Note 20.

xxi. Concentration of Deposits:

The Company has not accepted any deposits during the year ended March 31, 2022 (previous year: Nil).

xxii. Concentration of Advances, Exposures and NPAs:

Particulars	March 31, 2022	March 31, 2021
Concentration of Advances		
Total Advances to twenty largest borrowers	2.59	2.24
(%) of Advances to twenty largest borrowers to Total Advances	0.02%	0.03%
Concentration of Exposures		
Total Advances to twenty largest borrowers	2.59	2.24
(%) of Advances to twenty largest borrowers to Total Exposure	0.02%	0.03%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.44	0.41

(Rupees in millions unless otherwise stated)

xxiii. Sector-wise NPAs:

S. No	Sector	(%) of NPAs to total advances in that sector as at March 31, 2022	(%) of NPAs to total advances in that sector as at March 31, 2021
1.	Agriculture & allied activities	2.81%	1.64%
2.	MSME	0.00%	0.00%
3.	Corporate borrowers	0.00%	0.00%
4.	Services	3.20%	1.70%
5.	Unsecured personal loans	0.00%	0.00%
6.	Auto loans	0.00%	0.00%
7.	Other personal loans	0.00%	0.00%

xxiv. Movement of NPAs:

S. No	Sector	March 31, 2022	March 31, 2021
(i)	**Net NPAs to Net Advances (%)**	0.96%	0.35%
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	131.06	41.87
(b)	Additions during the year	195.13	89.19
(c)	Reductions during the year	-	-
(d)	Closing balance	326.19	131.06
(iii)	**Movement of Net NPAs**		
(a)	Opening balance	26.12	3.76
(b)	Additions during the year	73.70	22.36
(c)	Reductions during the year	-	-
(d)	Closing balance	99.82	26.12
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets):**		
(a)	Opening balance	104.94	38.11
(b)	Additions during the year	121.43	66.83
(c)	Reductions during the year	-	-
(d	Closing balance	226.37	104.94

xxv. Overseas Assets and Off-Balance Sheet SPVs sponsored:

The Company does not own any assets outside the country and any off-balance Sheet SPVs sponsored.

xxvi. Postponement of Revenue Recognition

There is no significant uncertainty which requires postponement of revenue recognition.

(Rupees in millions unless otherwise stated)

xxvii. Disclosure of Customer Complaints:

Particulars	March 31, 2022	March 31, 2021
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	2688	3525
(c) No. of complaints redressed during the year	2688	3525
(d) No. of complaints pending at the end of the year	-	-

xxviii. Comparison of Provision required under IRACP norms and impairment allowances made under Ind AS 109:

For the year ended March 31, 2022:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)- (6)
Performing Assets						
Standard	Stage 1	10096.81	20.76	10076.05	87.35	(66.59)
	Stage 2	219.29	49.21	170.08	1.90	47.31
Subtotal		**10316.10**	**69.97**	**10246.13**	**89.25**	**(19.28)**
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	326.19	226.37	99.82	109.00	117.37
Doubtful						
Upto 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss assets	-	-	-	-	-	-
Subtotal (B)		**326.19**	**226.37**	**99.82**	**109.00**	**117.37**

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Total	**Stage 1**	**10096.81**	**20.76**	**10076.05**	**87.35**	**(66.59)**
	Stage 2	**219.29**	**49.21**	**170.08**	**1.90**	**47.31**
	Stage 3	**326.19**	**226.37**	**99.82**	**109.00**	**117.37**
	Total	**10642.29**	**296.34**	**10345.95**	**198.25**	**98.09**

For the year ended March 31, 2021:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)- (6)
Performing Assets						
Standard	Stage 1	7077.25	31.13	7046.12	34.57	(3.44)
	Stage 2	554.17	69.04	485.13	115.07	(46.03)
Subtotal		**7631.42**	**100.17**	**7531.25**	**149.64**	**(49.47)**
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	131.07	104.94	26.13	39.77	65.17
Doubtful						
Upto 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss assets	-	-	-	-	-	-
Subtotal (B)		**131.07**	**104.94**	**26.13**	**39.77**	**65.17**

(Rupees in millions unless otherwise stated)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Total	Stage 1	7077.25	31.13	7046.12	34.57	(3.44)
	Stage 2	554.17	69.04	485.13	115.07	(46.03)
	Stage 3	131.07	104.94	26.13	39.77	65.17
	Total	7762.48	205.11	7557.37	189.78	15.70

*The provision required as per IRACP norms has been calculated on the aggregate loan portfolio after derecognising the securitised assets which meets the de-recognition criteria under the previous GAAP.

xxix. Information on instances of fraud:

Particulars	March 31, 2022	March 31, 2021
Number of frauds reported during the year	2	-
Amount involved in fraud	0.48	-
Recovery*	0.42	-
Amount written off	0.06	-

*Includes claims received from insurance company.

xxx. Information on Net Interest Margin

Quarterly Net Interest Margin

Particulars	March 31, 2022 Quarter 1	Quarter 2	Quarter 3	Quarter 4
Average lending rate	21.47%	21.94%	21.86%	21.69%
Average effective cost of borrowing*	13.06%	12.04%	13.00%	12.61%

Particulars	March 31, 2021 Quarter 1	Quarter 2	Quarter 3	Quarter 4
Average lending rate	24.09%	23.67%	22.33%	21.89%
Average effective cost of borrowing*	14.37%	13.73%	13.07%	13.80%

*Represents the average effective cost of borrowings for preceding quarter.
The company has calculated above average lending rate and effective cost of borrowing as per pricing of credit guidelines prescribed in master directions issued by Reserve Bank of India no. DNBR.PD.008/03.10.119/2016-17.

Notes to financial statements for the year ended March 31, 2022

xxxi. Disclosures as required for liquidity risk

a. Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	March 31, 2022	March 31, 2021
Number of significant counter parties*	25	16
Amount (in mn)	10,142.46	5,642.29
Percentage of funding concentration to total deposits	N.A.	N.A.
Percentage of funding concentration to total liabilities	78.11%	61.13%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

b. Top 20 large deposits

Particulars	March 31, 2022	March 31, 2021
Total amount of top 20 deposits	N.A.	N.A.
Percentage of amount of top 20 deposits to total deposits	N.A.	N.A.

c. Top 10 borrowings

Particulars	March 31, 2022	March 31, 2021
Total amount of top 10 borrowings	6,708.84	4,577.50
Percentage of amount of top 10 borrowings to total borrowings	53.86%	51.25%

d. Funding Concentration based on significant instrument/product*

S. no	Name of the instrument/product	March 31, 2022	% of Total Liabilities
1.	Non-Convertible Debentures (Secured)	1,282.66	9.88%
2.	Term Loans from Banks	7,772.28	59.86%
3.	Term Loans from Non-banking financial companies	1,511.37	11.64%
4.	External commercial borrowings	640.27	4.93%
5.	Non-Convertible Debentures (Unsecured)	767.52	5.91%
6.	Non-Convertible Preference Shares	393.33	3.03%

(Rupees in millions unless otherwise stated)

d. Funding Concentration based on significant instrument/product*

S. no	Name of the instrument/product	March 31, 2021	% of Total Liabilities
1.	Non-Convertible Debentures (Secured)	1,292.15	14.00%
2.	2 Term Loans from Banks	3,986.55	43.19%
3.	3 Term Loans from Non-banking financial companies	1,836.47	19.90%
4.	4 External commercial borrowings	645.77	7.00%
5.	5 Non-Convertible Debentures (Unsecured)	623.00	6.75%
6.	6 Non-Convertible Preference Shares	430.44	4.66%

*Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) C.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

e. Stock ratios

S. no	Stock Ratios	March 31, 2022	March 31, 2021
1.	Commercial papers as a % of total public funds	N.A.	N.A.
2.	Commercial papers as a % of total liabilities	N.A.	N.A.
3.	Commercial papers as a % of total assets	N.A.	N.A.
4.	Non-Convertible Debentures (original maturity of less than one year) as a % of total public funds	N.A.	N.A.
5.	Non-Convertible Debentures (original maturity of less than one year) as a % of total liabilities	N.A.	N.A.
6.	Non-Convertible Debentures (original maturity of less than one year) as a % of total assets	N.A.	N.A.
7.	Other short-term liabilities as a % of total public funds	55.79%	52.29%
8.	Other short-term liabilities as a % of total liabilities	53.52%	50.60%
9.	Other short-term liabilities as a % of total assets	44.28%	42.46%

*Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

f. Institutional set-up for liquidity risk Management

Refer Note 39 to the financial statements.

xxxii. Disclosure on Transfer of Loan Exposures

Details of loans transferred/acquired, as per RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:

(i) Details of loans not in default transferred through assignment:

Particulars	For year ended March 31, 2022
Aggregate amount of loans transferred	1,26,145
Weighted average maturity (in months)	9.80
Weighted average holding period (in months)	8.53
Retention of beneficial economic interest by the originator	10%/20%
Tangible security cover	111%/125%
Rating-wise distribution of rated loans	Not Applicable

(ii) The Company has not acquired any loan through assignment during the year ended March 31, 2022.
(iii) The Company has not transferred/acquired any stressed loan during the year ended March 31,2022.
(iv) The Company has not transferred any non-performing assets (NPA's) during the year ended March 31, 2022.

46. Analytical ratios/disclosures required under Regulation 52(4) of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	Year ended March 31, 2022
(1) Debt-equity ratio	4.45
(2) Debt service coverage ratio	Not Applicable
(3) Interest service coverage ratio	Not Applicable
(4) Outstanding redeemable preference shares (quantity and value)	
-Quantity	1,30,90,000
-Value	393.33
(5) Capital Redemption Reserve (In mn	32.55
(6) Debenture Redemption Reserve (In mn)	36.63
(7) Net worth (In mn)	2,708.54
(8) Net profit after tax (In mn)	222.80
(9) Earnings per share	
-Basic	5.26
-Diluted	5.26
(10) Current ratio Not Applicable	Not Applicable
(11) Long term debt to working capital	Not Applicable
(12) Bad debts to account receivable ratio	Not Applicable
(13) Current liability ratio	Not Applicable
(14) Total debts to total assets	0.77
(15) Debtors turnover	Not Applicable
(16) Inventory turnover	Not Applicable
(17) Operating margin (%)	Not Applicable
(18) Net profit margin (%)	10.14

(Rupees in millions unless otherwise stated)

Particulars	Year ended March 31, 2022
(19) Sector specific equivalent ratios, as	
(a) Capital Adequacy Ratio (%)	33.72
(b) Gross Non-Performing Assets (GNPA) ratio(%)	3.07
(c) Net Non-Performing Assets (NNPA) ratio (%)	0.96

47.

On November 12th 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On February 15th 2022, the RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 providing time till September 3th 2022. Accordingly, the Company will implement the updated norms under IRACP w.e.f. 1st October 2022.

48. Impact of COVID-19

The extent to which COVID-19 pandemic will continue to impact the Company's operations and financial metrics will depend on future developments, which are uncertain. The Company has used the principles of prudence to provide for the impact of pandemic on the financial statements specifically while assessing the expected credit loss on financial assets by applying management overlays, which was INR 296.34 Mn as on March 31, 2022 as approved by its Board of Directors. The Company will closely monitor any material changes to future economic conditions and resultant impact, if any on the expected credit loss provision on Loan assets.

49. Details of Interest on Interest during the moratorium period:

In accordance with RBI circular no. DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021, all lending institutions shall refund/adjust 'interest on interest' to all borrowers including those who had availed working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants/bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly, the company has estimated an interest relief of Rs. 2.88 Mn and recorded the same as a liability while reducing the interest income of the financial year 2020-21.

50. Details of the Code on Social Security Code, 2020 ('Code') relating to employee benefits:

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The company will evaluate the rules, assess the impact, if any and account for the same once the rules are notified and become effective.

51. Miscellaneous:

i. During the year ended March 31, 2022, the Company has redeemed 3,45,000 (17%, Cumulative, Non-Participative and Non convertible Preference Shares), 3,35,000 (0.02%, Cumulative, Non-Participative and Non convertible Preference Shares) and 21,75,000 (0.01%, Cumulative, Non-Participative and Non convertible Preference Shares) shares of Rs. 10 each amounting to Rs. 28.55 Mn. Accordingly, the Company has transferred Rs. 28.55 Mn to Capital Redemption Reserve during the year ended March 31, 2022.

ii. The figures for the previous periods have been regrouped/rearranged wherever necessary to conform to current period presentation and the requirements of amendments to schedule III (Division III) of the Companies Act, vide MCA notification dated March 24, 2021.

As per our report of even date

For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration Number:
000235N/N500089

Per Rajiv Puri
Partner
Membership No.: 084318

Place: Noida

Date: May 09, 2022

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Shant Gupta
Director
DIN: 01571485

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership
No.:A36611

Place: Jalandhar

Notes to financial statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Schedule to Balance Sheet as per RBI for the year ended March 31, 2022

Particulars		
Liabilities side	**Amount Outstanding**	**Amount Overdue**
(1) Loans and advances availed by non-banking financial company inclusive of interest accrued there on but not paid		
(a) Debentures: Secured	1,282.66	-
: Unsecured	767.52	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	9,973.75	-
(d) Inter corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits*	-	-
(g) Other Loans - Securitisation**	39.27	-
* Please see note 1 below		
** Other Loans exclude NCPS		
(2) Break-up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a)In the form of Unsecured debentures	-	-
(b)In the form of partly Secured debentures i.e. debentures where there is shortfall in the value of security	-	-
(c)Other public deposits	-	-
* Please see note 1 below		

Assets side	Amount Outstanding
(3) Break up of Loans and Advances including bills receivables [other than those included in (4) below]	
(a)Secured	-
(b)Unsecured	10,642.29
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
(i) Lease assets including lease rentals under sundry debtors:	-
(a) Finance Lease	-
(b) Operating Lease	-
(ii) Stock on hire including hire charges under sundry debtors:	-
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Others loans counting towards asset finance activities	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-

Notes to financial statements for the year ended March 31, 2022

(Rupees in millions unless otherwise stated)

Schedule to Balance Sheet as per RBI for the year ended March 31, 2022

Particulars	
Assets side	**Amount Outstanding**
(5)Break up of Investments	
Current Investments	
1 Quoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures	-
(iii) Units of Mutual Funds	150.00
(iv) Government Securities	-
(v) Others (Please specify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
Long Term Investments	
1 Quoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please speciify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-

Schedule to Balance Sheet as per RBI for the year ended March 31, 2022
Particulars

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Please see Note (2) below

Category	Amount net of provisions	
	Secured	Unsecured
1 Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	10,345.95
Total	**-**	**10,345.95**

(7) Investor group-wise classification of II investments (current and long term) in shares and securities (both quoted and unquoted:)

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	-
Total	**-**	**-**

** As per accounting standard of ICAI (Please see Note 3)

(8) Other Information

Particulars	Amount
(i)Gross Non-Performing Assets	326.19
(a) Related parties	-
(b) Other than related parties	326.19
(ii)Net Non-Performing Assets	99.82
(a) Related parties	-
(b) Other than related parties	99.82
(iii)Assets acquired in satisfaction of debt	-

Notes to financial statements for the year ended March 31, 2022

Notes :

1. As defined in point xxvii of paragraph 3 of chapter-II of NBFC Master Directions.
2. Provisions have been calculated as per the Ind AS framework.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrspective of whether they are classified as long term or current in (5) above.

Schedule to Balance Sheet as per RBI for the year ended March 31, 2021		
Particulars		
Liabilities side	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by non-banking financial company inclusive of interest accrued there on but not paid		
(a) Debentures: Secured	1,292.15	-
: Unsecured	623.00	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	6,562.83	-
(d) Inter corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits*	-	-
(g) Other Loans - Securitisation**	22.72	-
* Please see note 1 below		
** Other Loans exclude NCPS		
(2) Break-up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a)In the form of Unsecured debentures	-	-
(b)In the form of partly Secured debentures i.e. debentures where there is shortfall in the value of security	-	-
(c)Other public deposits	-	-
* Please see note 1 below		

Assets side	Amount Outstanding
(3) Break up of Loans and Advances including bills receivables [other than those included in (4) below]	
(a)Secured	-
(b)Unsecured	7,762.47
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
(i) Lease assets including lease rentals under sundry debtors:	-
(a) Finance Lease	-
(b) Operating Lease	-
(ii) Stock on hire including hire charges under sundry debtors:	-
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Others loans counting towards asset finance activities	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-

Schedule to Balance Sheet as per RBI for the year ended March 31, 2021	
Particulars	
Assets side	**Amount Outstanding**
(5)Break up of Investments	
Current Investments	
1 Quoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
Long Term Investments	
1 Quoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please speciify)	
2 Unquoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Please see Note (2) below

Category	Amount net of provisions	
	Secured	Unsecured

Schedule to Balance Sheet as per RBI for the year ended March 31, 2021		
Particulars		
1 Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	7,557.37
Total	**-**	**7,557.37**

(7) Investor group-wise classification of ll investments (current and long term) in shares and securities (both quoted and unquoted) :

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	-
Total	**-**	**-**

** As per accounting standard of ICAI (Please see Note 3)

(8) Other Information

Particulars	Amount
(i)Gross Non-Performing Assets	131.06
(a) Related parties	-
(b) Other than related parties	131.06
(ii)Net Non-Performing Assets	26.12
(a) Related parties	-
(b) Other than related parties	26.12
(iii)Assets acquired in satisfaction of debt	-

Notes :

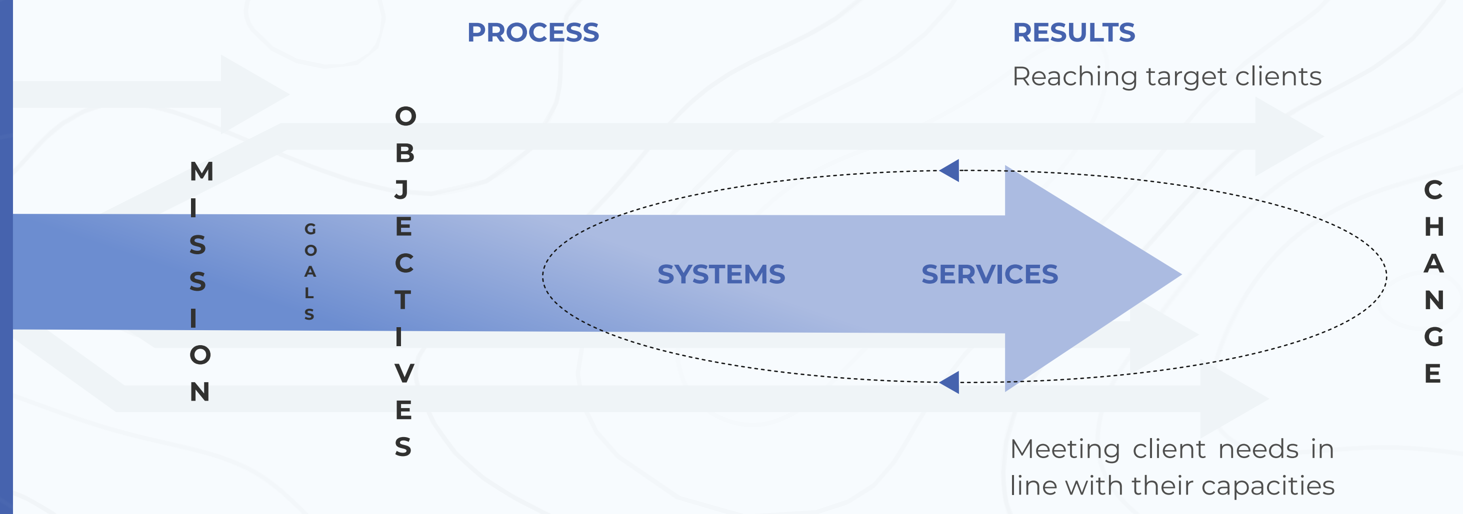
1. As defined in point xxvii of paragraph 3 of chapter-II of NBFC Master Directions.
2. Provisions have been calculated as per the Ind AS framework.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrspective of whether they are classified as long term or current in (5) above.

Social Performance Management Report

The power of the ideal microfinance lies in its potential to combine financial sustainability with meeting social goals, achieving the 'double bottom line' of financial and social performance.

Until recently, however, the main emphasis of training, research, and reporting has been on financial performance. MFIs include social goals in their mission statement & the conception of social performance primarily in terms of impact. Impact study, technically, is defined as 'change that can be attributed to the intervention'. As such, impact assessment requires very careful research and involves substantial resources and time and quite complex analysis.

Social Rating and Social Performance Reporting in Microfinance was defined as the effective translation of an institution's mission into practice. This definition emphasizes that social performance is not only the end result (the impact) but a deliberate process of getting there. It reflects the concept of an impact pathway (derived from the conceptual framework for impact assessment research), anchored in mission and leading to change, but contains several steps to work through so as to achieve change systematically (i.e., 'put into practice').



Midland Microfin ensures that social Performance Indicators should be in place to measure the performance in this perspective.

- Responsibility to clients – Client protection
- Responsibility of Community
- Responsibility to Staff
- Responsibility to the Environment

1. Responsibility to Client

Responsibility toward clients is a fundamental dimension and is increasingly being recognized as such, especially to the extent that MFIs are catering more to poorer clients who may be illiterate and lack financial skills. It refers primarily to client protection and includes issues of:

a) Transparency & Effective Communication

Awareness calls to members regarding charges through AI calling: Midland being a techno-savvy company, introduces artificial intelligence calls to members through voice bots. AI calls are human voice calls to customers to create awareness & real-time capture the feedback of the customers.

IVR auto recorder calls: We also provide due awareness to the members regarding various policy changes, new products & frameworks introduce through regular IVR which include Disbursement calling, EMI reminders, Reminders to non-paying customers, Arrears reminders, policy awareness Etc.

Dedicated call center team at HO: Midland was the pioneer in creating call centers in the microfinance industry. We have a dedicated call center team of 60 callers at H.O. who dedicatedly call customers at various levels & help to resolve their queries, create awareness &increase customer satisfaction. This department also helps in providing feedback to senior management regarding the introduction of new products, acceptance & feedback about existing products & policies.

b) Client Outreach

MML's ability to add value is heavily dependent on its reputation, which is embodied in its message, 'Reaching Out'. The governance processes at MML are designed to support ethical and effective leadership emanating from the Board level and into the various supportive governance structures within the Group. The Company's governance structures, much like its portfolios, have been designed to perpetuate long-term value creation for the stakeholders.

BUSINESS FOCUS

Concentrate on business verticals that provide profitable growth.

GEOGRAPHIC FOCUS

Enter new underpenetrated areas/states only after having established a meaningful presence in existing marketplaces.

GROWTH FOCUS

Growth should not be at the cost of asset quality.

PEOPLE FOCUS

People make profitable growth sustainable.

CUSTOMER FOCUS

Customer education in the importance of micro-finance improves aspirations and livelihoods.

TICKET SIZE FOCUS

Provide only that much debt that a person can manage.

FUNDING FOCUS:

Maintain a judicious balance between internal and external fund sources so that repayments do not impact business growth.

274
Branches:

4,97,495
Client outreach:

100%
Women clients:

100%
Below poverty line borrowers:

c) Technology Interventions:

The company always strive to give as much as possible benefits to its customer with the help of technological advancements, which leads to increment in transparency and customer satisfaction through the following ways:

- Leegality is an online process through which the execution of the loan documentation is done through the biometrics of the client in order to maintain the transparency between the customer and company, which helps to reduce the risk of forged documentation and also helps in the audit trail. Further, Leegality also helps to reduce the turnaround time (TAT) and help to disburse the loan in the minimum time.
- SMS are also being sent to the customers at various events e.g. on the disbursement of a loan, at the time of due date of loan, on every repayment. So that the customer remains updated about their account.
- Eligibility/Creditworthiness of all the customers is verified from the Credit Bureau through the various credit evaluation tools.
- QR code on every customer's passbook has been provided so that they can get all the information related to their account on one scan and may repay their repayment online at anytime from anywhere.
- The tele-calling department regularly does cross-verification of the disbursements in the customer's accounts.
- Validation of the customer's bank account is performed before crediting any disbursement.
- IVR calling facilities have been provided to the customers so that they can directly contact to H.O. and get their grievances redressed.

d) Proactive mechanism for customer grievances

Dedicated grievance redressal management: Midland has given various tools to their members to escalate any kind of issues & challenges faced by them like toll-free & helpline numbers, grievance redressal email, etc. All the complaints, grievances & escalation received by members and are captured 100% on the system and there are ticket bases TAT assigned to each call which helps to provide customer satisfaction level.

Whistle-blower policy: Midland motivates its employees to report any gaps of process and strategies at any level through the whistle-blower policy to report to the higher management, which helps H.O. team to understand more about the field level wrong doing and enable them to take corrective actions.

Introducing What's app bot "Sahayak" for employee grievances: As the name suggests, an aid for resolution of customer grievances and information seeking. Resolution will be in 2 languages- Hindi and Punjabi, thus making customer complacent while explaining the query or complaint. A designated WhatsApp number is there which will be a quick go to in case of any query/ information or for any complaints. Different kinds of queries or complaints will be addressed- Disbursement, SMS, third party product, Installment related, etc.

2. Responsibility to Community:

SAMARATH - PROMOTION OF CHILD EDUCATION (2020-21) -

This was done to create a social impact at our members in order to induce their capacity in the educational responsiveness. Through this initiative, study material along with school bags and pencil boxes were distributed to the children of the members associated with us.

SWACHHTA AVAM SWASTHYA JAGRUKTA ABHIYAN-

This initiative was undertaken to sensitize members about their health and personal hygiene. To invigorate rural women, we launched awareness campaigns on women's hygiene which emphasized the importance of safe water, quality food, personal hygiene, menstrual health and hygiene, sanitary housing, and environmental remediation. As a part of this, we also distributed sanitary napkins that led to furtherance in the outlook of 104035 rural women.

DIGITAL DIDI WORKSHOP (TRAINING ON DIGITAL PAYMENT MODES)

Our company, in line with its vision, emphasizes women's overall advancement, and thus brought one such campaign named Digital DIDI to encourage rural women to transform their lives digitally. Under this, we guided and encouraged over 250 rural members to make/receive payments digitally in place of cash.

MEDICAL CAMP

"Medical camp" was organized on March 05, 2022, at 23 locations across our operational area i.e., Patna, Varanasi, Jharkhand, Ahmedabad, Indore, Chandigarh, and Jaipur Regions. Further, this camp was organized at 8 different locations i.e., Zira, Bhagta Bhai Ka, Goindwal, Jakhal Mandi, Samana, Chittorgarh, Sagwarda and Shri Ganganagar. This was organized as we strongly believe that contributing towards the societal needs in and around us, is our responsibility.

MEDICAL CAMP WITH MFIN

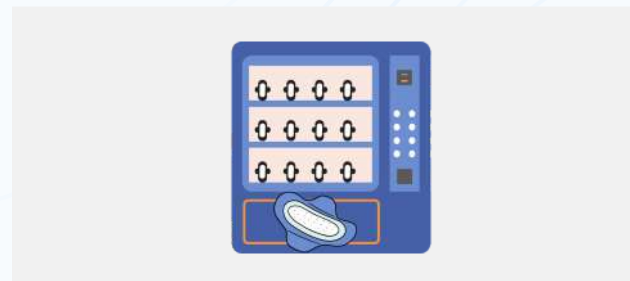
Medical camp was executed in 3 main locations- Samastipur, Bhagalpur and Murliganj and served over 400 customers. We would like to express our gratitude to MFIN for their extended support in this social cause for the upliftment of the unserved.

ART AND CRAFT COMPETITION

Art and Craft Competition was organized by Midland at Mirzapur district, Uttar Pradesh and Sikar District, Jaipur with the support of our HR, Training and Operations team. 100 participants were there, out of which 10 children were selected as winners of the competition. They were awarded an Education and Art kit for their excellent performance. Additionally, educational kits and awareness drive was conducted in these areas too.

RURAL AREA DEVELOPMENT- DISTRIBUTION OF BULB

Midland has distributed 2639 bulbs to rural households in order to encourage rural area development along with the promotion of renewable clean energy. This has been done as an initiative toward social education and development.



INSTALLATION OF SANITARY NAPKIN VENDING MACHINE

In order to encourage the awareness of hygiene and women's welfare, Midland has installed Sanitary Napkin Vending Machine as an initiative so that, with machines free of charge services, the female fraternity can be benefitted.

SKILLING AND FINANCIAL LITERACY WORKSHOP

5-day workshop on skilling and financial literacy was conducted for 35 women in the Moga District, Punjab. During the workshop, the women were trained in tailoring and financial literacy.

“CHRISTMAS CELEBRATIONS”

This Christmas (25 December), with the temperature dropping to freezing cold, we distributed blankets, clothes, shoes, books, etc. to people on the street and everyone from Head Office chipped in the with the generous donation to help these people with some warmth so as to bring a smile to their faces.

“ABHIVADAN” (EDUCATIONAL KITS)

Midland took initiatives in the field of education. As a part of this arrangement, 836 “ABHIVADAN” (educational kits) were distributed to the school going children of Midland Microfin Clients.

GAON-GAON ROZGAR

Midland focuses on creating employment through its Gaon-Gaon Rozgaar muhim. There were mega recruitment drives in all operational states. We have popularized this drive through center meeting announcement, call to center leaders and with the help of this, we can create employment in rural areas.

12
Total States:

12
Total drives:

6000+
Total candidates interviewed:

3. Responsibility to Staff

There's a lot an organization can do for their staff motivation, job security & positive work environment. It has been assumed that if your staff is happy, they will make your customers happy. Midland have many taken many initiatives for the benefit of our staff.

a) Gender Diversity

Achieving gender equality is important for workplaces because not only it is ‘fair’ and ‘the right thing to do,’ but it is also linked to a country's overall economic performance. In Midland, The board has shown its substantial interest in gender diversity in the workplace. The board has several steps to fix the ratio of the female workforce to the male workforce. Having more diversity on the board can break down gender barriers by broadening women's “professional imagination”, providing them with role models, and increasing their capacity to project themselves into leadership roles.

15%
Women Presence in Board:

25%
Women presence in back office:

25%
Women presence in management:

24%
Women presence in field staff:

90%
Women presence in grievance redressal:

b) Fairness and transparency of incentive schemes as perceived by staff

Midland has a robust reward and recognition framework to appreciate and acknowledge the efforts of its employees through various parameters and score cards. We believe in embracing a culture of transparency, building trusting relationships, and giving constructive feedback, and through our incentive schemes and programmes, we ensure and foster overall job satisfaction.

c) Training of Employees

Training is a vital part of today's progressive workplace and increased knowledge and skills enable employees to achieve greater heights. They achieve higher productivity, improved quality, reduced Learning Time and Business continuity.

MML has revamped its training and development team with new contemporary practices that ensure a deep understanding of MMLs culture, practices, operations and DNA. We focus on refresher trainings, capacity-building programs, leadership skill development programs and non-behavioral trainings.

We have introduced a learning management system – **An Experiential Learning Environment** that designs and develops structured, personalized, and collaborative channels to make a concrete impact on bridging skill gaps and competencies. Trainings on processes and policies and, refresher trainings are being conducted both virtually and offline to keep employees in line with the business.

d) Salary structure & benefits in line with comparable sector

Midland practices yearly market analysis of salary and benefit benchmarking with its competitors and accordingly ensures a robust salary structure for its employees. Our employees are also eligible for various benefits such as Maternity Leave, Menstrual Leave, Paternity Leave, Transfer Leave, week offs in addition to our statutory benefits of gratuity, PF and ESIC. As health is our priority, we also offer additional medi-claim and insurance benefits to our staff.

e) Security of working conditions

Midland's DNA is to ensure healthy and safe working conditions for its employees. We remain committed to the health and safety of our employees and their families, as well as business continuity to safeguard the interests of our customers, lenders, and other stakeholders.

Midland took necessary measures to combat the pandemic and its short-to-medium impact on the society and health. As a part of our employee-wellness program, we have extended various support and benefit measures to our employees and their families in the fight against the COVID-19 pandemic through our policy of "Midland Cares"

MEDICAL INSURANCE

Medical Insurance through ESIC/ Group medical insurance program for all the employees and collaboration with multiple hospitals across the nation.

MEDICAL COVERAGE

Medical Coverage for family up to 2 years.

EDUCATION BENEFITS

Education benefits to employee's children for 3 years.

COVID 19 EMPLOYEE VACCINATION REIMBURSEMENT PROGRAM

Vaccination charges were reimbursed for all the employees.

PROTECTING EMPLOYEES

COVID safety gears provided to all the branches and frequent sanitization and disinfection of workplace.

COVID CARE BENEFITS

Special COVID paid leave up to 14 days and wellness allowances.

Through the below benefits and policies, we aim to ensure well-being of our employees at workplace:

- a. Equal Opportunity policy No discrimination
- b. Anti-Harassment policy
- c. Anti-Sexual Harassment policy (POSH)
- d. Whistle-blower policy
- e. Fraud Reporting mechanism
- f. Disciplinary Policy
- g. Open Door policy – robust feedback mechanisms for staff and their involvement in decision making
- h. Technology intervention to achieve transparency

f) Employee Engagement Activities

Employees are largely recruited from rural unemployed youth for whom MML may be their first employer. Our belief in making work a fun place is made successful through the multiple employee engagement activities conducted by our teams – festival celebrations, programs, town hall meetings, virtual and in-personal "Happy Hour" engagement activities, annual day celebrations, Chairman's Club (international trip for top performers) regular newsletters and much more.

g) Transparency through the Technology intervention

Edurigo LMS

It's a Learning Experience Platform, which transforms & Revolutionizes the way of learning and employee experience with the Edurigo Learning Experience Platform.

SpotWays

It is an Artificial Intelligence-powered Mobile-Cloud platform for field force management. It creates efficiencies, transparency, and business growth opportunities for any organization with a field force across industries. It is being used by Audit and Operations employees to provide the shortest distance for tagged destinations, and deviations and to keep the track of the users and their travelled distance by them in a very transparent manner. Fuel incentives are being paid to them on the actual distance travelled by the employees.

HR One

HRMS software helps to improve employee engagement, manages employee lifecycle, boosts productivity, and much more about an organization.

- Employees can track their raised requests status on the Portal.
- Salary Slips can be downloaded.
- PMS performance can be monitored transparently.
- KRA can be defined to ensure employee productivity.
- Employees can see various company updates on the HR-One Wall.
- Employees can view the Attendance and Leave Balances and availed.

Tableau

It's an analytical tool for the management to have better visibility and clarity over the organization's data In a graphical representation, which helps them to make quick decisions and implement processes accordingly.

4. Responsibility to the Environment

a) Global Carbon programme

Midland partnered with Micro Energy Credits (MEC) for their Global Carbon Program in the FY 2021-22. The objective was to bring clean energy solutions to millions of Indians. MML, through the distribution of energy loans, has been appreciated and certified for excellence in clean energy finance. Our dedicated endeavours have helped us touch the lives of people and become a part of UNFCCC's Clean Development Program (CDM). Our clean energy program has collectively led to a total emission reduction of tonnes Co2,

13,124
Household empowered with clean energy:

1,68,395
Individual empowered

5483
Expected omission:

b) Water & Sanitation Loan

Midland, through the affordable Water and Sanitation Loans, has supported more than 737 households since 2016, to construct household level toilet or water facility.

737
No. of loan disbursed:

737
No of families effected:

3685
No of individual impacted:

Changing Lives Through **Corporate Social Responsibility**

About Midland Foundation

In line with the philosophy of Bringing Hope', Midland Foundation in collaboration with Midland Microfin Limited believes in going Beyond Microfinance and in line with this vision has organized CSR activities for the purpose of social welfare. MML believes that CSR is a way of creating a shared value system and contributing to society and environment. The company's strategy has always been to align its activities to community development, social responsibility, environmental responsibility and further encourages each business unit or function to follow the same. The various projects carried out are in accordance with Schedule VIII of the Companies Act, 2013.

MIDLAND FOUNDATION
BRINGING HOPE

Mission

To bring change in the society through the development of underprivileged section of the society and with the help of technological interventions leading to comprehensive social progress in fields like child education, gender equality, women empowerment, financial literacy and health care etc.

Vision

Igniting hope for a better future of society by breaking the vicious cycle of poverty and bringing them to the center stage of social development.

Objectives

The CSR policy of the company is formulated for determining the guidelines for contributing towards the sustainable development of the society and environment as a whole. The CSR Team is entrusted with the responsibility for carrying out the CSR activities of the Company

Focus Area

Education.

Financial Literacy and stability.

Gender equality and women empowerment.

Ensuring environmental sustainability.

Female Hygiene and Sanitation.

Any other activity as may be approved by the Management on a case to case basis.

About Midland Foundation

We at Midland Foundation strongly believe that contributing towards the societal needs is our responsibility. In our continuous endeavours to uplift the society, Midland Foundation took a step forward and organized 'Medical camps' on March 05, 2022, at 23 locations across our operational area i.e., Patna, Varanasi, Jharkhand, Ahmedabad, Indore, Chandigarh, and Jaipur Regions.

We would like to express our gratitude to our teammates for their extraordinary efforts and support in making this event a huge success & a remarkable one and look forward to spreading awareness about health across our members.

Distribution of Aabhar Kits:

Midland Foundation always been ahead in spreading awareness in women for their well-being, hygiene and menstrual health and always endeavored to take early steps for the fulfillment of its core objectives.

In line with Foundation's core objectives, Foundation has taken this initiative to empower women to manage their menstruation safety and hygiene, under the "Swachhta avam Swasthya Jagrukta Abhiyaan"

– an initiative by Midland Foundation.

Under the "Swachhta avam Swasthya Jagrukta Abhiyaan" we have organized multiple drives on awareness of menstrual hygiene and educating women of its advantages to their health while also distributing kits for menstrual hygiene. The appreciation and encouragement of the female fraternity motivate us to continue such drives in the future as well.

Rural Area Development [(Renewable Clean Energy) (Distribution of Bulb)]:

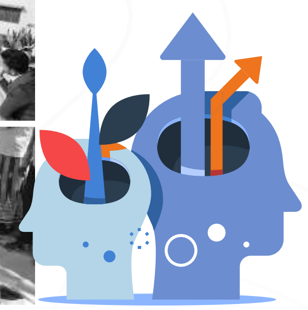
Reducing our carbon footprint is a responsibility that we all share. With benefits of new and upcoming technologies, we can help reduce carbon emissions and a prime example of this is using LED lighting. LED lighting provides many environmental advantages, including being energy efficient, producing zero toxic elements, requiring fewer light fixtures, and having a longer life span.

Midland Foundation acknowledges that taking care of the environment is an individual responsibility of every citizen of this world and thus in line with this, Midland Foundation has taken an initiative and to spread awareness of renewable clean energy through the distribution of LED bulbs.

Financial Literacy & Awareness Drive:

Financial education is important not only because financial literacy provides a foundation for informed financial decision-making but also enables self-sustenance and helps achieve financial stability. It acts as a strong tool to empower people. Our belief is to provide women self-sufficient and financial independence and through these awareness drives, we wish to achieve the same.



Livelihoods Enhancement Camps

Currently, there is a need for a comprehensive ecosystem to impart quality skills to citizens, leading to sustainable livelihoods, with an emphasis on innovation and fostering entrepreneurship. Midland Foundation has also tried to provide skill enhancement training related to stitching and beauty parlour which can help women to get employment or have their own businesses.




Donation of clothes:

An initiative by Midland Foundation; on the occasion of Christmas, clothes were donated to the underprivileged people in society with the aim of making a noticeable difference in their lives and provide support. Through the efforts of our MML staff, we were able to donate great numbers and help the lives of many.


Annual Day Function & **Chairman's Club**

Annual **Day Function**

Chairman's club

Due to the ongoing Pandemic Covid-19, the company being a responsible person understand its responsibility toward employees & team members took the cautious call and postponed the tour of United Arab Emirates of its employees and team members duly selected under the chairman's Club. However, the company has not left any opportunity to boost up the morale of its employees and announced the huge rewards from the chairman's club for the FY 2021-2022.

The company, while considering the protocols of Covid-19 has made several in-house celebrations i.e. The Establishment Day, Women's Day Holi,etc.

Team MML's Excursion

Our Partners

Banks

- Fincare Small Finance Bank
- sidbi
- SBI
- mudra
- AU Small Finance Bank
- kotak Kotak Mahindra Bank
- DCB BANK
- बैंक ऑफ महाराष्ट्र Bank of Maharashtra
- SBM bank
- punjab national bank
- ujjivan
- NABARD
- IDBI BANK Bank Aisa Dost Jaisa
- Bandhan Bank
- AXIS BANK
- ICICI Bank
- IDFC FIRST Bank
- Canara Bank
- FEDERAL BANK YOUR PERFECT BANKING PARTNER
- HDFC BANK We understand your world
- इंडियन बैंक Indian Bank
- DBS
- YES BANK
- यूको बैंक UCO BANK
- बैंक ऑफ़ बड़ौदा Bank of Baroda

Financial Institutions

- AVANSE Education Loans
- smc finance
- SHRIRAM City
- InCred
- NABKISAN FINANCE LIMITED
- MAS Financial Services Ltd.
- Mahindra FINANCE
- Hinduja Leyland Finance
- MANAPPURAM FINANCE LIMITED
- Triple Jump
- vivriti capital
- POONAWALLA FINCORP
- CAPRI GLOBAL CAPITAL LIMITED
- BlueOrchard Impact Investment Managers
- AVIATOR
- NORTHERN ARC
- HeroFinCorp.
- SUNDARAM FINANCE Enduring values. New age thinking.
- OIKO CREDIT
- PROFECTUS CAPITAL

Technology

Credit Plus Product

Insurance

Rating Agency

Credit Bureau

Self Regulatory Organizations (SRO):

Midland microfin
beyond microfinance

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