Midland microfin

beyond microfinance

ANNUAL REPORT 2019-20

www.midlandmicrofin.com

Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge

Kofi Annan

CONTENTS

MICRO FINANCE

- IS AN INCREDIBLY POWERFUL TOOL THAT AIMS TO ALLEVIATE POVERTY BY PROVIDING AN OPPORTUNITY TO THE PROGRESSIVE POOR TO BE FINANCIALLY COMPETENT & SELF-RELIANT.
- DELIVERS PRODUCTIVE AND EFFICIENT CAPITAL IN RURAL AREAS TO ENABLE INCLUSIVE SOCIO-ECONOMIC DEVELOPMENTS.
- PROVIDES ACCESS TO BASIC FINANCIAL SERVICES THAT CAN SIGNIFICANTLY AUGMENT ECONOMIC OPPORTUNITIES FOR WOMEN EMANCIPATION AND IN TURN HELP IMPROVE THEIR LIFESTYLE.
- STANDS AS ONE OF THE MOST PROMISING AND COST-EFFECTIVE TOOLS FOR FINANCIAL INCLUSION.

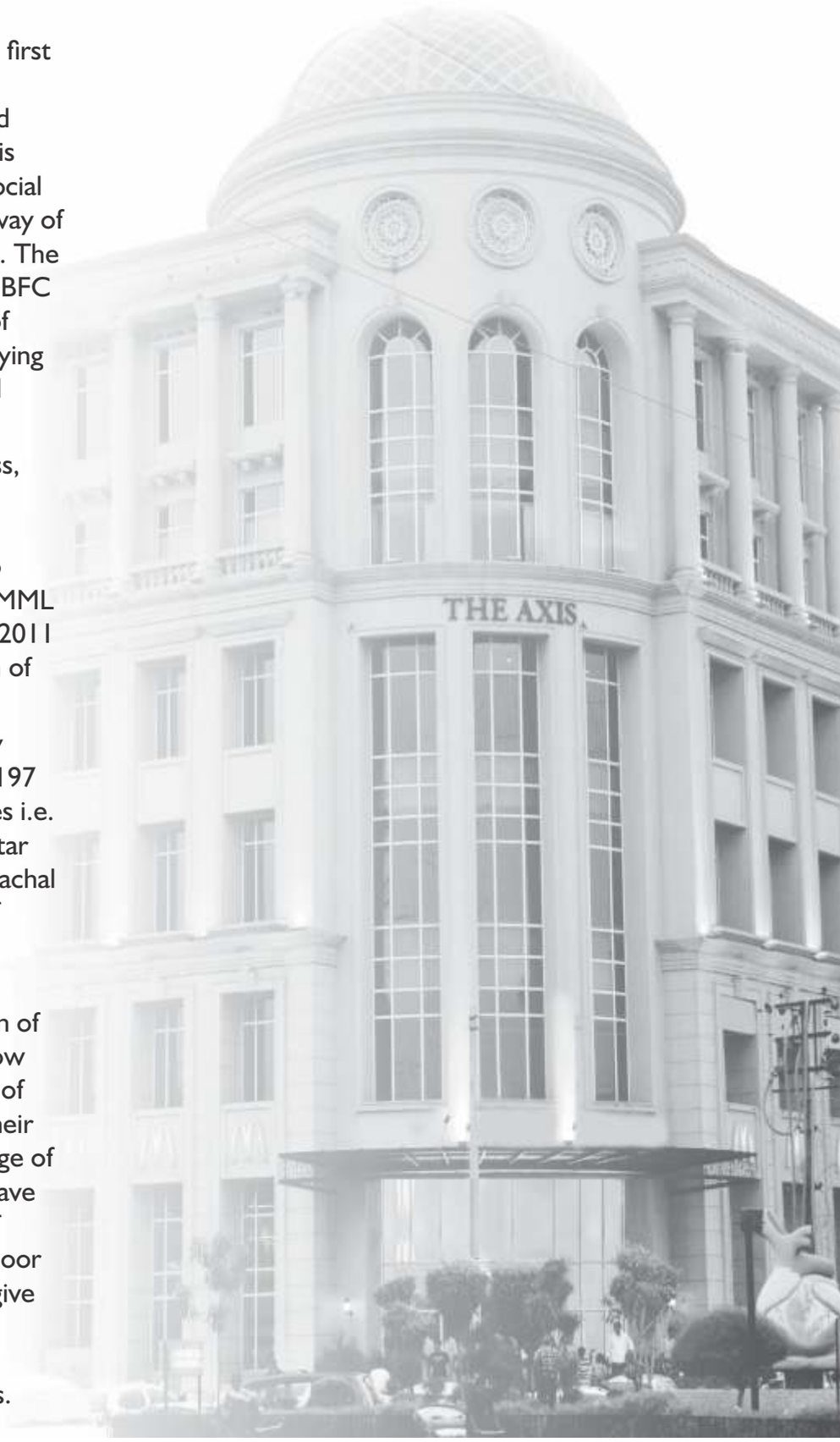
ABOUT MIDLAND MICROFIN LTD.

Midland Microfin Limited 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 has been complying with all the regulatory and legal requirements since inception.

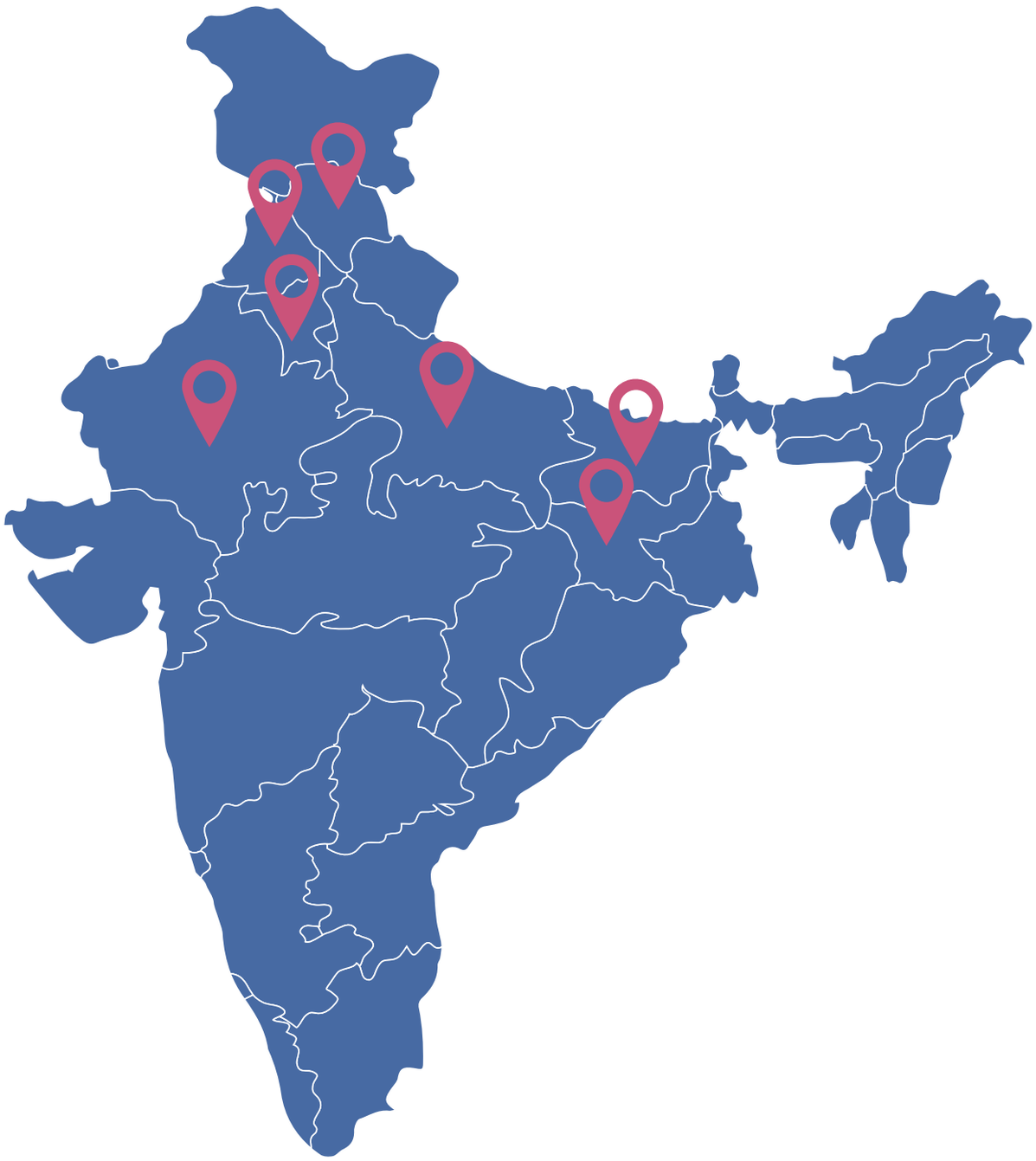
With a vision to be a world class, role model, techno savvy International Microfinance Institution providing support to progressive poor at low cost, MML came into existence in January 2011 to contribute in the eradication of global poverty.

At present, MML is successfully catering to its client base with 197 branches spread over in 7 states i.e. Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Himachal Pradesh and Union Territory of Chandigarh.

Midland Microfin is focused on providing finance at the 'bottom of pyramid' and customers with low income as a sustainable source of livelihood thereby improving their standard of living. We offer range of products and services, which have been developed on the basis of financial needs of progressive poor working women. These loans give economically active women an access to finance in order to support their micro enterprises.



EXPANDING OUTREACH



BOARD OF DIRECTORS

MR. VIJAY KUMAR BHANDARI
Chairman

MR. AMARDEEP SINGH SAMRA
Managing Director

MR. HARPAL SINGH
Director

MR. SHANT KUMAR GUPTA
Independent Director

MR. JANAK RAJ GUPTA
Independent Director

MR. SACHIN KAMATH
Nominee Director

MRS. KAMNA RAJ AGGARWALLA
Independent Director

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

Chief Financial Officer
Mr. Amitesh Kumar

Company Secretary
Mr, Sumit Bhojwani

Secretarial Auditor
M/s Harsh Goyal & Associates
Company Secretaries,
Ludhiana, Punjab, India

Registrar & Share Transfer Agent
Skyline Financial Services Pvt. Ltd.
D-153A, 1st Floor,
Okhla Industrial Area, Phase – I
New Delhi – 110020.

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

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

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

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

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 Shareholders,

I am glad to connect with you on behalf of the organisation and present the business and financial performance for the year 2019-20.

Currently India is witnessing the most challenging economic phases on account of the economic slowdown and the pandemic-induced lockdown further added to the pain. The Company has responded very efficiently to tackle the unforeseen event of COVID-19 and is committed to grow while managing risks proficiently.

The COVID-19 pandemic has affected the entire world in gigantic manner. This has disrupted the global supply chains and international trade. With most of the countries closing national borders, the movement of people and tourism came to a screeching halt.

The national lockdown following the outbreak of the Covid-19 pandemic put a premium on the need to work from home without compromising organisational effectiveness. During this lockdown, the company strengthened its collection efficiency and indroduced various tools in MIS. It focused on reducing delinquency by converting customers from the delinquent to non-delinquent bucket.

The company has witnessed exponential growth in every sphere of business and performance. The branch network has increased from 154 to 197 as on March 31, 2020. The company has facilitated its services in 20,587 villages and catered to the needs of approximately four lakh borrowers. The total business of the company has achieved a milestone disbursement of more than Rs. 30,000 Million and surpassed Rs.7,500 Million Gross loan portfolio as on March 31, 2020.

The company has shown remarkable growth in terms of its portfolio and has earned Gross Income of Rs. 1841.46 Million for the year ended March 31, 2020 as compared to Rs. 1158.87 Million as on March 31, 2019 registering a growth of whopping 58.90%.

The company is successfully catering to its client base spread over in the states of Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Himachal Pradesh and Union Territory of Chandigarh.

Midland Microfin envisages to provide quality employment opportunities to localites with fast track career growth and development. Midland Microfin and the team continuously strive to set highest standards of corporate governance, ethical business practices and maintain highest order of professionalism in efficiently providing various Financial Services.

I would like to thank all of you for believing in us and being an important partner in our growth strategy. While we continue to harness our collective strength in expanding our boundaries and performance. Our employees are our biggest strength and I thank you all for your constant support. Further, I extend my gratitude to the regulators, our stakeholders, and customers and the community at large for their continued confidence and support.

-Amardeep Singh Samra

DIRECTORS' REPORT

Your Directors have the pleasure in presenting the 32nd Annual Report on the performance of your Company for the Financial Year (FY) ended March 31, 2020 along with the Audited Financial Statements, Auditor's Report and Secretarial Auditor's Report.

FINACIAL PERFORMANCE

The highlights of the financial performance of the Company for the Financial Year ended on March 31, 2020 together with comparative position of the previous financial year, are as under:

(Rs. in Million)

S. No.	PARTICULARS	FOR YEAR ENDED March 31, 2020	FOR YEAR ENDED March 31, 2019
1.	Total Gross Income	1841.46	1158.87
2.	Interest Expended	989.63	595.38
3.	Operating Expenses (i)+(ii)	558.32	435.05
	(i) Employees cost	361.15	273.55
	(ii) Other operating expenses	197.17	161.50
4.	Total Expenditure (2)+(3) (excluding Provisions And Contingencies)	1547.95	1030.42
5.	Operating Profit (1-4) (Profit before Provisions and Contingencies)	293.51	128.45
6.	Provisions (other than tax and contingencies (net)	42.73	2.09
7.	Profit Before Tax (5-6)	250.78	126.36
8.	Tax Expense	63.49	39.90
9.	Net Profit from ordinary activities after tax (7 - 8)	187.29	86.46
10.	Net Profit/(loss) for the period	187.29	86.46
11.	Paid-up Equity Share Capital (Face Value Rs.10/- Per Share)	333.25	287.89
12.	Reserves & Surplus excluding Revaluation Reserves	852.68	545.99
13.	Dividend %		
	- Preference	17%, 0.02% & 0.01%	9%, 17%, 0.02% & 0.01%
	- Equity	6%	6%
14.	Net Worth (excluding Preference Share Capital)	1185.93	833.88
15.	Earnings Per Share (in Rs.)	5.96	3.70
16.	Capital Adequacy Ratio (in %)	24.57	23.32
17.	Operating Expenses (Opex) Ratio (in %)	8.42	9.67
18.	Return on Total Assets (in %) (refer Note 1 below)	2.13	1.47
19.	Return on AUM (in %)	2.82	1.92
20.	Return on Equity (in %)	18.55	14.57

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 2019-20, Gross Income of your Company increased to Rs. 1,841.46 Million registering a growth of 58.90% over the previous year's Gross Income of Rs. 1,158.87 Million.

iii) Profit Before Tax (PBT)

Profit Before Tax (PBT) increased to Rs. 250.78 Million at the end of the financial year 2019-20 registering an increase of 98.47% over the previous year's PBT of Rs. 126.36 Million.

iv) Profit After Tax (PAT)

Profit after Tax (PAT) increased to Rs. 187.29 Million at the end of the financial year 2019-20 registering an increase of 116.62% over the previous year's PAT of Rs. 86.46 Million.

v) Net Worth

During the financial year 2019-20, the company issued and allotted equity shares to its shareholders through Bonus Issue and Preferential Issue resulting into the increase of Net Worth of the Company to Rs. 1,185.93 Million as compared to Rs. 833.88 Million in the previous year showing a growth of 42.22%.

vi) Non-fund based Income

During the financial year 2019-20, the Non-fund based income boosted to Rs.15.89 Million as compared to Rs. 13.22 Million in the previous year at a growth of 20.20%.

vii) Earning Per Share

During the financial year 2019-20, the Earning per share of the Company increased to Rs. 5.96 as compared to Rs. 3.70 in the previous year showing a growth of 61.16%.

Operational Highlights

i) Disbursement

During the financial year under review, the Company made a disbursement of Rs. 10346.02 Million registering a growth of 23.68% as compared to previous year's disbursement of Rs. 8365.46 Million.

Due to nation-wide lockdown in the last week of the financial year 2019-2020, the Company had to hold its operations and thus, stopped the disbursements in the last week of the month of March, 2020.

ii) Branch Expansion

The Company has expanded its distribution capabilities and have expanded its presence in the States of Jharkhand and Himachal Pradesh by adding 43 new branches to its network that has been scaled to the level of 197 branches as against 154 in the previous year. Concurrently, the company has emphasized on increasing the operational efficiency of the existing branches.

iii) Reduction in Operational Cost

The Company took various initiatives in order to reduce the operational cost without compromising the quality of operations and at the same time, increasing the efficiency level of the existing branches. As a result of the initiatives, the productivity and profitability of Company boosted resulting into the growth in business and reducing the operational cost.

(Rs. In Million)

PARTICULARS	March 31, 2020	March 31, 2019	March 31, 2018
States	7	5	5
Union Territories	1	1	1
Districts	101	80	76
Villages Covered	20,587	15,734	11,225
Branches	197	154	104
Joint Liability Groups	77,206	59,028	43,267
No. of Borrowers	3,90,577	2,96,238	2,16,336
Maximum Loan Amount (Rs.)			
Individual Loans	1,50,000	1,00,000	1,00,000
Joint Liability Group	50,000	50,000	50,000
Average Ticket Size (Rs.)	31,356	23,885	25,180
Cumulative Loan Disbursement	30,694.39	20,348.36	11,982.91
Outstanding Loan Portfolio (Own Book)	7,228.05	5,491.16	3,507.88
Managed Portfolio	548.71	-	-
Gross Loan Portfolio	7,776.76	5,491.16	3,507.8
Loan Disbursed in FY	10,346.0	8365.4	5,351.3
Equity Share Capital	333.25	287.89	187.1
Preference Share Capital	391.16	368.24	334.42
Total Assets	9,795.05	7,782.82	3,985.48

Fund Mobilization

During the financial year ended on March 31, 2020, your Company raised funds from various sources. A sum of Rs. 146.50 million was subscribed by way of allotment of Unsecured Redeemable Non-Convertible Debentures. Further, the Company was granted debt facilities by 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.

LENDING OPERATIONS

During the financial year under review, the Company made a cumulative disbursement of Rs. 30,694.4 Million registering a growth of 50.84% as compared to previous year's disbursement of Rs. 20,348.3 Million.

The details of cumulative state-wise disbursements is as under:

State	Bihar	Haryana	Himachal Pradesh	Jharkhand	Punjab	Rajasthan	Uttar Pradesh	**Grand Total**
Disburse-ment (in Mn)	4,035.82	3,529.68	21.17	67.04	16,458.13	5,098.59	1,483.96	**30,694.39**

DIVIDEND

The Board has recommended to pay a Dividend of Rs. 0.60 per equity share to the Equity Shareholders of the company subject to the declaration by Shareholders in the ensuing Annual General Meeting.

The company has 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 be paid on the declaration by shareholders in Annual General Meeting.

SHARE CAPITAL

The Authorized Share Capital of your Company as on March 31, 2020 stood at Rs. 75,00,00,000/- (Rupees Seventy Five Crores Only) each comprising of:

- Rs. 53,00,00,000/- (Rupees Fifty Three Crores) 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, 2020 stood at Rs. 49,67,06,450/- (Rupees Forty Nine Crores Sixty Seven Lacs Six Thousand Four Hundred and Fifty Only) comprising of:

- Rs. 33,32,56,450 (Rupees Thirty Three Crores Thirty Two Lacs Fifty Six Thousand Four Hundred and Fifty Only) divided into 3,33,25,645 (Three Crores Thirty Three Lacs Twenty Five Thousand Six Hundred and Forty Five) 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 Only) preference shares of Rs. 10/- (Rupees Ten Only) each

Raising of Funds/Capital

Paid-Up Share Capital :

During the period under review, the Company has allotted Equity Shares as follows:

Date	Particulars	No. of Equity Shares	Nominal Value	Issue Price	Equity Share Capital	Preference Share Capital	Cumulative Issued & Paid up Share Capital
April 01, 2019	Opening Balance	287,89,376	10	-	28,78,93,760	1,83,45,0000	47,13,43,760
May 16, 2019	Allotment of Bonus Shares	23,38,970	10	10	2,33,89,700	-	49,47,33,460
July 27, 2019	Conversion of Optionally Convertible Preference Shares	3,97,299	10	50.34 (Premium of Rs. 40.34/-)	39,72,990	(-) 2,00,00,000	47,87,06,450
March 31, 2020	Preferential Allotment of Shares	18,00,000	10	103.42 (Premium of Rs. 93.42/-)	1,80,00,000		49,67,06,450
March 31, 2020	Redemption of Shares	-	10	-	-	(-) 40,00,000	49,27,06,450
March 31, 2020	**Closing Balance**				**33,32,56,450**	**15,94,50,000**	**49,27,06,450**

Bonus Shares

During the financial year ended on March 31, 2020, your Company allotted 23,38,970 bonus shares to the holders of the existing equity shares whose name appeared in the Register of Members as on December 24, 2018 in the proportion of 1:10 i.e. one equity share for every 10 equity shares as approved by the Board in its meeting held on May 16, 2019.

Conversion of Optionally Convertible Preference Shares

During the financial year ended on March 31, 2020, on July 27, 2019, 20,00,000 (Twenty Lacs) Optionally Convertible Preference Shares (OCPS) allotted to Small Industries Development Bank of India (SIDBI) were converted into equity shares at a rate of Rs. 50.34/- (including premium of Rs. 40.34/- per share) consequent to the exercise of option for conversion.

Non-Convertible Debentures

During the financial year ended on March 31, 2020, the Company allotted Unsecured Redeemable Non-Convertible Debentures worth Rs. 14,65,00,000/- (Rupees Fourteen Crores and Sixty Five Lacs Only) on private placement basis as follows:

Date	No. of Debentures	Nominal Amount (in Rs.)	Total Amount (in Rs.)
September 30, 2019	11,660	10,000	11,66,00,000
October 29, 2019	2,990	10,000	2,99,00,000
TOTAL	14,650		14,65,00,000

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, 20.

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, 2020.

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.

CREDIT RATING

During the financial year ended on March 31, 2020, the rating agencies reaffirmed the following long term and short-term ratings of the Company:

Name of Agency	Instrument	Amount (In Crores)	Rating
CARE Ratings	Non-Convertible Debentures	25	BBB
CARE Ratings	Bank Loan	210	BBB
Acuite Ratings	Code of Conduct Assessment	N.A.	M2C1
Brickwork Ratings	Institutional Grading	N.A.	MF2
Brickwork Ratings	Bank Loan Rating	300	BBB+

FOREIGN DIRECT INVESTMENT

During the financial year ended on March 31, 2020, the Company has received Foreign Direct Investment (FDI) of Rs. 3,61,97,000 from Sh. Ashish Bhandari. The Company has allotted the Bonus shares of Face Value of Rs. 51,45,420/. to Kitara PIIN (Foreign Company) in the month of May,2019. Also, the Company has received External Commercial Borrowings (ECBs) from ASN Microkredietpool represented by Triple Jump and Aviator Emerging Market Fund.

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) recognised 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.

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. 3,74,59,157 being 20% of the profit after tax (PAT) was transferred to Statutory Reserve of the Company pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

INTERNAL CONTROLS

The Company has a comprehensive Internal Control System for all the major processes to ensure accuracy and reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources. The Company has an Internal Audit department, which independently carry out evaluation of the adequacy of all internal controls. The Audit Committee and Board have put a well-structured Internal Audit Policy in place, which is reviewed, at periodic intervals. The Internal Auditors also assess opportunities for improvement in business processes, systems and controls, provide recommendations, designed to add value to the organization and follow up the implementation of corrective actions, if any, and improvements in the business processes after review by the Audit Committee. The internal audit mechanism is robust and well-structured to identify the

gaps in the processes and cautions against any process risk. The Internal Audit Department takes immediate action wherever any lapse occur. The audit department also proactively recommends improvements in operational processes and service quality. The Company has put in place extensive internal controls including appropriate segregation of front- and back- office operations, post-transaction monitoring processes at the backend to mitigate operational risks.

In addition to that, the Company has appointed external Chartered Accountants for Internal Audit of its functional departments and systems, to ensure controls over the functional departments including the Internal Audit department. The Internal Auditors report to the Audit Committee of the Board and reports of Internal Audits are reviewed by the Audit Committee on periodic basis. It further appraises the effectiveness of controls and compliance with regulatory guidelines. Wherever necessary, internal control systems are strengthened, and corrective actions initiated.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has an independent internal audit department 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 and the adequacy and effectiveness of the internal controls. The Company uses e-Fimo software by Jayam Solutions (P) Ltd. as a business enabler and to maintain its Books of Accounts.

DEPOSITS

During the financial year ended on March 31, 2020, the Company did not accept any public deposit(s) and maintained the non-acceptance of public deposit NBFC status.

EXTRACTS OF THE ANNUAL RETURN AND WEB ADDRESS WHERE ANNUAL RETURN HAVE BEEN UPLOADED

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 in Form MGT-9 is attached to this report as Annexure – C.

LOANS, GUARANTEES OR INVESTMENTS 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.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has constituted the Corporate Social Responsibility ('CSR') Committee of the Board of Directors, in accordance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility) Rules, 2014, as amended. The Committee has been entrusted with the responsibility of implementation of the activities under the CSR policy and recommend the

amount to be spent on such CSR activities during the year.

The CSR initiatives are undertaken by your Company 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. The Trust works towards the eradication of hunger, poverty and promoting education, gender equality, health and hygiene awareness, rural and slum area development and other related projects. The report on CSR activities is given separately as Annexure-D of the Report.

AUDITORS

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 financial year 2021. The Statutory Auditors have confirmed their eligibility for the appointment for the financial year 2019-2020 under Section 141 of the Companies Act, 2013 and the rules framed thereunder. The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018.

Auditors' Report

M/s S.R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the Company, have audited the audited the financial statements of the Company for the financial year ended on March 31, 2020. 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.

Response of the Board to the Auditors Comment

The Auditors' report read with notes to the accounts are self-explanatory and does not contain any qualification/reservation.

Secretarial Auditors and Secretarial Audit Report

In terms of Section 204 of the Companies Act, 2013 and rules framed thereunder, M/s Harsh Goyal & Associates, Company Secretaries (Certificate of Practice No: 2802), were appointed as the Secretarial Auditors of the Company to carry out the secretarial audit of the Company for the financial year ended on March 31, 2020.

A Secretarial Audit Report given by the Secretarial Auditors of the Company in requisite Form No. MR-3 is annexed with this annual report as Annexure-E.

There are no observations, reservations or adverse remarks in the Secretarial Audit Report, which requires comments from the Board.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

BOARD OF DIRECTORS

The Board of Directors is entrusted with the responsibility of the management, directions and performance of the Company and is vested with requisite powers, authorities and duties. The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 ("the Act"), the Listing Regulations, as amended from time to time and the Articles of Association.

As on March 31, 2020, the Board of the Company comprised of eight Directors, of whom three are Independent Directors (including one Woman Director), two Nominee Directors, one Non-Executive Non-Independent Director, one Non-Executive Chairman and one Managing Director. Mr. Jeeban Kumar Sethy, Nominee Director SIDBI, ceased to be Director of the Company on April 16, 2020.

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 31st March, 2020 :

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.
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.
Independent Directors	Janak Raj Gupta DIN - 07473685	F.C.A.	He is the fellow member of the Institute of Chartered Accountants of India having rich experience working with manufacturing and service companies including audit of NBFCs.
Independent Directors	Mrs. 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.
Non-Executive Non-Independent Director	Harpal Singh 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, 2020, no director was appointed in the Company.

ii. Re-appointment of Director

Pursuant to provisions of the Companies Act, 2013 ('Act') and Articles of Association of the Company and approval of the Nomination and Remuneration Committee, Mr. Shant Kumar Gupta (DIN : 01571485) was re-appointed as an Independent Non-Executive Director of the Company for a second term of five consecutive years with effect from April1, 2019 to March 31, 2024.

iii. Retire by Rotation

Pursuant to provisions of the Companies Act, 2013 ('Act') and Articles of Association of the Company, Mr. Amardeep Singh Samra liable to retire by rotation was re-appointed as Managing Director of the Company in the financial year 2019-2020.

Further, Mr. Harpal Singh, Director of the Company retires from the Board by rotation this year and being eligible, has offered himself for re-appointment as Non-Executive Director.

iv. Cessation of Directors

During the year ended on March 31, 2020, no director ceased to hold the office as the Director of the Company. However, Mr. Jeeban Kumar Sethy, ceased to act as Nominee Director of SIDBI on April 16, 2020.

v. 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, 2020:

DIN/PAN	Name	Designation
00649442	Amardeep Singh Samra	Managing Director
BBRPK3548N	Amitesh Kumar	Chief Financial Officer (CFO)
BEIPA4294M	Ms. Sharon Arora	Company Secretary

Post the financial year 2019-2020, 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.

vi. Confirmation/Statement/Declaration by Independent Directors

In accordance with the provisions of Section 149 of the Companies Act, 2013 and the relevant regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Independent Director(s) have submitted their declaration of independence, stating that they meet the criteria of independence as provided. In the opinion of the Board, Independent Directors fulfil the conditions specified in the Act and rules made thereunder and are independent of the management.

vii. Policies on Appointment of Directors and Remuneration of Directors, Key Managerial Personnel and Employees

Pursuant to the provisions of Section 134(3)(e) of the Companies Act, 2013 ("the Act") read

with section 178(2) of the Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the Directors and for making payments to Executive and Non-Executive Directors of the Company. The Nomination and Remuneration Policy of the Company is posted on the website of the Company and the same can be accessed at www.midlandmicrofin.com.

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

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

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

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

d) To promote an ethical culture and responsible corporate citizenship.

viii. Particulars of Employees and Related Disclosures

Your Directors place on record their appreciation for the significant contribution made by all the employees, who through their competence, dedication, hard work, co-operation and support have enabled the Company to achieve different milestones on a continual basis. Midland Microfin has been Certified as 'Great Place to Work' by renowned institute Great Place to Work operating globally.

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

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

ix. 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, no particulars are required to be given pursuant to the provisions of section 197 (14) of the Companies Act, 2013.

x. Pecuniary Relationship

There is no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company, apart from the sitting fees and commission, if any, received by them for attending the Meetings of the Board and Committee(s) thereof.

DIRECTOR'S RESPONSIBILITY STATEMENT

In compliance of Section 134(3)(c) of the Companies Act, 2013, it is hereby confirmed that:

a) In the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to 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 profit of the Company for that period;

c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The directors have prepared the annual accounts 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 are operating effectively; and

f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

MEETINGS OF THE BOARD AND BOARD COMMITTEES

The Board of Directors is an apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic directions, management policies and the effectiveness, and ensures that shareholders' long- term interests are being served. The Company's internal guidelines for Board / Committee meetings facilitate decision-making process at its meetings in an informed and efficient manner.

Minimum four board meetings are held during the financial year. The Board takes note of all the applicable laws and compliances in the meetings. The Company's various business heads are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion / approval / decision at the Board / Committee meetings. Such matters are communicated by them to the Company Secretary in advance so that the same are included in the agenda for Board / Committee meetings.

The agenda for the Board / Committee Meetings is finalized by the Chairman of the Board and Company Secretary, in consultation with other concerned members of the senior management. The agenda and notes on agenda are circulated to Directors well in advance alongwith the material information to facilitate the meaningful and focussed discussions at the meeting.

Number of Board Meetings

During the financial year ended on March 31, 2020, the Board met 5 times. The details of Board Meetings held are as follows:

Date	Board Strength	No. of Directors Present
May 16, 2019	7	7
September 11, 2019	7	6
December 2, 2019	7	6
February 16, 2020	7	6
March 11, 2020	7	3

The Board met at least once in a calendar quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days as required under section 173 of the Companies Act, 2013.

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		
Amardeep Singh Samra	Managing Director	5	5	YES	None
Vijay Kumar Bhandari	Non-Executive Director	5	4	YES	Six
Harpal Singh	Non-Executive Non-Independent Director	5	1	Leave of Absence	None
Shant Kumar Gupta	Independent Director	5	5	YES	One
Janak Raj Gupta	Independent Director	5	5	YES	None
Mrs. Kamna Raj Aggarwalla	Independent Director	5	3	Leave of Absence	One
Sachin Nithyanand Kamath	Nominee Director	5	4	Leave of Absence	None
Jeeban Kumar Sethy	Nominee Director	5	1	Leave of Absence	None

COMMITTEES OF THE BOARD OF DIRECTORS

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 (8) eight Board 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) Core Committee
viii) Board Management Committee
ix) Head Office Executive Committee

AUDIT COMMITTEE

Pursuant to the provisions of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, your Company has a duly constituted Audit Committee and its composition are in conformity with the requirements of the Act, with two-third of the members being Non-Executive and Independent Directors.

Composition of Audit Committee

Vijay Kumar Bhandari	:	Non-Executive Director and Chairman
Amardeep Singh Samra	:	Managing Director
Shant Kumar Gupta	:	Independent Director
Janak Raj Gupta	:	Independent Director
Mrs. Kamna Raj Aggarwalla	:	Independent Director
Sachin Nithyanand Kamath	:	Nominee Director

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, 2020, the Audit Committee meetings held 4 times on the below-stated dates:

- May 16, 2019
- September 11, 2019
- December 2, 2019
- February 16, 2019

Attendance in Audit Committee Meetings

Name of Member	Position Held	No. of Meetings held	No. of Meetings attended
Vijay Kumar Bhandari	Chairman	4	4
Shant Kumar Gupta	Independent Director	4	4
Janak Raj Gupta	Independent Director	4	4
Mrs. Kamna Raj Aggarwalla	Independent Director	4	3
Sachin Nithyanand Kamath	Nominee Director	4	4
Amardeep Singh Samra	Invitee	4	4

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the provisions of the section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, your Company has a duly constituted Nomination and Remuneration Committee and its composition are in conformity with the requirements of the Act, with two- third of the members being Non-Executive and Independent Directors.

Composition of Nomination and Remuneration Committee

Shant Kumar Gupta	:	Chairman and Independent Director
Vijay Kumar Bhandari	:	Non-Executive Director
Janak Raj Gupta	:	Independent Director
Sachin Nithyanand Kamath	:	Nominee Director

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, 2020, the Nomination and Remuneration Committee meetings held once i.e. on May 16, 2019.

Attendance in Nomination and Remuneration Committee Meetings

Name of Member	Position Held	No. of Meetings held	No. of Meetings attended
Shant Kumar Gupta	Chairman	1	1
Vijay Kumar Bhandari	Member	1	1
Janak Raj Gupta	Member	1	1
Sachin Nithyanand Kamath	Member	1	1

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Pursuant to the provisions of sub-section (5) of section 178 of the Companies Act, 2013 and rules made thereunder, your Board of Directors 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

Amardeep Singh Samra	:	Managing Director
Vijay Kumar Bhandari	:	Non-Executive Director
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-holders services and relations

Dates of Stakeholders' Relationship Committee Meetings

During the financial year ended on March 31, 2020, the Stakeholders' Relationship Committee meeting was held once i.e. on May 16, 2019.

Attendance in Stakeholders' Relationship Committee Meetings

Name of Member	Position Held	No. of Meetings held	No. of Meetings attended
Amardeep Singh Samra	Chairman	1	1
Vijay Kumar Bhandari	Member	1	1
Shant Kumar Gupta	Member	1	1

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. 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. 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 IV.

Composition of Corporate Social Responsibility Committee

Amardeep Singh Samra	:	Chairman and Independent Director
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, 2020, the Corporate Social Responsibility Committee meetings held once i.e. on December 2, 2019.

Attendance in Corporate Social Responsibility Committee Meetings

Name of Member	Position Held	No. of Meetings held	No. of Meetings attended
Amardeep Singh Samra	Chairman	1	1
Sachin Nithyanand Kamath	Member	1	1
Mrs. Kamna Raj Aggarwalla	Member	1	1

RISK MANAGEMENT COMMITTEE

Pursuant to the guidelines issued by Reserve Bank of India, notified vide its circular dated May 8, 2007, every NBFC whose assets base is greater than INR 100 Crore, 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

Amardeep Singh Samra	:	Managing Director
Vijay Kumar Bhandari	:	Non-Executive Director
Shant Kumar Gupta	:	Independent Director
Harpal Singh	:	Non-Executive Director

Dates of Risk Management Committee Meetings

During the financial year ended on March 31, 2020, the Risk Management Committee meetings held 2 times on the below-stated dates:

- May 16, 2019
- September 11, 2019

Attendance in Risk Management Committee Meetings

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

ASSET LIABILITY MANAGEMENT COMMITTEE

Pursuant to the guidelines issued by 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 Committee) 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

Amardeep Singh Samra	:	Managing Director
Amitesh Kumar	:	COO & CFO
Gopesh Gupta	:	Dy. Vice President (Finance)
Gagan Deep Sharma	:	Dy. Vice President (Legal and Audit)
Bhimanshu Gupta	:	Manager (Finance)
Ashish Guleria	:	Dy. Manager (Finance)
Ms. Sharon Arora	:	Company Secretary
Paramjit Singh Pathania	:	IT Head

Dates of Asset Liability Management Committee Meetings

During the financial year ended on March 31, 2020, the Asset Liability Management Committee meetings held 2 (two) times on the below-stated dates:

- June 11, 2019
- October 7, 2019

Attendance in Asset Liability Management Committee Meetings

Name of Member	Position Held	No. of Meetings held	No. of Meetings attended
Amardeep Singh Samra	Chairman	2	2
Amitesh Kumar	Invitee	2	2
Gopesh Gupta	Invitee	2	2
Gagandeep Sharma	Invitee	2	2
Bhimanshu Gupta	Invitee	2	2
Ashish Guleria	Invitee	2	2
Ms. Sharon Arora	Invitee	2	2
Paramjit Singh Pathania	Invitee	2	0

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

Amardeep Singh Samra : Managing Director
Vijay Kumar Bhandari : Non-Executive Director
Sachin Nithyanand Kamath : Nominee Director
Shant Kumar Gupta : Independent Director

Dates of Core Committee Meetings

During the financial year ended on March 31, 2020, the Asset Liability Management Committee meetings held 4times on the below-stated dates:

- May 16, 2019
- September 11, 2019
- December 2, 2019
- February 16, 2020

Attendance in Core Committee Meetings

Name of Member	Position Held	No. of Meetings held	No. of Meetings attended
Amardeep Singh Samra	Chairman	4	4
Vijay Kumar Bhandari	Member	4	4
Sachin Nithyanand Kamath	Member	4	4
Shant Kumar Gupta	Member	4	4

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

Amardeep Singh Samra	:	Managing Director
Shant Kumar Gupta	:	Independent Director
Janak Raj Gupta	:	Independent Director

Dates of Board Management Committee Meetings

During the financial year ended on March 31, 2020, the Asset Liability Management Committee meetings held 5 (five) times on the below-stated dates:

- July 18, 2019
- September 13, 2019
- November 13, 2019
- November 29, 2019
- January 14, 2020

Attendance in Board Management Committee Meetings

Name of Member	Position Held	No. of Meetings held	No. of Meetings attended
Amardeep Singh Samra	Chairman	5	5
Shant Kumar Gupta	Member	5	5
Janak Raj Gupta	Member	5	5

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

Amardeep Singh Samra	:	Managing Director
Amitesh Kumar	:	COO & CFO
Gopesh Gupta	:	Dy. Vice President (Finance)
Gagan Deep Sharma	:	Dy. Vice President (Legal and Audit)
Ms. Sharon Arora	:	Company Secretary

Dates of Head Office Executive Committee Meetings

During the financial year ended on March 31, 2020, the Asset Liability Management Committee meetings held 2 (two) times on the below-stated dates:

- May 16, 2019 & September 11, 2019

Attendance in Board Management Committee Meetings

Name of Member	Position Held	No. of Meetings held	No. of Meetings attended
Amardeep Singh Samra	Chairman	2	2
Amitesh Kumar	Invitee	2	2
Gopesh Gupta	Invitee	2	2
Gagandeep Sharma	Invitee	2	2
Ms. Sharon Arora	Invitee	2	2

RECORDING MINUTES OF PROCEEDINGS OF BOARD AND COMMITTEE MEETINGS

Minutes of proceedings of each Board and Committee meetings are recorded and draft minutes are circulated to Board/Committee members for their comments and/or confirmation within 15 days from the date of the meeting. The inputs or comments, if any, of the Board and Committee members, received within 7 days from the date of sharing of draft minutes, are duly incorporated in the minutes after which the minutes are entered in the minutes book within 30 days from the date of meeting.

BOARD EVALUATION

The Company has prescribed Performance Evaluation Policy, as approved by Nomination and Remuneration Committee which prescribes evaluation process and criteria for the performance evaluation of all the Directors including Chairman, Managing Director and Chief Executive Officer (CEO), Board Level Committees and the Board as a whole pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013.

The performance evaluation of the Board and its Committees, and of individual Directors, is done covering various aspects of their respective performance, including quality, competence, roles, responsibilities, process, functioning, participation, contribution, attendance, adherence to the code of conduct, best practices and in case of Independent Directors, fulfilment of the independence criteria and their independence from the management. The Nomination & Remuneration Committee evaluates the performance of the Independent Directors and Non- Independent Directors including MD & CEO, and the Chairman of the Board and Board as a whole and all the Committees. Further, considering the evaluation, Nomination and Remuneration Committee make its recommendations to the Board. The Board considers the recommendations of the Nomination and Remuneration Committee, report on the performance evaluation of Board as a whole and the Committees.

A separate meeting of Independent Directors was convened for March 31, 2020 but due to pandemic caused due to Covid -19, the Company could not carry out the annual evaluation of its own performance and that of its Committees. However, the same would be done after the lockdown is lifted. Ministry of Corporate Affairs has given the exemption for the year 2019-20.

VIGIL MECHANISM /WHISTLE BLOWER POLICY

Your Company has in place a well formulated vigil mechanism/whistle blower policy in compliance with section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to deal with the instances if fraud and mismanagement, if any. The policy enables any employee, director and other stakeholders to raise their concerns directly to the Whistle and Ethics Officer, a report of which is placed before the Audit committee on a periodic basis.

Name and Address of the Whistle and Ethics Officer:

Mr. Amitesh Kumar- EVP & CFO

Email: amitesh@midlandmicrofin.com

Contact No.: 07837218817

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There were no materially significant related party transactions with the Company's promoters, directors, key managerial personnel or relatives of directors during the financial year ended on March 31, 2020 which could lead to a potential conflict of interest between the Company and these parties. All transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business. The details of the transactions with related parties, if any, were placed before the Audit Committee and the Board from time to time. The disclosure in Form AOC-2 in terms of Section 134 of the Act is enclosed as Annexure-V. The Company has also formulated a policy on dealing with the Related Party Transactions (including for material related party transactions) and necessary approval of the Board of Directors were taken, wherever required in accordance with the policy.

Further, the particulars of Contracts or Arrangements made with related parties as required under Section 134 (3) (h) of the Companies Act, 2013 in specified form AOC-2 and Indian Accounting Standard 24 "Related Party Disclosures" specified under section 133 of the Companies Act, 2013 are covered under Note No. 24 to the Financial Statements, which is set out for Related Party Transactions.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company is committed towards prevention of sexual harassment of women at workplace and has adopted a policy on the prevention of the sexual harassment of women at the workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. To foster a positive workplace environment, free from harassment of any nature, your Company takes prompt action in the event of reporting of any such incidents. The Company has in place a Complaints Committee to deal with sexual harassment complaints, if any, and to conduct enquiries there to in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2018-19, no complaint pertaining to Sexual Harassment was received by the Committee.

DISCLOSURE OF VOTING RIGHTS NOT EXERCISED DIRECTLY BY THE EMPLOYEES IN RESPECT OF SHARES UNDER SECTION 67(3) READ WITH RULE 16(4) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014

During the financial year ended on March 31, 2020, none of the employees have exercised the voting rights in shares as specified under Section 67(3) read with Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

DISCLOSURE PERTAINING TO CONSOLIDATED FINANCIAL ACCOUNTS UNDER SECTION 129(3)

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

NAME OF THE COMPANIES WHICH HAS BECOME/ CEASED TO BE SUBSIDIARIES/ ASSOCIATES OR JOINT VENTURES DURING THE YEAR

During the financial year ended on March 31, 2020, no company became or ceased to be the subsidiary/ associate or joint venture of Midland Microfin Limited.

INDIAN ACCOUNTING STANDARDS (IND AS) IMPLEMENTATION

The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement for the financial year 2019-20 have been prepared as per the Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standard) Rules, 2015 read with the Press Release dated January 18, 2016 by Ministry of Corporate Affairs to the extent applicable.

On April 1, 2019, the Company adopted the Indian Accounting Standard ("Ind AS"). Basis the transition from the previous GAAP to Ind AS, the major areas being impacted are:

- Presentation and disclosures of the financial statements
- Impairment loss allowance of loans to customers
- Fair valuation of financial instruments
- Deferred tax

ASSET LIABILITY MANAGEMENT

Your Company has 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.

RISK MANAGEMENT

Effective risk management is essential to success and is an integral part of your Company's culture. Your Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of strategic, operational, legal, regulatory and key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its financing activities. Your Company has adopted a Comprehensive Risk Management Policy which has a prudent risk management framework to identify, assess and monitor risks and strengthen controls to

mitigate risks. The Credit risk is the integral risk in the lending business which ascends from lowering of the credit quality of the customers/borrowers and the risk of default in repayments by the borrowers. Your Company has in place the robust credit appraisal system for the evaluation of the projects in order to assess the credit risk. The process involves appraisal of the projects and assessment of credit risk, appropriate structuring to mitigate the risk along with other credit risk mitigation measures.

In order to mitigate the Market risk that arises majorly due to fluctuation in the interest rate and foreign currency exchange rates and unforeseen conditions in the market, your Company periodically reviews its lending rates based on market conditions and incremental cost of borrowing.

Further, the liquidity risk management has been the utmost goal of the Company. The Liquidity risk refers to the risk where the Company cannot meet its financial obligations. Theobjective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The liquidity is monitored by liquidity gap analysis. Your Company consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due. The Company manages its liquidity risk by long-term resource raising, resource raising based on projected disbursement and maturity profile of the loans disbursed.

Your Company gives the utmost importance to the risk management practices and Risk Management Policy is reviewed based on the ever-changing external and internal environment to ensure decision-making is aligned with the Company's business strategy which creates sustainable value.

The Risk Management Committee of the Board has been set up to assist the Board in ascertaining of various risks, review of compliance with risk policies, review and analysis of risk exposures related to specific issues and provide oversight of risk across the organization. The Risk Management Committee gives recommendations to the Board for adopting various risk mitigating measures. The Board in every Board meeting takes assessment of the liquidity position of the Company with the projected increase in business.

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 other material changes and commitments affecting the financial position of the Company have occurred between April 1, 2020 and the date of signing of this report

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.

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, 2020. The Company is determined to work efficiently for its growth.

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, 2020.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors state that the applicable Secretarial Standards i.e. SS-1 and SS-2 issued by the Institute of Company Secretaries of India (ICSI), relating to Meetings of the Board of Directors and General Meetings respectively, have been duly followed by the Company.

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.

DISCLOSURE AS TO WHETHER MAINTENANCE OF COST RECORDS AS SPECIFIED BY THE CENTRAL GOVERNMENT UNDER SECTION 148(1) OF THE COMPANIES ACT, 2013 IS REQUIRED BY THE COMPANY

In terms of the provisions of Section 148(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014, your Company is not required to maintain cost records and accordingly is not required to undergo cost audit.

CUSTOMER SERVICE

Your Company underlines customer satisfaction as an important role for significant growth of business. The Company continued with its customer-friendly approach in day-to-day dealings. Your Company has separate grievance redressal systems for dealing with the problems of the customers and the public at large which ensures that continuous steps are taken to ensure customer satisfaction in all their dealings. The Company uses technology at its optimum level for quality customer services. The problems of borrowers/customers are redressed by a response mechanism of prompt hearing by the senior executives.

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.

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 endeavor 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.

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 suggestioncum 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 Auditors do random calling to cross verify the status of escalations. In case of any discrepancy, the same is reported to the Grievance Redressal Officer.

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

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

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

Fair Practice Code and Policy on Code of Conduct 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' e.g. 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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN THE MANNER AS PRESCRIBED IN RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

(a) Conservation of Energy

Your Company, being engaged in financing business within the country, does not have any activity-intensive. However, significant measures are taken to reduce energy consumption by using energy efficient computers and electrical equipment. 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 in monitored on periodical basis.

(b) Technology Absorption

The company as envisioned is a tech savvy company. The technology used acts as a business enabler at Midland Microfin Limited. The Company is using e-Fimo customized lending software for its loan origination, loan management in operational and financial activities. It is designed to handle a large volume of accounts and transactions. It is equipped with customizable modules, menu driven interface that can be easily adapted to the varying business and growth requirements that also safeguards IT Investments. The company is using Tab based mobility solution at the field level for efficient operations, controls and cost reduction.

- Your Company has not used any imported technology during the previous three financial years.
- During the year, the Company has not incurred any expenditure on dedicated Research & Development. However, the senior management team of the company is proactive in evolving new products for its customers. The new Individual loan product has been very successful even during the breakdown of Covid-19 pandemic.

(c) 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.

CORPORATE GOVERNANCE

The Company is committed to the highest standards of Corporate Governance and adheres to the highest levels of transparency, accountability and fairness, in all areas of its operations. We strive to conduct the business operations in an ethical and responsible manner, within the prevalent regulatory framework, for sustainable value creation for all our stakeholders. The Company does not view Corporate Governance principles as set of binding obligations, but believes in using it as a framework to be followed in true spirit.

The Company being an NBFC-MFI, adopts the best practices in the area of Corporate Governance and follows guidelines issued by RBI from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report.

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, 2020, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

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, 2020;

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, 2020 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.

ACKNOWLEDGEMENT

The Board of Directors would like to express their sincere thanks to various organisations 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: June 06, 2020
Place: Jalandhar

Shant Kumar Gupta
(Director)
DIN: 01571485

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

Global Economy

In 2019, the global economy was estimated to grow at 3.2% in 2019 and further picking upto 3.5% in 2020 against a difficult backdrop momentum and global slowdown. The global activity remained soft in the first half of 2019 but coming towards the closure of the financial year, with the number of COVID-19 cases increasing dangerously and the World Health Organization (WHO) declaring the virus outbreak a pandemic in the second week of March, 2020, disrupted the global economy to a great extent.

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by –3 percent in 2020, much worse the 2008–09 financial crisis. In a baseline scenario--which assumes that the pandemic fades in the second half of 2020 and containment efforts can gradually unwind--the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support. The risks for even more severe outcomes, however, are substantial.

Effective policies are essential to anticipate the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long- term human and economic health. Because the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically. And internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic, including to help financially constrained countries facing twin health and funding shocks, and for channeling aid to countries with weak health care systems.

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

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

(Real GDP, Annual percent change)	2019	Projections	
		2020	2021
World Output	**2.9**	**–3.0**	**5.8**
Advanced Economies	**1.7**	**–6.1**	**4.5**
United States	2.3	–5.9	4.7
Euro Area	**1.3**	**–7.5**	**4.7**
Germany	0.6	–7.0	5.2
France	1.5	–7.2	4.5
Italy	0.8	–9.1	4.8
Spain	2.0	–8.0	4.3
Japan	0.7	–5.2	3.0
United Kingdom	1.4	–6.5	4.0
Canada	1.7	–6.2	4.2
Other Advanced Economies	1.7	–4.6	4.5
Emerging Market and Developing Economies	**3.7**	**–1.0**	**6.6**
Emerging and Developing Asia	**5.5**	**1.0**	**8.5**
China	6.1	1.2	9.2
India	**4.2**	**1.9**	**7.4**
ASEAN-5	4.9	–0.6	7.8
Emerging and Developing Europe	**2.1**	**–5.2**	**4.2**
Russia	1.3	–5.5	3.5
Latin America and the Caribbean	**0.1**	**–5.2**	**3.4**
Brazil	1.1	–5.3	2.9
Mexico	–0.3	–6.6	3.0
Middle East and Central Asia	**1.0**	**–2.8**	**4.0**
Saudi Arabia	0.3	–2.3	2.9
Sub-Saharan Africa	**3.1**	**–1.6**	**4.1**
Nigeria	2.2	–3.4	2.4
South Africa	0.2	–5.8	4.0
Low-Income Developing Countries	**5.2**	**0.4**	**5.6**

Source : IMF, World Economic Outlook Update, April 2020

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 2019, with both consumption and investment decelerating owing to weak, especially rural, income growth, stresses in the Non-Nank 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).During the H1 of the financial year 2019-2020, GDP growth moderated to 4.8%, amidst a weak environment for global manufacturing, trade and demand and Inflation increased from 3.3% to 7.35% in December 2019-20 due to temporary increase in food inflation. By March, 2020, India retained its position as the third largest startup base in the world with over 8,900- 9,300 startups, with about 1,300 new start-ups being founded in 2019.

Impact of COVID-19 on Indian Economy

Consequent to the declaration of COVID-19 a pandemic by WHO, nearly 162 countries got onto lockdown including India. India got into lockdown in the last week of the March 2020 and is continuing with varied relaxations in different geographies that has disrupted the Indian economy.

The lockdown has 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. The World Bank and rating agencies had initially downgraded India's growth for fiscal year 2021 with the lowest figures India has seen in three decades since India's economic liberalization in the 1990s. After the announcement of the economic package in mid-May, India's GDP estimates were downgraded even more to negative figures, signaling a recession.

The expectation to absorb information

Each emergency fills in as a learning open door for organisations, and this pandemic is ending up being a remarkable exercise. Here's the manner by which associations are making sense of their best courses of action.

Remote Working

With the cities in lockdown, organizations have instituted 'Work From Home' policy for their employees for the continuity of work even in the lockdown.

An open line of communication

Even though the mortality rate of COVID-19 is lower, it has caused a widespread panic due to unclear lines of communication. Organisations are stepping up and maintaining an open line of communication with all their stakeholders, including employees and customers.**Safety measures for employees**

Employee safety is the need of the hour. The organisations, keeping in view the safety of employees, are implementing measures like temperature screening, disinfection of office premises, setting up COVID-19 response teams, distribution of COVID-19 precautionary packages.

Impact of COVID-19 on MFIs

The country being in lockdown and facing financial distress, the RBI announced to offer the moratorium of three months to the borrowers by the banks and NBFCs upto May 31, 2020. Thus, banks and NBFCs were bound to offer moratorium to the borrowers resulting no repayment from the borrowers. This led to the liquidity crisis in NBFC-MFIs. The lending institutions have further been permitted by RBI to extend moratorium by another three months upto August 31, 2020.

As per the RBI announcement, your Company also granted the moratorium of upto May 31, 2020 to the borrowers. Interest being continue to accrue and receivable with the first instalment falling after the moratorium period.

On May 12, 2020, the Finance Minister launched economic package of Rs. 3,00,000 Crores as a liquidity for banks, NBFCs and Financial Institutions. The implementation of the package is in progress and your company being one of the front-runners of eligible entities is getting benefit of the package.

Industry

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 the gender inequalities. The major targets of microfinance are the poor rural and urban households & women too.

Industry highlights

Based on data as of March 31, 2020 (Q4 FY 19-20), microfinance industry has total loan portfolio (i.e. loan amount outstanding) of Rs 2,31,788 Cr, including DPD 180+ portfolio of Rs 3,381 Cr. This represents a growth of 9.70% over the Q3 FY 19-20 and an annual growth of 29.26% over FY 18-19.

The total number of microfinance accounts were at 10.54 Cr as on March 31, 2020, showing a growth of 21.71% over FY 18-19. As of March 31, 2020, 12 Banks hold largest share of portfolio in micro-credit with total loan outstanding of Rs. 92,281 Cr, which is about 40% of total micro-credit universe. NBFC-MFIs are second largest provider of micro-credit with a loan amount outstanding of Rs 74,371 Cr, accounting for about 32% to total industry portfolio. SFBs have a total loan amount outstanding of Rs 40,556 Cr with total share of about 18%. NBFCs account for another 10% and Non-profit MFIs account for 1% of the universe. Compared with Q4 FY 18-19, NBFC-MFIs portfolio has grown by about 10%, Banks by 54%, SFBs by 34%, NBFC by 12% and Other MFIs (including Non-profit) by 30%

Sectoral Highlights

As on March 31, 2020, the portfolio outstanding of NBFC-MFIs was Rs. 74,371 Cr, spread across 32 states and union territories and showed a growth of around 31.21% over the last financial year. The portfolio of NBFC-MFIs as of March 31, 2019 was Rs 56,683 Cr. Overall health of portfolio has weakened over the year and measured at PAR >30 of 2.46% on March 2020, in comparison to 1.64% on March 2019. A more detailed analysis based on self-reported data of MFIN member NBFC-MFIs is presented. As on March 31, 2020, amongst 54 MFIN members NBFC-MFIs, 12 are small (GLP < Rs

100 Cr), 20 medium (GLP between Rs 100-500 Cr) and 22 large (GLP > Rs 500 Cr). Large MFIs continue to hold largest proportion of industry outreach. Large MFIs account for 89.50% of the industry GLP, 89.50% of the client base, 88.70% of loan amount disbursed and 83.50% of debt funding received. In terms of geographical spread, 75% of the portfolio is rural and 25% is urban. In terms of purpose, agriculture loans account for 55.80% of the GLP. Non-agriculture (trade/services and manufacturing) loans account for 41.40% and household finance loans account for 2.80% of the GLP. As on March 31, 2020, NBFC-MFIs on aggregated basis have a network of 14,275 branches and employee base of 1,16,738 staff, of which 63% are loan officers (73,694) who provide door-step credit to low-income clients served by the NBFC-MFIs. There has been growth of 25% in employees, 29% in loan officers and 22% branches compared with last Financial Year. On an average, a loan officer caters to 437 clients with a portfolio of Rs 1.00 Cr. Similarly, on an average a branch caters to 2,257 clients with a portfolio of Rs 5.20 Cr.

As of March 31, 2020, 3.22 Cr clients have loan outstanding from NBFC-MFIs, which is an increase of 19% over FY 18-19.

The aggregate gross loan portfolio (GLP) of MFIs is Rs 74,371 Cr as on March 31, 2020. This Represents a YoY growth of 31% as compared to March 31, 2019.

Loan amount of Rs 77,072 Cr was disbursed in FY 19-20 through 2.78 Cr accounts.

Average loan amount disbursed per account during FY 19-20 was Rs 27,724 which is an Increase of around 6% in comparison to loans disbursed during FY 18-19

During FY 19-20, NBFC-MFIs received a total of Rs 42,150 Cr in debt funding, which is an increase of 33% from FY 18-19. Total equity grew by 33% during the same period and is at Rs. 16,141 Cr.

MFIs now have presence in 32 states/union territories.

In terms of regional distribution of portfolio (GLP), East and North East accounts for 34% of the total NBFC MFI portfolio, South 27%, North 13%, West 15% & Central contributes 11%.

(Source: MFIN Micrometer Q4)

The Company

Your company, an only NBFC-MFI based out of Punjab, having 197 branches in 7 states and 1 UT primarily focusing on financial and social empowerment of women by way of extending small business loans, is exhibiting strong performance on year on year basis amidst slowdown and financial crisis due to prudent management strategic initiatives much above the industry performance in all spheres.

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 1302 permanent employees across locations which have grown to 1763

as on March 31, 2020. People have been added across grades and several middle to senior managers has been added to strengthen the operating and leadership team.

SWOT ANALYSIS

Strengths

- Strong Brand Name
- Best Portfolio quality among peers
- Lowest PAR numbers (w/o writing off a single penny)
- Well defined scalable organisational structure, territory and process knowledge
- Strong Financials
- Experienced and stable senior management team
- Strong relationships with public, private banks, institutions and investors
- Cashless disbursement process

Weaknesses

- More than 95% of collections through cash.
- 100% portfolio is unsecured

Opportunities

- Large untapped market
- Enhancing depth of microfinance to disadvantaged groups
- Enhancing breadth of microfinance by reaching out to far-flung and under-privileged locales

Threats

- Growing retail thrust within banks
- Competition with large sized MFIs and NBFCs

Cautionary Statement

Statements made in this MD&A describing the Company's objectives, projections, estimates, expectations etc., may constitute 'forward looking statements' within the ambit of applicable laws and regulations. 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.

Client Success Stories

CLIENT SUCCESS STORIES

I Amarjeet Kaur W/O Lakshman Das, resident of village Raipur, District Mansa. I have been connected to Midland Microfin Limited from last 3 years. I have taken loan for my husband. He is having his own clinic at the village. We have benefited a lot in our business. I have been regularly taking the benefits provided by Midland Microfin Limited. In this lockdown scenario, We have faced some problems due to this lockdown but we have understood my responsibility and paid all our repayments as per schedule. I believe that we will get more and more upcoming benefits from Midland Microfin Limited so that we may get to earn more and more profit out of it. I thank the company for helping me to improve my social and economic stability.

My name is Kiran Rani W/O Surender Singh, resident of village Balwapnur, District Sangrur. I have been connected to Midland Microfin Limited from last 4 years. I have taken loan for Livestock which has benefited a lot in my business. My whole family is so happy with this loan. Now due to this lockdown period, We have faced some problems but I have understood my responsibility and paid all our repayments as per schedule. The instalments which I have paid was solely paid by me with my own will and no one has forced me to do the same. I will pay my rest of the instalment timely so that I can better benefit for availing next loan. So, that I will get new loan benefits from Midland Microfin Limited to purchase more cattle which will increase profit. I am obliged to the company for helping me to improve my social and economic stability.

My Name is Parmjeet Kaur W/O Santosh Kumar, resident of village Chak Billa, District Sangrur. I have been connected to Midland Microfin Limited from last 3 years. I have taken loan for Cloth Work which has benefited me. Members have heard rumors that government has wavered for the installments but in actual only installment can be shifted by availing moratorium. If by doing strikes, all the loans are wavered then all the loan companies will be closed. When we have taken loan at that time we have agreed to pay the installments timely. This company helps us to run some small business and protects us from money lenders. During this lockdown period due to some financial conditions, I was not able to pay the loan installments so I have availed moratorium. I understand my responsibility and will pay my repayments as per schedule so that I can better benefited for availing next loan.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Economic Outlook

India has emerged as one of the fastest growing major economies in the world 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. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute. Starting in a humble way by extending tiny loans to economically underprivileged households, the Microfinance industry has earned the recognition of being instrumental in inclusive financing and fueling the growth at bottom of the pyramid. Micro Finance plays a very important role in Financial Inclusion through micro credit. NBFC-MFIs play an important role in the government's agenda of Financial Inclusions as they cater to the unbanked sections of Indian society under the regulatory oversight of the Reserve Bank of India (RBI). The outreach of MFI has been growing rapidly over the past few years due to low penetration of formal banking system, especially among lower income groups. Microfinance Industry shown annual growth of 29.26% during financial year 2019-20. The sectoral growth has slowed down in the month of March following the nationwide lockdown. The COVID19 pandemic has impacted other NBFCs and also mutual fund players. Midland Microfin Limited has very well managed its position even during COVID19 crisis.

Industry

The importance of microfinance is that it provides much-needed financial services to progressive poor and low-income households, entrepreneurs and nascent businesses, who would otherwise not have access to such services. Microfinance is a category of financial services targeted at individuals and small businesses who lack access to conventional banking and related services. Microfinance includes microcredit, the provision of small loans to poor clients and low-income clients so as to help them increase their income, thereby improving their standard of living. Microfinance has now been recognized as a potent tool to address the issue of poverty, catering to a niche market earlier occupied by money lenders. The recent Task Force on Micro Finance has defined it as "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas, for enabling them to raise their income levels and improve living standards". At present, a large part of micro finance activity is confined to credit only. Women constitute a vast majority of users of micro-credit. With globalization and liberalization of the economy, opportunities for the unskilled and the illiterate are not increasing fast enough, as compared to the rest of the economy. This is leading to a lopsided growth in the economy thus increasing the gap between the haves and have-nots. It is in this context, the institutions involved in micro finance have a significant role to play to reduce this disparity and lead to more equitable growth.

Industry highlights

Based on data as of March 31, 2020 (Q4 FY 19-20), microfinance industry has total loan portfolio (i.e. loan amount outstanding) of Rs 2,31,788 Cr, including DPD 180+ portfolio of Rs 3,381 Cr. This represents a growth of 9.70% over the Q3 FY 19-20 and an annual growth of 29.26% over FY 18-19.

The total number of microfinance accounts were at 10.54 Cr as on March 31, 2020, showing a growth of 21.71% over FY 18-19. As of March 31, 2020, 12 Banks hold largest share of portfolio in micro-credit with total loan outstanding of Rs. 92,281 Cr, which is about 40% of total micro-credit universe. NBFC-MFIs are second largest provider of micro-credit with a loan amount outstanding of Rs 74,371 Cr, accounting for about 32% to total industry portfolio. Small Finance Banks (SFBs) have a total loan

amount outstanding of Rs 40,556 Cr with total share of about 18%. NBFCs account for another 10% and Non-profit MFIs account for 1%. Compared with Q4 FY 18-19, NBFC-MFIs portfolio has grown by about 10%, Banks by 54%, SFBs by 34%, NBFC by 12% and Other MFIs (including Non-profit) by 30%

Sectoral Highlights

As on March 31, 2020, the portfolio outstanding of NBFC-MFIs was Rs. 74,371 Cr, spread across 32 states and union territories and showed a growth of around 31.21% over the last financial year. The portfolio of NBFC-MFIs as of March 31, 2019 was Rs 56,683 Cr. Overall health of portfolio has weakened over the year and measured at PAR >30 of 2.46% on March 2020, in comparison to 1.64% on March 2019. A more detailed analysis based on self-reported data of MFIN member NBFC-MFIs is presented. As on March 31, 2020, amongst 54 MFIN members NBFC-MFIs, 12 are small (GLP < Rs 100 Cr), 20 medium (GLP between Rs 100-500 Cr) and 22 large (GLP > Rs 500 Cr). Large MFIs continue to hold largest proportion of industry outreach. Large MFIs account for 89.50% of the industry GLP, 89.50% of the client base, 88.70% of loan amount disbursed and 83.50% of debt funding received. In terms of geographical spread, 75% of the portfolio is rural and 25% is urban. In terms of purpose, agriculture loans account for 55.80% of the GLP. Non-agriculture (trade/services and manufacturing) loans account for 41.40% and household finance loans account for 2.80% of the GLP. As on March 31, 2020, NBFC-MFIs on aggregated basis have a network of 14,275 branches and employee base of 1,16,738 staff, of which 63% are loan officers (73,694) who provide door-step credit to low-income clients served by the NBFC-MFIs. There has been growth of 25% in employees, 29% in loan officers and 22% branches compared with last Financial Year. On an average, a loan officer caters to 437 clients with a portfolio of Rs 1.00 Cr. Similarly, on an average a branch caters to 2,257 clients with a portfolio of Rs 5.20 Cr.

- As of March 31, 2020, 3.22 Cr clients have loan outstanding from NBFC-MFIs, which is an increase of 19% over FY 18-19.
- The aggregate gross loan portfolio (GLP) of MFIs is Rs 74,371 Cr as on March 31, 2020. This Represents a YoY growth of 31% as compared to March 31, 2019.
- Loan amount of Rs 77,072 Cr was disbursed in FY 19-20 through 2.78 Cr accounts.
- Average loan amount disbursed per account during FY 19-20 was Rs 27,724 which is an Increase of around 6% in comparison to loans disbursed during FY 18-19
- During FY 19-20, NBFC-MFIs received a total of Rs 42,150 Cr in debt funding, which is an increase of 33% from FY 18-19. Total equity grew by 33% during the same period and is at Rs. 16,141 Cr.
- MFIs now have presence in 32 states/Union Territories.
- In terms of regional distribution of portfolio (GLP), East and North East accounts for 34% of the total NBFC MFI portfolio, South 27%, North 13%, West 15% & Central contributes 11%.

(Source: MFIN Micrometer Q4)

The discussion on financial performance with respect to operation performance has been detailed in Directors' Report.

Risks in Microfinance Industry

Being an MFI your Company is exposed to certain risks that are typical to its lending and the

environment within which it operates. The risk philosophy of the Company is to establish a robust risk management system in the organization, with a view to enhance stakeholder value and comply with regulatory guidelines. In line with this philosophy, the company has tried to strengthen the Management to cover all aspects of Risks viz; Credit Risk, Operational Risk and Market Risk by creating an Internal Risk Control Unit which are overseen by Risk Management Committee of the Board.

Default Risk

This risk arises on account of sanctioning higher loan amount than actually required to run the business of the customer. Such high loan amount can result in interest and repayment obligations higher than the actual capability which may result in delinquents in such cases.

Over leveraging Risk

Underprivileged clients avail loan from multiple organizations, which may result into overburdening of repayment. The risks of over-leveraging in the microfinance sector has increased owing to changing landscape of the sector, varying interpretation of RBI guidelines as well as some gaps in credit bureau data. There are few cases where individuals use fake KYC to avail loans from various institutions.

Concentration Risk

Concentration risk arises when majority of the borrowers are from a geography or a specific area. The problems in this area may have a contagion effect on the lending institutions which may lead to produce huge losses. Lack of geographical diversification further exposes the players to event risk, in the form of droughts, foods and natural calamities which could severely impair repayment capacity of borrowers and groups within affected regions.

Credit Risk analysis

The portfolio should be monitored with respect to various factors-across geography, product lines, ticket sizes, tenures, delinquency buckets etc. Further, the assessment took place based on vintage –infant delinquency, overall delinquency, new pool delinquency, etc. Using trend analysis, internal monitoring benchmarks have been set for every level. Below is the brief on a few credit risk parameters:

Early PAR: This is a strong predictive measure of the early delinquency trends, which helps MML to identify its sourcing quality on a regular basis.

New PAR: This is a strong measure which helps the organization understand its actual portfolio quality.

Operational Risk Analytics

- Operational Risk covers risks arising from operations across all the functions. This includes identification, assessment and evaluation of risks from all the risk areas, such as
- Adherence to Regulatory and Statutory Compliances.
- HR s –Staffing, training, transfers, retention, etc.
- IT operations or Tech adoption –CBS, Mobility, data quality and correctness etc.
- Business risks–disbursement skew, productivity, cash management at branches etc. This segment also includes the Branch Risk grading of the operational branches.

Liquidity & Market risk Analytics

Liquidity and Market Risk Analytics are risks related to the treasury function –cash management, fund management, –source & time, key liquidity & regulatory ratios are assessed and reported. Periodic review of pricing of credit products is an important assessment that need to be carried out on a monthly basis to comply with margin regulation by RBI.

Internal Control Systems and their adequacy

The discussion on Internal Control Systems and their adequacy has been detailed in Directors' Report.

New Initiatives/ Products.

- Launched solar lamp product from two prominent companies' e.g D-light & Sun King boom.
- Tie up with Samsung for facilitating Mobile Loans.
- Started submitting data to employee bureau.
- Piloting cashless repayment project in 4 branches of MML.
- Providing first loan to borrowers with loan cycle of 24 months.
- First time ever, Chairman Club was organised overseas.
- Introduces LMS (Leave management system) for better transparency in attendance.
- Professional enhancement training to field staff by Lovely Professional University.
- Initiate the process of implementation of Disaster Recovery site.· Closed the ECB transaction with Triple Jump.
- Top up loan (education, Festival etc.)

Challenges

- E-KYC Implementation.
- Validation of Aadhar Card.
- Delinquent lending by NBFC.
- Non submission of data by certain NBFCs to CICs.
- Staff Attrition.
- Multiple Lending.
- Over indebtness created by other form of NBFC.
- Less trained staff.
- Involvement of ring leaders.

Human Resource

MML recognises employees as its most valuable asset and it has built a transparent and meritocratic culture to nurture its Human Capital.

Human Resources department continued its transformation initiatives to cater to the organizational requirements during the year.

In the area of employer brand, we have made extensive use of the opportunities afforded by digitalization using social media, to ensure success when it comes to recruiting new employees and raising the brand profile among prospective candidates.

Internal mobility plays a vital role for MML in retaining expertise, experience and talent by enabling employees to pursue individual career goals. It contributes to the operational stability and business performance as well as helps to mitigate succession risk. Career mobility also supports MML redeployment strategy amid its ongoing restructuring.

Human Resources department also achieved key milestones within the year, wherein some of the key HR processes were digitized and made fully operational, supporting the fast pace of our growing manpower and thus achieving the objective of improved employee experience, better employee insight and shifting towards a paperless environment.

Human Resources department has continued its efforts to foster and drive younger generation towards future leadership. To ensure the same, MML continued to enable learning through its Integrated Talent Management initiatives, nurturing talent through interventions such as competency based internal and external training programs.

MML offered a range of benefits to help its employees manage professional and personal commitments to achieve a healthy work-life balance. To make the leave policy more family-friendly, maternity leave has been introduced and CL and ML are increased by 2 each per year.

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.

To channelize employee movement, the Company has adopted bio-metric attendance system at all the locations to track real time attendance. This also facilitates the HR department in effective Manpower Planning and initiation of Disciplinary Actions.

The Company has completed 9 years of its operations in January 2020 in microfinance activities, and to celebrate the occasion, the company organized its establishment day on February 02, 2019; February 10, 2019 and April 15, 2019 in Jalandhar, Jaipur and Patna respectively considering the extensive working area of MML. A cultural program was held prior to the Awards Ceremony, to recognize the top performers of the region. The performances of participants spread diverse colours of the Indian culture. As always, the employees, who have completed 5 years with the organization were also recognized

The Company had 1,763 permanent employees on the rolls of the Company as on March 31, 2020.

Fair, transparent and sustainable approach to employee remuneration is one of crucial importance to MML. In-line with the same, Human Resource Department has adopted a strategy, which aims to promote and reward sustainable performance and contributions at all levels of the organization. MML has created a Chairman's Club as a part of yearly Rewards and Recognition Policy of the Company. All the top performers of the year become the part of the club are taken for trip to some domestic or international destination. The Senior Management along-with their family members accompany them to motivate the winners. Last year a 3 days trip to Goa was organized. The company has planned international destination for the first time, where most of the top performers would have the first international experience.

Out performed in Cashless Repayment project by MFIN

In the Micro-lending space, cash dominates the transactions at a customer level. Over the years, while microfinance lending has progressively moved towards non-cash disbursements such as prepaid cards, bank transfers etc., predominantly in urban areas and peri urban India, it still remains a challenge in rural areas. On the repayment side, cash is almost ubiquitous.

It was, therefore, felt that there is a need to accelerate and scale-up Digital Financial Services (DFS) in micro-lending. This project was conceptualized by MFIN and aimed at finding an appropriate model to provide a basic standard of digital engagement to facilitate cashless collections and to conduct pilots to test out models for digitizing collections from microfinance clients that are cost effective and scalable.

Total 19 branches from 6 MFIs have been selected in this pilot project pan India. The main agenda of this project was to study the behavior of clients towards cashless repayments. Total 4 branches of Midland Microfin have been identified for piloting of the project. Midland outperformed in this project & had highest number of cashless repayments among all other MFIs.

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

Date: June 06, 2020
Place: Jalandhar

Shant Kumar Gupta
(Director)
DIN: 01571485

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

FORM NO. MGT 9

ANNEXURE-I

EXTRACT OF ANNUAL RETURN

As on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1.	CIN	**U65921PB1988PLC008430**
2.	Registration Date	**Friday, May 27, 1988**
3.	Name of the Company	**Midland Microfin Limited**
4.	Category/Sub-category of the Company	**Public Limited Company**
5.	Address of the Registered office & contact details	**The AXIS, Plot No. 1, R.B Badari Dass Colony, B.M.C. Chowk, Jalandhar - 144 001 (Punjab) India**
6.	Whether listed company	**Listed (Debt Securities are listed with BSE Limited)**
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	**Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase - 1, New Delhi - 110 020 +91 11 26812682; 26812683**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10% or more of the total turnover of the company shall be stated)			
S.No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Micro Finance Activity	64920	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
S.No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	N.A				

FORM NO. MGT 9 ANNEXURE-I

SHARE HOLDING PATTERN OF THE COMPANY AS ON MARCH 31, 2020

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF	2964312	26431	2990743	10.39%	4181298	0	4181298	12.55%	2.16%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Bodies Corp.	194961	0	194961	0.68%	214458	0	214458	0.64%	-0.03%
e) Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (1)	**3159273**	**26431**	**3185704**	**11.07%**	**4395756**	**0**	4395756	13.19%	**2.12%**
(2) **Foreign**									
a) NRI Individuals b) Other Individuals	4593116	987000	5580116	19.38%	6268128	0	6268128	18.81%	-0.57%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0
d Banks / FI	0	0	0	0.00%	0	0	0	0.00%	0
e) Any other	0	0	0	0.00%	0	0	0	0.00%	0
Sub Total (A) (2)	**4593116**	**987000**	**5580116**	**19.38%**	**6268128**	**0**	**6268128**	**18.81%**	**-0.57%**
Total	**7752389**	**1013431**	**8765820**	**30.45%**	**10663884**	**0**	**10663884**	**32%**	**1.55%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
Non- Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B) =(B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0

C. (b) others									
i. Body Corporate*	996279	472432	1468711	5.10%	2033459	155659	2189118	6.57%	1.47%
ii. Individuals	869470	4934456	5803926	20.16%	3630325	2759008	6389333	19.17%	-0.99%
iii. Financial Institution	0	1250000	1250000	4.34%	647299	1125000	1772299	5.32%	0.98%
iv. NRI									
a. Individual	0	955500	955500	3.32%	450000	801050	1251050	3.75%	0.44%
b. Body Corporates	0	10545419	10545419	36.63%	11059961		11059961	33.19%	-3.44%
***Total C**	**1865749**	**18157807**	**20023556**	**69.55%**	**17821044**	**4840717**	**22661761**	68.00%	**-1.55%**
Grand Total	**9618138**	**19171238**	**28789376**	**100%**	**28484928**	**4840717**	**33325645**	**100%**	**0.00%**

(ii) Share Holding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumb-ered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Amardeep Samra	1422905	4.94%	0	2321340	6.97%	0	2.02%
2	Gagan Samra	625335	2.17%	0	687869	2.06%	0	-0.11%
3	Balbir Singh	987000	3.43%	0	1085700	3.26%	0	-0.17%
4	Hamco Ispat Limited	194961	0.68%	0	214458	0.64%	0	-0.03%
5	Vinay Gupta	105131	0.37%	0	100979	0.30%	0	-0.06%
6	Vijay Kumar Bhandari	257186	0.89%	0	382905	1.15%	0	0.26%
7	Sneh Bhandari	257186	0.89%	0	332905	1.00%	0	0.11%
8	Ranjit Kaur Chhokar	1250000	4.34%	0	1375000	4.13%	0	-0.22%
9	Ashish Bhandari	643116	2.23%	0	1057428	3.17%	0	0.94%
10	Inderjit Vasudev	323000	1.12%	0	355300	1.07%	0	-0.06%
11	Mohinder Kaur Chhokar	2500000	8.68%	0	2750000	8.25%	0	-0.43%
	Total	**8565820**	**29.75%**	**0**	**10663884**	**32.00%**	**0**	2.25%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholder	No. of Shares (31.03.2019)	% holding	Date of Sale/ Purchase	Sale	Purchase	No. of Shares (31.03.2020)	% holding
1	Amardeep Samra	1422905	4.94%	16/05/2019	--	142291	2321340	6.97%
				Demat	--	206144		
				31/03/2020	--	550000		
2	Gagan Samra	625335	2.17%	16/05/2019	--	62534	687869	2.06%
3	Balbir Singh	987000	3.43%		--			
				16/05/2019	--	118700	1085700	3.26%
				Demat	-20000	--		
4	Hamco Ispat Limited	194961	0.68%	16/05/2019	--	19497	214458	0.64%
5	Vinay Gupta	105131	0.37%	16/05/2019	--	10514	100979	0.30%
				Demat	-14666	--		
6	Vijay Kumar Bhandari	257186	0.89%	16/05/2019	--	25719	382905	1.15%
				31/03/2020	--	100000		
7	Sneh Bhandari	257186	0.89%	16/05/2019	--	25719	332905	1.00%
				31/03/2020	--	50000		
8	Ranjit Kaur Chhokar	1250000	4.34%	16/05/2019	--	125000	1375000	4.13%
9	Ashish Bhandari	643116	2.23%	16/05/2019	--	64312	1057428	3.17%
				31/03/2020	--	350000		
10	Inderjit Vasudev	323000	1.12%	16/05/2019	--	32300	355300	1.07%
11	Mohinder Kaur Chhokar	2500000	8.68%	16/05/2019	--	250000	2750000	8.25%
		8565820	**29.75%**				**10663884**	**32.00%**

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Shareholder	No. of Shares	% holding	Date of Sale/ Purchase/ Allotment	Sale	Purchase/ Transfer	No. of Shares	% holding
1	KITARA PIIN 1501	10545419	36.63%	16/05/2019	--	514512	11059961	33.19%
2	Small Industries Development Bank of India	1250000	4.34%	16/05/2019	--	125000	1772299	5.32%
				27/07/2019	--	397299		
3	International Township Developres Private Limited	1044500	3.63%	16/05/2019	--	84450	1148950	3.45%
				Demat	--	20000		
4	Northern India Consultants Pvt. Ltd.	151779	0.53%	16/05/2019	--	15178	721134	2.16%
				Demat	--	7560		
				Demat	-3383	--		
				3/31/2020	--	550000		
5	Arun Chopra	500000	1.74%	16/05/2019	--	50000	687500	2.06%
				Demat	--	137500		
6	Gurwinder Singh Gill	437000	1.52%	16/05/2020	--	43700	480700	1.44%
7	Gurdip Singh	430000	1.49%	16/05/2020	--	43000	473000	1.42%
8	Sohan Singh Chohan	362500	1.26%	16/05/2020	--	36250	398750	1.20%
9	Rashpal Singh	250000	0.87%	16/05/2020	--	25000	275000	0.83%
10	Gunjan Adya	250000	0.87%	16/05/2020	--	25000	275000	0.83%
	Total	**15221198**	**52.87%**				**17292294**	**51.89%**

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholder	No. of Shares (31.03.2019)	% holding	Date of Sale/ Purchase	Sale	Purchase	No. of Shares (31.03.2020)	% holding
1	Amardeep Singh Samra (KMP)	1422905	4.94%	16/05/2019	--	142291	2321340	6.97%
				Demat	--	206144		
				31/03/2020	--	550000		
2	Vijay Kumar Bhandari	257186	0.89%	16/05/2019	--	25719	382905	1.15%
				31/03/2020	--	100000		
3	Amitesh Kumar (KMP)	148325	0.52%	16/05/2019	--	14834	163159	0.49%
4	Janak Raj Gupta	125000	0.43%	16/05/2019	--	12500	137500	0.41%
4	Sharon Arora (KMP)	1000	0.00%	16/05/2019	--	100	1350	0.00%
				Demat	--	250		
	Total	**1954416**	**6.79%**				**3006254**	**9.02%**

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.				
	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year				
i) Principal Amount	6,214,133,156	186,910,000	-	6,401,043,156
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	330,970,583	40,469,107	-	371,439,690
Total (i+ii+iii)	**6,545,103,739**	**227,379,107**	**-**	**6,772,482,846**
Change in Indebtedness during the financial year (Principal Amount only)				
* Addition	5,518,250,000	146,500,000	-	5,664,750,000
* Reduction	4,029,788,772	-	-	4,029,788,772
Net Change	**1,488,461,228**	**146,500,000**	**-**	**1,634,961,228**
Indebtedness at the end of the financial year				
i) Principal Amount	7,702,594,384	333,410,000	-	8,036,004,384
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	369,758,078	58,862,044	-	428,620,122
Total (i+ii+iii)	**8,072,352,462**	**392,272,044**	-	**8,464,624,506**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	Mr. Amardeep Singh Samra - MD	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	0.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission - as % of profit . - others, Travelling Fees	1,728,110.00	1728110.00
5	Others, (Sitting Fee)	38,000.00	38,000.00
	Total	1,766,110.00	1,766,110.00
	Ceiling as per the Act		

B. Remuneration to other Directors

S.No.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	Mr. Janak Raj Gupta	Ms. Kamna Raj Aggarwal	Mr. Shant Gupta	
	Fee for attending board committee meetings (in Rs.)	27,000	24,000	25,000	76,000
	Commission (in Rs.)	0.00	0.00	0.00	0
	Others, (Travelling)(in Rs.)	0.00	0.00	16,874	16,874
	Total (1) (in Rs.)	27,000	24,000	41,874	92,874
2	Other Non-Executive Directors	Mr. Vijay Kumar Bhandari	Mr. Harpal Singh Chhokar	Mr. Sachin Kamath	
	Fee for attending board committee meetings (in Rs.)	47,000	5,000	47,000	99,000
	Commission (in Rs.)	0.00	0.00	0.00	0
	Others, (Travelling) please specify (in Rs.)	390,000	0.00	319296.00	709,296
	Total (2) (in Rs.)	437,000	5,000	366,296	808,296
	Total (B)=(1+2) (in Rs.)	464,000	29,000	408,170	901,170
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S.No.	Particulars of Remuneration	Key Managerial Personnel		
	Name	Company Secretary	CFO	Total
1	Gross salary	434,196	2,248,938	2,683,134
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	0.00	0.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	77,140	77140.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission - as % of profit . - others, Travelling Fees	0.00	573,644	573,644
5	Others, (Sitting Fee)	0.00	0.00	0.00
	Total	434196.00	2,899,722	3,333,918

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For & on behalf of Board of Directors
of **Midland Microfin Limited**

Date: June 06, 2020
Place: Jalandhar

Shant Kumar Gupta
(Director)
DIN: 01571485

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

SECRETARIAL REPORT

ANNEXURE-II

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, 2020 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, 2020 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. Further no changes were there in the composition of the Board of Directors during the period under review.

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

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

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

For **Harsh Goyal & Associates**
Company Secretaries

(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.:2802
Place: Ludhiana, India
Date: June 06, 2020

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.

SECRETARIAL REPORT

ANNEXURE-A

To

The Members,

Midland Microfin Limited

Jalandhar

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Harsh Goyal & Associates**
Company Secretaries

(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.:2802
Place: Ludhiana, india
Date: June 06, 2020

Corporate Social Responsibility

REPORT ON CORPORATE SOCIAL RESPONSIBILITY [PURSUANT TO CLAUSE (O) OF SUB-SECTION 3 OF SECTION 134 OF THE ACT AND RULE 9 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY) RULES, 2014]

CSR Activity

"Microfinance is an idea whose time has come." – Kofi Annan

Education is the backbone of every society in this world. Education is important for the personal, social and economic development of the nation. Education empowers minds that will be able to conceive good thoughts and ideas. Midland Microfin has distributed school bags & pencil boxes to unprivileged kids as small token of motivation under CSR activity.

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

   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. The Composition of CSR Committee:

   The Company's CSR Committee consists of three Directors of the Company and is chaired by a Managing Director. The composition of the Committee is set out below:

   Mr. Amardeep Singh Samra, Managing Director – Chairman

   Mr. Sachin Kamath, Director-Member

   Ms. Kamna Raj Aggarwalla, Independent Director – Member

3. Average net profit of the Company for last three financial years: Rs. 7,26,60,125/-.

4. Prescribed CSR Expenditure (2% of amount stated in item 3 above): Rs. 14,53,203/-.

5. Details of CSR spent during Financial year:

   (a) Total amount to be spent for Financial Year: Rs. 14,53,203/-

   (b) Amount unspent, if any: Nil

Manner in which amount spent during the financial year is detailed below:

	CSR Project or Activity Identified	Sector in which the project is covered (As per Schedule VII of Companies Act, 2013)	Projects or programs 1) Local area or other 2) Specify the states and districts where the project was undertaken	Amount outlay (budget) - project or program wise (Amount in Rs.)	Amount spent on the projects or program Sub heads: (1) Direct expenditure on project or program (2) overhead (Amount in Rs.)	Cumulative expenditure upto the reporting period (Amount in Rs.)	Amount spent - Direct or through implementing agency
1.	Rural Awareness Program	Promotion of Awareness	Bathinda, Hoshiarpur, Jhunjunu, Shahbad, Kurali, Muzaffarpur	10,00,000/-	(1) 5,82,138.00/- (2) 4,17,862.00/-	10,00,000/-	Through Midland Foundation
2.	Rural Education Program	Promotion of Education	Dharbanga, Hoshiarpur, Kurali, Sikkar, Hanumangarh, Jalandhar, Bathinda	4,53,203/-	(1) 1,89,3410/- (2) 1,43,5810/-	4,53,203/-	Through Midland Foundation

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 & on behalf of Board of Directors
of **Midland Microfin Limited**

Date: June 06, 2020
Place: Jalandhar

Shant Kumar Gupta
(Director)
DIN: 01571485

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

FORM NO. AOC-2 (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis – Nil.

2. Details of material contacts or arrangements or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Amardeep Singh Samra - Key Managerial Personnel	Remuneration	N.A	13.61	N.A	-
Amitesh Kumar - Key Managerial Personnel	Remuneration	N.A	3.95	N.A	-
Sharon Arora - Key Managerial Personnel	Remuneration	N.A	0.49	N.A	-
Amardeep Singh Samra - Key Managerial Personnel	Rent	Total area of 10092.5 sq. ft. (25% each)	1.26		-
Sarvjit Singh Samra - Key Managerial Personnel	Rent		1.26		
Surinder Kaur Samra - Key Managerial Personnel	Rent	a) Total area of 550 sq. ft. (50% each)	0.11		-
Amarjit Singh Samra - Key Managerial Personnel	Rent		0.11		
Lata Kumari - Key Managerial Personnel	Professional Fees	April 1, 2019	10.8		-

For & on behalf of Board of Directors
of **Midland Microfin Limited**

Date: June 06, 2020
Place: Jalandhar

Shant Kumar Gupta
(Director)
DIN: 01571485

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

INDEPENDENT AUDITOR'S REPORT

The Members of Midland Microfin Limited

Report on the Audit of the Ind AS Financial Statements for the year ended 31 March, 2020

Opinion

We have audited the accompanying Ind AS financial statements of Midland Microfin Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including Other Comprehensive Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS 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 Ind AS 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, 2020, its profit including other comprehensive loss its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 46 of the accompanying Ind AS financial statements which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the carrying value of its assets as at March 31, 2020 and the operations of the Company. 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 Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS 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 Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our

assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key Audit Matters	How our audit addressed the key audit matters
(a) Impairment of financial instruments (including provision for expected credit losses) *(as described in Note 8 of the Ind AS financial statements)*	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: a) Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. b) Grouping of loan portfolio under homogenous pools to determine probability of default on a collective basis. c) Determining effect of less frequent past events on future probability of default. **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 as described in Note 46. In accordance with the guidance from ICAI, extension of the moratorium to borrowers by itself is not considered to result in a SICR for a borrower, however the entity needs to evaluate whether the borrowers to which moratorium is granted will remain regular once the moratorium	• Our audit procedures included considering the Company's accounting policies for impairment of loan receivables and assessing compliance with the policies in terms of Ind AS 109. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default (PD) and loss given default (LGD) rates. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Performed inquiries with the Company's management and its risk management function to assess the impact of lock-down on the business activities of the Company. • 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. • Assessed the additional considerations applied by the management for staging of loans as SICR/ default in view of Company's policy on moratorium. • 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 Reserve Bank of India guidelines issued on March 13, 2020. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.

Key Audit Matters	How our audit addressed the key audit matters
(a) Impairment of financial instruments (including provision for expected credit losses) *(as described in Note 8 of the Ind AS financial statements)*	
period gets over. The Company has recorded a macroeconomic overlay of Rs. 27.66 mn as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (CoVID-19) pandemic. Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the year-end, and no reliable data being available regarding the impact of various regulatory packages, the macroeconomic overlay estimate is based on various highly uncertain and unobservable factors. In accordance with the guidance in Ind AS 109, the macroeconomic overlay estimate takes into account reasonably and supportable information without incurring significant cost. The actual credit losses for the next 12 months could be significantly different than the ECL estimates prepared by the Company depending upon the impact and duration of the pandemic and various regulatory and policy measures announced by the Government. Given the high degree of management's judgement involved in estimation of ECL, accentuated by the considerations for CoVID-19 related developments, it is an area of material uncertainty and a key audit matter.	• Compared the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. Reviewed specific disclosures made in the Ind AS financial statements with regards to the impact of CoVID-19 on ECL estimation. .
(b) Transition to Ind AS accounting framework *(as described in Note 42 of the Ind AS financial statements)*	
In accordance with the roadmap for implementation of Indian Accounting Standards (Ind AS) for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "previous GAAP"). In order to give effect of the transition to Ind AS, these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended	• Read the Ind AS impact assessment performed by the management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Assessed the judgement exercised by the management in applying the first-time adoption principles of Ind AS 101 especially in respect of fair valuation of assets and liabilities existing as at transition date. • Read changes made to accounting policies in light of the requirements of the new framework. • We understood the financial statement closure process and the additional controls (including IT controls) established by the Company for transition to Ind AS.

Key Audit Matters	How our audit addressed the key audit matters
(b) Transition to Ind AS accounting framework *(as described in Note 42 of the Ind AS financial statements)*	
March 31, 2019 and the transition date balance sheet as at April 1, 2018 have been prepared under Ind AS. The transition has involved significant changes in the Company's financial reporting policies and processes, including generation of reliable and supportable financial information. Further, the management has exercised significant judgement for giving an appropriate effect of the first-time adoption principles of Ind AS 101, as at transition date and to determine the impact of the new accounting framework on certain accounting and disclosure requirements prescribed under Reserve Bank of India (RBI) directions, to the extent applicable. In view of the material impact and complexities and significant judgement involved in implementing Ind AS, we have focused on this area in our audit.	• Assessed the judgement applied by the Company in determining its business model for classification of financial assets. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Assessed the judgements applied by the Company in respect of areas where the accounting treatment adopted or the disclosures made under the new accounting framework were inconsistent with the extant RBI Directions. • Assessed disclosures prescribed under Ind AS
(c) IT Systems & Controls	
The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting: • Tested the design and operating effectiveness of IT access controls over the information systems. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. • Tested the Company's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization. • In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting. • Where deficiencies were noted, we tested the design and operating effectiveness compensating controls and, where necessary, extended the scope of our substantive audit procedures.

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 Ind AS 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 Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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 for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 standalone Ind AS 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Ind AS financial statements for the financial year ended March 31, 2020 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 Loss, 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 Ind AS 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company with reference to these Ind AS 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, 2020 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      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 **Chirag Jain**
Partner
Membership Number: 115385

UDIN: 20115385AAAABC3860
Mumbai
June 6, 2020

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT OF EVEN DATE

Re: Midland Microfin Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3 (ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and services tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the

Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Chirag Jain**
Partner
Membership Number: 115385

UDIN: 20115385AAAABC3860
Mumbai
June 6, 2020

ANNEXURE 2 REFERRED TO IN PARAGRAPH 2 (F) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

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

We have audited the internal financial controls over financial reporting of Midland Microfin Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to These Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Chirag Jain**
Partner
Membership Number: 115385

UDIN: 20115385AAAABC3860
Mumbai
June 6, 2020

FINANCIAL STATEMENTS FOR THE YEAR 2019-20

BALANCE SHEET AS AT MARCH 31, 2020

(Rupees in Millions unless otherwise stated)

PARTICULARS	Notes	March 31, 2020	March 31, 2019	April 01, 2018
ASSETS				
Financial assets				
Cash and cash equivalents	4	799.73	1,882.67	293.41
Bank balances other than cash and cash equivalents	5	1,435.10	262.39	93.88
Trade receivables	7	2.73	4.58	1.52
Loan portfolio	8	7,264.60	5,431.93	3,461.18
Investments	9	-	50.00	12.00
Other financial assets	10	73.80	21.00	13.83
Total financial assets		**9,575.96**	**7,652.57**	**3,875.82**
Non-financial assets				
Current tax assets (net)	11	30.00	24.92	14.51
Deferred tax assets (net)	29	14.97	11.52	11.52
Property, plant and equipment	12	131.56	64.64	61.53
Capital work-in-progress		0.90	1.04	1.05
Intangible assets	12	11.25	9.81	7.99
Other non-financial assets	13	30.41	18.32	13.06
Total non-financial assets		**219.09**	**130.25**	**109.66**
Total assets		**9,795.05**	**7,782.82**	**3,985.48**
LIABILITIES AND EQUITY				
Financial liabilities				
Derivative financial instruments	6	10.88	-	-
Trade payables	14	6.58	8.20	1.81
Debt securities	15	1,035.49	1,292.46	833.73
Borrowings (other than debt securities)	15	6,589.96	4,819.28	2,154.16
Subordinated liabilities	15	779.94	614.82	569.76
Other financial liabilities	16	157.94	191.25	59.47
Total financial liabilities		**8,580.79**	**6,926.01**	**3,618.93**
Non-financial liabilities				
Provisions	17	14.14	10.86	6.67
Other non-financial liabilities	18	14.19	12.07	7.05
Total non-financial liabilities		**28.33**	**22.93**	**13.72**
EQUITY				
Equity share capital	19	333.25	287.89	187.12
Other equity	20	852.68	545.99	165.71
Total equity		**1,185.93**	**833.88**	**352.83**
Total liabilities and equity		**9,795.05**	**7,782.82**	**3985.48**

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

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

per Chirag Jain
Partner
Membership No: 115385

Date: June 06, 2020
Place: Mumbai

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Shant Kumar Gupta
Director
DIN: 01571485

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No: A36611

Place: Jalandhar

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rupees in Millions unless otherwise stated)

PARTICULARS	Notes	March 31, 2020	March 31, 2019
Revenue from operations			
Interest income	21	1,778.94	1,123.60
Fees and commission income	22	15.89	13.22
Net gain on derecognition of financial instruments under amortised cost category	23	40.21	-
Total revenue from operations		**1,835.04**	**1,136.82**
Other income	24	6.42	22.05
Total income		**1,841.46**	**1,158.87**
Expenses			
Finance cost	25	989.63	595.38
Impairment on financial instruments	26	42.73	2.09
Employee benefit expenses	27	361.15	273.55
Depreciation and amortization expense	12	36.41	16.76
Other expenses	28	160.76	144.73
Total expenses		**1,590.68**	**1,032.51**
Profit before tax		**250.78**	**126.36**
Tax expense:			
Current tax	29	59.52	40.01
Deferred tax	29	3.97	(0.11)
Income tax expense		**63.49**	**39.90**
Profit for the year (A)		**187.29**	**86.46**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain on defined benefit plans		0.27	0.37
Income tax effect		(0.06)	(0.11)
Items that will be reclassified subsequently to profit or loss			
Fair value loss on derivative financial instruments		(29.72)	-
Income tax effect		7.48	-
Other comprehensive income (B)		**(22.03)**	**0.26**
Total comprehensive income for the year (A+B)		**165.26**	**86.72**
Earnings per share (equity share, par value of Rs.10 each)			
Computed on the basis of total profit for the year			
Basic	30	5.96	3.70
Diluted	30	5.94	3.41
Nominal value		10.00	10.00

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements.

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

per Chirag Jain
Partner
Membership No: 115385

Date: June 06, 2020
Place: Mumbai

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Shant Kumar Gupta
Director
DIN: 01571485

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No: A36611

Place: Jalandhar

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Rupees in Millions unless otherwise stated)

PARTICULARS	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Profit before tax	250.78	126.36
Adjustments for:		
Depreciation and impairment of PPE & right of use assets and Intangible assets	35.97	16.77
Provision for employee benefits	3.55	4.56
Impairment of financial instruments	42.73	2.09
Net gain on derecognition of financials instruments under amortised cost category	(40.21)	-
Profit on sale of mutual fund units	(5.61)	(21.93)
Other provisions and write offs	0.88	1.05
Share issue expenses	3.05	1.12
Interest expense	9.25	-
Lease rental reversed upon implementation of Ind AS 116	(24.01)	-
Operating profit before working capital changes	**276.38**	**130.02**
Movements in working capital :		
(Decrease) / increase in trade payables	(1.62)	6.38
(Decrease) / increase in other financial liabilities (excluding lease liabilities)	(99.77)	131.78
Increase in other non financial liabilities	2.12	5.01
(Increase) in bank balances other than cash and cash equivalents	(1,172.70)	(168.52)
Decrease / (increase) in trade receivables	1.85	(3.06)
Decrease in other current tax assets	0.05	0.02
(Increase) in loan portfolio	(1,873.53)	(1,972.84)
(Increase) in other financial assets	(14.45)	(7.17)
(Increase) in other non financial assets	(12.97)	(6.31)
Cash used in operations	**(2,894.64)**	**(1,884.69)**
Income taxes paid	(64.65)	(50.44)
Net cash used in operating activities (A)	**(2,959.29)**	**(1,935.13)**
Cash flow from investing activities		
Purchase of property, plant and equipment (excluding right of use assets) including Capital work-in-progress	(19.28)	(18.15)
Purchase of intangible assets	(3.69)	(3.53)
Purchase of investments	(3,652.05)	(4,372.46)
Sale of investments	3,707.66	4,356.39
Net cash used in investing activities (B)	**32.64**	**(37.75)**
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium) net off share issue expenses	183.10	393.21
Issue of optionally convertible preference shares (including securities premium)	20.00	-
Proceeds from issue (redemption) of Debt securities (net)	(256.97)	458.74
Proceeds from issue of Borrowings (other than debt securities) (net)	1,751.84	2,665.12
Proceeds from issue of Subordinated liabilities (net)	165.12	45.07
Dividend on equity shares (includes dividend distribution tax)	(19.38)	-
Net cash from financing activities (C)	**1,843.71**	**3,562.14**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(1,082.94)**	**1,589.26**
Cash and cash equivalents at the beginning of the year	1,882.67	293.41
Cash and cash equivalents at the end of the year (refer note 4)	**799.73**	**1,882.67**
Components of cash and cash equivalents as at the end of period		
Cash in hand	14.20	9.28
Balance with banks - on current account	118.02	506.08
Deposits with original maturity of less than or equal to 3 months	667.51	1,367.31
Total cash and cash equivalents	**799.73**	**1,882.67**

Note:
1. Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".
2. Previous year figures have been regrouped / reclassified wherever applicable.
3. For disclosures relating to changes in liabilities arising from financing activities, refer note 44.

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

per Chirag Jain
Partner
Membership No: 115385

Date: June 06, 2020
Place: Mumbai

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Shant Kumar Gupta
Director
DIN: 01571485

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No: A36611

Place: Jalandhar

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

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 April 1, 2018	**18,711,500**	**187.12**
Issue of equity share capital during the year ended March 31, 2019 (refer note 19(b))	10,077,876	100.77
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 19(b))	2,197,299	21.97
As at March 31, 2020	**30,986,675**	**309.86**

B. Other Equity

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, 2018	**20**	**112.93**	**(6.42)**	**22.57**	**36.63**	**-**	**165.71**	**-**	**165.71**
Profit for the year		-	86.46	-	-	-	86.46	-	86.46
Other comprehensive income		-	0.26	-	-	-	0.26	-	0.26
Total comprehensive income		**-**	**86.72**	**-**	**-**	**-**	**86.72**	**-**	**86.72**
Transfer to Statutory Reserve *		-	(20.93)	20.93	-	-	-	-	-
Issue of share capital during the year		293.56	-	-	-	-	293.56	-	293.56
Dividend on equity shares (includes dividend distribution tax)		-	-	-	-	-	-	-	-
Balance as at March 31, 2019	**20**	**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)**	**165.26**
Transfer to Statutory Reserve		-	(37.46)	37.46	-	-	-		-
Transfer to Capital Redemption Reserve		-	(4.00)	-	-	4.00	-		-
Issue of share capital during year	19	168.15	-	-	-	-	168.15	-	168.15
Issue of bonus equity shares	19	(23.39)	-	-	-	-	(23.39)		(23.39)
Conversion of optionally convertible preference shares	19	16.03	-	-	-	-	16.03	-	16.03
Dividend on equity shares (includes dividend distribution tax)	20	-	(19.36)	-	-	-	(19.36)	-	(19.36)
Balance as at March 31, 2020	**20**	**567.28**	**186.05**	**80.96**	**36.63**	**4.00**	**874.92**	**(22.24)**	**852.68**

* As determined on the basis of profit calculated under previous GAAP.

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

per Chirag Jain
Partner
Membership No: 115385

Date: June 06, 2020
Place: Mumbai

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

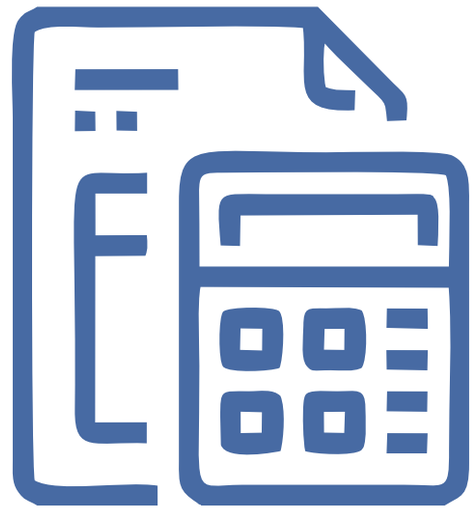
Shant Kumar Gupta
Director
DIN: 01571485

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No: A36611

Place: Jalandhar

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 seven states and one union territory namely Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Himachal Pradesh 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).

For all periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards (Indian GAAP or previous GAAP) notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and Non-Banking Financial Company-Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') as amended from time to time.

The financial statements for the year ended March 31, 2020 are the first, the Company has prepared in accordance with Ind AS. The company has applied Ind AS 101- First time adoption of Indian Accounting Standards, for transition from previous GAAP to Ind AS. As explanation of how transition to previous GAAP has affected the previously reported financial position, financial performance and cash flows of the company is provided under Note 42.

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	6 years
	- Servers and networks	
	- 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.

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.

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)

The Company has adopted Ind AS 116, 'Leases' with effect from April 1, 2019, replacing Ind AS 17 'Leases'. The Company has applied Ind AS 116 on a modified retrospective basis without restating prior years. The effect is set out in Note 3.18.

Leases under Ind AS 17

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

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.

3.18 Changes in accounting policies and disclosures

New and amended standards

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 (refer note 32), as follows:

Assets	Amount
Operating Lease commitment as on 31st March 2019	86.61
Less: Short term lease commitment	2.94
Operating Lease commitments as at 31 March 2019	83.67
Weighted average incremental borrowing rate as at 1 April 2019	15.13%
Lease Liability as on 1st April 2019	**56.50**

(Rupees in millions unless otherwise stated)

	As at 31-3-2020	As at 31-3-2019	As at 01-4-2018
4: Cash and cash equivalents			
Cash on hand	14.20	9.28	5.46
Balances with banks	-	-	-
On current accounts	118.02	506.08	262.09
Deposit with original maturity of less than 3 months	667.51	1,367.31	25.86
	799.73	**1,882.67**	**293.41**

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	964.77	-	-
Deposit with remaining maturity of more than 12 months	8.42	-	-
Margin money deposits (refer note below)	461.91	262.39	93.88
	1,435.10	**262.39**	**93.88**

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, 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**

Part I	As at March 31, 2019			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Currency Derivatives:				
-Currency Swaps	-	-	-	-
Total derivative financial instruments	**-**	**-**	**-**	**-**

Part II	As at March 31, 2019			
	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	-	-	-	-
Total derivative financial instruments	**-**	**-**	**-**	**-**

Part I	As at April 01, 2018			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Currency Derivatives:				
-Currency Swaps	-	-	-	-
Total derivative financial instruments	**-**	**-**	**-**	**-**

Part II	As at April 01, 2018			
	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	-	-	-	-
Total derivative financial instruments	**-**	**-**	**-**	**-**

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, 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)

	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 31-3-2019**
The impact of Hedging instruments (Net)	-	-	Derivative Financial Liability	-	-

7: Trade Receivables	**As at 31-3-2020**	**As at 31-3-2019**	**As at 01-4-2018**
Outstanding for a period less than six months from the date they are due for payment-unsecured, considered good	2.73	4.58	1.52
Total	**2.73**	**4.58**	**1.52**

8: Loan Portfolio	**As at 31-3-2020 at Amorised Cost**	**As at 31-3-2019 at Amorised Cost**	**As at 01-4-2018 at Amorised Cost**
Secured, considered good*	-	23.92	149.33
Less: Impairment loss allowance	-	(0.08)	(0.81)
Unsecured, considered good*	7,304.15	5,422.13	3,324.33
Less: Impairment loss allowance	(43.31)	(20.65)	(18.19)
Unsecured, Considered doubtful**	41.87	26.44	25.98
Less: Impairment loss allowance	(38.11)	(19.81)	(19.46)
Total	**7,264.60**	**5,431.93**	**3,461.18**
Above amount includes-Loans provided in India	7,264.60	5,431.93	3,461.18
Total	**7,264.60**	**5,431.93**	**3,461.18**

** 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, 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**

Portfolio classification as at March 31, 2019

Particulars	Stage I	Stage II	Stage III	Total
Considered good	5,422.66	2.65	-	5,425.30
Considered doubtful	-	-	6.63	6.63
Total	**5,422.66**	**2.65**	**6.63**	**5,431.93**

Portfolio classification as at April 1, 2018

Particulars	Stage I	Stage II	Stage III	Total
Considered good	3,454.60	0.07	-	3,454.66
Considered doubtful	-	-	6.52	6.52
Total	**3,454.60**	**0.07**	**6.52**	**3,461.18**

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 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**

Gross Portfolio Movement for the year ended March 31, 2019

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2018	3,473.59	0.07	25.98	3,499.64
Total (A)	**3,473.59**	**0.07**	**25.98**	**3,499.64**
Inter-stage movements				
Stage I	(4.70)	0.50	4.20	-
Stage II	-	(0.09)	0.09	-
Stage III	0.002	-	(0.002)	-
Total (B)	**(4.70)**	**0.41**	**4.29**	**-**
New assets originated, repaid and derecognised during year	1,973.80	2.88	(3.83)	1,972.85
Total (C)	**1,973.80**	**2.88**	**(3.83)**	**1,972.85**
Gross carrying amount as at March 31, 2019 (A+B+C)	5,442.69	3.36	26.44	5,472.49

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**

ECL movement during the year ended March 31, 2019:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	18.99	0.01	19.46	38.46
Provision made/ (reversed) during the year	1.04	0.69	0.35	2.08
Write off	-	-	-	-
Closing Balance	**20.03**	**0.70**	**19.81**	**40.54**

9: **Investments** **Investment in mutual funds** **(at fair value through profit & loss)**	**As at 31-3-2020**	**As at 31-3-2019**	**As at 01-4-2018**
Nil (March 31, 2019: Nil and April 01 2018: 6,84,708.742) units of Rs. 10 each fully paid-up of ICICI Prudential Regular Income Fund - Growth	-	-	12.00
Nil (March 31, 2019: 10,971.803 and April 01 2018: Nil) units of Rs. 10 each fully paid-up of Reliance Liquid Fund - Growth Plan - Growth Option	-	50.00	-
	-	**50.00**	**12.00**
Less: Impairment loss allowance	-	-	-
Total	**-**	**50.00**	**12.00**
Investment in India	-	50.00	12.00

10: Other financial assets (at amortised cost)

Security deposits			
Unsecured, considered good	2.80	2.15	1.49
Other Assets			
Security deposits placed with non banking financial companies*	12.13	5.11	2.85
Retained interest on asset assigned	40.21	-	-
Other assets	20.51	13.74	9.49
Less: Impairment loss allowance	(1.85)	-	-
	73.80	**21.00**	**13.83**

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

11: Current Tax Assets (net)

Advance income tax (net of provision)	30.00	24.92	14.51
	30.00	**24.92**	**14.51**

12. 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 improve-ments	Vehicle	Total
Gross Block (at cost)							
At April 1, 2018	-	15.29	31.00	10.96	23.32	6.70	87.27
Addition	-	5.23	6.69	4.42	0.09	1.74	18.17
Disposals	-	(0.01)	-	-	-	-	(0.01)
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**
Depreciation							
At April 1, 2018	-	3.36	15.31	1.97	3.08	2.02	25.74
Charge for the year	-	1.77	8.14	1.35	2.86	0.94	15.06
Disposals	-	(0.01)	-	-	-	-	(0.01)
At March 31, 2019	**-**	**5.12**	**23.45**	**3.32**	**5.94**	**2.96**	**40.79**
Charge for the period	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**
Net Carrying Amount							
At April 1, 2018	-	11.93	15.69	8.99	20.24	4.68	61.53
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**

Intangible Assets

Particulars	Software	Licenses	Total
Gross block (at cost)			
At April 1, 2018	3.74	6.32	10.06
Addition	1.70	1.84	3.54
At March 31, 2019	**5.44**	**8.16**	**13.60**
Addition	3.69	-	3.69
Adjustments	0.06	-	0.06
At March 31, 2020	**9.19**	**8.16**	**17.35**
Amortization			
At April 1, 2018	0.82	1.25	2.07
Charge for the year	0.57	1.15	1.72
At March 31, 2019	**1.39**	**2.40**	**3.79**
Charge for the period	1.00	1.25	2.25
Adjustments	0.06	0.00	0.06
At March 31, 2020	**2.45**	**3.65**	**6.10**
Net Carrying Amount			
At April 1, 2018	2.92	5.07	7.99
At March 31, 2019	4.05	5.76	9.81
At March 31, 2020	**6.74**	**4.51**	**11.25**

13: Other Non-Financial Assets

	As at 31-3-2020	As at 31-3-2019	As at 1-4-2018
Unsecured, considered good			
Prepaid expenses	9.11	7.18	4.91
Balances with statutory / government authorities	8.38	0.94	0.59
Capital advances	1.10	-	-
Other Non Financial Assets	8.55	4.17	3.86
Unsecured, considered doubtful			
Employee loans	5.20	7.08	3.70
Less: Impairment loss allowance	(1.93)	(1.05)	-
	30.41	**18.32**	**13.06**

14: Trade Payables

Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	6.58	8.20	1.81
	6.58	**8.20**	**1.81**

15: (a) Debt Securities (at amortised cost)

Secured Debentures

Nil (March 31, 2019 : 214 and April 01, 2018 : 224), Series I, 11.50% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 3 years from the date of allotment.	-	2.14	2.23
Nil (March 31, 2019 : 552 and April 01, 2018 : 1867), Series I, 11.60% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 3 years from the date of allotment.	-	11.50	34.55
Nil (March 31, 2019 : 30 and April 01, 2018 : 90), Series II, 11.50% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 3 years from the date of allotment.	-	0.29	0.89
Nil (March 31, 2019 : 80 and April 01, 2018 : 105), Series II, 11.50% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 3 years from the date of allotment.	-	1.47	1.76
Nil (March 31, 2019 : 140 and April 01, 2018 : 285), Series II, 11.75% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 3 years from the date of allotment.	-	1.40	2.84
Nil (March 31, 2019 : 3,984 and April 01, 2018 : 4,044), 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 3 years from the date of allotment.	-	74.42	67.75

380 (March 31, 2019 : 615 and April 01, 2018 : 645), 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.	3.77	6.11	6.39
325 (March 31, 2019 : 755 and April 01, 2018 : 755), 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.	3.23	7.51	7.49
933 (March 31, 2019 : 1966 and April 01, 2018 : 2345), 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.	21.74	40.39	43.40
325 (March 31, 2019 844: and April 01, 2018 : 844), 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.	7.60	17.37	15.56
282 (March 31, 2019 : 282 and April 01, 2018 : 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.	2.80	2.78	2.77
Nil (March 31, 2019 : 700 and April 01, 2018 : 700), Series II, 11.50% 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.	-	12.98	11.65
75 (March 31, 2019 : 100 and April 01, 2018 : 100), 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	1.88	1.68
270 (March 31, 2019 : 270 and April 01, 2018 : 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	5.09	4.55
Nil (March 31, 2019 : 500 and April 01, 2018 : 500), Series IV, 11.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 2 years from the date of allotment.	-	5.00	4.99
Nil (March 31, 2019 : 200 and April 01, 2018 : 200), Series V, 11.00% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 2 years from the date of allotment.	-	2.00	2.00
Nil (March 31, 2019 : 415 and April 01, 2018 : 415), Series V, 11.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. 15. Put option is available after 2 years from the date of allotment.	-	4.15	4.14

Nil (March 31, 2019 : 55 and April 01, 2018 : 55), Series V, 11.00% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 2 years from the date of allotment.	-	0.79	0.71
Nil (March 31, 2019 : 135 and April 01, 2018 : 135), Series V, 11.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 2 years from the date of allotment.	-	1.99	1.78
520 (March 31, 2019 : 520 and April 01, 2018 : 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.	5.15	5.13	5.11
805 (March 31, 2019 : 805 and April 01, 2018 : 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.	16.66	14.95	13.42
1,300 (March 31, 2019 : 1300 and April 01, 2018 : 1,300), Series II, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 5 years from the date of allotment.	27.12	24.26	21.75
2,921 (March 31, 2019 : 2,921 and April 01, 2018 : 4,273), 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.	29.85	29.70	43.41
18,227 (March 31, 2019 : 18,227 and April 01, 2018 : 20,727), 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.	354.53	315.07	316.87
3,880 (March 31, 2019 : 3,880), Series VI, 10.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 15 months from the date of allotment.	38.42	38.25	-
1,950 (March 31, 2019 : 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.	22.72	20.60	-
205 (March 31, 2019 : 205 and April 01, 2018 : 205), Series IV, 11.75% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 5 years from the date of allotment.	2.05	2.05	2.05
50 (March 31, 2019 : 50 and April 01, 2018 : 50), Series IV, 11.50% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 5 years from the date of allotment.	0.81	0.73	0.66
485 (March 31, 2019 : 485 and April 01, 2018 : 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.	7.91	7.12	6.42
250 (March 31, 2019 : 250 and April 01, 2018 : 250), Series V, 11.50% Secured, Simple, 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	2.49
600 (March 31, 2019 : 600 and April 01, 2018 : 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.	9.65	8.68	7.80
50 (March 31, 2019 : 50 and April 01, 2018 : 50), Series IV, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 7 years from the date of allotment.	0.50	0.50	0.50
550 (March 31, 2019 : 550 and April 01, 2018 : 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.	9.15	8.21	7.36
3,360 (March 31, 2019 : 3,360), Series VI, 10.40% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 4 years from the date of allotment.	33.17	33.08	-
2,550 (March 31, 2019 : 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.	29.71	26.91	-
320 (March 31, 2019 : 320 and April 01, 2018 : 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.	3.19	3.19	3.19
35 (March 31, 2019 : 35 and April 01, 2018 : 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.	0.57	0.51	0.46
1,910 (March 31, 2019 : 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.	18.83	18.79	-
2,690 (March 31, 2019 : 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.	31.37	28.41	-
Borrowing under securitisation arrangement**			
From Banks	345.21	504.56	185.11
From non-banking financial companies	-	-	-
Total Debt Securities	**1,035.49**	**1,292.46**	**833.73**

**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	3,253.22	1,957.66	638.85
Non-banking financial companies	2,777.55	2,861.62	1,510.99
External commercial borrowings	553.54	-	-
Term Loans (Unsecured)			
Others	5.65	-	4.32
Total Borrowings (Other than Debt Securities)	**6,589.96**	**4,819.28**	**2,154.16**

***Nature of Security for Term Loans:**			
Secured by hypothecation (exclusive charge) of loans and margin money deposits	2,912.23	1,547.60	444.39
Secured by hypothecation (exclusive charge) of loans	3,671.15	3,270.23	1,704.08
Secured by fixed assets (Car Loan)	0.93	1.45	1.36
Total Outstanding	**6,584.31**	**4,819.28**	**2,149.83**

***Out of the total secured term loans of Rs. 6,624.61 mn (March 31, 2019: Rs. 4,819.28 mn and April 01, 2018: Rs. 2,149.83) as shown in the note (b), an amount of Nil (March 31, 2019: Rs. 84.81 mn and April 01, 2018: Rs. 185.51 mn) has been guaranteed by the Managing Director, Mr. Amardeep Singh Samra in his personal capacity.*

(c) Subordinated Liabilities (at amortised cost)

Unsecured Debentures			
2,017 (March 31, 2019 : 2,017 and April 01, 2018 : 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	20.17	20.17
1,674 (March 31, 2019 : 1,674 and April 01, 2018 : 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	37.93	34.39
3,000 (March 31, 2019 : 3,000 and April 01, 2018 : 3,000), Series II, 12.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was June 13, 2015.	29.97	29.96	29.94
5,738 (March 31, 2019 : 5,738 and April 01, 2018 : 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.	57.28	57.25	57.22
6,262 (March 31, 2019 : 6,262 and April 01, 2018 : 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.	90.35	81.75	73.96
2,350 (March 31, 2019 : Nil), 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.	23.03	-	-

9,310 (March 31, 2019 : Nil), 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.	96.16	-	-
820 (March 31, 2019 : Nil), 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.	7.95	-	-
2,170 (March 31, 2019 : Nil), 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.	22.01	-	-
Preference shares other than those that qualify as Equity			
OCPS*	-	19.52	19.66
NCPS*	391.16	368.24	334.42
Total Subordinated Liabilities	**779.94**	**614.82**	**569.76**
Total	**8,405.39**	**6,726.56**	**3,557.65**
Borrowings in India	7,851.85	6,726.56	3,557.65
Borrowings outside India	553.54	-	-
Total	**8,405.39**	**6,726.56**	**3,557.65**

**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

20,00,000 OCPS of Rs.10 each fully paid-up carry cumulative dividend @ 9% p.a. Each holder of 9% OCPS can opt to convert its preference shares into equity shares at anytime before redemption i.e. 6 years after the date of allotment (August 11, 2015). If the holder does not exercise its conversion option, the company will redeem these shares at par. However, if the option is exercised by the OCPS holders then preference shares shall be converted into equity shares at a value determined by the registered valuer as per the Companies Act, 2013. During the year, the OCPS holders exercised the conversion option pursuant to which the OCPS were converted into equity shares (refer note 19(b)).

19,00,000 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 three 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, 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.*

Terms of repayment of borrowings as on March 31, 2019

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%	24	486.35	-	-	-	-	-	-	486.35
	12.01%-15.00%	4	18.50	-	-	-	-	-	-	18.50
Bullet	9.01%-12.00%	19	87.28	13	157.33	11	110.60	5	105.10	460.31
	12.01%-15.00%	1	5.19	1	0.90	9	69.00	4	9.55	84.64
Sub-total **(A)**		**48**	**597.32**	**14**	**158.23**	**20**	**179.60**	**9**	**114.65**	**1,049.80**
Borrowings (Other than Debt Securities)										
Monthly	6.01%-9.00%	24	18.70	41	28.20	-	-	-	-	46.90
	9.01%-12.00%	71	270.85	46	134.36	12	15.59	-	-	420.80
	12.01%-15.00%	726	2,211.81	390	1,295.47	-	-	-	-	3,507.28
Quarterly	6.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	4	50.00	-	-	-	-	-	-	50.00
	12.01%-15.00%	16	137.50	18	125.00	8	37.44	-	-	299.94
Half Yearly	6.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	4	159.00	4	285.50	4	42.40	1	5.60	492.50
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Sub-total (B)		**845**	**2,847.86**	**499**	**1,868.53**	**24**	**95.43**	**1**	**5.60**	**4,817.42**
Subordinated Liabilities										
Bullet	0.01%-3.00%	1	8.00	3	50.20	-	-	5	241.30	299.50
	9.01%-12.00%	1	20.00	3	66.91	2	99.15	2	20.85	206.91
	18.01%-21.00%	-	-	1	6.90	2	20.50	-	-	27.40
Sub-total (C)		**2**	**28.00**	**7**	**124.01**	**4**	**119.65**	**7**	**262.15**	**533.81**
Total (A+B+C)		**895**	**3,473.18**	**520**	**2,150.77**	**48**	**394.68**	**17**	**382.40**	**6,401.03**

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

Terms of repayment of borrowings as on April1, 2018

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%	6	173.77	-	-	-	-	-	-	173.77
	12.01%-15.00%	1	11.16	-	-	-	-	-	-	11.16
Bullet	9.01%-12.00%	12	58.76	26	224.86	11	35.98	4	36.07	355.67
	12.01%-15.00%	-	-	1	5.19	6	8.65	8	70.80	84.64
Sub-total (A)		**19**	**243.69**	**27**	**230.05**	**17**	**44.63**	**12**	**106.87**	**625.24**
Borrowings (Other than Debt Securities)										
Monthly	9.01%-12.00%	19	68.02	21	116.72	-	-	-	-	184.74
	12.01%-15.00%	375	1,054.33	257	795.14	-	-	-	-	1,849.47
Quarterly	9.01%-12.00%	4	50.00	4	50.00	-	-	-	-	100.00
	12.01%-15.00%	2	19.94	-	-	-	-	-	-	19.94
Bullet	12.01%-15.00%	1	3.70	-	-	-	-	-	-	3.70
Sub-total (B)		**401**	**1,195.99**	**282**	**961.86**	**-**	**-**	**-**	**-**	**2,157.85**
Subordinated Liabilities										
Bullet	0.01%-3.00%	-	-	1	8.00	3	50.20	5	241.30	299.50
	9.01%-12.00%	-	-	3	56.91	3	129.15	2	20.85	206.91
	18.01%-21.00%	-	-	-	-	3	27.40	-	-	27.40
Sub-total (C)		**-**	**-**	**4**	**64.91**	**9**	**206.75**	**7**	**262.15**	**533.81**
Total (A+B+C)		**420**	**1,439.68**	**313**	**1,256.82**	**26**	**251.38**	**19**	**369.02**	**3,316.90**

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

16: Other Financial Liabilities

	As at 31-3-2020	As at 31-3-2019	As at 1-4-2018
Expenses payable	18.69	8.82	3.36
Employee benefits payable	10.13	8.57	5.96
Loans pending disbursement	-	169.80	49.38
Security deposit received	-	1.52	-
Payable towards direct assignment transactions	59.52	-	-
Unclaimed Dividend	0.01	0.01	0.02
Application money received for allotment of securities & due for refund	0.00	0.00	-
Lease liability (refer note 32)	66.46	-	-
Other payable	3.13	2.53	0.75
	157.94	**191.25**	**59.47**

17: Provisions

Provision for employee benefits			
Provision for gratuity	10.17	6.05	3.73
Provision for compensated absences	3.97	4.81	2.94
	14.14	**10.86**	**6.67**

18: Other Non-Financial liabilities

Statutory Dues Payable	14.19	12.07	7.05
	14.19	**12.07**	**7.05**

19: Equity Share capital

Authorized			
5,30,00,000 (March 31, 2019: 3,50,00,000, April 1, 2018: 2,00,00,000) equity shares of Rs.10 each	530.00	350.00	200.00
2,20,00,000 (March 31, 2019: 2,20,00,000, April 1, 2018: 2,20,00,000) preference shares of Rs.10 each	220.00	220.00	220.00
	750.00	**570.00**	**420.00**
Issued, subscribed and paid-up			
3,33,25,645 (March 31, 2019: 2,87,89,376, April 1, 2018: 1,87,11,500) equity shares of Rs.10/- each fully paid up	333.25	287.89	187.12
Total	**333.25**	**287.89**	**187.12**

(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.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, 2020		March 31, 2019		April 01, 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	28,789,376	287.89	18,711,500	187.12	18,711,500	187.12
Issued upon conversion of preference shares*	397,299	3.97	-	-	-	-
Issued during the year						
-Bonus issue**	2,338,970	23.39	-	-	-	-
-Preferential allotment	1,800,000	18.00	10,077,876	100.77	-	-
Outstanding at the end of the year	**33,325,645**	**333.25**	**28,789,376**	**287.89**	**18,711,500**	**187.12**

**During the year, 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**

**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.

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, 2020		March 31, 2019		April 01, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity shares						
Kitara PIIN 1501	11,059,961	33.19%	10,545,419	36.63%	4,106,000	21.94%
Mohinder Kaur Chhokar	2,750,000	8.25%	2,500,000	8.68%	2,000,000	10.69%
Amardeep Singh Samra	2,321,340	6.97%	1,422,905	4.94%	1,069,530	5.72%
SIDBI	1,772,299	5.32%	1,250,000	4.34%	1,000,000	5.34%
Ranjit Kaur	1,375,000	4.13%	1,250,000	4.34%	1,000,000	5.34%
Balbir Singh	1,085,700	3.26%	1,187,000	4.12%	1,187,000	6.34%

20: Other Equity	As at 31-3-2020	As at 31-3-2019	As at 1-4-2018
Securities premium (refer Note 20.1)			
Balance as per the last financial statements	406.49	112.93	112.93
Add: Premium on conversion of OCPS	16.03	-	-
Add: Premium on issue of equity shares	168.15	293.56	-
Less: Bonus issue	(23.39)	-	-
Closing balance	**567.28**	**406.49**	**112.93**
Debenture redemption reserve (refer Note 20.2)			
Balance as per the last financial statements	36.63	36.63	26.86
Add: amount transferred from surplus balance in the statement of profit and loss	-	-	9.77
Closing balance	**36.63**	**36.63**	**36.63**
Capital redemption reserve (refer Note 20.3)			
Balance as per the last financial statements	-	-	-
Add: amount transferred from surplus balance in the statement of profit and loss	4.00	-	-
Closing balance	**4.00**	**-**	**-**
Statutory reserve (refer Note 20.4)			
Balance as per the last financial statements	43.50	22.57	20.22
Add: Amount transferred from surplus of profit and loss	37.46	20.93	2.35
Closing balance	**80.96**	**43.50**	**22.57**
Retained earnings (refer Note 20.5)			
Balance as per the last financial statements	59.37	(6.42)	(6.42)
Add: Profit for the year	187.29	86.46	-
Add: Other comprehensive income (Re-measurement gain on defined benefit plans)	0.21	0.26	-
Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934]*	(37.46)	(20.93)	-
Less: Dividend on equity shares (includes dividend distribution tax)	(19.36)	-	-
Less: Transfer to Capital Redemption Reserve	(4.00)		
Closing balance	**186.05**	**59.37**	**(6.42)**
Cashflow hedge reserve (refer Note 20.6)			
Balance as per the last financial statements	-	-	-
Add: Other comprehensive income (Fair value loss on derivative financial instruments)	(22.24)	-	-
Closing balance	**(22.24)**	**-**	**-**
Total other equity	**852.68**	**545.99**	**165.71**

*As determined on the basis of profit calculated under previous GAAP.

Nature and purpose of reserves

20.1: 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.

20.2: Debenture redemption reserve

The Companies Act 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings.As per the Companies (Share Capital and Debentures) Amendment Rules, 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.

20.3: Capital redemption reserve

Where the preference shares are redeemed out of the profits available for distribution, a sum equivalent to the nominal amount of shares being redeemed shall be transferred to the Capital Redemption Reserve. The CRR can be utilized for issue of bonus shares.

20.4: Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45-IC of Reserve Bank of India Act 1934.

20.5: Retained earnings

Retained earnings 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.

20.6: Cashflow hedge reserve

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

21: Interest Income

	For period ended 31-3-2020	For period ended 31-3-2019
Measured at amortised cost		
Interest on loan portfolio other than inter corporate advances	1,629.32	1,075.51
Interest on fixed deposits	99.97	12.55
Interest on inter corporate advances	1.21	25.64
Interest on margin money deposits*	24.92	9.90
Interest income on unwinding of assigned portfolio	23.52	-
	1,778.94	**1,123.60**

**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.*

22: Fees and commission income

Servicer fee and facilitation charges	15.89	13.22
	15.89	**13.22**

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

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

24: Other income

Profit on sale of mutual fund units	5.61	21.93
Miscellaneous income	0.81	0.12
	6.42	**22.05**

25: Finance cost

Interest		
On Debt Securities	134.39	125.80
On Borrowings (Other than Debt Securities)	769.44	408.54
On Subordinated Liabilities	72.80	60.05
On Others	10.27	0.85
Other finance cost	2.73	0.14
	989.63	**595.38**

26: Impairment on financial instruments

Measured at amortised cost		
Impairment on loans	40.87	2.09
Impairment on other financial assets	1.86	-
	42.73	**2.09**

27: Employee benefits expense

Salaries, wages and bonus	316.62	241.80
Contribution to provident fund and other funds	31.61	21.36
Staff welfare expenses	12.92	10.39
	361.15	**273.55**

28: Other expenses

Rent (refer note 32)*	13.94	28.50
Rates and taxes	18.58	14.10
Bank charges	5.30	2.18
Insurance	8.53	5.88
Training Expenses	2.85	1.84
Business Promotion	4.10	3.58
Repairs and maintenance	11.90	10.35
Electricity charges	6.54	5.24
Travelling expenses	41.76	36.48
Communication expenses	13.38	11.67
Credit information service charges	4.06	2.15
Printing and stationery	10.57	7.44
Legal and professional charges	10.47	5.51
Directors sitting fees	0.25	0.24
Auditors remuneration (refer details below)	2.85	1.74
CSR Expenses	1.45	0.30
Miscellaneous expenses	3.35	6.48
Donations	-	-
Other provisions	0.88	1.05
	160.76	**144.73**

**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	2.00	1.64
Limited review fee	0.65	-
Other services fee	0.15	0.08
Out of pocket expenses	0.05	0.02
	2.85	**1.74**

29: Income Tax Expense

A. Income tax expense in the statement of profit and loss consists of:

Current Income Tax:

Income Tax	59.52	40.01
Deferred Tax	3.97	(0.11)
Income Tax expense reported in the statement of profit or loss	**63.49**	**39.90**

Income tax recognised in other comprehensive income

Deferred tax arising on re-measurement gain on defined benefit plans	0.06	0.11
Deferred tax arising on fair value loss on derivative financial instruments	(7.48)	-
Total	**(7.42)**	**0.11**
Total income tax expense	**56.07**	**40.01**

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	250.78	126.36
Re-measurement gain on defined benefit plans	0.28	0.37
Fair value loss on derivative financial instruments	(29.72)	-
Profit before tax (Re-measurement gain on defined benefit plans/Fair value loss on derivative financial instruments)	221.34	126.73
Enacted tax rates in India	25.17%	29.12%
Computed tax expense	55.71	36.90
Effect of :		
Non-deductible expenses	19.13	12.97
Additional tax allowances	(20.33)	(12.40)
Difference on account of change in tax rate	1.56	(0.65)
Earlier year tax	-	0.20
Others	-	2.99
Total Income Tax expense	**56.07**	**40.01**

C. Deferred Tax Assets (net)

Particulars	**As at**	**As at**	**As at**
Effects of deferred tax assets/ liabilities :	**31-3-2020**	**31-3-2019**	**1-4-2018**
Deferred Tax Assets			
Impairment allowance for financial assets	17.68	12.12	10.60
Provisions allowable on payment basis	3.56	3.16	1.84
Impact on Loans using effective rate of Interest	14.85	11.17	6.71
Impact of capitalisation leases under Ind AS 116	0.92	-	-
Derivative instruments in Cash flow hedge relationship	7.48	-	-
	44.49	**26.45**	**19.15**

Deferred Tax Liabilities			
Differences of written down value of Property, plant and equipment and Intangible assets	(1.16)	(1.42)	(1.80)
Remeasurement gain/(loss) on defined benefit plan	(0.16)	(0.11)	-
Impact on Borrowings using effective rate of Interest	(16.04)	(9.56)	(5.36)
Impact of re-recognition of securitization transactions in books	(2.15)	(3.84)	(0.47)
Impact of upfronting of EIS with respect to assigned loans	(10.01)	-	-
	(29.52)	**(14.93)**	**(7.63)**
Net deferred tax assets/(liabilities)	**14.97**	**11.52**	**11.52**

30: Earning per Share

Net profit after tax as per Statement of Profit and Loss	187.29	86.46
Net profit for calculation of basic earnings per share	**187.29**	**86.46**
Net profit as above	187.29	86.46
Net profit for calculation of diluted earnings per share	**187.29**	**86.46**
Calculation of weighted average number of equity shares for basic EPS		
Equity shares		
Opening No. of shares	28.79	9.24
Add: Issued during the year*	2.61	14.12
Weighted average number of equity shares for basic EPS	**31.40**	**23.36**
Effect of dilution		
Conversion of OCPS	0.13	2.00
Weighted average number of equity shares for diluted EPS	**31.53**	**25.36**
Basic earnings per share (In rupees)	**5.96**	**3.70**
Diluted earnings per share (In rupees)	**5.94**	**3.41**

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.*

31. Segment information

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of Ind AS 108 on 'Operating segments' notified under the companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

32. Leases

Company as a Lessee

The Company has adopted the new standard, Ind AS 116 Leases with effect from April 1, 2019 using the modified retrospective approach without restating the comparatives.

On adoption of Ind AS 116, the Company recognised right-of-use assets and lease liabilities in relation to leases which had been previously classified as operating leases under Ind AS 17 Leases subject to certain practical expedients as allowed by the standard.

The following practical expedients permitted by the standard were used:

- A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics and
- Exclusion of initial direct costs from the measurement of the right of use asset at the date of initial application.

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

Particulars	**March 31, 2020**
Balance as at April 01, 2019	56.50
Additions made during the year	24.72
Depreciation charged during the year	(18.43)
Balance at the end of the year	62.79

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

Particulars	**March 31, 2020**
Balance as at April 01, 2019	56.50
Additions made during the year	24.72
Interest accretion for the year	9.25
Payments made during the year	(24.01)
Balance at the end of the year	66.46

The maturity analysis of lease liabilities is disclosed under Other financial liabilities in Note 39(b).

The followings are the amounts recognised in profit and loss:

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

The future minimum rental payments in respect of non-cancellable lease for premises are as follows:

Due	**Total minimum lease payment outstanding as on March 31, 2019**
Not later than 1 year	23.43
Later than 1 year but not later than 5 year	45.97
Later than 5 years	17.21
Total	**86.61**

33. Related parties

a. Related parties under Ind AS 24 with whom transactions have taken place during the year

Key Management Personnel

Amardeep Singh Samra	Managing Director
Amitesh Kumar	Chief 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)
Sonia Dua	Company Secretary (resigned w.e.f. May 25, 2018)
V.K. Bhandari	Non-Executive Chairman
Sachin Kamath	Nominee Director
Shant Kumar Gupta	Independent Director
Janak Raj Gupta	Independent Director
Kamna Raj Aggarwalla	Independent Director
Harpal Singh	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
Sneh Bhandari	Wife of Mr V.K. Bhandari
Ashish Bhandari	Son of Mr V.K. Bhandari
Prerna Bhandari	Wife of Mr. Ashish Bhandari
Ashish Gupta	Son of Mr J.R. Gupta
Mohinder Kaur Chhokar	Mother of Mr Harpal Singh Chhokar

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, 2020	Transaction during the year ended March 31, 2019	(Payable)/Receivables		
				March 31, 2020	March 31, 2019	April 01, 2018
Amardeep Singh Samra	Remuneration	13.61	7.39	-	-	-
	Rent	1.26	1.10	-	-	-
	Reimbursement	2.03	1.48	-	-	-
	Sitting fees	0.04	0.04	-	-	-
	Issue of equity shares (including premium)	56.88	7.07	-	-	-
	Payment of dividend on equity shares	1.00	-	-	-	-
Amitesh Kumar	Remuneration	3.95	3.83	-	(0.03)	-
	Reimbursement	0.85	1.00	-	-	-
	Loans given & repayment thereof	-	(0.04)	0.53	0.53	0.57
	Issue of equity shares (including premium)	-	0.85	-	-	-
	Payment of dividend on equity shares	0.09	-	-	-	-
Sharon Arora	Remuneration	0.49	0.38	(0.00)		
	Issue of equity shares (including premium)	-	0.02	-	-	-
	Payment of dividend on equity shares	0.00	-	-	-	-
Surinder Kaur Samra	Rent	0.11	0.10	-	-	-
Amarjit Singh Samra	Rent	0.11	0.10	-	-	-
Sarvjit Singh Samra	Rent	1.26	1.00	-	-	-
Gagan Samra	Issue of equity shares (including premium)	-	5.08	-	-	-
	Payment of dividend on equity shares	0.39	-	-	-	-
Lata Kumari	Professional fees	1.08	0.81	-	-	-
	Reimbursement	0.68	-	-	-	-
Kitara PIIN 1501	Issue of equity shares (including premium)	-	321.57	-	-	-
	Payment of dividend on equity shares	4.72	-	-	-	-
V.K.Bhandari	Issue of equity shares (including premium)	10.34	1.14	-	-	-
	Payment of dividend on equity shares	0.16	-	-	-	-
	Payment of dividend on preference shares	0.00	-	-	-	-
	Reimbursement	0.43	0.47	-	-	-
	Sitting fees	0.05	0.05	-	-	-
Sachin Kamath	Reimbursement	0.32	0.31	-	-	-
	Sitting fees	0.05	0.06	(0.01)	(0.01)	(0.01)
Shant Kumar Gupta	Sitting fees	0.05	0.04	-	-	(0.01)
Janak Raj	Issue of equity shares (including premium)	-	0.50	-	-	-
Gupta	Payment of dividend on equity shares	0.08	-	-	-	-
	Payment of dividend on preference shares	0.06	0.06	-	-	-
	Issue of debentures	-	1.00	-	-	-
	Interest on debentures	0.11	0.08	-	-	-
	Sitting fees	0.04	0.04	-	-	-

Related party	Nature of Transactions	Transaction during the year ended March 31, 2020	Transaction during the year ended March 31, 2019	(Payable)/Receivables		
				March 31, 2020	March 31, 2019	April 01, 2018
Kamna Raj Aggarwalla	Sitting fees	0.03	0.01	-	-	(0.01)
Jeeban Kumar Sethy	Sitting fees	-	0.01	-	-	-
Sneh Bhandari	Issue of equity shares (including premium)	5.17	1.14	-	-	-
	Payment of dividend on equity shares	0.16	-	-	-	-
	Payment of dividend on preference shares	0.00	-	-	-	-
Ashish Bhandari & Prerna Bhandari						
	Issue of equity shares (including premium)	36.20	2.86	-	-	-
	Payment of dividend on equity shares	0.40	-	-	-	-
Ashish Gupta	Issue of equity shares (including premium)	-	0.25	-	-	-
	Payment of dividend on equity shares	0.04	-	-	-	-
Mohinder Kaur Chhokar	Issue of equity shares (including premium)	-	10.00	-	-	-
	Payment of dividend on equity shares	1.55	-	-	-	-

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.

c. Issue of bonus shares

Related Party	No. of Shares issued during March 31, 2020
Amardeep Singh Samra	1,42,291
Amitesh Kumar	14,834
Sharon Arora	100
Gagan Samra	62,534
Kitara PIIN 1501	5,14,542
V.K. Bhandari	25,719
Janak Raj Gupta	12,500
Sneh Bhandari	25,719
Ashish Bhandari	64,312
Ashish Gupta	6,250
Mohinder Kaur Chhokar	2,50,000

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

There are no contingent liabilities as at end of the current year and the previous year. Estimated amounts of contract remaining to be executed on capital account (net of capital advances) and not provided is INR 10 lakhs as on March 31, 2020 (previous year: Nil).

35. Fair Value Measurement

Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly/ indirectly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair Value hierarchy of Asset and Liabilities measured at fair value

Particulars	**As at March 31, 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**

Particulars	**As at March 31, 2019**			
	Level 1	**Level 2**	**Level 3**	**Total**
At fair value through Profit and Loss				
Investments	50.00	-	-	50.00
Total	**50.00**	**-**	**-**	**50.00**

Particulars	**As at April 1, 2018**			
	Level 1	**Level 2**	**Level 3**	**Total**
At fair value through Profit and Loss				
Investments	12.00	-	-	12.00
Total	**12.00**	**-**	**-**	**12.00**

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.

36. Capital Management

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times (refer Note 45(i)).

37. Retirement benefits

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs. 20,00,000 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 & Leave Encashment.

Movement in Defined Benefit Obligations

Particulars	March 31, 2020	March 31, 2019
Defined benefit obligations as at the beginning of Year	6.05	3.72
Current Service Cost	4.29	2.77
Interest on defined benefit obligations	0.46	0.29
Re-measurements - Actuarial (Gain)/Loss on total Liabilities	(0.27)	(0.37)
Benefits paid	(0.37)	(0.36)
Defined benefit obligations as at the end of Year	**10.16**	**6.05**

Balance Sheet

Amount recognised in Balance Sheet

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Present Value of obligations	10.16	6.05	3.73
Fair value of plan assets	-	-	-
Net defined benefit liability recognised in balance sheet	**(10.16)**	**(6.05)**	**(3.73)**

Expense charged to the statement of profit and loss

Particulars	March 31, 2020	March 31, 2019
Current service cost	4.29	2.77
Interest Cost	0.46	0.29
Total	**4.75**	**3.06**

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

Particulars	March 31, 2020	March 31, 2019
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	0.83	-
- Changes in demographic assumptions	0.64	0.13
- Changes in financial assumptions	(1.74)	(0.50)
Amount recognised under other comprehensive income	**(0.27)**	**(0.37)**

Summary of Actuarial Assumptions

Particulars	March 31, 2020	March 31, 2019
Discount rate	7.66%	6.76%
Rate of Increase in compensation levels	5.50%	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, 2020	March 31, 2019
Discount rate (+0.5%)	(0.62)	(0.53)
Discount rate (-0.5%)	0.68	0.60
Salary Inflation (+1%)	0.65	0.61
Salary Inflation (-1%)	(0.60)	(0.54)

Maturity Profile of Defined Benefit Obligation

Particulars	March 31, 2020	March 31, 2019
Year 1	0.26	0.07
Year 2	0.27	0.06
Year 3	0.35	0.08
Year 4	0.42	0.11
Year 5	0.46	0.13
Year 6	0.44	0.12
After 6 years	7.94	5.48

Discount rate: The discount rate is based on government bond yields as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimate of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

38. Dues to micro, small and medium enterprises

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.

39. Risk Management & financial objectives

Risk is an integral part of the Company's business and sound risk management is critical to its success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company continuously identifies potential risks in advance, analyzes them and takes precautionary steps to reduce/curb the risk. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

a. Credit Risk

Credit risk is the risk of loss that may occur from defaults by Borrowers under loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts 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.

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, 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
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.*

Maturity pattern of Liabilities as on March 31, 2019:

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*	651.64	338.11	362.31	1,112.21	1,732.89	2,558.98	614.83	709.55	8,080.52
Other financial liabilities	197.93	-	-	-	1.52	-	-	-	199.45

**Represents debt securities, borrowings (other than debt securities) and Subordinated liabilities.*

Maturity pattern of Liabilities as on April 1, 2018:

Particulars	Upto	1 to 2 1 month	2 to 3 months	3 to 6 months	6 months months	1 to 3 to 1 year	3 to 5 years	Over 5 years	Total years
Borrowings*	392.38	210.98	191.69	517.31	640.91	1,446.69	319.20	843.79	4,562.95
Other financial liabilities	55.36	5.92	-	-	-	-	-	-	61.28

**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, 2020	March 31, 2019
0.50% increase	(16.13)	(9.69)
0.50% decrease	16.13	9.69

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, 2020		As at March 31, 2019		As at April 1, 2018	
	EUR	GBP	EUR	GBP	EUR	GBP
Hedged						
ECB	414.92	140.27	-	-	-	-
Derivative*	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.

40. 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, 2020	March 31, 2019	April 1, 2018
Carrying amount of transferred assets measured at amortised cost	288.46	389.08	155.52
Carrying amount of associated liabilities	345.21	504.56	185.10

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, 2020	For the year ended March 31, 2019
Carrying amount of derecognised financial assets	548.71	-
Gain/(loss) from derecognition	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.

41) Expenditure on Corporate Social Responsibility:

Particulars	March 31, 2020	March 31, 2019
a) Gross amount required to be spent by the Company during the year	1.45	0.92
b) Amount spent during the year on purposes other than construction/acquisition of any asset	1.45	0.30
Paid (Includes no payment which were provided as in previous year)	1.45	0.30
Yet to be paid	-	-

42. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2020, are the first financial statements the Company and have been prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2020, together with the comparative period data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019.

Exemptions availed:

Optional Exemption

1. Property, plant, equipment & intangible assets

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at March 31, 2018, measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on April 1, 2018.

Mandatory Exemptions

1. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to IND AS.

Reconciliation of Equity under Ind AS and Previous GAAP	Note	March 31, 2019	March 31, 2018
Total equity as per previous IGAAP		1,206.17	713.87
Loan Portfolio			
Processing fee on financial assets reversed on account of EIR model	A	(38.35)	(24.36)
Impairment of financial instruments using ECL model on Financial Assets	B	10.33	(6.39)
Borrowings			
Measurement of financial liabilities at amortized cost using EIR method	C	35.67	19.44
Recognition of optionally convertible and non-convertible preference shares as borrowings under Ind AS	D	(387.76)	(354.08)
Others			
Impact of re-recognition of securitization transaction in books	E	13.17	1.71
Re-measurement gains/(losses) on defined benefit plans	F	(0.11)	-
Recognition of deferred tax asset	G	(5.24)	2.65
Total equity as per Ind-AS		**833.88**	**352.83**

Reconciliation of Profit under Ind AS and previous GAAP	Note	March 31, 2019
Profit after tax as per previous GAAP		104.60
Loan Portfolio		
Processing fee on financial assets reversed on account of EIR model	A	(13.99)
Impairment of financial instruments using ECL model on Financial Assets	B	16.73
Borrowings		
Measurement of financial liabilities at amortized cost using EIR method	C	13.40
Recognition of optionally convertible and non-convertible preference shares as borrowings under Ind AS	D	(37.49)
Others		
Impact of re-recognition of securitization transaction in books	E	11.46
Re-measurement gains/(losses) on defined benefit plans	F	0.37
Recognition of deferred tax charge	G	(7.88)
Profit after tax as per Ind AS		**86.46**
Other comprehensive income (net of taxes)		0.26
Total comprehensive income as per Ind AS		**86.72**

Notes to Reconciliation of the previous GAAP and Ind AS:

A. Loan processing fees

Under previous GAAP, loan processing fees received in connection with loan portfolio is recognised upfront and credited to profit or loss for the year. Under Ind AS, loan processing fee is credited to profit and loss using the effective interest rate method. The unamortized portion of loan processing fee is adjusted from the loan portfolio.

B. Expected Credit Loss (ECL):

Under the Ind AS, allowance is provided on the loans given to customers on the basis of percentage obtained by evaluating the loss of the previous years and management expectations for future losses. Under the previous GAAP the allowance is provided on the basis of percentage decided by the management.

C. Borrowings:

Under previous GAAP, transaction costs incurred in connection with borrowings are recognised upfront and charged to profit or loss for the year. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

D. Preference Share Capital

Under previous GAAP, preference share capital was a part of share capital. Under Ind AS, the instrument is evaluated to determine whether it is a liability or contains both liability and equity component. If there a contractual obligation to deliver cash then, such instrument is recognised as a financial liability under Ind AS. Where the instrument contains both the features (equity and liability), it is classified as compound financial instruments and accordingly, the transaction value of the instrument is allocated to equity and liability components. Further, the liability component is subsequently measured at amortised cost. The company has issued Convertible and Non-Convertible preference share. In case of Convertible preference share, the option of conversion lies with the holder of shares. Hence, Preference Shares of the company are treated as Financial Liability.

E. Securitization Arrangement:

The Company has entered into securitization transaction. The Company had de-recognised the securitised assets under previous GAAP as the same meets the de-recognition criteria as per previous GAAP. However, as per Ind AS, as the Company has not transferred substantially all the risks and rewards, the securitized asset has been recognised in the books and a corresponding liability is also recognised. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that the Company has retained.

F. Remeasurements of post-employment benefit plans

Under Ind AS, remeasurements i.e. actuarial gain and losses on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. Though there is no impact on the total equity as at March 31, 2019.

G. Deferred Tax:

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transactions either in retained earnings or a separate component of equity.

H. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

I. Figures under previous GAAP have been regrouped/ reclassified for Ind AS purpose wherever applicable.

43. 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**

Maturity analysis of assets and liabilities as at March 31, 2019

	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	1,882.67	-	1,882.67
Bank balances other than cash and cash equivalents	76.84	185.55	262.39
Trade receivables	4.58	-	4.58
Loan portfolio	5,049.44	382.49	5,431.93
Investments	50.00	-	50.00
Other financial assets	15.89	5.11	21.00
Total financial assets	**7,079.42**	**5,73.15**	**7,652.57**
Non-financial assets			
Current tax assets (net)	-	24.92	24.92
Deferred tax assets (net)	-	11.52	11.52
Property, plant and equipment	-	64.64	64.64
Capital work-in-progress	-	1.04	1.04
Intangible assets	-	9.81	9.81
Other non-financial assets	18.32	-	18.32
Total non-financial assets	**18.32**	**111.93**	**130.25**
Total assets	**7,079.74**	**685.08**	**7,782.82**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	-	-
Trade payables	8.20	-	8.20
Debt securities	597.32	695.14	1,292.46
Borrowings (other than debt securities)	2,847.86	1,971.42	4,819.28
Subordinated liabilities	28.00	586.82	614.82
Other financial liabilities	191.25	-	191.25
Total financial liabilities	**3,672.63**	**3,253.38**	**6,926.01**
Non-financial liabilities			
Provisions	0.23	10.63	10.86
Other non-financial liabilities	12.07	-	12.07
Total non-financial liabilities	**12.30**	**10.63**	**22.93**
EQUITY			
Equity share capital	-	287.89	287.89
Other equity	-	545.99	545.99
Total equity	**-**	**833.88**	**833.88**
Total liabilities and equity	**3,684.93**	**4,097.89**	**7,782.82**

Maturity analysis of assets and liabilities as at April 1, 2018

	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	293.41	-	293.41
Bank balances other than cash and cash equivalents	49.31	44.57	93.88
Trade receivables	1.52	-	1.52
Loan portfolio	3,440.62	20.56	3,461.18
Investments	12.00	-	12.00
Other financial assets	13.83	-	13.83
Total financial assets	**3,810.69**	**65.13**	**3,875.82**
Non-financial assets			
Current tax assets (net)	-	14.51	14.51
Deferred tax assets (net)	-	11.52	11.52
Property, plant and equipment	-	61.53	61.53
Capital work-in-progress	-	1.05	1.05
Intangible assets	-	7.99	7.99
Other non-financial assets	13.06	-	13.06
Total non-financial assets	**13.06**	**96.60**	**109.66**
Total assets	**3,823.75**	**161.73**	**3,985.48**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	-	-
Trade payables	1.81	-	1.81
Debt securities	243.69	590.04	833.73
Borrowings (other than debt securities)	1,195.99	958.17	2,154.16
Subordinated liabilities	-	569.76	569.76
Other financial liabilities	59.47	-	59.47
Total financial liabilities	**1,500.96**	**2,117.97**	**3,618.93**
Non-financial liabilities			
Provisions	0.27	6.40	6.67
Other non-financial liabilities	7.05	-	7.05
Total non-financial liabilities	**7.32**	**6.40**	**13.72**
EQUITY			
Equity share capital	-	187.12	187.12
Other equity	-	165.71	165.71
Total equity	**-**	**352.83**	**352.83**
Total liabilities and equity	**1,508.28**	**2,477.20**	**3,985.48**

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

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**

For the year ended March 31, 2019

Name of instrument	Opening	Cash Flows	Conversion	Exchange Differences	Others	Closing
Equity share capital (including securities premium)	300.05	394.33	-	-	-	694.38
Optionally convertible preference shares (including securities premium)	19.66	-	-	-	(0.14)	19.52
Borrowings (other than debt securities)	2,154.16	2,665.12	-	-	-	4,819.28
Right-of-use assets	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Total	**2,473.87**	**3,059.45**	**-**	**-**	**(0.14)**	**5,513.18**

45. Additional disclosures required by the RBI

(Disclosures are made as per Ind AS financial statements except otherwise stated)

i. Capital to Risk Assets Ratio ('CRAR'):

Particulars	March 31, 2020	March 31, 2019
CRAR	24.57%	23.32%
CRAR – Tier I Capital	15.87%	18.19%
CRAR – Tier II Capital	8.70%	5.13%
Amount of Subordinated debt raised as capital Tier-II capital	388.78	227.06
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, and hence, not comparable with CRAR as at 31 March, 2019.

- 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.
- CRAR as at 31 March, 2019 has been computed on the basis of financial statements prepared under the previous GAAP.

ii. Investments:

Particulars			March 31, 2020	March 31, 2019
(1)	Value of Investments			
	(i)	Gross Value of Investments		
		(a) In India	-	50.00
		(b) Outside India	-	-
	(ii)	Provisions for Depreciation		
		(a) In India	-	-
		(b) Outside India	-	-
	(iii)	Net Value of Investments		
		(a) In India	-	50.00
		(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation on investments			
	(i)	Opening balance	-	-
	(ii)	Add: Provisions made during the year	-	-
	(iii)	Less Write-off/ write-back of excess	-	-
	(iv)	Closing Balance	-	-

iii. Derivatives:

Qualitative Disclosure

The Company's activities expose it to the financial risks of changes in foreign exchange rates. The Company uses derivative contracts such as currency swaps to hedge its exposure to movements in foreign exchange. The use of these derivative contracts reduces the risk to the Company and the Company does not use those for trading or speculation purposes. The Company uses hedging instruments that are governed by the approvals of Board of Directors. The officials authorized by the board to enter into derivative transactions for the company are kept separate from the authorized signatories to confirm the derivative transactions. All derivative transactions that are entered into by the company are reported to the board, and the mark-to-market on its portfolio is monitored regularly by the senior management.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Derivative assets and liabilities are recognised on the balance sheet at fair value. Fair value of derivatives is ascertained using valuation techniques described in Note 35 which is verified with the mark to market and accrual values received from the counter-party banks. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship.

Quantitative Disclosure

Particulars	Currency Derivatives
i) Derivatives (Notional Principal Amount)	536.35
ii) Marked to Market Positions	(10.88)
(a) Assets (+)	-
(b) Liabilities (-)	(10.88)
iii) Credit Exposure	Nil
iv) Unhedged Exposures	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, 2020	March 31, 2019
Total number of loans securitized during the year (including over collateralized loans)	81,949	95,621
Total book value of loans securitised during the year	1,163.05	1,148.11
Total book value of loans securitised including loans placed as collateral during the year	1,292.28	1,281.24
Sale consideration received for loans securitised	1,163.05	1,148.11
Credit enhancements provided and outstanding (Gross) as at balance sheet date		
Interest subordination	0.00	0.00
Principal subordination	108.86	115.55
Cash Collateral	63.82	75.09

Sr. No.	Particulars	March 31, 2020	March 31, 2019
1	No. of SPVs sponsored by the NBFC for securitisation transactions	3	4
2	Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on date of balance sheet:	397.32	504.62
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	172.68	190.63
	- 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, 2020	March 31, 2019
No. of Accounts	56,104	-
Aggregate value of account sold	750.00	-
Aggregate consideration	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, 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

Maturity pattern of assets and liabilities as on March 31, 2019**

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	133.86	134.30	302.09	563.78	462.80	1,432.45	1,992.14	430.85	8.21	-	5,460.48
Investments	50.00	-	-	-	-	-	-	-	-	-	50.00
Borrowings*	56.45	32.18	256.77	333.54	311.46	1,006.65	1,482.11	2,144.52	394.96	382.40	6,401.04

** Borrowings include foreign currency borrowings in the form of ECB which have been fully hedged. Carrying value of such borrowings as on March 31, 2020 is Rs.553.94 mn (previous year: Nil).*

*** The amounts mentioned above represent only principal outstanding on advances and borrowings.*

Note applicable for FY 2019-20

1. The maturity pattern of advances has been presented considering the e ect of revised contractual dues of loans pursuant to moratorium granted to its borrowers up to May 31, 2020, as described in Note 46. 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 eject 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. Unsecured advances:

Refer Note 8 to the financial statements.

xiii. Registration obtained from other financial sector regulators:

The Company is registered with the Ministry of Finance (Financial Intelligence Unit).

xiv. 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.

xv. Related Party Transactions:

Refer Note 33 of Financial Statements for related party transactions disclosure.

xvi. 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)

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2019:

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed*	Amount	Rating assigned*
Bank Loan Rating (Long term Facilities)	CARE Ratings	22-Nov-18	2100.00	CARE BBB
Non-Convertible Debentures	CARE Ratings	22-Nov-18	250.00	CARE BBB
Bank Loan Rating (Long term Facilities)	Brickwork Ratings	26-Jul-18	1000.00	BWR BBB+
MFI Grading	Brickwork Ratings	19-Sep-18	N.A.	BWR MF 2
MFI Grading	SMERA	19-Dec-18	N.A.	SMERA M2C1
Securitisation	CARE Ratings	20-Jul-18	129.00	A1 PTC- CARE A(SO) A2 PTC- CARE A-(SO)
Securitisation	CARE Ratings	28-Sep-18	307.80	A1 PTC- CARE A(SO) A2 PTC- CARE A-(SO)
Securitisation	CARE Ratings	13-Dec-18	306.90	A1 PTC- CARE A(SO) A2 PTC- CARE BBB+(SO)
Securitisation	ICRA Ratings	1-Feb-19	249.50	A1 PTC- ICRA A(SO) A2 PTC- ICRA A-(SO)
Securitisation	CARE Ratings	26-Mar-19	155.10	A1 PTC- CARE A(SO) A2 PTC- CARE A-(SO)

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

xvii. 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 33 of Financial Statements.

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

Particulars	March 31, 2020	March 31,2019
Provision made towards Income Tax	59.52	40.01
Provision towards NPA	18.30	0.36
Provision for Standard Assets	22.57	1.73
Provision for leave benefits	(0.84)	1.90
Provision for gratuity	4.47	2.69
Provision for Other Doubtful Debts	2.73	1.05

xix. Draw down from Reserves:

There has been no draw down from Reserves during the year ended March 31, 2020 (previous year: Nil) other than those disclosed under Note 20.

xx. Concentration of Deposits:

The Company has not accepted any deposits during the year ended March 31, 2020 (previous year: Nil).

xxi. Concentration of Advances, Exposures and NPAs:

Particulars	March 31, 2020	March 31, 2019
Concentration of Advances		
Total Advances to twenty largest borrowers	2.24	25.82
(%) of Advances to twenty largest borrowers to Total Advances	0.03%	0.47%
Concentration of Exposures		
Total Advances to twenty largest borrowers	2.24	25.82
(%) of Advances to twenty largest borrowers to Total Exposure	0.03%	0.47%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.17	0.12

xxii. Sector-wise NPAs:

Sr. No.	Sector	(%) of NPAs to total advances in that sector as at March 31, 2020	(%) of NPAs to total advances in that sector as at March 31, 2019
1	Agriculture & allied activities	0.61%	0.61%
2	MSME	0.00%	0.00%
3	Corporate borrowers	0.00%	0.00%
4	Services	0.55%	0.48%
5	Unsecured personal loans	0.00%	0.00%
6	Auto loans	0.00%	0.00%
7	Other personal loans	0.00%	0.00%

xxiii. Movement of NPAs:

S.No.	Particulars	March 31, 2020	March 31, 2019
(i)	Net NPAs to Net Advances (%)	0.05%	0.12%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	26.44	25.98
(b)	Additions during the year	15.43	4.29
(c)	Reductions during the year	-	3.83
(d)	Closing balance	41.87	26.44
(iii)	Movement of Net NPAs		
(a)	Opening balance	6.63	6.52
(b)	Additions during the year	-	3.94
(c)	Reductions during the year	(2.87)	3.83
(d)	Closing balance	3.76	6.63
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets):		
(a)	Opening balance	19.81	19.46
(b)	Additions during the year	18.30	0.35
(c)	Reductions during the year	-	-
(d)	Closing balance	38.11	19.81

xxiv. 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.

xxv. Disclosure of Customer Complaints:

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	1753	906
(c) No. of complaints redressed during the year	1753	906
(d) No. of complaints pending at the end of the year	-	-

xxvi. Comparison of Provision required under IRACP norms and impairment allowances made under Ind AS 109:

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.*

xxvii. Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63 /21.04.048 / 2019-20 dated 17th April, 2020 SMA/overdue categories, where the moratorium / deferment was extended ('RBI circular')

Details of moratorium granted to overdue accounts as at February 29, 2020

Asset classification as per Ind AS 109	Exposure (March 31, 2020) (A)	Asset Classification benefit*
Stage I	49.92	-
Stage II	4.32	4.08
Stage III	41.87	-
Total	**96.11**	**4.08**

**represents accounts out of A which were not classified as Stage III (non-performing assets) as at March 31, 2020.*

Note:

1. Amounts indicated above represent gross carrying value of these exposures before adjustment for impairment allowance as required under Ind AS 109 as at March 31, 2020.
2. Though the company has granted moratorium from March 24, 2020, but the amounts indicated above relate to the overdue accounts as on February 29, 2020 as per RBI notification.

xxviii. Information on instances of fraud:

There are no instances of fraud during the financial year 2019-20 and 2018-19.

xxix. Information on Net Interest Margin

Particulars	March 31, 2020	March 31, 2019
Average Interest (a)	24.71%	23.98%
Average effective cost of borrowing (b)	15.09%	14.88%
Net Interest Margin (a-b)	9.62%	9.10%

xxx. Disclosures as required for liquidity risk

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

Particulars	March 31, 2020
Number of significant counter parties	23
Amount (in mn)	6235.98
Percentage of funding concentration to total deposits	N.A.
Percentage of funding concentration to total liabilities	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, 2020
Total amount of top 20 deposits	N.A.
Percentage of amount of top 20 deposits to total deposits	N.A.

c. Top 10 borrowings

Particulars	March 31, 2020
Total amount of top 10 borrowings	4211.50
Percentage of amount of top 10 borrowings to total borrowings	50.10%

d. Funding Concentration based on significant instrument/product*

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

e. Stock Ratios

Sr. No.	Stock Ratios	March 31, 2020
1	Commercial papers as a % of total public funds	N.A.
2	Commercial papers as a % of total liabilities	N.A.
3	Commercial papers as a % of total assets	N.A.
4	Non-Convertible Debentures as a % of total public funds	N.A.
5	Non-Convertible Debentures as a % of total liabilities	N.A.
6	Non-Convertible Debentures as a % of total assets	N.A.
7	Other short-term liabilities as a % of total public funds	53.55%
8	Other short-term liabilities as a % of total liabilities	52.28%
9	Other short-term liabilities as a % of total assets	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 39 to the financial statements.

42. Impact of COVID-19

The outbreak of COVID–19 virus continues to spread across the globe including India, resulting into a significant decline and volatility in financial markets and a significant decrease in global and local India's economic activities. On March 24, 2020, the Indian Government announced a 21 days lockdown which was further extended twice across the nation as a strict measure to contain the spread of the virus. Due to the continuous lockdowns the Company's loan collections since March 24, 2020 were significantly disrupted as the physical movement of its staff and holding of centre meetings was not possible. To deal with this disruption and in accordance with RBI guidelines relating to CoVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the Company has granted moratorium of six months on the payment of all instalments falling due between March 24, 2020 to August 31, 2020 to all eligible borrowers. There have been no new loan disbursements since the initiation of the lock down and the timeline for its resumption and normalization will be affected by several factors including, but not limited to, period and severity of lockdown continuation and availability of fresh funds to the Company. An inherent part of the Company's business model is to raise borrowing for onward lending to its customers. The total borrowing of the Company as at 31 March 2020 are Rs. 8,405.39 mn.

The Company has received moratorium in respect of its borrowing amounting to Rs. 4,616.86 mn until May 2020 in accordance with RBI guidelines relating to CoVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020. The management has performed a detailed assessment of its monthly cash inflows and outflows for next 12 months and concluded that it will be able to meet its obligations even if its monthly collections remain below normal due to continuation of lockdown.

The Company has recorded an expected credit loss provision of Rs. 81.42 mn as at March 31, 2020 in respect of its loans and advances. In accordance with the guidance from ICAI, extension of the moratorium to its borrowers by the Company pursuant to the RBI guidelines relating to Covid-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 by itself is not considered to result in a SICR for a borrower, however the entity needs to evaluate whether the borrowers to which moratorium is granted will remain regular once the moratorium period gets over. The Company has recorded a macro-economic overlay of Rs 27.66 mn as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (Covid-19) pandemic. Given the unique nature and scale of economic impact of this pandemic, its timing being close to the year end, and no reliable data being available regarding the impact of various regulatory packages, the macro-economic overlay estimate is based on various highly uncertain and unobservable factors. In accordance with the guidance in Ind AS-109, the management overlay estimate takes into account reasonable and supportable information without incurring significant cost."

As per our report of even date

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

per Chirag Jain
Partner
Membership No: 115385

Date: June 06, 2020
Place: Mumbai

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Shant Kumar Gupta
Director
DIN: 01571485

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No: A36611

Place : Jalandhar

Social Performance Management

SOCIAL PERFORMANCE MANAGEMENT REPORT

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.

MML is engaged in various socially relevant services to reach out to, and empower, the most disadvantaged sections of the society. It nurtures the belief that as a good corporate citizen, Midland has been making an enduring impact through its various initiatives that promote social and economic inclusion.

MML has consciously taken a decision to put the social goals first and to meaningfully track the changes that the clients undergo. The management committee review the social benchmarks settled for every year vis-a-vis the targets achieved. The outcomes are shared at all levels including the Board. The board members are a bunch of committed and socially oriented bankers, Professionals, Chartered Accountants and entrepreneurs who were at the realm of affairs of various banks and financial institutions and therefore endeavor to push 'microfinance plus' activities. The efforts by MML in this regard exhibit that, "A well precepted credit program with focus on betterment of clients apart from enabling them access to credit will definitely go a long way in bringing the true significance of 'microfinance".'

Our financial services improve the lives of financially excluded clients and their families to widen the range of opportunities for communities. As a responsible corporate citizen, we believe in creating differentiated organization by making difference not just in the lives of our employees, partners &

investors but also society in which we operate & thrive. Our approach to alleviate poverty framed by Social Performance Management (SPM) ensures that we understand our clients' needs to design products and services that will enable them to most effectively transform their future. In its quest to make a difference in quality of lives of its clients, Midland is offering customized loan products to facilitate clients' access to safe water and sanitation facilities, clean energy and better mobility in addition to the business loans.

MML's pronged approach is focused on:

- Child education & financial literacy,
- Women's health & wellness,
- Providing clean energy loans,
- Providing clean water & sanitation loans.

It facilitates in betterment and improvement in quality of lives. It has also been actively involved with 'Midland Foundation' which provides aid in creating sustainable & socio economic prosperity.

1. "SWACHTA EVAM SWASTHYA" JAGRUKTA ABHIYAAN

In consonance with the philosophy of 'Beyond Microfinance', Midland Foundation has organised "SWACHTA EVAM SWASTHYA" JAGRUKTA ABHIYAAN under the aegis of Midland Microfin Limited to sensitize and educate the females on menstrual hygiene, building of self-esteem, and empowering women for greater socialization.

After the positive response of Members, Midland has launched this Abhiyaan in all states, where 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.

2. PROMOTING CHILD EDUCATION & FINANCIAL LITERACY

Without educating the girls of the country, no nation can hope for its development. Hence, MML emphasizes to make education accessible to every child. MML organizes education awareness camps in various operational areas to spread awareness in individuals about the importance of education in the life of a child.

3. DISASTER RELIEF WORK

Midland Microfin Limited has organized flood relief camps in the affected areas in its underlying area of operation in Bihar. The field team at the affected locations performed a need based analysis and alerted the company about specific requirements for victims and flood relief plans to enable them to reach out to as many affected families as possible.

4. HOSPI CASH

Hospi cash is an insurance social service initiated in collaboration with 'ICICI Lombard'. To help the clients meet the financial liabilities i.e. day to day expense in the instance of hospitalization by providing them the health insurance product benefit on very minimal cost and also to cover permanent & temporary physical disablement benefits which were not covered under credit shield insurance.

5. WATER AND SANITATION (WASH) LOANS:

During FY19-20, we supported a total of 11343 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.

WASH LOANS

Wash Loans distributed	-	11343
No. of Individuals impacted	-	79401

6. CATTLE INSURANCE

India is the second largest livestock market in the world. Over half of the population and a quarter of the country's agricultural GDP depends upon the same. Helping rural Indian farmers by improving conditions for raising livestock will bring the country many benefits, such as more sustainable diets and income for the countryside poor. Taking this into consideration, Midland has introduced cattle insurance to benefit the farmers & cattle farming in February, 2020.

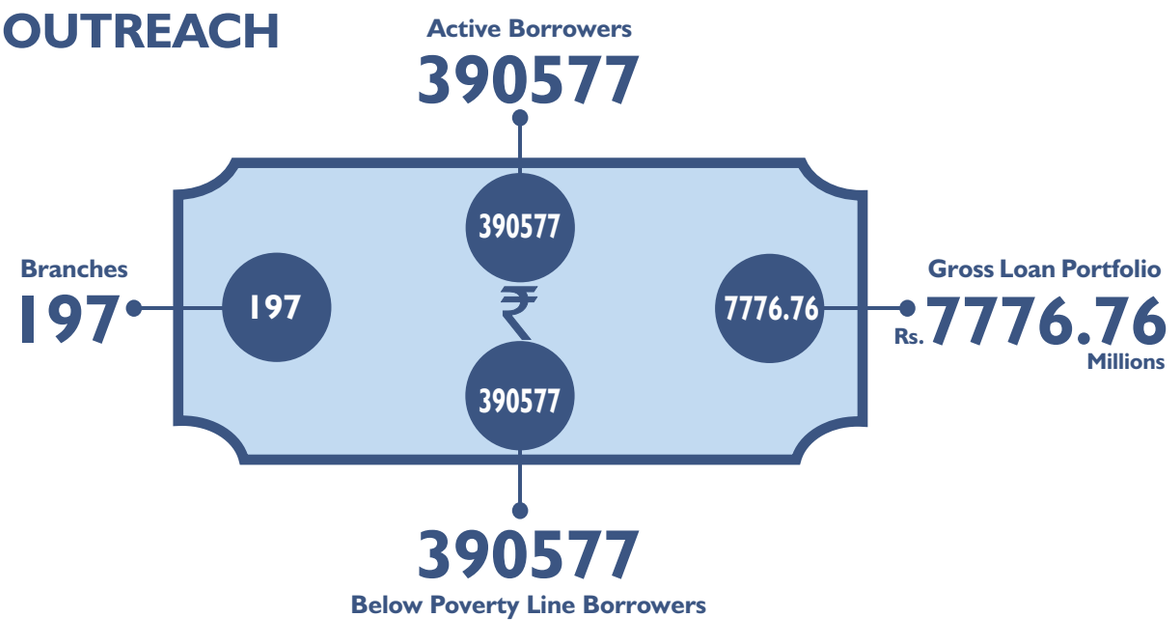
7. CARBON EMISSION CREDIT

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 section of society by providing customized financial solution.

CLEAN ENERGY LOANS

Household empowered	-	33848
Individuals empowered	-	162470

OUTREACH



DISTRIBUTION OF SANITARY NAPKINS

Branches (Selective Nature) 65

Packages Distributed 13500

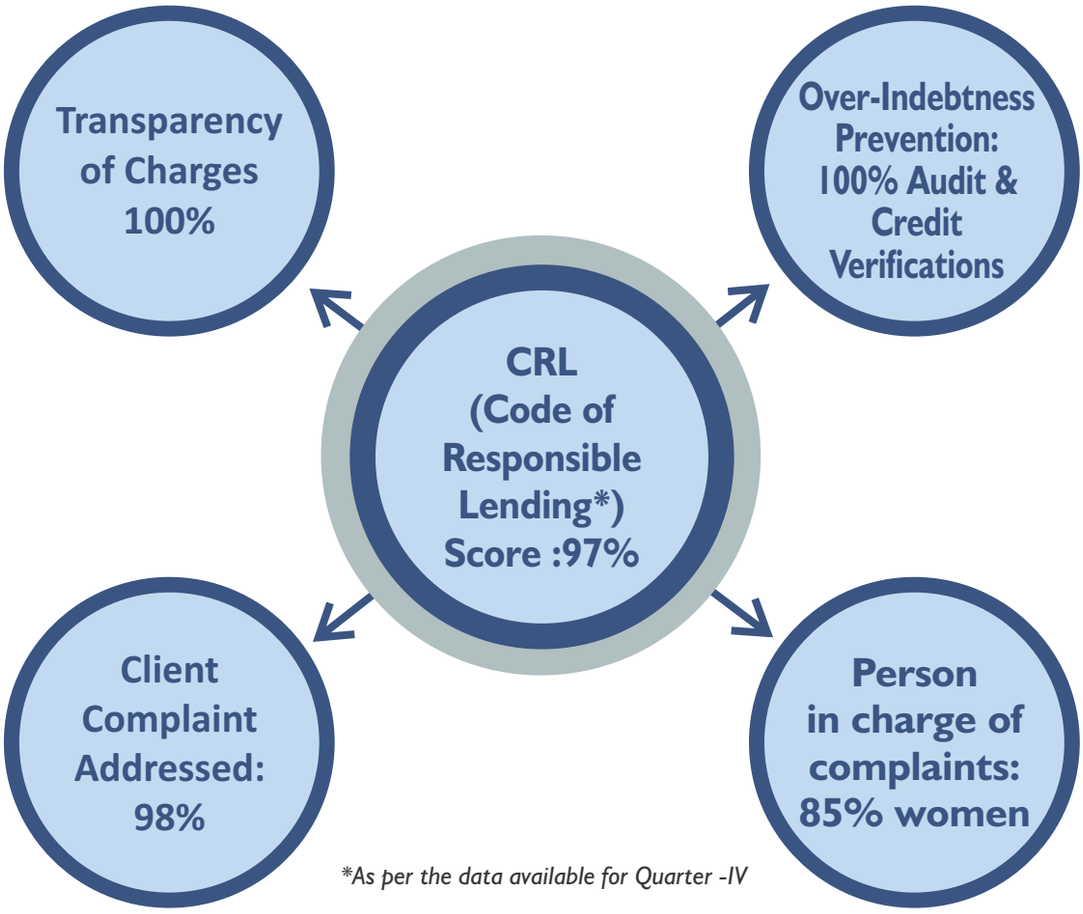
Awareness Created 95000

Villages Impacted 425

Child Education

Bags Distributed 1300

TRANSPARENCY & CLIENT PROTECTION



**As per the data available for Quarter -IV*

Digital Initiative cum Technology Drive at Midland during F.Y. 2019-20

At Midland, technology and digitization have merged as powerful drivers for transforming business processes, enabling internal/external stakeholders with insightful information at the right time in order to make informed decisions, creating competitive advantages and elevating consumer experience. We are, in particular, focused on taking robust digital technology to the last mile as a strategic initiative.

E-Fimo Loan management system	During FY19-20, we continued to ride on the success of our lending software. Through introducing LMS, we have enabled our Center Officers to mark the entries of repayment on field which ultimately enhance the efficiency & productivity of field staff.
Cash Management Services	Midland Microfin Limited has partnered with Fino Payment Bank, Spice Money and Airtel Payment Bank to deploy the cash management services across our branches. The company has adopted three models for CMS i.e. Employee Model, Centre Model and Individual Client Model.
UPI Based Collections	In the journey of becoming completely cashless, we have partnered with Twin-line Business Solutions to start UPI based collections. QR code for UPI payment will be created for all the members of Midland.
AEPS and Micro credit	We have partnered with ISERVU for MICRO- ATM and AEPS solution to promote digital payment system at our Branches.
Bharat Bill Payment System (BBPS)	The platform allow the customers to make hassle - free payments online using Debit Card and Aadhar Pay through BBPS enabled physical outlets. This acts as an additional payments option on the existing stand-alone Digital Payment Applications facilities that Midland offers to its customers.
E-Mandate	With e-Mandate / NACH mandate, one can easily authorize recurring payments by using their Net banking or Debit card credentials

Cashless Repayment 5%

Real-time Software entries from field 77%

Cashless Disbursement 100%

Awareness Camps w.r.t. Digital India 125 VILLAGES

Cash retention in branches reduced 60%

Awareness Drive for Digital Payment 1750

New initiatives related to HR

A people-led organization, Midland Microfin understands the importance of creating an environment that ensures last mile connectivity with the field employees. The organization's communication channels are varied and each serves a different purpose.

1. **Samadhan**

   The Samadhan initiative, operational since March 2020 is a HR help desk service for all employees. This tracker is operational during 24x7 and employees can connect with their Regional HRs for any queries related to policy, employee benefits, working conditions, leave, transfer etc. We have also provided an email to employees if they want to connect through email.

2. **Sampark**

   With the aim of welcoming new employees into the organizational structure, imbibing a sense of belongingness Midland launched "Sampark". In this programme, we had initiated activities such as sending welcome mails before the joining of an employee, the 'Buddy' programme who acts as a HR special person of contact for new joinees and tries to understand if they face any challenges.

3. **Dedicated HR Toll free number**

   HR Toll free number is part of an employee grievance redressal programme. Midland follows an Employee Grievance Redressal Policy with a dedicated Grievance Officer and a Grievance Redressal Committee. Employee Grievances redressed: 99.99%

4. **Attendance App**

   Considering Covid -19 scenario, Company has suspended biometric attendance from the month of March'20 to avoid the spread of coronavirus. In Midland, every employee has started marking his /her attendance through the android based mobile application i.e. "Star Attendance Application". This app also let employees mark attendance from their authorized location while employees working from home.

Total retention ratio of new joinees 72%

Employee Grievences Redressed 99.99 %

Attendance from Mobile Application 100%

Reduction of Attrition of New Joinees 10%

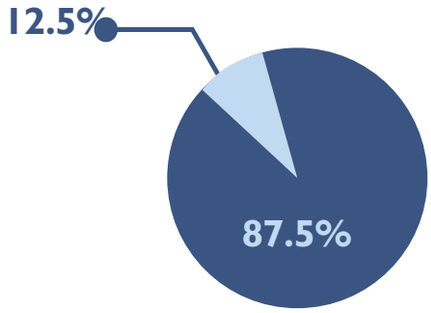
MFIs Rural Clients 96.7%

Increased access to Financial Services 99%

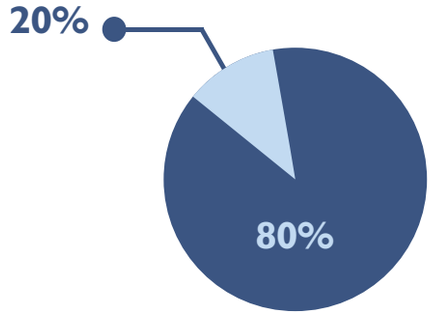
MFIs Target Women 100%

STAFF GENDER DISTRIBUTION

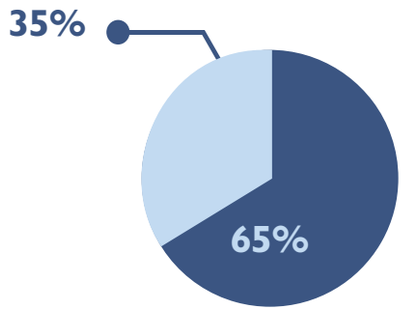
Board



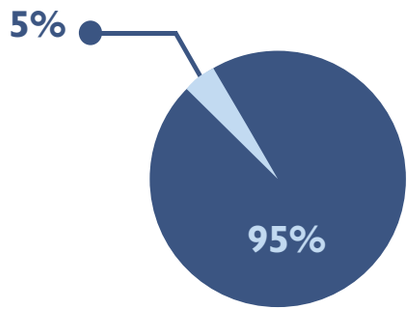
Management



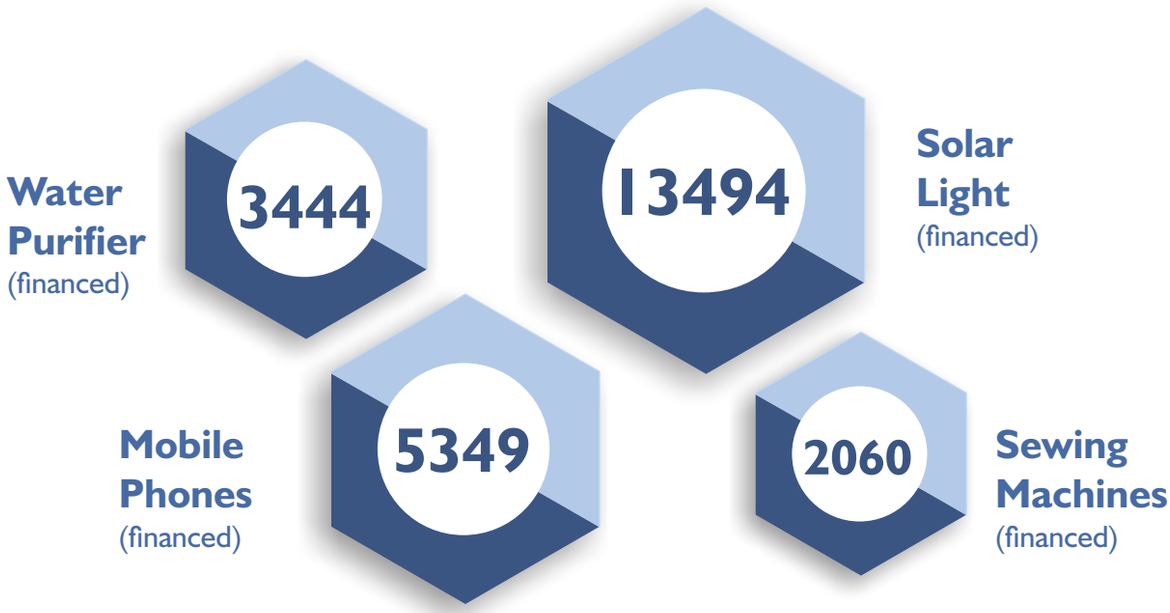
Back office



Front office & field



DISTRIBUTION OF NON-FINANCIAL PRODUCTS AND SERVICES



 # Management denotes Person having designation greater than or equal to Assistant Manager.

ANNUAL ESTABLISHMENT DAY - 2020

9th Establish Day was celebrated with enthusiasm, fun & frolic. Our employees like every year got the chance to show cast their talent at cultural fest. It doesn't only infuse fun and enjoyment but it also innate feeling of success & an understanding of company's vision. Top performing employees were recognized as per previous year performance evaluation.










CHAIRMAN'S CLUB - 2020

Midland Microfin believes that no organization can be successful without hard work & loyalty of their employees. Thus management believes in recognizing the employees who consistely perform well & contributed in success of the company. In year, Midland Microfin's Annual Chairman's Club go international in 2019. Employees along with top management visited Malaysia for 4 days. This international trip was first time experience in itself for most of employees. This time club members witnessed bright light & nightlife of Kuala Lumpur, visited the famous twin towers. Club also experience the rich culture of Malaysia through visiting Batu Caves & Genting Highland and enjoy a day with refreshment at famous water park Sunway Lagoon.

OUR PARTNERS

BANKS

- Bank of Maharashtra
- UCO BANK (A Govt. of India Undertaking)
- SBI
- YES BANK
- Bank of Baroda
- DCB BANK
- SIDBI — SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
- kotak — Kotak Mahindra Bank
- IDFC FIRST Bank
- ICICI Bank
- mudra
- fincare Small Finance Bank
- NABARD
- Indian Bank
- AXIS BANK
- AU SMALL FINANCE BANK
- LAKSHMI VILAS BANK
- Bandhan Bank
- United Bank of India
- ujjivan — UJJIVAN SMALL FINANCE BANK

FINANCIAL INSTITUTIONS

- MAS FINANCIAL SERVICES LTD. — The Power of Distribution
- smc finance
- Mahindra FINANCE
- InCred — Borrow. With Confidence.
- SHRIRAM City — MONEY WHEN YOU NEED IT MOST
- AVANSE EDUCATION LOANS
- NABKISAN FINANCE LIMITED — A Subsidiary of NABARD (Formerly Agri Development Finance (Tamilnadu) Limited)
- vivriti
- HINDUJA LEYLAND FINANCE
- NORTHERN ARC
- OIKO CREDIT
- Maanaveeya Development & Finance Private Limited
- MANAPPURAM FINANCE LIMITED
- MAGMA
- FEDBANK FINANCIAL SERVICES LIMITED
- Triple Jump
- HeroFinCorp.
- PROFECTUS CAPITAL
- RELIANCE
- AVIATOR

OUR PARTNERS

RATING PARTNERS

CARE Ratings – Professional Risk Opinion

Acuite – Ratings & Research

Brickwork Ratings

EQUITY PARTNERS

SIDBI – Small Industries Development Bank of India

KITARA PIIN 1501

INSURANCE PARTNERS

kotak Life Insurance

ICICI Prudential Life Insurance

HDFC Life – Sar utha ke jiyo!

CREDIT BUREAU

Experian – A world of insight

CIBIL

EQUIFAX

high mark – Credit Information Services

TECHNICAL PARTNERS

JAYAM Solutions Private Limited

eSthenos – ...don't worry...our sleeves rolled up!

SELF REGULATORY ORGANISATIONS

mfin – powering responsible finance

Sa-Dhan – The Association of Community Development Finance Institutions

OTHER ASSOCIATES

d.light

Eureka Forbes

Hindustan Unilever Ltd

SAMSUNG

SINGER

sun king

Midland microfin
beyond microfinance

MIDLAND MICROFIN LIMITED

Head Office :
`The AXIS', BMC Chowk, G.T. Road,
Jalandhar - 144 001 (Pb) INDIA

(T) +91 181 507 6000
(E) info@midlandmicrofin.com
(W) www.midlandmicrofin.com

Toll Free No. - 1800 137 0600