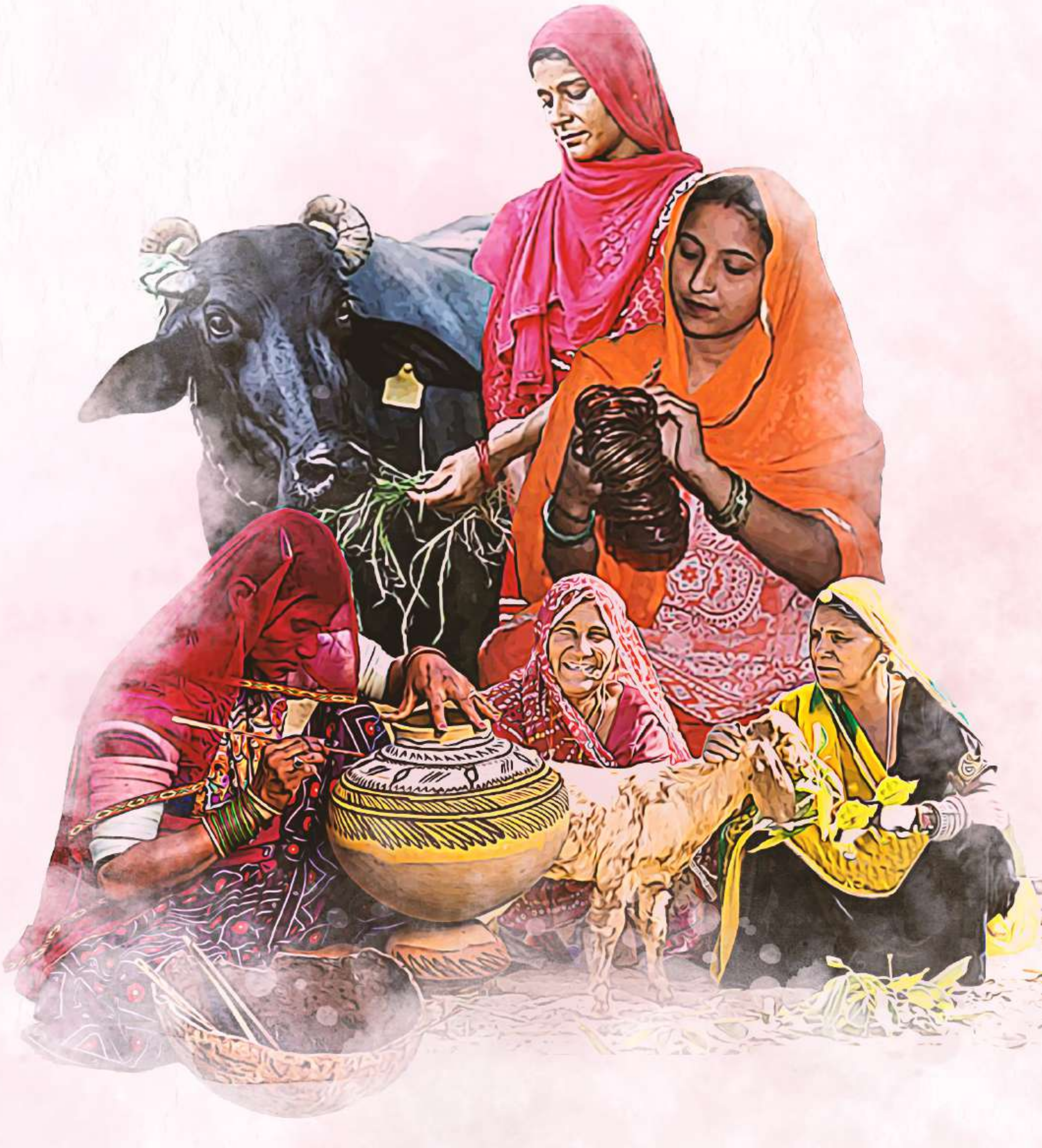
Midland Microfin Limited
Annual Report **2023-24**

Driving growth **sustainably**
Ensuring inclusive **development**



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Scan the QR code to know more about us

Read our Annual Report online at **www.midlandmicrofin.com**

Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Our Reporting Approach

Overview of This Annual Report

This Annual Report offers a comprehensive evaluation of Midland Microfin Limited's financial and non-financial disclosures for the Financial Year 2023-24. It is designed to meet the information needs of our shareholders, investors, lenders, and other key stakeholders.

Management Responsibility

To ensure governance oversight, risk management, and effective controls, the senior management team has thoroughly reviewed the contents of this report. The Board of Directors has also reviewed and approved the report to guarantee the accuracy, completeness, and relevance of the information presented.

Reporting Period

This report encompasses material information pertaining to Midland Microfin Limited for the Financial Year 2023-24, covering the period from April 01, 2023, to March 31, 2024. Our goal is to provide a comprehensive and holistic view to our stakeholders.

Reporting Standards and Principles

All financial and statutory data in this report comply with the mandates of the Companies Act, 2013, Indian Accounting Standards, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and relevant directives from the Reserve Bank of India. We adhere to all applicable rules and regulations to ensure transparency and compliance.

Independent Assurance

We maintain the quality and reliability of the information in this report by leveraging our internal expertise and the assurance provided by SCV & Co. LLP, who conducted an independent auditor's study. This ensures that the data presented is both credible and accurate.

Materiality and Scope

The report highlights information crucial to all stakeholders of Midland Microfin Limited. It offers an overview of our business operations and financial performance, presenting a balanced picture of our company's activities, management, and stakeholder commitments. We focus on material matters that impact our performance during the Financial Year 2023-24.

Driving growth
sustainably
Ensuring inclusive
development

Empowering the financially underserved and unserved has been our primary responsibility. For years, we have believed in nurturing strong bonds with the community. It has enabled us to take decisive steps to make a difference to lives, by empowering micro-enterprises and women in particular. With an aim to extend small business loans to the marginalised sections, we have maintained a strong thrust on financial inclusion.

To encourage people in rural areas and from weak economic backgrounds to develop a sustainable source of livelihood, we offer small entrepreneurs collateral free loans. It is this understanding that has prompted us to disburse loans through Joint Liability Groups, a peer-based group initiative that helps to make women financially independent.

With an emphasis on making credit availability simpler for the poor and the financially unserved, we have adopted a technology driven approach to ensure inclusive development. We are gradually expanding our footprint and expanded our branch network to establish a foothold in over 12 states and 2 UTs of India. Our portfolio under management now stands at 26,715.5 Million, reflecting our consistent efforts to encourage entrepreneurship among women.

Today, we have shaped a sustainable growth trajectory for Midland Microfin, prioritising inclusive development and remaining true to our unwavering focus on empowering women.

Empowering women, improving lives

Midland Microfin remains committed to ensure the financial and social empowerment of women by offering small business loans. Headquartered in Jalandhar, it is the first Reserve Bank of India (RBI) registered, Systematically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

We believe in advocating the cause of social equity and strive to eradicate poverty through financial independence. Over the past decade, we have focused on grassroot empowerment and enhanced our focus on building a technology-driven microfinance institution. From our humble beginning in Punjab, we have gradually increased our footprint to other states including Haryana, Himachal Pradesh, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Gujarat, Madhya Pradesh, Uttarakhand, West Bengal and Chandigarh. It has enabled us to deepen our presence and make financial solutions easily accessible for micro-enterprises, especially for women entrepreneurs, to help generate sustainable sources of livelihood.

Our position and performance

By expanding our geographic footprint, adopting digital transformation and diversifying our offerings, we have successfully positioned ourselves for sustained growth. These initiatives have aligned with the sector's growth drivers, enabling us to capitalise on emerging opportunities.

We have successfully expanded our branch network, especially in underserved regions, which has broadened our client base and reduced regional concentration risks. Further, the adoption of advanced digital tools has streamlined loan disbursements and improved customer service, contributing to greater customer satisfaction and retention. The introduction of new financial products has diversified our revenue streams and enabled us to meet the varied needs of our clientele.

When compared to industry growth drivers, our strategies have been responsive to market demands. Our Company's emphasis on technology adoption mirrors the sector's digital transformation trend, to enhance operational efficiency and scalability. The broader microfinance sector benefits from supportive regulatory frameworks and economic growth in rural areas.

Vision

To be a world-class, role model, technology-driven Microfinance Institution providing support to progressive poor at low cost.

Mission

Encourage micro-enterprise as a 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
Responsibility
Achievement
Respect
Commitment

Journey

2011
Inception

2015
IPO-Debt of
Rs. 25 Crores.

2016
Equity infusion by Kitara Capital (PE).

2019
Crossed milestone of **AUM INR 500 Cr** and became NBFC- NDSI with **150+ branches**

Raised first ECB of **Rs. 40 Cr** from Triple Jump (Netherlands)

2020
Received the certification of **"Great Place to work"**

Equity Infusion of **Rs. 19 Cr** by Promoters during pandemic in March 2020.

2021
Further **Equity Infusion of Rs. 45 Cr** by Promoters during pandemic in Oct 2020.

2022
Raised Equity of **Rs. 75 Cr** from ICICI Bank & Kitara Capital in Sep 2021.

2023
Crossed the milestone of **AUM INR 1,900+ Cr** with **300+ branches** in Mar 2024

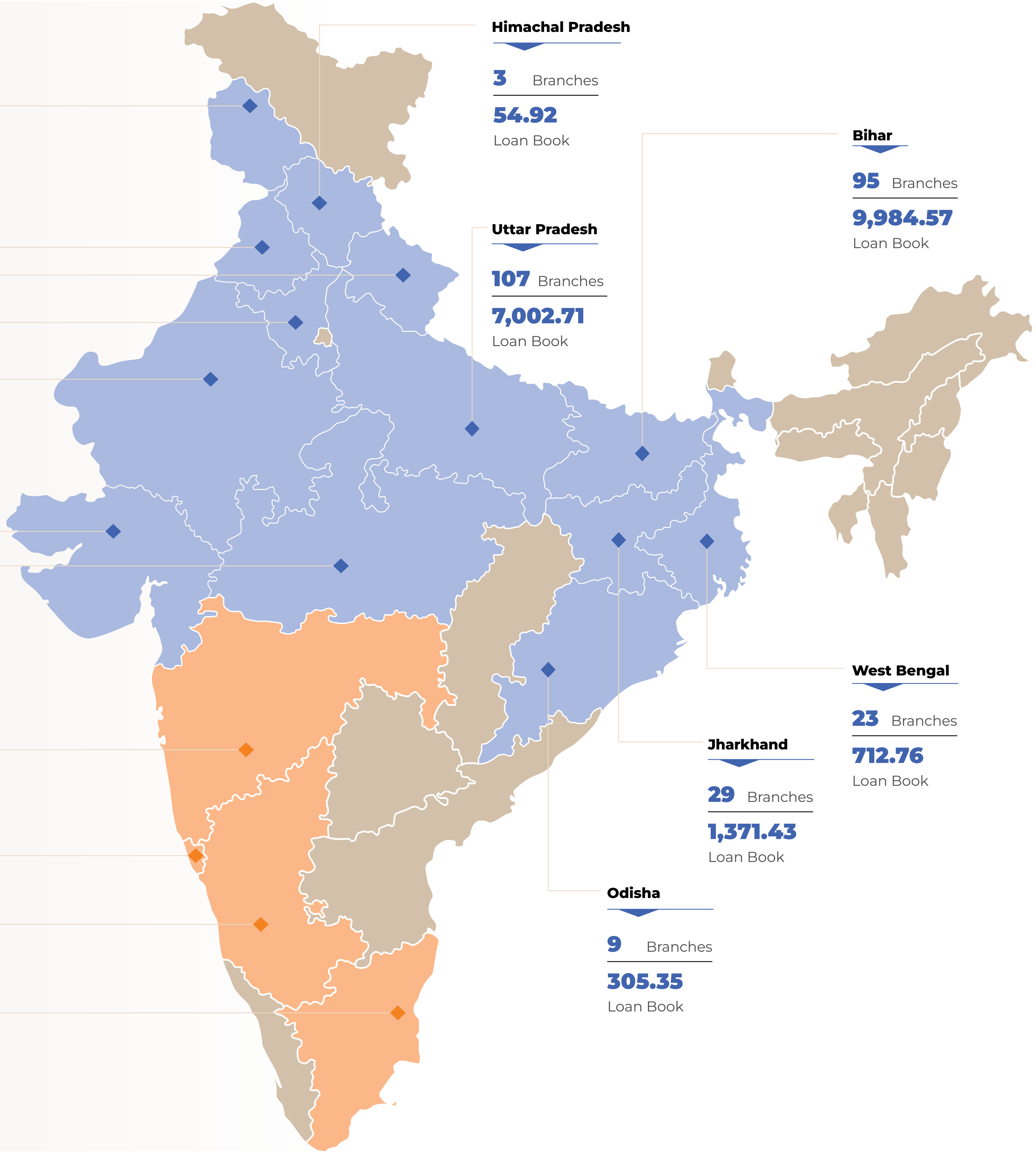
Raised CCPS of **Rs. 34 Cr** by Kitara & Existing Shareholders In Mar 2023.

2024
Raised CCPS **Rs. 8.50 Cr** By ICICI Bank & Existing Promoters on May 2023.

Raised Partly Paid CCPS **Rs. 30 Cr** and Partly paid Equity **Rs. 32 Cr** via Existing Shareholders in Mar 2024.

Highest Disbursement of **Rs. 395 Cr** done in a single month in Mar 2024.

Geographical Footprint



Jammu & Kashmir
2 Branches
60.72 Loan Book

Himachal Pradesh
3 Branches
54.92 Loan Book

Punjab
33 Branches
2,219.74 Loan Book

Uttarakhand
4 Branches
118.03 Loan Book

Haryana
21 Branches
860.92 Loan Book

Rajasthan
57 Branches
2,520.23 Loan Book

Uttar Pradesh
107 Branches
7,002.71 Loan Book

Bihar
95 Branches
9,984.57 Loan Book

Gujarat
25 Branches
748.03 Loan Book

Madhya Pradesh
28 Branches
756.06 Loan Book

West Bengal
23 Branches
712.76 Loan Book

Jharkhand
29 Branches
1,371.43 Loan Book

Odisha
9 Branches
305.35 Loan Book

Maharashtra

Goa

Karnataka

Tamil Nadu

Existing States

Upcoming States

Managing Director's Message

> We have always worked on our promise to relentlessly pursue financial and social empowerment for the communities we serve. Our social responsibility initiatives focus on empowering women and fostering sustainable livelihoods.

Dear stakeholders,

It is an absolute privilege to share with you the annual report for the financial year 2023-24.

As I reflect back on the year gone by, it was a period marked by both headwinds and promising opportunities. While certain challenges affected the business landscape, we emerged stronger than ever, driving growth and sustainably. Our business model demonstrated remarkable resilience, breaking the shackles of business restrains and achieving positive financial and operational performance.

India has embarked on the journey to emerge as a developed nation in the near future. To achieve this goal, robust and inclusive economic growth is recognised as the critical driver for this ambitious journey. The innovative concept of microfinance has promoted financial inclusion and thus empowered millions in the process. The Indian microfinance sector has witnessed tremendous growth over the years. Increase in number of bank accounts, and mobile banking penetration, facilitated by robust Unique Identification Authority of India (UIDAI) infrastructure have streamlined onboarding and KYC processes.

The microfinance industry has reached an inflection point driven by favourable macroeconomic conditions. India's steady economic growth and higher financial literacy have enhanced customers' repayment capabilities, increasing the effectiveness of microfinance services. In addition to this, supportive government policies and harmonised regulations have enabled microfinance institutions to capitalise on the conducive environment. At Midland Microfin, we have embraced this growth opportunity by leveraging our strengths and capabilities, encouraging sustainable livelihoods, empowering women, advancing financial inclusion and fulfilling our stakeholders' aspirations responsibly.

Our robust financial performance

The year under review witnessed our remarkable growth. Our Assets Under Management (AUM) surged by 38% to ₹ 2672 Crores, while total disbursements grew by 30% to ₹ 2520 crores. We achieved a remarkable 54% increase in Profit After Tax, reaching ₹ 72 crores. Further, our focus on effective management of operating expenses resulted in a 193% rise in Operating Profits.

Our accurate financial planning and forecasting enabled us to anticipate and effectively respond to market challenges. We optimised our capital structure through an infusion of ₹ 71.02 crores and improved cash flow management to support different growth initiatives.

Moreover, our business loan portfolio expanded by 42%, reflecting strong demand and our consumers' growing trust in our abilities. Concurrently, we achieved a 40% increase in revenue from facilitation fees through 'credit plus' products. This dual growth in our core lending business and ancillary services not only strengthened our financial position but also enhanced our value proposition to customers, positioning us for sustained growth.

Nurturing bonds of trust

At Midland Microfin, our customer-centric approach has always been the bedrock.
We have relentlessly introduced services to improve customer satisfaction and build brand loyalty, leading to an impressive brand image that have become synonymous with responsibility and unwavering commitment. Our approach has steadily helped us in building an expansive customer base with high number of repeating customers.

To further extend our reach and grow our geographical footprint, we have entered new regions by establishing 107 additional branches. This expansion further reinforces our commitment to provide accessible, tailored financial solutions and consequently improve the standard of living. Going forward, our planned one-stop solution model will offer multiple need-based products, providing comprehensive financial services to our customers.

Leveraging our expertise

We always have been at the forefront of redefining banking services through advanced technology. Digitisation has transformed our operations, enhancing our competitive edge. Our migration to new Loan Origination and Management Systems (Finpage) has enabled paperless processes and improved efficiency. The adoption of digital tools and platforms has resulted in better customer engagement, generating new revenue streams and driving business growth.

We, at Midland Microfin, have always acknowledged the value of our exceptional team who work tirelessly to take our organisation to new heights of success. We have always focused on onboarding and retaining top talent, ensuring a skilled and motivated workforce that helps in achieving our goals. Guided by a proficient leadership team, we consistently navigate the dynamic business landscape through resilience and strategic decision-making skills. This strong leadership, coupled with our emphasis on employee development, has enhanced productivity across the organisation, propelling growth and profitability.

Going beyond business profitability

We have always worked on our promise to relentlessly pursue financial and social empowerment for the communities we serve. Our social responsibility initiatives focus on empowering women and fostering sustainable livelihoods. With our Joint Liability Groups (JLG) model, we provide technology-driven financial services that promote women entrepreneurship and financial independence.

Till date, our efforts have positively impacted over 8 million lives across India, increasing income levels and enhancing access to education and healthcare. We have successfully spurred employment opportunities and economic diversification by offering capital to budding entrepreneurs. We have ensured our services can aid low-income entrepreneurs to improve their living standards and create sustainable assets, driving broader social and economic progress.

However, in our quest to promote financial inclusion, we have not strayed from our responsibility towards our planet. Responsible practices have always been at the core of our operations. We have already solarised 93 of our branches and steadily working towards our long-term goal of 50% branch solarisation. In addition to this, we have empowered over 3.8 Lakhs households with clean energy solutions under the Global Carbon Programme, extending our environmental impact beyond our operations. To further reduce our carbon footprint, we are launching a pilot programme encouraging staff to use e-cycles for daily business operations. These initiatives are testament of our belief that ecological sustainability and community well-being are interconnected.

Road ahead

As we grow stronger, we are focusing on diversification and expansion to drive sustainable growth. We have expanded our product portfolio to reduce reliance on a single revenue stream, steadily bolstering profitability. In the coming year, we plan to expand to the southern region, aiming to explore new horizons, serve a wider clientele and establish our presence in the southern part of India.

Simultaneously, we aspire to grow organically by opening approximately 120 new branches in existing states. We are excited to pursue this dual approach of strategic acquisition and organic growth.

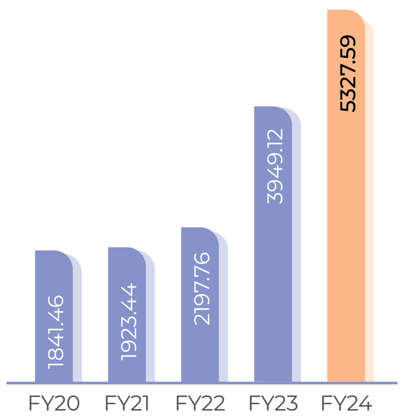
Looking forward, we are eager to embrace the future growth opportunities. We remain steadfast in our commitment to foster financial inclusion and empower the underserved. We are confident that our initiatives will enable us to fortify our position in the market and create an enhanced value for our stakeholders. Together, with the trust and support of our customers, we believe that we can soar higher, driving growth sustainably while ensuring inclusive development for all.

Regards,

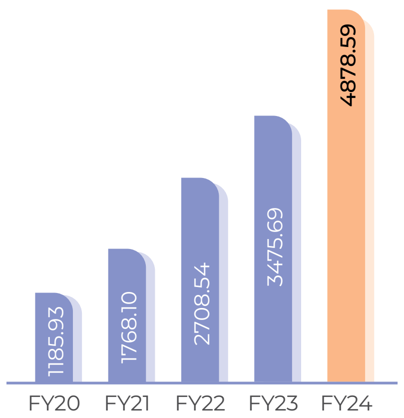
Amardeep Singh Samra
Managing Director

Financial Performance

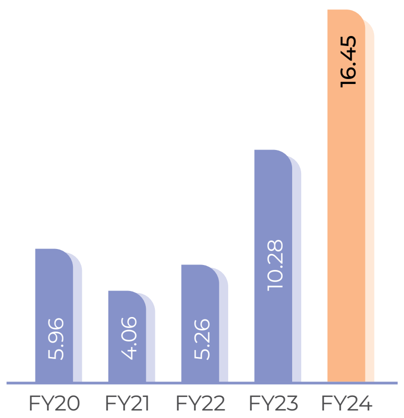
Total Gross Income
(INR Million)



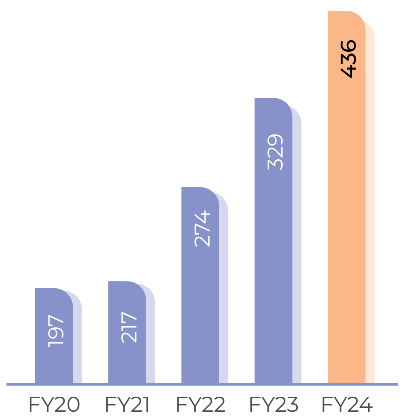
Net Worth (Excluding Preference Share Capital)
(INR Million)



Earnings Per Share
(INR)



Branches
(Numbers)

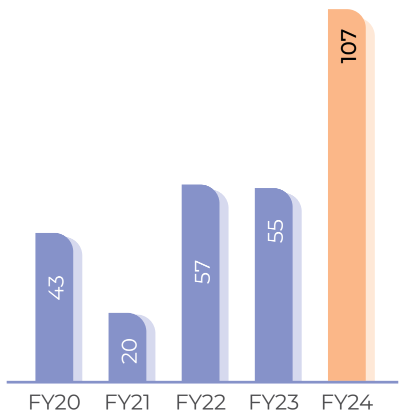


Net Profit After Tax
(INR Million)

CRAR
(%)

Return on Assets
(%)

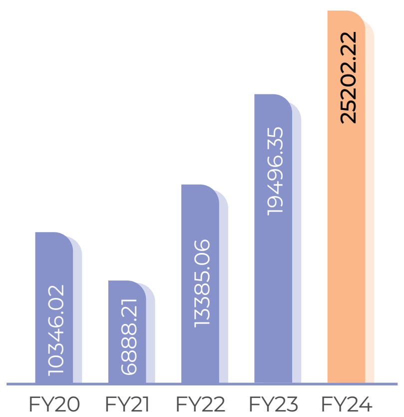
Branches Opened (YOY)
(Numbers)



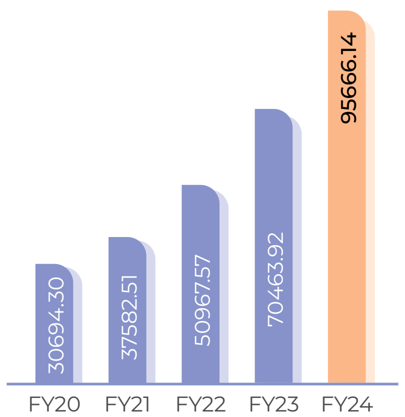
Pre Provisioning Profits
(INR Million)

Borrowers
(Numbers)

Disbursement (YOY)
(INR Million)



Cumulative Loan
(INR Million)



INR 1,280.0 Million
Authorised Share Capital

INR 4,878.6 Million
Net Worth

INR 26,715.5 Million
Asset Under Management

1,95,226
Joint Liability Groups

436
Branches

12 & 2
States & UTs

4,407
Employees

1,95,226
Joint Liability Groups

9,86,881
Total Borrowers

209
Districts

64,506
Villages Covered

Capitalising on emerging opportunities

Performance of the Indian Microfinance sector in FY24

The microfinance industry in India has been instrumental in bridging the gap between the unbanked population and formal financial services, promoting financial inclusion and socioeconomic development. Data from Sa-Dhan, an RBI-approved Self-Regulatory Organisation (SRO), reveals that Microfinance Institutions (MFIs) continued to occupy the largest share of the pie, with 40%, followed by banks at 32%, SFBs at 18%, NBFCs at 11% and Non-Profit MFIs at 0.18%.*

Industry trends

Wider outreach

The microfinance sector has been expanding its outreach substantially over the years, with a notable surge in the number of beneficiaries. The increasing deployment of technology and digital platforms has played a crucial role in enhancing accessibility and convenience for borrowers.

Diversified services

Microfinance institutions (MFIs) are increasingly diversifying their offerings beyond traditional microloans. They are now offering a holistic suite of financial services, including savings, insurance and remittance services, catering to the varied financial needs of their clients.

Regulatory developments

The regulatory framework governing microfinance has undergone significant reforms aimed at enhancing transparency, accountability and consumer protection. The proactive measures implemented by the Reserve Bank of India (RBI) reflect a focus on driving sectoral growth while protecting borrower interests.

Digital transformation

The adoption of digital technologies has been a game-changer for the microfinance industry. Mobile banking, digital wallets and online lending platforms have streamlined operations, reduced costs and improved service delivery. This shift has also facilitated better data collection and risk assessment.

Higher investments and funding

There has been a noticeable uptick in investments from both domestic and international investors. The sector has pitched in significant funding from private equity, venture capital and development finance institutions, reflecting investor confidence in its growth prospects.

Focus on women empowerment

Microfinance continues to play a crucial role in empowering women, who constitute the majority of microfinance clients. By providing women with access to credit and financial services, MFIs contribute to gender equality and economic empowerment.

*https://www.sa-dhan.net/sro-activites-old/

Growth enablers

Government initiatives

Government schemes aimed at promoting financial inclusion, such as the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the Deendayal Antyodaya Yojana, have propelled the growth of the microfinance sector. These initiatives have helped cultivate a conducive environment for the expansion of microfinance services.

Partnerships

Strategic collaborations between MFIs, banks, non-governmental organisations (NGOs) and fintech companies have unlocked synergies that enhance the reach and impact of microfinance services. These alliances assist in effectively fulfilling the diverse financial needs of clients.

A tool for positive socioeconomic impact

The proven positive impact of microfinance on poverty reduction, income generation and employment makes it a vital tool for facilitating socio-economic development.

Increasing rural and semi-urban economic activity

The economic activities in rural and semi-urban areas, driven by agriculture, small businesses and micro-enterprises, create a robust demand for microfinance services. The need for credit to support these activities ensures a sustained demand for microfinance offerings.

Factors fuelling our growth

Expansion of our branch network

At Midland Microfin, we are building on a decade-long legacy and have established an expansive geographic footprint of 107 new branches established in FY24 totaling to 436 branches spanning 12 states and 2 Union Territories.

We make a difference to the lives of people residing in different parts of India, from Punjab, Haryana and Himachal Pradesh, Jammu and Kashmir, Bihar, Gujarat, Jharkhand, Odisha, Uttar Pradesh, Madhya Pradesh, Uttarakhand, West Bengal and Chandigarh.

Digital transformation

Technology adoption

Implementing advanced digital tools for loan disbursement, customer service and operational efficiency including Tableau, Leegality, and WhatsApp BOT.

Leveraging Digital platforms

Adopted digital tools and platforms to enhance operational efficiency, customer engagement, and community welfare including the Digital Didi Campaign.

Product diversification

New financial products

Introducing new microfinance products tailored to the needs of different customer segments, such as business loans, wash loans, individual loans (dairy and UDAAN Loans) and education loans

Credit Plus Products

Offering additional financial products, including insurance and savings plans, to our existing customers.

Regulatory support and favourable policies

Favourable regulations

Benefitting from supportive government policies aimed at promoting financial inclusion and microfinance institutions (MFIs)

Access to subsidies and schemes

Leveraging government subsidies and credit guarantee schemes to reduce lending risks and costs.

Robust risk management

Enhanced risk assessment

Implementing robust risk assessment tools and methodologies to ensure credit quality and minimise defaults

Enriching our portfolio

Focusing on high-quality lending to maintain a healthy loan portfolio.

Strategic partnerships

Alliances with NGOs and local bodies

Partnering with local organisations to enhance community outreach and support financial literacy programmes.

Improved customer service

Customer-centric approach

Enhancing customer service by adopting a more customer-centric approach, providing personalised solutions and achieving quicker response times

Feedback mechanisms

Establishing effective feedback mechanisms to better understand and address customer needs.

Capital infusion and fundraising

Raising capital

Securing additional funding through equity or debt to support our expansion plans and enhance our capital base

Investments and equity infusion

Attracting investments from institutional investors to fuel growth and scale operations.

Economic and demographic factors

Rural economic growth

Tapping into the economic growth in rural and semi-urban areas where the demand for microfinance is increasing

Growing entrepreneurial activity

Supporting the rise in small and micro-entrepreneurial activities by providing necessary financial assistance.

Operational Overview

Our business is segregated into two major segments, loan products and insurance services. We have successfully expanded our product portfolio and geographical expanse to cater to a growing customer base.

We understand that working capital management is essential for efficiently operating in the microfinance industry. We have deployed a specific set of strategies to ensure careful governance of our working capital.

Robust Credit Assessment

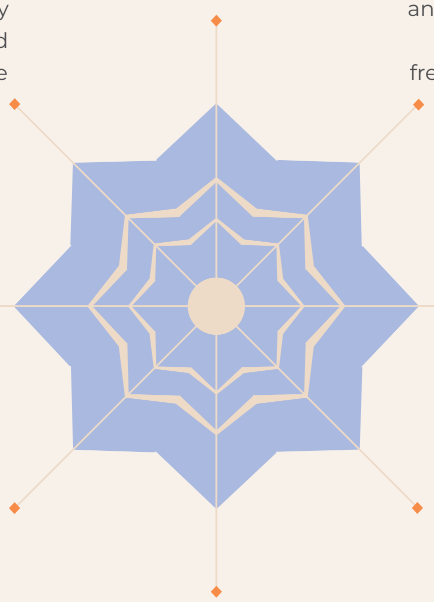
Implementing thorough credit assessment procedures to ensure that loans are granted to creditworthy clients, thereby minimising the risk of defaults.

Regulatory Compliance

Adhering to all regulatory requirements and guidelines set by the Reserve Bank of India (RBI) and other relevant authorities to ensure compliance and avoid penalties.

Regular Monitoring and Collection

Establishing a rigorous monitoring and collection system to ensure timely repayment of loans. This includes frequent follow-ups and reminders for due payments.



Diversified Funding Sources

Ensuring access to a diverse range of funding sources to maintain financial flexibility and stability.

Efficient Use of Technology

Utilising advanced technology and management information systems (MIS) to track loan disbursements, repayments and delinquency rates in real time.

Client Relationship Management

Building strong relationships with clients to enhance trust and ensure regular and timely repayments. This includes extension of financial literacy programmes to clients.

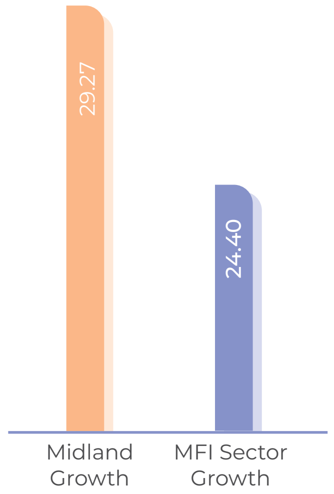
Stringent Internal Controls

Enforcing strong internal controls and audit mechanisms to detect and prevent any financial discrepancies or fraud.

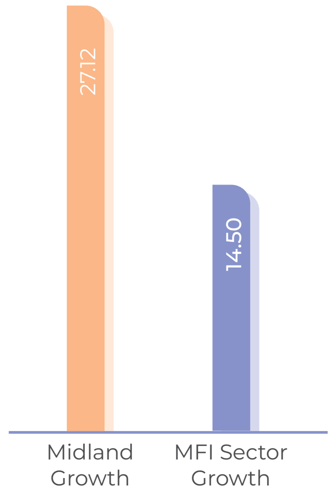
Liquidity Management

Maintaining adequate liquidity to meet short-term financial obligations and to handle any unexpected cash flow requirements.

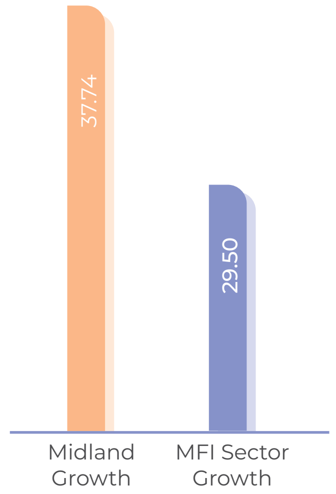
Loan Disbursed in one year
(%)



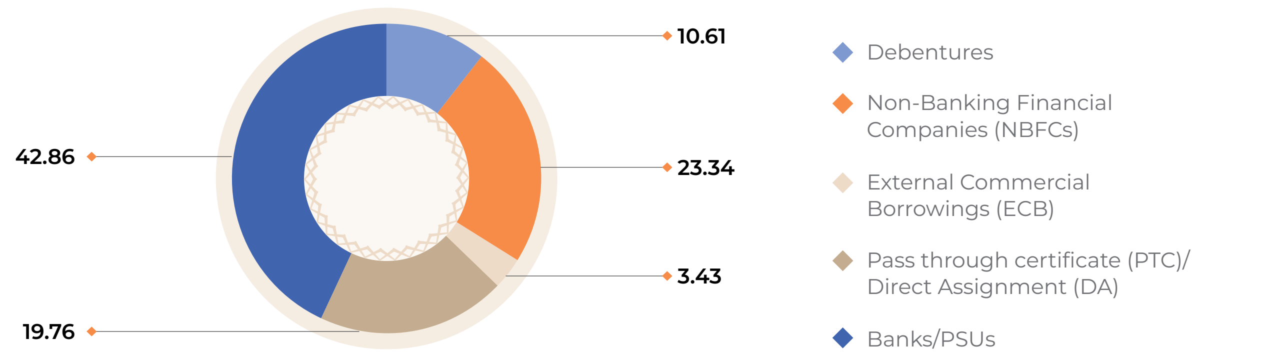
Debt Funding
(%)



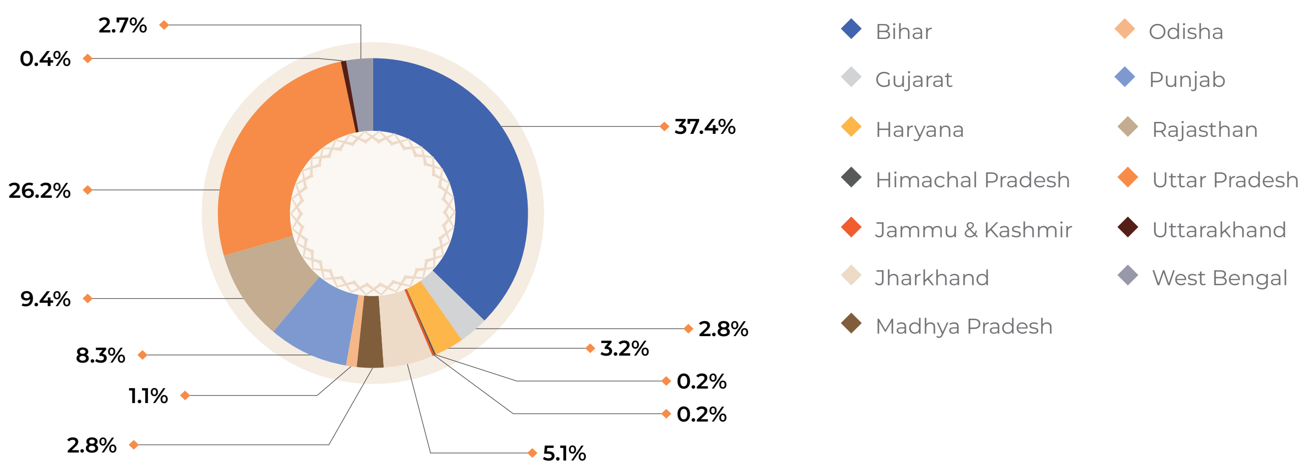
Portfolio Outstanding
(%)



Borrowings
(%)



Portfolio Mix
(%)



Our Offerings

Enabling inclusive development through targeted solutions

We offer business loans to meet the working capital requirements of small businesses. In FY24, we have reported robust performances and our loan book has seen impressive growth. Besides, revenue from cross-selling opportunities have also increased significantly. We also witnessed a substantial expansion in our branch network, enabling us to reach out to a larger number of people at the grassroot level. Furthermore, we reached a new milestone in disbursements with key contributions from the states of Bihar and Uttar Pradesh.

42%
Growth in the business loan segment

35%
Increase in revenue from cross-selling

107
New branches opened

INR 2500 Million
Disbursements in FY24

Product Portfolio

Business Loan (Joint Liability Group Category)

We offer business loans tailored for rural women, providing them with financial support for their micro-enterprises. These loans help female entrepreneurs acquire tools, purchase inventory, and manage working capital, promoting the growth of women-led businesses and promoting economic empowerment and gender equality.

11K-80K
Loan size

Upto 36 months
Tenure

Individual Loan (Dairy & Udaan Loan)

Our loan product is designed for our graduate borrowers to support their business growth by enabling investments, resource acquisition, and operational improvements. It targets current MML borrowers who have successfully completed at least one business loan cycle under the JLG Model. This loan assist in expanding their businesses, allowing them to enhance and grow their ventures, thereby contributing to overall economic development.

60K-1.5 lakhs
Loan size

Upto 24 months
Tenure

Education Loan

We provide financial assistance to students pursuing post-secondary or higher education. These education loans are designed to ease the financial burden of tuition fees, essential books, necessary gadgets, and related expenses. By offering these loans, Midland enables students to confidently embark on their academic journeys.

11K-20K
Loan size

Upto 12 months
Tenure

Water Supply and Sanitation Loans

We support the Swachh Bharat Initiative through our WASH Loans, enhancing cleanliness and healthcare in rural Indian villages. Our Water and Sanitation Loans have positively transformed households, impacting families by funding household-level toilets and water facilities.

Water Purifier Loan

Ensures access to clean drinking water for borrowers and their families, enhancing quality of life and contributing to overall well-being and development.

Sanitation Loans

Funds household toilets, new water pipelines, and handpumps, improving sanitation, reducing waterborne diseases, and enhancing living standards, supporting community well-being and progress.

11K-30K
Loan size

Upto 24 months
Tenure

Diary Loan

Our Dairy Loan helps borrowers acquire additional cattle to grow their dairy businesses. It includes Cattle Insurance policies to protect these purchases, ensuring sustainable and secure expansion. This comprehensive approach allows borrowers to confidently pursue their dairy business ambitions.

60K-1.5 lakhs
Loan size

Upto 12 months
Tenure

Social Impact Products

Designed to meet specific social needs, our green financing products go beyond traditional financial services by providing access to essential resources such as clean energy, healthcare, and sanitation. These products, including solar bulbs, solar inverters, induction stoves, and more, aim to improve living conditions and act as catalysts for positive change in our customers' lives.

1K-10K
Loan size

3 to 9 months
Tenure

PM Svanidhi Loans

In line with our vision of empowering the economically disadvantaged, we acknowledge the crucial role of street vendors in local communities. Through our PM Svanidhi product, we support their livelihoods, aiming to enhance overall well-being and socio-economic upliftment. This initiative aligns with our mission to have inclusive growth, prosperity, and holistic socio-economic development for street vendors.

10K-15K
Loan size

Upto 12 months
Tenure

Ajeevika Loan

We have been selected by NSFDC (National Scheduled Castes Finance and Development Corporation) to offer financial assistance to eligible borrowers from Scheduled Castes, Scheduled Tribes, and Backward Classes. This support aims to promote their educational and economic interests. NSFDC's core objective is to provide financial aid for income generation schemes through State Channelizing Agencies (SCAs) to eligible Scheduled Castes.

30K-40K
Loan size

12 to 24 months
Tenure

Joint Liability Groups

We follow the 'Grameen Model' for our Joint Liability Groups (JLGs) to streamline our operations and offer financial freedom to people. It allows member engaged in similar type of economic activities to avail loans without any collateral, purely relying on the strength of peer partnership.

A JLG group is formed with 4-5 women from similar socioeconomic backgrounds under the assistance and guidance of our Centre Officer (Field Officer). The members of the group ensure timely repayment and support each other financially and emotionally. The group jointly stands liable for the payments and significantly minimises the risks associated with the inability to make payments on time.

We aim for the financial independence of microenterprises and strive to empower women from rural and underprivileged areas to secure a sustainable means of livelihood. Our JLG groups are formed specifically for women to help them empower and inspire others in the community.

INR 46,000
Average ticket size

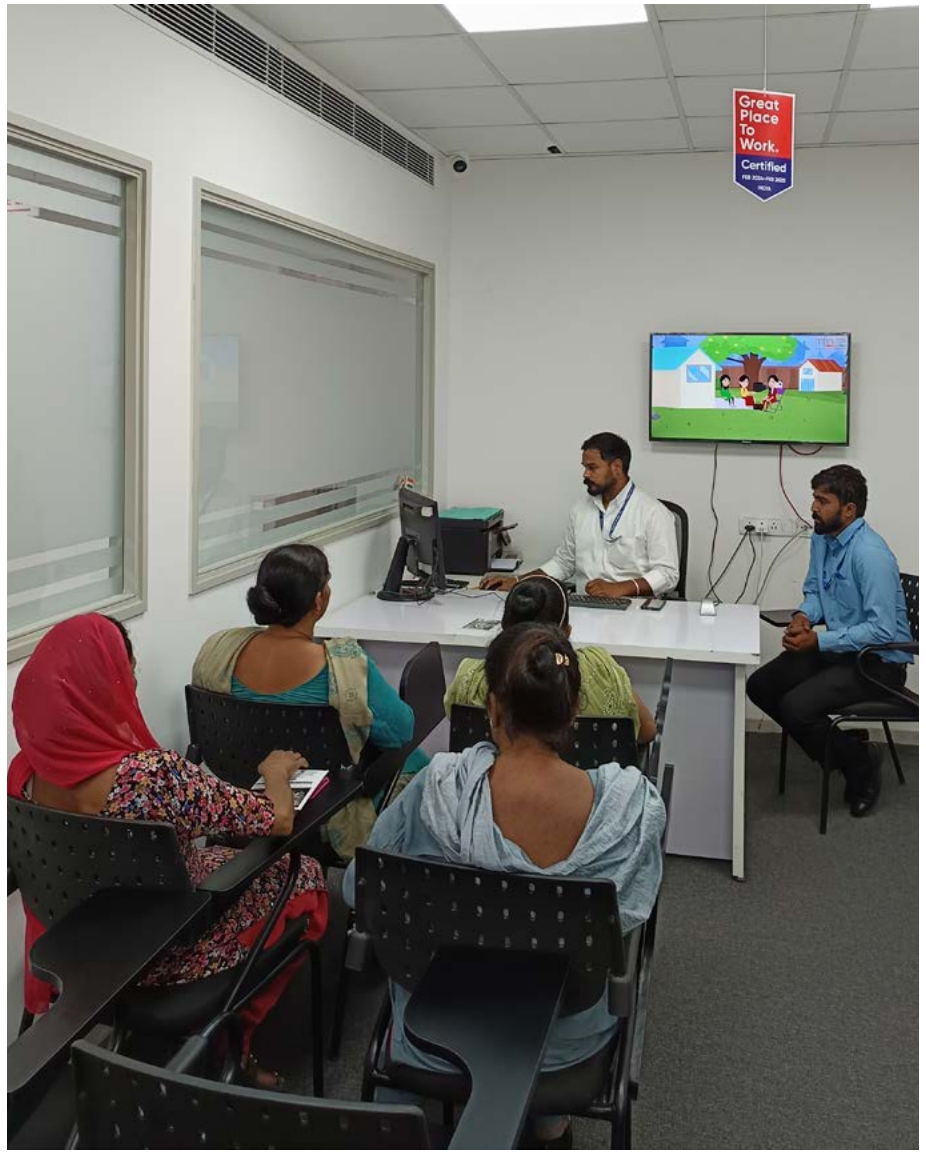
< 90%
on-time repayment rate
for JLG and individual loans

5,46,656
Total JLG loans disbursed

25.5%
Average interest rate

94%
Zero default loans

100%
Female clients



Process flow for JLG loans

1. Area Survey
2. Sensitisation about the products
3. Group formation meeting
4. Centre Officer Level Field Investigation
5. Mandatory Group Training 1
6. Mandatory Group Training 2
7. Branch Manager Level Field Investigation
8. Group Eligibility Test
9. Group Loan Appraisal
10. Group Loan Sanction
11. Loan Disbursement
12. End Use Verification
13. Loan Repayment
14. Loan Monitoring Mechanism

Our People

Building empowered teams

At Midland Microfin, we strive to ensure holistic growth opportunities for our people. Our HR policies aim to value every individual and cover diverse topics such as Learning & Development, creating an equal opportunity workplace and ensuring non-discrimination. We have also developed comprehensive employee benefits and practice a people-centric approach to foster inclusive growth.

01 Enabling and empowering employees by giving them the right information, tools, support and control to make decisions.

02 Engaging employees in various initiatives to drive strategic plans.

03 Employee training through informal feedback that is timely, fair, balanced and personal.

04 Effective communication with employees.

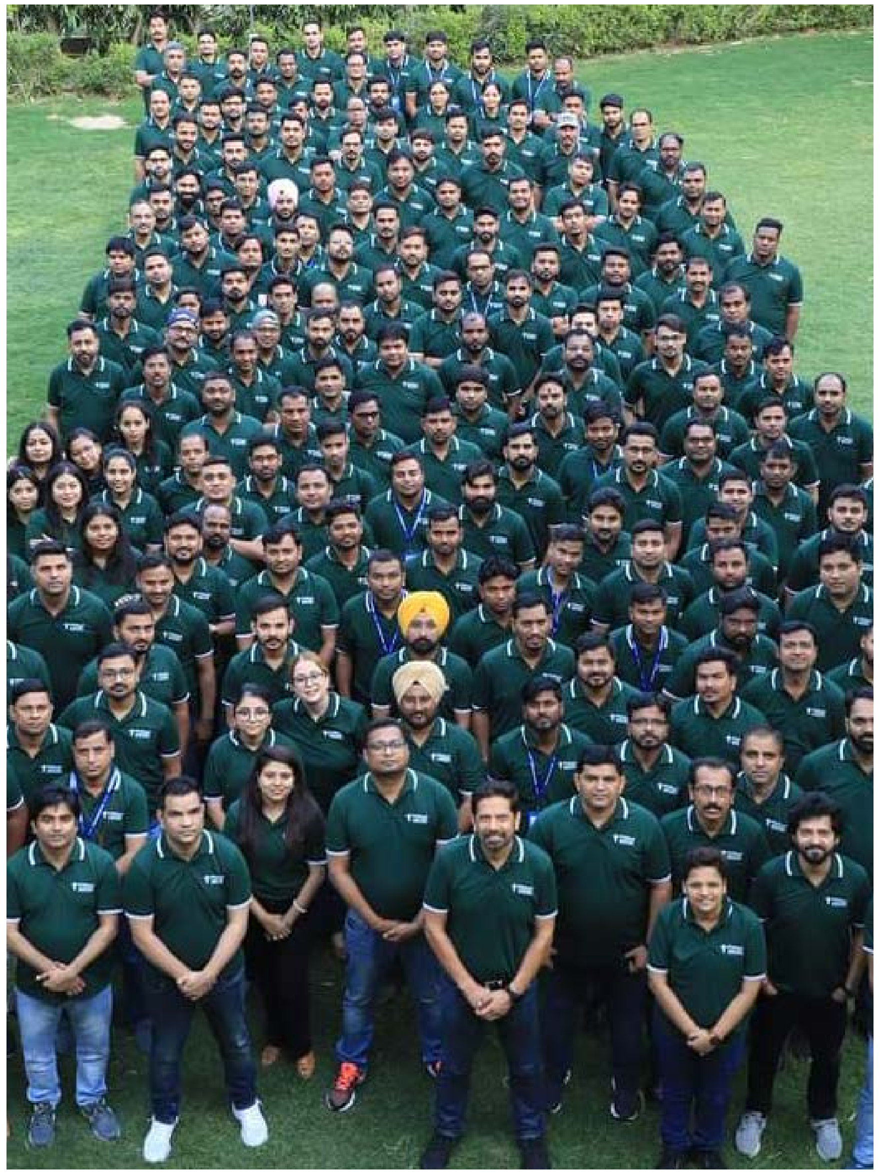
05 Recognising and acknowledging employee contribution to the growth of the organisation.

76%
Employees trained

8%
Gender diversity ratio

4,407
Employees

1,00,952 Hours
Time spent on training



Learning and Development

At Midland Microfin, we focus on encouraging continuous learning and development. We recognise individual strengths and identify gaps for personal improvement by nurturing talent and offering adequate opportunities for upskilling our workforce. With consistent evaluations and constructive feedback, we lay a thrust on competency and capability development through internal training, departmental training and external training programmes for employees at different levels across the organisational hierarchy.

Initiative	Target employee segment	Benefits
Programmes for First Time Managers	Newly promoted managers	To offer training in team management, time management, ethical working practices and behavioural development.
Psychometric Tests	Senior leadership team	To assess different leadership styles
Technical Trainings	All employees	Skill development for inculcating new-age technology into regular practice. Access to e-learning on the Edurigo platform along with hands-on training.
Refresher Trainings	All employees	To meet personal learning and training needs assessed through feedback from key stakeholders including Regional Managers, Divisional Managers, Deputy Business Head, Credit team and Audit team.
Industry Certification	Selected employees	Skill and knowledge enhancement across various fields.
Summer Internship	Management students	On-field training for management students from various business schools.

Diversity and Inclusion

Our company believes in being an equal-opportunity employer and strives to create a diverse and inclusive workplace where every individual is treated with respect. We follow a fair recruitment process and proactively implement measures to enhance female representation in the workforce. Besides, we undertake targeted hiring programmes for attracting women to senior and middle management roles.

Our hiring procedure does not discriminate on the basis of race, gender, age, ethnicity or physical disability. To support women employees, we provide crèche facilities, post-delivery medical expenses, ESIC benefits and flexible work timings to strike a balance between their professional and personal life.

We also have a whistleblower policy that encourages employees to report incidents without the fear of repercussion. Moreover, through training on averting unconscious bias, we have allowed our hiring team to inculcate a balanced attitude towards people. To ensure transparency of the recruitment process, we conduct interviews through different panels to reduce individual bias.

Environment

Committed to a sustainable future

Our commitment towards environmental sustainability is highlighted through conscious efforts to minimise our ecological footprint. Along with ensuring adherence to the United Nations Sustainable Development Goals (UN-SDGs), we use renewable energy and provide Credit Plus loans to encourage the adoption of clean and energy efficient products such as Solar Torch, Induction Cooktop etc.

Going forward, we plan to introduce easy financing solutions for customers who seek to adopt renewable energy or different types of energy efficient products. We also envision an opportunity to form partnerships and collaborations with agencies, regulators and NGOs for developing capacity-building programmes on sustainable development.

Key Initiatives undertaken in FY24


Empowered customers with Clean Energy Solutions under the Global Carbon Programme.


The use of solar power was initiated across 93 branches.


Promoting the use of e-Cycle among employees to conduct day-to-day operations.


Developing an e-waste disposal policy in alignment with local and national regulations

Plans for a sustainable future


50% of branches to run on solar power by 2030

10 Lakh households to be supported for adoption of clean energy solutions by 2030


Launch of a pilot project for encouraging staff to use e-cycles for conducting day-to-day business operations.

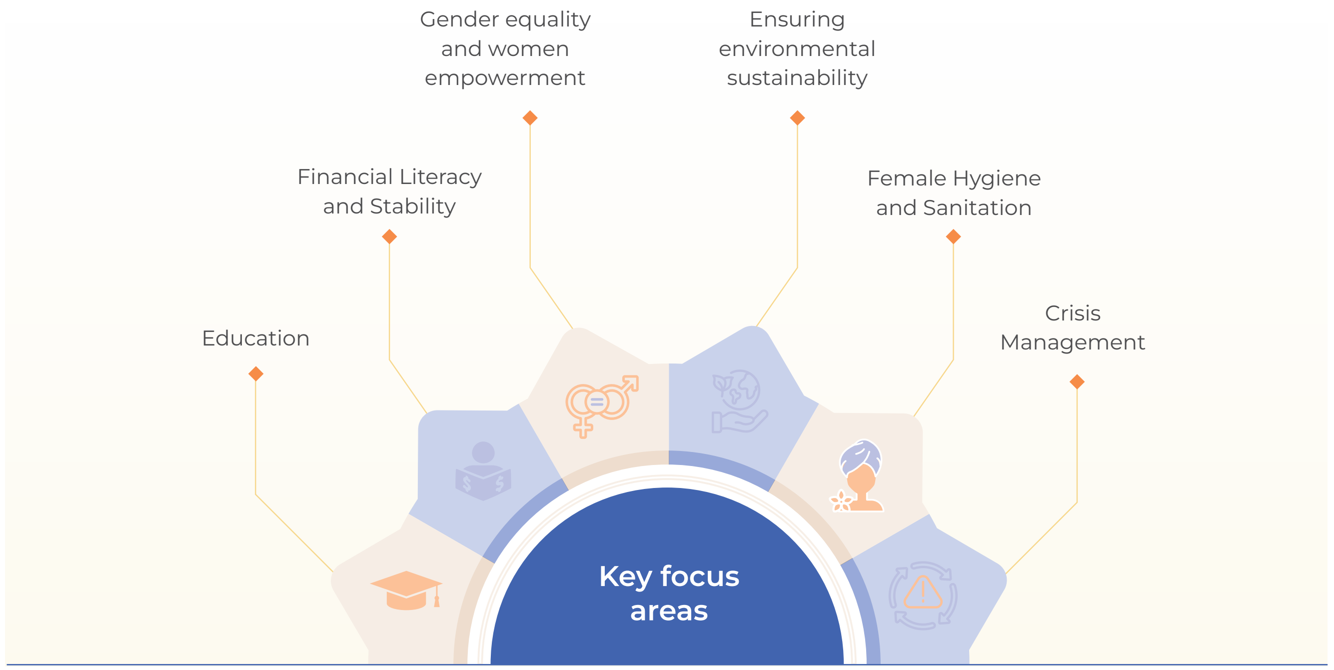
Social

Empowering Communities

Our CSR policies and initiatives are aligned to our vision and mission of empowering underprivileged sections of society, especially women. We aim to contribute towards the sustainable development of society and the environment by engaging in activities that make a lasting change to society. Midland Foundation, our CSR arm helps us to execute different types of projects.

Through a comprehensive, multifaceted approach, we track quantifiable results like the number of lives impacted and the amount of funding used for community development projects. Additionally, we gather qualitative feedback from our stakeholders and conduct regular audits to ensure transparency of our processes. We also have a dedicated CSR committee to oversee and monitor the implementation of policies.

We collaborate with local organisations and frequently interact with the community through surveys, focused group discussions and consultations to align our policies with changing needs. Our transparent reporting system and employee volunteering programmes help us to stay in touch with the communities we serve and build lasting relationships.



14,750
CSR beneficiaries

2 %
Revenue spent on CSR initiatives

11
Projects successfully implemented

₹2.02 crores
CSR Expenditure over the last 5 years

Governance

Prioritising ethics and transparency

We uphold the highest standards of corporate governance by focusing on ethical business practices, regulatory compliance, and transparent communications. Our primary goal is to enhance stakeholder value through well-defined policies that are regularly reviewed to protect the interests of all stakeholders.

Whistleblower Policy:

- Encourages reporting of unethical conduct or suspicious activities.
- Protects whistleblowers from discrimination or penalties.
- Ensures anonymity of complainants.

Governance Committees:

To ensure efficient and ethical management, we have established several dedicated committees:

5 members
Audit Committee

5 members
Nomination and Remuneration Committee

3 members
Corporate Social Responsibility Committee

3 members
Risk Management Committee

3 members
Stakeholder's Relationship Committee

10 members
Asset Liability Management Committee

9 members
IT Strategy Committee

5 members
IT Steering Committee

3 members
Board Management Committee

Grievance Redressal Policy

Our grievance redressal policy provides a structured framework for efficiently resolving customer complaints. Stakeholders can report any grievances via our official email or through phone calls. We have also installed complaint and suggestion boxes at all branches to encourage employees and customers to voice their concerns. Furthermore, stakeholders can directly contact our Grievance Redressal Officer via email, ensuring a transparent and accessible channel for issue resolution.

Enabling Robust Governance Practices

We are dedicated to upholding high standards of corporate governance, supported by our policies, culture, and stakeholder relationships. Our Board comprises a diverse mix of directors, ensuring balanced and independent decision-making. We adhere strictly to regulatory standards and have adopted comprehensive governance frameworks, including the Code of Conduct, Whistleblower Policy, and various Board committees to oversee critical aspects of governance.

Risk Management

As a responsible corporate entity, we have established a comprehensive and robust risk management framework. Our approach ensures oversight of key functions to mitigate risks arising from both internal and external environments. A risk-conscious culture is embedded across the organisation, where employees are well-informed about the potential risks, empowering them to fulfil their roles responsibly.

Risk Management Framework

- Overseen by the Board and operates on the principle of three lines of defence.
- Includes risk identification, analysis, response, and monitoring.

Key Elements

- **Risk Management Committee:** Formulates and monitors the risk management plan, ensuring alignment with strategic objectives.
- **Midland Team and ALCO:** Monitors risks in the financial landscape, manages liquidity, and oversees fund management.

Risk and Mitigation

Risk	Elements	Mitigation
Credit Risk	The risk of financial loss if a borrower defaults on contractual obligations.	We mitigate this risk through robust, technology-supported underwriting mechanisms and established protocols for credit approvals. Post-disbursal, vigilant monitoring is conducted. Adherence to risk management guidelines issued by RBI and SROs guides our formulation and implementation of the risk management system.
Market Risk	Adverse market changes that may affect the company's daily operations.	Rigorous policies are in place to monitor market movements. We engage actively with stakeholders to remain vigilant about emerging trends. Our focus is on optimising business outcomes and profitability while maintaining strong business fundamentals.
Liquidity Risk	The inability to maintain a sufficient liquidity buffer to meet immediate obligations, including debt repayments and committed loan disbursals.	We have implemented comprehensive Asset Liability Management (ALM) and Liquidity Risk Management policies. Regular monitoring of liquidity positions is conducted weekly or monthly. We maintain robust liquidity and capital adequacy levels, exceeding RBI's 30-day buffer requirement. Our approach includes a diversified lender base and an excellent repayment track record.

Risk	Elements	Mitigation
Operational Risk	Potential losses due to insufficient controls over internal processes, systems, and operations, including risks from fraud, misappropriations, and more.	Controls and checks are instituted along with a real-time reporting system to mitigate operational failures. We have also deployed an Automated System for transaction monitoring and adhere to AML/CFT guidelines for enhanced oversight.
Climate Risk	Adverse impacts from climate change, including physical, transition, and liability risks.	Our operational network across 14 States and Union Territories helps mitigate regional climatic impacts. Although not directly exposed to physical climate risks due to our financial services focus, we have strategies to address portfolio-level risks from environmental and regulatory changes. ESG factors are considered when assessing the viability of new branches.
ERM Risk	Potential threats to financial stability, operational continuity, and strategic objectives due to lack of a robust ERM system.	We have adopted an Enterprise Risk Management (ERM) framework that ensures a uniform risk management culture. This framework aids in assessing and managing risks, visualising risks, allocating ownership, and delineating responsibilities for risk controls.
Interest Rate Risk	Risks arising from fluctuations in interest rates, potentially affecting long-term business sustainability.	While we lend at a fixed rate and borrow at a floating rate, recent RBI regulations allow us to incorporate risk pricing into our lending practices, mitigating interest rate risk.
IT/Cybersecurity Risk	Risks from handling sensitive customer data, including data breaches, phishing, and ransomware attacks.	We maintain strict confidentiality standards and have a robust Information Security Management System (ISMS) to protect sensitive customer data, ensuring resilience against cyber threats.
Compliance Risk	Risks of failing to meet regulatory expectations, leading to potential actions and penalties from regulatory bodies.	Compliance is a cornerstone of our governance, overseen by the Board. Our policy mandates full adherence to legal and regulatory requirements. We have implemented a system-driven monitoring mechanism to ensure compliance and reduce the risk of regulatory violations.
Model Risk	Risks associated with potential misuse or incorrect outputs from various models and frameworks used in decision-making.	We conduct periodic reviews of models and their underlying assumptions to ensure alignment with the current environment. Models are used for specific purposes to minimise misuse and ensure accurate outputs.

Success stories

Sunita
Gujarat

My name is Sunita, and I took a loan of Rs. 40,000/- from Midland Microfin Ltd. With this loan, I was able to establish a machine for Paper Cup Manufacturing. This investment has truly transformed my life. The machine has significantly increased my monthly income, allowing me to provide better opportunities for my family. Thanks to Midland Microfin Ltd., I now feel more confident and empowered in managing my business. Their support has not only improved my financial stability but also boosted my self-reliance and aspirations for the future.

Sita Devi
Bihar

I, Sita Devi of Supaul district of Bihar took a loan of Rs. 40,000 from the Midland Microfin Limited, prior to this loan, my situation was so disturbing that I was not even able to get my daughter to study. After this loan from Midland, I opened a grocery shop at my home. I slowly started earning money from that shop and today, my business is doing so well that I improved my financial condition a lot. And today everyone in my family is living a good life and my children are also studying in good schools. Also, I have started running two shops. Further I have repaid my loan which I had taken from Midland before the due time. This is how a Loan from Midland has changed my life. With the further support from the Midland Microfin Limited, I also wants to open a beauty parlour in the future.

Manju Devi
Uttar Pradesh

My name is Manju, and I received a loan of Rs. 40,000/- from Midland Microfin Ltd. I've been associated with this company for the past two years. With the loan, I was able to start a pottery-making business, which has been a life-changing experience. The loan has helped me to increase my monthly income, enabling me to offer a better living standard to my family. Thanks to Midland Microfin Ltd., I have not only enhanced my financial security but also strengthened my self-reliance and ambitions for the future.

Dilraj Kaur
Punjab

My name is Dilraj Kaur, wife of Charanjit Singh, and a resident of Diwali Village. I've been taking loans from Midland Microfin Ltd. for the last 10 years. I took a loan of Rs. 30,000, which I used to expand my business when I had only 2 cows. With Midland's support, I've been able to grow my business and now have 5 cows of my own. Recently, I took another loan of Rs. 50,000 to further expand my small-scale business. This support has greatly improved my family's livelihood, and my son is now studying in a private school. I am very thankful to Midland Microfin Ltd. for granting me the opportunity to stand on my own feet.

Awards and Accolades

The Game Changer: The Extraordinaire-Brand Award at the Brand Vision Summit, 2023: Receiving 'The Game Changer: The Extraordinaire-Brand' award is a prestigious acknowledgment of Midland Microfin Ltd.'s transformative influence and remarkable contributions to the financial sector.

Ela Ben Memorial Award for Best Gender-Friendly MFI by Sa-Dhan
Midland Microfin Ltd. (MML) has been awarded the Ela Ben Memorial Award For Best Gender-Friendly MFI, at Sa-Dhan National Conference 2023 highlighting our dedication to gender equality and women upliftment. Our goal is to empower women through financial inclusion, education, and leadership opportunities, ensuring a brighter and more equitable future for all.

Best Tech Savvy Microfinance of the Year Award:
Midland Microfin Ltd. (MML) has been honoured as the Best Tech-Savvy MFI of the Year at 16th NBFC & Fintech Conclave Award 2023, showcasing our commitment to innovation and process excellence. We leverage technology for positive impact and growth through its seamless integration in all aspects of our day to day operations.

Recertified as Great Place to Work for the fifth time in a row. We are delighted to announce that we have received the Great Place to Work certification for the fifth consecutive time, highlighting our ongoing commitment to fostering a positive and supportive work environment.

M1C1 COCA Grading from SMERA Midland Microfin Ltd. (MML) is grateful for the support, dedication, and teamwork that led to our M1C1 COCA Grading from SMERA, highlighting our commitment to operational excellence and maintaining industry standards!

Certificate of Excellence in Clean Energy Finance: Midland Microfin Ltd. (MML) is proud to be recognised by the Gold Standard and be honoured with the Certificate of Excellence in Clean Energy Finance by MicroEnergy Credits, marking a significant achievement in our sustainability journey.

Social Impact Certificate by d.light Midland Microfin Ltd. has been awarded the Social Impact Certificate by d.light for its efforts in providing affordable and sustainable impact products to customers and promoting a greener future.

Board of Directors

Mr. Amardeep Singh Samra

Promoter Director (Managing Director)

He is passionate about microfinance; introduced the concept in the region of Punjab, Haryana and Rajasthan.

He has a specialization in Finance, Marketing and Administration.

He is the Co-ordinator of Punjab & Haryana Finance Companies Association (PHFCA), the prestigious body of major NBFCs in North India.

He is also a Director in Microfinance Institutions Network (MFIN), the premier industry Association and Self-Regulatory Organization (SRO) for the microfinance industry in India as regulated under RBI.

Furthermore, he is also a member of Young Presidents Organisation (YPO) Punjab Chapter, the world's premium network of chief executives.

Mr. Vijay Kumar Bhandari

Promoter Director (Chairman)

Mr. Vijay Kumar Bhandari is a Fellow member of Institute of Chartered Accountants of India. He is a banker by profession and former General Manager of Central Bank of India. He has over 35 years of experience in Banking Industry in various capacities as Senior Internal Auditor, Branch Manager, Regional Manager and Zonal Manager.

He 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. He is also on the Board of Various renowned companies as an Independent Director.

Mr. Shant Kumar Gupta

Independent Director

He is Chairman and Promoter of renowned 'HAMCO GROUP' engaged in manufacturing and trading of Iron and Steel and hand tools. Post graduate in Economics and a businessman by profession.

He is also a Founder and Chairman of 'Hamco Charitable Trust', an NGO involved in imparting free computer education to poor and needy students.

Mrs. Kamna Raj Aggarwalla

Woman Independent Director

She is the Managing Partner of GDPA Fasteners', one of the youngest women entrepreneurs to pave way for GDPA Fasteners' entry into exports.

She is also the member of the Advisory Board to Government of Punjab for Small Scale Industries.

She is also the Regional Chairperson of Northern Region Engineering Export Promotion Council of India. She is a past Chairperson of the Confederation of Indian Industry (CII), Punjab and is also the Member of the board of CII Northern Region. Apart from this, she is also Convener for Education and Skilling Panel of the Confederation of Indian Industry (CII), Punjab and is on Board to Punjab Technical University.

Mr. Sachin Nithyanand Kamath

Nominee Director

Mr. Kamath is an experienced Global Asset Manager with a track record in managing multi-million dollar investments across various asset classes and geographies, which include USA, Europe, Middle East and India. He co-founded Kitara Capital in 2009, which currently has eco-system of around US$800 million. He is a B.Com graduate from Mumbai University and a professionally qualified Chartered Accountant.

During his tenure of 34 years, he has worked in India with ICICI Limited, Paradigm Investments, BOI Mutual fund, JV Gokal group before he migrated to Middle East in 1997 and started/managed the investment group for Khimji family in Oman.

Mr. Santokh Singh Chhokar

Non-Executive Director

He is originally a medical and social sciences graduate from the University of London, he also completed his Law Society's Post Graduate Diploma in Law in 1991 and the Law Society's final Examination in 1992. After completing his two years training he was admitted as a Solicitor in 1994 Senior Partner in Chhokar & Co. Solicitors.

He is a long-standing member of the Solicitors' Family Law Association, and the International Bar Association. He has been a Fellow of the Royal Society since 2005.

He served as Chairman of South Bucks District Council for two years. Currently, He is serving as a Councillor in Buckinghamshire Council and as Chairman of Denham, Gerrards Cross and Chalfonts Community Board.

He has served as Honorary Treasurer and President of the Middlesex Law Society.

Board of Directors

Mr. Ashwani Kumar Jindal

Independent Director

Mr. Parveen Kumar Gupta

Independent Director

Mr. Ashwani Kumar Jindal is a recognized member of the Institute of Chartered Accountants of India. He has an immense knowledge and experience in NBFC Audits, RBI matters, Income Tax & GST and Auditing. He executed Central Statutory Audit of Amritsar Central Co-operative Bank for several years. He is Co-opted Member of Internal Audit Standard Board of ICAI for the year 2020-21 and remained co-opted member of Committee of Members in Industry & Business of ICAI for the year 2019-20.

He remained Co-opted member of Board of Studies of ICAI for the years 2016-2019. He remained as Chairman of Jalandhar Branch of NIRC of ICAI for three years in 2006, 2009 and 2013-14. He is Founder member and General Secretary of Chartered Accountants Association. He is also General Secretary of Income Tax & GST Bar Jalandhar.

Mr. Gupta has vast experience in the financial services sector of over 40 years. He retired as Managing Director from State Bank of India ("SBI"). During his stint with SBI group, he looked after Retail Banking, Digital Banking, Risk & Compliance functions, Treasury, International Banking, Investment Banking, Private Equity. He was also nominated by SBI on the Boards of various subsidiaries of the Bank as a nominee director.

He is currently Part Time Non-Executive Chairman of Utkarsh Small Finance Bank, National Securities Depository Limited and of Future Generali India Insurance Company Limited. He is also an Independent Director on the Boards of Bank of India Investment Managers Private Limited and Growth Source Financial Technologies P Ltd. He has also been appointed as member of the Board of Governors of Indian Institute of Management, Raipur. Mr Gupta is also a past Chairman of Foreign Exchange Dealers Association of India (FEDAI).

He holds a bachelor's degree in commerce from Guru Nanak Dev University and is an associate member of the Institute of Company Secretaries of India. He is also a certified associate of the Indian Institute of Bankers.

He was a member of the expert committee on Micro, Small & Medium Enterprises, headed by Mr. U.K. Sinha, former Chairman of the SEBI, constituted by RBI.

Senior Management Personnel

Mr. Amitesh Kumar

Chief Operating Officer & Chief Financial Officer (COO & CFO)

Mr. Kapil Kumar Ruhela

Chief Compliance Officer

Mr. Gagandeep Sharma

Chief Technology Officer

Mr. Gopesh Gupta

Deputy Vice President - Accounts & Finance

Statutory Information

Statutory Auditors

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

Secretarial Auditors

M/S HARSH GOYAL & ASSOCIATES
Company Secretaries, 1st & 4th Floor, Noble Enclave, Bhai Wala Chowk, Ludhiana, Punjab - 141001

Registrar & Share Transfer Agent

SKYLINE FINANCIAL SERVICES PVT. LTD.
D-153A, 1st Floor, Okhla Industrial Area, Phase – 1
New Delhi - 110020

Depositories

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

CENTBANK FINANCIAL SERVICES LIMITED,
(Wholly Owned Subsidiary of Central Bank of India) 3rd Floor (East Wing), Central Bank of India MMO Building, 55-M.G Road, Fort, Mumbai - 400001.
022-22616217,
info@cfsl.in

CATALYST TRUSTEESHIP LIMITED
Unit No - 901, 9th Floor, Tower - B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013.
022-2249220555,
dt.mumbai@ctltrustee.com

BEACON TRUSTEESHIP LIMITED
5W, 5th Floor, The Metropolitan, E Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai 4000051.
+91 9555449955
contact@beacontrustee.co.in

Key Managerial Personnel (Kmp)

MANAGING DIRECTOR
Amardeep Singh Samra

COO & CFO
Amitesh Kumar

COMPANY SECRETARY
Sumit Bhojwani

Corporate & Registered Office

MIDLAND MICROFIN LIMITED
The AXIS, Plot No. 1, R.B. Badri Dass Colony, B.M.C. Chowk, G.T. Road, Jalandhar, Punjab – 144001 Phone:- 0181-5085555 | Fax: 5087777 Email:- info@ midlandmicrofin.com

Report of the Board of Directors

Dear members,

It is our immense pleasure to present the 36th Annual Report along with the Audited Financial Statements of the Company for the financial year ended March 31, 2024.

1. FINANCIAL SUMMARY/HIGHLIGHTS, STATE OF AFFAIRS

The highlights of the financial performance of the Company for the financial year ended March 31, 2024 together with the comparative position of the previous financial year, are as under:

(₹ in million)

S. No.	Particulars	For year ended March 31, 2024 (Audited)	For year ended March 31, 2023 (Audited)
1	Total Gross Income	5,327.59	3,949.12
2	Interest Expended	2,043.75	1,684.55
3	Operating expenses (i)+(ii)	1,664.00	1,134.64
	(i) Employees cost	1,059.52	747.19
	(ii) Other operating expenses	604.48	387.45
4	TOTAL EXPENDITURE (2)+(3) (Excluding provisions and contingencies)	3,707.75	2,819.19
5	OPERATING PROFIT (1 - 4) (Profit before Provisions and Contingencies)	1,619.84	1,129.93
6	Provisions (other than tax) and contingencies (Net)	507.54	514.84
7	Net loss on fair value changes	172.20	0.00
8	Profit before Tax (6 - 7 - 8)	940.10	615.09
9	Tax expense	218.55	146.76
10	Net Profit from Ordinary Activities after Tax (8 - 9)	721.55	468.33
11	Net Profit/(Loss) for the period	721.55	468.33
12	Paid-up equity share capital (Face value ₹ 10/- per share)	455.70	455.70
13	Partly paid-up equity share capital (Face value ₹ 10/- per share)	20.41	0
14	Instruments entirely equity in nature Fully Paid (CCPS)	415.73	335.16
15	Instruments entirely equity in nature Partly Paid up (CCPS)	18.95	0
16	Reserves & Surplus excluding revaluation reserves	3,967.80	2,684.83
17	Dividend %		
	- Preference	0.02% & 0.01%	17%, 0.02% & 0.01%
	- Equity	7% (Proposed)	7%
18	Net Worth (excluding Preference Share Capital)	4,878.59	3,475.69
19	Earnings Per Share (in ₹)	16.45	10.28
20	Capital Adequacy Ratio (in %)	28.34	28.44
21	Operating Expenses (Opex) Ratio (in %)	7.22	7.38
22	Return on Total Assets (in %)	3.12	2.63
23	Return on AUM (in %)	3.13	3.04
24	Return on Equity (in %)	17.27	16.01

1.1 Financial Highlights

i) Preparation of Annual Accounts

The Annual Accounts have been prepared on the basis of Ind-AS accounting and the corresponding impact of the same in the previous year has been made accordingly. The aggregate Assets Under Management (AUM) of the Company has increased by ₹7,320.03 million that represents growth of 37.74% as compared to the previous year.

ii) Gross Income

The Company has earned a gross total income of ₹5,327.59 million for the year ended March 31, 2024, as compared to ₹3,949.12 million on March 31, 2023, registering a growth of 34.91%. The contributing factor to this growth in income was an increase in the interest income on the JLG loan portfolio. Further, the Company has registered a growth of 39.94% in fees income of Credit Plus Products which has increased to ₹250.43 million from ₹178.95 million.

iii) Profit Before Tax (PBT)

Profit Before Tax (PBT) increased to ₹940.10 million at the end of the financial year 2023-24, recording a growth of 52.84% over the previous year's PBT of ₹615.09 million.

iv) Profit After Tax (PAT)

The Company has booked PAT of ₹721.55 million as on March 31, 2024, as against the profitability of ₹468.33 million on March 31, 2023 registering an increase of 54.07%. The increase in PAT is due to growth in portfolio, higher fee-based income, reduction in operational cost and treasury management.

v) Return on Equity and Return on Assets

As mentioned above, increased profitability contributed to higher Return on Equity and Return on Total Assets to 17.27% and 3.12% respectively.

vi) Net Worth

During the year under review, the Company has been able to meet the challenges of capital and issued fully paid-up compulsorily convertible preference shares, partly paid-up compulsorily convertible preference shares and partly paid-up equity shares to existing equity shareholders. Thus, the net worth of the Company increased to ₹4,878.59 million during the current financial year as compared to ₹3,475.69 million in the previous year demonstrating a growth of 40.36%. This growth has also been contributed by the PAT of ₹721.55 million.

vii) Earnings Per Share

During the financial year 2023-24, the earning per share of the Company increased to ₹16.45 as compared to ₹10.28 in the previous year demonstrating a growth of 60.02%.

viii) Capital to Risk Weighted Assets Ratio (CRAR)

The Company's Capital to Risk Weighted Assets Ratio (CRAR) stood at 28.34% at the end of the year under review, which is within permissible limit of 15% prescribed under RBI norms for NBFC-MFIs.

1.2 Operational Highlights

i) Branch Expansion

The Company has significantly enhanced its distribution network by adding 107 new branches, expanding its total to 436 from 329 last year. Simultaneously, it has focused on boosting the operational efficiency of its existing branches.

ii) Operational Cost

During the period under review, the Company has expanded more in technological upgrades to enhance the capability and efficiency of the operations. The Company has been able to create more loan portfolio per branch. Accordingly, the operational cost has reduced to 7.22% during the current financial year as against 7.38% for the previous financial year.

1.3 Fund Mobilization

During the financial year 2023-24, your Company raised a sum of Rs. 250 million by way of Secured Redeemable Non-Convertible Debentures through Private Placement. Further, the Company raised resources aggregating to Rs. 14,007.05 million in total through various domestic banks and financial Institutions in the form of Working Capital Term loans. The Company also sourced funds through securitization and Direct Assignments.

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

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
States	12	12	11
Union Territories	2	2	1
Districts	209	169	140
Villages Covered	64,506	40,628	29,658
Branches	436	329	274
Joint Liability Groups	1,95,226	1,45,889	98,658
No. of Borrowers	9,86,881	7,00,677	4,97,495
Maximum Loan Amount (₹)			
- Individual Loans	1,50,000	1,50,000	1,50,000
- Joint Liability Group	80,000	70,000	50,000
Average Ticket Size (₹)	46,393	42,392	32,731
Cumulative Loan disbursement (₹ in million)	95,666.14	70,463.92	50,967.57
Gross Loan Portfolio (₹ in million)	26,715.47	19,394.19	11,374.14
Outstanding Loan Portfolio (Own Book) (₹ in million)	20,773.13	15,367.67	10,594.10
Assigned/Securitised Portfolio (₹ in million)	4,659.35	2,526.80	780.04
Business Correspondent (BC) Portfolio (₹ in million)	1.25	-	-
Loan Disbursed in FY (₹ in million)	25,202.22	19,496.35	13,385.06
Equity Share Capital (₹ in million)	476.11	455.70	455.70
Compulsorily Convertible Preference Share Capital (₹ in million)	434.67	335.16	-
Preference Share Capital (₹ in million)	455.42	410.98	393.33
Total Assets (J in million)	26,215.91	19,902.18	15,693.48

2. LENDING OPERATIONS

2.1 Disbursements

During the financial year 2023-24, the loan disbursals were of ₹25,202.22 million, demonstrating an increase of 29.27% as compared to previous year's loan disbursals of ₹19,496.35 million.

As on March 31, 2024, the Company's cumulative disbursement stood at ₹95,666.14 million implying the growth of 35.77% as compared to cumulative disbursement of ₹70,463.92 million on March 31, 2023. This growth is due to the increase in 107 branches.

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

(₹ in million)

State	Disbursement
Bihar	27,252.77
Gujarat	1,707.76
Haryana	6,361.68
Himachal Pradesh	223.60
Jammu & Kashmir	79.98
Jharkhand	3,958.12
Odisha	398.77
Punjab	23,982.88
Rajasthan	12,392.35
Uttar Pradesh	16,384.36
Madhya Pradesh	1,498.66
Uttarakhand	230.38
West Bengal	1,194.83
Grand Total	**95,666.14**

3. RECOVERY & STRESSED ASSETS MANAGEMENT

As on March 31, 2024, the gross NPA stood at 2.97% as against the previous year's figure of 0.06%. The Company continued with the recovery actions against the NPAs and overdue cases. These actions resulted in the recovery of an aggregate amount of ₹ 136.90 million from NPAs. Further, the Company has done the technical written off its stressed portfolio of ₹ 65.58 million during the year.

4. RESOURCE MOBILISATION

The total borrowings of the Company stood at ₹19,827.65 million on March 31, 2024, as against ₹ 15,650.62 million in the previous year.

4.1 External Resources

During the financial year ended on March 31, 2024, the Company received ₹ 291.49 million from Kitara PIIN 1501 through Foreign Direct Investment, ₹ 75.41 million from ICICI Bank Limited and ₹ 343.33 million from other existing equity shareholders.

4.2 Domestic Resources

During the financial year under review, the Company mobilised funds amounting to ₹ 250 million by way of Non-Convertible Debentures (NCDs) through private placement. The details of NCDs along with their maturity and coupon rate are provided below.

Sr. No.	Type of Debentures	Amount	Listed/ Unlisted	Maturity	Coupon Rate
1.	Senior, secured rated, unlisted, transferable, redeemable non-convertible debentures ("Debentures")	₹ 250 million	Unlisted	52 (Fifty-Two) Months and 2 (Two) days	13.00% (Thirteen percent) per annum

Further, the Company secured the term loan facility amounting to ₹ 14,007.50 million from domestic banks/ financial institutions.

5. COMPANY'S PROSPECTUS, FUTURE PLANS AND BUSINESS OVERVIEW

The fiscal year 2023-24 marks a significant milestone in our 14-year journey, during which we have seized opportunities, realigned our trajectory and achieved notable success across all financial and operational metrics. We experienced growth in Assets Under Management (AUM), achieved the highest annual disbursement, saw a substantial increase in customer acquisition, upheld our exemplary asset quality, enhanced our Net Interest Margin, reduced our Operating Expense Ratio and strengthened our capital base. These accomplishments have collectively paved the way for a successful year for all our stakeholders.

5.1 Business Overview

During the fiscal year, our Assets Under Management (AUM) has reflected a year-on-year growth of 37.74 % to reach ₹ 2621 crore as of March 31, 2024. This growth was primarily driven by strong customer acquisition. We have either exceeded or are well within the targeted range of our annual performance goals across various parameters for the reporting period. Our borrower base continued to expand robustly, bringing the total number of borrowers to approx. 1 million as of March 31, 2024. This expansion has extended our presence across 12 states and 2 Union Territories.

During the year under review, we maintained healthy collections and asset quality. The on-Book

GNPA of the Company stood at ₹ 619.36 million, which is 2.97% of the on-Book portfolio. The overall Provision Coverage Ratio stood at 72.80% as of March 31, 2024.

We have a well-capitalised balance sheet with CRAR of 28.34% as on March 31, 2024 and ample liquidity of ₹ 3,134.05 million.

The robust underpinnings of our organisation, which includes our solid fundamentals, ethic work practices, customer-centric business approach and employee-focused operational framework, have ensured our continues social relevance. Through the collective efforts of ours. We aim to extend a spectrum of financial services to our customers. As a result, we have emerged as the preferred financial ally for numerous low-income households throughout rural India.

5.2 Prospects

This year, the industry experienced a notable increase in credit demand from the rural market, a trend clearly reflected in the growth of the industry's loan portfolio. The Indian microfinance model has consistently demonstrated resilience and robustness in the face of challenges. With the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) actively working to strengthen the microfinance sector and reinforce its stability within the financial ecosystem, Microfinance Institutions (MFIs) have reaped significant benefits. Technological advancements in the financial sector have contributed to reduced operational costs and enhanced financial inclusion. The Company remains committed to leveraging its outreach, maintaining high asset quality, and managing liabilities effectively. These efforts will continue to provide crucial financial support to borrowers, and create value for stakeholders.

The microfinance industry's total loan portfolio reached to INR 4,33,696 crore as on March 31, 2024, witnessing a growth of 24.5% YoY. The total number of active loans accounts were 14.9 crore with 7.8 crore unique borrowers as on March 31, 2024. NBFC-MFIs are the largest provider of micro-credit accounting for 39.4% to total industry portfolio as on March 31, 2024. (**Source:** MFIN Micrometer Q4 FY2023-24).

5.3 Future Plans

As we embark on the next phase of our journey, we remain optimistic about our ability to achieve robust growth and lead the way in making meaningful impacts while addressing rural aspirations through our diversified financial services. For the financial year 2024-25, our strategy is to pursue an AUM growth of over 50%, with a strong emphasis on acquiring new clients and expanding our geographical reach.

With a diverse reach across India, and a unique operating model, we are well-positioned to lead the industry. Supported by a robust technological infrastructure, a varied liability profile, and a strengthened balance sheet, our goal is to establish ourselves as the premier one-stop financial services provider in rural India, distinguished by our innovative processes and technology.

6. SHARE CAPITAL AND DEBENTURES

6.1 Capital Structure

The Authorised Share Capital of the Company as on March 31, 2024, stood at ₹ 128,00,00,000/- (Indian Rupees one hundred twenty-eight crore only), increasing from ₹ 120,00,00,000/- (Indian Rupees one hundred twenty crore only) in the financial year 2023-24:

- ₹ 53,00,00,000/- ((Indian Rupees fifty-three crore only) divided into 5,30,00,000 (five crore and thirty lakh) equity shares of ₹ 10/- (Indian Rupees ten only) each; and
- ₹ 30,00,00,000/- (Indian Rupees thirty crore only) divided into 3,00,00,000 (Three crore) preference shares of ₹ 10/- (Indian Rupees ten only) each.
- ₹ 45,00,00,000/- (Indian Rupees forty-five crore only) divided into 30,00,000 (thirty lakh) compulsorily convertible preference shares of₹ 150/- (Rupees One Hundred Fifty Only) each.

Ranking pari-passu in all respects with the existing equity shares and preference shares of the Company, respectively, as per the memorandum and articles of association of the Company.

6.2 Raising of Funds/Capital

Paid-Up Share Capital

The subscribed and paid-up share capital of the Company as on March 31, 2024, stood at ₹ 103,14,38,954/- (Indian Rupees one hundred three crore fourteen lakh thirty-eight thousand nine hundred and fifty-four only) comprising of:

- **Equity Shares:**
  - 4,55,70,162 equity shares of ₹ 10/- each, fully paid-up, amounting to ₹ 45,57,01,620/-.
  - 68,03,245 equity shares of ₹ 10/- each, with ₹ 3/- paid-up, amounting to ₹ 2,04,09,735/-.
- **Preference Shares:**
  - 1,20,65,000 preference shares of ₹ 10/- each, fully paid-up, amounting to ₹ 12,06,50,000/-.
  - 63,14,583 preference shares of ₹ 10/- each, with ₹ 3/- paid-up, amounting to ₹ 1,89,43,749/-.
- **Compulsorily Convertible Preference Shares:**
  - 27,71,559 compulsorily convertible preference shares of ₹ 150/- each, fully paid-up, amounting to ₹ 41,57,33,850/-.

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

Equity Share Capital

(Amount in ₹)

Date	Particulars	No. of Equity Shares	Face Value (In ₹)	Paid Up Value (In ₹)	Issue Price (In ₹)	Paid up Share Capital
April 01, 2023	Opening Balance	4,55,70,162	10	10	-	45,57,01,620
March 31, 2024	Issuance of partly paid-up equity shares	68,03,245	10	3	160	2,04,09,735
March 31, 2024	**Closing Balance**	**5,23,73,407**		_	-	**(a) 47,61,11,355**

Preference Share Capital

(Amount in ₹)

Date	Particulars	No. of Preference Shares	Face Value (In ₹)	Paid Up Value (In ₹)	Issue Price (In ₹)	Paid up Preference Share Capital
April 01, 2023	Opening Balance	1,20,65,000	10	10	-	12,06,50,000
March 31, 2024	Issuance of partly paid-up CCPS	63,14,583	10	3	160	1,89,43,749
March 31, 2024	**Closing Balance**	**1,83,79,583**	-	-	-	**(b) 13,95,93,749**

Compulsorily Convertible Preference Share (CCPS)

(Amount in ₹)

Date	Particulars	No. of CCPS	Face Value (In ₹)	Paid Up Value and Issue Price (In ₹)	Paid up CCPS
April 01, 2023	Opening Balance	22,34,399	150	150	33,51,59,850
May 31, 2023	Issuance of CCPS	5,37,160	150	150	8,05,74,000
March 31, 2024	**Closing Balance**	**27,71,559**	**150**	**150**	**(c) 41,57,33,850**

Paid up Share Capital

Date	Particulars	Paid Up Share Capital
March 31, 2024	Closing Balance (a + b + c)	103,14,38,954

6.3 Non-Convertible Debentures

During the financial year ended on March 31, 2024, the Company allotted the Debentures on private placement basis as follows:

a) Secured, Senior, Rated, Redeemable Non-Convertible Debentures (Unlisted):

During the financial year ended on March 31, 2024, the Company allotted a) Secured, Senior, Rated, Redeemable Non-Convertible Debentures (Unlisted) worth ₹ 250 million ((Indian Rupees two hundred fifty million only) on private placement basis as follows:

Date	No. of Debentures	Nominal Amount (in ₹)	Total Amount (in million)
September 22, 2023	250	10,00,000	250
TOTAL	**250**	**10,00,000**	**250**

7. DIVIDEND

The Board of Directors has not yet considered this matter as of the date this report was approved. It is expected to be addressed at the upcoming Board meeting. Upon approval, the matter will be presented to the shareholders for their consideration.

8. CREDIT RATING

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

During the financial year ended on March 31, 2024, the rating agencies assigned and reaffirmed the following long term and short-term ratings of the Company:

Name of Agency	Instrument	Amount (In millions)	Rating
India Ratings	Non-Convertible Debentures	750	IND BBB
CARE Ratings	Bank Loan	9,100	CARE BBB+
CARE Ratings	Non-Convertible Debentures	500	CARE BBB+
CARE Ratings	Non-Convertible Debentures	80.30	CARE BBB+
CARE Ratings	Non-Convertible Debentures	340	CARE BBB+
CARE Ratings	Non-Convertible Debentures	250	CARE BBB+
Acuite Ratings	Bank Loan	5,250	ACUITE A-
Acuite Ratings	Non-Convertible Debentures	600	ACUITE A-
SMERA	Code of Conduct Assessment	N.A.	M1C1

9. RISK MANAGEMENT

9.1 Enterprise-Wide Integrated Management

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

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

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

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

To avoid the deficiencies of handling risk initiatives, policies are reviewed at regular intervals and steps are taken to strengthen our management practices in the increasingly uncertain lending environment. All-inclusive, risk management is a very important part of Midland Microfin Limited and aims to provide ample support to business growth with minimised risk as well aspro-active risk identification and management.

9.2 Asset Liability Management

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

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

The Company has duly constituted an Asset Liability Management Committee (ALCO), chaired by the Managing Director for monitoring various risks such as liquidity risk, interest rate risk and 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 among others. The Company follows a reporting system for asset liability management to review the mismatches and accordingly, remedial measures are taken.

10. REGULATORY UPDATE

The 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, 2024.

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

The Company has filed all the requisite information and forms with the Registrar of Companies (ROC), Chandigarh as required under the Companies Act, 2013 during the financial year ended on March 31, 2024.

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

The Company, being an issuer of various securities has complied with applicable provisions, terms and conditions of contracts, agreements executed with stock exchange, debenture trustees, depositories, depositories participants as well as registrar and share transfer agents for the time being in force.

The Company is also registered in the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI). CERSAI is a risk mitigation tool for the banks/housing finance companies, financial institutions and the public at large to prevent multiple financing against the same property.

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

11. DETAILS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

During the financial year ended on March 31, 2024, no company became or ceased to be the subsidiary/ associate or joint venture of Midland Microfin Limited.

12. TRANSFER TO STATUTORY RESERVE

The Directors are pleased to report that with an objective of reinforcing the financial strength to an amount of ₹14,43,09,074/- (Indian Rupees fourteen crore forty-three lakh nine thousand seventy-four only) being 20% of the Profit After Tax (PAT) has been transferred to Statutory Reserve of the Company pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

13. INTERNAL CONTROLS

13.1 Internal Financial Controls

The Board of Directors confirms that the Company has laid down a set of standards, processes and structure which enables it to implement internal financial controls across the organisation with reference to financial statements and that such controls are adequate and are operating effectively. This includes its design, implementation and maintenance along with periodic internal review of operational effectiveness and sustenance, and whether these are commensurate with the nature of its business and the size and complexity of its operations.

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

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

IT security controls are essential measures implemented to protect digital assets from unauthorised access, alteration or destruction. These controls encompass a range of technologies, processes and policies designed to safeguard information systems, networks and vulnerabilities. There are robust cloud systems which have been implemented efficiently, ensuring scalability, security and reliability for seamless operations and data management.

13.2 Internal Control Systems

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

14. DEPOSITS

The Company is registered with the Reserve Bank of India (RBI) and is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI)- Micro Finance Institution (MFI) under section 45-IA of the RBI Act, 1934. The Directors hereby report that the Company did not accept any public deposit(s) and it continues to be categorised and operates as a NBFC-MFI Company in conformity with the guidelines of the RBI and maintained the non-acceptance of public deposit NBFC status during the financial year ended on March 31, 2024.

15. WEB ADDRESS WHERE ANNUAL RETURN HAS BEEN PLACED

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

16. LOANS, GUARANTEES OR INVESTMENT

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

17. CORPORATE SOCIAL RESPONSIBILITY

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

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

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

During the year, apart from striving to improve the Human Development Index indicators in under-served pockets of urban slums, semi-urban and rural areas, the Company has also extended support to needy families by providing medical facilities under the project named "SWACHTA EVAM SWASTHYA JAGRUKTA ABHIYAN" particularly in rural and slum area. The CSR activities undertaken by your Company are based on the approved CSR policy,

During the financial year under review, the Company has spent ₹ 7,322,652.00/- (Rupees Seventy-Three Lacs twenty-two thousand six hundred fifty two only) i.e. 2% of the average net profits of previous three financial years on its CSR activities through 'Midland Foundation' ("the Trust"), a trust duly registered by the Company as prescribed under the Companies Act, 2013 and rules framed thereunder. The CSR initiatives undertaken by the Company along with other CSR related details form part of the Annual Report on CSR activities for F.Y. 2023-24, which is annexed as Annexure – D to this Report.

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

a) To eradicate hunger, poverty and malnutrition; or

b) To promote healthcare including sanitisation and preventive healthcare; or

c) c) To promote education, including special education and enhance employment skills, particularly for children, women, the elderly and differently-abled individuals as well as to support livelihood ; or

d) To promote gender equality and women empowerment; or

e) Rural development projects; or

f) Slum area development projects; or

g) All other projects permitted under the Schedule VII of the Companies Act, 2013.

18. AUDITS & INSPECTION OF ACCOUNTS

18.1 Statutory Auditors

Pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with rules framed thereunder, as amended and in accordance with the provisions of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines on Appointment of Statutory Auditors") issued by RBI vide circular no. Ref.No.DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated April 27, 2021, the Company in its 34th Annual General Meeting (AGM) held on September 24, 2022 had appointed M/s SCV & Co. LLP, Chartered Accountants (Firm Registration Number: 000235N/N500089) as statutory auditors of the Company to hold office for a term of three years until the conclusion of the 36th Annual General Meeting to be held in the financial year 2024.

Further, pursuant to the regulations of RBI Circular on appointment of Statutory Auditors the Company duly ratified the appointment of M/s SCV & Co. LLP, Chartered Accountants and filed the Form-A with Reserve Bank of India in the due compliance of said regulations.

M/s SCV & Co. LLP, Chartered Accountants, Statutory Auditors of the Company have audited the financial statements of the Company for the financial year 2023-2024.

18.2 Auditors' Report

M/s SCV & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, have audited the financial statements of the Company for the financial year ended on March 31, 2024. 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.

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

During the period under review, neither the statutory auditors nor the secretarial auditors have reported to the Audit Committee/ Board or Central Government any instances of material fraud in the Company by its officers or employees under Section 143(12) of the Act.

However, there have been few instances of misappropriation and criminal breach of trust including embezzlement of cash by the employees amounting to ₹ 52,63,500/- ((Indian Rupees fifty two lakhs sixty three thousand five hundred only) and the due intimations vide FMR-1 and FMR-2 were filed with Reserve Bank of India within the prescribed timelines. In such cases, the action taken by the Company to terminate the services of such employees and also initiate legal action against such employees is deemed appropriate. In this course, the Company has put its arduous efforts to recover the hard-earned money and been successful to recover the entire amount from the said cases during the year.

18.4 Response of the Board to the Auditors' Comment

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

18.5 Internal Audit

In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive internal audits are conducted by the internal auditors. They review internal controls, operating systems and procedures. The Audit function also proactively recommends improvement in operational process and service quality to mitigate various risks. Your Company have a dedicated department of Internal Audit which is headed by Mr. Amit Kumar Rathi, Senior Manager (Internal Audit and Control) and who has very responsibly and diligently conducted the Internal Audit for the FY 2023-24. Further, The Audit Committee of Board of Directors periodically reviews the significant findings of audits, as prescribed in the Companies Act, 2013.

18.6 Secretarial Auditors and Secretarial Audit Report

M/s Harsh Goyal & Associates, Company Secretaries (COP:2802), were appointed on the recommendation of the Audit Committee, by the Board of Directors as the Secretarial Auditors of the Company to carry out the secretarial audit of the Company for the financial year ended on March 31, 2024, as required under Section 204 of the Companies Act, 2013 and rules framed thereunder. The Company provided all the assistance and the facilities to the Secretarial Auditors for conducting the secretarial audit.

The Secretarial Audit Report for the financial year ended on March 31, 2024, is attached herewith as Annexure E to this Report and the same is self-explanatory. There are no observations, qualifications, reservations or adverse remarks, which require comments from the Board.

18.7 Compliance with Secretarial Standards

The Company has complied with the applicable provisions of secretarial standards issued by the Institute of Company Secretaries of India.

18.7 Cost Records and Cost Audit

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

19. CORPORATE GOVERNANCE

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

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

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

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

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

20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all related party transactions entered into by the Company, were duly approved by the Audit Committee and were at arm's length and in the ordinary course of business. The Company did not have any contracts or arrangements with related parties in terms of Section 188(1) of the Companies Act, 2013. Also, there were no material related party transactions entered into by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company for the financial year 2023-24 and hence, does not form part of this report.

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

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

Pursuant to the requirement of Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023, the policy on related party transactions is available on the Company's website, and the same can be accessed at web link: www.midlandmicrofin.com

21. GOVERNANCE AND SOCIAL COMMITMENT

21.1 Conservation of Energy: Ecology and Environment

The Company is engaged in the business of micro financing to self-help groups and lending business development loans to them. The Company has been diligently working to conserve and optimise energy usage wherever feasible. The Company has allocated specific cost budgets for the same in its head office and all its branches to reduce electricity waste and the same is monitored on periodically. basis. During F.Y. 2023-24, the Company has not spent any major amount as capital expenditure on energy conservation equipment.

21.2 Technology Absorption

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

21.3 Foreign Exchange Earnings and Outgo

During the year, there was no foreign exchange earnings and outgo during the year except the payments made under Extra Commercial Borrowings, Equity subscription, Directors Sitting Fee and reimbursements among others.

Earnings	23-24	22-23
ECB	41,36,50,000	-
	41,36,50,000	**-**
Outgo		
Interest Payment on ECB	10,41,33,053	6,86,33,228
Director Sitting Fee	-	1,23,000
Reimbursement of expenses	-	2,24,230
Dividend	87,62,097	82,21,312
	11,28,95,150	**7,72,01,770**

22. DIRECTORS AND COMMITTEES

22.1 Board of Directors

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

COMPOSITION

In compliance with the provisions of the Companies Act, 2013 ("the Act"), the Company has an optimum combination of Executive and Non–Executive Directors with one woman Director.

As on March 31, 2024, the Board of the Company comprised of Eight Directors, of whom four are Independent Directors (including one Woman Director), one Nominee Director, one Non-Executive Director, one Non-Executive Chairman and one Managing Director.

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

Detailed profile of the Directors is available on the Company's website at the web-link: https://midlandmicrofin.com/board-of-directors/

Composition as on the date of the Director's Report

DIN	Name of Directors	Designation	Qualification	Brief Profile
00649442	Mr. Amardeep Singh Samra	Promoter Director (Managing Director)	B.Com.	He is passionate about microfinance; introduced the concept in the region of Punjab, Haryana and Rajasthan. He has a specialisation in Finance, Marketing and Administration. He is the co-ordinator of Punjab and Haryana Finance Companies Association (PHFCA), the prestigious body of major NBFCs in North India. He is also a Director in Microfinance Institutions Network (MFIN), the premier industry association and Self-Regulatory Organization (SRO) for the microfinance industry in India as regulated under RBI. Furthermore, he is also a member of Young Presidents Organisation (YPO) Punjab Chapter, the world's premium network of chief executives.
00052716	Mr. Vijay Kumar Bhandari	Promoter Director (Chairman)	B. Com (Hons), F.C.A.	Mr. Vijay Kumar Bhandari is a Fellow member of Institute of Chartered Accountants of India. He is a banker by profession and former General Manager of Central Bank of India. He has over 35 years of experience in Banking Industry in various capacities such as Senior Internal Auditor, Branch Manager, Regional Manager and Zonal Manager. He 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. He is also on the Board of Various renowned companies as an Independent Director.
01571485	Mr. Shant Kumar Gupta	Independent Director	B.Com. M.A. (Eco.)	He is Chairman and Promoter of renowned 'HAMCO GROUP', engaged in manufacturing and trading of Iron and Steel and hand tools. He is a post graduate in Economics and a businessman by profession. He is also a Founder and Chairman of 'Hamco Charitable Trust', an NGO involved in imparting free computer education to poor and needy students.
07009446	Mrs. Kamna Raj Aggarwalla	Woman Independent Director	B.A.	She is the Managing Partner of GDPA Fasteners', one of the youngest women entrepreneurs to pave way for GDPA Fasteners' entry into exports. She is also the member of the Advisory Board to Government of Punjab for small scale industries. Furthermore, she is the Regional Chairperson of Northern Region Engineering Export Promotion Council of India. She is a former Chairperson of the Confederation of Indian Industry (CII), Punjab and is also the Member of the Board of CII Northern Region. Apart from this, she is also Convener for Education and Skilling Panel of the Confederation of Indian Industry (CII), Punjab and is on Board to Punjab Technical University.

DIN	Name of Directors	Designation	Qualification	Brief Profile
01592593	Mr. Sachin Nithyanand Kamath	Nominee Director	F.C.A.	Mr. Kamath is an experienced Global Asset Manager with a track record in managing multi-million dollar investments across various asset classes and geographies, which include USA, Europe, Middle East and India. He co-founded Kitara Capital in 2009, which currently has an eco-system of appx. US$800 million. He is a B. Com graduate from Mumbai University and a professionally qualified Chartered Accountant. During his tenure of 34 years, he has worked in India with ICICI Limited, Paradigm Investments, BOI Mutual fund, JV Gokal Group before he moved to the Middle East in 1997 and started/managed the investment group for Khimji family in Oman.
00514356	Mr. Santokh Singh Chhokar	Non-Executive Director	B.SC (Hons.), PGD Law	He is originally a Medical and Social sciences graduate from the University of London. He also completed his Law Society's Post Graduate Diploma in Law in 1991 and the Law Society's final Examination in 1992. After completing two years of training he was admitted as a Solicitor in 1994 Senior Partner in Chhokar & Co. Solicitors. He is a long-standing member of the Solicitors' Family Law Association, and the International Bar Association. He has been a Fellow of the Royal Society since 2005. He served as Chairman of South Bucks District Council for two years. Currently, He is serving as a Councillor in Buckinghamshire Council and as Chairman of Denham, Gerrards Cross and Chalfonts Community Board. He has served as Honorary Treasurer and President of the Middlesex Law Society.
02895343	Mr. Parveen Kumar Gupta	Independent Director	Company Secretary, C.A.I.I.B – Indian Institute of Bankers, Mumbai, B.Com	Mr. Gupta has vast experience in the financial services sector of over 40 years. He retired as Managing Director from State Bank of India ("SBI"). During his stint with SBI group, he looked after retail banking, digital banking, risk and compliance functions, treasury, international banking, investment banking and private equity. He was also nominated by SBI on the Boards of various subsidiaries of the Bank as a nominee director. He is currently part-time Non-Executive Chairman of Utkarsh Small Finance Bank, National Securities Depository Limited and of Future Generali India Insurance Company Limited. He is also an Independent Director on the Boards of Bank of India Investment Managers Private Limited and Growth Source Financial Technologies Private Ltd. Moreover, he has also been appointed as member of the Board of Governors of Indian Institute of Management, Raipur. Mr Gupta is a former Chairman of Foreign Exchange Dealers Association of India (FEDAI). He holds a bachelor's degree in Commerce from Guru Nanak Dev University and is an associate member of the Institute of Company Secretaries of India. He is also a certified associate of the Indian Institute of Bankers. He was a member of the expert committee on Micro, Small and Medium Enterprises, headed by Mr. U.K. Sinha, former Chairman of the SEBI, constituted by RBI.

DIN	Name of Directors	Designation	Qualification	Brief Profile
00670384	Mr. Ashwani Kumar Jindal	Independent Director	Chartered Accountant, Information System Auditors-ICAI, Forensic Auditors-ICAI	Mr. Ashwani Kumar Jindal is a recognised member of the Institute of Chartered Accountants of India. He has an immense knowledge and experience in NBFC audits, RBI matters, income tax and GST as well as auditing. He executed Central Statutory Audit of Amritsar Central Co-operative Bank for several years. He is co-opted Member of Internal Audit Standard Board of ICAI for the year 2020-21 and remained co-opted member of Committee of Members in Industry and Business of ICAI for the year 2019-20. He remained co-opted member of Board of Studies of ICAI for the years 2016-2019 . He remained Chairman of Jalandhar Branch of NIRC of ICAI for three years in 2006, 2009 and 2013-14 . He is founding member and General Secretary of Chartered Accountants Association. He is also General Secretary of Income Tax and GST Bar Jalandhar.

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 have 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 serve as an independent director in more than seven listed companies.

i. **Appointment of Directors**

During the financial year ended on March 31, 2024, none of the Directors were appointed to hold office as a Director of the Company.

ii. **Retire by Rotation**

Pursuant to the provisions of the Companies Act, 2013 ('Act') and Articles of Association of the Company, Mr. Santokh Singh Chhokar (DIN: 00514356), Non-Executive Director of the Company is liable to retire by rotation and seek re-appointment as a Director of the Company in the financial year 2024-25.

iii. **Cessation of Directors**

During the financial year ending on March 31, 2024, none of the Directors of the Company ceased or retired from their roles. However, Mr. Shant Kumar Gupta's tenure as an Independent Director concluded on March 31, 2024, upon completing two terms in accordance with Section 149 of the Companies Act, 2013, and rules made thereunder.

22.2 Key Managerial Personnel

Pursuant to the provisions of section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following were the KMPs of the Company as on March 31, 2024:

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

22.3 Meetings of the Board

Number of Board Meetings

During the financial year 2023-24, the Board met 8 (Eight) times. The maximum gap between any two (2) Board Meetings was not more than one hundred and twenty days at any point of time. The details of Board Meetings conducted are as follows:

Date	Board Strength	No. of Directors Present
April 8, 2023	8	8
May 10, 2023	8	7
August 10, 2023	8	8
September 22, 2023	8	8
November 6, 2023	8	8
January 15, 2024	8	7
February 12, 2024	8	8
March 6, 2024	8	5

Attendance of Directors in Board Meetings

Name of the Directors	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	No. of Board Meetings		Whether attended last AGM	No. of other Directorships held (excluding Private Companies, Foreign Companies and Section 8 Companies Act, 2013)	Remuneration			No. of Shares held in and convertible instruments held in the NBFC
				Held	Attended			Salary and other compensation	Sitting Fee	Commission	
Mr. Amardeep Singh Samra	07-06-2010	Managing Director	00649442	8	8	Yes	None	2,44,01,225	80,000	NIL	3675554 fully paid equity shares of ₹ 10 each, 1145000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Vijay Kumar Bhandari	28-03-2014	Non-Executive Director	00052716	8	8	Yes	Five	NIL	1,30,000	NIL	489486 fully paid equity shares of ₹ 10 each, 175000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Shant Kumar Gupta	01-09-2011	Independent Director	01571485	8	8	Yes	One	NIL	1,30,000	NIL	5000 fully paid equity shares of ₹ 10 each, 1667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mrs. Kamna Raj Aggarwalla	17-08-2016	Independent Director	07009446	8	4	No	One	NIL	90,000	NIL	20000 fully paid equity shares of ₹ 10 each, 6667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Sachin Nithyanand Kamath	31-03-2016	Nominee Director	01592593	8	7	No	None	NIL	1,20,000	NIL	Nil
Mr. Santokh Singh Chhokar	21-12-2021	Non-Executive Director	00514356	8	7	No	None	NIL	70,000	NIL	100000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹10 each
Mr. Parveen Kumar Gupta	21-12-2021	Non-Executive Independent Director	02895343	8	8	Yes	Five	NIL	1,30,000	NIL	Nil
Mr. Ashwani Kumar Jindal	11-08-2022	Non-Executive Independent Director	00670384	8	8	Yes	One	NIL	80,000	NIL	184701 fully paid equity shares of ₹ 10 each

22.4 Meeting of Independent Directors

Pursuant to the requirements of Schedule IV to the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was also held on March 22, 2024 through video conferencing, in the absence of Non-Independent Directors and members of the management, to review the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company and also to assess the quality, quantity and timeliness of the flow of information between the Company, management and the Board.

22.5 Confirmation/Statement/Declaration by Independent Directors

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

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

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

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

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

22.7 Committees

The Company has various Committees, constituted as a part of good corporate governance practices who are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company currently has the following committees which are as follows:

i) Audit Committee

ii) Nomination and Remuneration Committee

iii) Stakeholders' Relationship Committee

iv) Corporate Social Responsibility Committee

v) Risk Management Committee

vi) Asset Liability Management Committee

vii) IT Strategy Committee

viii) Board Management Committee

ix) IT Steering Committee

AUDIT COMMITTEE

Pursuant to the provisions of the Companies Act, 2013, the Company has a duly constituted Audit Committee and its composition is in conformity with the requirements of the Act, with minimum of three directors with Independent Directors forming a majority.

Composition of Audit Committee

Mr. Vijay Kumar Bhandari	:	Chairman
Mr. Shant Kumar Gupta	:	IndependentDirector
Mrs. Kamna Raj Aggarwalla	:	Independent Director
Mr. Parveen Kumar Gupta	:	Independent Director
Mr. 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:

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

Dates of Audit Committee Meetings

During the financial year ended on March 31, 2024, the Audit Committee held meetings 7 (Seven) times on the below-stated dates:

- April 08, 2023
- May 10, 2023
- August 10, 2023
- August 21, 2023
- November 06, 2023
- January 15, 2024
- February 12, 2024

Attendance in Audit Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	No. of Meetings of the Committee		No. of shares held in the NBFC
			held	Attended	
Mr. Vijay Kumar Bhandari	April 15, 2014	Chairman	7	7	489486 fully paid equity shares of ₹ 10 each, 175000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Shant Kumar Gupta	April 15, 2014	Independent Director	7	7	5000 fully paid equity shares of ₹ 10 each, 1667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Parveen Kumar Gupta	December 21, 2021	Independent Director	7	7	Nil
Mrs. Kamna Raj Aggarwalla	August 17, 2016	Independent Director	7	3	20000 fully paid equity shares of ₹ 10 each, 6667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Sachin Nithyanand Kamath	August 17, 2016	Nominee Director	7	7	Nil

NOMINATION AND REMUNERATION COMMITTEE

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

Composition of Nomination and Remuneration Committee

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

Terms of Reference

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

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

Dates of Nomination and Remuneration Committee Meetings

During the financial year ended on March 31, 2024, the Nomination and Remuneration Committee held meetings 3 (three) times on below-stated dates:

- August 10, 2023
- September 22, 2023
- January 15, 2024

Attendance in Nomination and Remuneration Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	No. of Meetings of committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Shant Kumar Gupta	March 28, 2014	Independent Director	3	3	5000 fully paid equity shares of ₹ 10 each, 1667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Vijay Kumar Bhandari	March 28, 2014	Chairman	3	3	489486 fully paid equity shares of ₹ 10 each, 175000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mrs. Kamna Raj Aggarwalla	October 05, 2021	Independent Director	3	2	20000 fully paid equity shares of ₹ 10 each, 6667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Sachin Nithyanand Kamath	February 13, 2016	Nominee Director	3	3	Nil
Mr. Parveen Kumar Gupta	December 21, 2021	Independent Director	3	3	Nil

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

Composition of Stakeholders' Relationship Committee

Mr. Amardeep Singh Samra	:	Managing Director
Mr. Vijay Kumar Bhandari	:	Non-Executive Chairman of the Company
Mr. Shant Kumar Gupta	:	Independent Director

Terms of Reference

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

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

Dates of Stakeholders' Relationship Committee Meetings

During the financial year ended on March 31, 2024, the Stakeholders' Relationship Committee held meetings 4 (four) times on below-stated dates:

- April 05, 2023
- July 04, 2023
- October 05, 2023
- January 05, 2024

Attendance in Stakeholders' Relationship Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	No. of Meetings of committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Amardeep Singh Samra	March 28, 2014	Executive (Managing Director)	4	4	3675554 fully paid equity shares of ₹ 10 each, 1145000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Vijay Kumar Bhandari	January 14, 2015	Chairman	4	4	489486 fully paid equity shares of ₹ 10 each, 175000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Shant Kumar Gupta	March 28, 2014	Independent Director	4	4	5000 fully paid equity shares of ₹ 10 each, 1667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

Composition of Corporate Social Responsibility Committee

Mr. Amardeep Singh Samra : Managing Director

Mr. Sachin Nithyanand Kamath : Nominee Director

Mrs. Kamna Raj Aggarwalla : Independent Director

Terms of Reference

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

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

Dates of Corporate Social Responsibility Committee Meetings

During the financial year ended on March 31, 2024, the Corporate Social Responsibility Committee Meetings was held 4 (four) times on the below-stated date:

- May 10, 2023
- November 06, 2023
- January 02, 2024
- March 29, 2024

Attendance in Corporate Social Responsibility Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	No. of Meetings of committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Amardeep Singh Samra	August 17, 2016	Executive (Managing Director)	4	4	3675554 fully paid equity shares of ₹ 10 each, 1145000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Sachin Nithyanand Kamath	August 17, 2016	Nominee Director	4	4	Nil
Mrs. Kamna Raj Aggarwalla	August 17, 2016	Independent Director	4	4	20000 fully paid equity shares of ₹ 10 each, 6667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each

RISK MANAGEMENT COMMITTEE

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

Composition of Risk Management Committee

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

Terms of Reference

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

- The risk management landscape in the company covers the stages of identifying, assessing, measuring, managing, controlling and reporting risk concerns across all the risk classes viz. credit, market and operational risks and liquidity risks.
- Frame risk management plan and policy;
- Oversee implementation/Monitoring of risk management plan and policy;
- Validate the process of risk management;
- Validate the procedure for risk minimisation;
- Periodically review and evaluate the Risk Management Policy and practices with respect to risk assessment and risk management processes;
- Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed;
- Review of development and implementation of a Risk Management Policy including identification therein of element of risk;
- Review of cyber security and related risks;
- Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.
- The Risk Management Policies adopted and reviewed periodically articulate, codify the strategy, structure, processes and systems.
- Expanding business arenas, deregulation and globalisation of financial activities, emergence of new financial products and increased level of competition has necessitated the need for an effective and structured risk management practice in financial institution.

Dates of Risk Management Committee Meetings

During the financial year ended on March 31, 2024, the Risk Management Committee Meetings were held 4 (four) times on the below-stated date:

- May 10, 2023
- July 07, 2023
- October 31, 2023
- January 31, 2024

Attendance in Risk Management Committee Meeting

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	No. of Meetings of committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Amardeep Singh Samra	February 13, 2016	Executive (Managing Director)	4	4	3675554 fully paid equity shares of ₹ 10 each, 1145000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Vijay Kumar Bhandari	February 13, 2016	Chairman	4	4	489486 fully paid equity shares of ₹ 10 each, 175000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Shant Kumar Gupta	February 13, 2016	Independent Director	4	4	5000 fully paid equity shares of ₹ 10 each, 1667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each

ASSET LIABILITY MANAGEMENT COMMITTEE

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

Composition of Asset Liability Management Committee

Mr. Amardeep Singh Samra	:	Managing Director
Mr. Amitesh Kumar	:	COO and CFO
Mr. Gopesh Gupta	:	Dy. Vice President (Finance)
Mr. Gagan Deep Sharma	:	Dy. Vice President (Legal and Audit)
Mr. Bhimanshu Gupta	:	Associate Vice President (Finance)
Mr. Ashish Guleria*	:	Senior Manager (Finance)
Mr. Sumit Bhojwani	:	Company Secretary
Mr. Gagandeep Sharma	:	Chief Technology Officer
Mr. Maninder Kumar	:	AVP (Credit)
Mr. Kapil Kumar Ruhela**	:	Chief Compliance Officer (CCO)

*Mr. Ashish Guleria, Senior Manager (Finance) ceased to be a member of Asset Liability Management Committee (ALCO) w.e.f. September 20, 2023 due to his resignation.

** Mr. Kapil Kumar Ruhela, Chief Compliance Officer (CCO) was co-opted as a member of Asset Liability Management Committee (ALCO) w.e.f. October 31, 2023.

Terms of Reference

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

- The committee actively manages and controls the structure of assets and liabilities and interest rate sensitivities with a view of optimising profits besides, maintaining capital adequacy and sufficient liquidity.
- The Committee Statements for structured liquidity, liquidity coverage and interest rate sensitivity of the Company is being prepared in line with the RBI guidelines to actively manage the liquidity and interest rate risks.

Dates of Asset Liability Management Committee Meetings

During the financial year ended on March 31, 2024, the Asset Liability Management Committee Meetings were held 4 (four) times on the below-stated dates:

- May 10, 2023
- August 04, 2023
- October 31, 2023
- February 01, 2024

Attendance in Asset Liability Management Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	No. of Meetings of committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Amardeep Singh Samra	May 16, 2019	Executive (Managing Director)	4	4	3675554 fully paid equity shares of ₹ 10 each, 1145000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Amitesh Kumar	May 16, 2019	Member	4	4	251311 fully paid equity shares of ₹ 10 each, 83770 Partly Paid (30 Percent paid up compulsory convertible preference shares ₹ 10 each
Mr. Gopesh Gupta	May 16, 2019	Member	4	4	28743 fully paid equity shares of ₹ 10 each
Mr. Gagan Deep Sharma	May 16, 2019	Member	4	4	51830 fully paid equity shares of ₹ 10 each
Mr. Bhimanshu Gupta	May 16, 2019	Member	4	4	2450 fully paid equity shares of ₹ 10 each, 600 Partly Paid (30 Percent paid up compulsory convertible preference shares ₹ 10 each
Mr. Ashish Guleria*	May 16, 2019	Member	4	2	8136 fully paid equity shares of ₹ 10 each, 4897 Partly Paid (30 Percent paid up compulsory convertible preference shares ₹ 10 each
Mr. Sumit Bhojwani	November 12, 2020	Member	4	4	NIL
Mr. Gagandeep Sharma	December 21, 2021	Member	4	4	500 fully paid equity shares of ₹ 10 each
Mr. Maninder Kumar	March 30,2022	Member	4	3	1100 fully paid equity shares of ₹ 10 each
Mr. Kapil Kumar Ruhela**	October 31, 2023	Member	4	2	NIL

*Mr. Ashish Guleria, Senior Manager (Finance) ceased to be a member of Asset Liability Management Committee (ALCO) w.e.f. September 20, 2023 due to his resignation.

**Mr. Kapil Kumar Ruhela, Chief Compliance Officer (CCO) was Co-opted as a member of Asset Liability Management Committee (ALCO) w.e.f. October 31, 2023.

IT STRATEGY COMMITTEE

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

Composition of Asset Liability Management Committee

Mr. Amardeep Singh Samra	:	Managing Director
Mr. Shant Kumar Gupta	:	Independent Director
Mr. Amitesh Kumar	:	COO and CFO
Mr. Gopesh Gupta	:	Dy. Vice President (Finance)
Mr. Gagan Deep Sharma	:	Dy. Vice President (Legal and Audit)
Mr. Bhimanshu Gupta	:	Associate Vice President (Finance)
Mr. Ashish Guleria*	:	Senior Manager (Finance)
Mr. Sumit Bhojwani	:	Company Secretary
Mr. Gagandeep Sharma	:	Chief Technology Officer

*Mr. Ashish Guleria, Senior Manager (Finance) ceased to be a member of IT Strategy Committee w.e.f. September 20, 2023 due to his resignation.

Terms of Reference

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

- Approving IT strategy and policy documents as well as ensuring effective planning process;
- Ascertaining that implemented processes and practices delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method to determine the IT resources which are needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining the Company's growth and becoming aware about exposure towards IT risks and controls.

Dates of IT Strategy Committee Meetings

During the financial year ended on March 31, 2024, the IT Strategy Committee Meetings were held 3 (three) times on the below-stated dates:

- May 09, 2023
- September 22, 2023
- February 01, 2024
- March 29, 2024

Attendance in IT Strategy Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	No. of Meetings of committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Shant Kumar Gupta	May 16, 2019	Independent Director	4	4	5000 fully paid equity shares of ₹ 10 each, 1667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Amardeep Singh Samra	May 16, 2019	Executive (Managing Director)	4	4	3675554 fully paid equity shares of ₹ 10 each, 1145000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Amitesh Kumar	May 16, 2019	Member	4	4	251311 fully paid equity shares of ₹ 10 each, 83770 Partly Paid (30 Percent paid up compulsory convertible preference shares ₹ 10 each
Mr. Gopesh Gupta	May 16, 2019	Member	4	4	28743 fully paid equity shares of ₹ 10 each
Mr. Gagan Deep Sharma	May 16, 2019	Member	4	4	51830 fully paid equity shares of ₹ 10 each
Mr. Bhimanshu Gupta	May 16, 2019	Member	4	2	2450 fully paid equity shares of ₹ 10 each, 600 Partly Paid (30 Percent paid up compulsory convertible preference shares ₹ 10 each
Mr. Ashish Guleria*	May 16, 2019	Member	4	0	8136 fully paid equity shares of ₹ 10 each, 4897 Partly Paid (30 Percent paid up compulsory convertible preference shares ₹ 10 each
Mr. Sumit Bhojwani	March 10, 2021	Member	4	4	NIL
Mr. Gagandeep Sharma	January 24, 2022	Member	4	4	500 fully paid equity shares of ₹ 10 each

*Mr. Ashish Guleria, Senior Manager (Finance) ceased to be a member of IT Strategy Committee w.e.f. September 20, 2023 due to his resignation.

BOARD MANAGEMENT COMMITTEE

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

Composition of Board Management Committee

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

Terms of Reference

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

- To approve transfer and transmission of shares
- To raise funds - Borrowing of funds/loans by the Company in the form of term loan, overdraft facility, cash credit facility, External Commercial Borrowings (ECB), Direct Assignments (DA), Pass Through Certificates (PTC) or any other instrument(s) which the Committee may deem fit from all the eligible lenders including banks, financial institutions, NBFCs, foreign lenders, foreign investors, institutional investors, FPIs, mutual funds and such other category of lenders
- To approve opening/closure of bank account on the name of the Company
- To apply for the internet banking facility for the existing bank accounts of the Company
- To consider and approve the terms and conditions of the sanction letters received by the Company from the financial institutions and banks among others, with respect to borrowings of the Company. To execute all agreements, documents and so forth as well as to enter into borrowing arrangements for the Company.
- To transact all matters relating to allotment of securities, including debentures and settle any matter which may arise in relation to the allotment of securities anti to flip the necessary forms, agreements, returns and such other documents pertaining to the securities with the registrar of the Companies and SEBI as may be required from time to time.
- To create, modify and satisfy the charge created on the assets of the Company.
- To invest the funds of the company.
- To grant loans or give guarantee or provide security with respect to loans.
- To enter into hedging transactions.
- To act as Business Correspondent.
- To enter into any rent, lease or licence agreement for taking any building for its business operation including establishment of branch office/guest house or any other type of property.
- To avail requisite insurance, not limited to cash-in-transit insurance, fidelity insurance, health and accidental insurance and other insurance as may be necessary during the business operation.
- To authorise for obtaining, activation, deactivation, portability of sim cards, data cards, mobile connections, voice lines, lease lines, internet connections and other telecommunication services on 'As and when required basis' for the routine work.
- To consider any other matter specifically referred to the Board Management Committee by the entire Board.

Dates of Board Management Committee Meetings

During the Financial Year ended on March 31, 2024, the Board Management Committee Meetings were held 33 (Thirty three) times on the below-stated dates:

- April 11, 2023
- May 5, 2023
- May 31, 2023
- June 14, 2023
- June 22, 2023
- June 26, 2023
- July 25, 2023
- August 5, 2023
- August 14, 2023
- August 22, 2023
- August 28, 2023
- August 29, 2023
- September 22, 2023
- September 26, 2023
- October 20, 2023
- October 30, 2023
- November 17, 2023
- November 30, 2023
- December 27, 2023
- December 30, 2023
- January 19, 2024
- January 29, 2024
- February 01, 2024
- February 08, 2024
- February 28, 2024
- March 5, 2024
- March 6, 2024
- March 12, 2024
- March 15, 2024
- March 18, 2024
- March 27, 2024
- March 28, 2024
- March 31, 2024

Attendance in Board Management Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	No. of Meetings of committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Amardeep Singh Samra	September 01, 2011	Executive (Managing Director)	33	30	3675554 fully paid equity shares of ₹ 10 each, 1145000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Shant Kumar Gupta	March 31, 2016	Independent Director	33	28	5000 fully paid equity shares of ₹ 10 each, 1667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mrs. Kamna Raj Aggarwalla	March 20, 2021	Independent Director	33	29	20000 fully paid equity shares of ₹ 10 Each, 6667 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each

IT STEERING COMMITTEE

Pursuant to RBI Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017, the Company has duly constituted an IT Steering Committee which provides oversight and monitoring of the progress of the project, including deliverables to be realised at each phase of the project and milestones to be reached according to the project timetable. Also, NBFCs are required to realign their IT systems on a regular basis, in line with the changing needs of its customers and business. The changes need to be done in such a way that adverse incidents and disruption to services are minimised while maximising value for the customers.

Composition of IT Steering Committee

Mr. Amardeep Singh Samra	:	Managing Director
Mr. Amitesh Kumar	:	COO and CFO
Mr. Gopesh Gupta	:	Dy. Vice President (Finance)
Mr. Gagandeep Sharma	:	Chief Technology Officer
Mr. Sumit Bhojwani	:	Company Secretary

Terms of Reference

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

- Prioritizing and responding to change proposals from business,
- Cost benefit analysis of the changes proposed,
- Assessing risks associated with the changes proposed,
- Change implementation, monitoring and reporting,
- Oversight and monitoring of the progress of the project,
- Deliverables to be realised at each phase of the project,
- Milestones to be reached according to the project timetable.

Dates of IT Steering Committee Meetings

During the financial year ended on March 31, 2024, the IT Steering Committee Meetings were held 2 (two) times on the below-stated dates:

- May 09, 2023
- November 18, 2023

Attendance in IT Steering Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	No. of Meetings of committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Amardeep Singh Samra	May 16, 2019	Executive (Managing Director)	2	2	3675554 fully paid equity shares of ₹ 10 each, 1145000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹ 10 each
Mr. Amitesh Kumar	May 16, 2019	Member	2	2	251311 fully paid equity shares of ₹ 10 each, 83770 Partly Paid (30 Percent paid up compulsory convertible preference shares
Mr. Gopesh Gupta	May 16, 2019	Member	2	2	28743 fully paid equity shares of ₹ 10 each
Mr. Gagandeep Sharma	May 16, 2019	Member	2	2	500 fully paid equity shares of ₹ 10 each
Mr. Sumit Bhojwani	March 25, 2021	Member	2	2	NIL

General Body Meetings

Sl. No.	Type of Meeting (Annual /Extra -Ordinary)	Date and Place	Special Resolutions Passed
1	EGM	February 13,2024, Jalandhar	- To consider and approve the increase in Authorised Share Capital of the Company and consequential alteration in Memorandum of Association of the Company. - To consider and approve the issuance of partly-paid up Compulsorily Convertible Preference Shares (CCPS) on a rights basis. - To consider and approve scheme for the issuance of Equity Shares on Employees Stock Option (ESOP) and grant Employee Stock Options to employees of the Company thereunder. - To consider and approve the grant of not more than 3% of Employee Stock Options ("ESOPs") to identified employees in terms of the Companies Act, 2013. - To consider and approve the alteration of Object Clause of the Memorandum of Association of the Company in terms of the Companies Act, 2013. - To consider and approve the request of Mr. Ashish Bhandari for exclusion from promoters category.
2	AGM	September 28, 2023, Jalandhar	- To amend the borrowing limit of the Company.

23. POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

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

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

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

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

a) To support the organisation'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.

24. ANNUAL EVALUATION-BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS

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

The feedback was sought from Directors on various parameters including:

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

The Nomination and Remuneration Committee conducted a thorough review of the performance of individual Directors and the Board as a whole. Subsequently, at the Board meeting, the Board further evaluated the performance of its members, committees, and individual Directors, building upon the findings of the Nomination and Remuneration Committee.

In a separate meeting of Independent Directors held on March 22, 2024, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company has been evaluated, taking into account the views of Executive Directors and Non-Executive Directors. Furthermore, in that separate meeting of Independent Directors, the annual performance evaluation of Non-Independent Directors, the Board as a whole and the Chairman was also carried out. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the Directors being evaluated.

25. VIGIL MECHANISM /WHISTLE BLOWER POLICY

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

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

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

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

Name and Address of the Whistle and Ethics Officer:

Ms. Amarpreet Kour Dutta, HR Lead Manager
Email: amarpreet.kour@midlandmicrofin.com
Contact No.: 7527031409

The confidentiality of reporting violations is maintained and are not subjected to any discriminatory practice.
During the year under review, the Company received 3 whistle-blower complaints. Investigation against the said cases were done as per the statutory provisions and appropriate actions were taken against them and none of the investigations were pending/underway for the complaints as on March 31, 2024.

26. HUMAN RESOURCE DEVELOPMENT

26.1 Human Resources

The Human Resource Department at Midland Microfin Ltd plays a paramount role in shaping the culture, values and driving strategic goals of the organisation. The Company views its people as its most precious asset and works to connect its human resources with its corporate objectives.

Our people practices are aimed at developing a culture that promotes growth, satisfaction, learning and engagement. We are focused on providing our employees with best in the industry infrastructure, technology and career progression opportunities.

Over the last year, the human resource team, in collaboration with other stakeholders have contributed significantly to improving productivity and supporting the business to achieve its goals.

Achievements:

Great Place To Work – fourth year in a row

700+ trainings programmes conducted for more than 3500 employees

Y-o-Y increase in employee strength by 35%

By initially identifying ways to use and develop technology as a strategy to save costs and increase internal efficiencies, HR has targeted its operational activities to align departments and its employees to the organisation's strategic plans. Performance Management System, role alignment, implantation of L&D and competency mapping framework have been major focus for Midland Microfin in the previous year.

Performance Management System:

Our robust and unbiased performance management system delivers success through performance-driven parameters. Performance scorecards defining employee KPIs and performance are released at regular intervals. With the inputs from our senior management, KPIs are identified and our employees are trained on the same. Workshops and training sessions are conducted at all levels to align the employees with their scorecards. We shall further be automating our PMS process through our HRMS platform and introducing 360 performance feedback.

Midland has completed on-time appraisal for the FY.

Digitisation in Recruitment:

Midland has seen great success with its one-of-a-kind mass recruitment drive concept - Goan Gaon Rozgar Muhim. In addition to the various diversified channels of recruitment such as employee referral schemes, social media posters, job portals and campus hiring, we are excited about the launch of our new initiatives and have seen success in the way we recruit.

Midland has introduced and automated its recruitment module by introducing recruitment Whatsapp BOT. The BOT allows the candidate to directly apply for a position PAN India and further connect with the right HR SPOC. Automation in this process has reduced the hiring time and further improved candidate productivity.

Learning and Development:

With an unswerving focus on nurturing and retaining talent, Midland continues to focus on building cutting-edge competencies through digital learning initiatives.

Learning roadmaps, gamified learning initiatives and mobile learning modules, applications, development programmes internal and through the external renowned organisation, senior leadership development programmes, domain-specific programmes and required regulatory certifications on compliance, behavioural training, business ethics, HR policy related issues and other personality building programmes have been a continuous endeavour for Midland and resulted in capacity development.

We conducted over 5836 hours of training on various themes.

Our compensation policy has been designed to deliver "Pay to Performance" that allows us to link employee compensation directly to individual performance, through performance evaluation and merit-based scorecards.

Employee Stock Option Plan (ESOPs), longevity bonus, performance linked incentives, employee loans, insurance coverage, additional allowances and support are additional benefits to employees.

Employees are recognised for their efforts through exciting rewards and recognition programmes, six-monthly town halls, internal trips with management for top performers and strategy meet.

To build a safe working environment, we have multiple employee health and safety policies alongside providing them support with emotional, mental and physical wellness through yoga sessions, doctor on call, insurance facilities and other employee engagement activities.

There are 4407 permanent employees on the rolls of the Company as on March 31, 2024.

26.2 Employee Stock Option Plan

During the period under review, the Company introduced the ESOP Scheme 2024, which received approval from the members at the Extraordinary General Meeting (EGM) held on February 13, 2024. As of March 31, 2024, no ESOP has been granted.

26.3 Particulars of Employees and Related Disclosures

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

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

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

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

During the financial year 2023-24, no complaint pertaining to Sexual Harassment was received by the Committee.

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

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

28. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

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

29. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

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

30. STATUTORY DISCLOSURES

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

There is no further material changes and commitments affecting the financial position of the Company, which has occurred till the end of the financial year i.e, March 31, 2024 and till the date of the Directors' report.

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

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

30.3 Transfer of Unclaimed Dividend to Investor Education and Protection Fund

No amount was required to be transferred to the Investor Education and Protection Fund by the Company

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

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

30.5 Change in the nature of business

There was no change in the nature of business of the Company in the financial year ended on March 31, 2024. The Company is determined to work efficiently for its growth.

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

The Company has not issued any equity shares with differential rights, Sweat Equity, ESOP among others, during the financial year ended on March 31, 2024.

31. DISCLOSURES PURSUANT TO RBI MASTER DIRECTION

The 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.

Further, the Reserve Bank of India issued a Master Direction called the Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 on March 14, 2022, which is applicable from April 01, 2022 and mandated all commercial banks (including small finance banks, local area banks and regional rural banks) excluding payments banks, all primary (urban) co-operative banks/ state co-operative banks/district central co-operative banks and all non-banking financial companies (including microfinance institutions and housing finance companies) to prepare/modify/update regulatory framework for microfinance loans.

Furthermore, During the financial year 2023-24, The Reserve Bank of India has issued few directions, framework and guidelines which were applicable on the Company mentioned as follows:

1) The Reserve Bank of India has issued the Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs) on December 14, 2021, which is applicable on all deposit taking and non-deposit taking Companies falling under the middle, upper and top layer. As the Company falls under the middle layer category, it needs to keep monitoring the threshold provided under the said circular w.r.t. the same Board members had gone through the PCA framework and guided the management about the techniques to strengthen the internal systems of the Company in order to increase the monitoring for the above said.

2) The Reserve Bank of India has issued a Circular with respect to the compliance function and role of Chief Compliance Officer (CCO) - NBFCs on April 11, 2022, which will be applicable from April 01, 2023. As the Company comes under the preview of the said circular as being a middle layer (NBFC-ML), it has taken the proactive measures for the effective implementation of the said.

3) The Reserve Bank of India has issued circular on April 29, 2022 in which it has required NBFCs to put in place a Board approved compensation policy in order to address the issues arising out of excessive risk-taking caused by misaligned compensation packages w.r.t the same. The Company has duly amended its compensation policy during the period under review.

4) MFIN has issued 4th edition of its Industrial Code of Conduct in the month of October 2022 (COC-2022), which has been adopted by the Company w.e.f. April 01, 2023.

32. CUSTOMER RELATIONS

32.1 Customer Service

We strive to create a culture of 'Customer Obsession' — by always listening to customers and driving continuous transformation to provide a frictionless experience across the lifecycle, from pre-disbursal to closure of a loan. In addition to addressing customer grievances through traditional methods such as phone calls, Midland has introduced several innovative technological solutions, including voice bots, chat bots, IVR calls and WhatsApp bulk messages. Our focus is to reach customers on various stages of their loans and update them on the status of their loan, repayments and eligibility for next loan. This will not only inform customers about their loans but also equip them with comprehensive knowledge related to loans.

32.2 Customer Grievance Redressal

As per RBI and MFIN guidelines, the Company has a Board approved Customer Grievance Redressal Mechanism for expeditious redressal of customer grievances. The mechanism ensures 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. The Company has adopted the concept of "First Contact Resolution" in order to redress the grievance of its customers promptly and satisfactorily at their initial contact with us.

Grievance Redressal at Branch Level – The Company has placed suggestion cum complaint boxes in all its branches as the customers' first point of contact for any query resolution. 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 - The Company has a dedicated toll free customer helpline number, which has been displayed in all its branches and the number has also been provided on all the loan cards and applications. The Help Desk ensures that all queries are tracked, resolved and if required, escalated on a timely basis.

Persistent Customer Connect-

a) **Whatsapp Chatboat:** In today's competitive environment, Midland recognises the critical need to build deeper customer connections. To boost engagement and satisfaction, they have launched the Customer Grievance Chatbot Sahayak. This innovative chatbot interacts with customers in their native languages, building trust and allowing human agents to concentrate on more complex issues, such as default cases. Sahayak efficiently manages multiple interactions with rapid responses and effective issue resolution. By analysing these interactions, Midland gains valuable customer insights, enabling tailored services that meet evolving needs. Sahayak propels Midland towards unrivalled customer understanding and exceptional service.

b) **AI Boat Calling:** Midland Microfin Limited, a tech-forward leader in microfinance, began in Punjab and has expanded to 12 states and 2 Union Territories. Embracing advanced technology, Midland has enhanced workforce productivity and efficiency while gaining valuable insights for proactive decision-making. The Company has introduced a suite of groundbreaking tools, including vernacular chatbots and voice bots that bridge multilingual gaps and elevate customer interactions. Additionally, Midland has developed innovative mobile applications for real-time monitoring of field staff, setting new standards in management efficiency. With AI-driven voice and chat bots offering instant multilingual support, Midland provides seamless access to account information, balance checks, transaction history and policy details, ensuring real-time, personalised assistance without human intervention.

c) **IVR Calling:** The Company is advancing IVR (Interactive Voice Response) technology to enhance last-mile connectivity for social impact. These calls aim to gather feedback and raise awareness, overcoming language barriers with services available in Hindi, Punjabi, Gujarati and Bengali, while also addressing literacy constraints. By harnessing data analytics, vernacular AI voice bots provide invaluable business insights. This data-driven approach facilitates informed decision-making, product refinement and targeted marketing campaigns. The bots generate extensive data, revealing emerging trends, predicting customer needs and proactively addressing issues, thereby driving business growth and success.

d) **Hirebot:** The Hire Bot transforms recruitment at MML by providing candidates with seamless access and rapid support. It optimises the application process with prompt communication, timely HR responses and direct connection to the HR SPOC (Single Point of Contact). For HR, the Hire Bot accelerates the time-to-fill job vacancies, enhances candidate screening and boosts productivity and efficiency.

Grievance Redressal Officer – The 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 minimising complaints.

32.3 Resolution of Grievances

The Grievance Redressal Officer (GRO) appointed by the Company ensures closure of all the complaints to the customer's satisfaction. It is ensured that the complaint is escalated to the appropriate levels on a timely basis. While the ultimate endeavour is to reach a situation where our customers do not 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, understanding reasons for the complaint and the escalation and prevention of recurrence thereof.

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

As the Company's customers are mainly situated in rural areas, thus, considering their educational, social and economic background, there is a possibility of customers being misinformed and mis-communicated. Thus, the Company has the mechanism in place, linking customers directly to the Company.

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

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

As the Company prioritises transparency, prompt and efficient customer service, it adheres to all the compliances of MFIN and RBI regarding customer grievances. The Board has quarterly reviewed all the grievances received from customers and made required changes in the system to provide better services to customers.

a) The 'toll free number' e.g. 1800-137-0600 for grievance is printed on members' passbook. Members are being educated on registering complaints and the entire redressal mechanism. Along with toll free number, there are two dedicated customer helpline numbers 0181-5085555 and 0181- 5086666 to register customer grievances.

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

c) The details of Grievance Redressal officer are mentioned on the website of the Company. Members can lodge complaints on the given phone number of the head office i.e. 0181-5076000.

d) If a member is not satisfied with the resolution provided, he/she can approach MFIN or the nodal officer of the Reserve Bank of India. The MFIN toll free number i.e. 1800- 102-1021080 and Reserve Bank nodal officer's contact number i.e. 0172-2540320 are both printed on the 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. Employees can approach the HR, if he/she is not satisfied with the solutions provided by their senior.

32.6 Fair Practices Code

The Company is committed to dealing with its customers in a transparent manner and in executing 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 the 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.

During the financial year 2023-24, MFIN has issued 4th edition of its Industrial Code of Conduct in the month of October 2022 (COC-2022), which has been duly adopted by the Company w.e.f. April 01, 2023 and has also amended its Fair Practice Code in accordance with the Industry Code of Conduct issued by SROs'.

The Company's Fair Practice Code can be accessed through the link https://midlandmicrofin.com/corporate-governance/

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

33. LISTING ON STOCK EXCHANGES

As of the date of this report, the Company's equity shares are not listed on any stock exchange. However, the Non-Convertible Debentures issued through private placement are listed on the whole debt segment of BSE Limited (BSE).

34. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

35. 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, 2024, the applicable accounting standards had been followed and there are no material departures;

b. the Directors had selected such accounting policies and applied them consistently and made 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 the statement of profit and loss of the Company for the financial year ended on March 31, 2024;

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

d. the Directors had prepared the annual accounts of the financial year ended on March 31, 2024 on a going concern basis;

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

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

36. OTHER DISCLOSURE(S)

1. There are no details required regarding the difference between the valuation amount at the time of a one-time settlement and the valuation conducted when securing loans from banks or financial institutions, as the Company has not engaged in any settlements with banks or financial institutions since its inception.

2. The Company has neither filed any application nor any proceeding pending under the insolvency and Bankruptcy Code, 2016 during the reporting period, hence no disclosure is required under this section.

37. 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 their 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 to their continuous involvement in achieving common 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 and on behalf of the Board of Directors of
Midland Microfin Limited

	Amardeep Singh Samra	**Vijay Kumar Bhandari**
Date: May 08, 2024	(Managing Director)	(Chairman)
Place: Jalandhar	DIN: 00649442	DIN: 00052716

Annexure-A

Management Discussion & Analysis

Macro-Economic Overview

Global Economic Review

In the year 2023, the global economy demonstrated remarkable resilience. It expanded by 3.2%[1], despite facing geopolitical challenges and fluctuations in commodity prices. This has led to inflationary pressures across both advanced and emerging markets.

In order to combat this challenge, central banks of major economies devised strategies. They implemented interest rate increases, suppressing the escalation. Despite persistent geopolitical tensions, disrupting global supply chains and trade, inflation rates declined more swiftly than anticipated from their peak in 2022, resulting in gradual economic recovery and job creation in the US, Europe and other emerging markets.

China's economy continued to experience strain throughout 2023, a trend expected to persist into 2024, given its significant manufacturing capabilities and supply chain influence, posing a potential risk to global economic stability. Due to the rising foreign institution investor interest, several emerging economies like India, Vietnam and Mexico are expected to show a positive growth trajectory.

US Economy shows steady growth with a measured future outlook

In CY 2023, the U.S. economy demonstrated significant resilience, achieving a 2.8% growth in GDP[2]. The growth was driven by a strong consumer and government spending, along with a recovery in international trade, despite declines in business investment and housing activities. The economy benefited from the momentum of post-pandemic recovery. Despite economic uncertainties, higher levels of consumer spending is supported.

In CY 2024, the US is prepared for a growth slowdown to about 0.7%. This is due to tighter monetary policy and fading post-pandemic effects[3]. Reduced consumer savings and high interest rates are likely to slow down consumer spending, impacting economic activity. However, a projected decrease in inflation could alleviate some economic pressures, aiding a smoother economic slowdown.

China Navigating Slow Growth and Structural Challenges

The Chinese economy grew at a rate of around 5.2% in CY 2023.[4] This reflected a slow recovery impacted by ongoing issues in the property sector and low consumer confidence. This growth was restricted due to structural challenges such as high debt levels and demographic shifts. Despite a lifting of COVID-19 restrictions sparking some economic activity, the real estate downturn and weak local government finances remained significant drags on the broader economy.

In CY 2024, GDP growth is expected to slow to around 4.5% due to challenges in the property market and sluggish global demand, potentially impacting exports[5]. However, the Chinese government is expected to provide economic support through policy easing, especially in housing and structural reforms to bolster consumer confidence and stabilise economic conditions.

Europe Steering Through Recovery Amid Inflation and Global Tensions

The ongoing geopolitical tensions, including the war in Ukraine, have heightened economic uncertainty. It has also impacted energy prices and necessitated monetary tightening. This, in turn influenced investment and consumption patterns across Europe.

In CY 2023, the European economy avoided recession with GDP growth of 0.8% in the EU and 0.9% in the Euro area, expected to increase to 1.6% and 1.5% respectively by CY 2024. Inflation is projected to drop from 6.4% to 2.8% in the EU and from 5.6% to 2.5%[6] in the Euro area, driven by recovery in private consumption and public investments from the EU's Recovery and Resilience Facility. Despite efforts, the economic recovery in the EU remains uneven. This is influenced by internal policies and external geopolitical risks.

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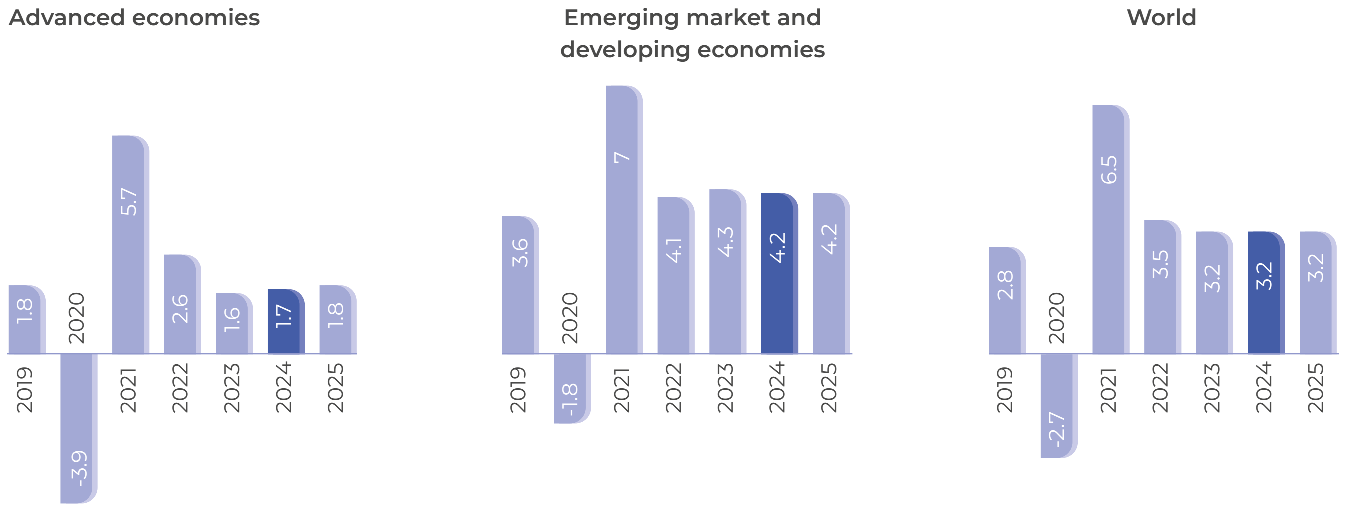
[1]World Economic Outlook, April 2024: Steady but Slow: Resilience amid Divergence (imf.org)
[2]https//www.jpmorgan.com/insights/outlook/economic-outlook/economic-trends
[3]https//www.jpmorgan.com/insights/outlook/economic-outlook/economic-trends
[4]https//www.worldbank.org/en/news/press-release/2023/12/14/sustained-policy-support-and-deeper-structural-reforms-to-revive-china-s-growth-momentum-world-bank-report
[5]https//www.worldbank.org/en/news/press-release/2023/12/14/sustained-policy-support-and-deeper-structural-reforms-to-revive-china-s-growth-momentum-world-bank-report
[6]https//economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2023-economic-forecast-improved-outlook-amid-persistent-challenges_en

Real GDP Growth (in %)



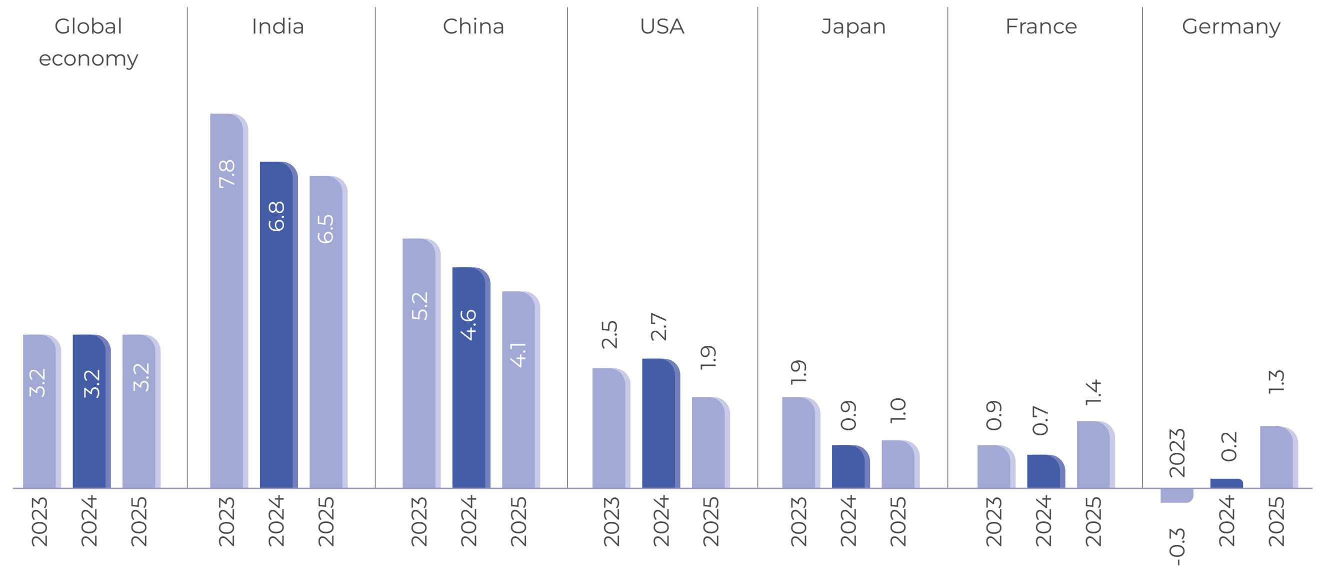
Source: Imf.org - imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD

Outlook

The global economy is anticipated to sustain a steady growth rate of approximately 3.2% in both CY 2024 and CY 2025. Although these growth rates are considered modest by historical standards, inflation is forecasted to decrease. Specifically, global headline inflation is expected to drop from an annual average of 6.8% in 2023 to 5.9% in 2024 and then further decline to 4.5% in 2025[7].

This trend suggests a potential soft-landing scenario in which inflation gradually returns to target levels without triggering a recession or financial instability. Nevertheless, the global economic outlook is not without challenges. Geopolitical tensions and policy uncertainties could cause fluctuations in commodity prices and financial markets, while increasing geo-economic fragmentation, adds complexity to the global economic landscape.

Real GDP Growth (in %)



(Source: IMF, World Economic Outlook, April, 2024)

[7]World Economic Outlook, April 2024: Steady but Slow: Resilience amid Divergence (imf.org)

Indian Economy

Despite the global headwinds, India achieved an impressive growth rate of 7.6% in FY 2023-24, the highest among major advanced and emerging market economies, over and above 7% growth rate in FY 2022-23[8]. This strong performance was driven by effective fiscal management with the government staying on course with fiscal consolidation, supported by strong tax collections.

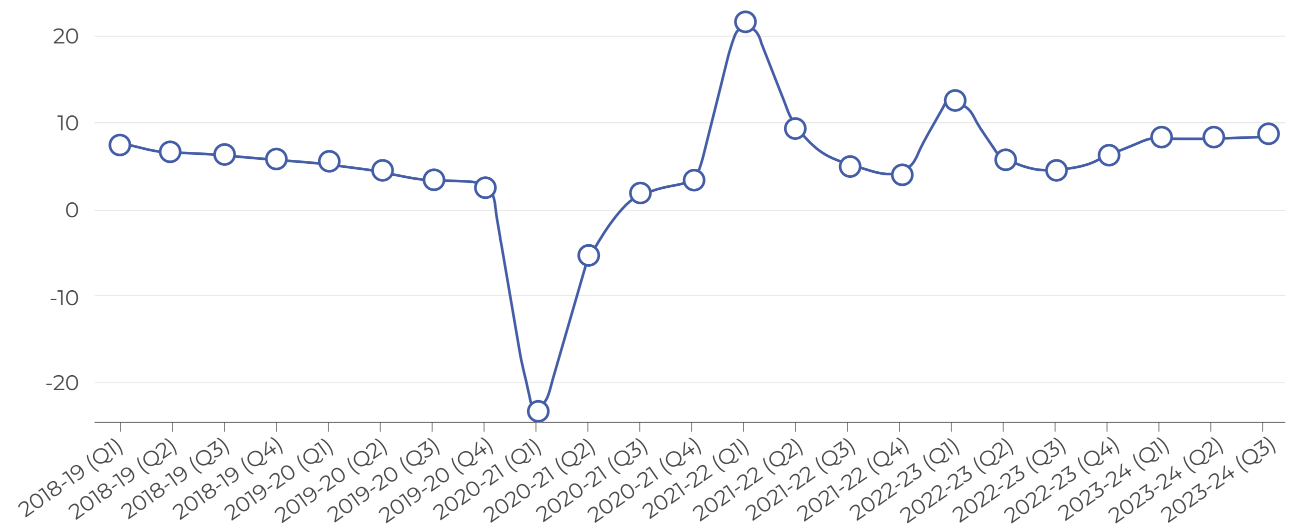
Central to this strategy was a significant increase in capital expenditure, which rose to ₹12.7 lakh crore in FY24 from ₹10.5 lakh crore in FY23[9]. This sustained emphasis on significant public capital expenditure (capex) has generated a multiplier effect. It attracted private investment and boosted overall demand. Strong domestic demands further benefitted the economy. This is driven by resilient private consumption. The services and industrial sectors made significant contributions, enhancing economic activity. This strategic emphasis on boosting public capital expenditure while maintaining fiscal discipline has set a positive trajectory for India's sustained growth in the future.

Outlook

The outlook for the Indian economy in the financial year 2024-25 remains encouraging, with projected GDP to be over 7%[10]. This growth aligns with the nation's strategic goal of becoming a $5 trillion economy in the near future. The economic expansion that is anticipated, is largely driven by infrastructure investments. These investments are supported by increased government spending and improvements in the financial health of corporations and banks.

This growth is further supported by a young and growing workforce and efforts towards developing smaller cities more inclusively. The demographic growth will likely increase demand in essential sectors such as transportation, food, housing and infrastructure. Overall, the economic outlook for India is positive and despite global challenges owing to solid fiscal strategies, continuous policy improvements and strong domestic demand.

Quarter-wise Real GDP Growth Rates (%) for FY 2018-19 to FY 2023-24 (Q3) (Constant Prices) (Base 2011-12)



Source: MoSPI. India - https://www.mospi.gov.in/dataviz-quarterly-gdp-growth-rates

Industry Overview

India's Microfinance Industry Driving Financial Inclusion and Empowerment

In India, the microfinance industry provides financial services to the economically underprivileged segments of the society, who have limited access to conventional banking services. Various microfinance institutions (MFIs) in India have been successful in surpassing banks in terms of market share within the microfinance sector. This indicates a shift in how financial services are accessed by the underserved. These MFIs offer tailored products like small loans, savings accounts and micro-insurance, specifically designed to meet the unique needs of low-income earners.

Microfinance has evolved beyond mere financial inclusion, addressing the concept of the missing middle-

[8]https://pib.gov.in/PressReleasePage.aspx?PRID=2010223

[9]https://www.indiabudget.gov.in/doc/Budget_at_Glance/budget_at_a_glance.pdf

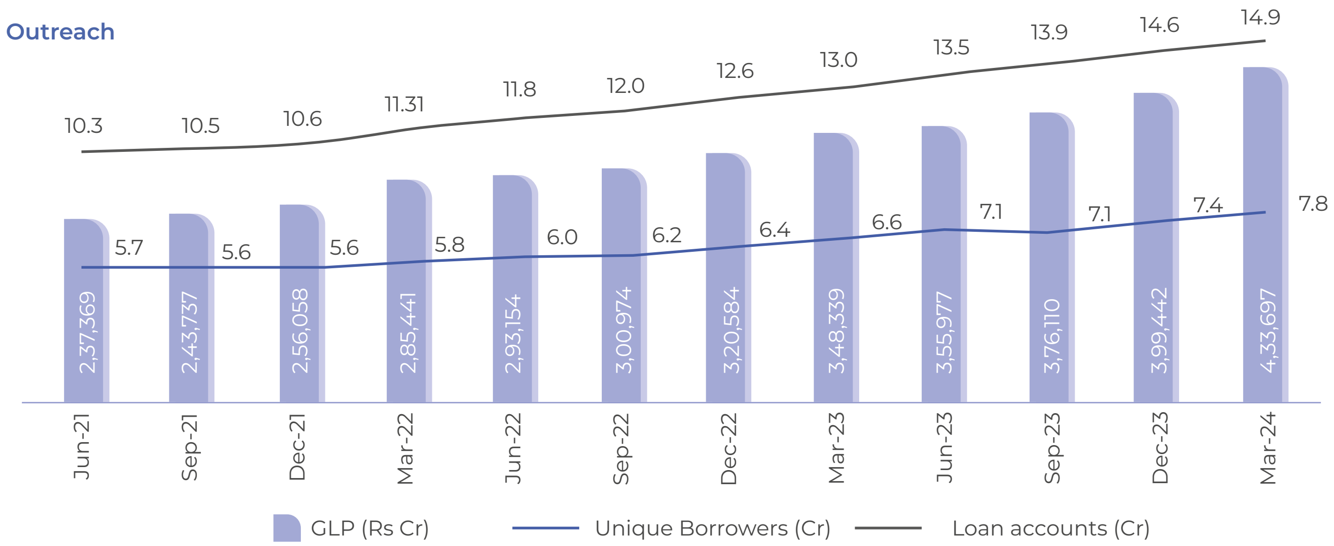
[10]https://timesofindia.indiatimes.com/business/india-business/rbi-mpc-policy-meeting-april-5-2024-live-updates-shaktikanta-das-repo-rate-monetary-policy-committee-meet-latest-update/liveblog/109049706.cms

low-income individuals or groups who otherwise would have no other access to financial services. Amidst global challenges like inflation, geopolitical shifts and climate change, microfinance serves as a vital safety net. By empowering low-income earners, women and the underprivileged rural population, it stimulates local economies and fosters entrepreneurship, leading to improved education and health outcomes. Through innovation and a focus on sustainable development, microfinance preserves confidence and bridges the gap for the "missing middle," ensuring a brighter and more equitable future.

As of 31 March 2024 (Q4 FY 23-24), the microfinance industry has a total loan portfolio of ₹4,33,697 crore, which includes a Delinquent Portfolio Due (DPD) of 180+ days amounting to ₹34,341 crore. There are 14.9 crore active loan accounts and 7.8 crore unique borrowers as of 31 March 2024. The Year-over-Year (YoY) growth in Gross Loan Portfolio (GLP) from 31 March 2023 to 31 March 2024 stands at 24.5%.

As of 31 March 2024, Non-Banking Financial Company-Microfinance Institutions (NBFC-MFIs) are the leading providers of micro-credit, with a loan amount outstanding of ₹1,70,903 crore, representing 39.4% of the total industry portfolio. Banks hold the second largest share in micro-credit, with a total loan outstanding of ₹1,44,022 crore, accounting for 33.2% of the total micro-credit portfolio. Small Finance Banks (SFBs) have a loan amount outstanding of ₹74,278 crore, constituting 17.1% of the portfolio. NBFCs contribute another 9.3%, while Other MFIs account for 0.9% of the microfinance universe. The table below summarizes the key portfolio and outreach figures for the five broad categories of microfinance lenders.

Outreach



(Source – MFIN Micrometer Q4 2024 as on 31st March, 2024)
https://mfinindia.org/microfinance/industryOverview

₹ 4,33,697 Cr
Industry Loan Portfolio

14.9 Cr
Active Loan Accounts

7.8 Cr
Number of Borrowers

229
Number of Microfinance Entities

Industry Structure

The microfinance industry has increasingly become part of the broader financial sector, with significant transformations in recent years. Large Non-Banking Financial Company - Microfinance Institutions (NBFC-MFIs) have either evolved into Banks or Small Finance Banks (SFBs) or have been acquired by established banks and large NBFCs. Moreover, banks and NBFCs have expanded their micro-credit portfolios through partnerships with Business Correspondents.

This mainstreaming process has created a competitive landscape in the micro-credit sector, now featuring a mix of banks, SFBs, NBFC-MFIs, Business Correspondents and other NBFCs. In India, the sector's loan portfolio has shown strong growth, expanding by more than 20% year-on-year as of December 2023. Additionally, the sector has successfully kept non-performing assets (NPAs) below 1%[11], indicating robust credit and risk management practices despite various economic pressures.

[11]https://mfinindia.org/microfinance/IndustryPortfolio

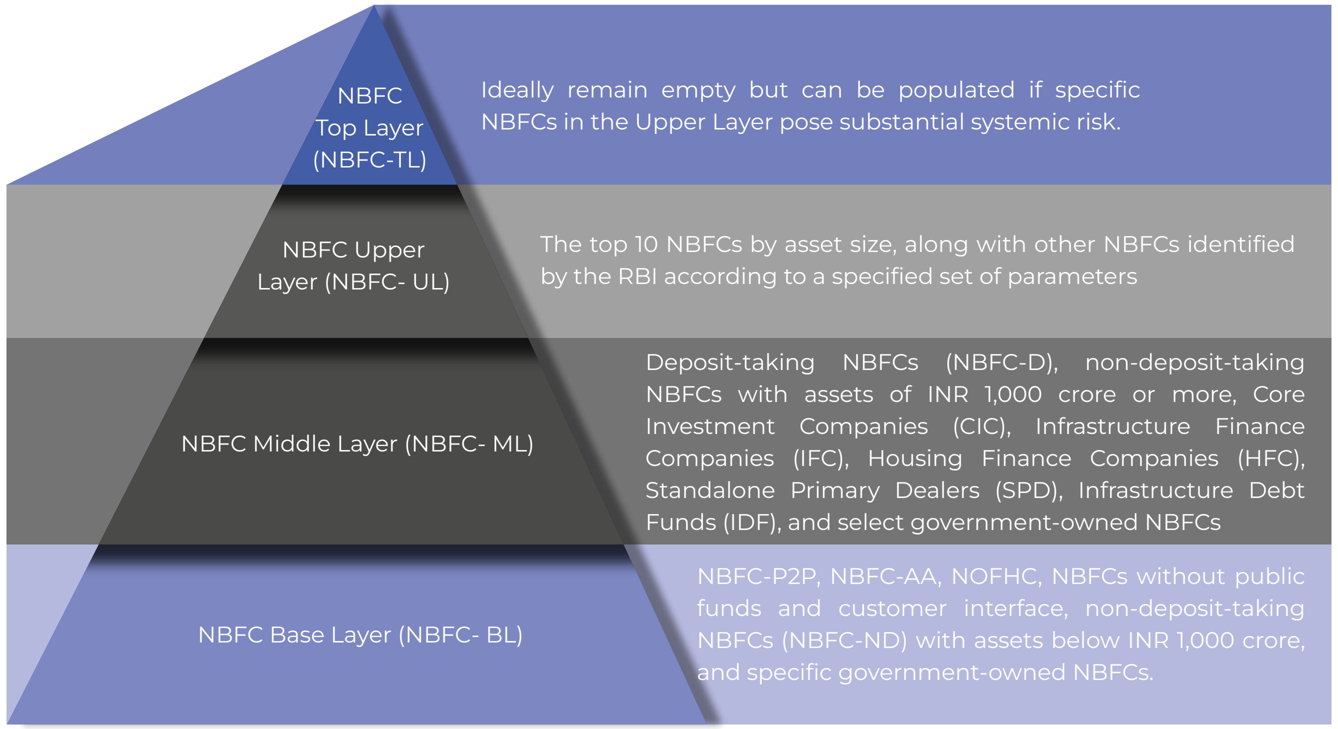
The sector is supported by a comprehensive ecosystem that includes regulators, government bodies, financial institutions, credit bureaus and rating agencies. These stakeholders play crucial roles in ensuring the smooth operation and integrity of microfinance services.

The continued integration of microfinance with mainstream financial services highlights its crucial role in promoting economic development and financial inclusion. This integration also reflects the sector's commitment to innovation and its ability to adapt to the evolving needs of underserved populations, ensuring that it remains a vital part of the financial landscape.

Overall status of Portfolio, unique borrowers and loan accounts

Type of entity	31-Mar-23				31-Mar-24			
	No. of Entities	Unique Borrowers (Cr)	Active loan accounts (Cr)	Portfolio O/S (Cr)	No. of Entities	Unique Borrowers (Cr)	Active loan accounts (Cr)	Portfolio O/S (Cr)
NBFC-MFIs	82	2.9	5.1	1,38,310	87	3.9	6.0	1,70,903
Banks	13	3.2	4.7	1,19,133	10	2.0	2.4	1,44,022
SFBs	9	1.6	2.0	57,828	81	1.1	1.3	74,278
NBFCs	69	0.9	1.0	29,440	36	1.1	1.3	40,469
Others	38	0.1	0.2	3,629	36	0.1	0.1	4,026
Total	**211**	**6.64**	**13.0**	**3,48,339**	**229**	**7.8**	**14.9**	**4,33,697**
DPD 0 - 179	211				229			3,99,356

NBFC Regulatory Structure[12]



Base layer (NBFC-BL)

The base layer will consist of entities comparable to the current non-deposit-taking non-systemically important NBFCs (NBFC-NDs). This layer will include systemically important, non-deposit-taking NBFCs with asset sizes ranging from INR 500 crore to INR 1,000 crore, except those required to be part of the middle layer. Specifically, the base layer will encompass NBFC-P2P (Peer-to-Peer lending platforms), NBFC-AA (Account Aggregators), NOFHC (Non-Operative Financial Holding Companies), and NBFCs that do not engage with public funds or customer interfaces. Although these entities will not be subject to higher prudential regulations, they will face increased transparency requirements, including additional disclosures and enhanced governance standards.

Middle layer (NBFC-ML)

The middle layer will align with the current deposit-taking NBFCs (NBFC-D) and systemically important non-deposit-taking NBFCs (NBFC-ND-SI). This layer will specifically include Standalone Primary Dealers

[12]https://rvsbellanalytics.com/introduction-to-rbi-nbfc-scale-based-regulation

(SPD) and Infrastructure Debt Funds (IDF), which will always remain in this layer. It will also cover all NBFC-Ds, regardless of asset size, as well as NBFC-ND-SIs with assets exceeding INR 1,000 crore, along with Core Investment Companies (CIC), Infrastructure Finance Companies (IFC), and Housing Finance Companies (HFC). Government-owned NBFCs will not be included in the upper layer until further notice and will therefore be classified as either NBFC-BL or NBFC-ML. This layer will be subject to a higher level of regulatory oversight to address regulatory arbitrage issues between banks and NBFCs.

Upper layer (NBFC-UL)

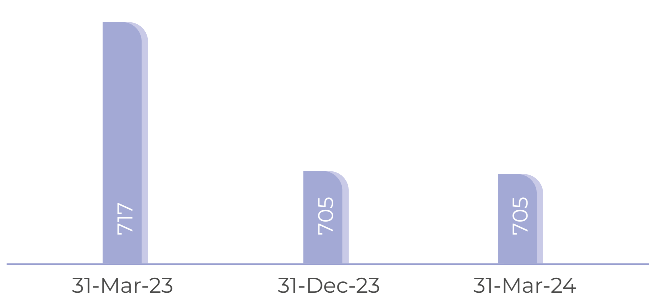
The upper layer represents a new category of NBFCs, designed to include a select group of systemically significant NBFCs. These entities will be identified by the Reserve Bank of India (RBI) based on a parametric analysis of specific quantitative and qualitative criteria, which will be reviewed periodically. Entities that meet these criteria will transition from the middle layer to the upper layer of the scale-based framework. The top 10 NBFCs by asset size will always be included in the upper layer, regardless of other factors. Entities in this layer will be subject to more stringent prudential regulations and intensive supervision, commensurate with their systemic importance.

In line with the implementation of these Scale-Based Regulations, the Reserve Bank of India has introduced several changes concerning Net Owned Fund (NOF), Capital Guidelines, Prudential Norms, and Governance Standards. As a result, each NBFC is required to adjust its capital structure, governance practices, and risk management. Our company has made all necessary adjustments and is fully compliant with these new regulations.

Microfinance Institutions (MFIs)

As of 31 March 2024, the on-balance sheet portfolio of NBFC-MFIs amounted to ₹1,70,903 crore, distributed across 705 districts in 36 states and union territories. This represents an increase of approximately 23.6% compared to the same quarter last year. The overall health of the portfolio, measured by Portfolio at Risk (PAR) of 31-180 days, has slightly worsened to 2.0% as of 31 March 2024, up from 1.5% on 31 March 2023.

Presence of NBFC-MFIs across districts

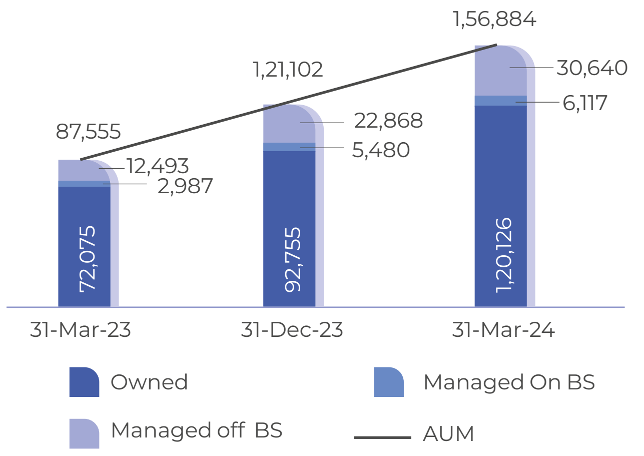


*No of districts has seen a sharp change since Q4 FY22-23 because the data is now sourced from CRIF instead of Equifax

Portfolio

The total Assets Under Management (AUM) for NBFC-MFIs, including both owned and managed portfolios, reached ₹1,56,884 crore. This represents a 29.5% increase compared to the previous year and a 10.5% rise from the quarter ending 31 December 2023. The managed portfolio is ₹36,758 crore, comprising ₹6,117 crore from on-balance sheet managed portfolios (due to IndAS) and ₹30,641 crore from off-balance sheet managed portfolios. Within this managed portfolio, Business Correspondent (BC) partnerships account for 22.9%, totaling ₹8,407 crore. Portfolio Transfer Certificates (PTC) contribute 10.3%, while Direct Assignments (DA) make up 66.9% of the total managed portfolio.

Loan portfolio (Rs Cr)

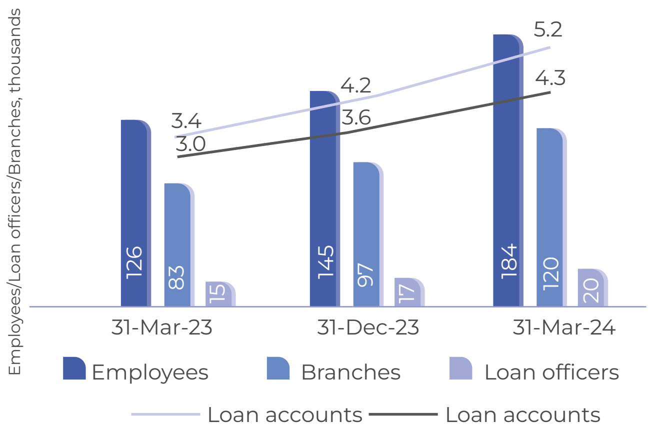


Outreach

As of 31 March 2024, NBFC-MFIs have expanded their reach with a network of 20,348 branches and a workforce of 1,83,842 employees. Notably, 65.0% of the staff are loan officers, totaling 1,19,567. This reflects a substantial growth of 26.7% in the total number of employees, a 23.8% increase in loan officers, and a 19.4% rise in branches compared to 31 March 2023.

On the client front, MFIs reported 4.3 crore clients and 5.2 crore loan accounts as of 31 March 2024. It's important to note that the client count includes duplicates and does not account for overlaps. Compared to the figures from 31 March 2023, there has been a Year-over-Year (YoY) increase of 19.4% in the number of clients and 24.9% in loan accounts.

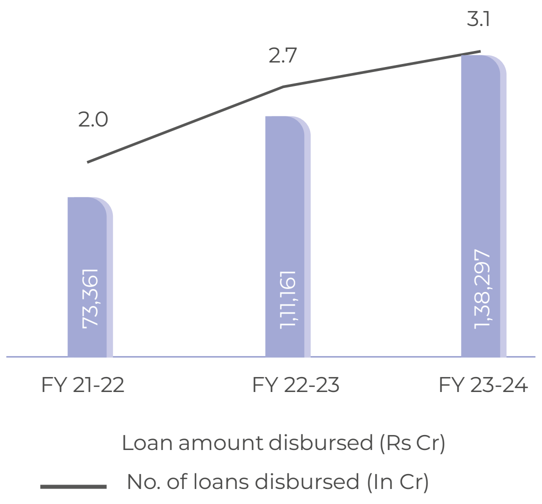
Outreach



Disbursements

In FY 23-24, microfinance institutions (MFIs) disbursed 3.1 crore loans totaling ₹1,38,297 crore. This represents a Year-over-Year (YoY) increase of 13.2% in the number of loans disbursed and a 24.4% rise in the total loan amount disbursed compared to FY 22-23. The top 10 MFIs, based on Assets Under Management (AUM), were responsible for 77.1% of the industry's disbursements during FY 23-24.

Disbursement (Rs Cr)



ALM analysis

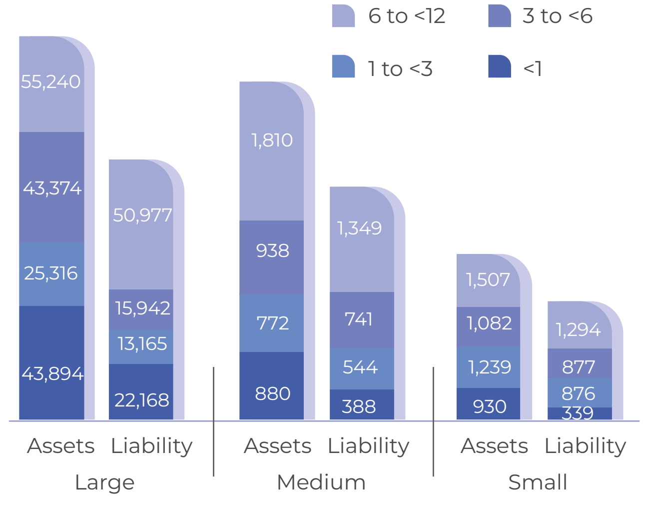
The Asset Liability Management (ALM) analysis for MFIN member microfinance institutions (MFIs) is based on self-reported data as of 31 March 2024, provided by 46 institutions. This group includes 20 small, 10 medium, and 16 large NBFC-MFIs. Collectively, these institutions account for 99.6% of the total Assets Under Management (AUM) of the 48 MFIN members. Specifically, the small MFIs in the sample represent 99.8% of the AUM for their category, medium MFIs account for 93.2%, and large MFIs cover 100% of their respective category's AUM. The maturity buckets used for the analysis of assets and liabilities are less than 1 month, 1 to less than 3 months, 3 to less than 6 months, 6 to less than 12 months, and greater than 12 months.

It is clear that NBFC-MFIs of all sizes are managing their Asset Liability Management (ALM) effectively across various maturity buckets. The gap, calculated as assets minus (liabilities plus equity), diminishes across these buckets. For the overall sample, the gap was 49.9% of total assets for the less than 1 month bucket, 46.6% for 1 to less than 3 months, approximately 61.3% for 3 to less than 6 months, and 8.4% for 6 to less than 12 months.

Specifically, within the less than 1 month bucket, the gap was 63.5% for small MFIs, 55.9% for medium MFIs, and 49.5% for large MFIs, which appears to be manageable.

For the greater than 12 months bucket, the gap was negative across all categories. This is primarily due to the relatively smaller value of the portfolio maturing (32.4% of the total on-balance sheet portfolio) compared to the amount of borrowings maturing (39.4% of the total loan and interest repayments) in this bucket.

Asset to Liability + Equity Gap Analysis (up to 12 months), Rs Crore



(Source – MFIN Micrometer Q4 2024 as on 31st March, 2024)

The JLG-Lending Model

One of the most important models in microfinance is the Joint Liability Group (JLG) model. It caters to the financial needs and requirements of rural women in India. Nearly 99% microfinance loans in India are extended to women from low-income backgrounds with 98% loans are being disbursed through the Joint Liability Group (JLG) lending model[13].

This model involves forming groups of 5-10 women who collectively apply for and cross guarantee each other's loan repayments. Upon approval, the microfinance institution (MFI) disburses funds to the group, which then allocates the money according to individual needs. This strategy enhances operational efficiency and reduces the risk of defaults through what is known as social collaterals, replacing the traditional collateral requirements. Moreover, these loans do not require collaterals and repayments are capped at 50% of the household's monthly income. This safeguards borrowers from over-indebtedness.

The model unlocks access to credit for people without proper credit history. It encourages the sense of monetary responsibility and accountability through peer support. This model also includes financial literacy training. Moreover, it acts as a tool for boosting their financial independence.

[13]https://mfinindia.org/microfinance/IndustryPortfolio

Opportunities & Growth Drivers

Market Expansion into Lesser-Served Areas- In order to facilitate financial inclusion, expansion into areas with limited access to tailored financial services, is necessary for overall monetary growth and improvement.

Leveraging Digital Platforms- Digitalization of platforms, helps improve service delivery, reduces costs and enables MFIs to serve larger customer bases more effectively.

Portfolio Diversification- It refers to MFI's strategic expansion of a varied and diverse portfolio in order to meet the unique financial needs of the customers and increasing growth opportunities of its market and consumer retention

Strategic Partnerships- Collaborations with banks and fintech entities can enhance resource access, broaden customer offerings and foster innovation. This acts as a major growth driver in the MFI sector.

Financial Literacy Initiatives- Providing financial education can lead to positive credit performance, the overall loan performance, reduce risks and help build a more financially aware customer base. This is contributing to the sector's sustainability.

Regulatory Compliance and Credibility- A strong emphasis on compliance can improve investor confidence, facilitate access to capital and promote stability within the microfinance sector.

Engagement in Rural Development- Supporting financial needs in rural economies can encourage local enterprise, thereby expanding the client base and fostering regional economic development.

Government Policy Support- Utilising government support and initiatives can lead to increased reach and effectiveness of microfinance services, bolstering sector growth and stability.

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

- As of 31 March 2024, there are 4.3 crore clients with outstanding loans from NBFC-MFIs, marking a 19.4% increase from the number of clients on 31 March 2023.
- The Assets Under Management (AUM) for MFIs is ₹1,56,884 crore as of 31 March 2024. This includes an owned portfolio of ₹1,26,243 crore and a managed portfolio (off-balance sheet) of ₹30,641 crore. The owned portfolio of MFIN members represents 73.9% of the total NBFC-MFI universe portfolio of ₹1,70,903 crore.
- The AUM has risen by 29.5% compared to 31 March 2023 and by 10.5% from 31 December 2023.
- In FY 23-24, loans totaling ₹1,38,297 crore were disbursed through 3.1 crore accounts, encompassing both owned and managed portfolios. This represents a 24.4% increase from the amount disbursed in FY 22-23.
- The average loan amount disbursed per account during FY 23-24 was ₹45,024, up approximately 9.9% from the previous financial year.
- As of 31 March 2024, outstanding borrowings amounted to ₹1,11,542 crore. Banks accounted for 61.4% of these borrowings, followed by 19.9% from non-bank entities, 10.3% from AIFIs, 6.1% from External Commercial Borrowings (ECB), and 2.2% from other sources.
- During FY 23-24, NBFC-MFIs received ₹89,308 crore in debt funding, which is 29.1% higher than FY 22-23. Banks contributed 69.7% of this total, with non-bank entities providing 14.8%, AIFIs 7.9%, ECB 4.1%, and others 3.5%.
- Total equity increased by 39.0% compared to the end of FY 22-23, reaching ₹34,435 crore as of 31 March 2024.
- The Portfolio at Risk (PAR) >30 days improved to 3.4% as of 31 March 2024, compared to 3.9% on 31 March 2023.
- MFIs operate in 27 states and 5 union territories.
- Regionally, the distribution of the AUM is as follows: East and North-East account for 32% of the total NBFC-MFI portfolio, South 27%, North 16%, West 15%, and Central 9%.

(Source – MFIN Micrometer Q4 2024 as on 31st March, 2024)

Threats and Weaknesses

- **High Delinquency Rates:** One of the significant challenges facing the microfinance industry is the high delinquency rates. The report highlights that 90+ day delinquency rates across various financial institutions range from approximately 5.75% to 12.56%, while 180+ day delinquency rates range from 5.06% to 11.58%. High delinquency rates can lead to financial instability within microfinance institutions (MFIs) and may reduce investor confidence, potentially impacting funding and growth.
- **Geographical Disparities in Delinquency:** Delinquency rates vary significantly across different regions. For instance, urban areas show a 90+ day delinquency rate of around 27.15%, while semi-urban and rural areas report rates of approximately 40.32% and 43.38%, respectively. These disparities suggest that MFIs may face different operational risks and challenges depending on their geographical focus, requiring tailored risk management strategies.
- **Declining Loan Disbursement Growth:** The report notes a decrease in the number of loans disbursed, with some sectors experiencing negative growth rates year-on-year. For example, loans disbursed by private banks and small finance banks saw a decline ranging from -27.41% to -36.11% from JFM 2023 to JFM 2024. This decline indicates a potential weakness in market demand or increased risk aversion among lenders, which could limit access to credit for borrowers.
- **Economic and Market Fluctuations:** The microfinance sector is sensitive to broader economic and market conditions. Economic downturns can adversely affect borrowers' ability to repay loans, leading to increased delinquency rates. Additionally, market fluctuations can impact the availability of funds for lending, particularly for institutions reliant on external financing.
- **Concentration of Portfolio in Specific Regions:** A large portion of the microfinance portfolio is concentrated in specific regions, such as rural areas, which account for significant shares of the portfolio. This concentration poses a risk if these regions face economic hardships, natural disasters, or other crises, potentially leading to higher default rates and financial instability for the institutions involved.

(Source – MFIN Micrometer Q4 2024 as on 31st March, 2024)

Company Overview

Founded in 2011, Midland Microfin Limited (MML) is one of the fastest growing NBFC-MFI. It operates as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI), recognised by the Reserve Bank of India and falls under the Middle Layer as per the RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 dated October 19, 2023.

Through focused strategic measures, the Company has scaled its operations over the last decade. To expand its network and accessibility, MML invested in its retail network, adding 107 branches throughout the year. Serving all strata of society the Company has its presence in 12 States and 2 Union Territories with 436 branches impacting the lives of its customers. MML's impact is further highlighted by a remarkable growth of 38% in its Portfolio, with Assets under Management (AUM) standing at Rs. 2672 crores as of March 31, 2024.

MML offers a variety of financial products tailored to the needs of its clients, including Joint Liability Group (JLG) loans, individual loans, dairy loans, water & sanitation loans and many other loan products as mentioned below. These products are designed to support the financial needs of the individuals from the lower income groups and women from underserved backgrounds, facilitating their participation in income-generating activities and improving their living standards.

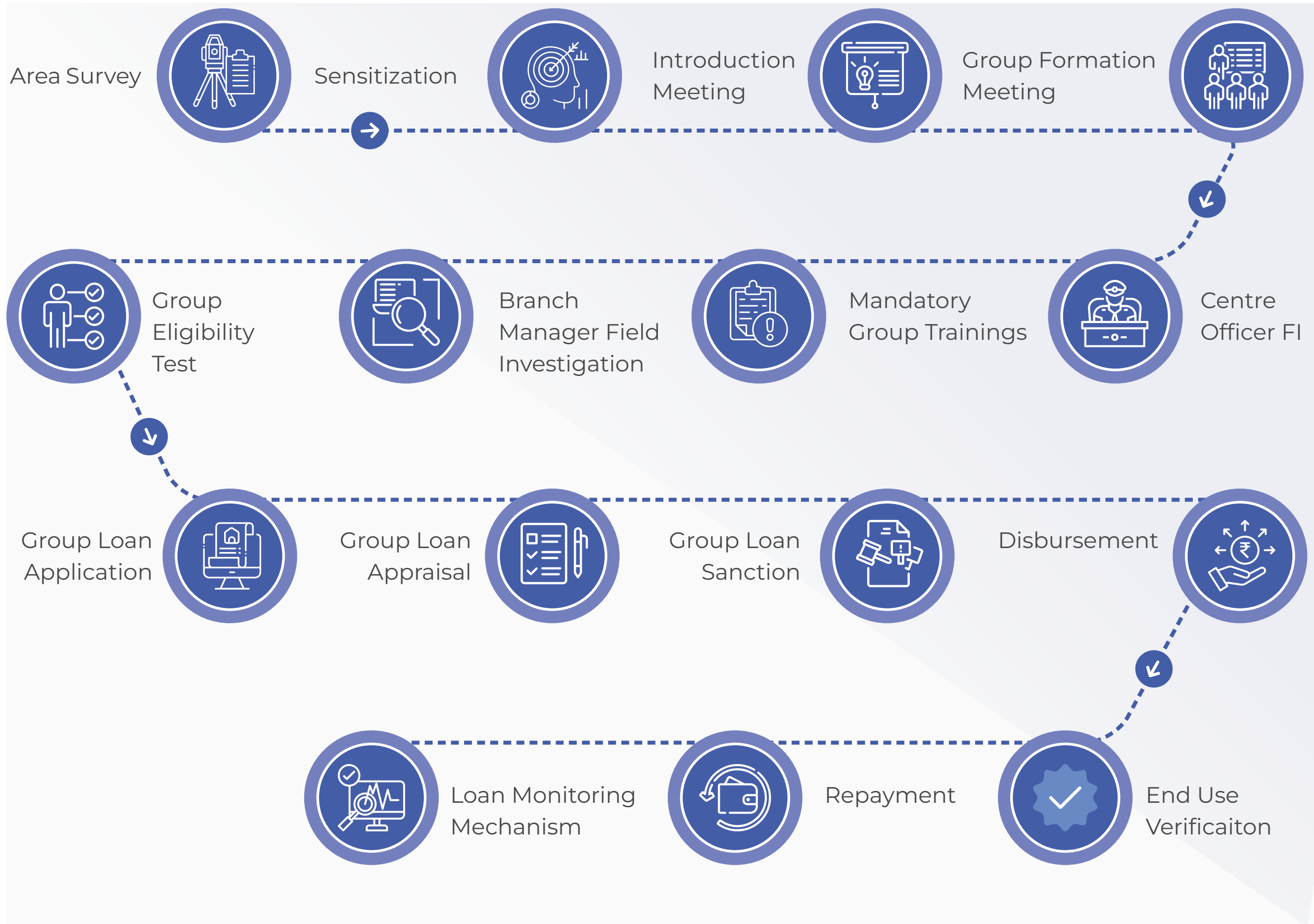
Loan Product Offerings

Product Offerings	Loan Size (INR)	Loan Tenure (Months)
Business Loan (JLG)	11,000 - 80,000	Up to 36
Individual Loan (Dairy & Udaan)	60,000 - 150,000	Up to 24
Credit Plus Products Loan	1,399/2,300/3,699/9,600	Up to 18
Education Loan	11,000 - 20,000	Up to 12
Wash Loan	11,000 - 30,000	Up to 24
Diary Loan	60,000 – 1,50,000	Up to 12
Social Impact Products	1,000-10,000	3 to 9
PM Svanidhi Loans	10,000 – 15,000	Up to 12
Ajeevika Loan	30,000 – 40,000	12 to 24

Process flow chart

Midland Microfin begins its lending processes by an area survey, in order to assess local demographics and financial infrastructure, followed by a sensitisation campaign to educate the community about microfinance concepts and benefits. Various introductory meetings are conducted to introduce specific products and clarify potential questions, leading to group formation meetings (GFM) where eligible individuals form borrowing groups. Mandatory group trainings (MGTs) ensure members understand loan policies and credit responsibility. Verification of member information, followed by a Group Eligibility Test (GET) to confirm group qualification are done through field investigations. Loan applications are then sanctioned through an automated appraisal system, prioritising efficiency and quality control.

After disbursement, instalments are collected at regular meetings and End Use Verification (EUV) confirms proper loan utilisation. A strong loan monitoring mechanism tracks borrower progress and informs risk management strategies.



Source https//www.midlandmicrofin.com/our-approach/?t=1

Midland Microfin's structured lending process emphasises community education, careful borrower selection and ongoing support. This approach ensures both the success of borrowers and the sustainability of the microfinance programme. By combining financial access with guidance and monitoring, Midland Microfin seeks to create positive economic and social impact within the communities it serves.

Key Strengths

Customer-Centric Omnichannel Approach Providing accessible and seamless client experiences through a strong omni channel distribution strategy, with an emphasis on both digital and in-person interactions.

Data-powered Efficiency and Innovation Harnessing digital initiatives and data analytics to enhance scalability, streamline operations and develop innovative financial solutions.

Geographic Expansion and Targeted Growth Strategic expansion into new regions for sustainable growth while deepening penetration in existing markets.

Commitment to Responsible Lending Maintaining strong collection processes aligned with a culture of responsible lending, promoting both client well-being and financial sustainability.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

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

FINANCIAL AND OPERATIONAL PERFORMANCE

For the Fiscal Year 2023-24, the Company showcased remarkable resilience and growth. Asset under Management (AUM) saw a 38% increase to ₹2672 crores compared to the previous fiscal year. Disbursements reached a record-setting ₹2520 crores, marking a 29% rise, while Profit After Tax (PAT) surged by 54% to ₹72 crores and Operating Profits soared by 43% to ₹162 crores.

The Company's Net Interest Income jumped by 32% to ₹247 crores, outperforming market trends and yielding a strong Return on Equity (ROE) of 17.27% and maintained a Net NPA percentage at 0.82%.

Key ratios

Ratios	2023-24	2022-23	Change (%)	Reasons
Debt Equity Ratio (in times)	3.97	4.38	-9.36%	Due to capital infusion through issue of CCCPS.
Net Profit Margin (%)	13.54	11.86	14.17%	Due to increase in interest income, facilitation fee income and reduction in operational costs.
Capital Adequacy Ratio (%)	28.34	28.44	-0.35%	

Human Resource Management

Midland Microfin Limited considers its employees as the most important resource. The Company strives to provide a supportive and conducive work environment. Aligning with its employee-centric approach, Midland prioritises regular workshops, training sessions and open communication channels to ensure employee engagement and knowledge of organisational developments.

Talent Acquisition

Midland has revised its hiring strategies to align with its expansion goals and attract exceptional talent. These improvements include refined recruitment processes, enhanced employer branding and a focus on positive candidate experiences. The Company has seen a 33% increase in hiring as a result. Digital innovations, such as streamlined onboarding, set Midland apart. A WhatsApp ChatBOT facilitates communication for HR-related queries, attendance and other key HR functions.

Diversity and Inclusion

Midland actively promotes a diverse and inclusive workplace. Initiatives include diversity-focused hiring targets, comprehensive training programmes and flexible remote working options. These measures contribute to an environment where all employees feel valued and respected.

Career Progression & Growth

Midland supports employee development through various programmes, including fast-track promotions, opportunities for lateral movement, mentorship programmes and specialised initiatives for first-time managers and trainers. These programmes empower employees to reach their full potential within the Company.

Impact and Sustainability Taskforce

In alignment with the United Nations Sustainable Development Goals (SDGs), Midland is committed to socially and environmentally responsible practices. A newly formed Impact and Sustainability Taskforce, composed of cross-departmental representatives, will develop strategies to assess and enhance the Company's impact.

Skills Exchange & Mentoring Programmes

The Company prioritises comprehensive staff training, with the ethos of 'Learn to work and work to learn.' The Learning and Development department has initiated a Skills Exchange Programme to encourage cross-functional collaboration and knowledge transfer. This programme enables employees to gain new skills from colleagues in different departments. Additionally, a Reverse Mentoring Programme facilitates knowledge sharing between experienced senior employees and younger team members, benefiting both groups.

New recruits undergo structured training across three distinct phases.

Classroom Training This phase covers conceptual orientation, practical process training and concludes with interactive learning activities.

Field Training Trainees participate in field activities including group meetings, investigations and branch visits. This direct exposure provides essential insights into the operational realities and prepares for their respective roles.

System Training Staff receive in-depth software training in a Mock Local Area Network. This ensures mastery of account management, reporting tools and system navigation.

Latest Development Programmes

Midland Microfin prioritises talent development and competency enhancement across its workforce through a comprehensive Learning and Development (L&D) framework. By fostering a culture of continuous learning, the company aims to empower employees at all levels to excel and contribute effectively to organisational growth.

Key Learning and Development Initiatives:

- **Programmes for First-Time Managers:**

  Training newly promoted managers in team management, time management, ethical practices, and behavioural development.

- **Psychometric Tests:**

  Assessing leadership styles among senior leadership to enhance self-awareness and leadership effectiveness.

- **Technical Trainings:**

  Providing all employees with skills to integrate new-age technology into daily practices, supported by e-learning on the Edurigo platform and practical sessions.

- **Refresher Trainings:**

  Addressing individual training needs through feedback from key stakeholders to ensure continuous skill development.

- **Industry Certification:**

  Offering selected employees certification opportunities to enhance knowledge and expertise in various fields.

- **Summer Internship Programme:**

  Providing management students with on-field training, offering practical exposure to the financial industry.

Latest Technological & Process Advancements

1. FINPAGE

By the introduction of this Finpage platform which provide a comprehensive financial solution designed specifically for microfinance institutions Company has benefited a lot as this tool combine a Loan Origination System (LOS), Loan Management System (LMS), and General Ledger (GL), which provide a streamlined and efficient approach to loan processing, management, and financial record-keeping.

Key benefits include:

- **Tailored Microfinance Focus:** Finpage is specifically designed to address the unique needs of microfinance institutions, offering features and functionalities tailored to their specific operations.
- **Holistic Lending Solution:** This platform covers all aspects of the loan lifecycle from application processing to loan management and financial reporting.
- **Technological Backbone:** Finpage leverages advanced technology to streamline processes, improve efficiency, and enhance data accuracy.
- **Improved Efficiency:** The integrated nature of our platform eliminates manual processes and reduces the risk of errors, leading to improved operational efficiency.
- **Enhanced Decision-Making:** Real-time data and analytics provided by Finpage enable informed decision-making and effective risk management.

By implementing Finpage, we have improved our operational efficiency, enhance customer satisfaction, and achieve sustainable growth.

2. UNOLO

By the introduction of this innovative field management system (UNOLO), we have optimized our operations and enhanced productivity. By leveraging advanced GPS tracking technology, we provide real-time visibility into employee activities, enabling effective monitoring and accountability.

Key benefits include:

- **Enhanced Efficiency:** Digital processes and web-based access streamline workflows, allowing department heads to make data-driven decisions and optimize resource allocation.
- **Improved Accountability:** Real-time GPS tracking ensures transparency and accountability, promoting responsible behavior and preventing unauthorized activities.
- **Enhanced Productivity:** Accurate tracking of employee locations and activities enables efficient task assignment, minimizing downtime and maximizing productivity.
- **Data-Driven Insights:** Comprehensive reporting and analytics provide valuable insights into employee performance, enabling businesses to identify areas for improvement and optimize strategies.

By implementing this field management solution, businesses can gain a competitive edge through improved efficiency, enhanced accountability, and data-driven decision-making.

3. ASSET MANAGEMENT SYSTEM

By the introduction of this innovative asset management system provides a strategic approach to overseeing, tracking, and optimizing an organization's physical and intangible assets. By systematically managing assets throughout their lifecycle, It help us businesses enhance productivity, reduce costs, and make informed decisions.

Key benefits include:

- **Enhanced Productivity:** Efficient asset management ensures that resources are utilized optimally, leading to improved operational efficiency and increased productivity.
- **Cost Reduction:** By tracking asset usage, maintenance needs, and depreciation, we help businesses identify cost-saving opportunities and minimize unnecessary expenses.
- **Informed Decision-Making:** Real-time data and analytics provide valuable insights into asset performance, enabling businesses to make data-driven decisions regarding asset acquisition, maintenance, and disposal.
- **Risk Mitigation:** Effective asset management helps to identify and mitigate potential risks associated with asset failure, loss, or theft.
- **Regulatory Compliance:** Our system can assist businesses in complying with industry-specific regulations and standards related to asset management.

By implementing our asset management solution, organizations can achieve greater operational efficiency, optimize resource allocation, and make data-driven decisions to support long-term success.

4. RENT MANAGEMENT SYSTEM

By this tailor Made Rent Management system which provides a comprehensive solution for streamlining various tasks related to our Rental Offices. By automating processes such rental payment, and rent/lease deed which has eased the efficiency and reduce manual errors.

Key benefits include:

- **Efficiency and Time Savings:** This system automated routine tasks, such freeing up Rental payments to focus on more strategic activities and improving overall efficiency.
- **Accurate Financial Tracking:** By automating financial processes and providing real-time data, our system ensures accurate financial tracking and reporting.
- **Compliance**: Our system can help property managers comply with relevant rental regulations and industry standards.

By implementing this rent management solution, we have improved our operational efficiency and achieve better financial outcomes.

5. INCENTIVE MANAGEMENT SOFTWARE

Management has taken the Incentive Management Software platform which help us in effectively manage and track the employee incentives, fostering transparency and motivation among the staff. By providing real-time visibility into earned and potential incentives, This has enabled the Company employees to understand their performance and progress towards goals.

Key benefits include:

- **Real-time Incentive Tracking:** Our Employees can easily monitor their incentive earnings throughout the month, promoting engagement and motivation.
- **Comprehensive Performance Insights:** Supervisors gain valuable insights into thier team performance, allowing for more effective management and the development of targeted motivation strategies.
- **Increased Transparency:** This has ensured transparency in incentive structures and earnings, fostering trust and employee satisfaction.
- **Improved Efficiency:** This also automates many incentive management tasks, reducing administrative burden and improving efficiency.
- **Data-Driven Decision-Making:** This has helped in providing the valuable data and analytics, supporting data-driven decision-making related to incentive programs.

By implementing this Kennect- Incentive Management Software, we have enhanced our employee motivation, improve performance, and created a more transparent and rewarding work environment.

6. VEGA Equity

Our company utilizes Vega Equity, a specialized platform designed to streamline the management of Employee Stock Ownership Plans (ESOPs). By centralizing the recording, control, and monitoring of ESOP activities, Vega Equity provides a comprehensive view of pertinent data for both employees and management.

Key benefits include:

- **Enhanced Efficiency:** Streamline ESOP administration processes, reducing manual tasks and improving accuracy.
- **Improved Transparency:** Provide employees with clear visibility into their ESOP holdings and benefits, fostering trust and engagement.
- **Data-Driven Decision Making:** Offer management valuable insights into ESOP performance and trends, enabling informed decision-making.
- **Compliance Adherence:** Ensure compliance with relevant regulations and industry standards related to ESOPs.
- **Risk Mitigation:** Mitigate risks associated with ESOP administration through effective record-keeping and monitoring.

By implementing Vega Equity, we have significantly improved the efficiency and transparency of our ESOP program, fostering employee engagement and supporting our long-term growth strategy

Panasonic

7. PANASONIC SMART TV'S

To enhance the overall experience for our employees and customers, we have strategically implemented Panasonic Smart TVs across all our branches. This technological upgrade offers a wide range of benefits, including:

- **Enhanced Productivity:** Panasonic Smart TVs can be used to streamline internal processes, improve communication, and increase efficiency among our employees and the customers.
- **Interactive Client Engagement:** By leveraging the interactive features of Smart TVs, we have provided our clients a more engaging and informative experience, enhancing customer satisfaction.
- **Operational Efficiency:** The versatility of Smart TVs allows us to utilize them for various purposes, such as displaying important information, running presentations & policies and facilitating remote meetings, ultimately improving operational efficiency.
- **Modernized Workspace:** The integration of Smart TVs contributes to a more modern and professional workspace, enhancing the overall company image.

isolve Transform your business.

8. CKYC

Our company leverages the CKYC services provided by iSolve Technologies Pvt Ltd to streamline our compliance and customer verification processes. By utilizing this tool, we have:

- **Enhanced Compliance:** We ensured adherence to regulatory requirements related to KYC and AML.
- **Streamline Processes:** Simplified and accelerated the KYC process, saving time and resources.
- **Reduce Costs:** Optimized operations by eliminating duplication of efforts and reducing administrative overhead.
- **Improve Security:** Safeguard customer information through the centralized and secure handling of KYC data.
- **Ensure Scalability:** Efficiently handle large volumes of KYC requests, accommodating growth and expansion.
- **Integrate Seamlessly:** Integrate CKYC services with our existing systems and workflows for a streamlined experience.

With the implementation of this CKYC solution, we have significantly improved our compliance efforts, enhanced operational efficiency, and provided a better overall experience for our customers.

PRECISE

9. CRM Software

Our company leverages the CRM services provided by Precise Infocom to optimize our customer relationship management and operational efficiency. By implementing this comprehensive CRM solution, we are able to:

- **Enhance Customer Relationships:** Foster stronger and more personalized relationships with our customers through better communication and understanding of their needs.
- **Improve Operational Efficiency:** Streamline the processes, automate tasks, and improve overall productivity.
- **Centralize Customer Data:** Maintain a centralized repository of customer information, ensuring data accuracy and accessibility.
- **Increase Customer Satisfaction:** Provide superior customer service by addressing their needs promptly and effectively.

The implementation of CRM services has significantly improved our ability to manage customer relationships, enhance operational efficiency, and drive business growth.

Risk Management and Concerns

Midland Microfin Limited, operating in the domain of risk financing and acquisition, inherently faces credit, liquidity and interest rate risks. To effectively identify these risks, the Company has prioritised a strong risk management system, investing in skilled personnel, advanced processes and technology to diminish the potential threats from both external factors and client-related uncertainties. The firm is also subject to various other risks that could potentially impact its diverse functions.

In line with the mandates of the Companies Act of 2013 and directives from the Reserve Bank of India (RBI), Midland Microfin Limited has established and implemented a Risk Management Framework. This framework delineates protocols for identifying and mitigating risks. The governance of this framework, including consistent review and oversight, is entrusted to the Company's Risk Management Committee.

To specifically address and mitigate risks associated with interest rates and liquidity, the Company has innovated in resource mobilization and instituted sound fund management strategies. Moreover, the firm benefits from its strong credit ratings, which facilitates the procurement of funds at favourable rates. The Asset Liability Management Committee of the Company convenes on a regular basis to assess and manage exposures to interest rate fluctuations and liquidity concerns. Comprehensive details regarding material risks and their mitigation strategies are systematically documented and monitored.

Internal Control Systems and Their Adequacy

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

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

MML has a complete in-house Internal Audit department. It has processes and systems to design an Annual Audit Plan, ensuring optimum portfolio quality while keeping risks at bay.

Annexure -B

Details of Remuneration

Statement under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for year ended March 31, 2024

S. No.	Particulars	Disclosures
(i)	The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year	135/1
(ii)	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year [See **Annexure C** for details]	Managing Director: 29.10% CFO: 26.67% Company Secretary: 20.00%
(iii)	The percentage increase in median remuneration of employees in the financial year	6.37%
(iv)	The number of permanent employees on the rolls of the Company as on March 31, 2024	3984
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	29.10%
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

Name of every employee of the Company who:-

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

Employee Name	Designation	Qualification	Remuneration received		Nature of Employment	Date of Commence ment of Employment	Age	Experience (Years)	Last Employment details	Whether relative of any director/ Manage r
			Gross	Net						
Amardeep Singh Samra	Managing Director	B.com	2,44,01,225	1,69,81,351	Full time employment	07-06-2010	53	25	PRINCE HIGHWAYS LIMITED	NO

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

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

Annexure-C

Details Of Remuneration

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

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2023- 2024, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2023- 2024 are as under:

S. No.	Name of Director / KMP	Designation	Remuneration Director/KMP for the Financial Year 2023- 24 (₹ in crores)	Remuneration of Director /KMP for the Financial Year 2022- 23 (₹ in crores)	% increase in Remuneration in the Financial Year 2023- 24	% increase in Remuneration In the Financial Year 2022- 23	Ratio of Remuneration of each Director to median remuneration
1.	Amardeep Singh Samra	Managing Director	3.17	1.89	29.10%	19.62%	-
2.	Amitesh Kumar	Chief Financial Officer/Chief Operating Officer	0.95	0.75	26.67%	36.36%	-
3.	Sumit Bhojwani	Company Secretary	0.12	0.10	20.00%	26.23%	-

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

The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

The median remuneration of employees of the Company during the financial year was ₹ 181,188 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year is provided in the above table.

The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive

Officer, Company Secretary or Manager, if any, in the financial year

Percentage increase in the median remuneration of employees in the Financial Year:

In the Financial Year, there was an increase of 6.37 % in the median remuneration of employees.

Number of permanent employees on the rolls of Company:

There were 3984 permanent employees on the rolls of the Company as on 31st March, 2024.

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

Particulars	FY. 2023-24	F.Y. 2022-23
Increase in Salary of employees other than managerial	14.00 %	14.00 %
Managerial	29.10%	19.62%

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

Annexure-D

Csr Activities

1. Brief outline on CSR Policy of Midland Microfin Limited

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

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Amardeep Singh Samra	Chairman & Managing Director	4	4
2	Mr. Sachin Nithyanath Kamath	Nominee Director	4	2
3	Mrs. Kamna Raj Aggarwalla	Independent Director	4	4

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: http://midlandmicrofin.com/wp-content/uploads/CSR-Policy.pdf

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

5. (a) Average net profit of the company as per section 135(5): 366,132,599/-

   (b) Two percent of average net profit of the company as per section 135(5): 7,322,652/-

   (c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: No surplus.

   (d) Amount required to be set of for the financial year, if any: No.

   (e) Total CSR obligation for the financial year (7a+7b-7c): ₹ 7,322,652/-

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). 7,322,652/-

   (b) Amount spent in Administrative Overheads. 257887.30/-

   (c) Amount spent on Impact Assessment, if applicable.

   (d) Total amount spent for the Financial Year [(a)+(b)+(c)] 7,580,539.30/-

   (e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
7,322,652	NA	NA	NA	NA	NA

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

S. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	7,322,652.00
(ii)	Total amount spent for the Financial Year	7,322,652.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

7. Details of Unspent CSR amount for the preceding three financial years

S. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount Remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Name of the Fund	Amount (in ₹	Date of transfer.		
1	2022- 23	1,555,228		1,555,228	-	-	-		0

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

   Yes No(✓)

   If Yes, enter the number of Capital assets created/ acquired (1)

   Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity Authority / beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
	-	-	-	-	-	-	-

   (All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.

Annexure-D

Secretarial Audit Report

To,
The Members,
Midland Microfin Limited
Jalandhar.

We have conducted the secretarial audit of **Midland Microfin Limited** (hereinafter referred to as Company) to assess its compliance of applicable statutory provisions and adherence to good corporate practices.

The Secretarial Audit was conducted to assess corporate conduct, statutory compliance and express an opinion thereafter.

Based on our verification of the Company's books, papers, minute books, forms and returns filed as well as the other records maintained and information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, we hereby report that the Company complied with the statutory provisions listed hereunder during the financial year that ended on 31st March, 2024. Additionally, the Company has implemented 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, 2024 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder

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

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

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

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

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

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

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

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

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

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

(d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

(e) 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.

The Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, mentioned above, during the period under review.

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

(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) including Scale Based Regulations with effect from 01.10.2022.

We further report that

(a) The Board of Directors of the Company is appropriately constituted, with a balanced mix of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. All changes to the Board of Directors during the period under review were made in compliance with the provisions of the Act.

(b) Directors received adequate notice of Board Meetings, including detailed agendas at least seven days in advance. There is also a system that Directors can avail to obtain further information and clarifications on the agenda items before the meeting, ensuring meaningful participation at the meeting.

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

We further report the Company has adequate systems and processes, 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 UDIN:
Date: 08.05.2024 Peer Review No. S1998PB021900

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

'ANNEXURE A' to Secretarial Audit Report

To
The Members,
Midland Microfin Limited
Jalandhar

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed appropriate audit practices and processes to obtain reasonable assurance about the accuracy of the Company's Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. Our processes and practices provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the Company's financial records and Books of Accounts.
4. Wherever required, we have obtained Management representation regarding compliance of laws, rules and regulations and events.
5. The Management is responsible for the compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance about the Company's future viability nor the Management's efficacy or effectiveness in conducting the affairs of the Company.

For Harsh Goyal & Associates
Company Secretaries

(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.:2802
UDIN:
Peer Review No. S1998PB021900

Place: Ludhiana
Date: 08.05.2024

Independent Auditor's Report

To
The Members of,
Midland Microfin Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS Financial Statements of **Midland Microfin Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income) for the year ended March 31, 2024, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended (hereinafter referred to as ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other Comprehensive Income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

   We have determined the matter 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 this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Ind AS Financial Statements.

Key Audit Matters	How our audit addressed the key audit matters
Impairment of financial instruments (including provision for expected credit loss)	
(as described in Note 8 of the Ind AS financial statements)	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.	Our audit procedures included reading and considering Company's accounting policies for impairment of financial assets and assessing compliance with Ind AS 109 and the governance framework approved by the Board of Directors. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates; and underlying computation by testing the input data

Key Audit Matters	How our audit addressed the key audit matters
In the process, a significant degree of judgement has been applied by the management for: • Defining Staging of loans (i.e., classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of borrowers based on homo-geneity by using appropriate statistical techniques; • Estimation of losses for loan products with no/ minimal historical defaults; and • Estimating recoveries to determine loss given default on a collective basis for loans that have defaulted. • Determining effect of less frequent past events on future probability of default.	Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. Tested samples to ascertain the completeness and accuracy of the input data used for determining the Probability of Default (PD) and Loss Given Default (LGD) rates and agreed the data with underlying books of accounts and records. Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring. For samples of exposure, we tested the appropriateness of determining Exposure at Default, Probability of Default and Loss Given Default. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults by testing the input data. Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 and Ind AS 109 in relation to ECL especially in relation to judgements used in estimation of ECL provision.

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

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

   Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other Comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards), Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

   - Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS Financial Statements in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Ind AS Financial Statements made by the Management and Board of Directors.
   - Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure, and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the Ind AS Financial Statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

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

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

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

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

(e) On the basis of written representations received from the Directors as on March 31, 2024, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2024, from being appointed as a Director in terms of under sub-section (2) of Section 164 of the Companies Act, 2013.

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

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

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

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Also Refer Note 46(iii) to the Ind AS Financial Statements.

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

iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No. 47(xii) (a) to the Ind AS Financial Statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No. 47(xii)(b) to the Ind AS Financial Statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

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

vi. Based on our examination, which included test checks, the company has used accounting softwares for maintaining its books of accounts for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023 reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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

In our opinion and to the best of our information and according to the explanations given to us, managerial remuneration for the year ended March 31, 2024, has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with schedule V to the Companies Act, 2013.

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

(Rajiv Puri)
Partner
Membership No.: 084318
UDIN: 24084318BKFMFG8821

Place: Noida
Dated: May 08, 2024

Annexure-A to Independent Auditors' Report

Referred to in Paragraph 9 of the Independent Auditors' Report of even date to the members of **MIDLAND MICROFIN LIMITED** on the Ind AS Financial Statements for the year ended March 31, 2024

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

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

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

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

(c) To the best of our information and according to the explanations provided to us by the Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee), therefore requirements to report under clause 3(i)(c) of the order are not applicable to the Company.

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

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

(ii). (a) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company does not have any inventory, therefore requirements to report under clause 3(ii)(a) of the Order are not applicable to the Company.

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

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

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

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

(c) The Company, being a Non-Banking Financial Company – Microfinance Company, is registered under provisions of Reserve Bank of India Act, 1934 and rules made thereunder, in pursuance of its compliance with the provisions of the said Act/ Rules, particularly, the income Recognition, Asset Classification and Provisioning norms and generally accepted business practices by the lending institutions, repayments scheduled are stipulated basis the nature of the loan products. The repayment of the principal and the payment of interest by the borrower's are as per the stipulated repayment schedule except in case of default cases.

Note 3.6 to the Ind AS Financial Statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at March 31, 2024, aggregating ₹ 619.36 million were categorized as credit impaired ("Stage 3") and ₹ 385.81 million were categorized as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 8 to the Financial Statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating ₹ 19,866.57 million, where credit risk has not significantly increased since initial recognition (categorized as "Stage 1"), overdue in the repayment interest and/or principal aggregating ₹ 212.77 million were also identified. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemized list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at the year-end is ₹ 619.36 million. In our opinion, reasonable steps are being taken by the Company for recovery of the principal and interest as stated in the applicable Regulations and Loan agreements.

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

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

(iv). To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, the Company has complied with the provisions of section 186 of the Companies Act 2013 (to the extent applicable) in respect of investment made in 'Mutual Funds' and 'Security-Receipts'. Further, the Company has not given any loans, or provided any guarantee or security or made any investments (other than in 'Mutual Funds' and 'Security-Receipts') as specified under Section 185 & 186 of the Companies Act, 2013.

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

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

(vii). (a) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The Company does not have liability in respect of sales-tax, service tax, duty of excise, and value added tax, since effective July 01, 2017, these statutory dues has been subsumed into GST. Further no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues were in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

(b) To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, there were no dues referred in sub-clause 3(vii)(a) above, which have not been deposited on account of disputes.

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

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

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

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

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

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

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

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

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

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

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

(a) Few fraud cases for cash embezzlement by employees of the Company aggregating to ₹ 5.26 million were reported during the year and the due intimations vide FMR-1 and FMR-2 were filed with Reserve Bank of India within the prescribed timelines. Other than these fraud cases, we have not come across any instance of material fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by management.

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

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

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

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

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

(b) We have considered the internal audit reports of the Company issued during the year and covering the period upto March 31, 2024.

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

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

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

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

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

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

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

(xviii). There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable to the Company.

(xix). To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that, and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, asset liability maturity (ALM) pattern and other information accompanying the Ind AS Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

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

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

(a) There are no unspent amounts towards Corporate Social Responsibilities (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Hence, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.

(b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount to a Special account within a period of 30 days from the end of the financial year in compliance with the provision of sub-section (6) of section 135 of the Companies Act, 2013.

(xxi). According to the information and explanations given to us, the Company does not have subsidiary, associate and joint venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable to the Company.

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

(Rajiv Puri)
Partner
Membership No.: 084318
UDIN: 24084318BKFMFG8821

Place: Noida
Dated: May 08, 2024

Annexure-B to Independent Auditors' Report

Referred to in Paragraph 10(f) of the Independent Auditors' Report of even date to the members of **MIDLAND MICROFIN LIMITED** on the Ind AS Financial Statements for the year ended March 31, 2024

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, 2024, in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SCV & Co. LLP
Chartered Accountants
Firm Regn. No. 000235N/N5000389

(Rajiv Puri)
Partner
Membership No.: 084318
UDIN: 24084318BKFMFG8821

Place: Noida
Dated: May 08, 2024

Balance Sheet

as at March 31, 2024
(Rupees in millions unless otherwise stated)

	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial assets			
Cash and cash equivalents	4	2,120.80	1,235.82
Bank balances other than cash and cash equivalents	5	2,370.66	2,026.70
Derivative financial instruments	6	34.24	41.13
Receivables			
Trade Receivables	7	36.27	25.79
Other Receivables	7	17.33	-
Loans	8	20,274.87	15,285.34
Investments	9	516.60	800.00
Other financial assets	10	529.75	243.24
Total financial assets		**25,900.52**	**19,658.02**
Non-financial assets			
Current tax assets (net)	11	-	53.57
Deferred tax assets (net)	32	77.91	10.98
Property, plant and equipment	12	150.85	120.91
Intangible assets under development		6.68	-
Intangible assets	12	13.01	10.66
Other non-financial assets	13	66.94	48.04
Total non-financial assets		**315.39**	**244.16**
Total assets		**26,215.91**	**19,902.18**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	14	7.79	51.12
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	14	2.59	1.35
Other payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	14	5.87	2.18
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	14	18.94	18.48
Debt securities	15	1,874.09	2,635.08
Borrowings (other than debt securities)	15	16,582.03	11,754.98
Subordinated liabilities	15	1,371.53	1,260.56
Other financial liabilities	16	1,322.94	655.19
Total financial liabilities		**21,185.78**	**16,378.94**
Non-financial liabilities			
Current tax liabilities (net)	17	75.35	-
Provisions	18	31.27	23.63
Other non-financial liabilities	19	44.92	23.92
Total non-financial liabilities		**151.54**	**47.55**
EQUITY			
Equity share capital	20	476.11	455.70
Instruments entirely equity in nature	21	434.68	335.16
Other equity	22	3,967.80	2,684.83
Total equity		**4,878.59**	**3,475.69**
Total liabilities and equity		**26,215.91**	**19,902.18**
Summary of significant accounting policies	3		

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

As per our report of even date

For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration number : 000235N/N500089

per Rajiv Puri
Partner
Membership No. 084318

Place: Noida
Date: May 08, 2024

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Ashwani Kumar Jindal
Director
DIN: 00670384

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No.: A36611

Place: Jalandhar

Profit and Loss Statement

for year ended March 31, 2024
(Rupees in millions unless otherwise stated)

	Notes	For year ended March 31, 2024	For year ended March 31, 2023
Revenue from operations			
Interest income	23	4,485.50	3,546.79
Fees and commission income	24	250.43	178.95
Net gain on derecognition of financial instruments under amortised cost category	25	572.79	218.31
Total revenue from operations		**5,308.72**	**3,944.05**
Other income	26	18.87	5.07
Total income		**5,327.59**	**3,949.12**
Expenses			
Finance cost	27	2,043.75	1,684.55
Net loss on fair value changes	28	172.20	-
Impairment on financial instruments	29	507.54	514.84
Employee benefit expenses	30	1,059.52	747.19
Depreciation and amortization expense	12	37.96	30.09
Other expenses	31	566.52	357.36
Total expenses		**4,387.49**	**3,334.03**
Profit before tax		**940.10**	**615.09**
Tax expense:			
Current tax	32	287.36	104.81
Deferred tax	32	(68.81)	41.95
Income tax expense		**218.55**	**146.76**
Profit for the year (A)		**721.55**	**468.33**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain/(loss) on defined benefit plans		3.16	3.82
Income tax effect		(0.79)	(0.96)
Items that will be reclassified subsequently to profit or loss			
Fair value income/(loss) on derivative financial instruments		4.30	(5.22)
Income tax effect		(1.08)	1.31
Other comprehensive (loss)/income (B)		**5.59**	**(1.05)**
Total comprehensive income for the year (A+B)		**727.14**	**467.28**
Earnings per share (equity share, par value of ₹ 10 each)			
Computed on the basis of total profit for the year			
Basic	33	16.45	10.71
Diluted	33	15.53	10.70
Nominal value		10.00	10.00
Summary of significant accounting policies	3		

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

As per our report of even date

For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration number : 000235N/N500089

per Rajiv Puri
Partner
Membership No. 084318

Place: Noida
Date: May 08, 2024

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Ashwani Kumar Jindal
Director
DIN: 00670384

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No.: A36611

Place: Jalandhar

Statement of Cash Flows

for year ended March 31, 2024

(Rupees in millions unless otherwise stated)

	For year ended March 31, 2024	For year ended March 31, 2023
Cash flow from operating activities		
Profit before tax	940.10	615.09
Adjustments for:		
Depreciation and amortization	37.96	30.09
Provision for employee benefits	10.79	6.88
Net loss on fair value changes	172.20	-
Impairment of financial instruments	435.27	(129.45)
Net gain on derecognition of financials instruments under amortised cost category	(149.45)	(169.13)
Profit on sale of mutual fund units	(1.12)	(3.25)
Other provisions and write offs	2.35	1.45
Interest expense	2.93	3.83
Lease rental reversed upon implementation of Ind AS 116	(10.65)	(11.46)
Operating profit before working capital changes	**1,440.38**	**344.05**
Movements in working capital :		
(Decrease) / increase in payables	(37.94)	31.43
Increase in other financial liabilities (excluding lease liabilities)	673.77	221.50
Increase in other non financial liabilities	21.00	6.58
(Increase) / decrease in bank balances other than cash and cash equivalents	(343.96)	443.88
(Increase) in receivables	(27.81)	(10.85)
(Increase) in loan portfolio	(5,421.70)	(4,807.74)
(Increase) / decrease in other financial assets	(142.51)	28.56
(Increase) / decrease in other non financial assets	(18.90)	16.01
Cash (used in) operating activities post working capital changes	**(3,857.67)**	**(3,726.58)**
Income taxes paid	(158.44)	(155.54)
Net cash (used in) operating activities (A)	**(4,016.11)**	**(3,882.12)**
Cash flow from investing activities		
Purchase of property, plant and equipment (excluding right of use assets)	(62.93)	(51.39)
Purchase of intangible assets and intangible assets under development	(12.30)	(1.36)
Purchase of investments	(2,218.00)	(3,295.00)
Sale of investments	2,330.32	2,648.25
Net cash from / (used in) investing activities (B)	**37.09**	**(699.50)**

Statement of Cash Flows

for year ended March 31, 2024

(Rupees in millions unless otherwise stated)

	For year ended March 31, 2024	For year ended March 31, 2023
Cash flow from financing activities		
Proceeds from issue of equity shares	20.41	-
Premium on issue of equity shares	306.15	-
Proceeds from issue of compulsorily convertible preference shares (CCPS)	80.57	335.16
Proceeds from issue of partly paid CCPS	18.95	-
Premium on issue of partly paid CCPS	284.15	-
Share issue expenses	(0.62)	-
Proceeds from issue (redemption) of Debt securities (net)	(760.99)	1,313.15
Proceeds from issue of Borrowings (other than debt securities) (net)	4,838.25	1,753.25
Proceeds from issue of Subordinated liabilities (net)	110.97	99.71
Dividend on equity shares	(31.90)	(31.90)
Dividend on compulsorily convertible preference shares	(1.94)	-
Net cash from financing activities (C)	**4,864.00**	**3,469.37**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**884.98**	**(1,112.25)**
Cash and cash equivalents at the beginning of the year	1,235.82	2,348.07
Cash and cash equivalents at the end of the year (refer note 4)	**2,120.80**	**1,235.82**
Components of cash and cash equivalents as at the end of year		
Cash in hand	41.45	10.96
Balance with banks - on current account	179.01	116.23
Deposits with original maturity of less than or equal to 3 months	1,844.47	1,108.63
Cheques on hand	55.87	-
Total cash and cash equivalents	**2,120.80**	**1,235.82**

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 46.

As per our report of even date

For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration number : 000235N/N500089

per Rajiv Puri
Partner
Membership No. 084318

Place : Noida
Date : May 08, 2024

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Ashwani Kumar Jindal
Director
DIN: 00670384

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No.: A36611

Place : Jalandhar

Statement of Changes in Equity

for the year ended March 31, 2024

(Rupees in millions unless otherwise stated)

A. Equity Share Capital

Equity Share of Rs. 10 each issued

Particulars	No. of Shares	Amount
As at March 31, 2022	**4,55,70,162**	**455.70**
Changes in equity share capital due to prior period errors	-	-
Changes in equity share capital during the year ended March 31, 2023 (refer note 20(b))	-	-
As at March 31, 2023	**4,55,70,162**	**455.70**
Changes in equity share capital due to prior period errors	-	-
Changes in equity share capital during the year ended March 31, 2024 (refer note 20(b))	68,03,245	20.41
As at March 31, 2024	**5,23,73,407**	**476.11**

B. Instruments entirely equity in nature

Particulars	No. of Shares	Amount
As at March 31, 2022	**-**	**-**
Changes in compulsorily convertible preference shares due to prior period errors	-	-
Changes in compulsorily convertible preference shares during the year ended March 31, 2023 (refer note 21(b))	22,34,399	335.16
As at March 31, 2023	**22,34,399**	**335.16**
Changes in compulsorily convertible preference shares due to prior period errors	-	-
Changes in compulsorily convertible preference shares during the year ended March 31, 2024 (refer note 21(b))	68,51,743	99.52
As at March 31, 2024	**90,86,142**	**434.68**

Statement of Changes in Equity

for the year ended March 31, 2024

(Rupees in millions unless otherwise stated)

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	Effective Portion of Cashflow hedges	Re-measurement gain on defined benefit plans	
Balance as at March 31, 2022	22	**1,630.46**	**408.78**	**154.77**	**36.63**	**32.55**	**2,263.19**	**(15.68)**	**5.33**	**2,252.84**
Profit for the year		-	468.33	-	-	-	468.33	-	-	468.33
Other comprehensive income		-	-	-	-	-	-	(3.91)	2.86	(1.05)
Total comprehensive income for the year		**-**	**468.33**	**-**	**-**	**-**	**468.33**	**(3.91)**	**2.86**	**467.28**
Transfer to Statutory Reserve		-	(93.67)	93.67	-	-	-	-	-	-
Premium on issue of equity shares	20	-	-	-	-	-	-	-	-	-
Share issue expenses		(3.39)	-	-	-	-	(3.39)	-	-	(3.39)
Transfer to Capital Redemption Reserve		-	(10.25)	-	-	10.25	-	-	-	-
Dividend on equity shares		-	(31.90)	-	-	-	(31.90)	-	-	(31.90)
Balance as at March 31, 2023	22	**1,627.07**	**741.29**	**248.44**	**36.63**	**42.80**	**2,696.23**	**(19.59)**	**8.19**	**2,684.83**
Profit for the year		-	721.55	-	-	-	721.55	-	-	721.55
Other comprehensive income		-	-	-	-	-	-	3.22	2.36	5.58
Total comprehensive income for the year		**-**	**721.55**	**-**	**-**	**-**	**721.55**	**3.22**	**2.36**	**727.13**
Transfer to Statutory Reserve		-	(144.31)	144.31	-	-	-	-	-	-
Premium on issue of partly-paid equity shares	20	306.15	-	-	-	-	306.15	-	-	306.15
Premium on issue of partly-paid CCCPS	21	284.15	-	-	-	-	284.15	-	-	284.15
Share issue expenses		(0.62)	-	-	-	-	(0.62)	-	-	(0.62)
Transfer to Capital Redemption Reserve		-	-	-	-	-	-	-	-	-
Dividend on equity shares		-	(31.90)	-	-	-	(31.90)	-	-	(31.90)
Dividend on CCCPS		-	(1.94)	-	-	-	(1.94)	-	-	(1.94)
Balance as at March 31, 2024	22	**2,216.75**	**1,284.69**	**392.75**	**36.63**	**42.80**	**3,973.62**	**(16.37)**	**10.55**	**3,967.80**

As per our report of even date

For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration number : 000235N/N500089

per Rajiv Puri
Partner
Membership No. 084318

Place : Noida
Date : May 08, 2024

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Ashwani Kumar Jindal
Director
DIN: 00670384

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No.: A36611

Place : Jalandhar

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

1. Corporate information

Midland Microfin Limited ('the Company') is a public limited company 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 RBI has introduced the Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ('the Framework) through Circular No. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021. Under this Framework, NBFCs are categorized into different layers, namely Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL) and Top Layer (NBFC-TL).

The Company has been classified as s "Middle Layer" NBFC in accordance with the Framework.

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 twelve states and two union territories namely Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Himachal Pradesh, Gujarat, Madhya Pradesh, Uttarakhand, West Bengal, Odisha, Chandigarh and Jammu & Kashmir.

These Ind AS Financial Statements have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 08, 2024.

2. Basis of preparation

a. Statement of compliance in preparation of financial statements

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

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

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

b. Presentation of financial statements

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

i. The normal course of business

ii. The event of default

iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

3A. Summary of material 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.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

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

a. Fair Value measurement

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

b. Impairment of Loan portfolio

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

c. Defined employee benefit assets and liabilities

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

d. Provisions other than impairment on loan portfolio

Provisions are held in respect of range of future obligations such as employee entitlements and litigation provisions. Some of the provisions involve significant judgement about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgements about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than 1 year are discounted at a rate that reflects both current interest rates and the risk specific to that provision.

e. Estimating the incremental cost of borrowing

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

f. Business model assessment

Refer Note 3.14(i) to the financial statements.

g. Effective interest rate (EIR)

Refer Note 3.2(a) to the financial statements.

h. Other estimates

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

3.2 Recognition of Income and Expense

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

a. Interest Income

Interest revenue is recognised using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

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

b. **Interest expense**

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

Overdue interest is recognised on a realization basis.

c. **Fees and commission income**

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

d. **Investments income**

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

e. **Assignment income**

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

f. **Other incomes and expenses**

All other incomes and expenses 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 the 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 at its disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from 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.

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

3.4 Depreciation and amortization on PPE and intangible assets

Depreciation and amortization on PPE and intangible assets are 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 and also supported by technical advice:

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

3.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the 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 the next 12-month period. The Company has an option to determine such losses on an individual basis or collectively depending upon the nature of the 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 overdue) and exposures upto 30 days overdue fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over the next 12 months.

Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed a period of 30 days and upto 90 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III

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

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

Methodology for calculating ECL

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

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

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.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the statement of profit and loss. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

3.7 Leases (where the Company is the lessee)

Lease under Ind AS 116

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

Right-of-use asset

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

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

Lease liabilities

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

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

Short-term leases

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

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

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 the contribution payable to the provident fund and Employee State Insurance scheme as an expense when an employee renders the related service.

ii. Gratuity

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

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

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

iii. Leaves

The Company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents leave as a current liability in the balance sheet, to the extent

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

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 comprise 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 the 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 reassessed 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 reduce 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.

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for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

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 the 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 the 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

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

(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 is 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 the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

ii) **Financial Liabilities**

Initial measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

iii) **De-recognition of financial assets and liabilities**

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the right to receive cash flows from the financial asset has 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

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

- 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.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

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

Cumulative Compulsorily Convertible Preference shares

Cumulative Compulsorily Convertible Preference shares (CCCPS) are classified as a liability or equity components based on the terms of the contract and in accordance with Ins AS 32. CCCPS issued by the Company classified as equity is carried at its transaction value and shown within "Equity" under "Instruments entirely equity in nature".

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 the effective interest rate method (net of transaction costs) until it is extinguished on conversion or redemption as per Ind AS 32.

3.18 Investment in Security Receipts

Investment in Security Receipts issued by trust floated by asset reconstruction company are accounted for at fair value through profit and loss (FVTPL).

3B. Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

4: Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	41.45	10.96
Balances with banks		
On current accounts	179.01	116.23
Deposit with original maturity of less than three months	1,844.47	1,108.63
Cheques on hand	55.87	-
	2,120.80	**1,235.82**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Deposit with remaining maturity of less than 12 months	899.77	963.61
Deposit with remaining maturity of more than 12 months	113.48	101.16
Margin money deposits (refer note below)	1,357.02	961.71
Unpaid dividend accounts*	0.39	0.22
	2,370.66	**2,026.70**

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.

*These balances are not available for use by the company and corresponding balance is disclosed as unclaimed dividend under note 16.

6: Derivative Financial Instruments

Part I	As at March 31, 2024 Amount			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency Derivatives:				
- Currency Swaps	811.85	34.24	-	-
Total derivative financial instruments	**811.85**	**34.24**	**-**	**-**

Part II	As at March 31, 2024 Amount			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Included in above are derivatives held for hedging and risk management purposes as follows:				
Cash flow hedging:				
- Currency Swaps	811.85	34.24	-	-
Total derivative financial instruments	**811.85**	**34.24**	**-**	**-**

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

6: Derivative Financial Instruments (Contd..)

Part I	As at March 31, 2023 Amount			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Currency Derivatives:				
- Currency Swaps	598.75	41.13	-	-
Total derivative financial instruments	**598.75**	**41.13**	**-**	**-**

Part II	As at March 31, 2023 Amount			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
Included in above are derivatives held for hedging and risk management purposes as follows:				
Cash flow hedging:				
- Currency Swaps	598.75	41.13	-	-
Total derivative financial instruments	**598.75**	**41.13**	**-**	**-**

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, 2024				
	Notional amounts	Carrying amount	Line item in the statement of financial position	Change in fair value	Cash flow hedge reserve as at March 31, 2024
The impact of hedging instruments (Net)	811.85	56.11	Derivative Financial Asset	34.24	(16.36)

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

6: Derivative Financial Instruments (Contd..)

	As at March 31, 2023				
	Notional amounts	Carrying amount	Line item in the statement of financial position	Change in fair value	Cash flow hedge reserve as at March 31, 2023
The impact of hedging instruments (Net)	598.75	67.30	Derivative Financial Asset	41.13	(19.58)

7: Receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Receivables*		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	36.27	25.79
Other Receivables		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	17.33	-
	53.60	**25.79**

*Trade receivables are non-interest bearing and generally due in short-term. Based on the management's assessment, no impairment allowance is considered necessary for trade receivables.

Ageing for trade receivables outstanding as at March 31, 2024 is as follows:

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	36.27	-	-	-	36.27
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-

Ageing for trade receivables outstanding as at March 31, 2023 is as follows:

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	25.79	-	-	-	25.79
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

7: Receivables (Contd..)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-

*in case where due date of payment is not specified, disclosure has been given based on the date of transaction.

8: Loans

Particulars	At amortised cost	
	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good*	20,252.38	15,440.95
Less: Impairment loss allowance	(145.97)	(159.58)
Unsecured, Considered doubtful**	619.36	9.08
Less: Impairment loss allowance	(450.90)	(5.11)
Total	**20,274.87**	**15,285.34**
Above amount includes		
Loans provided in India	20,274.87	15,285.34
Total	**20,274.87**	**15,285.34**

* 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, 2024

Particulars	Stage I	Stage II	Stage III	Total
Considered good	19,770.50	335.91	-	20,106.41
Considered doubtful	-	-	168.46	168.46
Total	**19,770.50**	**335.91**	**168.46**	**20,274.87**

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

8: Loans (Contd..)

Portfolio classification as at March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Considered good	15,172.10	109.27	-	15,281.37
Considered doubtful	-	-	3.97	3.97
	-	-	-	
Total	**15,172.10**	**109.27**	**3.97**	**15,285.34**

Gross Portfolio Movement for the year ended March 31, 2024

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2023	15,198.64	242.31	9.08	15,450.03
Total (A)	**15,198.64**	**242.31**	**9.08**	**15,450.03**
Inter-stage movements	`			
Stage I	(521.87)	142.39	379.48	-
Stage II	0.73	(120.26)	119.53	-
Stage III	0.04	-	(0.04)	-
Total (B)	**(521.10)**	**22.13**	**498.97**	**-**
New assets originated, repaid and derecognised during the year	5,189.04	121.36	111.31	5,421.71
Total (C)	**5,189.04**	**121.36**	**111.31**	**5,421.71**
Gross carrying amount as at March 31, 2024 (A+B+C)	**19,866.58**	**385.80**	**619.36**	**20,871.74**

Gross Portfolio Movement for the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2022	10,096.80	219.29	326.20	10,642.29
Total (A)	**10,096.80**	**219.29**	**326.20**	**10,642.29**
Inter-stage movements				
Stage I	(18.62)	10.94	7.68	-
Stage II	0.80	(1.37)	0.57	-
Stage III	0.24	0.09	(0.33)	-
Total (B)	**(17.58)**	**9.66**	**7.92**	**-**
New assets originated, repaid and derecognised during the year	5,119.42	13.36	(325.04)	4,807.74
Total (C)	**5,119.42**	**13.36**	**(325.04)**	**4,807.74**
Gross carrying amount as at March 31, 2023 (A+B+C)	**15,198.64**	**242.31**	**9.08**	**15,450.03**

ECL movement during the year ended March 31, 2024 :-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	26.54	133.04	5.11	164.69
Provision made/ (reversed) during the year	69.53	(83.14)	445.79	432.18
Write off	-	-	-	-
Closing Balance	**96.07**	**49.90**	**450.90**	**596.87**

ECL movement during the year ended March 31, 2023:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	20.75	49.21	226.38	296.34
Provision made/ (reversed) during the year	5.79	83.83	(221.27)	(131.65)
Write off	-	-	-	-
Closing Balance	**26.54**	**133.04**	**5.11**	**164.69**

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

9: Investments

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in security receipts (at fair value through profit or loss)		
80,00,00 (March 31, 2023: 8,00,000) security receipts of Rs. 1000 each fully paid-up of Phoenix Trust (Trust floated by Phoenix ARC Private Limited)	688.80	800.00
	688.80	**800.00**
Less: Impairment loss allowance	(172.20)	-
Total	**516.60**	**800.00**
Investment in India	516.60	800.00
Investment outside India	-	-
Total	**516.60**	**800.00**

10: Other financial assets (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits		
Unsecured, considered good	7.64	4.98
Other Assets		
Retained interest on asset assigned	369.05	219.60
Employee loans	9.11	6.09
Less: Impairment loss allowance*	(13.73)	(8.28)
Other financial assets	157.68	20.85
	529.75	**243.24**

*Represent impairment loss allowance on retained interest on asset assigned and employee loans (considered doubtful).

11: Current Tax Assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance income tax (net of provision)	-	53.57
	-	**53.57**

12: Property, plant and equipment

Particulars	Right of use assets (refer note 35)	Furniture and fixtures	Vehicles	Leasehold Improvements	Computers	Office equipments	Total
Gross block (at cost)							
At March 31, 2022	**78.57**	**29.47**	**12.95**	**29.01**	**56.19**	**24.64**	**230.83**
Addition	9.16	11.67	6.98	3.65	21.06	8.56	61.08
Disposals	-	(0.10)	-	-	(1.74)	(0.64)	(2.48)
Adjustments	(20.04)	-	-	-	-	-	(20.04)
At March 31, 2023	**67.69**	**41.04**	**19.93**	**32.66**	**75.51**	**32.56**	**269.39**
Addition	1.70	15.05	-	3.42	18.30	27.77	66.24
Disposals	-	(1.53)	-	-	(0.41)	(1.42)	(3.36)
At March 31, 2024	**69.39**	**54.56**	**19.93**	**36.08**	**93.40**	**58.91**	**332.27**
Depreciation							
At March 31, 2022	**45.91**	**10.16**	**3.57**	**17.41**	**39.47**	**7.87**	**124.39**
Charge for the year	3.95	3.24	1.63	4.16	10.31	2.75	26.04
Disposals	-	(0.05)	-	-	(1.65)	(0.25)	(1.95)
At March 31, 2023	**49.86**	**13.35**	**5.20**	**21.57**	**48.13**	**10.37**	**148.48**

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

12: Property, plant and equipment (Contd..)

Particulars	Right of use assets (refer note 35)	Furniture and fixtures	Vehicles	Leasehold Improvements	Computers	Office equipments	Total
Charge for the year	6.26	4.56	2.37	3.33	14.03	4.14	34.69
Disposals	-	(0.81)	-	-	(0.11)	(0.83)	(1.75)
At March 31, 2024	**56.12**	**17.10**	**7.57**	**24.90**	**62.05**	**13.68**	**181.42**
Net Carrying Amount							
At March 31, 2022	**32.66**	**19.31**	**9.38**	**11.60**	**16.72**	**16.77**	**106.44**
At March 31, 2023	**17.83**	**27.69**	**14.73**	**11.09**	**27.38**	**22.19**	**120.91**
At March 31, 2024	**13.27**	**37.46**	**12.36**	**11.18**	**31.35**	**45.23**	**150.85**

Intangible assets

Particulars	Software	Licenses	Total
Gross block (at cost)			
At March 31, 2022	**12.84**	**12.48**	**25.32**
Addition	-	1.36	1.36
At March 31, 2023	**12.84**	**13.84**	**26.68**
Addition	4.12	1.50	5.62
At March 31, 2024	**16.96**	**15.34**	**32.30**
Amortization			
At March 31, 2022	**5.64**	**6.33**	**11.97**
Charge for the year	2.08	1.97	4.05
At March 31, 2023	**7.72**	**8.30**	**16.02**
Charge for the year	1.63	1.64	3.27
At March 31, 2024	**9.35**	**9.94**	**19.29**
Net Carrying Amount			
At March 31, 2022	**7.20**	**6.15**	**13.35**
At March 31, 2023	**5.12**	**5.54**	**10.66**
At March 31, 2024	**7.61**	**5.40**	**13.01**

13: Other non-financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Prepaid expenses	43.39	25.53
Balances with statutory / government authorities	11.68	9.65
Other Non Financial Assets	11.87	12.86
	66.94	**48.04**

14: Payables

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Payables		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	7.79	51.12
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	2.59	1.35
Other Payables		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	5.87	2.18
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	18.94	18.48
	35.19	**73.13**

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

14: Payables (Contd..)

The management has identified enterprises which qualify under the definition of micro enterprises and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Ageing for payables outstanding as at March 31, 2024 is as follows:

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	13.60	0.06	-	-	13.66
(ii) Others	21.35	0.18	-	-	21.53
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Ageing for payables outstanding as at March 31, 2023 is as follows:

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	53.30	-	-	-	53.30
(ii) Others	19.83	-	-	-	19.83
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

*in case where due date of payment is not specified, disclosure has been given based on the date of transaction.

Details of dues to micro, small and medium enterprises as defined under MSMED Act, 2006:

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Dues remaining unpaid to any supplier at the year end		
- Principal	13.66	53.30
- Interest on above	-	-
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
(d) Amount of interest accrued and remaining unpaid	-	-
(e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

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

Particulars	As at March 31, 2024	As at March 31, 2023
Secured Debentures*		
NIL (March 31, 2023 : 222), Series II, 12% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 4 years from the date of allotment.	-	2.22
NIL (March 31, 2023 : 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.	-	5.20

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

15: (Contd..)

Particulars	As at March 31, 2024	As at March 31, 2023
NIL (March 31, 2023 : 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.	-	12.63
NIL (March 31, 2023 : 780), 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.	-	22.43
927 (March 31, 2023 : 927), Series I, 11.00% - 12.25% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each redeemable within 4 to 10 years from the date of allotment i.e. July 4, 2014.	-	9.51
7,108 (March 31, 2023 : 7,108), Series I, 11.00% - 12.25% Secured, Listed, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each redeemable within 4 to 10 years from the date of allotment i.e. July 4, 2014.	-	201.82
50 (March 31, 2023 : 50), Series IV, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 7 years from the date of allotment.	0.50	0.50
550 (March 31, 2023 : 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.	14.20	12.73
3,360 (March 31, 2023 : 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.	33.53	33.44
2,490 (March 31, 2023 : 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.	44.14	40.04
320 (March 31, 2023 : 320), Series V, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. 15. Put option is available after 7 years from the date of allotment.	3.20	3.20
35 (March 31, 2023 : 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.	0.88	0.79
NIL (March 31, 2023 : 9,300), Series VII, 16% Secured, Simple, Redeemable, Non- Convertible Debentures of Rs. 10,000 each. The date of allotment was 1st May 2020. Put option is available after 3 years from the date of allotment.	-	92.40
Nil (March 31, 2023 : 250), Series VIII, 12.40% Secured, Listed, Simple, Redeemable, Non- Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 26th November, 2020.	-	194.70
Nil (March 31, 2023 : 250), Series IX, 12.30% Secured, Listed, Simple, Redeemable, Non- Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 18th January, 2021.	-	191.53
300 (March 31, 2023 : 300), Series XIV, 11.20% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 1,00,000 each. The date of allotment was 1st July 2022.	30.01	97.49
300 (March 31, 2023 : 300), Series XIII, 13.20% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 30th June, 2022.	309.91	309.65
561 (March 31, 2023 : 561), Series XII, 12.45% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 23rd May, 2022.	583.65	584.12
250 (March 31, 2023 : NIL), Series XV, 13.00% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 22nd September 2023.	249.32	-

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

15: (Contd..)

Particulars	As at March 31, 2024	As at March 31, 2023
187 (March 31, 2023 : 187), Series XI, 12.45% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 31st March, 2022.	197.55	186.66
1,910 (March 31, 2023 : 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.	18.96	18.93
2,690 (March 31, 2023 : 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.	46.68	42.32
Unsecured Debentures		
340 (March 31, 2023 : 340), Series VIII, 15.18% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,00,000 each redeemable within 2 to 4 years from the date of allotment i.e. December 21, 2022.	341.56	339.32
Borrowing under securitisation arrangement**		
From Banks	-	151.85
From non-banking financial companies	-	81.60
Total Debt Securities	**1,874.09**	**2,635.08**

*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)

Particulars	As at March 31, 2024	As at March 31, 2023
Term Loans (Secured)*		
Banks	9,981.19	7,942.54
Non-banking financial companies	5,710.16	3,009.37
External commercial borrowings	890.68	673.06
Overdraft facility	-	80.03
Term Loans (Unsecured)		
Others	-	49.98
Total Borrowings (Other than Debt Securities)	**16,582.03**	**11,754.98**
***Nature of Security for Term Loans:**		
Secured by hypothecation (exclusive charge) of loans and margin money deposits	9,726.86	6,602.82
Secured by hypothecation (exclusive charge) of loans	6,850.14	5,092.77
Secured by fixed assets (Car Loan)	5.03	9.41
Total Outstanding	**16,582.03**	**11,705.00**

(c) Subordinated Liabilities (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured Debentures		
720 (March 31, 2023 : 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.	7.20	7.19
1,365 (March 31, 2023 : 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.	29.58	26.76

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

15: (Contd..)

Particulars	As at March 31, 2024	As at March 31, 2023
2,350 (March 31, 2023 : 2,350), Series IV, 10.60% - 11.10% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. September 30, 2019.	23.32	23.24
9,310 (March 31, 2023 : 9,310), Series IV, 10.85% - 11.50% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. September 30, 2019.	146.74	132.21
820 (March 31, 2023 : 820), Series IV, 10.60% - 11.10% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. October 29, 2019.	8.11	8.06
2,170 (March 31, 2023 : 2,170), Series IV, 10.85% - 11.50% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. October 29, 2019.	34.01	30.55
8,710 (March 31, 2023 : 8,710), Series V, 10.00% - 10.80% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. February 09, 2021.	85.97	85.80
18,810 (March 31, 2023 : 18,810), Series V, 10.10% - 11.10% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. February 09, 2021.	254.05	229.70
8,810 (March 31, 2023 : 8810), Series VI, 9.95% - 10.50% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. July 02, 2021.	112.76	102.43
3,650 (March 31, 2023 : 3650), Series VI, 9.50% - 10.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. July 02, 2021.	36.01	35.94
6,730 (March 31, 2023 : 6,730), Series VII, 9.50% - 10.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. August 18, 2022.	66.36	66.22
9,710 (March 31, 2023 : 9,710), Series VII, 10.00% - 10.75% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. August 18, 2022.	112.00	101.48
Preference shares other than those that qualify as Equity		
NCPS*	455.42	410.98
Total Subordinated Liabilities	**1,371.53**	**1,260.56**
	19,827.65	**15,650.62**
Borrowings in India	18,936.97	14,977.56
Borrowings outside India	890.68	673.06
Total	**19,827.65**	**15,650.62**

*In the event of liquidation of the company before redemption of NCPS, the holders of all classes of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

(d) Terms of conversion/ redemption of NCPS

11,65,000 (March 31, 2023: 11,65,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 0.02% p.a. NCPS are compulsorily redeemable within Five to Eight years from the date of allotment at a premium of Rs 10 each. The date of allotment was March 30, 2017.

1,01,50,000 (March 31, 2023: 1,01,50,000) 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 October 13, 2017.

7,50,000 (March 31, 2023: 7,50,000) 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.

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

15: (Contd..)

Terms of repayment of borrowings as on March 31, 2024

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%	-	-	-	-	-	-	-	-	-
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Yearly	9.01%-12.00%	1	30.00	-	-	-	-	-	-	30.00
	12.01%-15.00%	-	-	4	748.00	-	-	-	-	748.00
	15.01%-18.00%	2	68.00	4	272.00	-	-	-	-	340.00
Bullet	9.01%-12.00%	3	59.10	2	46.00	-	-	-	-	105.10
	12.01%-15.00%	4	9.55	1	300.00	1	250.00	-	-	559.55
	15.01%-18.00%	-	-	-	-	-	-	-	-	-
Sub-total (A)		**10**	**166.65**	**11**	**1,366.00**	**1**	**250.00**	**-**	**-**	**1,782.65**
Borrowings (Other than Debt Securities)										
Monthly	5.01%-9.00%	27	184.39	14	2.42	-	-	-	-	186.81
	9.01%-12.00%	343	3,577.05	314	3,394.57	1	13.89	-	-	6,985.51
	12.01%-15.00%	300	2,527.45	155	1,266.92	-	-	-	-	3,794.37
Quarterly	5.01%-9.00%	8	126.43	2	44.47	-	-	-	-	170.90
	9.01%-12.00%	25	742.35	18	870.31	-	-	-	-	1,612.66
	12.01%-15.00%	66	1,937.64	32	985.08	-	-	-	-	2,922.72
Half Yearly	5.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	1	5.60	-	-	-	-	-	-	5.60
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Bullet	5.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	-	-	1	398.20	-	-	-	-	398.20
	12.01%-15.00%	-	-	1	103.41	1.00	310.24	-	-	413.65
Sub-total (B)		**770**	**9,100.91**	**537**	**7,065.38**	**2**	**324.13**	**-**	**-**	**16,490.42**
Subordinated Liabilities										
Bullet	0.01%-3.00%	3	126.80	-	-	2	114.50	-	-	241.30
	9.01%-12.00%	-	-	6	80.45	6	103.80	10	547.30	731.55
	15.01%-18.00%	-	-	-	-	-	-	-	-	-
Sub-total (C)		**3**	**126.80**	**6**	**80.45**	**8**	**218.30**	**10**	**547.30**	**972.85**
Total (A+B+C)		**783**	**9,394.36**	**554**	**8,511.83**	**11**	**792.43**	**10**	**547.30**	**19,245.92**

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

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

15: (Contd..)

Terms of repayment of borrowings as on March 31, 2023

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%	9	222.80	-	-	-	-	-	-	222.80
	12.01%-15.00%	2	10.25	-	-	-	-	-	-	10.25
Yearly	9.01%-12.00%	1	67.50	1	30.00	-	-	-	-	97.50
	12.01%-15.00%	2	375.00	1	140.25	3	607.75	-	-	1,123.00
	15.01%-18.00%	-	-	4	136.00	2	204.00	-	-	340.00
Bullet	9.01%-12.00%	7	93.27	-	-	2	46.00	-	-	139.27
	12.01%-15.00%	8	75.10	-	-	1	300.00	-	-	375.10
	15.01%-18.00%	-	-	-	-	1	93.00	-	-	93.00
Sub-total (A)		**29**	**843.92**	**6**	**306.25**	**9**	**1,250.75**	**-**	**-**	**2,400.92**
Borrowings (Other than Debt Securities)										
Monthly	5.01%-9.00%	64	542.12	54	352.56	2	0.36		-	895.04
	9.01%-12.00%	372	4,190.47	303	2,670.58	13	57.70		-	6,918.75
	12.01%-15.00%	229	1,429.12	116	557.19	-	-	-	-	1,986.31
Quarterly	5.01%-9.00%	4	37.50	4	37.50	-	-	-	-	75.00
	9.01%-12.00%	28	545.56	13	241.72	-	-	-	-	787.28
	12.01%-15.00%	11	176.13	10	174.80	-	-	-	-	350.93
Half Yearly	5.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	4	21.20	1	5.60	-	-	-	-	26.80
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Bullet	5.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	2	110.67	1	398.20	-	-	-	-	508.87
	12.01%-15.00%	1	139.88	-	-	-	-	-	-	139.88
Sub-total (B)		**715**	**7,192.65**	**502**	**4,438.15**	**15**	**58.06**	**-**	**-**	**11,688.86**
Subordinated Liabilities										
Bullet	0.01%-3.00%	-	-	3	126.80	2	114.50	-	-	241.30
	9.01%-12.00%	-	-	4	67.05	4	35.40	14	629.10	731.55
	15.01%-18.00%	-	-	-	-	-	-	-	-	-
Sub-total (C)		**-**	**-**	**7**	**193.85**	**6**	**149.90**	**14**	**629.10**	**972.85**
Total (A+B+C)		**744**	**8,036.57**	**515**	**4,938.25**	**30**	**1,458.71**	**14**	**629.10**	**15,062.63**

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

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

16: Other Financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Employee benefits payable	35.99	24.22
Loans pending disbursement	435.20	178.77
Payable towards direct assignment transactions	691.84	308.63
Payable towards ARC transaction	35.14	47.09
Unclaimed Dividend	0.39	0.22
Application money received for allotment of securities and due for refund	0.86	-
Calls received in advance on share issue	54.78	-
Lease liability (refer note 35)	18.16	24.18
Other payable	50.58	72.08
	1,322.94	**655.19**

17: Current Tax Liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for tax (net of advance income tax)	75.35	-
	75.35	**-**

18: Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Provision for gratuity	22.95	16.27
Provision for compensated absences	8.32	7.36
	31.27	**23.63**

19: Other Non-Financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Dues Payable	44.92	23.92
	44.92	**23.92**

20: Equity Share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorized		
5,30,00,000 (March 31, 2023: 5,30,00,000) equity shares of ₹ 10 each	530.00	530.00
Total	**530.00**	**530.00**
Issued and subscribed		
5,23,73,407 (March 31, 2023: 4,55,70,162) equity shares of ₹ 10 each	523.73	455.70
Total	**523.73**	**455.70**
Paid-up		
4,55,70,162 (March 31, 2023: 4,55,70,162) equity shares of ₹ 10 each fully paid up	455.70	455.70
68,03,245 (March 31, 2023: Nil) equity shares of ₹ 10 each partly-paid up to the extent of ₹ 3 per share	20.41	-
Total	**476.11**	**455.70**

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

20: Equity Share capital (Contd..)

(a) Terms / rights attached to equity shares

The Company has only one class of fully paid and one class of partly-paid equity shares of face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees.

The Board of Directors at their meeting proposed a dividend of ₹ 0.70 per share @7.00% for the year ended March 31, 2024 (Previous Year: ₹ 0.70 per shares @7.00%), subject to the approval of the members at the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Particulars	March 31, 2024		March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	4,55,70,162	455.70	4,55,70,162	455.70
Issued during the year	68,03,245	20.41	-	-
Outstanding at the end of the year	**52,373,407**	**476.11**	**45,570,162**	**455.70**

Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Name of the shareholder	March 31, 2024		March 31, 2023	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares				
Kitara PIIN 1501*	2,09,80,250	35.14%	1,49,07,510	32.71%
Ranjit Kaur Chhokar	49,92,000	10.48%	49,92,000	10.95%
ICICI Bank Limited**	52,28,169	9.92%	45,08,169	9.89%
Amardeep Singh Samra	36,75,554	7.72%	36,75,554	8.07%
International Township Developers Pvt. Ltd.	31,54,414	6.63%	24,53,740	5.38%

*includes 60,72,740 (March 31, 2023: Nil) partly-paid equity shares, ₹ 3 per share paid up.

**includes 7,20,000 (March 31, 2023: Nil) partly-paid equity shares, ₹ 3 per share paid up.

(c) Shareholding of Promoters in the Company:

For year ended March 31, 2024

S. No.	Promoter Name	Shares held by promoters at the end of the year: No. of Shares	% of total shares	% Change during the year
1	Amardeep Singh Samra	36,75,554	7.72%	-0.35%
2	Gagan Samra	8,25,443	1.73%	-0.08%
3	Hamco Ispat Private Limited	3,16,750	0.67%	-0.03%
4	Vijay Kumar Bhandari	4,89,486	1.03%	-0.05%
5	Sneh Bhandari	5,64,086	1.18%	0.15%
6	Ranjit Kaur Chhokar	49,92,000	10.48%	-0.47%
7	Inderjit Vasudev	3,55,300	0.75%	-0.03%
	Total	**1,12,18,619**	**23.56%**	**-0.85%**

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

20: Equity Share capital (Contd..)

For year ended March 31, 2023

	Shares held by promoters at the end of the year			% Change during the year
S. No.	Promoter Name	No. of Shares	% of total shares	
1	Amardeep Singh Samra	36,75,554	8.07%	0.38%
2	Gagan Samra	8,25,443	1.81%	0.00%
3	Balbir Singh	4,85,700	1.07%	-1.32%
4	Hamco Ispat Private Limited	3,16,750	0.70%	0.00%
5	Vijay Kumar Bhandari	4,89,486	1.07%	0.07%
6	Sneh Bhandari	4,69,486	1.03%	0.15%
7	Ranjit Kaur Chhokar	49,92,000	10.95%	6.03%
8	Ashish Bhandari	18,84,954	4.14%	0.22%
9	Inderjit Vasudev	3,55,300	0.78%	0.00%
	Total	**1,34,94,673**	**29.61%**	**5.54%**

21: Instruments entirely equity in nature

Particulars	As at March 31, 2024	As at March 31, 2023
Authorized		
30,00,000 (March 31, 2023: 30,00,000) preference shares of ₹ 150 each	450.00	450.00
3,00,00,000 (March 31, 2023: 2,20,00,000) preference shares of ₹ 10 each	300.00	220.00
Total	**750.00**	**670.00**
Issued and subscribed		
27,71,559 (March 31, 2023: Nil) Cumulative Compulsorily Convertible Preference Shares of ₹ 150 each	415.73	335.16
63,14,583 (March 31, 2023: Nil) Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each	63.15	-
Total	**478.88**	**335.16**
Paid-up		
27,71,559 (March 31, 2023: 22,34,399) Cumulative Compulsorily Convertible Preference Shares of ₹ 150 each fuly paid up	415.74	335.16
63,14,583 (March 31, 2023: Nil) Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each partly- paid up to the extent of ₹ 3 per share	18.94	-
	434.68	**335.16**

(a) Terms / rights attached to cumulative compulsorily convertible preference shares

1. During the year ended March 31, 2024, the Company has issued 5,37,160, 0.01% Cumulative Compulsorily Convertible Preference Shares (CCCPS) at ₹ 150 per CCCPS through private placement. The terms of CCCPS are as follows:

   (i) Tenor & Conversion: On or before 10 (Ten) years.

   (ii) CCCPS shall have voting rights on conversion into Equity Shares of the Company i.e. the Equity Shares to be issued on conversion of the CCCPS shall rank senior in all respects with the existing Equity Shares of the Company.

   (iii) Priority with respect to payment of dividend : CCCPS will carry a preferential right vis-à-vis equity shares of the Company with respect to the payment of dividend.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

21: Instruments entirely equity in nature (Contd..)

2. During the year ended March 31, 2024, the Company has issued 63,14,583, 0.01% Cumulative Compulsorily Convertible Preference Shares (CCCPS) at ₹ 160 per CCCPS (face value of ₹ 10 and premium of ₹ 150 per CCCPS) partly-paid up to the extent of ₹ 48 per CCCPS (face value of ₹ 3 and premium of ₹ 45 per CCCPS) through rights issue. The terms of CCCPS are as follows:

   (i) Tenor & Conversion: On or before 10 (Ten) years.

   (ii) CCCPS shall have voting rights on conversion into Equity Shares of the Company i.e. the Equity Shares to be issued on conversion of the CCCPS shall rank senior in all respects with the existing Equity Shares of the Company.

   (iii) Priority with respect to payment of dividend : CCCPS will carry a preferential right vis-à-vis equity shares of the Company with respect to the payment of dividend.

(b) Reconciliation of the number of CCCPS outstanding at the beginning and at the end of the year:

Particulars	March 31, 2024		March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	22,34,399	335.16	-	-
Issued during the year				
- Fully paid CCCPS	5,37,160	80.57	22,34,399	335.16
- Partly paid CCCPS	63,14,583	18.94	-	-
Outstanding at the end of the year	**90,86,142**	**434.67**	**22,34,399.00**	**335.16**

Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Name of the shareholder	March 31, 2024		March 31, 2023	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares				
Kitara PIIN 1501	981,399	33.87%	9,81,399	43.92%
ICICI Bank Limited	272,343	9.40%	-	-
Gurdip Singh Samra*	232,000	7.57%	2,19,000	9.80%
Ranjit Kaur Chhokar**	1,299,000	5.46%	1,35,000	6.04%
Sanjeev Kumar	140,000	4.83%	1,40,000	6.27%

*includes 13,000 (March 31, 2023: Nil) partly-paid CCCPS, ₹ 3 per share paid up.

**includes 11,64,000 (March 31, 2023: Nil) partly-paid CCCPS, ₹ 3 per share paid up.

(d) Shareholding of Promoters:

For year ended March 31, 2024

	Shares held by promoters at the end of the year			% Change during the year
S. No.	Promoter Name	No. of Shares	% of total shares	
1	Amardeep Singh Samra*	11,45,000	0.79%	0.79%
2	Gagan Samra*	2,60,000	0.18%	0.18%
3	Ranjit Kaur Chhokar**	12,99,000	5.46%	-0.58%
4	Vijay Kumar Bhandari*	1,75,000	0.12%	0.12%
5	Sneh Bhandari*	1,75,000	0.12%	0.12%
	Total	**30,54,000**	**6.67%**	**0.63%**

*represents partly-paid CCCPS, ₹ 3 per share paid up.

**includes 11,64,000 (March 31, 2023: Nil) partly-paid CCCPS, ₹ 3 per share paid up.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

21: Instruments entirely equity in nature (Contd..)

For year ended March 31, 2023

Shares held by promoters at the end of the year				
S. No.	Promoter Name	No. of Shares	% of total shares	% Change during the year
1	Ranjit Kaur Chhokar	1,35,000	6.04%	6.04%
	Total	**1,35,000**	**6.04%**	**6.04%**

22: Other Equity

Particulars	As at March 31, 2024	As at March 31, 2023
Securities premium (refer Note 22.1)		
Balance as per the last financial statements	1,627.07	1,630.46
Add: Premium on issue of partly paid equity shares	306.15	-
Add: Premium on issue of partly paid CCCPS	284.15	-
Less: Share issue expenses	(0.62)	(3.39)
Closing balance	**2,216.75**	**1,627.07**
Debenture redemption reserve (refer Note 22.2)		
Balance as per the last financial statements	36.63	36.63
Closing balance	**36.63**	**36.63**
Capital redemption reserve (refer Note 22.3)		
Balance as per the last financial statements	42.80	32.55
Add: amount transferred from surplus balance in the statement of profit and loss	-	10.25
Closing balance	**42.80**	**42.80**
Statutory reserve (refer Note 22.4)		
Balance as per the last financial statements	248.44	154.77
Add: Amount transferred from surplus of profit and loss	144.31	93.67
Closing balance	**392.75**	**248.44**
Retained earnings (refer Note 22.5)		
Balance as per the last financial statements	741.29	408.78
Add: Profit for the year	721.55	468.33
Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 2034]	(144.31)	(93.67)
Less: Dividend on equity shares	(31.90)	(31.90)
Less: Dividend on CCCPS	(1.94)	
Less: Transfer to Capital Redemption Reserve	-	(10.25)
Closing balance	**1,284.69**	**741.29**
Other comprehensive income		
Re-measurement gain on defined benefit plans (refer Note 22.6)		
Balance as per the last financial statements	8.19	5.33
Add: Other comprehensive income	2.36	2.86
Closing balance	**10.55**	**8.19**
Cashflow hedge reserve (refer Note 22.7)		
Balance as per the last financial statements	(19.59)	(15.68)
Add: Other comprehensive income	3.22	(3.91)
Closing balance	**(16.37)**	**(19.59)**
Total other equity	**3,967.80**	**2,684.83**

Nature and purpose of reserves

22.1: Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

22: Other Equity (Contd..)

22.2: Debenture redemption reserve

The Companies Act 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings.

As per the Companies (Share Capital and Debentures) Amendment Rules, 2020 issued vide MCA notification dated 16th August, 2020, NBFCs registered with RBI under section 45-IA of RBI Act, 2034 have been exempted from the creation of Debenture Redemption Reserve in case of debentures.

22.3: 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.

22.4: Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 2034)

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 2034.

22.5: 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.

22.6: Re-measurement gain on defined benefit plans

Remeasurement of the net defined benefit liabilities comprise actuarial gain/ loss.

22.7: Cashflow hedge reserve

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

23: Interest Income

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Measured at amortised cost		
Interest on loan portfolio	4,171.83	3,258.67
Interest on fixed deposits	171.46	140.63
Interest on margin money deposits*	65.18	51.62
Interest income on unwinding of assigned portfolio	77.03	95.87
	4,485.50	**3,546.79**

*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.

24: Fees and commission income

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Servicer fee and facilitation charges	250.43	178.95
	250.43	**178.95**

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

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

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Net gain on derecognition of financial instruments under amortised cost category	572.79	218.31
	572.79	**218.31**

26: Other income

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Profit on sale of mutual fund units	1.12	3.25
Miscellaneous income	17.75	1.82
	18.87	**5.07**

27: Finance cost

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Interest		
On Debt Securities	319.81	285.32
On Borrowings (Other than Debt Securities)	1,546.12	1,245.85
On Subordinated Liabilities	140.10	136.31
On Others	6.47	8.96
Other finance cost	31.25	8.11
	2,043.75	**1,684.55**

28: Net loss on fair value changes

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Investment in security receipts	172.20	-
	172.20	**-**

29: Impairment on financial instruments

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Measured at amortised cost		
Impairment on loans	432.17	(131.65)
Portfolio Loans written off	72.28	13.51
Loss on transfer of stressed loans	-	630.78
Impairment on other financial assets	3.09	2.20
	507.54	**514.84**

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

30: Employee benefits expense

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Salaries, wages and bonus	963.38	669.44
Contribution to provident fund and other funds	79.76	60.84
Staff welfare expenses	16.38	16.91
	1,059.52	**747.19**

31: Other expenses

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Rent including lease rent (refer note 35)	86.79	58.16
Rates and taxes	35.44	22.80
Bank charges	0.33	0.56
Cash deposit charges	43.46	27.33
Insurance	41.22	17.45
Training Expenses	6.32	2.95
Business Promotion	15.67	5.06
Repairs and maintenance	13.95	19.18
Electricity charges	13.65	10.53
Travelling expenses	156.31	92.80
Communication expenses	39.64	34.33
Credit information service charges	27.50	6.95
Printing and stationery	15.82	6.23
Software expenses	21.13	2.88
Legal and professional charges	17.58	28.46
Directors sitting fees	0.83	0.70
Remuneration to directors	2.40	2.10
Auditors remuneration (refer details below)	2.82	2.30
CSR Expenses	7.32	4.89
Loss on sale of fixed assets	1.27	0.24
Other provisions	2.35	1.45
Miscellaneous expenses	14.72	10.01
	566.52	**357.36**

Payment to auditors

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
As auditor:		
Audit fee	2.05	1.55
Limited review fee	0.75	0.75
Other services fee	-	-
Out of pocket expenses	0.02	-
	2.82	**2.30**

32: Income Tax Expense

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

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Current Income Tax:		
Income Tax	287.36	104.81
Deferred Tax	(68.81)	41.95
Income Tax expense reported in the statement of profit or loss	**218.55**	**146.76**

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

32: Income Tax Expense (Contd..)

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gain on defined benefit plans	0.79	0.96
Deferred tax arising on fair value income on derivative financial instruments	1.08	(1.31)
Total	**1.87**	**(0.35)**
Total income tax expense	**220.42**	**146.41**

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:

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Profit before tax	940.10	615.09
Re-measurement gain on defined benefit plans	3.16	3.82
Fair value income on derivative financial instruments	4.30	(5.22)
Profit before tax (Re-measurement gain on defined benefit plans/Fair value income on derivative financial instruments)	947.56	613.69
Enacted tax rates in India	25.17%	25.17%
Computed tax expense	238.50	154.46
Effect of :		
Non-deductible expenses	54.11	168.90
Additional tax allowances	(73.80)	(176.95)
Income taxable at Special Rate	1.61	-
Total Income Tax expense	**220.42**	**146.41**

C. Deferred Tax Assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Effects of deferred tax assets/ liabilities :		
Deferred Tax Assets		
Impairment allowance for financial assets	135.95	42.42
Provisions allowable on payment basis	7.87	5.95
Impact on Loans using effective rate of Interest	36.92	27.27
Impact of capitalisation leases under Ind AS 116	3.59	1.60
Derivative instruments in Cash flow hedge relationship	5.51	6.59
Differences of written down value of Property, plant and equipment and Intangible assets	0.30	0.42
	190.14	**84.25**
Deferred Tax Liabilities		
Remeasurement gain/(loss) on defined benefit plan	(3.56)	(2.76)
Impact on Borrowings using effective rate of Interest	(17.27)	(14.02)
Impact of re-recognition of securitization transactions in books	-	(1.80)
Impact of upfronting of EIS with respect to assigned loans	(91.40)	(54.69)
	(112.23)	**(73.27)**
Net deferred tax assets/(liabilities)	**77.91**	**10.98**

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

32: Income Tax Expense (Contd..)

Particulars	As at April 01, 2023	(Charged)/ credited to statement of profit and loss during the year	(Charged)/ credited to other comprehensive income during the year	As at March 31, 2024
Deferred Tax Assets				
Impairment allowance for financial assets	42.42	93.53	-	135.95
Provisions allowable on payment basis	5.95	2.71	(0.79)	7.87
Impact on Loans using effective rate of Interest	27.27	9.65	-	36.92
Impact of capitalisation leases under Ind AS 116	1.60	1.99	-	3.59
Derivative instruments in Cash flow hedge relationship	6.59	-	(1.08)	5.51
Differences of written down value of Property, plant and equipment and Intangible assets	0.42	(0.12)	-	0.30
	84.25	**107.76**	**(1.87)**	**190.14**
Deferred Tax Liabilities				
Remeasurement gain/(loss) on defined benefit plan	(2.76)	(0.80)	-	(3.56)
Impact on Borrowings using effective rate of Interest	(14.02)	(3.25)	-	(17.27)
Impact of re-recognition of securitization transactions in books	(1.80)	1.80	-	-
Impact of upfronting of EIS with respect to assigned loans	(54.69)	(36.71)	-	(91.40)
	(73.27)	**(38.96)**	**-**	**(112.23)**
Net deferred tax assets/(liabilities)	**10.98**	**68.80**	**(1.87)**	**77.91**

Particulars	As at April 01, 2022	(Charged)/ credited to statement of profit and loss during the year	(Charged)/ credited to other comprehensive income during the year	As at March 31, 2023
Deferred Tax Assets				
Impairment allowance for financial assets	62.06	(19.64)	-	42.42
Provisions allowable on payment basis	5.18	1.73	(0.96)	5.95
Impact on Loans using effective rate of Interest	12.04	15.23	-	27.27
Impact of capitalisation leases under Ind AS 116	2.53	(0.93)	-	1.60
Derivative instruments in Cash flow hedge relationship	5.27	-	1.31	6.59
Differences of written down value of Property, plant and equipment and Intangible assets	0.22	0.20	-	0.42
	87.30	**(3.40)**	**0.35**	**84.25**
Deferred Tax Liabilities				
Remeasurement gain/(loss) on defined benefit plan	(1.80)	(0.96)	-	(2.76)
Impact on Borrowings using effective rate of Interest	(13.41)	(0.61)	-	(14.02)
Impact of re-recognition of securitization transactions in books	(6.95)	5.15	-	(1.80)
Impact of upfronting of EIS with respect to assigned loans	(12.56)	(42.13)	-	(54.69)
	(34.72)	**(38.55)**	**-**	**(73.27)**
Net deferred tax assets/(liabilities)	**52.58**	**(41.95)**	**0.35**	**10.98**

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

33: Earning per Share

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Net profit after tax as per Statement of Profit and Loss	721.55	468.33
Less: Dividend on CCCPS	(1.94)	-
Net profit for calculation of basic earnings per share	**719.61**	**468.33**
Net profit as above	719.61	468.33
Add: Dividend on CCCPS	1.94	-
Net profit for calculation of diluted earnings per share	**721.55**	**468.33**
Calculation of weighted average number of equity shares for basic EPS		
Equity shares		
Opening No. of shares	43.75	43.75
Add: Issued during the year	0.01	-
Weighted average number of equity shares for basic EPS	**43.76**	**43.75**
Effect of dilution		
Opening No. of shares	2.23	-
Issue of CCPS	0.45	0.01
Weighted average number of equity shares for diluted EPS	**46.44**	**43.76**
Basic earnings per share (In rupees)	16.45	10.71
Diluted earnings per share (In rupees)	15.53	10.70

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

34: Segment information

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

35: Leases

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

Particulars	March 31, 2024	March 31, 2023
Balance at the beginning of the year	17.83	32.66
Modification in Lease Term	0.20	(16.93)
Additions made during the year	1.50	9.16
Depreciation charged during the year	(6.26)	(3.95)
Derecognition of right-of-use assets	-	(3.11)
Balance at the end of the year	13.27	17.83

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

Particulars	March 31, 2024	March 31, 2023
Balance at the beginning of the year	24.18	42.68
Modification in Lease Term	0.20	(16.93)
Additions made during the year	1.50	9.16
Derecognition of lease liability	-	(4.55)
Interest accretion for the year	2.93	3.84
Payments made during the year	(10.65)	(10.02)
Balance at the end of the year	18.16	24.18

The maturity analysis of lease liabilities is disclosed under Other financial liabilities in Note 42(b).

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

35: Leases (Contd..)

The followings are the amounts recognised in the statement of profit and loss:

Particulars	March 31, 2024	March 31, 2023
Depreciation expense in respect of right-of-use-of-asset	6.26	3.95
Interest Expense in respect of lease liabilities	2.93	3.84
Expense relating to short term lease (included in other expenses)	84.93	59.02
Total amount recognised in profit and loss	**94.12**	**66.81**

36: Related parties

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

Key Management Personnel

Amardeep Singh Samra	Managing Director
Amitesh Kumar	Chief Financial Officer & Chief Operating Officer
Sumit Bhojwani	Company Secretary
Vijay Kumar Bhandari	Non-Executive Chairman
Sachin Nityanand Kamath	Nominee Director
Shant Kumar Gupta	Independent Director
Kamna Raj Aggarwalla	Independent Women Director
Santokh Singh Chhokar	Non-Executive director
Ashwani Kumar Jindal	Independent Director (w.e.f. August 11, 2022)

Relatives of Key Management Personnel

Surinder Kaur Samra	Mother of Mr Amardeep Singh Samra
Amarjit Singh Samra	Father of Mr Amardeep Singh Samra
Sarvjit Singh Samra	Brother of Mr Amardeep Singh Samra
Gagan Samra	Wife of Mr Amardeep Singh Samra
Lata Kumari	Wife of Mr Amitesh Kumar
Mohinder Kaur Chhokar	Mother of Mr Santokh Singh Chhokar
Sneh Bhandari	Wife of Mr V.K. Bhandari
Ashish Bhandari	Son of Mr V.K. Bhandari
Ranjit Kaur Chhokar	Wife of Mr Santokh Singh Chhokar
Neha Gupta	Wife of Shant Kumar Gupta
Prerna Bhandari	Daughter in Law of Mr V.K. Bhandari
Ashish Gupta	Son of Mr J.R. Gupta
Rekha Jindal	Wife of Ashwani Kumar Jindal
Isha Jindal	Daughter of Ashwani Kumar Jindal
Ashwani Kumar Jindal (HUF)	HUF of Ashwani Kumar Jindal
Tanul Jindal	Son of Ashwani Kumar Jindal

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

Kitara PIIN 1501

Other related pay in accordance with Ind AS 24:

Midland Foundation

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

36: Related parties (Contd..)

b. Transactions with Related Parties

S. No.	Related party	Nature of Transactions	Transaction during the year ended 31st March 2024	Transaction during the year ended 31st March 2023	(Payable)/Receivables March 31, 2024	(Payable)/Receivables March 31, 2023
1	Amardeep Singh Samra	Remuneration	31.68	18.91	-	-
		Rent	1.81	1.57	-	-
		Sitting fees	0.08	0.07	(0.03)	-
		Issue of partly paid compulsorily convertible preference shares (Including premium)	54.96	-	-	-
		Payment of dividend on equity shares	2.57	2.45	-	-
2	Amitesh Kumar	Remuneration	9.34	7.52	(4.73)	(1.45)
		Loans given & repayment thereof	-	-	0.53	0.53
		Issue of partly paid compulsorily convertible preference shares (Including premium)	4.02	-	-	-
		Payment of dividend on equity shares	0.19	0.19	-	-
3	Sumit Bhojwani	Remuneration	1.33	0.99	-	-
4	Surinder Kaur Samra	Rent	0.13	0.13	-	-
5	Amarjit Singh Samra	Rent	0.13	0.13	-	-
6	Sarvjit Singh Samra	Rent	1.81	1.57	-	-
7	Gagan Samra	Issue of partly paid compulsorily convertible preference shares	12.48	-	-	-
		Payment of dividend on equity shares	0.58	0.58	-	-
8	Lata Kumari	Rent	1.52	1.93	-	-
		Professional fees	0.45	-	-	-
9	Kitara PIIN 1501	Issue of partly paid equity shares (including premium)	291.49	-	-	-
		Issue of compulsorily convertible preference shares	-	147.21	-	-
		Payment of dividend on equity shares	10.44	10.44	-	-
		Payment of dividend on CCCPS	0.69	-	-	-

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

36: Related parties (Contd..)

S. No.	Related party	Nature of Transactions	Transaction during the year ended 31st March 2024	Transaction during the year ended 31st March 2023	(Payable)/Receivables March 31, 2024	(Payable)/Receivables March 31, 2023
10	Vijay Kumar Bhandari	Issue of partly paid compulsorily convertible preference shares (Including premium)	8.40	-	-	-
		Payment of dividend on equity shares	0.34	0.32	-	-
		Director's remuneration	0.60	0.60	-	(0.05)
		Sitting fees	0.13	0.10	(0.04)	-
11	Sachin Nityanand Kamath	Sitting fees	0.12	0.11	(0.08)	-
12	Shant Kumar Gupta	Issue of partly paid compulsorily convertible preference shares (Including premium)	0.08	-	-	-
		Director's remuneration	0.30	0.30	-	(0.03)
		Payment of dividend on equity shares	0.00	-	-	-
		Sitting fees	0.13	0.11	(0.04)	-
13	Ashwani Kumar Jindal	Payment of interest on debentures	-	0.13	-	-
		Director's Remuneration	0.30	-	-	-
		Sitting fees	0.08	0.04	(0.03)	-
		Payment of dividend on equity shares	0.13	0.13	-	-
14	Kamna Raj Aggarwalla	Issue of partly paid compulsorily convertible preference shares (Including premium)	0.32	-	-	-
		Director's remuneration	0.30	0.30	-	(0.03)
		Payment of dividend on equity shares	0.01	-	-	-
		Sitting fees	0.09	0.08	(0.02)	-
15	Sneh Bhandari	Issue of partly paid compulsorily convertible preference shares (Including premium)	8.40	-	-	-
		Payment of dividend on equity shares	0.40	0.28	-	-

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

36: Related parties (Contd..)

S. No.	Related party	Nature of Transactions	Transaction during the year ended 31st March 2024	Transaction during the year ended 31st March 2023	(Payable)/Receivables March 31, 2024	(Payable)/Receivables March 31, 2023
16	Ashish Bhandari	Issue of partly paid compulsorily convertible preference shares (Including premium)	14.40	-	-	-
		Payment of dividend on equity shares	1.32	1.25	-	-
17	Mohinder Kaur Chhokar	Payment of dividend on equity shares	-	1.93	-	-
18	Neha Gupta	Issue of partly paid compulsorily convertible preference shares (Including premium)	3.95	-	-	-
		Payment of dividend on equity shares	0.17	0.17	-	-
19	Ranjit Kaur Chhokar	Issue of partly paid compulsorily convertible preference shares (Including premium)	55.87	-	-	-
		Issue of compulsorily convertible preference shares	-	20.25	-	-
		Payment of dividend on CCCPS	0.10	-	-	-
		Payment of dividend on equity shares	3.49	1.57	-	-
20	Santokh Singh Chhokar	Issue of partly paid compulsorily convertible preference shares (Including premium)	4.80	-	-	-
		Sitting fees	0.07	0.07	(0.02)	-
21	Parveen Kumar Gupta	Sitting fees	0.13	0.11	(0.04)	-
		Director's remuneration	0.90	0.90	-	(0.08)
22	Midland Foundation	Corporate social responsibility expenditure	6.33	4.89	-	-
23	Rekha Jindal	Payment of dividend on equity shares	0.14	0.08	-	-
		Payment of interest on debentures	-	0.13	-	-
24	Isha Jindal	Payment of dividend on equity shares	0.06	0.05	-	-

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

36: Related parties (Contd..)

S. No.	Related party	Nature of Transactions	Transaction during the year ended 31st March 2024	Transaction during the year ended 31st March 2023	(Payable)/Receivables March 31, 2024	(Payable)/Receivables March 31, 2023
25	Ashwani Kumar Jindal (HUF)	Payment of interest on debentures	0.14	0.28	-	-
		Payment of dividend on equity shares	0.02	0.03	-	-
26	Prerna Bhandari	Payment of dividend on equity shares	0.02	-	-	-
27	Tanul Jindal	Payment of dividend on equity shares	0.00	-	-	-

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.

37: Contingent Liabilities and commitments (to the extent not provided for)

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

38: 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, 2024			
	Level 1	Level 2	Level 2	Total
At fair value through OCI				
Derivative Asset – Forward currency swaps	-	34.24	-	34.24
At fair value through Profit and Loss				
Investments – Security Receipts	-	-	516.60	516.60
Total	**-**	**34.24**	**516.60**	**550.84**

Particulars	As at March 31, 2023			
	Level 1	Level 2	Level 2	Total
At fair value through OCI				
Derivative Asset – Forward currency swaps	-	41.13	-	41.13
At fair value through Profit and Loss				
Investments – Security Receipts	-	-	800.00	800.00
Total	**-**	**41.13**	**800.00**	**841.13**

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.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

38: Fair Value Measurement (Contd..)

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.

39: 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 48(i)).

Particulars	March 31, 2024	March 31, 2023
Debts	19,372.23	15,239.64
Net Worth	4,878.59	3,475.69
Debt to Net Worth (In times)	3.97	4.38

40: Retirement benefits

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs. 2.00 mn as per The Payment of Gratuity Act, 1972.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the Balance Sheet for the gratuity plan.

Movement in Defined Benefit Obligations

Particulars	March 31, 2024	March 31, 2023
Defined benefit obligations as at the beginning of Year	16.27	13.54
Current Service Cost	9.44	6.61
Interest on defined benefit obligations	1.20	0.99
Re-measurements - Actuarial (Gain)/Loss on total Liabilities	(3.16)	(3.82)
Benefits paid	(0.80)	(1.05)
Defined benefit obligations as at the end of Year	**22.95**	**16.27**

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

40: Retirement benefits (Contd..)

Balance Sheet

Amount recognised in balance sheet

Particulars	March 31, 2024	March 31, 2023
Present Value of obligations	22.95	16.27
Fair value of plan assets	-	-
Net defined benefit liability recognised in balance sheet	**(22.95)**	**(16.27)**

Expense charged to the statement of profit and loss

Particulars	March 31, 2024	March 31, 2023
Current service cost	9.44	6.61
Interest Cost	1.20	0.99
Total	**10.64**	**7.60**

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

Particulars	March 31, 2024	March 31, 2023
Re-measurement of the net defined benefit liability		
- Changes in experience adjustments	(3.46)	(3.60)
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	0.30	(0.22)
Amount recognised under other comprehensive income	**(3.16)**	**(3.82)**

Summary of Actuarial Assumptions

Particulars	March 31, 2024	March 31, 2023
Discount rate	7.27%	7.40%
Rate of Increase in compensation levels	5.00%	5.00%
Retirement age (years)	60	60

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2024	March 31, 2023
Discount rate (+0.5%)	(1.33)	(0.93)
Discount rate (-0.5%)	1.47	1.02
Salary Inflation (+0.5%)	1.43	0.98
Salary Inflation (-0.5%)	(1.31)	(0.89)

Maturity Profile of Defined Benefit Obligation

Particulars	March 31, 2024	March 31, 2023
Year 1	0.66	0.52
Year 2	0.63	0.48
Year 3	0.78	0.56
Year 4	0.96	0.67
Year 5	1.05	0.74
Year 6	0.99	0.70
After 6 years	17.86	12.61

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 inflation, seniority, promotion and other relevant factors.

Notes to Financial Statements

for the year ended March 31, 2024
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41: Dues to micro, small and medium enterprises

Refer Note 14 to the financial statements.

42: 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.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

42: Risk Management & financial objectives (Contd..)

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 is regularly reviewed and monitored. Company has an Asset Liability Management (ALM) policy and has constituted an ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement.

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on:

Maturity pattern of Liabilities as on March 31, 2024:

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*	973.01	1,043.63	1,575.67	2,754.99	5,129.73	7,979.86	1,897.23	929.02	22,283.14
Other financial liabilities	1,340.76	0.85	0.85	2.57	5.17	5.52	4.77	3.20	1,363.69

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

Maturity pattern of Liabilities as on March 31, 2023:

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*	1,013.81	782.10	899.05	2,387.92	4,427.22	5,173.11	2,234.88	748.22	17,666.31
Other financial liabilities	705.06	0.96	0.96	2.89	5.26	14.40	7.95	5.53	743.01

*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:

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

42: Risk Management & financial objectives (Contd..)

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, 2024	March 31, 2023
0.50% increase	(52.49)	(38.28)
0.50% decrease	52.49	38.28

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, 2024			As at March 31, 2023		
	EUR	GBP	USD	EUR	GBP	USD
Hedged						
ECB	451.09	-	416.87	448.04	218.01	-
Derivative*	398.20	-	413.65	398.20	200.55	-

* represents the notional amount of the derivative financial instrument

d. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The company recognises that operational risk event types that have the potential to result in substantial losses 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.

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

42: Risk Management & financial objectives (Contd..)

The company cannot expect to eliminate all operational risks, but it endeavors 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.

43: Transfer of Financial Assets

Transfers of financial assets that are not derecognised in their entirety

a. Securitisation Transaction:

During the period, the Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loans which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred.

The value of financial assets and liabilities as on:

Particulars	March 31, 2024	March 31, 2023
Carrying amount of transferred assets measured at amortised cost	-	203.22
Carrying amount of associated liabilities	-	233.45

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, 2024, 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, 2024	For the year ended March 31, 2023
Carrying amount of derecognised financial assets	5,336.33	3,088.76
Gain/(loss) from derecognition	572.79	218.31

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.

44: Expenditure on Corporate Social Responsibility:

Particulars	March 31, 2024	March 31, 2023
a) Gross amount required to be spent by the Company during the year	7.32	4.89
b) Amount of Expenditure incurred		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	7.32	3.34
c) Shortfall at the end of the year (a-b)	-	1.55
Total of previous years short fall	-	-

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

44: Expenditure on Corporate Social Responsibility: (Contd..)

Particulars	March 31, 2024	March 31, 2023
Reason for shortfall of CSR expenditure	N.A.	The amount is allocated to an ongoing project with a duration of 3 years, hence the pending amount transferred to unspent CSR account will be spent in the succeeding Financial Year.
Nature of CSR activities	Eradication of Hunger & Poverty & Malnutrition, Financial Literacy & Awareness Drive, Swastha Evam Swasth Jagrukta Abhiyaan, Rural Area Development, Environment Safety and Sustainability	Eradication of Hunger & Poverty & Malnutrition, Financial Literacy & Awareness Drive, Swastha Evam Swasth Jagrukta Abhiyaan.
Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard.	Contribution to a trust controlled by the Company	Contribution to a trust controlled by the Company
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	N.A.	N.A.

Details of unspent obligations

In case of section 135(5) of the Companies Act, 2013 (ongoing project)

F.Y.	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
	With Company	In separate CSR Unspent account		From Company's bank account	From separate CSR unspent account	With Company	In separate CSR Unspent account
2023-24	-	1.55	7.32	7.32	1.55	-	-
2022-23	-	2.85	4.89	3.34	2.85	-	1.55

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

45: Maturity analysis of assets and liabilities

Maturity analysis of assets and liabilities as at March 31, 2024

	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	2,120.80	-	2,120.80
Bank balances other than cash and cash equivalents	1,586.37	784.29	2,370.66
Derivative financial instruments	-	34.24	34.24
Receivables			
Trade Receivables	36.27	-	36.27
Other Receivables	17.33	-	17.33
Loan portfolio	13,443.91	6,830.96	20,274.87
Investments	215.70	300.90	516.60
Other financial assets	511.25	18.50	529.75
Total financial assets	**17,931.63**	**7,968.89**	**25,900.52**
Non-financial assets			
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	77.91	77.91
Property, plant and equipment	-	150.85	150.85
Intangible assets under development	-	6.68	6.68
Intangible assets	-	13.01	13.01
Other non-financial assets	55.07	11.87	66.94
Total non-financial assets	**55.07**	**260.32**	**315.39**
Total assets	**17,986.70**	**8,229.21**	**26,215.91**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	7.79	-	7.79
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	2.59	-	2.59
Other payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	5.87	-	5.87
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	18.94	-	18.94
Debt securities	466.65	1,407.44	1,874.09
Borrowings (other than debt securities)	9,100.91	7,481.12	16,582.03
Subordinated liabilities	126.80	1,244.73	1,371.53
Other financial liabilities	1,315.03	7.91	1,322.94
Total financial liabilities	**11,044.58**	**10,141.20**	**21,185.78**
Non-financial liabilities			
Current tax liabilities (net)	75.35	-	75.35
Provisions	2.51	28.76	31.27
Other non-financial liabilities	44.92	-	44.92
Total non-financial liabilities	**122.78**	**28.76**	**151.54**
EQUITY			
Equity share capital	-	476.11	476.11
Instruments entirely equity in nature	-	434.68	434.68
Other equity	-	3,967.80	3,967.80
Total equity	**-**	**4,878.59**	**4,878.59**
Total liabilities and equity	**11,167.36**	**15,048.55**	**26,215.91**

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

45: Maturity analysis of assets and liabilities (Contd..)

Maturity analysis of assets and liabilities as at March 31, 2023

	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	1,235.82	-	1,235.82
Bank balances other than cash and cash equivalents	1,139.02	887.68	2,026.70
Derivative financial instruments	8.50	32.63	41.13
Receivables			
Trade Receivables	25.79	-	25.79
Other Receivables	-	-	-
Loan portfolio	10,769.92	4,515.42	15,285.34
Investments	173.92	626.08	800.00
Other financial assets	230.63	12.61	243.24
Total financial assets	**13,583.60**	**6,074.42**	**19,658.02**
Non-financial assets			
Current tax assets (net)	53.57	-	53.57
Deferred tax assets (net)	-	10.98	10.98
Property, plant and equipment	-	120.91	120.91
Intangible assets	-	10.66	10.66
Other non-financial assets	35.18	12.86	48.04
Total non-financial assets	**88.75**	**155.41**	**244.16**
Total assets	**13,672.35**	**6,229.83**	**19,902.18**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	51.12	-	51.12
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	1.35	-	1.35
Other payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	2.18	-	2.18
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	18.48	-	18.48
Debt securities	843.92	1,791.16	2,635.08
Borrowings (other than debt securities)	7,192.65	4,562.33	11,754.98
Subordinated liabilities	-	1,260.56	1,260.56
Other financial liabilities	594.93	60.26	655.19
Total financial liabilities	**8,704.63**	**7,674.31**	**16,378.94**
Non-financial liabilities			
Provisions	1.26	22.37	23.63
Other non-financial liabilities	23.92	-	23.92
Total non-financial liabilities	**25.18**	**22.37**	**47.55**
EQUITY			
Equity share capital	-	455.70	455.70
Instruments entirely equity in nature	-	335.16	335.16
Other equity	-	2,684.83	2,684.83
Total equity	**-**	**3,475.69**	**3,475.69**
Total liabilities and equity	**8,729.81**	**11,172.37**	**19,902.18**

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

46: Disclosure of investing and financing activities that do not require the use of cash and cash equivalents

For the year ended March 31, 2024

Name of instrument	Opening	Cash flows	Exchange differences	Others	Closing
Equity share capital (including securities premium)	2,082.77	326.56	-	(0.62)	2,408.71
Compulsorily convertible preference shares (including securities premium)	335.16	383.67	-	-	718.83
Borrowings (other than debt securities)	11,754.98	4,838.24	(11.19)	-	16,582.03
Right-of-use assets	17.83	-	-	(4.56)	13.27
Lease liabilities	24.18	(10.65)	-	4.63	18.16
Total	**14,214.92**	**5,537.82**	**(11.19)**	**(0.55)**	**19,741.00**

For the year ended March 31, 2023

Name of instrument	Opening	Cash flows	Exchange differences	Others	Closing
Equity share capital (including securities premium)	2,086.16	-	-	(3.39)	2,082.77
Compulsorily convertible preference shares (including securities premium)	-	335.16	-	-	335.16
Borrowings (other than debt securities)	9,973.75	1,753.25	27.98	-	11,754.98
Right-of-use assets	32.66	-	-	(14.83)	17.83
Lease liabilities	42.68	(10.02)	-	(8.48)	24.18
Total	**12,135.25**	**2,078.39**	**27.98**	**(26.70)**	**14,214.92**

47: Additional regulatory information

i. The Company does not hold any immovable property as on March 31, 2024 and March 31, 2023. All the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

ii. No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder, as at March 31, 2024 and March 31, 2023.

iii. The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended March 31, 2024 and March 31, 2023.

iv. The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended March 31, 2024 and March 31, 2023.

v. There was no delay in the registration or satisfaction of any charges with Registrar of Companies during the year ended March 31, 2024 and March 31, 2023.

vi. The company does not have any investment in any subsidiary company. Therefore, there is no requirement to comply with the number of layers prescribed under clause (87) of section 2 of Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

47: Additional regulatory information (Contd..)

vii. Analytical Ratios

Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	% Variance	Reasons for variance (if above 25%)
i) Capital to risk-weighted assets ratio	6,154.17	21,714.99	28.34%	28.44%	-0.10%	NA
ii) Tier I CRAR	4,759.47	21,714.99	21.92%	21.01%	0.91%	NA
iii) Tier II CRAR	1,394.70	21,714.99	6.42%	7.43%	-1.01%	NA
iv) Liquidity Coverage Ratio	NA	NA	NA	NA	NA	Note 1 below

Note:

1. Applicable for non-deposit taking NBFCs with asset size of Rs. 50,000 million.

viii. There was no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year ended March 31, 2024 and March 31, 2023.

ix. The Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Company with the banks and financial institutions are in accordance with the books of accounts of the Company for the respective quarters.

x. The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at March 31, 2024 are held by the Company in the form of deposits till the time the utilisation is made subsequently.

xi. There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended March 31, 2024 and March 31, 2023, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended March 31, 2024 and March 31, 2023.

xii. As a part of normal lending business, the company grants loans and advances on the basis of security/guarantee provided by the Borrower/ co-borrower. These transactions are conducted after exercising proper due diligence.

Other than the transactions described above,

a. No funds have been advanced or loaned or invested by the Company to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries);

b. No funds have been received by the Company from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

xiii. The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2024 and March 31, 2023.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

48: 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, 2024	March 31, 2023
i) CRAR	28.34%	28.44%
ii) CRAR – Tier I Capital	21.92%	21.01%
iii) CRAR – Tier II Capital	6.42%	7.43%
iv) Amount of Subordinated debt raised as capital Tier-II capital	916.11	849.58
v) Amount raised by issuing perpetual debt instrument	-	-

Notes:

- CRAR as at 31 March, 2024 has been computed in line with RBI notification No. RBI/2019-20/170 DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 w.r.t. implementation of Indian Accounting Standards.
- The company has considered impairment allowance towards stage I as contingent provision for standard assets for calculating Tier II capital.
- The securitised assets not qualifying for de-recognition under Ind AS due to credit enhancement given by the originating NBFC on such assets shall be risk weighted at zero percent.

ii. Investments:

Particulars	March 31, 2024	March 31, 2023
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	688.80	800.00
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	172.20	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	516.60	800.00
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	172.20	-
(iii) Less Write-off/ write-back of excess	-	-
(iv) Closing Balance	172.20	-

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 the 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

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

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 36 which is verified with the mark to market and accrual values received from the counter-party banks. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship.

Quantitative Disclosure

Particulars	March 31, 2024	March 31, 2023
i) Derivatives (Notional Principal Amount)	811.85	598.75
ii) Marked to Market Positions	34.24	41.13
(a) Assets (+)	34.24	41.13
(b) Liabilities (-)	-	-
iii) Credit Exposure	Nil	Nil
iv) Unhedged Exposures	Nil	Nil

iv. Disclosures relating to securitisation:

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

Particulars	March 31, 2024	March 31, 2023
Total number of loans securitised (including over collateralized loans) during the year	-	21,534
Total book value of loans securitised during the year	-	492.22
Total book value of loans securitised including loans placed as collateral during the year	-	550.30
Sale consideration received for loans securitised	-	492.22
Credit enhancements provided and outstanding (Gross) as at balance sheet date		
Interest subordination	-	-
Principal subordination	-	58.08
Cash Collateral	-	37.13

Sr. No.	Particulars	March 31, 2024	March 31, 2023
1	No. of SPVs sponsored by the NBFC for securitisation transactions	-	2
2	Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on date of balance sheet:	-	261.30
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	-	95.21
	- 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		

Sr. No.	Particulars	March 31, 2024	March 31, 2023
	- 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, 2024	March 31, 2023
No. of Accounts	2,99,594	1,69,900
Aggregate value of account sold	7,309.00	3630.19
Aggregate consideration	7,309.00	3630.19
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/ (loss) over net book value	-	-

vi. Details of financial assets sold to Securitisation / Reconstruction Company for asset reconstruction:

The Company has not sold financial assets to Securitisation/ Reconstruction companies for asset reconstruction in the current and previous year.

vii. Details of non-performing financial assets purchased / sold:

The Company has not purchased / sold non-performing financial assets in the current and previous year.

viii. Asset Liability Maturity pattern of certain items of Assets and Liabilities:

Maturity pattern of assets and liabilities as on March 31, 2024**

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	312.62	289.18	577.24	1,353.65	1,220.94	3,288.28	5,797.65	7,179.48	169.43	-	20,188.47
Investments	-	-	23.11	21.96	21.01	56.94	92.68	300.90	-	-	516.60
Borrowings*	250.73	282.34	244.77	839.96	1,393.26	2,333.28	4,350.02	7,141.56	1,538.58	871.43	19,245.93

Maturity pattern of assets and liabilities as on March 31, 2023**

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	-	-	888.91	1,094.11	998.90	2,652.92	5,126.07	4,579.58	3.98	-	15,344.47
Investments	-	-	-	-	17.39	52.18	104.35	626.08	-	-	800.00
Borrowings*	170.51	237.87	350.82	681.12	773.77	2,074.17	3,791.51	4,365.43	1,850.47	687.17	14,982.83

*Borrowings include foreign currency borrowings in the form of ECB which have been fully hedged.

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

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

ix. Exposures:

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current or previous year.

x. Details of financing of parent company products:

This disclosure is not applicable as the Company does not have any holding / parent company.

xi. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:

The Company has not exceeded the Single Borrower Limit (SGL) i.e. 15% of its Owned fund / Group Borrower Limit (GBL) i.e. 25% of its own fund, during the current or previous year.

xii. Value of Imports calculated on CIF basis:

The Company has not imported any goods therefore the value of import on CIF basis is Nil in the current and previous year.

xiii. Unsecured advances:

Refer Note 8 to the financial statements.

xiv. Registration obtained from other financial sector regulators:

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

xv. Disclosure of penalties imposed by RBI and other regulators:

No penalties were imposed by RBI or any other regulator during the current or the previous year.

xvi. Related Party Transactions:

Refer Note 36 of Financial Statements for related party transactions disclosure.

xvii. Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2024:

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed*	Amount	Rating assigned*
Bank Loan Rating (Long Term Bank facilities)	CARE Ratings	September 15, 2023	9,100.00	CARE BBB+
Bank Loan Rating (Long Term Bank facilities)	Acuite Ratings	December 15, 2023	5,250.00	ACUITE A-
Bank Loan Rating (PCE Facility)	Acuite Ratings	December 15, 2023	110.00	ACUITE A
MFI Grading	SMERA	December 22, 2023	N.A.	SMERA M1C1
Non-convertible debentures	CARE Ratings	September 15, 2023	500.00	CARE BBB+
Non-convertible debentures	CARE Ratings	September 15, 2023	80.30	CARE BBB+
Non-convertible debentures	CARE Ratings	September 15, 2023	340.00	CARE BBB+
Non-convertible debentures	CARE Ratings	September 18, 2023	250.00	CARE BBB+
Non-convertible debentures	India Ratings	March 20, 2024	750.00	IND BBB
Non-convertible debentures	Acuite Ratings	December 15, 2023	600.00	ACUITE A-

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2023:

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed*	Amount	Rating assigned*
Bank Loan Rating (Long Term Bank facilities)	CARE Ratings	December 16, 2022	3,100.00	CARE BBB
Bank Loan Rating (Long Term Bank facilities)	Acuite Ratings	October 3, 2022	3,250.00	ACUITE BBB+
Bank Loan Rating (PCE Facility)	Acuite Ratings	October 3, 2022	110.00	ACUITE A-
MFI Grading	SMERA	December 14, 2022	N.A.	SMERA M1C1
Non-convertible debentures	CARE Ratings	December 16, 2022	500.00	CARE BBB
Non-convertible debentures	CARE Ratings	December 16, 2022	80.30	CARE BBB
Non-convertible debentures	CARE Ratings	December 16, 2022	340.00	CARE BBB
Non-convertible debentures	India Ratings	March 21, 2023	750.00	IND BBB
Non-convertible debentures	Acuite Ratings	October 3, 2022	600.00	ACUITE BBB+
Securitisation	ICRA Ratings	November 17, 2022	292.30	A1 PTC - ICRA A (SO) A2 PTC - ICRA A-(SO)
Securitisation	CARE Ratings	December 1, 2022	200.00	A1 PTC- CARE A (SO)
Covered Term Loan Facility	CARE Ratings	Feb 9, 2023	51.90	CARE A- (CE)

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

xviii. Remuneration of Directors:

The Company has not entered into any transactions or in a pecuniary relationship with the non-executive directors other than those as disclosed in note 34 of Financial Statements.

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

Particulars	March 31, 2024	March 31, 2023
Provision made towards Income Tax	287.36	104.81
Provision towards NPA	445.79	(221.27)
Provision for Standard Assets	(13.61)	89.62
Provision for leave benefits	2.43	0.32
Provision for gratuity	7.49	3.77
Provision for Other Doubtful Debts	5.44	3.65

xx. Draw down from Reserves:

There has been no draw down from Reserves during the year ended March 31, 2024 (previous year: Nil) other than those disclosed under Note 22.

xxi. Concentration of Deposits:

The Company has not accepted any deposits during the year ended March 31, 2024 (previous year: Nil).

xxii. Concentration of Advances, Exposures and NPAs:

Particulars	March 31, 2024	March 31, 2023
Concentration of Advances		
Total Advances to twenty largest borrowers	2.86	2.61
(%) of Advances to twenty largest borrowers to Total Advances	0.01%	0.02%
Concentration of Exposures		
Total Advances to twenty largest borrowers	2.86	2.61
(%) of Advances to twenty largest borrowers to Total Exposure	0.01%	0.02%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.43	0.16

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

xxiii. Sector-wise NPAs:

S. No.	Sector	(%) of NPAs to total advances in that sector as at March 31, 2024	(%) of NPAs to total advances in that sector as at March 31, 2023
1	Agriculture & allied activities	2.01%	0.10%
2	MSME	0.00%	0.00%
3	Corporate borrowers	0.00%	0.00%
4	Services	3.74%	0.08%
5	Unsecured personal loans	0.00%	0.00%
6	Auto loans	0.00%	0.00%
7	Other personal loans	0.00%	0.00%

xxiv. Movement of NPAs:

S. No.	Particulars	March 31, 2024	March 31, 2023
(i)	**Net NPAs to Net Advances (%)**	0.82%	0.03%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	9.08	326.19
	(b) Additions during the year	812.76	860.53
	(c) Reductions/write offs during the year	202.48	1,177.64
	(d) Closing balance	619.36	9.08
(iii)	Movement of Net NPAs		
	(a) Opening balance	3.97	99.82
	(b) Additions during the year	260.18	484.59
	(c) Reductions during the year	95.69	580.44
	(d) Closing balance	168.46	3.97
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets):**		
	(a) Opening balance	5.11	226.37
	(b) Additions during the year	552.58	375.94
	(c) Reductions during the year	106.79	597.20
	(d) Closing balance	450.90	5.11

xxv. Overseas Assets and Off-Balance Sheet SPVs sponsored:

The Company does not own any assets outside the country and any off-balance Sheet SPVs sponsored.

xxvi. Postponement of Revenue Recognition

There is no significant uncertainty which requires postponement of revenue recognition.

xxvii. Disclosure of Customer Complaints:

Particulars	March 31, 2024	March 31, 2023
(a) No. of complaints pending at the beginning of the year	7	-
(b) No. of complaints received during the year	2,516	2,298
(c) No. of complaints redressed during the year	2,515	2,291
(d) No. of complaints pending at the end of the year	8	7

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

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

For the year ended March 31, 2024:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	19,866.57	96.07	19,770.50	79.62	16.45
	Stage 2	385.81	49.90	335.91	1.44	48.46
Subtotal (A)		**20,252.38**	**145.97**	**20,106.41**	**81.06**	**64.91**
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	619.36	450.90	168.46	317.95	132.95
Doubtful						
Upto 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss assets	-	-	-	-	-	-
Subtotal (B)		**619.36**	**450.90**	**168.46**	**317.95**	**132.95**
Total	Stage 1	**19,866.57**	**96.07**	**19,770.50**	**79.62**	**16.45**
	Stage 2	385.81	49.90	335.91	1.44	48.46
	Stage 3	619.36	450.90	168.46	317.95	132.95
	Total	**20,871.74**	**596.87**	**20,274.87**	**399.01**	**197.86**

For the year ended March 31, 2023:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	15,198.64	26.54	15,172.10	143.61	(117.07)
	Stage 2	242.31	133.05	109.26	2.33	130.72
Subtotal (A)		**15,440.95**	**159.59**	**15,281.36**	**145.94**	**13.65**
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	9.08	5.11	3.97	5.17	(0.06)
Doubtful						
Upto 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss assets	-	-	-	-	-	-
Subtotal (B)		**9.08**	**5.11**	**3.97**	**5.17**	**(0.06)**
Total	Stage 1	**15,198.64**	**26.54**	**15,172.10**	**143.61**	**(117.07)**
	Stage 2	242.31	133.05	109.26	2.33	130.72
	Stage 3	9.08	5.11	3.97	5.17	(0.06)
	Total	**15,450.03**	**164.70**	**15,285.33**	**151.11**	**13.59**

* The provision required as per IRACP norms has been calculated on the aggregate loan portfolio after derecognising the securitised assets which meet the de-recognition criteria under the previous GAAP.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

xxix. Information on instances of fraud:

Particulars	March 31, 2024	March 31, 2023
Number of frauds reported during the year	9	14
Amount involved in fraud	5.26	2.47
Recovery*	2.35	0.60
Amount written off	-	-

*Includes claims received from insurance company.

xxx. Information on Net Interest Margin

Quarterly Net Interest Margin

Particulars	March 31, 2024	March 31, 2023
Average interest charged*	24.42%	22.76%
Average effective cost of borrowing**	12.52%	11.63%
Net Interest Margin	11.90%	11.13%

*Interest income considered for computation of "average interest charged" includes loan processing fee collected from customers adjusted as per Ind AS 109.

** Average loan outstanding considered for computation of "average interest charged" is gross of the impairment allowance. As per Ind AS 109, such allowance is adjusted from the loan balance in the Ind AS financial statements.

xxxi. Disclosures as required for liquidity risk

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

Particulars	March 31, 2024	March 31, 2023
Number of significant counter parties*	25	25
Amount (in mn)	15,815.18	12,670.52
Percentage of funding concentration to total deposits	N.A.	N.A.
Percentage of funding concentration to total liabilities	74.12%	77.13%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

b. **Top 20 large deposits**

Particulars	March 31, 2024	March 31, 2023
Total amount of top 20 deposits	N.A.	N.A.
Percentage of amount of top 20 deposits to total deposits	N.A.	N.A.

c. **Top 10 borrowings**

Particulars	March 31, 2024	March 31, 2023
Total amount of top 10 borrowings	10,500.19	8,633.05
Percentage of amount of top 10 borrowings to total borrowings	52.96%	55.16%

d. **Funding Concentration based on significant instrument/product***

Sr. No.	Name of the instrument/product	March 31, 2024	% of Total Liabilities
1	Non-Convertible Debentures (Secured)	1,532.53	7.18%
2	Term Loans from Banks	9,981.20	46.78%
3	Term Loans from Non-banking financial companies	5,710.16	26.76%
4	External commercial borrowings	890.68	4.17%
5	Non-Convertible Debentures (Unsecured)	1,257.67	5.89%
6	Non-Convertible Preference Shares	455.42	2.13%

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

Sr. No.	Name of the instrument/product	March 31, 2023	% of Total Liabilities
1	Non-Convertible Debentures (Secured)	2062.31	12.55%
2	Term Loans from Banks	7942.54	48.35%
3	Term Loans from Non-banking financial companies	3009.37	18.32%
4	External commercial borrowings	673.06	4.10%
5	Non-Convertible Debentures (Unsecured)	1188.90	7.24%
6	Non-Convertible Preference Shares	410.98	2.50%

*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, 2024	March 31, 2023
1	Commercial papers as a % of total public funds	N.A.	N.A.
2	Commercial papers as a % of total liabilities	N.A.	N.A.
3	Commercial papers as a % of total assets	N.A.	N.A.
4	Non-Convertible Debentures (original maturity of less than one year) as a % of total public funds	N.A.	N.A.
5	Non-Convertible Debentures (original maturity of less than one year) as a % of total liabilities	N.A.	N.A.
6	Non-Convertible Debentures (original maturity of less than one year) as a % of total assets	N.A.	N.A.
7	Other short-term liabilities as a % of total public funds	56.32%	55.78%
8	Other short-term liabilities as a % of total liabilities	52.34%	53.14%
9	Other short-term liabilities as a % of total assets	42.60%	43.86%

*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**

The Company's Board of Directors has the overall responsibility of management of liquidity risk The Board decides the strategic policies and procedures of the Company to manage liquidity risk in accordance with the risk tolerance/limits decided by it.

The Company also has a Risk Management Committee, which is a sub-committee of the Board and is responsible for evaluating the overall risk faced by the Company including liquidity risk.

Asset Liability Management Committee (ALCO) of the Company is responsible ensuring adherence to the risk tolerance/limits as well as implementing the liquidity risk management strategy of the Company.

The ALM support group consist of CFO and Head-Treasury who shall be responsible for analysing, monitoring, and reporting the liquidity profile to ALCO.

xxxii. Disclosure on Transfer of Loan Exposures

Details of loans transferred/acquired, as per RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:

(i) Details of loans not in default transferred through assignment:

Particulars	For year ended March 31, 2024
Number of loan accounts assigned	2,99,594
Aggregate amount of loans transferred	8,443.33
Weighted average residual tenor of the loans assigned (in months)	14.09

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

Particulars	For year ended March 31, 2024
Weighted average holding period (in months)	8.31
Retention of beneficial economic interest by the originator	20%/10%
Tangible security cover	Nil
Rating-wise distribution of rated loans	Not Applicable

(ii) The Company has not acquired any loan through assignment during the year ended March 31, 2024.

(iii) Details of stressed loans transferred or acquired during the year ended March 31, 2023:

(a) The Company has not transferred any non-performing assets (NPA's) during the year.

(b) The Company has not acquired any stressed loan during the year.

(c) Distribution of the SRs held across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies:

S. No.	Security Receipts	Category of Recovery Ratings	March 31, 2024	March 31, 2023
1.	Security Receipts in Phoenix Trust-FY23-24	IND RR3	516.60	800.00

xxxiii. Additional information required by Reserve Bank Of India vide circular DOR.ACC.REC. No.20/21.04.018/2022-23

(A) Exposure

1) Exposure to real estate sector

The Company does not have any real estate exposure and accordingly the disclosure is not applicable to the Company.

2) Exposure to capital market

The Company does not have any capital market exposure and accordingly the disclosure is not applicable to the Company.

3) Sectoral exposure

Sector	March 31, 2024			March 31, 2023		
	Total Exposure*	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	12,156.43	266.68	2.19%	6,910.44	12.50	0.18%
2. Industry	-	-	-	-	-	-
3. Services	13,137.53	531.30	4.04%	10,964.11	18.50	0.17%
4. Personal Loans	-	-	-	-	-	-
5. Others	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

*includes on balance sheet and off-balance sheet exposure

4) Intra-group exposures

The Company does not have any intra-group exposure and accordingly the disclosure is not applicable to the Company.

5) Unhedged foreign currency exposure

The Company does not have any unhedged foreign currency exposure and accordingly the disclosure is not applicable to the Company.

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

(B) Related Party Disclosure

March 31, 2024:

Related Party	Key Management Personnel	Relative of Key Management Personnel	Directors	Relatives of Directors	Investing party in respect of which the reporting enterprise is an associate	Trust in which the company have control and significant influence	Others
Borrowings	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-
Advances (Maximum amount outstanding during the year: 0.53)	0.53	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Purchase of fixed/ other assets	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-
Interest paid	-	-	-	0.14	-	-	-
Interest received	-	-	-	-	-	-	-
Remuneration	42.35	-	2.40	-	-	-	-
Issue of partly paid compulsorily convertible preference shares (including premium)	58.98	12.48	13.60	82.62	-	-	-
Issue of partly paid equity shares (including premium)	-	-	-	-	291.49	-	-
Payment of dividend on equity shares	2.76	0.58	0.49	5.62	10.44	-	-
Payment of dividend on CCCPS	-	-	-	0.09	0.69	-	-
Others	1.89	4.04	0.75	-	-	6.33	-
Total	**106.51**	**17.10**	**17.24**	**88.47**	**302.61**	**6.33**	**-**

March 31, 2023:

Related Party	Key Management Personnel	Relative of Key Management Personnel	Directors	Relatives of Directors	Investing party in respect of which the reporting enterprise is an associate	Trust in which the company have control and significant influence	Others
Borrowings	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

Related Party	Key Management Personnel	Relative of Key Management Personnel	Directors	Relatives of Directors	Investing party in respect of which the reporting enterprise is an associate	Trust in which the company have control and significant influence	Others
Advances (Maximum amount outstanding during the year: 0.53)	0.53	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Purchase of fixed/ other assets	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-
Interest paid	-	-	0.13	0.41	-	-	-
Interest received	-	-	-	-	-	-	-
Remuneration	27.42	-	2.10	-	-	-	-
Issue of compulsory convertible preference shares	-	-	-	20.25	147.21	-	-
Payment of dividend on equity shares	2.64	0.58	0.45	5.35	10.44	-	-
Others	1.64	3.75	0.60	0.00	-	4.89	-
Total	**32.23**	**4.33**	**3.28**	**26.01**	**157.65**	**4.89**	**-**

(C) Disclosure of complaints

S. NO.	Particulars	March 31, 2024	March 31, 2023
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	7	-
2	Number of complaints received during the year	2,468	2,298
3	Number of complaints disposed during the year	2,467	2,291
3.1	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	8	7
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	5	4
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	5	4
5.2	Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	-	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

* It shall only be applicable to NBFCS which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

Notes to Financial Statements

for the year ended March 31, 2024

(Amount in Rs. in million unless otherwise stated)

48: Additional disclosures required by the RBI (Contd..)

Grounds of Complaints (i.e. Complaints relating to)	Number of Complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ Decrease in the number of complaints received over the previous years	Numbers of Complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days.
1	2	3	4	5	6
Current Year					
Ground 1- Insurance Claim settlement	7	831	14%	8	2
Ground 2-Updation of repayment records	-	9	-55%	-	-
Ground 3- Digital transactions	-	392	752%	-	-
Ground 4-Updation/dispute on data with CIR	-	762	45%	-	-
Ground 5- Repayment issues	-	191	-48%	-	-
Ground 6-Third party products	-	150	-33%	-	-
Ground 7-Employee related	-	146	-4%	-	-
Ground 8- Others	-	35	-85%	-	-
Total	**7**	**2,516**		**8**	**2**
Previous Year					
Ground 1- Insurance Claim settlement	-	730	16%	7	-
Ground 2-Updation of repayment records	-	20	-38%	-	-
Ground 3- Digital transactions	-	46	-27%	-	-
Ground 4-Updation/dispute on data with CIR	-	526	83%	-	-
Ground 5- Repayment issues	-	367	-49%	-	-
Ground 6-Third party products	-	223	37%	-	-
Ground 7-Employee related	-	152	21%	-	-
Ground 8- Others	-	234	-65%	-	-
Total	**-**	**2,298**		**7**	**-**

(D) Breach of covenant

As at March 31, 2024

Lender Name	Description of breached covenants	Nature of borrowings
Northern Arc Capital Limited	Maximum permissible ratio of sum of the Par > 30 and write-offs (on the Borrower's entire portfolio including receivables sold or discounted on a non-recourse basis) to Gross Loan Portfolio shall be 5.00%.	Term Loan-NBFC
Creation Investments FPI, LLC	PAR 90 Pre-Write Off not more than 2.5%.	Debt Securities

Note: - There has been no adverse impact of these breaches.

As at March 31, 2023

There was no breach of covenant as at March 31, 2023.

(E) Divergence in Asset Classification and Provisioning

The RBI has neither assessed any additional provisioning requirements in excess of 5 percent of the reported profits before tax and impairment loss on financial instruments for the financial year ended March 31, 2024, nor identified any additional Gross NPAs in excess of 5% of the reported Gross NPAs for the said period.

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

49: Analytical ratios/disclosures required under Regulation 52(4) of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	Year ended March 31, 2024
(1) Debt-equity ratio	3.97
(2) Debt service coverage ratio	Not Applicable
(3) Interest service coverage ratio	Not Applicable
(4) Outstanding redeemable preference shares (quantity and value)	
- Quantity	1,20,65000
- Value	455.42
(5) Capital Redemption Reserve (In mn)	42.80
(6) Debenture Redemption Reserve (In mn)	36.63
(7) Net worth (In mn)	4,878.59
(8) Net profit after tax (In mn)	721.55
(9) Earnings per share	
- Basic	16.45
- Diluted	15.53
(10) Current ratio	Not Applicable
(11) Long term debt to working capital	Not Applicable
(12) Bad debts to account receivable ratio	Not Applicable
(13) Current liability ratio	Not Applicable
(14) Total debts to total assets	0.74
(15) Debtors turnover	Not Applicable
(16) Inventory turnover	Not Applicable
(17) Operating margin (%)	Not Applicable
(18) Net profit margin (%)	13.54
(19) Sector specific equivalent ratios, as applicable:	
(a) Capital Adequacy Ratio (%)	28.34
(b) Gross Non-Performing Assets (GNPA) ratio(%)	2.97
(c) Net Non-Performing Assets (NNPA) ratio (%)	0.82
(d) Provision Coverage ratio (NPA) (%)	72.80

50: Details of the Code on Social Security Code, 2020 ('Code') relating to employee benefits:

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The company will evaluate the rules, assess the impact, if any and account for the same once the rules are notified and become effective.

As per our report of even date

For S.C.V & Co. LLP
Chartered Accountants
ICAI Firm registration number : 000235N/N500089

per Rajiv Puri
Partner
Membership No. 084318

Place: Noida
Date: May 08, 2024

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

Amardeep Singh Samra
Managing Director
DIN: 00649442

Ashwani Kumar Jindal
Director
DIN: 00670384

Amitesh Kumar
Chief Financial Officer

Sumit Bhojwani
Company Secretary
Membership No.: A36611

Place: Jalandhar

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

Schedule to Balance Sheet as per RBI for the year ended March 31, 2024

Particulars	Amount Outstanding	Amount Overdue
Liabilities side		
(1) Loans and advances availed by non-banking financial company inclusive of interest accrued there on but not paid		
(a) Debentures: Secured	1,532.53	-
: Unsecured	1,257.67	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	16,582.03	-
(d) Inter corporate loans and borrowing	-	-
(e) Commercial Paper3.	-	-
(f) Public Deposits*	-	-
(g) Other Loans - Securitisation**	-	-
* Please see note 1 below		
** Other Loans exclude NCPS		
(2) Break-up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly Secured debentures i.e. debentures where there is shortfall in the value of security	-	-
(c) Other public deposits	-	-

* Please see note 1 below

Particulars	Amount Outstanding
Assets side	
(3) Break up of Loans and Advances including bills receivables [other than those included in (4) below]	
(a) Secured	-
(b) Unsecured	20,871.74
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
(i) Lease assets including lease rentals under sundry debtors:	-
(a) Finance Lease	-
(b) Operating Lease	-
(ii) Stock on hire including hire charges under sundry debtors:	-
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Others loans counting towards asset finance activities	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(5) Break up of Investments	
Current Investments	
1 Quoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

Particulars	Amount Outstanding
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
Long Term Investments	
1 Quoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please speciify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others - Investment in Security Receipts of ARC	516.60

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Please see Note (2) below

Category	Amount net of provisions	
	Secured	Unsecured
1 Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	20,274.87
Total	**-**	**20,274.87**

(7) Investor group-wise classification of II investments (current and long term) in shares and securities (both quoted and unquoted) :

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	-
Total	**-**	**-**

** As per accounting standard of ICAI (Please see Note 3)

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

(8) Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	619.36
(a) Related parties	-
(b) Other than related parties	619.36
(ii) Net Non-Performing Assets	168.46
(a) Related parties	-
(b) Other than related parties	168.46
(iii) Assets acquired in satisfaction of debt	-

Notes:

1 As defined in point xxvii of paragraph 3 of chapter-II of NBFC Master Directions.

2 Provisions have been calculated as per the Ind AS framework.

3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrspective of whether they are classified as long term or current in (5) above.

Schedule to Balance Sheet as per RBI for the year ended March 31, 2023

Particulars	Amount Outstanding	Amount Overdue
Liabilities side		
(1) Loans and advances availed by non-banking financial company inclusive of interest accrued there on but not paid		
(a) Debentures: Secured	2,062.31	-
: Unsecured	1,188.90	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	11,754.98	-
(d) Inter corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits*	-	-
(g) Other Loans - Securitisation**	233.45	-
* Please see note 1 below		
** Other Loans exclude NCPS		
(2) Break-up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly Secured debentures i.e. debentures where there is shortfall in the value of security	-	-
(c) Other public deposits	-	-

* Please see note 1 below

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

Particulars	Amount Outstanding
Assets side	
(3) Break up of Loans and Advances including bills receivables [other than those included in (4) below]	
(a) Secured	-
(b) Unsecured	15,450.03
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
(i) Lease assets including lease rentals under sundry debtors:	-
(a) Finance Lease	-
(b) Operating Lease	-
(ii) Stock on hire including hire charges under sundry debtors:	-
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Others loans counting towards asset finance activities	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(5) Break up of Investments	
Current Investments	
1 Quoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
Long Term Investments	
1 Quoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please speciify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others - Investment in Security Receipts of ARC	800.00

Notes to Financial Statements

for the year ended March 31, 2024
(Amount in Rs. in million unless otherwise stated)

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Please see Note (2) below

Category	Amount net of provisions	
	Secured	Unsecured
1 Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	15,285.34
Total	**-**	**15,285.34**

(7) Investor group-wise classification of II investments (current and long term) in shares and securities (both quoted and unquoted) :

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	-
Total	**-**	**-**

** As per accounting standard of ICAI (Please see Note 3)

(8) Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	9.08
(a) Related parties	-
(b) Other than related parties	9.08
(ii) Net Non-Performing Assets	3.97
(a) Related parties	-
(b) Other than related parties	3.97
(iii) Assets acquired in satisfaction of debt	-

Notes:

1 As defined in point xxvii of paragraph 3 of chapter-II of NBFC Master Directions.

2 Provisions have been calculated as per the Ind AS framework.

3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrspective of whether they are classified as long term or current in (5) above.

Report on Corporate Social Responsibility (CSR)

About Midland Foundation

Midland Microfin Limited, in collaboration with Midland Foundation, has undertaken numerous CSR activities guided by the philosophy of "kindling hope." This partnership embodies a shared commitment to social responsibility and community upliftment. By pooling resources and expertise, we address various socio-economic challenges, enhancing the livelihood of disadvantaged communities. The joint efforts focus on sustainable development initiatives, ensuring that the benefits of this development trickle down to the most marginalised and underprivileged sections of society.

Our initiatives encompass a range of programmes spanning education, healthcare and environmental sustainability. These initiatives are designed to empower individuals and communities, providing them with the resources and opportunities necessary to shape a brighter future. Through targeted interventions and strategic investments, the collaboration strives to create lasting positive impact.

Mission

The mission of the organisation is to initiate constructive societal transformation by harnessing technological progress to elevate underprivileged communities. Through focused interventions, the organization endeavours to facilitate comprehensive social progress in key domains such as child education, gender equality, women's empowerment, financial literacy, healthcare, and additional vital areas.

Vision

Envisioning a brighter tomorrow, the organisation aspires to ignite optimism for an improved societal landscape. By disrupting the cycle of poverty, it aims to elevate marginalised communities to the forefront of social progress.

Objectives

Midland Foundation's CSR team is driven by a clear mission and vision to contribute to the sustainable development of society and the environment. With this guiding framework, this team is responsible for executing initiatives to bring our vision to life. Through thoughtful activities, we strive to make a positive impact and create a better future for all.

Our focus area

- Education
- Hunger and Poverty
- Environment Safety and Sustainability
- Rural Area Development
- Health

Plantation Drive

As part of our Plantation Drive, we donated funds to the Model Town Welfare Society to promote reforestation in areas where it is most needed. This endeavour is a crucial aspect of our green initiatives, aimed at enhancing environmental sustainability and promoting a healthier, more eco-friendly community. By collaborating with local organisations, we strive to create a meaningful impact on the environment and ensure a healthier planet for generations to come.

SDGs

7 AFFORDABLE AND CLEAN ENERGY

Distribution of Clothes to the Needy

We distributed clothes and shoes to underprivileged children, adding sparkle to their celebrations during Diwali. This initiative aims to provide warmth and happiness, ensuring that festivals are a time of joy and comfort for everyone. Our efforts reflect our dedication to supporting and uplifting the vulnerable members of our community.

200

Benefitted

SDGs

10 REDUCED INEQUALITIES

Jyoti Shakti Yojana

Through our collaborative efforts, we are lighting the way to a greener tomorrow. By implementing energy-efficient bulbs, we significantly reduce energy consumption and minimise environmental impact, thereby promoting a more sustainable lifestyle.

By providing access to innovative lighting , we have not only brightened homes but also empowered economic and social development. Through these initiatives, we equip rural communities with the tools and resources they need to build a sustainable, vibrant and radiant tomorrow.

11,970

Benefitted

SDGs

7 AFFORDABLE AND CLEAN ENERGY

Nav Kanya Vandana

Midland Foundation celebrates academic excellence through its 'Nav Kanya Vandana' initiative, acknowledging the outstanding achievements of top-performing students with educational kits and gift hampers..

This initiative goes beyond merely recognising academic achievement, it is a commitment to nurturing and supporting the next generation's educational journey. By providing essential resources, we aim to foster a culture of excellence, empowering students to reach their full potential and become positive-changemakers in their communities and beyond.

330

Volunteered

SDGs

4 QUALITY EDUCATION

Swachta Evam Swasthya Jagrukta Abhiyan

The Midland Foundation has launched the SWACHTA EVAM SWASTHYA JAGRUKTA ABHIYAAN in partnership with Midland Microfin Limited as part of the 'Beyond Microfinance' philosophy. This initiative aims to empower rural women by raising awareness about health and personal hygiene.

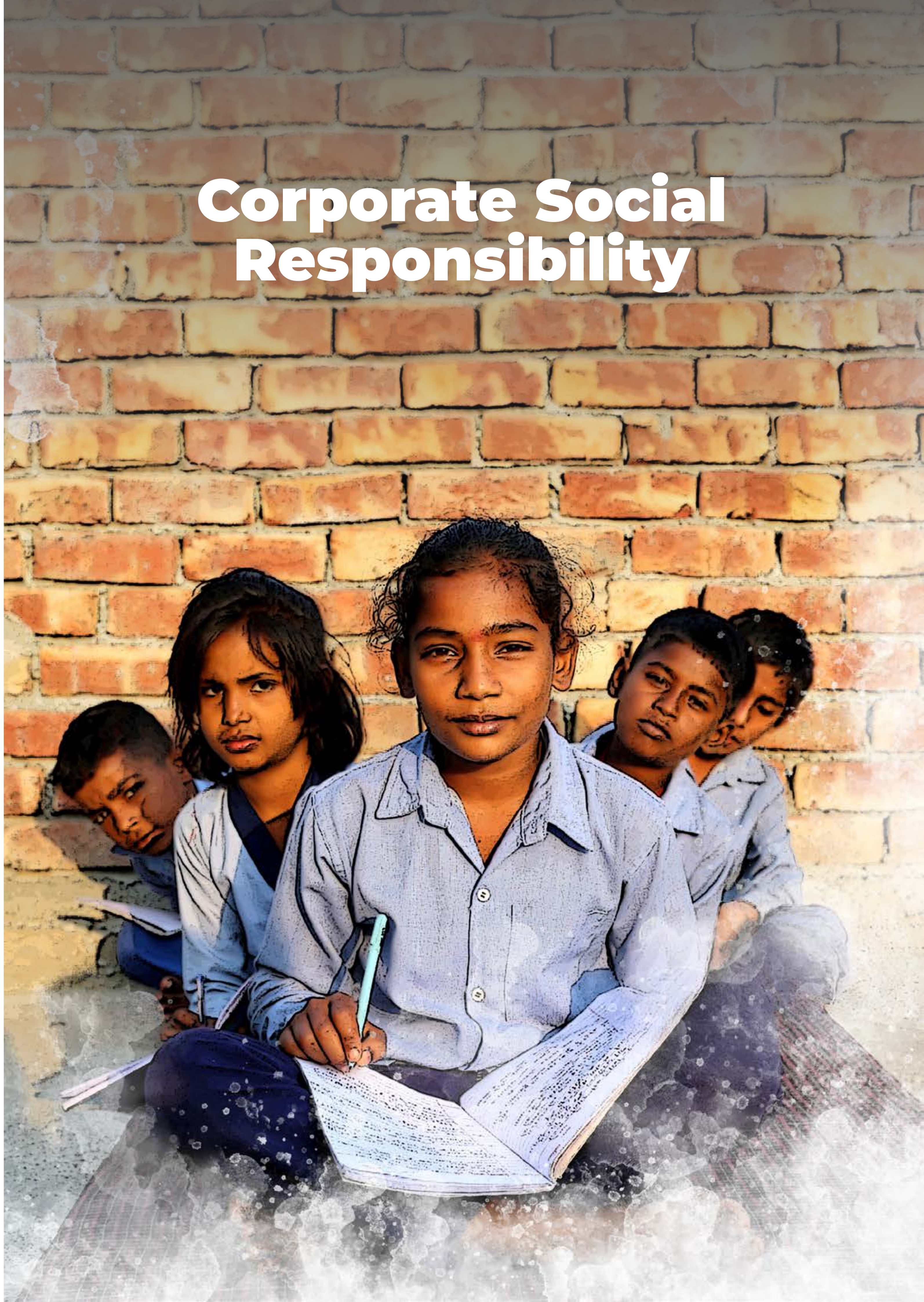
Our speakers sensitised and educated women in rural areas through informative sessions on menstrual hygiene, self-esteem and social empowerment. By addressing these crucial topics, we foster a holistic approach to development, enhancing the well-being, confidence and overall quality of live for women in these communities, ultimately supporting a positive and thriving community environment.

1 Lakh

Volunteered

SDGs

4 QUALITY EDUCATION



Life at Midland

Onboarding Excellence at MML

At MML, we actively conduct onboarding drives at multiple colleges to attract and recruit talented students who align with our organisational goals and values. Our induction programs ensure a smooth transition, providing comprehensive insights into our values, operations, and growth opportunities.

Learning and development

We enhance competencies across our workforce, through tailored talent nurturing and ample upskilling opportunities. Our approach includes ongoing assessments, constructive feedback, and a robust mix of internal, departmental, and external training programs tailored to employees at all organisational levels.

- Programmes for First Time Managers
- Psychometric Tests
- Technical Training
- Refresher Trainings
- Industry Certification
- Summer Internship

Samvaad

We come together as a team to venture into uncharted territories. Through thrilling adventures, moments filled with laughter, and shared experiences, we forge strong bonds and cultivate a spirit of camaraderie. These town hall gatherings stand as a testament to our collaborative spirit, celebrating cherished memories and the collective strength that defines our exceptional team.

Festival Celebrations

We come together as a team to celebrate a rich tapestry of festivals, showcasing the essence of togetherness. Through shared laughter and vibrant traditions, we honour our diverse backgrounds, having a spirit of collaboration that strengthens our bonds and enriches our collective experience within the team.

Employee Appreciation and Recognition at MML

We prioritise acknowledging our employees' dedication to inspire continuous growth and achievement. Each year, we host nationwide events to celebrate and reward their exceptional performances. The top achievers earn prestigious titles like "Employee of the Year" and a coveted spot in our Chairman's Club, which includes opportunities to travel abroad with senior management.

Our Partners

Equity Partners

- ICICI Bank
- KITARA PIIN 1501

Insurance Partners

- kotak Life Insurance
- ICICI Prudential Life Insurance
- HDFC Life — Sar utha ke jiyo!

Rating Partners

- Acuite Ratings & Research
- India Ratings & Research — A Fitch Group Company
- CARE Ratings — Professional Risk Opinion
- SMERA — SME Rating Agency of India Ltd.

Technical Partners

- UNEECOPS — quest for excellence
- Edurigo
- Grandstream — Connecting the World
- Vitto
- goCOLLECT
- Google
- karza technologies
- TWINLINE
- runo
- kaleidofin
- gupshup
- SpotWays
- karza technologies

Credit Bureaus

- EQUIFAX
- CIBIL — Credit Information Bureau (India) Limited
- Experian — A world of insight
- high mark — Credit Information Services

Self Regulatory Organizations

- mfin — Microfinance Institutions Network
- Sa-Dhan — The Association of Community Development Finance Institutions

Banks

- AU Small Finance Bank
- Bank of Maharashtra
- DCB BANK
- FEDERAL BANK — Your Perfect Banking Partner
- HDFC BANK — We understand your world
- Indian Overseas Bank — Good people to grow with
- kotak — Kotak Mahindra Bank
- Punjab National Bank
- SBI
- SHIVALIK Small Finance Bank
- SIDBI — Small Industries Development Bank of India
- Union Bank of India
- AXIS BANK
- Bandhan Bank
- Bank of Baroda
- Canara Bank
- DBS — Live more, Bank less
- fincare Small Finance Bank
- ICICI Bank
- NABARD
- IDBI BANK
- IDFC FIRST Bank
- SBM bank
- YES BANK
- Indian Bank
- mudra
- UCO BANK (A Govt. of India Undertaking)
- ujjivan Small Finance Bank

Network Organization

- Hindustan Unilever Limited
- AIESEC
- d.light
- SAMSUNG
- SINGER
- sun king
- ASSOCHAM INDIA

Financial Institutions

- BAJAJ FINSERV
- Chola
- Creation Investments Capital Management, LLC
- JM FINANCIAL
- smc finance
- MAS Financial Services Ltd. — The Power of Distribution
- PROFECTUS CAPITAL
- AVIATOR
- SUNDARAM FINANCE — Enduring values. New age thinking.
- AVANSE Education Loans — Aspire without boundaries
- FEDBANK Financial Services Limited
- BlueOrchard — Impact Investment Managers
- Capri Global Capital Limited
- InCred — Borrow. With Confidence.
- HeroFinCorp.
- Hinduja Leyland Finance
- MANAPPURAM FINANCE LIMITED
- POONAWALLA FINCORP
- Mahindra FINANCE
- nsfdc
- vivriti capital
- NORTHERN ARC
- SHRIRAM City — Money when you need it most
- OIKO CREDIT
- CREDIT SAISON INDIA
- oxyzo
- TATA
- NABKISAN FINANCE LIMITED
- RELIANCE
- Triple Jump

Auditors

- SCV & Co. LLP Chartered Accountants

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