



**Midland
microfin**
beyond microfinance

Microfinance stands as one of the most promising and cost-effective tools in the fight against global poverty.

- Jonathan Morduch

ANNUAL REPORT | **2020-21**

10 Celebrating
years of
Belief & Commitment

Microfinance is an incredibly
powerful tool ... but we must move
beyond micro-hopes and
micro-ambitions for women.

— *Gayle Tzemach Lemmon*



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10 Celebrating
years of
Belief & Commitment



MICRO FINANCE

isn't just a path out of poverty. It is a road to self-reliance which can mobilize people, resources and alleviate poverty on the global scale.

Has shown how you can reach out to people that conventional banking cannot.

Is so manageable in terms of the size of loan, people have made it cornerstone to lift women out of poverty.

ABOUT MIDLAND MICROFIN LTD.

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 Non Deposit taking Systemically Important (NDSI) Company and been complying with all the regulatory and legal requirements since inception.

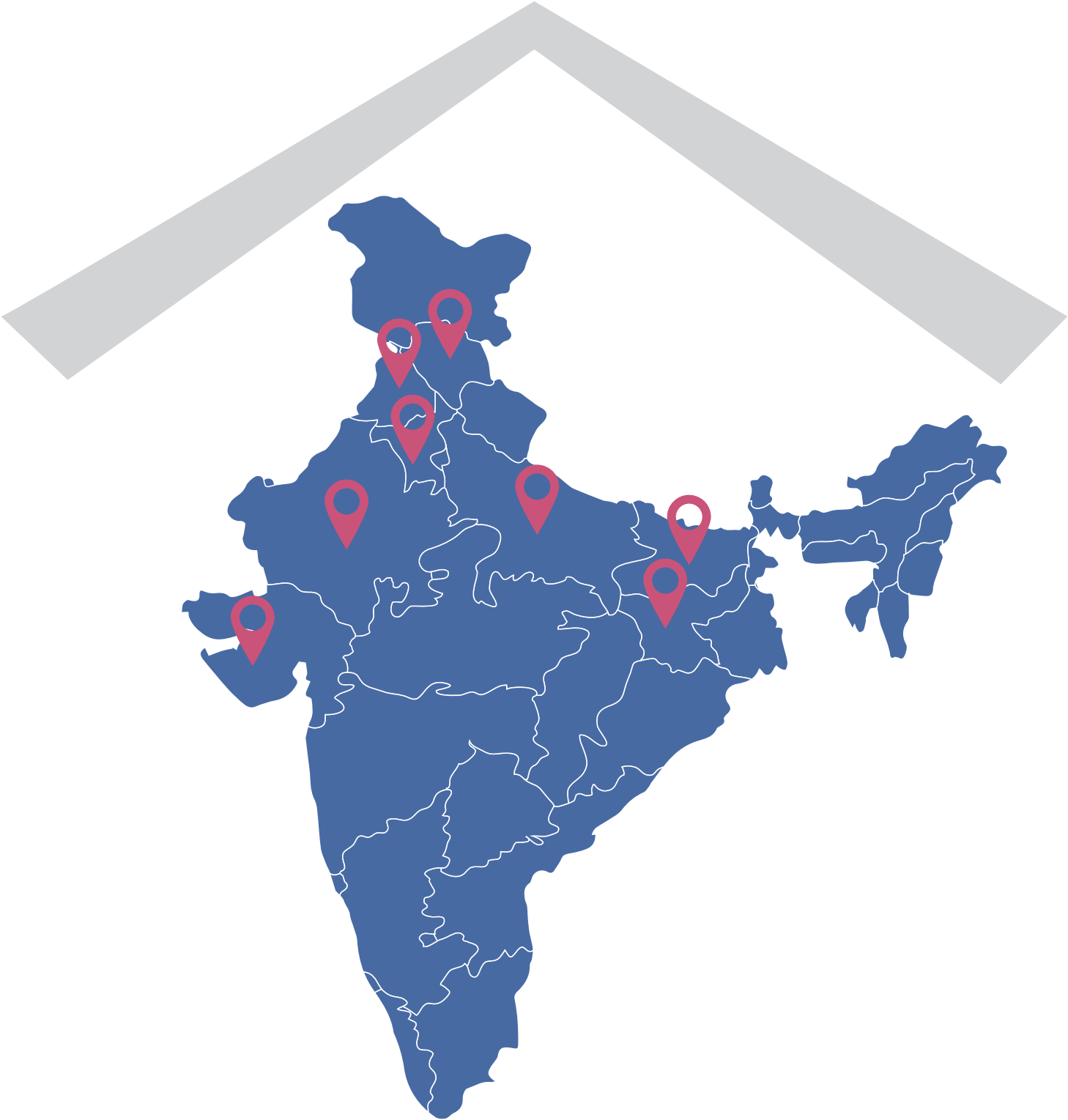
With a vision to be a world class, role model, techno savvy international Microfinance Institution providing support to progressive poor at low cost, MML came into existence in January 2011 to contribute in the eradication of global poverty. At present, MML has widen its geographic coverage and expanded its branch network to 217 branches, which is spread out in 8 States and 1 Union Territory viz. Punjab, Haryana, Himachal Pradesh, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Gujarat and Chandigarh. MML has recently entered in the territory of Gujarat and strengthening its grip to achieve the organizational goals.

The company has recently achieved a paramount benchmark and become a thousand crore company with having an Asset size of 1099.81 crores as on 31st March 2021. The company has been yet again certified as a “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 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.



EXPANDING OUTREACH



BOARD OF DIRECTORS

VIJAY KUMAR BHANDARI
Chairman

AMARDEEP SINGH SAMRA
Managing Director

HARPAL SINGH CHHOKAR
Director

SHANT KUMAR GUPTA
Independent Director

KAMNA RAJ AGGARWALLA
Independent Director

SACHIN NITHYANAND KAMATH
Nominee Director

Auditors

S.R. Batliboi & Associates LLP
Chartered Accountants
2nd & 3rd Floor, Golf View,
Corporate Tower, Sec-42,
Gurugram-122002, Haryana, India

Depository Participants

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

CFO & COO

Amitesh Kumar

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

Company Secretary

Sumit Bhojwani

Debenture Trustee

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

Secretarial Auditor

Harsh Goyal & Associates
Company Secretaries,
Ludhiana, Punjab, India

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

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

Registrar & Share Transfer Agent

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

VISION, MISSION, VALUES

VISION

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

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.

VALUES



COURAGE
RESPECT
RESPONSIBILITY
COMMITMENT
ACHIEVEMENT

MANAGING DIRECTOR'S NOTE

Dear Patrons,

It is my privilege to share my message and thoughts with all of you. As Managing Director of Midland Microfin Limited, I would first like to thank our shareholders and the Board of Directors for the support. It is my honour to present the Annual Report of your Company for the Financial Year (FY) 2020-21.

The year 2020-21 is milestone year for all of us, as Midland Microfin turned 10. I feel honoured to share our 10 years' journey. It started out of sheer passion of making available formal finance to the underserved and financially excluded, and these 10 years were absolutely exciting. Each and every member of the Midland family stands wiser and richer with this experience.

Needless to say that the current year has been difficult for everybody. Despite the ferocity with which the second wave of the pandemic has hit our country and rest of the world, we are in a far better position as we exit FY 2021 than we were at the start. We are resilient and adaptable and with sheer discipline, patience, focus and fortitude, we shall overcome.

On the business front, your company weathered the pandemic very well. It adapted quickly and embraced a new operating model that prioritized the health and wellbeing of the employees, while enabling it to continue supporting



“Our business performance in the year gone by is also a reflection of that innate resilience and adaptability. In the early months of the pandemic, when the worldwide lockdown disrupted economic activity across virtually all sectors, your company responded with speed and agility. Working remotely, our teams helped clients in social and economic manner to accelerate their growth and transformation.”

its customers not just in their business operations but also in their growth and transformation journeys.

Our business performance in the year gone by is also a reflection of that innate resilience and adaptability. In the early months of the pandemic, when the worldwide lockdown disrupted economic activity across virtually all sectors, your company responded with speed and agility. Working remotely, our teams helped clients in social and economic manner to accelerate their growth and transformation. The dedication shown by Team Midland, our agility and our innovation, won us much appreciation from our clients.

In this decade long journey, from one branch, we have grown to 217 branches, from first group of our women customers to serving & empowering more than 4 Lakh customers and from one state to 9 states & UT, it has been a thrilling & gratifying journey. The company has recently achieved a paramount benchmark and has become a thousand crore company having an Asset size of

1099.81 crores as on 31st March 2021. We have always focussed on steady and healthy growth as maintaining good asset quality has been one of our top priorities. The company has been certified as a “Great Place To Work” for yet another year.

Midland's responsiveness during the crisis earned a tremendous goodwill from clients and enhanced its standing in the market. After the initial impact from lockdown-related disruptions, it swiftly returned to a sharp growth trajectory over the next nine months, and ended the year on a very strong note.

I am thankful to my Board and core team at Head office whose incisive insights helped us sail through various external challenges along the way and we came out stronger each time. Let us fulfill a dream of a world class tech-savvy microfinance institution empowering millions of progressive poor families by helping them create sustainable livelihood opportunities and enhance their social status.

- Amardeep Singh Samra



DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting the 33rd Annual Report on the business and operations of your Company for the Financial Year (FY) ended March 31, 2021 along with the Audited Financial Statements, Auditor's Report and Secretarial Auditor's Report.

COVID-19 PANDEMIC IMPACT ON GLOBAL AND INDIAN ECONOMY

We are amidst unprecedented times the world has ever seen. Financial Year 2020-21 started with exceptional struggle for saving human capital. The COVID-19 pandemic has spread across the world — leading to well above 167 million confirmed infections, over 3.48 million deaths, massive human suffering and a full stop on virtually all commercial and economic activities. India being no exception to it, up to now, has 269 million confirmed cases and 310416 deaths as per COVID-19 Situation Report dated 25 May 2021. With lockdowns spreading across countries accounting for over 50% of the world's gross domestic product (GDP), COVID-19 has caused disruptions on an unimaginable scale. With some ease in mid of financial year 2020-21, vaccination starting at the far end and unlocking many activities, the surge of second wave with more threatening strain has again caused a devastating fear and survival of mankind has become the top priority for all. Nobody really knows how long the pandemic will last and becoming stronger during the start of financial year 2021-22, it is leaving everyone to guess what will be its final toll on lives and livelihood. With the impact of this pandemic still to play out, the scenario of depressing empty high streets, shut factories and stores, and millions being rendered unemployed, together point to a single outcome — extreme stress for the global economy of the kind not seen since the Great Depression.

In India too, which implemented a lockdown since March 21, 2020, the pandemic has created shocks ripping through society and the world of business. The picture of millions of unemployed daily wage workers and their families trying to trudge back to their villages hundreds of kilometres away; shut factories and stores; empty construction sites; and a nation being deprived of its natural economic vigour is drawing of this outrage. After a nationwide lockdown of many months and still to continue, the debate is now on how to bring the economy back on track with seriously ongoing major spike in infections and deaths—something that India's inadequate medical infrastructure can ill cope with.

In the starting of 2021, India has shown the ray of hope by developing vaccination for the COVID-19 and unaware of the coming wreckage exported bulk quantities of vaccinations to USA, U.K, Dubai etc. Wherein 2020 Indian GDP went to -10.29% as compared to marginal growth in 2019, it was projected for a remarkable comeback at the start of 2021. The IMF had projected an impressive 12.5 per cent growth rate for India in 2021, while S&P Global Ratings has said the Indian economy is projected to grow at 11 per cent in the current fiscal. But amidst the continuing uncertainty, the projections appear to be a big challenge.

In 2020-21 India's deadly Covid-19 second wave had mostly affected bigger cities. The second wave has firmly gripped many smaller cities, towns and rural areas. Second wave of Covid-19 has raised fear in people's minds. Containment zones in cities and metropolises continue to remain locked down and local authorities are focusing on containment zones and the so-called 'buffer zones', with some relaxations in non-containment zones to move on the economic activity. The returning of Pre-COVID-19 normalcy seems to be far away.

COVID-19 PANDEMIC IMPACT ON MICROFINANCE SECTOR

Microfinance Institutions were no exception to the adversities of pandemic during the year 2020-21. Where the country was chasing to settle the situation arisen due to Pandemic Covid-19, on the other hand financial sector was chasing to manage financial distress of market, retention of its customers/clients and look after the wellbeing of its staff etc.

When the microcredit sector was gradually recovering from the first wave, the second wave struck. Industry analysts said that while last year's outbreak left the rural areas less affected, the situation is totally different now. Collections plunged in the last week of March 2020 and continued to remain impacted during the whole year. When the situation during Q3 of 2020-21 started to improve, the second wave with different strains struck, that led to the lockdowns in different states.

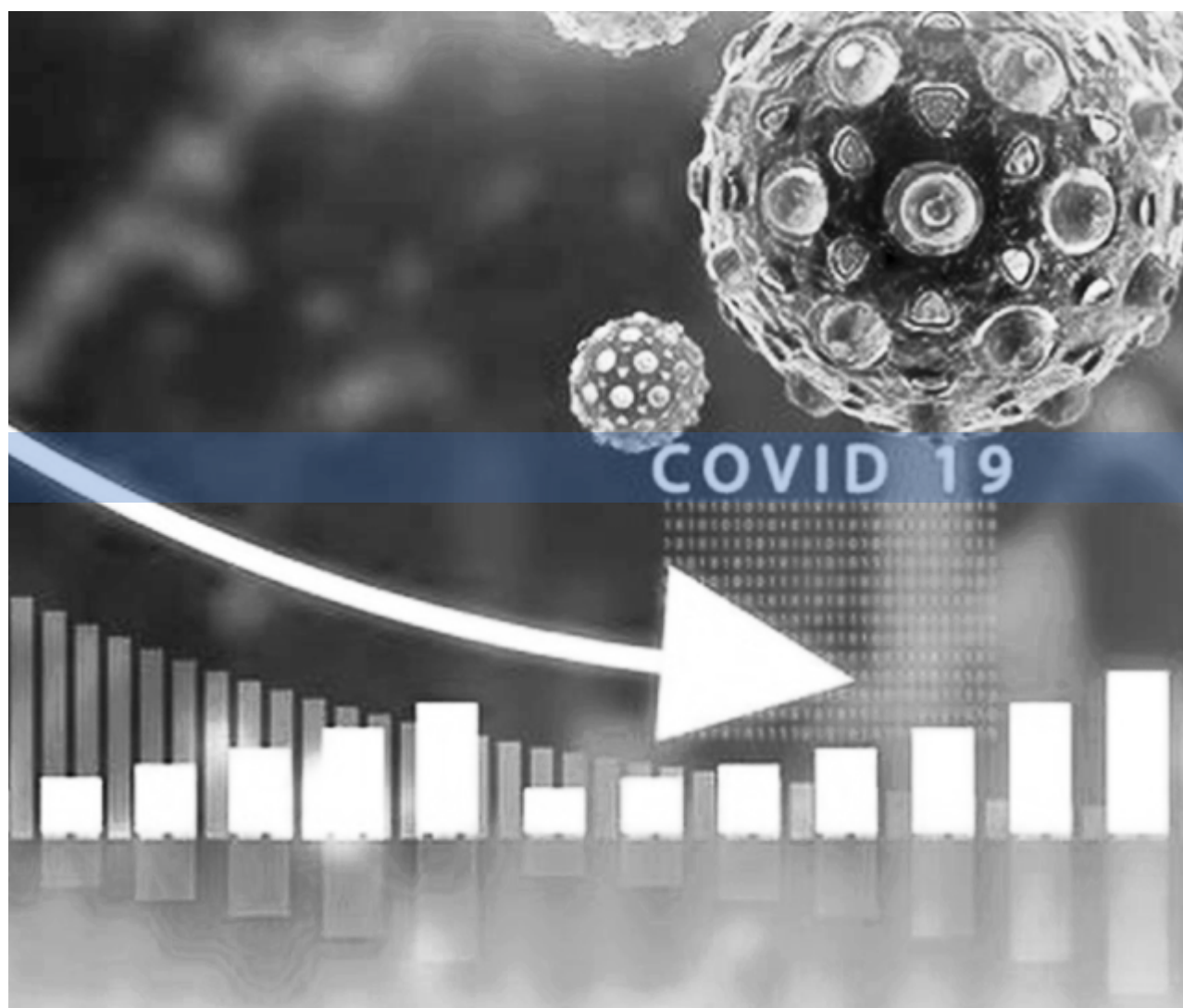
The RBI had earlier come up with a slew of measures in FY21 to provide liquidity to the financial services industry. The move by RBI was a positive step towards specifically improving access to credit for smaller entities to ease liquidity pressure and increase credit flow to the lowest strata of the society.

ADDITIONAL CONSIDERATIONS ON ACCOUNT OF COVID-19

Pursuant to the Reserve Bank of India circular dated March 27, 2020 and May 23, 2020 (“RBI circular”) allowing lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and August 31, 2020 read with advisory issued by the Microfinance Institutions Network dated March 30, 2020 (“MFIN advisory”), the Company has extended a moratorium to its borrower in accordance with its Board approved policy.

97% of Midland Microfin Ltd.'s (MML) borrowers are in rural areas (which fortunately have relatively lesser Covid19 incidence), and 62% engage in “essential services” activities such as dairy or agricultural activities – hence their cash flows and repayment capability are largely intact. Pursuant to the order issued by the Ministry of Home Affairs on 15th April 2020, 45% of MML's branches became operational by April-May end fully complying with the regulatory guidelines and prescribed Covid norms.

Management took immediate steps to mitigate this force majeure situation, in various areas including information technology, operations, credit, risk and Human Resources which are discussed in Management Discussion and Analysis.



1. FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company for the Financial Year ended on March 31, 2021 together with comparative position of the previous financial year, are as under:

(Rs. in Million)

S. No.	PARTICULARS	FOR YEAR ENDED March 31, 2021	FOR YEAR ENDED March 31, 2020
1.	Total Gross Income	1923.45	1841.46
2.	Interest Expended	1036.36	989.63
3.	Operating Expenses (i)+(ii)	572.96	558.32
	(i) Employees cost	385.89	361.15
	(ii) Other operating expenses	187.06	197.17
4.	Total Expenditure (2)+(3) (excluding Provisions And Contingencies)	1609.31	1547.95
5.	Operating Profit (1-4) (Profit before Provisions and Contingencies)	314.14	293.51
6.	Provisions (other than tax and contingencies (net)	124.03	42.73
7.	Profit Before Tax (5-6)	190.10	250.78
8.	Tax Expense	43.84	63.49
9.	Net Profit from ordinary activities after tax (7 - 8)	146.26	187.29
10.	Net Profit/(loss) for the period	146.26	187.29
11.	Paid-up Equity Share Capital (Face Value Rs.10/- Per Share)	391.70	333.25
12.	Reserves & Surplus excluding Revaluation Reserves	1376.40	852.68
13.	Dividend %		
	- Preference	17%, 0.02% & 0.01%	17%, 0.02% & 0.01%
	- Equity	6%	6%
14.	Net Worth (excluding Preference Share Capital)	1768.10	1185.93
15.	Earnings Per Share (in Rs.)	4.06	5.96
16.	Capital Adequacy Ratio (in %)	33.96	24.57
17.	Operating Expenses (Opex) Ratio (in %)	7.27	8.42
18.	Return on Total Assets (in %) (refer Note 1 below)	1.41	2.13
19.	Return on AUM (in %)	1.86	2.82
20.	Return on Equity (in %)	9.90	18.55

1.1 Financial Highlights

i) Preparation of Annual Accounts

The Annual Accounts have been prepared on the basis of Ind-AS accounting and the corresponding impact of the same in the previous year has been made accordingly.

ii) Gross Income

During the Financial Year 2020-21, Gross Income of your Company increased to Rs. 1,923.45 Million registering a growth of 4.45% over the previous year's Gross Income of Rs. 1,841.46 Million. The contributing factors to this growth in income were increase in the interest income on JLG loan portfolio.

iii) Profit Before Tax (PBT)

Profit before Tax (PBT) decreased to Rs. 190.10 Million at the end of the Financial Year 2020-21 recording a decline of 24.20% over the previous year's PBT of Rs. 250.78 Million.

iv) Profit After Tax (PAT)

Profit after Tax (PAT) decreased to Rs. 146.26 Million at the end of the Financial Year 2020-21 recording a decline of 21.91% over the previous year's PAT of Rs. 187.29 Million due to creation of higher provision (ECL) during the current year considering the impact of Covid.

v) Net Worth

During the Financial Year 2020-21, the Company issued and allotted equity shares to its shareholders through Rights Issue resulting into the increase of Net Worth of the Company to Rs. 1,768.10 Million as compared to Rs. 1,185.93 Million in the previous year showing a growth of 49.09%.

vi) Non-fund based Income

During the Financial Year 2020-21, the Non-fund based income decreased to Rs. 4.84 Million as compared to Rs. 15.89 Million in the previous year showing a decrease of 69.52%.

vii) Earnings Per Share

During the Financial Year 2020-21, the Earning per share of the Company decreased to Rs. 4.06 as compared to Rs. 5.96 in the previous year showing a decrease of 31.85%.

viii) Capital to Risk Weighted Assets Ratio (CRAR)

The Company's Capital to Risk Weighted Assets Ratio (CRAR) stood at 33.96% as at the end of the year under report, which is within permissible limit of 15% prescribed under RBI norms prescribed for NBFC-MFIs.

1.2 Operational Highlights

i) Branch Expansion

The Company has expanded its distribution capabilities and has expanded its presence in the state of Gujarat by adding 20 new branches overall to its network that has been scaled to the level of 217 branches as against 197 in the previous year. Concurrently, the Company has emphasized on increasing the operational efficiency of the existing branches.

ii) Reduction in Operational Cost

During these challenging times, Senior Management is trying to cut operational & financial costs wherever possible, while simultaneously improving operational efficiency, IT infrastructure and level of existing branches. The Company understands that a jolt such as COVID-19 will help to examine these costs in great detail, and prune them wherever possible. As a result, the productivity and profitability of the Company boosted resulting into the growth in business and reducing the operational cost.

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

(Rs. In Million)

PARTICULARS	March 31, 2021	March 31, 2020	March 31, 2019
States	8	7	5
Union Territories	1	1	1
Districts	112	101	80
Branches	217	197	154
Villages Covered	24,603	20,587	15,734
Joint Liability Groups	81,867	77,206	59,028
No. of Borrowers	4,13,964	3,90,577	2,96,238
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.)	24,859	31,356	23,885
Cumulative Loan Disbursement	37,582.60	30,694.39	20,348.36
Outstanding Loan Portfolio (Own Book)	7,739.09	7,337.79	5,491.16
Managed Portfolio	252.62	438.97	-
Gross Loan Portfolio	7,991.72	7,776.76	5,491.16
Loan Disbursed in FY	6,888.21	10,346.0	8365.4
Equity Share Capital	391.70	333.25	287.89
Preference Share Capital	430.44	391.16	368.24
Total Assets	10,998.10	9,795.05	7,782.82

1.3 Fund Mobilization

During the Financial Year 2020-21, your Company raised a sum of Rs. 793 Million by way of Secured Redeemable Non-Convertible Debentures and Rs. 275.20 Million by way of Unsecured Redeemable Non-Convertible Debentures through Private Placement. Further, the Company raised resources aggregating to Rs. 3,890.10 Million in total through various international and domestic banks and financial Institutions in the form of ECBs and Working Capital Term loans. The Company also sourced funds through securitization and Direct Assignments.

2. LENDING OPERATIONS

2.1 Disbursements

During the Financial Year 2020-21, the loan disbursements were of Rs. 6,888.21 Million showing deflection of 33.42% as compared to previous year's loan disbursements of Rs. 10,346 Million due to COVID-19 pandemic and restrictions in certain regions.

As on March 31, 2021, the Company's cumulative disbursement stood at Rs. 37,582.60 Million implying the growth of 22.44% as compared to cumulative disbursement of Rs. 30,694.4 Million as on March 31, 2020.

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

Bihar	Gujrat	Haryana	Himachal Pradesh	Jharkhand	Punjab	Rajasthan	Uttar Pradesh	Grand Total
6,209.27	14.31	3,982.30	41.56	581.21	18,051.57	6,278.42	2,423.96	37,582.60

The Company reviews its policies/ procedures from time to time, to suitably align with market requirements, its corporate objectives and applicable statutory requirements. During the Financial Year and till the date of this Report, your Company has introduced various new schemes and modified existing schemes to sustain growth of the Company's market share in MFI sector. These includes:

- (i) "Scheme for Moratorium of Term Loan's Instalments" for a period not more than three months was introduced to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses in the midst of on large-scale shutdown. In view of the continued lockdown and continuing disruptions on account of COVID-19, the moratorium period was further extended by another three months.
- (ii) "Scheme for refund/adjust the interest on interest" charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 was introduced in conformity with the RBI Notification dated April 7, 2021.

3. RECOVERY & STRESSED ASSETS MANAGEMENT

Reserve Bank of India (RBI) vide Circular dated June 7, 2019 issued guidelines pertaining to Prudential Framework for Resolution of Stressed Assets. As per the said circular, lenders shall recognize incipient stress in loan accounts, immediately on default, by classifying such assets as Special Mention Accounts (SMA). Accordingly, the Income Recognition, Asset classification and Provisioning has been considered as per the said Circular and the accounts having overdue of more than 90 days have been classified as Non-Performing Assets (NPAs).

Further, in accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the lending institutions were permitted to grant a moratorium of 3 months on payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to eligible borrowers in accordance with the Board approved policy which was further extended to August 31, 2020 ('moratorium period'). For all such accounts where the moratorium was granted, the asset classification stood still during the moratorium period. Accordingly, Assets Classification benefit was extended to 493 Accounts having total loan outstanding of 4.56 Million during the Financial Year.

As on March 31, 2021, the Gross NPA stood at 1.69% as against the previous year's figure of 0.57%. 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.16.74 from NPAs. The overdue loans to total loans due as on March 31, 2021 stood at 4.22% against the corresponding previous year ratio of 1.31%.

4. RESOURCE MOBILISATION

The total Borrowings of the Company stood at Rs. 8,931.14 Million as on March 31, 2021 as against Rs. 8,405.39 Million in the previous year.

4.1 External Resources

During the Financial Year 2020-21, your Company drew an aggregate amount of Rs. 60.67 Million by way of External Commercial Borrowings, the details of which are as under:

Particulars	Amount (in Mn)
Aviator Emerging Market Fund	60.67

Further, during the Financial Year ended on March 31, 2021, the Company received consolidated foreign direct investment of Rs. 155.98 Millions from Kitara PIIN 1501 and Sh. Ashish Bhandari.

4.2 Domestic Resources

During the Financial Year under review, the Company mobilized funds amounting to Rs. 793.00 Million by way of Secured Redeemable Non-Convertible Debentures (SRNCD) and Rs. 275.20 Million by way of Unsecured Redeemable Non-Convertible Debentures (URNCD) through Private Placement. SRNCD. The details of SRNCD and URNCD along with their maturity & coupon rate are provided below.

Sr. No.	Type of Debentures	Amount	Listed/Unlisted	Maturity	Coupon Rate
1.	Secured Redeemable Non-Convertible Debentures	250 mn	Listed	3 Years	12.40%
2.	Secured Redeemable Non-Convertible Debentures	250 mn	Listed	3 Years	12.30%
3.	Secured Redeemable Non-Convertible Debentures	200 mn	Listed	18 Months	13.00%
4.	Unsecured Redeemable Non-Convertible Debentures	275.20 mn	Unlisted	7 & 10 Years	10.00% - 11.10%
5.	Secured Redeemable Non-Convertible Debentures	93 mn	Unlisted	6 Years	16%

The Company's Debentures are listed on Debt platform of Bombay Stock Exchange.

Further, the Company took the term loan facility amounting to Rs. 3,829.50 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, 2021 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, 2021 stood at Rs. 55,11,52,060/- (Rupees Fifty-Five Crores Eleven Lacs Fifty-Two Thousand and Sixty Only) comprising of:

- Rs. 39,17,02,060 (Rupees Thirty-Nine Crores Seventeen Lacs Two Thousand and Sixty Only) divided into 3,91,70,206 (Three Crores Ninety-One Lacs Seventy Thousand Two Hundred and Six) equity shares of Rs. 10/- (Rupees Ten Only) each
- Rs. 15,94,50,000 (Rupees Fifteen Crores Ninety-Four Lacs and Fifty Thousand Only) divided into 1,59,45,000 (One Crore Fifty-Nine Lacs and Forty-Five Thousand) preference shares of Rs. 10/- (Rupees Ten Only) each

Date	Particulars	No. of Equity Shares	Nominal Value	Issue Price	Equity Share Capital	Preference Share Capital	Cumulative Issued & Paid up Share Capital
April 01, 2020	Opening Balance	3,33,25,645	10	-	33,32,56,450	15,94,50,000	49,27,06,450
October 17, 2020	Allotment of Rights Issue	58,44,561	10	77/- (including premium of Rs. 67/-)	5,84,45,610	-	55,11,52,060
March 31, 2021	Closing Balance	3,91,70,206	10	-	39,17,02,060	15,94,50,000	55,11,52,060

5.3 Rights Issue

The success of Company's Rights Issue becomes all the more significant when seen in the context of the prolonged nationwide lockdown necessitated by the COVID-19 pandemic and nationwide farmers protest against The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020 and The Farming Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020. It is a vote of confidence, by both domestic and foreign investors, in the intrinsic strength of the Indian economy. The Company and management have no doubt that the Indian economy will bounce back to follow a high-growth trajectory in the times to come.

Your Company successfully raised Rs. 450.03 Million through allotment of 58,44,561 equity shares at Rs. 77/- per share (including premium of Rs. 67/- per share) to the existing Shareholders whose name appeared in the Register of Members as on September 09, 2020 in the proportion of 1:5 i.e. one equity share for every 5 equity shares as approved by the Board in its meeting held on August 14, 2020.

5.4 Non-Convertible Debentures

During the Financial Year ended on March 31, 2021, the Company allotted the Debentures on private placement basis as follows:

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

During the Financial Year ended on March 31, 2021, the Company allotted Secured Redeemable Non-Convertible Debentures worth Rs. 93 Million (Rupees Ninety-Three Million Only) on private placement basis as follows:

Date	No. of Debentures	Nominal Amount (in Rs.)	Total Amount (Rs. in Million)
May 01, 2020	9,300	10,000	93.00
TOTAL	9,300		93.00

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

During the Financial Year ended on March 31, 2021, the Company allotted Unsecured Redeemable Non-Convertible Debentures worth Rs. 275.2 Million on private placement basis as follows:

Date	No. of Debentures	Nominal Amount (in Rs.)	Total Amount (Rs. in Million)
October 17, 2020	27,520	10,000	275.20
TOTAL	27,520		275.20

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

During the Financial Year ended on March 31, 2021, the Company allotted Listed Secured Senior Rated Redeemable Non-Convertible Debentures worth Rs. 700 Million (Rupees Seven Hundred Million Only) on private placement basis as follows:

Date	No. of Debentures	Nominal Amount (in Rs.)	Total Amount (Rs. in Million)
November 26, 2020	250	10,00,000	250.00
January 18, 2021	250	10,00,000	250.00
March 24, 2021	200	10,00,000	200.00
TOTAL	700		700.00

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 Six 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, ACUTE and BRICKWORK. 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, 2021, the rating agencies reaffirmed the following long term and short-term ratings of the Company:

Name of Agency	Instrument	Amount (In Millions)	Rating
CARE Ratings	Non-Convertible Debentures	81.89	BBB
CARE Ratings	Bank Loan	2100	BBB
Acute Ratings	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 towards 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 Annapurna 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 ALM 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 funding mix for the company in light of the future business strategy and prevailing market conditions.

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, 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, 2021.

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, 2021.

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

The Company is also registered in 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). Legal Entity Identifier (LEI) is mandatory for transactions in interest rate, forex and credit derivative market. Legal entity identifier 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, 2021, no company became or ceased to be the subsidiary/ associate or joint venture of Midland Microfin Limited.

11. TRANSFER TO GENERAL RESERVE AND STATUTORY RESERVE

Your Directors are pleased to report that with an objective of reinforcing the financial strength an amount of Rs. 2,92,51,953/- (Rupees Two Crores Ninety-Two Lacs Fifty-One Thousand Nine Hundred and Fifty-Three 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. 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, 2021.

14. EXTRACTS OF ANNUAL RETURN

In accordance with the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, the extract of 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 IN SECURITIES

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: <http://midlandmicrofin.com/wp-content/uploads/CSR-Policy.pdf>

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 spent Rs. 14,46,838/- (Rupees Fourteen Lacs Forty Six Thousand Eight Hundred & Thirty Eight 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 26,89,388/- (Rupees Twenty-Six Lacs Eighty-Nine Thousand Three Hundred Eighty-Eight 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 2020-21, 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–

- Eradicating hunger, poverty and malnutrition,
- Promoting Health care and sanitation including preventive health care,
- Promoting education, promoting gender equality, empowering women
- Providing support to needy families in pandemic Covid-19

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 28th Annual General Meeting (AGM) held on September 22, 2016 had appointed M/s S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No.: 101049W/E300004), as Statutory Auditors of the Company to hold office for a term of five years until the conclusion of the 33rd Annual General Meeting to be held in the year 2021.

M/s S.R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the Company have audited the financial statements of the Company for the Financial Year 2020-2021.

17.2 Auditors' Report

M/s S.R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the Company, have audited the financial statements of the Company for the financial year ended on March 31, 2021. 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. During the year under review, no instance of fraud committed against the Company by its officers or employees has been reported to the Audit Committee by the auditor.

17.3 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.

17.4 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 has appointed M/s N.G. Jain & Associates, Chartered Accountants (FRN: 030697N) as Internal Auditors for the FY 2020-21. The Audit Committee of Directors periodically reviews the significant findings of audits, as prescribed in the Companies Act, 2013.

17.5 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, 2021, 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, 2021 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.

17.6 Compliance with Secretarial Standards

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

17.7 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'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 in adopting best & transparent practices of corporate governance. Corporate Governance principles are enshrined in the Spirit of Midland, which form the core values of Midland Microfin Ltd. These guiding principles are also articulated through the Company's code of business conduct, Corporate Governance guidelines & charter of various sub-committees.

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 ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all related party transactions entered into by the Company, were 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 2020-21 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 Extra Commercial Borrowings, Equity subscription, Directors 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, 2021, the Board of the Company comprised of six Directors, of whom two are Independent Directors (including one Woman Director), one Nominee Director, one Non-Executive Non-Independent Director, one Non-Executive Chairman and one Managing Director. Mr. Janak Raj Gupta, Independent Director retired on March 18, 2021 upon completion of term of 5 Years and had not opted for re-appointment.

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: <http://midlandmicrofin.com/about-us/?t=2>.

Composition as on the date of the Directors' Report

CATEGORY	NAME OF DIRECTORS	QUALIFICATION	BRIEF PROFILE
Promoter Directors	Amardeep Singh Samra (Managing Director) DIN - 00649442	B.Com.	He is passionate about microfinance; introduced the concept in the region; Punjab, Haryana and Rajasthan. He is the Co-ordinator of Punjab & Haryana Finance Co's Association, the prestigious body of major NBFCs in North India. He has a specialization in Finance, Marketing and Administration.
Promoter Directors	Vijay Kumar Bhandari (Chairman) DIN - 00052716	B.Com. (Hons), F.C.A.	Having more than 32 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.

CATEGORY	NAME OF DIRECTORS	QUALIFICATION	BRIEF PROFILE
Independent Directors	Shant Kumar Gupta DIN - 01571485	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. Founder Chairman of 'Hamco Charitable Trust', an NGO involved in imparting free computer education to poor and needy students.
Woman Independent Directors	Kamna Raj Aggarwalla DIN - 07009446	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.
Nominee Directors	Sachin Nithyanand Kamath DIN - 01592593	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.
Non-Executive Non-Independent Director	Harpal Singh Chhokar DIN - 07070314	B.Sc., A.C.A.	Worked as a Manager in the Investment Management, Assurance and Audit department of PricewaterhouseCoopers (PwC) in Los Angeles, California and London, Mr. Harpal Singh is Educated at St Helen's College and John Lyon School Harrow and graduated from the University of East Anglia UK in Accounting and Law.

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, 2021, no director was appointed in the Company.

ii. Re-appointment of Director

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iii. Retire by Rotation.

Pursuant to provisions of the Companies Act, 2013 ('Act') and Articles of Association of the Company, Mr. Vijay Kumar Bhandari (DIN: 00052716) is liable to retire by rotation and seek re-appointment as Chairman of the Company in the financial year 2021-2022.

iv. Cessation of Directors

During the year ended on March 31, 2021, following Directors ceased to hold office of the company:

- a) On April 16, 2020, Mr. Jeeban Kumar Sethy, Nominee Director (DIN: 08361868) ceased to hold the office as the Director of the Company due to withdrawal of nomination by SIDBI. The Board places on record its sincere appreciation.
- b) Mr. Janak Raj Gupta, Independent Director retired on March 18, 2021 upon completion of term of 5 years and had not opted for re-appointment. The Board places on record its sincere appreciation for guidance, services and mentorship provided by him as an independent 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, 2021:

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

During the financial year 2020-2021, `Ms. Sharon Arora, Company Secretary, resigned from the post of the Company Secretary w.e.f. May 20, 2020 and Mr. Sumit Bhojwani was appointed as Company Secretary w.e.f. May 20, 2020.

21.3 Meetings of the Board

Number of Board Meetings

During the financial year 2020-21, 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
April 19, 2020	8	6
June 06, 2020	7	7
August 14, 2020	7	6
September 26, 2020	7	6
November 12, 2020	7	6
December 14, 2020	7	6
March 10, 2021	7	5
March 20, 2021	7	6

Attendance of Directors in Board Meetings

Name of 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. Vijay Kumar Bhandari	Chairman	8	8	YES	Six
Mr. Amardeep Singh Samra	Managing Director	8	8	YES	None
Mr. Harpal Singh Chhokar	Non-Executive Non-Independent Director	8	4	YES	None
Mr. Shant Kumar Gupta	Independent Director	8	7	YES	One
Mr. Janak Raj Gupta	Independent Director	8	7	YES	None
Mrs. Kamna Raj Aggarwalla	Independent Director	8	5	Leave of Absence	One
Mr. Sachin Nithyanand Kamath	Nominee Director	8	7	Leave of Absence	None
Mr. Jeeban Kumar Sethy	Nominee Director	8	0	Resigned	None

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 09, 2021 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 Act and applicable rules thereunder) of all Independent Directors on the Board.

In terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have undertaken requisite steps

towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

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

i) AUDIT COMMITTEE

Pursuant to the provisions of the Companies Act, 2013, during the Financial Year 2020-21, your Company has a duly constituted Audit Committee and its composition is in conformity with the requirements of the Act, with minimum of three directors with independent directors forming a majority.

Composition of Audit Committee

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

**Mr. Janak Raj Gupta, Independent Director, retired on March 18, 2021 from the Board of Directors and consequently, from Audit Committee due to completion of term of 5 years.*

Terms of Reference

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

- the recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- review and monitor the Auditor's independence and performance, and effectiveness of Audit process;
- examination of the financial statement and the Auditors' report thereon;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- 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; and
- Internal Audit Plan/ Calendar etc.

Dates of Audit Committee Meetings

During the financial year ended on March 31, 2021, the Audit Committee meetings held 5 times on the below-stated dates:

- April 19, 2020
- June 06, 2020
- August 14, 2020
- November 12, 2020
- March 10, 2021

Attendance in Audit Committee Meetings

Name of Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Vijay Kumar Bhandari	Chairman	5	5
Mr. Shant Kumar Gupta	Independent Director	5	5
Mr. Janak Raj Gupta*	Independent Director	5	4
Mrs. Kamna Raj Aggarwalla	Independent Director	5	5
Mr. Sachin Nithyanand Kamath	Nominee Director	5	5

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
Mr. Janak Raj Gupta*	:	Independent Director
Mr. Sachin Nithyanand Kamath	:	Nominee Director

**Mr. Janak Raj Gupta, Independent Director, retired on March 18, 2021 from Board of Directors and consequently, from Nomination and Remuneration Committee due to completion of term of 5 years.*

Terms of Reference

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

- To formulate and recommend to the Board of Directors the Company's policies, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees, criteria for determining qualifications, positive attributes and independence of a director;
- To formulate criteria for evaluation of Independent Directors and the Board;
- To identify persons who are qualified to become Directors and who might be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- To carry out evaluation of every Director's performance;

Dates of Nomination and Remuneration Committee Meetings

During the financial year ended on March 31, 2021, the Nomination and Remuneration Committee meetings held twice on below-stated dates:

- April 19, 2020
- March 10, 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
Mr. Janak Raj Gupta*	Member	2	2
Mr. Sachin Nithyanand Kamath	Member	2	2

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 shares, 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:

- To consider and resolve the grievances of shareholders, debenture holders and other security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of balance sheet and non- receipt of declared dividends, non-receipt of interest/principal on debt instruments.
- 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, 2021, the Stakeholders' Relationship Committee Meeting was held once on the below-stated date:

- June 06, 2020

Attendance in Stakeholders' Relationship Committee Meetings

Name of Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Vijay Kumar Bhandari	Chairman	1	1
Mr. Amardeep Singh Samra	Member	1	1
Mr. Shant Kumar Gupta	Member	1	1

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	:	Chairman and 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:

- Formulation of CSR Policy as specified in Schedule VII of the Companies Act, 2013 indicating the activities, projects to be undertaken, timelines and expenditure thereon;
- Recommendation of CSR Policy to the Board;
- Recommendation of expenditure to be incurred on the activities referred above; and
- Monitoring & oversight the implementation of the Policy.

Dates of Corporate Social Responsibility Committee Meetings

During the financial year ended on March 31, 2021, the Corporate Social Responsibility Committee Meetings was held once on the below-stated date:

- March 20, 2021

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	1	1
Mr. Sachin Nithyanand Kamath	Member	1	1
Mrs. Kamna Raj Aggarwalla	Member	1	1

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
Mr. Harpal Singh Chhokar	:	Non-Executive Director

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.
- The Risk Management Policies adopted and reviewed periodically articulate, codify the strategy, structure, processes and systems.
- 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, 2021, the Risk Management Committee Meeting was held once on the below-stated date:

- August 14, 2020
- March 10, 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	2

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	:	Sr. Manager (Finance)
Mr. Ashish Guleria	:	Manager (Finance)
Mr. Sumit Bhojwani	:	Company Secretary
Mr. Paramjit Singh Pathania	:	Asstt. Vice President (IT)

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, 2021, the Asset Liability Management Committee Meetings were held twice on the below-stated dates:

- November 12, 2020
- March 20, 2021

Attendance in Asset Liability Management Committee Meetings

Name of Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Amardeep Singh Samra	Director	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	2
Mr. Ashish Guleria	Member	2	2
Mr. Sumit Bhojwani	Member	2	2
Mr. Paramjit Singh Pathania	Member	2	1

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	:	Sr. Manager (Finance)
Mr. Ashish Guleria	:	Manager (Finance)
Mr. Sumit Bhojwani	:	Company Secretary
Mr. Paramjit Singh Pathania	:	Asstt. Vice President (IT)

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;
- 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;
- 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;
- 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

- June 06, 2020
- September 26, 2020
- March 10, 2021

Attendance in IT Strategy Committee Meetings

Name of Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Shant Kumar Gupta	Independent Director	3	3
Mr. Amardeep Singh Samra	Member	3	3
Mr. Amitesh Kumar	Member	3	3
Mr. Gopesh Gupta	Member	3	3
Mr. Gagan Deep Sharma	Member	3	3
Mr. Bhimanshu Gupta	Member	3	3
Mr. Ashish Guleria	Member	3	3
Mr. Sumit Bhojwani	Member	3	3
Mr. Paramjit Singh Pathania	Member	3	3

viii) CORE COMMITTEE

The Company has constituted the Core Committee in order to approve the businesses having special importance as provided under the Articles of Association of the Company.

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; and

Dates of Core Committee Meetings

During the financial year ended on March 31, 2021, the Core Committee meetings were held seven (7) times on the below-stated dates:

- April 19, 2020
- June 06, 2020
- August 14, 2020
- November 12, 2020
- December 14, 2020
- March 10, 2021
- March 20, 2021

Attendance in Core Committee Meetings

Name of Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Vijay Kumar Bhandari	Chairman	7	7
Mr. Amardeep Singh Samra	Member	7	7
Mr. Sachin Nithyanand Kamath	Member	7	7
Mr. Shant Kumar Gupta	Member	7	7

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
Mr. Janak Raj Gupta*	:	Independent Director

**Mr. Janak Raj Gupta, Independent Director, retired on March 18, 2021 from the Board of Directors and consequently, from Board Management Committee due to completion of term of 5 years.*

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 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 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 and to file the necessary forms, agreements, returns and such other documents pertaining to the securities with the Registrar of the Companies, SEBI, Stock Exchange, DP, RTA and Statutory Authorities as may be required from time to time.

Dates of Board Management Committee Meetings

During the Financial Year ended on March 31, 2021, the Board Management Committee Meetings were held 15 times on the below-stated dates:

- May 22, 2020
- June 17, 2020
- October 03, 2020
- November 26, 2020
- February 09, 2021
- May 28, 2020
- June 26, 2020
- October 17, 2020
- December 24, 2020
- March 24, 2021
- June 12, 2020
- September 30, 2020
- November 13, 2020
- January 18, 2021
- March 30, 2021

Attendance in Board Management Committee Meetings

Name of Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Amardeep Singh Samra	Chairman	15	15
Mr. Shant Kumar Gupta	Member	15	13
Mr. Janak Raj Gupta	Member	15	12

x) HEAD OFFICE EXECUTIVE COMMITTEE

The Company has constituted the Head Office Executive Committee in order to oversee the day today 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, 2021, the Head Office Executive Committee Meetings were held two (2) times on the below-stated dates:

- November 12, 2020
- March 20, 2021

Attendance in Head Office Executive Committee Meetings

Name of Members	Position Held	No. of Meetings Held	No. of Meetings Attended
Mr. Amardeep Singh Samra	Chairman	2	2
Mr. Amitesh Kumar	Member	2	2
Mr. Gopesh Gupta	Member	2	2
Mr. Gagan Deep Sharma	Member	2	2
Mr. Sumit Bhojwani	Member	2	2

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 Nomination and Remuneration Policy of the Company as required under Section 178(3) of the Act 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:-

- 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;
- To promote the achievement of strategic objectives within the company’s risk appetite;
- To promote / support positive outcomes across the economic and social context in which the company operates; and
- 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 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, performance of Non-Independent Directors, the Board as a whole, and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. In a separate meeting of Independent Directors, the annual performance evaluation of Non-Independent Directors, the Board as a whole and the Chairman was 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:

- Receiving, retaining and treating complaints received by employees, directors and other stakeholders;
- 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.: 07837218817

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

During the year under review, the Company received 15 whistle-blower complaints of which as on March 31, 2020, all complaints were investigated and appropriate actions were taken and none of the investigations were pending/underway for the complaints.

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 pandemic situation and lockdown due to COVID-19. Standard Operating Procedures was notified and 'Work from Home' was initiated as the lockdown was announced in March, 2020.

The Company had 2165 permanent employees on the rolls of the Company as on March 31, 2021.

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-B 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 ICC 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 2020-21, no complaint pertaining to Sexual Harassment was received by the Committee.

26. DISCLOSURE IN RESPECT OF VOTING RIGHTS NOT EXERCISED DIRECTLY BY THE EMPLOYEES

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. INDIAN ACCOUNTING STANDARDS (IND AS) IMPLEMENTATION

The financial statements of the Company have been prepared in accordance with the applicable Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards Rules), 2015 (as amended from time to time) and other accounting principles generally accepted in India.

30. STATUTORY DISCLOSURES

30.1 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 on and after March 31, 2021 till the date of this report.

30.2 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.

30.3 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.

30.4 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.

30.5 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, 2021. The Company is determined to work efficiently for its growth.

30.6 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, 2021.

31. DISCLOSURES PURSUANT TO RBI MASTER DIRECTION

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.

32. CUSTOMER RELATIONS

32.1 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.

32.2 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.

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.

32.3 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.

32.4 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 bi-monthly 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 and, also cross verifies the details from the compliant register maintained at branch level. At head office level, the auditor reviews the compliant register and portal on monthly 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.

32.5 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, it is possibility that customers are prone to being misinformed and mis-communication. 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 has 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' i.e. 1800-137-0600 for grievance is printed on members' passbook. Members are being educated on registering the complaints and whole redressal mechanism.
- 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. 0181-5065071.
- 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.

32.6 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.

33. 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.

34. 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, 2021, the applicable accounting standards have been followed and there are no material departures;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments 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, 2021;

- c. the proper and sufficient care has been taken 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 annual accounts of the financial year ended on March 31, 2021 have been prepared on a going concern basis;
- e. the Directors have 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 have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

35. 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

Date: May 26, 2021
Place: Jalandhar

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

Vijay Kumar Bhandari
(Chairman)
DIN: 00052716

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Midland Microfin limited is a Non-Deposit taking Systemically Important 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 the states of Punjab, Rajasthan, Uttar Pradesh, Bihar, Gujarat, Haryana, Himachal Pradesh and Jharkhand.

Our vision is to emerge as a financial service provider of choice for families in Punjab and Neighbouring states. Guided by the values of community development, we emphasize on customer service to achieve positive client outcome. Our focus is on delivering sustainable solutions for the long term benefit of the community.

Outlook

Global Economy

Global prospects remain highly uncertain one year into the pandemic. New virus mutations and the accumulating human toll raised concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. The outlook depends not just on the outcome of the battle between the virus and vaccines—it also hinges on how effectively economic policies deployed under high uncertainty can limit lasting damage from this unprecedented crisis.

Global growth is projected at 6 percent in 2021, moderating to 4.4 percent in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 as per WEO. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions. (Source: World Economic Outlook by International Monetary Fund (IMF)).

Although global economic output is recovering from the collapse triggered by COVID-19, it will remain below pre-pandemic trends for a prolonged period. The pandemic has exacerbated the risks associated with a decade-long wave of global debt accumulation. It is also likely to steepen the long-expected slowdown in potential growth over the next decade. In his Foreword, World Bank Group President David Malpass notes that “Making the right investments now is vital both to support the recovery when it is urgently needed and foster resilience. Our response to the pandemic crisis today will shape our common future for years to come. We should seize the opportunity to lay the foundations for a durable, equitable, and sustainable global economy.” (Source: Global Economic Prospects, (World Bank)).



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

(Real GDP, Annual percent change)	2020	Projections	
		2021	2022
World Output	-3.3	6.0	4.4
Advanced Economies	-4.7	5.1	3.6
United States	-3.5	6.4	3.5
Euro Area	-6.6	4.4	3.8
Germany	-4.9	3.6	3.4
France	-8.2	5.8	4.2
Italy	-8.9	4.2	3.6
Spain	-11.0	6.4	4.7
Japan	-4.8	3.3	2.5
United Kingdom	-9.9	5.3	5.1
Canada	-5.4	5.0	4.7
Other Advanced Economies	-2.1	4.4	3.4
Emerging Market and Developing Economies	-2.2	6.7	5.0
Emerging and Developing Asia	-1.0	8.6	6.0
China	2.3	8.4	5.6
India	-8.0	12.5	6.9
ASEAN-5	-3.4	4.9	6.1
Emerging and Developing Europe	-2.0	4.4	3.9
Russia	-3.1	3.8	3.8
Latin America and the Caribbean	-7.0	4.6	3.1
Brazil	-4.1	3.7	2.6
Mexico	-8.2	5.0	3.0
Middle East and Central Asia	-2.9	3.7	3.8
Saudi Arabia	-4.1	2.9	4.0
Sub-Saharan Africa	-1.9	3.4	4.0
Nigeria	-1.8	2.5	2.3
South Africa	-7.0	3.1	2.0
Emerging Market and Middle-Income Economies	-2.4	6.9	5.0
Low-Income Developing Countries	0.0	4.3	5.2

Source : IMF, World Economic Outlook Update, April 2021

Indian Economy

India has been among the world's fastest-growing economies in recent years, lifting millions out of poverty and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. However, growth slowed to a six-year low in the first half of 2020, with both consumption and investment decelerating owing to weak, especially rural, income growth, stresses in the Non-Bank Financial Sector, and corporate and environmental regulatory uncertainty. On the external sector, following a rise in vulnerabilities in 2018, stability has returned, anchored by high foreign reserve buffers and a modest current account deficit. (Source: IMF).

Economic activity in India has suffered due to localised lockdowns during the second Covid-19 wave, but the impact is unlikely to be as devastating as last year 2019-20. The lockdowns in the various states have adversely impacted the Indian economy leading to extreme volatile market conditions. It has also led to the rising unemployment, fiscal deficit and the higher interest rates.

Compared with the fiscal first quarter of 2020, however, the economy could grow more than 25%. That's because India's GDP contracted nearly 24%. There is a downside risk to this number given the extended lockdowns we are seeing across states, but we do still think it's going to be a double-digit growth for India.

According to rating agency, Fitch, the economic impact of the second wave could be less than the impact seen last year. "The shock to economic activity from the latest wave of the pandemic in India to be less severe than in 2020, even though caseloads and fatalities are much higher. The authorities are implementing lockdowns more narrowly, and companies and individuals have adjusted behaviour in ways that cushion the effects,"

Meanwhile, Ministry of Finance in its monthly economic report said that the impact of the second wave of the coronavirus pandemic on the economy is likely to remain muted as compared to the first wave.

Admitting that the second wave of the pandemic has posed a downside risk to economic activity in the first quarter of FY2021-22, the report said "there are reasons to expect a muted economic impact as compared to the first wave. Learning to "operate with COVID-19", as borne by international experience, provides a silver lining of economic resilience amidst the second wave".

Domestic financial conditions, nevertheless, continue to remain comfortable with RBI's support to liquidity, with open market operations worth Rs 3.17 lakh crore carried out in 2020-21, it said.

Launch of G-SAP 1.0 towards stable and orderly management of the yield curve is a significant tool for forward guidance. While overall financial conditions remained accommodative, the report said, credit growth continued to be muted at 5.3 per cent as on April 9, 2021.

Sectorally, the report said, agriculture, medium industry and trade services led the credit offtake in March, while credit to small and large industry and NBFC services remained subdued. Easy financing conditions enabled the corporate sector to raise substantial funds from financial markets, it added.

Latest data on corporate earnings signals a manufacturing turnaround in the fourth quarter of 2020-21, with 12.5 per cent growth in net sales and 9.5 per cent rise in income for a sample of 213 companies, the finance ministry report noted.

CPI-combined inflation rose to 5.52 per cent, mainly on account of high food inflation. WPI inflation increased to an 8-year high of 7.39 per cent, led by oil and metal prices as well as base-effect, exceeding its CPI counterpart after nearly two years,

Like they say, every cloud has a silver lining. As citizens, we need to fight the global crisis with joined hands and follow basic health and hygiene instructions, directed by the Government of India. We will need to be careful towards our actions and together we will definitely overcome this virus and will make this planet a better place to live. Hope the market anxiety will die down soon and the economy will take an upside.

Urgent and bold policy measures are needed, not only to contain the pandemic and save lives, but also to protect the most vulnerable in our societies from economic ruin and to sustain economic growth and financial stability.

STEPS TAKE BY THE COMPANY

Management took immediate steps to manage this force majeure situation of COVID-19, some of which have been:

Information Technology:

Following new features have been added to ease the field operations and build control over the portfolio:

- * Net-off functionality
- * Holiday Marking
- * Implementation of LOS and LMS
- * Mobile number verification through OTP
- * Integration with BBPS and QR code based payment system
- * Integration of Voter ID and Bank account verification of loan beneficiary
- * Auto Day end functionality
- * OD follow-up at late collection features
- * Enabled mobile application to capture mobile number of borrowers at front end.
- * DR Site at Hyderabad
- * Client data storage at Cloud environment
- * In-house MIS platform
- * Inventory tracking and lead management modules
- * On-boarded HROne software as complete HRMS solutions.

Operations

- * Branch categorization on the basis of portfolio.
- * Categorization of manpower had also done the basis of their salary structure.
- * 7 branches have been merged to derive the minimum productivity and reducing operational cost.
- * Hospicash product had rollout to provide the health benefits to borrowers
- * Dairy Loan product ranging from Rs.60000/- to Rs.100000/- had rollout where cattle of the borrowers were also insured to mitigate their operational risk.
- * Minimum Centre size had reduced from 15 borrowers to 10 borrowers by seeing the challenges at field level.
- * Saral loan upto loan amount of Rs.60000/- were introduced under non-qualifying assets.
- * Solar Product – Mitwa had rolled out in Jharkhand
- * Introduced Cashless Centre Meeting Model in Gujarat.
- * Expansion in Gujarat by opening 9 branches.
- * 100% Lunar frequency products had introduced under JLG model.
- * Moratorium 1.0 and 2.0 had granted to 100% and 30% of borrowers respectively.
- * Restructuring of approx. 12000 loans have done.
- * Strengthen in-house MIS capabilities through analytical dashboards.
- * A special taskforce had appointed under Mission Parivartan to monitor the Repayment, Arrear and PAR movement
- * Daily Business Review mechanisms had introduced with Regional Heads and Zonal Heads.
- * Introduced financial and non-financial incentive structure for employees to boost their morale and increase their earning potentials.

Credit and Risk

- * Introduced Credit and Risk vertical at Branch level by introducing post of BPCRCMs, DPCRCMs and RPCRCMs at field level.
- * Strengthen field processes monitoring
- * Revoking GET rights from Branch Head and delegated to BPCRCMs (wherever deployed)
- * De-centralization of Credit Appraisal process at Branch Level
- * Credit Appraisal and Sanction criteria had reviewed and necessary changes had done in line with the CRL and Fair practices guidelines.
- * Disciplinary Action committee had appointed to take prompt decisions

Digital Initiatives

- * UPI based payments through QR code and BBPS had introduced to promotion digital collections. Every loan account has unique QR code printed on passbook of borrower.
- * On-boarded PAYU and Kaliedofin for E-Nach services
- * Introduced CMS services (Centre Officer, Client and Centre Models) through Airtel Payment, Spice money, Fingpay and Fino Payment bank. It helped to mitigate cash risk at field level.
- * Introduced Airtel Payment bank accounts for borrowers to enable cashless disbursement. It's a revenue generation Model.
- * Digital Didi Workshops to promote financial and digital literacy at field level.
- * On-boarded Legality platform for taking digital signature of borrowers.

Human Resource

- * Gaon-Gaon Rozgar Muhim for providing job opportunities to rural youths. Approx. 600 employees had on-boarded through this program.
- * Certified by Great Place To Work.
- * Yearly Appraisal had given which was effective from October'20.
- * Strengthen employee engagement under "Midland Connect" Program.
- * Regional Manager Talk Show was organized to boost the morale of the employees during Pandemic.
- * Introduced Covid 19 Helpdesk number and Covid 19 Taskforce to track the employees who have infected with Covid 19 virus.
- * Group personal accidental benefits has increased from Rs.100000/- to Rs.1500000/-.
- * Recruitment Referral Schemes for existing employees.

Micro Finance Institutions (MFIs)

"The industry is witnessing a reduction in collections and the recovery seen in Q4 FY21 is being challenged again"-ICRA Ltd.

According to a ICRA, the MFI industry may witness a sequential drop of 8-10 per cent in collections in Q1 of 2021. "Several states/Union Territories (UTs) have either imposed lockdowns or have placed significant restrictions on people movement and gatherings to curb the spread of pandemic.

India is in the middle of a major healthcare crisis as the second wave seems to have caught the nation and its government napping. There are more than 3.7 million active covid-19 infections in the country and 249,992 people have already succumbed to the virus.

The Reserve Bank of India (RBI) has allowed priority sector lending (PSL) classification for loans extended by

Small Finance Banks (SFBs) to Microfinance Institutions (MFIs) for onward lending. As per existing guidelines, these loans did not qualify under PSL norms.

The above dispensation is valid till March 31, 2022 for fresh credit extended to eligible MFIs (gross loan portfolio upto Rs.500 crore) and will be permitted upto 10% of the bank PSL portfolio as on March 31, 2021. Loans disbursed under this scheme will continue to be classified under PSL till the date of repayment or maturity, whichever is earlier.

The announcement comes in the wake of significant stress in the sector due to the impact of the pandemic and difficulties faced by the smaller entities in raising funds. MFIs had witnessed sharp deterioration in asset quality by the end of Q3FY21 with disruptions caused by outbreak of Covid-19 on the marginal profile of borrowers. With the onset of the severe second wave of the pandemic and restrictions on movement being imposed by various states, the livelihood of the borrowers is expected to be significantly impacted. This will result in lower collections for the MFIs.

Majority of the SFBs have been in the microfinance business and have an understanding of the risk metrics involved. Increased availability of funds would help the smaller MFIs in maintaining their credit profile amidst the difficult environment and disbursements would also increase.

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.

The microfinance industry, which has been inching towards pre-Covid levels – both in terms of disbursements as well as quality of portfolio – now seems a little wary of the impact of the sudden surge in Covid-19 cases on its collection efficiency.

Any impact on collections may also hurt growth in disbursements, as fresh loans to existing customers will only be sanctioned as and when they foreclose the previous loan.

No direct impact While industry experts do not expect any immediate or direct impact or decline in collections unless there is a nationwide lockdown, they are worried that the restrictions being put in place may impact livelihood activities and, in turn, repayments.

Ratings agency CRISIL recently said in a note that the impact on industrial activity during the second wave is smaller in comparison to the devastation witnessed in 2020. Japanese brokerage firm Nomura has also suggested that business activity has fallen, but it will have a limited impact on the economy.

According to Sachin Sachdeva, Vice-President and Sector Head, Financial Sector Ratings, ICRA, the restrictions being put in place in several States/cities to curb Covid-19 infections may affect the improvement in collections, which the microfinance industry has been witnessing for the last few months.

“Increase in restrictions and/or a longer lockdown is a cause of concern for the industry as it would affect the field activity and thereby affect collections. In addition, the disruptions caused in economic activity by such restrictions, will adversely impact the cash flows of the borrowers and, hence, the collection efficiency gains witnessed in past few months may start disappearing,” Sachdeva told Business Line.

For the quarter ended December 31, 2020, the portfolio quality was seen moving in the range of around 88-92 per cent for the industry as a whole despite geographical variation, as per the 36th issue of Micrometer.

A majority of the microfinance institutions have reported more than 90 per cent recovery and some of them have met their recovery target as on March 2021, said P Satish, Executive Director of Sa-Dhan, an RBI-recognised self-regulatory organisation for MFIs.

“The only thing we need to see is whether this new lockdown will affect small businesses. The complete lockdown during weekends are likely to impact small businesses and street vendors who are typically MFI customers. “We only hope this will not last too long. Last time this segment could recoup in a quick way so we are positive,” he said, and added that the industry was watchful but optimistic of improvement in recovery.

Though the collection efficiency for the industry as a whole has been improving on a month-on-month basis, the situation is still very fluid as nobody knows what will happen if cases surge further, said Alok Misra, CEO and Director, MFIN (Microfinance Institutions Network).

If the process of vaccination is accelerated, then it would give the industry a “good buffer”.

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.

Opportunities and Threats

COVID-19 pandemic has completely changed the way businesses operate and compelled them to reshape their operations. During the complete lockdown period, MML has tried to maintain contact with most of their customers to educate and raise awareness about COVID-19 safety measures and prevention. Travel restrictions and social distancing norms have compelled the industry to research and invest in digitalization of operations.

The reverse migration of over 1 crore workers will result in a loss of income for large swaths of population. The limited earning opportunities will dampen their near-term outlook and result in a more conservative approach to new loans. With ever increasing COVID-19 cases, the probability of localized containment zones and lockdowns are high, the ripple effect of which will be felt in rural regions.

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 the effective risk management framework becomes paramount. The Company has invested in people, processes and technology to mitigate risks posed by external environment and by its borrowers. There are several other risks which could affect each of the functions of the Company. While, we need to accept a level of risk in achieving our goals, sound risk management helps us to make the most of each business opportunity, and enables us to be resilient and respond decisively to the changing environment.

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.

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 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.

Finance and Operational Performance

The Company always focus on three key principals - operating efficiency, customer centricity and skill up.

Following are the key financial parameters –

- Loans: Rs. 7,557.37 Million
- Total income: Rs. 1,923.44 Million
- Profit before tax (PBT): Rs.190.10 Million
- Profit after tax (PAT): Rs.146.26 Million

Material development in Human Resources

The 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 shared with employees updating them of 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-up of the employees.

Midland Microfin has been certified with the prestigious certification as a 'Great Place to Work'. At the beginning of the year, we had 1763 permanent employees across locations which have grown to 2105 as on March 31, 2021. People have been added across grades and several middle to senior managers has been added to strengthen the operating and leadership team.

Cautionary Statement

Certain statements in the Management Discussion and Analysis 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.

Detail of Remuneration

Statement under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for year ended March 31, 2021

Not Applicable: As None of the Persons in service for the whole year and is drawing emoluments more than Rs.1,02,00,000/- per annum

Detail 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 2020- 2021, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2020- 2021 are as under:

S. No.	Name of Director / KMP	Designation	Remuneration Director / KMP for the Financial Year 2020- 21 (Rs. in crores)	Remuneration of Director/KMP for the Financial Year 2019- 20 (Rs. in crores)	% increase in Remuneration in the Financial Year 2020- 21	% increase in Remuneration in the Financial Year 2019- 20	Ratio of Remuneration of each Director to median remuneration
1.	Amardeep Singh Samra	Managing Director	0.92	1.36	-32.35#	84.24	81:1
2.	Amitesh Kumar	Chief Financial Officer/Chief Operating Officer	0.39	0.4	-1.69*	3.20	-
3.	Sumit Bhojwani	Company Secretary	0.06	-	-	-	-

Remuneration of the employees of the Company for the Financial Year 2020- 2021 are as under:

*The reason in reduction of remuneration is due reduction in statutory rate of contribution from 12% to 10% for wage months May 2020, June 2020 and July 2020 has been notified vide SO 1513(E) dated 18.0. 2020 published in Gazette of India. The company has deposited employer portion of PF @ 10% from May to July as against 12% for the remaining period.

The variable pay of INR 2,299,437 is subject to the approval of the Nomination and Remuneration committee of the Company and in case of approval will be paid in the Financial Year 2021-22.

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

I. 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. 113621 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.

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

III. The percentage increase in the median remuneration of employees in the Financial Year:

In the Financial Year, there was an increase of 46.20% in the median remuneration of employees.

IV. The number of permanent employees on the rolls of Company:

There were **2165** permanent employees on the rolls of the Company as on 31st March, 2021.

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:

Particulars	FY. 2020-21	F.Y. 2019-20
Increase in Salary of employees other than managerial	14.91	13.25
Managerial	(32.35)	84.24

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

CSR ACTIVITIES

1. Brief outline on CSR Policy of Midland Microfin Limited

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:

<http://midlandmicrofin.com/wp-content/uploads/CSR-Policy.pdf>

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): 134,469,408

7. (a) Two percent of average net profit of the company as per section 135(5): 2,689,388

(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. 2,689,388

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
1,822,773	866,615	30-04-2021	NA	NA	NA

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

1	2	3	4	5		6	7	8	9	10	11	
S. 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 Implementation-Direct (Yes/No).	Mode of Implementation - Through Agency	
				State	District						Name	CSR Registration Number
1	Caring and Sharing	Eradicating hunger, poverty and malnutrition	NO	Punjab	Kapurthala	1 Year	94,352.00	94,352.00	-	No	Midland Foundation	
2	Digital Didi	Promoting Health care and sanitation including preventive health care,	NO	Rajasthan	Banswara/ Chittorgarh/ Hanumangarh	2 Year	1,998,534.00	1,131,919.00	866,615.00	NO	Midland Foundation	
3	Nav Kanya Vandan	promoting education, promoting gender equality, empowering women	NO	UP, Rajasthan, Haryana	Ashapur, Dhariawad, Ratia	1 Year	220,567.00	220,567.00	-	No	Midland Foundation	
							375,935.00	375,935.00	-	Yes		

(c) Details of CSR amount spent against other than ongoing projects for the financial year: NA

1	2	3	4	5		6	7	9	
S. 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.		Amount spent for the project (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	Registration number

(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): 18,22,773.00

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

S. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	2,689,388
(ii)	Total amount spent for the Financial Year	1,822,773
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

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

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	2019 - 20	-					
2	2018 -19	-					
3	2017 -18	-					

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	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): 31-03-2021

(b) Amount of CSR spent for creation or acquisition of capital asset: 375,935

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Members at kishanpura khurd new 003 Centre, Sidhwan Bet.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): 45 TABS acquired by Midland Microfin at Head office, Jalandhar, Punjab.

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 2 years, hence the pending amount transferred to unspent CSR account will be spend in the Financial Year 2021-22.

Responsibility Statement

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.

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

Shant Kumar Gupta
Director
DIN:01571485

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

Date : May 26, 2021
Place : Jalandhar

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 (hereinafter 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, 2021 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, 2021 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.

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;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share-based Employee Benefits) Regulations, 2014;
- (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 – Systemically Important NBFCs–ND (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.

The prevailing circumstances in the country on account of Partial Lockdown and COVID-19 have impacted to some extent, verification of documents and records of the company.

For Harsh Goyal & Associates
Company Secretaries

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

Place: Ludhiana
Date : May 26, 2021

UDIN: F003314C000384816

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.

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
CP No.:2802

Place: Ludhiana
Date : May 26, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Midland Microfin Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of Midland Microfin Limited (“the Company”), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended (“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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 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 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 financial statements.

Emphasis of Matter

We draw attention to note 44 to the financial statements, which describes the continuing uncertainty caused by the continuing COVID-19 pandemic and the related probable events which could impact the Company's estimates of impairment of loans to customers. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our 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 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 misstatement of the 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 financial statements.

Key Audit Matters	How our audit addressed the key audit matters
<p>(a) Impairment of financial instruments (including provision for expected credit losses) <i>(as described in Note 8 of the Ind AS financial statements)</i></p>	
<p>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.</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <ol style="list-style-type: none"> Defining Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); Grouping of borrowers based on homogeneity by using appropriate statistical techniques; Estimation of behavioral life; Estimation of losses for loan products with no/ minimal historical defaults; and Management overlay for macro-economic factors and estimation of their impact on the credit quality. <p>Additional considerations on account of COVID-19</p> <p>Considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Company's business operations, resulting in higher loan losses, the Company has maintained a management overlay as part of its ECL, to reflect among other things the increased risk of deterioration in macro-economic factors. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated.</p> <p>In view of such high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic and related events, it is a key audit matter.</p>	<ul style="list-style-type: none"> • Our audit procedures included reading and considering the 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 pursuant to Reserve Bank of India guidelines issued on March 13, 2020 ("the RBI Guidelines"). • Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances dated" issued by RBI on August 6, 2020 and tested the implementation of such policy on a sample basis. • 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. • 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. • Assessed the Company's policy with respect to moratorium pursuant to the RBI circular and MFIN advisory and tested the implementation of such policy on a sample basis. • Tested the ECL model, including assumptions and underlying computation by testing the input data. 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 (including COVID-19 pandemic) 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. • Compared the disclosures included in the financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109 including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with the Management for the Financial Statements

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 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 of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 made by management.
- Conclude on the appropriateness of management's 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 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 most significance in the audit of the financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure 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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, 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 purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 43 (iii) to the financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Bharath N S

Partner

Membership Number: 210934

UDIN: 21210934AAAACN9481

Place : Chennai

Date : May 26, 2021

FINANCIAL STATEMENTS

FOR THE YEAR 2020-21



BALANCE SHEET AS AT MARCH 31, 2021

(Rupees in Millions unless otherwise stated)

PARTICULARS	Notes	March 31, 2021	March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	4	1,490.29	799.73
Bank balances other than cash and cash equivalents	5	1,642.50	1,435.10
Derivative financial instruments	6	25.56	-
Trade receivables	7	2.01	2.73
Loan portfolio	8	7,557.37	7,264.60
Other financial assets	9	78.00	73.80
Total financial assets		10,795.73	9,575.96
Non-financial assets			
Current tax assets (net)	10	4.23	30.00
Deferred tax assets (net)	28	41.59	14.97
Property, plant and equipment	11	115.71	131.56
Capital work-in-progress		-	0.90
Intangible assets	11	10.55	11.25
Other non-financial assets	12	30.29	30.41
Total non-financial assets		202.37	219.09
Total assets		10,998.10	9,795.05
LIABILITIES AND EQUITY			
Financial liabilities			
Derivative financial instruments	6	-	10.88
Trade payables	13	6.33	6.58
Debt securities	14	1,314.87	1,035.49
Borrowings (other than debt securities)	14	6,562.83	6,589.96
Subordinated liabilities	14	1,053.44	779.94
Other financial liabilities	15	259.78	157.94
Total financial liabilities		9,197.25	8,580.79
Non-financial liabilities			
Provisions	16	17.51	14.14
Other non-financial liabilities	17	15.24	14.19
Total non-financial liabilities		32.75	28.33
EQUITY			
Equity share capital	18	391.70	333.25
Other equity	19	1,376.40	852.68
Total equity		1,768.10	1,185.93
Total liabilities and equity		10,998.10	9,795.05

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.R. BATLIBOI & ASSOCIATES LLP
 Chartered Accountants
 ICAI Firm registration number : 101049W/E300004

per Bharath NS
 Partner
 Membership No: 210934

Date: May 26, 2021
 Place: Chennai

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

Amardeep Singh Samra
 Managing Director
 DIN: 00649442

Amitesh Kumar
 Chief Financial Officer

Place: Jalandhar

Shant Kumar Gupta
 Director
 DIN: 01571485

Sumit Bhojwani
 Company Secretary
 Membership No: A36611

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Rupees in Millions unless otherwise stated)

PARTICULARS	Notes	March 31, 2021	March 31, 2020
Revenue from operations			
Interest income	20	1909.40	1,778.94
Fees and commission income	21	4.84	15.89
Net gain on derecognition of financial instruments under amortised cost category	22	7.85	40.21
Total revenue from operations		1922.09	1,835.04
Other income	23	1.35	6.42
Total income		1923.44	1,841.46
Expenses			
Finance cost	24	1036.36	989.63
Impairment on financial instruments	25	124.03	42.73
Employee benefit expenses	26	385.89	361.15
Depreciation and amortization expense	11	37.62	36.41
Other expenses	27	149.44	160.76
Total expenses		1733.34	1,590.68
Profit before tax		190.10	250.78
Tax expense:			
Current tax	28	72.67	59.52
Deferred tax	28	(28.83)	3.97
Income tax expense		43.84	63.49
Profit for the year (A)		146.26	187.29
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain on defined benefit plans		2.99	0.27
Income tax effect		(0.75)	(0.06)
Items that will be reclassified subsequently to profit or loss			
Fair value income/(loss) on derivative financial instruments		5.77	(29.72)
Income tax effect		(1.45)	7.48
Other comprehensive income/(loss) (B)		6.56	(22.03)
Total comprehensive income for the year (A+B)		152.82	165.26
Earnings per share (equity share, par value of Rs.10 each)			
Computed on the basis of total profit for the year			
Basic	29	4.06	5.96
Diluted	29	4.06	5.94
Nominal value		10.00	10.00

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.R. BATLIBOI & ASSOCIATES LLP
 Chartered Accountants
 ICAI Firm registration number : 101049W/E300004

per Bharath NS
 Partner
 Membership No: 210934

Date: May 26, 2021
 Place: Chennai

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

Amardeep Singh Samra
 Managing Director
 DIN: 00649442

Amitesh Kumar
 Chief Financial Officer

Place: Jalandhar

Shant Kumar Gupta
 Director
 DIN: 01571485

Sumit Bhojwani
 Company Secretary
 Membership No: A36611

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(Rupees in Millions unless otherwise stated)

PARTICULARS	March 31, 2021	March 31, 2020
Cash flow from operating activities		
Profit before tax	190.10	250.78
Adjustments for:		
Depreciation and impairment of PPE & right of use assets and Intangible assets	37.62	35.97
Provision for employee benefits	6.37	3.55
Impairment of financial instruments	124.03	42.73
Net gain on derecognition of financials instruments under amortised cost category	23.67	(40.21)
Profit on sale of mutual fund units	-	(5.61)
Other provisions and write offs	0.03	0.88
Share issue expenses	-	3.05
Interest expense	8.50	9.25
Lease rental reversed upon implementation of Ind AS 116	(20.33)	(24.01)
Operating profit before working capital changes	369.99	276.38
Movements in working capital :		
(Decrease) / increase in trade payables	(0.25)	(1.62)
(Decrease) / increase in other financial liabilities (excluding lease liabilities)	112.66	(99.77)
Increase in other non financial liabilities	1.05	2.12
(Increase) in bank balances other than cash and cash equivalents	(207.40)	(1,172.70)
Decrease / (increase) in trade receivables	0.72	1.85
Decrease in other current tax assets	15.36	0.05
(Increase) in loan portfolio	(416.46)	(1,873.53)
(Increase) in other financial assets	(28.20)	(14.45)
(Increase) in other non financial assets	0.08	(12.97)
Cash used in operations	(152.45)	(2,894.64)
Income taxes paid	(62.27)	(64.65)
Net cash used in operating activities (A)	(214.72)	(2,959.29)
Cash flow from investing activities		
Purchase of property, plant and equipment (excluding right of use assets)	(17.02)	(19.28)
Purchase of intangible assets	(2.12)	(3.69)
Purchase of investments	-	(3,652.05)
Sale of investments	-	3,707.66
Net cash used in investing activities (B)	(19.14)	32.64
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	450.03	183.10
Share issue expenses	(0.69)	(0.00)
Issue of optionally convertible preference shares (including securities premium)	-	20.00
Proceeds from issue (redemption) of Debt securities (net)	279.38	(256.97)
Proceeds from issue of Borrowings (other than debt securities) (net)	(57.80)	1,751.84
Proceeds from issue of Subordinated liabilities (net)	273.50	165.12
Dividend on equity shares (includes dividend distribution tax)	(20.00)	(19.38)
Net cash from financing activities (C)	924.42	1,843.71
Net increase / (decrease) in cash and cash equivalents (A+B+C)	690.56	(1,082.94)
Cash and cash equivalents at the beginning of the year	799.73	1,882.67
Cash and cash equivalents at the end of the year (refer note 4)	1490.29	799.73
Components of cash and cash equivalents as at the end of period		
Cash in hand	14.06	14.20
Balance with banks - on current account	306.97	118.02
Deposits with original maturity of less than or equal to 3 months	1169.26	667.51
Total cash and cash equivalents	1490.29	799.73

Note:

- Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".
- Previous year figures have been regrouped / reclassified wherever applicable.
- For disclosures relating to changes in liabilities arising from financing activities, refer note 42.

As per our report of even date
For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number : 101049W/E300004

per Bharath NS
Partner
Membership No: 210934

Date: May 26, 2021
Place: Chennai

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Amitesh Kumar
Chief Financial Officer

Place: Jalandhar

Shant Kumar Gupta
Director
DIN: 01571485

Sumit Bhojwani
Company Secretary
Membership No: A36611

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Shares

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

(Rupees in millions unless otherwise stated)

Particulars	No. of Shares	Amount
As at March 31, 2019	28,789,376	287.89
Issue of equity share capital (including bonus issue & conversion of OCPS) during the year ended March 31, 2020 (refer note 18(b))	4,536,269	45.36
As at March 31, 2020	33,325,645	333.25
Issue of equity share capital during the quarter ended March 31, 2021 (refer note 18(b))	5,844,561	58.45
As at March 31, 2021	39,170,206	391.70

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	Cashflow hedge reserve	
Balance as at April 1, 2019	19	406.49	59.37	43.50	36.63	-	545.99	-	545.99
Profit for the year		-	187.29	-	-	-	187.29	-	187.29
Other comprehensive income		-	0.21	-	-	-	0.21	(22.24)	(22.03)
Total comprehensive income		-	187.50	-	-	-	187.50	(22.24)	165.27
Transfer to Statutory Reserve		-	(37.46)	37.46	-	-	-	-	-
Transfer to Capital Redemption Reserve		-	(4.00)	-	-	4.00	-	-	-
Issue of share capital during the year	18	168.15	-	-	-	-	168.15	-	168.15
Issue of bonus equity shares	18	(23.39)	-	-	-	-	(23.39)	-	(23.39)
Conversion of optionally convertible preference shares	18	16.03	-	-	-	-	16.03	-	16.03
Dividend on equity shares (includes dividend distribution tax)		-	(19.36)	-	-	-	(19.36)	-	(19.36)
Balance as at March 31, 2020	19	567.28	186.05	80.96	36.63	4.00	874.92	(22.24)	852.68
Profit for the year		-	146.26	-	-	-	146.26	-	146.26
Other comprehensive income		-	2.24	-	-	-	2.24	4.32	6.56
Total comprehensive income		-	148.50	-	-	-	148.50	4.32	152.82
Transfer to Statutory Reserve		-	(29.25)	29.25	-	-	-	-	-
Issue of share capital during year	18	391.59	-	-	-	-	391.59	-	391.59
Share issue expenses	18	(0.69)	-	-	-	-	(0.69)	-	(0.69)
Dividend on equity shares		-	(20.00)	-	-	-	(20.00)	-	(20.00)
Balance as at March 31, 2021	19	958.18	285.30	110.21	36.63	4.00	1,394.32	(17.92)	1,376.40

As per our report of even date
For S.R. BATLIBOI & ASSOCIATES LLP
 Chartered Accountants
 ICAI Firm registration number : 101049W/E300004

per Bharath NS
 Partner
 Membership No: 210934

Date: May 26, 2021
 Place: Chennai

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

Amardeep Singh Samra
 Managing Director
 DIN: 00649442

Amitesh Kumar
 Chief Financial Officer

Place: Jalandhar

Shant Kumar Gupta
 Director
 DIN: 01571485

Sumit Bhojwani
 Company Secretary
 Membership No: A36611

NOTES TO FINANCIAL STATEMENTS



1. Corporate information

Midland Microfin Limited ('the Company') is a public limited company domiciled in India 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 eight states and one union territory namely Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Himachal Pradesh, Gujarat and Chandigarh.

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

3. 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 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 and expense

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 by applying effective interest rate to the net amortized cost of financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on gross basis.

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.

b. 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.

c. 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 on PPE and intangible assets

Depreciation 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 management:

a) Furniture and fixtures	10 years
b) Computers	
- Servers and networks	6 years
- End user devices, such as, desktops, laptops, etc.	3 years
c) Electric implants	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:

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.

The loans provided to borrowers having running businesses with steady cash flows and not as a concession to overcome financial difficulties faced by borrowers other than the temporary suspension due to lock-down, are not considered as restructured accounts in terms of extant RBI Master Directions.

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.

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 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.

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. 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 recognized 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.

(Rupees in millions unless otherwise stated)

	As at 31-3-2021	As at 31-3-2020
4: Cash and cash equivalents		
Cash on hand	14.06	14.20
Balances with banks		
On current accounts	306.97	118.02
Deposit with original maturity of less than 3 months	1,169.26	667.51
	1,490.29	799.73

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

Deposit with remaining maturity of less than 12 months	861.39	964.77
Deposit with remaining maturity of more than 12 months	11.78	8.42
Margin money deposits (refer note below)	769.33	461.91
	1,642.50	1,435.10

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, 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		

Part I	As at March 31, 2020			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Currency Derivatives:				
-Currency Swaps	-	-	536.35	10.88
Total derivative financial instruments	-	-	536.35	10.88

Part II	As at March 31, 2020			
	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	-	-	536.35	10.88
Total derivative financial instruments	-	-	536.35	10.88

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.

	As at March 31, 2021				
	Notional Amounts	Carrying Amount	Line time in statement of financial position	Change in fair value	Cash flow Hedge reserve as at 31-3-2021
The impact of Hedging instruments (Net)	597.02	49.51	Derivative Financial Liability	25.56	(17.92)

	As at March 31, 2020				
	Notional Amounts	Carrying Amount	Line time in statement of financial position	Change in fair value	Cash flow Hedge reserve as at 31-3-2020
The impact of Hedging instruments (Net)	536.35	18.84	Derivative Financial Liability	(10.88)	(22.24)

7: Trade Receivables

Outstanding for a period less than six months from the date they are due for payment-unsecured, considered good

Total

	As at 31-3-2021	As at 31-3-2020
	2.01	2.73
Total	2.01	2.73

8: Loan Portfolio

Secured, considered good*

Less: Impairment loss allowance

Unsecured, considered good*

Less: Impairment loss allowance

Unsecured, Considered doubtful**

Less: Impairment loss allowance

Total

Above amount includes-Loans provided in India

Total

	As at 31-3-2021 at Amorisred Cost	As at 31-3-2020 at Amorisred Cost
	-	-
	-	-
	7631.42	7,304.15
	(100.17)	(43.31)
	131.06	41.87
	(104.94)	(38.11)
Total	7557.37	7,264.60
	7557.37	7,264.60
Total	7557.37	7,264.60

* 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, 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

Portfolio classification as at March 31, 2020

Particulars	Stage I	Stage II	Stage III	Total
Considered good	7,257.88	2.96	-	7,260.84
Considered doubtful	-	-	3.76	3.76
Total	7,257.88	2.96	3.76	7,264.60

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)	237.46	58.60	-
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	554.16	131.07	7,762.48

Gross Portfolio Movement for the year ended March 31, 2020

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2019	5,442.69	3.36	26.44	5,472.49
Total (A)	5,442.69	3.36	26.44	5,472.49
Inter-stage movements				
Stage I	(10.76)	1.39	9.37	-
Stage II	-	(2.55)	2.55	-
Stage III	0.00	-	(0.00)	-
Total (B)	(10.76)	(1.16)	11.92	-
New assets originated, repaid and derecognised during the year	1,867.90	2.12	3.51	1,873.53
Total (C)	1,867.90	2.12	3.51	1,873.53
Gross carrying amount as at March 31, 2020 (A+B+C)	7,299.83	4.32	41.87	7,346.02

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

ECL movement during the year ended March 31, 2020:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	20.03	0.70	19.81	40.54
Provision made/ (reversed) during the year	21.92	0.66	18.30	40.88
Write off	-	-	-	-
Closing Balance	41.95	1.36	38.11	81.42

9: Other financial assets (at amortised cost)**Security deposits**

Unsecured, considered good

Other Assets

Security deposits placed with non banking financial companies*

Retained interest on asset assigned

Other assets

Less: Impairment loss allowance

	As at 31-3-2021	As at 31-3-2020
	3.08	2.80
	3.99	12.13
	16.55	40.21
	56.57	20.51
	(2.19)	(1.85)
	78.00	73.80

*Represent margin money deposits placed to avail term loans from non banking financial companies.

10: Current Tax Assets (net)

Advance income tax (net of provision)

	4.23	30.00
	4.23	30.00

11. Property, Plant and Equipment

(Rupees in millions unless otherwise stated)

Particulars	Right of use assets (Refer note 32)	Furniture and Fixtures	Computers	Electric implants	Leasehold improvements	Vehicle	Total
Gross Block (at cost)							
At March 31, 2019	-	20.51	37.69	15.38	23.41	8.44	105.43
Addition	81.22	4.63	7.97	4.00	2.85	-	100.67
Disposals	-	-	-	(0.05)	-	-	(0.05)
Adjustments	-	(2.63)	(3.18)	(1.14)	0.35	-	(6.60)
At March 31, 2020	81.22	22.51	42.48	18.19	26.61	8.44	199.45
Addition	1.02	2.10	3.41	1.90	2.40	11.15	21.98
Disposals	-	-	-	(0.06)	-	(6.64)	(6.70)
Adjustments	-	-	-	-	-	-	-
At March 31, 2021	82.24	24.61	45.89	20.03	29.01	12.95	214.73
Depreciation							
At March 31, 2019	-	5.12	23.45	3.32	5.94	2.96	40.79
Charge for the year	18.43	1.87	8.18	1.50	3.17	1.00	34.15
Disposals	-	-	-	(0.02)	-	-	(0.02)
Adjustments	-	(1.56)	(4.98)	(0.69)	0.35	(0.15)	(7.03)
At March 31, 2020	18.43	5.43	26.65	4.11	9.46	3.81	67.89
Charge for the period	17.69	2.21	7.39	1.80	3.84	1.87	34.80
Disposals	-	-	-	(0.02)	-	(3.65)	(3.67)
At March 31, 2021	36.12	7.64	34.04	5.89	13.30	2.03	99.02
Net Carrying Amount							
At March 31, 2019	-	15.39	14.24	12.06	17.47	5.48	64.64
At March 31, 2020	62.79	17.08	15.83	14.08	17.15	4.63	131.56
At March 31, 2021	46.12	16.97	11.85	14.14	15.71	10.92	115.71

Intangible assets

Particulars	Software	Licenses	Total
Gross block (at cost)			
At March 31, 2019	5.44	8.16	13.61
Addition	3.69	-	3.69
Adjustments	0.06	-	0.06
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
Amortization			
At March 31, 2019	1.39	2.40	3.79
Charge for the year	1.00	1.25	2.25
Adjustments	0.06	0.00	0.06
At March 31, 2020	2.45	3.65	6.10
Charge for the period	1.54	1.28	2.82
At March 31, 2021	3.99	4.93	8.92
Net Carrying Amount			
At March 31, 2019	4.05	5.76	9.81
At March 31, 2020	6.74	4.51	11.25
At March 31, 2021	6.58	3.97	10.55

12: Other Non-Financial Assets**Unsecured, considered good**

	As at 31-3-2021	As at 31-3-2020
Prepaid expenses	9.30	9.11
Balances with statutory / government authorities	13.77	8.38
Capital advances	-	1.10
Other Non Financial Assets	4.54	8.55

Unsecured, considered doubtful

Employee loans	4.64	5.20
Less: Impairment loss allowance	(1.96)	(1.93)
	30.29	30.41

13: Trade Payables

Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	6.33	6.58
	6.33	6.58

14: (a) Debt Securities (at amortised cost)**Secured Debentures**

380 (March 31, 2020 : 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.	3.79	3.77
325 (March 31, 2020 : 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.	3.24	3.23
933 (March 31, 2020 : 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.	24.32	21.74
325 (March 31, 2020 : 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.	8.50	7.60
222 (March 31, 2020 : 282), 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.	2.20	2.80
Nil (March 31, 2020 : 75), Series II, 11.75% Secured, Compounded, 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.	-	1.60
Nil (March 31, 2020 : 270), 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 4 years from the date of allotment.	-	5.68
520 (March 31, 2020 : 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.	5.16	5.15
805 (March 31, 2020 : 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. 1,300 (March 31, 2020 : 1300), Series II, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013.	18.59	16.66
Put option is available after 5 years from the date of allotment. 927 (March 31, 2020 : 2,921), 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.	30.36	27.12
7,108 (March 31, 2020 : 18,227), 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.	9.44	29.85
200 (March 31, 2020 : Nil) 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.	158.59	354.53
3,880 (March 31, 2020 : 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.	199.92	-
1,950 (March 31, 2020 : 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.	38.58	38.42
205 (March 31, 2020 : 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.	25.09	22.72
50 (March 31, 2020 : 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.	2.05	2.05
485 (March 31, 2020 : 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.	0.90	0.81
250 (March 31, 2020 : 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.	8.81	7.91
600 (March 31, 2020 : 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.	2.50	2.50
50 (March 31, 2020 : 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.	10.77	9.65
550 (March 31, 2020 : 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.	0.50	0.50
3,360 (March 31, 2020 : 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.	10.24	9.15
	33.26	33.17

2,550 (March 31, 2020 : 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.	32.87	29.71
320 (March 31, 2020 : 320), Series V, 12.25% Secured, Simple, 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.	3.20	3.19
35 (March 31, 2020 : 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.	0.64	0.57
9,300 (March 31, 2020 : Nil) 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.	92.02	-
250 (March 31, 2020 : Nil) 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.	258.70	-
250 (March 31, 2020 : Nil) 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.	254.32	-
1,910 (March 31, 2020 : 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.	18.86	18.83
2,690 (March 31, 2020 : 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.	34.73	31.37
Borrowing under securitisation arrangement**		
From Banks	22.72	345.21
From non-banking financial companies	-	-
Total Debt Securities	1,314.87	1,035.49

*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)

Term Loans (Secured)*		
Banks	3,986.55	3,253.22
Non-banking financial companies	1,836.47	2,777.55
External commercial borrowings	645.77	553.54
Overdraft facility	87.55	-
Term Loans (Unsecured)		
Others	6.49	5.65
Total Borrowings (Other than Debt Securities)	6,562.83	6,589.96

***Nature of Security for Term Loans:**

Secured by hypothecation (exclusive charge) of loans and margin money deposits	3,960.20	2,912.23
Secured by hypothecation (exclusive charge) of loans	2,587.80	3,671.15
Secured by fixed assets (Car Loan)	8.34	0.93
Total Outstanding	6,556.34	6,584.31

(c) Subordinated Liabilities (at amortised cost)**Unsecured Debentures**

Nil (March 31, 2020 : 2,017), Series I, 11.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was March 31, 2011.	-	20.17
Nil (March 31, 2020 : 1,674), Series I, 11.10% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was March 31, 2011.	-	41.86
3,000 (March 31, 2020 : 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	29.97
5,738 (March 31, 2020 : 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.	57.31	57.28
6,262 (March 31, 2020 : 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.	100.09	90.35
2,350 (March 31, 2020 : 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.	23.11	23.03
9,310 (March 31, 2020 : 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.	107.20	96.16
820 (March 31, 2020 : 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.	7.99	7.95
2,170 (March 31, 2020 : 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.	24.62	22.01
871 (March 31, 2020 : Nil), 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.	85.45	-
1,881 (March 31, 2020 : Nil), 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.	187.24	-

Preference shares other than those that qualify as Equity

NCPS*	430.44	391.16
Total Subordinated Liabilities	1,053.44	779.94

Borrowings in India	8,285.37	8,405.39
Borrowings outside India	645.77	-
Total	8,931.14	8,405.39

**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 OCPS and NCPS

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.

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.

1,18,25,000 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 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.

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 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, 2021

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	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
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 represent only principal outstanding on all types of borrowings.

Terms of repayment of borrowings as on March 31, 2020

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%	16	314.73	2	1.51	-	-	-	-	316.24
	12.01%-15.00%	2	19.36	2	10.56	-	-	-	-	29.92
Bullet	9.01%-12.00%	22	238.43	3	59.10	2	29.50	2	46.00	373.03
	12.01%-15.00%	8	21.45	4	9.55	2	48.45	-	-	79.45
Sub-total (A)		48	593.97	11	80.72	4	77.95	2	46.00	798.64
Borrowings (Other than Debt Securities)										
Monthly	6.01%-9.00%	36	48.75	29	26.95	-	-	-	-	75.70
	9.01%-12.00%	167	655.05	136	528.85	26	105.86	-	-	1,289.76
	12.01%-15.00%	624	2,667.95	286	1,235.21	-	-	-	-	3,903.16
Quarterly	6.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	4	33.48	8	37.28	-	-	-	-	70.76
	12.01%-15.00%	14	170.82	21	200.01	-	-	-	-	370.83
Half Yearly	6.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	4	159.00	7	147.70	5	26.80	-	-	333.50
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Bullet	6.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	-	-	-	-	-	-	-	-	-
	12.01%-15.00%	-	-	3	401.48	1	139.88	-	-	541.36
Sub-total (B)		849	3,735.05	490	2,577.48	32	272.54	-	-	6,585.07
Subordinated Liabilities										
Bullet	0.01%-3.00%	-	-	3	50.20	3	126.80	2	114.50	291.50
	9.01%-12.00%	2	36.91	3	129.15	-	-	10	167.35	333.41
	15.01%-18.00%	-	-	3	27.40	-	-	-	-	27.40
Sub-total (C)		2	36.91	9	206.75	3	126.80	12	281.85	652.31
Total (A+B+C)		899	4,365.93	510	2,864.95	39	477.29	14	327.85	8,036.02

*The amounts mentioned above represent only principal outstanding on all types of borrowings.

15: Other Financial Liabilities

	As at 31-3-2021	As at 31-3-2020
Expenses payable	9.31	18.69
Employee benefits payable	19.62	10.13
Loans pending disbursement	35.95	-
Payable towards direct assignment transactions	87.42	59.52
Unclaimed Dividend	0.02	0.01
Application money received for allotment of securities & due for refund	0.00	0.00
Lease liability (refer note 32)	55.64	66.46
Other payable	51.82	3.13
	259.78	157.94

16: Provisions**Provision for employee benefits**

Provision for gratuity	11.92	10.17
Provision for compensated absences	5.59	3.97
	17.51	14.14

17: Other Non-Financial liabilities

Statutory Dues Payable	15.24	14.19
	15.24	14.19

18: Equity Share capital**Authorized**

5,30,00,000 (March 31, 2020: 5,30,00,000) equity shares of Rs.10 each	530.00	530.00
2,20,00,000 (March 31, 2020: 2,20,00,000) preference shares of Rs.10 each	220.00	220.00
	750.00	750.00

Issued, subscribed and paid-up

3,91,70,206 (March 31, 2020: 3,33,25,645) equity shares of Rs.10/- each fully paid up	391.70	333.25
Total	391.70	333.25

(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. 0.60 per share @6.00% for the year ended March 31, 2021 (Previous Year: Rs. 0.60 per shares @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, 2021		March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	33,325,645	333.26	28,789,376	287.89
Issued upon conversion of preference shares**	-	-	397,299	3.97
Issued during the year*	5,844,561	58.45	4,138,970	41.38
Outstanding at the end of the year	39,170,206	391.70	33,325,645	333.24

* During the year ended March 31, 2021, the company has issued 58,44,561 equity shares of a face value of Rs.10 at a price of Rs.77 per equity share including premium of Rs.67 per equity share aggregating to Rs.450.03 Mn through rights issue.

**During the year ended March 31, 2020, the Company converted its OCPS into equity shares as per the terms of issuance as follows:

(Rupees in millions unless otherwise stated)

Particulars	No. of Convertible Shares	No. of Equity Shares issued upon conversion	Nominal Value of Equity Shares issued	Premium
9% Cumulative, Non-Participative and Optionally Convertible Preference shares (OCPS) of Rs.10/- each	2,000,000	397,299	3.97	16.03
Total	2,000,000	397,299	3.97	16.03

(c) 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.

(d) 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 Shareholder	March 31, 2021		March 31, 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity shares				
Kitara PIIN 1501	13,015,723	33.23%	11,059,961	33.19%
Mohinder Kaur Chhokar	2,750,000	7.02%	2,750,000	8.25%
Amardeep Singh Samra	3,050,528	7.79%	2,321,340	6.97%
SIDBI	-	-	1,772,299	5.32%
Ranjit Kaur Chhokar	2,242,000	5.72%	1,375,000	4.13%
International Township Developers Pvt. Ltd.	2,278,740	5.82%	1,085,700	3.26%

	As at 31-3-2021	As at 31-3-2020
19: Other Equity		
Securities premium (refer Note 20.1)		
Balance as per the last financial statements	567.28	406.49
Add: Premium on conversion of OCPS	-	16.03
Add: Premium on issue of equity shares	391.59	168.15
Less: Bonus issue	-	(23.39)
Less : Share Issue Expense	(0.69)	-
Closing balance	958.18	567.28
Debenture redemption reserve (refer Note 19.2)		
Balance as per the last financial statements	36.63	36.63
Closing balance	36.63	36.63
Capital redemption reserve (refer Note 19.3)		
Balance as per the last financial statements	4.00	-
Add: amount transferred from surplus balance in the statement of profit and loss	-	4.00
Closing balance	4.00	4.00
Statutory reserve (refer Note 19.4)		
Balance as per the last financial statements	80.96	43.50
Add: Amount transferred from surplus of profit and loss	29.25	37.46
Closing balance	110.21	80.96
Retained earnings (refer Note 19.5)		
Balance as per the last financial statements	186.05	59.37
Add: Profit for the year	146.26	187.29
Add: Other comprehensive income (Re-measurement gain on defined benefit plans)	2.24	0.21
Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934]*	(29.25)	(37.46)
Less: Dividend on equity shares (includes dividend distribution tax)	(20.00)	(19.36)
Less: Transfer to Capital Redemption Reserve	-	(4.00)
Closing balance	285.30	186.05
Cashflow hedge reserve (refer Note 19.6)		
Balance as per the last financial statements	(22.24)	-
Add: Other comprehensive income (Fair value loss on derivative financial instruments)	4.32	(22.24)
Closing balance	(17.92)	(22.24)
Total other equity	1376.40	852.68

Nature and purpose of reserves

19.1: Securities premium reserve

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.

19.2: 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, 2019 issued vide MCA notification dated 16th August, 2019, 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.

19.3: 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.

19.4: 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.

19.5: Retained earnings

Retained earnings represents 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.

19.6: Cashflow hedge reserve

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

20: Interest Income

Measured at amortised cost

	For Year ended 31-3-2021	For Year ended 31-3-2020
Interest on loan portfolio other than inter corporate advances	1,752.37	1,629.32
Interest on fixed deposits	113.03	99.97
Interest on inter corporate advances	-	1.21
Interest on margin money deposits*	37.72	24.92
Interest income on unwinding of assigned portfolio	6.28	23.52
	1909.40	1,778.94

*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.

21: Fees and commission income

Servicer fee and facilitation charges	4.84	15.89
	4.84	15.89

22: Net gain on derecognition of financial instruments under amortised cost category

Net gain on derecognition of financial instruments under amortised cost category	7.85	40.21
	7.85	40.21

23: Other income

Profit on sale of mutual fund units	-	5.61
Miscellaneous income	1.35	0.81
	1.35	6.42

24: Finance cost

Interest

On Debt Securities	119.12	134.39
On Borrowings (Other than Debt Securities)	813.68	769.67
On Subordinated Liabilities	91.71	72.80
On Others	9.41	10.05
Other finance cost	2.44	2.73
	1036.36	989.63

25: Impairment on financial instruments

Measured at amortised cost

Impairment on loans	123.69	40.87
Impairment on other financial assets	0.34	1.86
	124.03	42.73

26: Employee benefits expense

Salaries, wages and bonus	347.09	316.62
Contribution to provident fund and other funds	35.79	31.61
Staff welfare expenses	3.01	12.92
	385.89	361.15

27: Other expenses

Rent (refer note 31)*	21.83	13.94
Rates and taxes	13.97	18.58
Bank charges	0.66	5.30
Cash Deposit Charge	12.26	-
Insurance	8.80	8.53
Training Expenses	0.28	2.85
Business Promotion	0.80	4.10
Repairs and maintenance	12.29	11.90
Electricity charges	6.82	6.54
Travelling expenses	33.44	41.76
Communication expenses	12.37	13.38
Credit information service charges	3.04	4.06
Printing and stationery	4.99	10.57
Legal and professional charges	6.80	10.47
Directors sitting fees	0.43	0.25
Auditors remuneration (refer details below)	2.63	2.85
CSR Expenses	2.69	1.45
Miscellaneous expenses	4.10	3.35
Donations	1.21	-
Other provisions	0.03	0.88
	149.44	160.76

*As a result of implementation of modified retrospective approach as per Ind AS-116 (Leases) rent expenses has been booked on amortisation basis during current year and comparatives are not revised.

Payment to auditors**As auditor:**

Audit fee	1.50	2.00
Limited review fee	0.70	0.65
Other services fee	0.40	0.15
Out of pocket expenses	0.03	0.05
	2.63	2.85

28: Income Tax Expense**A. Income tax expense in the statement of profit and loss consists of:****Current Income Tax:**

Income Tax	72.67	59.52
Deferred Tax	(28.83)	3.97
Income Tax expense reported in the statement of profit or loss	43.84	63.49

Income tax recognised in other comprehensive income

Deferred tax arising on re-measurement gain on defined benefit plans	0.75	0.06
Deferred tax arising on fair value loss on derivative financial instruments	1.45	(7.48)
Total	2.20	(7.42)
Total income tax expense	46.04	56.07

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	190.10	250.78
Re-measurement gain on defined benefit plans	2.99	0.27
Fair value loss on derivative financial instruments	5.77	(29.72)
Profit before tax (Re-measurement gain on defined benefit plans/Fair value loss on derivative financial instruments)	198.86	221.34
Enacted tax rates in India	25.17%	25.17%
Computed tax expense	50.05	55.71
Effect of :		
Non-deductible expenses	21.15	19.13
Additional tax allowances	(25.16)	(20.33)
Difference on account of change in tax rate	-	1.56
Total Income Tax expense	46.04	56.07

C. Deferred Tax Assets (net)

Particulars	As at 31-3-2021	As at 31-3-2020
Effects of deferred tax assets/ liabilities :		
Deferred Tax Assets		
Impairment allowance for financial assets	44.24	17.68
Provisions allowable on payment basis	4.41	3.56
Impact on Loans using effective rate of Interest	13.23	14.85
Impact of capitalisation leases under Ind AS 116	2.40	0.92
Derivative instruments in Cash flow hedge relationship	6.03	7.48
	70.31	44.49
Deferred Tax Liabilities		
Differences of written down value of Property, plant and equipment and Intangible assets	(0.23)	(1.16)
Remeasurement gain/(loss) on defined benefit plan	(0.92)	(0.16)
Impact on Borrowings using effective rate of Interest	(14.69)	(16.04)
Impact of re-recognition of securitization transactions in books	(8.74)	(2.15)
Impact of upfronting of EIS with respect to assigned loans	(4.14)	(10.01)
	(28.72)	(29.52)
Net deferred tax assets/(liabilities)	41.59	14.97

29: Earning per Share

Net profit after tax as per Statement of Profit and Loss	146.26	187.29
Net profit for calculation of basic earnings per share	146.26	187.29
Net profit as above	146.26	187.29
Net profit for calculation of diluted earnings per share	146.26	187.29

Calculation of weighted average number of equity shares for basic EPS

Equity shares

Opening No. of shares	33.33	28.79
Add: Issued during the year*	2.65	2.61
Weighted average number of equity shares for basic EPS	35.98	31.40

Effect of dilution

Conversion of OCPS	-	0.13
Weighted average number of equity shares for diluted EPS	35.98	31.53
Basic earnings per share (In rupees)	4.06	5.96
Diluted earnings per share (In rupees)	4.06	5.94

Nominal value per share: Rs.10 (Previous year: Rs.10)

*The number of equity shares and resultant Basic EPS and Diluted EPS in respect of financial year ended March 31, 2019 considered above is adjusted for the issue of bonus shares in the current financial year in the ratio of 1 bonus share for every 10 equity shares.

30. 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 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

31. Leases

Company as a Lessee

The carrying amounts of right-of-use of assets recognised and the movements during the period are as follows:

Particulars	March 31, 2021	March 31, 2020
Balance as at April 01, 2020	62.79	56.50
Modification in Lease Term	1.02	-
Additions made during the year	-	24.72
Depreciation charged during the year	(17.69)	(18.43)
Balance at the end of the year	46.12	62.79

The carrying amounts of lease liabilities and the movements during the period are as follows:

Particulars	March 31, 2021	March 31, 2020
Balance as at April 01, 2020	66.46	56.50
Additions made during the year	-	24.72
Modification in Lease Term	1.02	-
Interest accretion for the year	8.49	9.25
Payments made during the year	(20.33)	(24.01)
Balance at the end of the year	55.64	66.46

The maturity analysis of lease liabilities is disclosed under Other financial liabilities in Note 38(b).

The followings are the amounts recognised in profit and loss:

Particulars	March 31, 2021	March 31, 2020
Depreciation expense in respect of right-of-use-of-asset	17.69	18.43
Interest Expense in respect of lease liabilities	8.50	9.25
Expense relating to short term lease (included in other expenses)	21.83	13.94
Total amount recognised in profit and loss	48.02	41.62

32. 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 Operating Officer (w.e.f. April 1, 2019) & Chief Financial Officer
Sumit Bhojwani	Company Secretary (w.e.f. May 20, 2020)
Sharon Arora	Company Secretary (May 25, 2018 to May 20, 2020)
V.K. Bhandari	Non-Executive Chairman
Sachin Kamath	Nominee Director
Shant Kumar Gupta	Independent Director
Janak Raj Gupta	Independent Director (retired w.e.f. March 18, 2021)
Kamna Raj Aggarwalla	Independent Director
Harpal Singh Chhokhar	Non-Executive Director
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	Grand Mother of Mr. Harpal Singh Chhokhar
Sneh Bhandari	Wife of Mr. V.K. Bhandari
Ashish Bhandari	Son of Mr. V.K. Bhandari
Ranjit Kaur Chhokhar	Mother of Mr. Harpal Singh Chhokhar
Neha Gupta	Wife of Mr. Shant Kumar Gupta
Prerna Bhandari	Wife of Mr. Ashish Bhandari
Ashish Gupta	Son of Mr. Janak Raj Gupta

Investing party in respect of which the reporting enterprise is an associate:

Kitara PIIN 1501

b. Transactions with related parties

Related party	Nature of Transactions	Transaction during the year ended March 31, 2021	Transaction during the year ended March 31, 2020	(Payable)/Receivables	
				March 31, 2021	March 31, 2020
Amardeep Singh Samra	Remuneration	9.16	13.61	-	-
	Rent	1.33	1.26	-	-
	Sitting fees	0.06	0.04	(0.01)	-
	Issue of equity shares (including premium)	39.15	56.88	-	-
	Payment of dividend on equity shares	1.53	1.00	-	-
Amitesh Kumar	Remuneration	3.88	3.95	-	-
	Loans given & repayment thereof	-	-	0.53	0.53
	Issue of equity shares (including premium)	2.78	-	-	-
	Payment of dividend on equity shares	0.11	0.09	-	-
Sumit Bhojwani	Remuneration	0.63	-	-	-
	Issue of equity shares (including premium)	-	-	-	-
Surinder Kaur Samra	Rent	0.11	0.11	-	-
Amarjit Singh Samra	Rent	0.11	0.11	-	-
Sarvjit Singh Samra	Rent	1.33	1.26	-	-
Gagan Samra	Issue of equity shares (including premium)	10.59	-	-	-
	Payment of dividend on equity shares	0.41	0.39	-	-
Lata Kumari	Professional fees	0.58	1.08	-	-
Kitara PIIN 1501	Issue of equity shares (including premium)	150.59	-	-	-
	Payment of dividend on equity shares	6.64	4.72	-	-
V.K. Bhandari	Issue of equity shares (including premium)	5.90	10.34	-	-
	Payment of dividend on equity shares	0.23	0.16	-	-
	Payment of dividend on preference shares	0.00	-	-	-
	Sitting fees	0.09	0.05	(0.01)	-
Sachin Nithyanand Kamath	Sitting fees	0.08	0.05	(0.05)	(0.01)
Shant Kumar Gupta	Sitting fees	0.08	0.05	(0.01)	-
Janak Raj Gupta	Issue of equity shares (including premium)	-	-	-	-
	Payment of dividend on equity shares	0.08	0.08	-	-
	Payment of dividend on preference shares	0.06	0.06	-	-
	Interest on debentures	0.09	0.11	-	-
	Sitting fees	0.06	0.04	-	-
	Issue of debentures	3.00	-	-	-
Kamna Raj Aggarwalla	Issue of equity shares (including premium)	0.39	-	-	-
	Sitting fees	0.04	0.03	(0.01)	-
Sneh Bhandari	Issue of equity shares (including premium)	5.13	5.17	-	-
	Payment of dividend on equity shares	0.20	0.16	-	-
	Payment of dividend on preference shares	0.00	-	-	-
Ashish Bhandari	Issue of equity shares (including premium)	47.49	36.20	-	-
	Payment of dividend on equity shares	0.69	0.40	-	-
Ashish Gupta	Issue of equity shares (including premium)	-	-	-	-
	Payment of dividend on equity shares	0.04	0.04	-	-
Mohinder Kaur Chhokar	Issue of equity shares (including premium)	-	-	-	-
	Payment of dividend on equity shares	1.65	1.55	-	-
Harpal Singh Chhokar	Sitting fees	0.02	-	-	-
Neha Gupta	Issue of equity shares (including premium)	3.10	-	-	-
	Payment of dividend on equity shares	0.12	0.11	-	-
Ranjit Kaur Chhokar	Issue of equity shares (including premium)	64.06	-	-	-
	Payment of dividend on equity shares	0.85	0.78	-	-

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.

33. Contingent Liabilities and commitments (to the extent not provided for)

There are no contingent liabilities and commitments as at end of the current year and the previous year.

34. 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, 2021			
	Level 1	Level 2	Level 3	Total
At fair value through OCI				
Derivative Asset				
– Forward currency swaps	-	25.56	-	25.56
Total	-	25.56	-	25.56

Particulars	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
At fair value through OCI				
Derivative Liability				
– Forward currency swaps	-	10.88	-	10.88
Total	-	10.88	-	10.88

Fair Value hierarchy of Asset and Liabilities not measured at fair value

The management assessed that carrying value of financial asset 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.

35. 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 43(i)).

Particulars	March 31, 2021	March 31, 2020
Debts	8,500.70	8,014.24
Net Worth	1,768.11	1,185.94
Debt to Net Worth (In times)	4.81	6.76

36. 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 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, 2021	March 31, 2020
Defined benefit obligations as at the beginning of Year	10.16	6.05
Current Service Cost	4.66	4.29
Interest on defined benefit obligations	0.69	0.46
Re-measurements - Actuarial (Gain)/Loss on total Liabilities	(2.99)	(0.27)
Benefits paid	(0.60)	(0.37)
Defined benefit obligations as at the end of Year	11.92	10.16

Balance Sheet

Amount recognised in Balance Sheet

Particulars	March 31, 2021	March 31, 2020
Present Value of obligations	11.92	10.16
Fair value of plan assets		-
Net defined benefit liability recognised in balance sheet	(11.92)	(10.16)

Expense charged to the statement of profit and loss

Particulars	March 31, 2021	March 31, 2020
Current service cost	4.66	4.29
Interest Cost	0.69	0.46
Total	5.35	4.75

Re-measurement (gain)/loss in other comprehensive income

Particulars	March 31, 2021	March 31, 2020
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(2.99)	(1.75)
- Changes in demographic assumptions	-	0.83
- Changes in financial assumptions	-	0.64
Amount recognised under other comprehensive income	(2.99)	(0.27)

Summary of Actuarial Assumptions

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.76%	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, 2021	March 31, 2020
Discount rate (+0.5%)	(0.71)	(0.62)
Discount rate (-0.5%)	0.79	0.68
Salary Inflation (+1%)	0.75	0.65
Salary Inflation (-1%)	(0.69)	(0.60)

Maturity Profile of Defined Benefit Obligation

Particulars	March 31, 2021	March 31, 2020
Year 1	0.32	0.26
Year 2	0.36	0.27
Year 3	0.44	0.35
Year 4	0.52	0.42
Year 5	0.55	0.46
Year 6	0.52	0.44
After 6 years	9.21	7.94

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.

37. Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

38. 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 for containing 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.

As a business practice, the Company routinely provides top-up loans or consolidate the existing dues of the customers into a new loan. In determining whether there has been a significant increase in credit risk or impairment of these loans and potential full loss estimate, the Company takes into account their vintage, past repayment behaviour, and viability of their businesses. Based on such assessment, as at 31 March 2021, and in accordance with Ind AS 109 principles, including those relating to modified loans, the Company has classified loans amounting to Rs. 312.25 million as Stage 2 and Rs. 38.07 million as Stage 3 and recorded impairment allowance of Rs.85.37 million, although there were Nil overdue as per the latest repayment schedule for these loans.

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 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 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. 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 are 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, 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.

Maturity pattern of Liabilities as on March 31, 2020:

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 years
Borrowings*	636.87	400.48	447.02	1,340.27	2,426.32	3,311.29	792.49	790.69	10,145.43
Other financial liabilities	100.13	1.93	1.90	5.54	10.50	35.52	32.76	20.55	208.83

*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 market factor. 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:

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 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, 2021	March 31, 2020
0.50% increase	(16.78)	(16.13)
0.50% decrease	16.78	16.13

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, 2021		As at March 31, 2020	
	EUR	GBP	EUR	GBP
Hedged				
ECB	430.50	216.03	414.92	140.27
Derivative*	396.48	200.55	396.48	139.88

* 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 includes 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.

39. Transfer of Financial Assets

Transfers of financial assets that are not derecognised in their entirety

a. Securitization 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, 2021	March 31, 2020
Carrying amount of transferred assets measured at amortised cost	19.69	288.46
Carrying amount of associated liabilities	22.72	345.21

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, 2020, 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 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.

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, 2021	For the year ended March 31, 2020
Carrying amount of derecognised financial assets	290.95	548.71
Gain/(loss) from derecognition	7.46	50.16

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.

40. Expenditure on Corporate Social Responsibility:

Particulars	March 31, 2021	March 31, 2020
a) Gross amount required to be spent by the Company during the year	2.69	1.45
b) Amount spent during the year on purposes other than construction/acquisition of any asset	2.69	1.45
Paid (Includes no payment which were provided as in previous year)	1.82	1.45
Yet to be paid	0.87	-

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 2020-21.



41. Maturity analysis of assets and liabilities

Maturity analysis of assets and liabilities as at March 31, 2021

	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
Trade receivables	2.01	-	2.01
Loan portfolio	6,544.18	1,013.19	7,557.37
Other financial assets	76.37	1.63	78.00
Total financial assets	9,273.02	1,522.71	10,795.73
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	30.29	-	30.29
Total non-financial assets	30.29	172.08	202.37
Total assets	9,303.31	1,694.79	10,998.10
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	6.33	-	6.33
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	222.34	37.44	259.78
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

Maturity analysis of assets and liabilities

Maturity analysis of assets and liabilities as at March 31, 2020

	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	799.73	-	799.73
Bank balances other than cash and cash equivalents	1,198.44	236.66	1,435.10
Trade receivables	2.73	-	2.73
Loan portfolio	4,825.99	2,438.61	7,264.60
Investments	-	-	-
Other financial assets	71.74	2.06	73.80
Total financial assets	6,898.63	2,677.33	9,575.96
Non-financial assets			
Current tax assets (net)	-	30.00	30.00
Deferred tax assets (net)	-	14.97	14.97
Property, plant and equipment	-	131.56	131.56
Capital work-in-progress	-	0.90	0.90
Intangible assets	-	11.25	11.25
Other non-financial assets	30.41	-	30.41
Total non-financial assets	30.41	188.68	219.09
Total assets	6,929.04	2,866.01	9,795.05
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	10.88	10.88
Trade payables	6.58	-	6.58
Debt securities	593.97	441.52	1,035.49
Borrowings (other than debt securities)	3,735.05	2,854.91	6,589.96
Subordinated liabilities	36.91	743.03	779.94
Other financial liabilities	113.42	44.52	157.94
Total financial liabilities	4,485.93	4,094.86	8,580.79
Non-financial liabilities			
Provisions	0.74	13.40	14.14
Other non-financial liabilities	14.19	-	14.19
Total non-financial liabilities	14.93	13.40	28.33
EQUITY			
Equity share capital	-	333.25	333.25
Other equity	-	852.68	852.68
Total equity	-	1,185.93	1,185.93
Total liabilities and equity	4,500.86	5,294.19	9,795.05

42. Disclosure of investing and financing activities that do not require the use of cash and cash equivalents

For the year ended March 31, 2021

Name of instrument	Opening	Cash Flows	Conversion	Exchange Differences	Others	Closing
Equity share capital (including securities premium)	900.53	450.03	-	-	(0.69)	1349.87
Optionally convertible preference shares (including securities premium)	-	-	-	-	-	-
Borrowings (other than debt securities)	6,589.96	(57.80)	-	30.67	-	6562.83
Right-of-use assets	62.79	-	-	-	(16.68)	46.11
Lease liabilities	66.46	(20.33)	-	-	9.51	55.64
Total	7,619.74	371.90	-	30.67	(7.86)	8014.45

For the year ended March 31, 2020

Name of instrument	Opening	Cash Flows	Conversion	Exchange Differences	Others	Closing
Equity share capital (including securities premium)	694.38	186.15	20.00	-	-	900.53
Optionally convertible preference shares (including securities premium)	19.52	-	(20.00)	-	0.48	-
Borrowings (other than debt securities)	4,819.28	1,751.84	-	18.84	-	6,589.96
Right-of-use assets	-	-	-	-	62.79	62.79
Lease liabilities	-	(24.01)	-	-	90.47	66.46
Total	5,533.18	1,913.98	-	18.84	153.74	7,619.74

43. 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, 2021	March 31, 2020
CRAR	33.96%	24.57%
CRAR – Tier I Capital	22.09%	15.87%
CRAR – Tier II Capital	11.87%	8.70%
Amount of Subordinated debt raised as capital Tier-II capital	623.00	388.78
Amount raised by issuing perpetual debt instrument	-	-

Notes:

- CRAR as at 31 March, 2020 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:

The Company do not have any investment in current and previous year.

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 34 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, 2021	March 31, 2020
i) Derivatives (Notional Principal Amount)	597.02	536.35
ii) Marked to Market Positions	25.56	(10.88)
(a) Assets (+)	25.56	-
(b) Liabilities (-)	-	(10.88)
iii) Credit Exposure	Nil	Nil
iv) Unhedged Exposures	Nil	Nil

iv. Disclosures relating to securitization:

During the year the Company has sold loans through securitization. The information on securitization activity is as below:

Particulars	March 31, 2021	March 31, 2020
Total number of loans securitized during the year	-	81,949
(including over collateralized loans)		
Total book value of loans securitised during the year	-	1,163.05
Total book value of loans securitised including loans placed as collateral during the year	-	1,292.28
Sale consideration received for loans securitised	-	1,163.05
Credit enhancements provided and outstanding		
(Gross) as at balance sheet date		
Interest subordination	-	0.00
Principal subordination	0.00	108.86
Cash Collateral	35.18	63.82

Sr. No.	Particulars	March 31, 2021	March 31, 2020
1	No. of SPVs sponsored by the NBFC for securitisation transactions	1	3
2	Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on date of balance sheet:	54.87	397.32
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	52.78	172.68
	- Others	-	-
4	Amount of exposures to other than MRR:		
	a) Off balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	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, 2021	March 31, 2020
No. of Accounts	14,011	56,104
Aggregate value of account sold	206.48	750.00
Aggregate consideration	206.48	750.00
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 securitization / Reconstruction Company for asset reconstruction:

The Company has not sold financial assets to securitization/ 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, 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 year & 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	8,446.43

Maturity pattern of assets and liabilities as on March 31, 2020**

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 year & upto 5 years	Over 5 years	Total
Advances	-	-	-	-	642.22	1,727.02	2,415.17	2,494.72	3.79	-	7,282.92
Investments	-	-	-	-	-	-	-	-	-	-	-
Borrowings*	190.39	55.16	271.86	342.20	378.29	1,115.59	2,012.45	2,220.40	849.20	600.39	8,036.02

*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.

Note applicable for FY 2020-21

1. The maturity pattern of advances has been presented considering the effect of revised contractual dues of loans pursuant to moratorium granted to its borrowers up to May 31, 2020, as described in Note 44. Such maturity pattern does not reflect additional moratorium up to August 31, 2020 allowed by the RBI vide its notification dated May 23, 2020 as it represents an event subsequent to the date of these financial statements.
2. The maturity pattern of borrowings does not reflect the effect of moratorium as it represents an event subsequent to the date of these financial statements.

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 32 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, 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	Brick work rating	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
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-

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2020:

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed*	Amount	Rating assigned*
Bank Loan Rating (Long term Facilities)	Brickwork Ratings	July 29, 2019	3,000.00	BWR BBB+
Bank Loan Rating (Long Term Bank facilities)	CARE Ratings	March 24, 2020	2,100.00	CARE BBB
MFI Grading	Brick work rating	September 24, 2019	N.A.	BWR MF2
MFI Grading	SMERA	November 30, 2019	N.A.	SMERA M2C1
Non-convertible debentures	CARE Ratings	March 24, 2020	250.00	CARE BBB
Securitisation	ICRA Ratings	February 28, 2020	316.70	A1 PTC-ICRA A+(SO) A2 PTC-ICRA A-(SO)
Securitisation	ICRA Ratings	June 24, 2019	183.40	A1 PTC-ICRA A(SO) A2 PTC-ICRA A-(SO)
Securitisation	ICRA Ratings	August 28, 2019	416.00	A1 PTC-ICRA A(SO) A2 PTC-ICRA BBB+(SO)
Securitisation	ICRA Ratings	September 26, 2019	247.10	A1 PTC-ICRA A(SO) A2 PTC-ICRA A-(SO)

* The ratings are subject to annual surveillance till the final repayment/redemption of rating facilities.

xviii. Remuneration of Directors:

The Company has not entered into any transactions or in a pecuniary relationship with the non-executive directors other those as disclosed in note 32 of Financial Statements.

xix. Provisions and Contingencies (shown in Statement of Profit and Loss):

Particulars	March 31, 2021	March 31, 2020
Provision made towards Income Tax	72.67	59.52
Provision towards NPA	66.83	18.30
Provision for Standard Assets	56.86	22.57
Provision for leave benefits	1.62	(0.84)
Provision for gratuity	2.35	4.47
Provision for Other Doubtful Debts	0.37	2.73

xx. Draw down from Reserves:

There has been no draw down from Reserves during the year ended March 31, 2021 (previous year: Nil) other than those disclosed under Note 19.

xxi. Concentration of Deposits:

The Company has not accepted any deposits during the year ended March 31, 2021 (previous year: Nil).

xxii. Concentration of Advances, Exposures and NPAs:

Particulars	March 31, 2021	March 31, 2020
Concentration of Advances		
Total Advances to twenty largest borrowers	2.24	2.24
(%) of Advances to twenty largest borrowers to Total Advances	0.03%	0.03%
Concentration of Exposures		
Total Advances to twenty largest borrowers	2.24	2.24
(%) of Advances to twenty largest borrowers to Total Exposure	0.03%	0.03%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.41	0.17

xxiii. Sector-wise NPAs:

Sr. No.	Sector	(%) of NPAs to total advances in that sector as at March 31, 2021	(%) of NPAs to total advances in that sector as at March 31, 2020
1	Agriculture & allied activities	1.64%	0.61%
2	MSME	0.00%	0.00%
3	Corporate borrowers	0.00%	0.00%
4	Services	1.70%	0.55%
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.	Particulars	March 31, 2021	March 31, 2020
(i)	Net NPAs to Net Advances (%)	0.35%	0.05%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	41.87	26.44
(b)	Additions during the year	89.19	15.43
(c)	Reductions during the year	-	-
(d)	Closing balance	131.06	41.87
(iii)	Movement of Net NPAs		
(a)	Opening balance	3.76	6.63
(b)	Additions during the year	22.36	-
(c)	Reductions during the year	-	(2.87)
(d)	Closing balance	26.12	3.76
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets):		
(a)	Opening balance	38.11	19.81
(b)	Additions during the year	66.83	18.30
(c)	Reductions during the year	-	-
(d)	Closing balance	104.94	38.11

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.

xxvii. Disclosure of Customer Complaints:

Particulars	March 31, 2021	March 31, 2020
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	3525	1753
(c) No. of complaints redressed during the year	3525	1753
(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, 2021

Asset Classifications as per RBI Norms	Asset classifications 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 (A)		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
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

For the year ended March 31, 2020

Asset Classifications as per RBI Norms	Asset classifications 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	7299.83	41.95	7257.88	33.59	8.36
	Stage 2	4.32	1.36	2.96	0.24	1.12
Subtotal (A)		7304.15	43.31	7260.84	33.83	9.48
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	41.87	38.11	3.76	35.62	2.49
Doubtful						
Upto 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss assets	-	-	-	-	-	-
Subtotal (B)		41.87	38.11	3.76	35.62	2.51
Total	Stage 1	7299.83	41.95	7257.88	33.59	8.36
	Stage 2	4.32	1.36	2.96	0.24	1.12
	Stage 3	41.87	38.11	3.76	35.62	2.49
	Total	7346.02	81.42	7264.60	69.45	11.97

* 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. Disclosure in respect of moratorium benefit extended to the customers:

In accordance with Reserve Bank of India ('RBI') guidelines relating to 'CoVID-19 Regulatory Package' dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 ('RBI Regulatory Package'), the Company has offered moratorium on the payment of installments falling due between March 24, 2020 to August 31, 2020 ('moratorium period') to all eligible borrowers. In accordance with RBI guidelines, the moratorium period, wherever granted, is excluded from number of days past due for the purpose of asset classification.

Disclosure as required by RBI circular dated April 17, 2020 'CoVID-19 Regulatory Package- Asset Classification and provisioning are given below:

Particulars	March 31, 2021
Advance outstanding in SMA/Overdue categories where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular*	14.81
Respective amounts where asset classification benefit was extended*	4.56
Provision made in terms of paragraph 5 of the circular (As per paragraph 4, applicable to NBFC's covered under Ind AS)**	6.23
Provision adjusted against slippages in terms of paragraph 6 of the circular	0.23
Residual provision in terms of paragraph 6 of the circular	6.00

*Principal outstanding of accounts under SMA/Overdue category is as of March 31, 2021.

xxx. Information on instances of fraud:

There are no instances of fraud during the financial year 2020-21 and 2019-20

xxxi. Information on Net Interest Margin

Particulars	March 31, 2021			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Average lending rate	23.67%	22.33%	21.89%	21.47%
Average effective cost of borrowing*	14.37%	13.73%	13.07%	13.80%

Particulars	March 31, 2020			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Average lending rate	25.20%	25.20%	25.15%	24.09%
Average effective cost of borrowing*	15.27%	15.39%	15.44%	15.29%

*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.

xxxii. Disclosures as required for liquidity risk

a. Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	March 31, 2021	March 31, 2020
Number of significant counter parties	16	23
Amount (in mn)	5642.29	6235.98
Percentage of funding concentration to total deposits	N.A.	N.A.
Percentage of funding concentration to total liabilities	61.13%	72.43%

*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, 2021	March 31, 2020
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, 2021	March 31, 2020
Total amount of top 10 borrowings	4577.50	4211.50
Percentage of amount of top 10 borrowings to total borrowings	51.25%	50.10%

d. Funding Concentration based on significant instrument/product*

Sr. No.	Name of the instrument/product	March 31, 2021	% of Total Liabilities
1	Non-Convertible Debentures (Secured)	1292.15	14.00%
2	Term Loans from Banks	3986.55	43.19%
3	Term Loans from Non-banking financial companies	1836.47	19.90%
4	External commercial borrowings	645.77	7.00%
5	Non-Convertible Debentures (Unsecured)	623.00	6.75%
6	Non-Convertible Preference Shares	430.44	4.66%

Sr. No.	Name of the instrument/product	March 31, 2020	% of Total Liabilities
1	Non-Convertible Debentures (Secured)	690.28	8.02%
2	Borrowing under securitisation arrangement	345.21	4.01%
3	Term Loans from Banks	3253.22	37.79%
4	Term Loans from Non-banking financial companies	2777.55	32.26%
5	External commercial borrowings	553.54	6.43%
6	Non-Convertible Debentures (Unsecured)	388.78	4.52%
7	Non-Convertible Preference Shares	391.16	4.54%

*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 November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

e. Stock Ratios

Sr. No.	Stock Ratios	March 31, 2021	March 31, 2020
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	52.29%	53.55%
8	Other short-term liabilities as a % of total liabilities	50.60%	52.28%
9	Other short-term liabilities as a % of total assets	42.46%	45.95%

**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 38 to the financial statements.

xxxiii. Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The company has restructured the advances as per RBI Circular- DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018, DBR.No.BP.BC.108/21.04.048/2017-18 dated June 6, 2018, DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020.

Particulars	March 31, 2021	March 31, 2020
Number of accounts restructured	8,901	-
Amount	154.92	-

44. Impact of COVID-19

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 22, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium as discussed above in Note 43(xxvii). The continuing impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the possible extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries. Further, the Company has in addition to the moratorium benefit discussed above restructured certain loan accounts in accordance with the Resolution framework for COVID-19 related stress as per the RBI Circular dated August 2020. These accounts have been classified on the basis of the historical behaviour of such loans and applying suitable macro-economic outlook and expected credit losses have been provided in respect of those loans as well.

For the year ended March 31, 2021, the Company has incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages/restructuring discussed above in the measurement of impairment loss allowance. The expected credit loss in the financials as at March 31, 2021 is Rs.205.12 Mn including management overlay. The Company's impairment loss allowance estimates are highly uncertain in view of the continuing impact of COVID 19 and related lockdowns and, as a result, actual results may differ from these estimates.

Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma vs Union of India & Anr), vide an interim order dated September 3, 2020 ('interim order') has directed that accounts classified which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company, has not classified any account as NPA, as per regulatory norms, after August 31, 2020 which was not NPA as of August 31, 2020 till September 30, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 7, 2021, the Company has carried out asset classification of the borrower accounts as per the extant RBI instructions / IRAC norms, without considering any standstill in asset classification and also done staging of the borrower accounts in accordance with ECL model / framework under Ind AS in the financial statements for the year ended March 31, 2021.

45. 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 in these financial results.

46. 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.

47. Miscellaneous

- i. The Company operates in a single reportable segment i.e. lending to borrowers, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographic segment i.e. domestic.
- ii. The figures for the previous periods have been regrouped/rearranged wherever necessary to conform to current period presentation.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number : 101049W/E300004

per Bharat N S
Partner
Membership No: 210934

Date: May 26, 2021
Place: Chennai

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Amitesh Kumar
Chief Financial Officer

Place : Jalandhar

Shant Kumar Gupta
Director
DIN: 01571485

Sumit Bhojwani
Company Secretary
Membership No: A36611

Schedule to Balance Sheet as per RBI			
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 - Securitization**	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		-
(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 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)		-
(6) Borrower group-wise classification of assets financed as in (3) and (4) above:			
Please see Note (2) below			
		Amount net of provisions	
	Category	Secured	Unsecured
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 all 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 irrespective of whether they are classified as long term or current in (5) above.		

SOCIAL PERFORMANCE MANAGEMENT



Social Performance Management

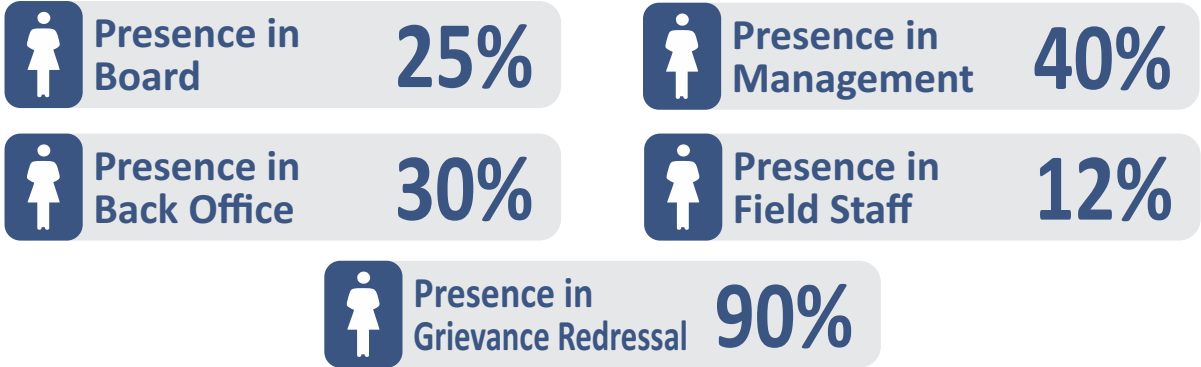
As the microfinance industry evolves, so too does its understanding of its own goals and practices. Over the past few years, the industry has come to recognize that sound financial performance is not sufficient to ensure the achievement of microfinance’s social objectives. Social performance management — the process of ensuring that an MFI acts in a socially responsible manner — has emerged as a crucial factor in addressing this issue.

Social Performance Indicators (SPI) are a set of operational indicators that seek to measure the different dimensions and elements of social performance of the company. The objective of the SPI is to develop a conceptual framework for defining social performance in the company and identify the dimensions and elements of social performance to be measured. So, Midland Microfin ensures that social Performance Indicators should be in place to measure the performance in this perspective.

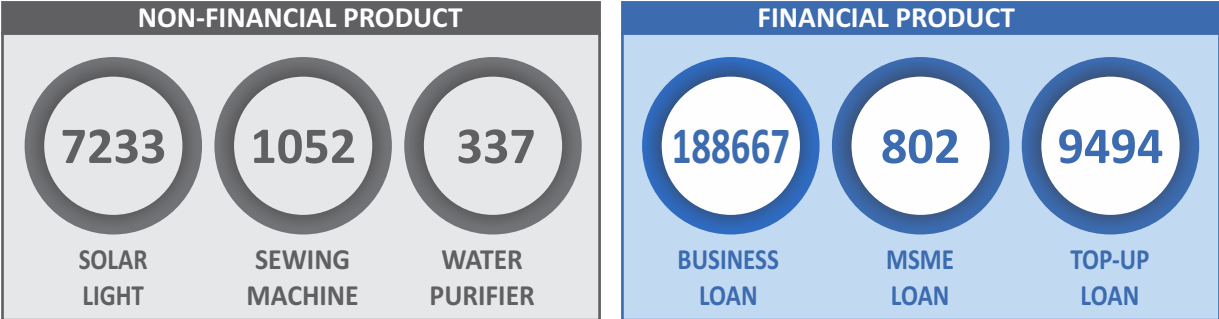
1. Women Empowerment
2. Range of products and services (financial and non-financial)
3. Client outreach by lending methodologies
4. Measuring client retention
5. Social responsibility to clients
6. Transparency of the costs of services to clients
7. Human resources and staff incentives
8. Employment creation and enterprises financed
9. Social responsibility to the environment
10. Technology intervention

1. Women empowerment

Women’s participation in work is an indicator of their status in a society. Where women’s work participation rates are relatively low, it is safe to say that the surrounding society isn’t giving women the capacities, opportunities and freedom to engage in productive work, nor recognizing the vast amount of work performed by women as unpaid labor. Achieving gender equality at workplace requires a comprehensive understanding of the ways in which women experience discrimination and are denied equality. Midland as a company, step to address the same is to develop appropriate strategies aimed at eliminating discrimination which can be shown with presence of women in various field.



2. Range of products and services (financial and non-financial)



3. 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 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 of 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.



BRANCHES



Client Outreach

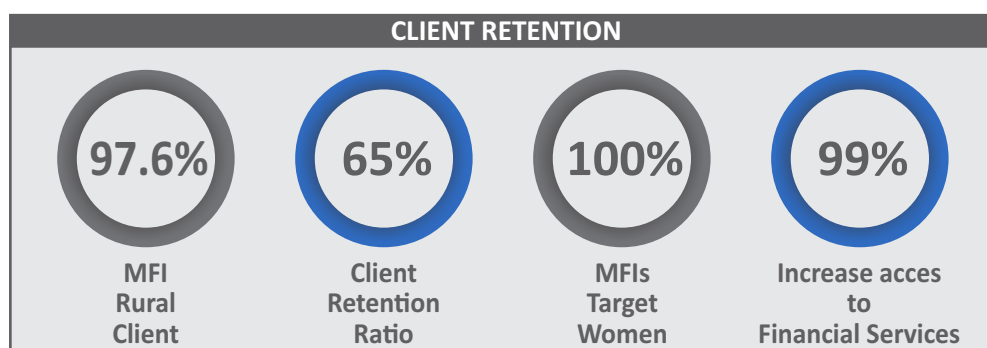


Women Clients



BPL Borrowers

4. Client retention



5. Social Responsibility to Clients

Disaster Relief

Every year, following the worst of the monsoon, Midland organizes relief activities and the distribution of ration to villages in the flood hit districts of Patna. The MMF field team at the affected locations perform a need analysis and alert the company to the specific requirements for victims and flood relief plans, keeping in mind that the objective is to help as many families as possible. In addition to ration

distribution at our branch offices, MMF relief teams also travel to flood hit areas in jeeps and boats in order to distribute ration packages and blankets to the victims.

Distribution of school bags

In a bid to spread awareness on Sarva Siksha Abhiyaan among villagers, MMF supports local government schools by providing school bags and stationary items to students.

Awareness to members regarding Covid

We motivate our members for Covid vaccinations, train members regarding how to register themselves for vaccinations through app and also guide them about things to be considered during and after vaccination. We educate members through various calls regarding the benefits of good credit behavior during pandemic

Center leader workshop

Midland organizes workshops for its center leaders on different themes such as financial literacy, women empowerment, leadership development, government welfare schemes, on regular basis. Midland has organised a series of member workshops in Gujrat, on financial literacy and repayment discipline. We will be organizing similar workshops across other states as well, in the coming months.

Centre Leader workshops are organized with the objective of strengthening social performance at the grassroots level, by sharing information regarding financial literacy, banking knowledge, Government social security and welfare schemes among others. Discussion on social issues like women empowerment, girl child education, the importance of savings, safe sanitation etc. are also encouraged at these events.

Support in Pandemic

The world woke up to its worst nightmare as it entered the new year 2020. The outbreak of the Covid-19 pandemic took the most dreaded toll on life and livelihood in the last few decades. And, the dance of destruction continued across large parts of the world, bringing in a complete change in the way people live and carry out various activities. Distributed masks, ration and hygiene kits across all branches of Midland during COVID pandemic. Reached out to more than 3000 households. Outcome-Appreciation by local administration and strengthened connect with clients.

SWACHTA EVAM SWASTHYA” JAGRUKTA ABHIYAAN

At Midland, we believe that educating women is a sustainable means of eliminating household poverty and improving healthy livelihood of the entire family. In keeping with this belief, we focused on addressing health issues of woman and educate the females on menstrual hygiene, building of self-esteem, and empowering women for greater socialization. We distributed Sanitary Pads and imparted Menstrual Hygiene Awareness in all operational states. Sanitary napkins were distributed to female members at the time of disbursement of loan & we also guide and educate them regarding the importance of personal hygiene

Why menstrual hygiene? A woman spends almost 2,500-3,000 days of her life menstruating, which is almost 6-7 years of her life. Only 18% women in India use sanitary pads due to lack of accessibility and affordability of high cost disposable sanitary pads. Stigmatization has produced an immense gap in knowledge about menstruation and hygienic practices among women and girls, leading to increased health risks, absence from school and work and loss of dignity.

No of States where Relief packages distributed	4
No of districts giving relief package support	12
Lives impacted	1650
Sanitary napkins distributed	1807
Creating awareness through Campaign	9035
Creating awareness about Covid 19	25,0000
Creating awareness in villages	22,000 (Approx)
School bags distributed	970
Villages Impacted	43

6. Transparency & client protection

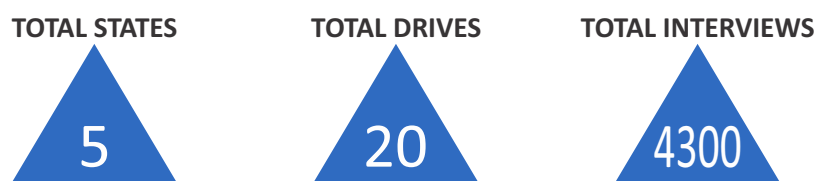
- Awareness calls to members regarding charges though AI calling: Midland being techno saavy company, introduces artificial intelligence calls to members through voice bots which real time capture the feedback of customer.
- 100% system based grievance redressal management: Midland has given various 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, greiviances & escalation received by members captured 100% on system and there is ticket bases TAT assigned to each call which help to provide customer satisfaction level.
- 100% Audit & credit verification calling. To improve the asset quality of its portfolio, Midland ensure to call 100% members before disbursement to ensure the loan must be disbursed to litigate borrowers only.
- IVR regarding lockdown & moratorium: We also aware members regarding lockdown & non-operational branches & also motivate members not to pay to any center leaders or village person to avoid any kind of fraud & embezzlement.
- Call awareness regarding moratorium: The Company imparted knowledge on the additional interest burden for customers seeking for a moratorium along with a revised payment schedule and tenure. It continues to maintain strict focus on operating expenses and has taken steps towards protecting asset quality. We, at Midland, also try to create awareness about Covid among our members with the help of our call centers & IVR and also guide members about do's and don'ts during pandemic.
- Dos & Don'ts training to field officers Proper training has been given to field officer on how they should act/ behave at the field with customers and external stakeholders. Building customer trust & guiding them about good repayment history was main motto of these trainings.
- Standardized scripts for field officers: Standardized scripts in vernacular language to field officers, just to give a broader understanding how to coordinate/communicate with external stakeholders especially with the Flying Squad. Also help to avoid any confusion among members.
- Disciplinary Action committee: Staff Frauds on the rise in the microfinance industry during pandemic, Disciplinary action committee grievance has formed at head office to resolve the fraud accusation against a customer or an employee of Midland, this is escalated to the Field Internal auditor for their respective procedure.

7. Human resources and staff incentives

- No lay offs & salary deductions Robust policies and flawless strategies helped Midland fight the crisis. Midland prioritized the health and safety of its employees and closed all the branches and suspended business operations, followed by the suspension of center meetings and door-step collections. The Company as a policy didn't go for lay-offs and ensured full salary for the entire lock-down period. Its strong IT support helped enable smooth working from home through the lockdown days for all essential business activities. The field officers did not lose touch with the customers. They served them throughout the period over the phone. The management constantly evaluated and monitored the business performance complying with the government guidelines.
- Appraisal & incentive Midland do not affected the appraisal of its employees because of pandemic. Management propose appraisal for financial year 2019-20 for all eligible staff and alos given 6 monthly incentive to those who really support company in hard times. This not only boost the morale of employees but also increase their trust on company.
- Covid 19 Taskforce at HO We have formulated dedicated COVID-19 task force & helpline: to ensure regular calls & health updates for COVID infected employee so that we can provide timely support to them & their families. Development of Wellness Tracker to track affected staff, symptomatic or asymptomatic, at all levels, and monitor their progress at regular intervals and remain connected with them.
- Connect with families of employees: During pandemic, we increases the employee connect by calling to family members of employees and to discuss about their wellbeing, support they need from us.

8. Employment creation

- Gaon Gaon Rozgar: During this pandemic, Midland focus on creating employment through its Gaon Gaon rozgar muhim. There were mega recruitment drives in all operational states. We have popularize this drive through center meeting announcement, call to center leaders and with the help of this we can create employments in rural areas.



- Employment creation Midland also helps to create employments in rural area through providing loan to progressive poor women who not only sustain their livelihood but also create unemployment by expanding their small businesses.

9. Social responsibility to environment

Clean energy loans

With a view to make villages more independent and progressive, SCNL's 'Clean Energy Loans' initiative serves to further reduce the traditional dependence on kerosene oil for lighting purposes. Towards the end of 2017, SCNL upgraded its simple solar lamp launched the previous year, into a total solar home lighting system, enabling better access to electricity for its customers. The company is presently offering this loan to facilitate the purchase of different solar lighting and home utility products across locations in all the states, where it is operational. Clean energy products empower families to improve their health, education and financial situation. MEC (Micro Energy Credit) plays a critical role in making clean energy available to the rural poor that lack access to clean cooking, water and electricity. Midland's clean energy programme is an illustration of its dedication to serve the bottom of Pyramid

Household empowered with clean energy	42,457
Individual empowered	203,794
Expected omission	88 tonnes CO2

Water and Sanitation loans

Despite of pandemic, Midland was able to supported a total of 343 families in securing safe water or sanitation facility at their homes through WASH loans, which are specifically offered in Bihar and Punjab. The increased demand for such loans suggests a growing awareness on this count.

No of loan disbursed	500
No of families effected	500
No of individual impacted	3000

Ghar Ghar Abhar Muhim

Midland Microfin Foundation has introduced the "Ghar-Ghar Aabhaar Muhim" Project. 'Customer Delight' is in the value system of the Midland Microfin Limited. Every individual has suffered due to ongoing pandemic. Being a microfinance institution, to know the wellbeing of borrowers, understanding of their financial health, financial needs for resuming their livelihood, spreading financial literacy, health awareness, awareness of digital repayment methods, to sensitize the members regarding COVID-19 guidelines etc. are the need of the era. We organized this Project in few Branches of Punjab & Bihar State where we distributed Women Hygiene Health Kits as an "AABHAAR KIT".

No of states	5
No of branches selected for Ghar Ghar Abhar Muhim	160
Abhar Kits distributed	6200

10. Technology intervention

To address the challenges of financial inclusion and financial access, Midland Microfin Limited has been digitizing its operations, giving the customers benefit of several options for cashless servicing of the credit. For this, MML has partnered with a number of Digital Financial Services inclined towards making the existing customer repayments hundred percent digital.

KALEIDONFINDIGI-NACH

Kaleidofin is a fintech platform that provides Midland Microfin Ltd Digi NACH with intuitive and tailored financial Solutions. We at Midland Microfin, are using Kaleidofin to e-mandate the members' MSME loans to auto-debit the repayment amount and increase the operational Excellency/

Digital signature through Legality

Midland uses Legality for digital onboarding of its members, where members are guided and enabled to provide electronic signatures for verification, authentication and acknowledgment of loan disbursement. It helps in risk mitigation as location of signatories get captured along with their face verification. Being based on digital certificates, it offers a higher level of security than the paper contract, allowing digital verification of identity of each signer and maintaining the chain of custody. It helps in time and cost saving of the organisation as multiple signatures can be obtained in less time, streamlining administrative and legal processes and paperless on boarding & promoting go green initiatives. It provides easy accessibility in auditing through audit trail. It contributes in achievement of goals by following the vision of organisation to be world class techno savvy role model in the ecosystem.



Client Success Stories



Our client **Pramila Devi** and her husband Suraj Yadav from Patna runs a small “**Grocery Shop**” in her village Gor Ghat. Due to a medical issue at home, their grocery store was on the verge of downfall. One day her neighbor told her about Midland Microfin's JLG product. Now, she has been associated with us for the last 2 years. With the first loan amount of Rs.25000 she invested the amount in her shop infrastructure and stock. She made repayment on time & got eligible for the 2nd cycle loan of Rs.30000. With a well-established shop, their income started to get better, also improving their economic condition.

Our client **Krishna Devi** from Rajasthan runs a small business of “**Pottery Making**”, in her village Padampur. In 2016, with the want of expanding her business, she approached our company for the first time.

On March 2016 first loan of Rs.17000, she invested the amount in her business. In March 2017, she got eligible for the 2nd cycle loan of Rs.20000 and invested the money for improving the financial condition of her business. In March 2021, she got 3rd cycle loan of Rs. 40000 for increasing the variety of products. Now, her per day earning is Rs.500-1000 (approx)

She is very happy with her progress and she would like to continue this relationship with Midland Microfin for a long time.



Our client **Paramjit Kaur** and her husband Makhan Singh from Punjab run a “**Parantha Shop**”, in Baghapurana Bus stand. Three years ago, she heard about our company for the first time and contacted our Baghapurana Branch.

With the first loan amount, she started her Paratha Shop, and with the increasing profit, she also upgraded her food menu.

She worked hard for the business, reached the center meeting on time, and made repayment on time. She proudly says that she is the owner of a business and focuses on her family's well-being. In the future, she intends to borrow more money to grow her “Paratha Business”

She is very happy with her progress after the association with Midland Microfin and she would like to continue this relationship for a long time.

Client Success Stories



Our client **Ranjeet Kaur** runs a General Store, in her village Jaitu, Faridkot. For supporting her family financially, she wanted to open a general store contacted Midland Microfin branch for a loan.

With the first loan of Rs.30000, she invested in purchase of stock. During COVID-19, she faced so many difficulties and financial issues. She approached MML for another loan and now she has two general Stores. She worked hard for the business, reached the center meeting on time and made repayment on time; she always encourages other members to pay repayment on time.

She is happy that with our financial support she can now help her family's wellbeing and children's future.

Our client **Chetnaben Rahul Kumar Machhi** from Gujarat runs a General Store in Halol, Panchmahal. Earlier she uses to sell pan-masala, tobacco and wafer in her shop. For the expansion of her business, she took a loan of Rs.30000/- and invested the money in purchasing items like cold drinks, chips, toffees, mineral water then later on she started making tea in her stall.

She is very happy that her financial condition has improved and with a profit now she can support her family. She is very happy with her progress after association with Midland Microfin and she wants to continue this relationship for a long time.



Our customer **Nisha Devi** is from Shivpur village. She came to know about our company in the year 2019 when we recently started our Mau Branch.

In the year 2020, with the first loan of Rs.20000 she invested in her "**Ration Shop**". By this investment, she saw twofold growth in her business.

By observing the staggering progress, she invested an amount of Rs.40,000 with the 2nd cycle loan into the expansion of her shop with new stock material. As a result, her daily income rose from Rs.400-1500 and she believes that the business progress that she saw in the last two years is because of Midland Microfin Ltd.

She is very happy with her progress after the association with Midland Microfin and she is willing to continue her relation and determined to improve her standard of living alongwith quality education for her children.

10th Establishment Day

Annual Function: - In view of the same spirit of company management, we celebrated '10th Foundation Day' virtually, keeping in mind the precautions related to Corona.

In this virtual program our founder Mr. Amardeep Samra set vision for the future by refreshing memories of the journey from the company's founding till now. There our corporate advisor Mr. Dinesh Gupta inspired everyone to tighten the waist for faster progress ahead and the inspirational words of COO & CFO Mr. Amitesh Kumar.

Photos from the 10th Foundation Day celebration describing what our colleagues from branches and regional offices were feeling. The moment is a guest of few seconds, but the memories remain alive forever



Chairman's Club

Due to the ongoing Pandemic Covid-19 the company being a responsible person understand it's 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 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 etc.

Glimpses of the celebrations



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