

ANNUAL REPORT --- 2018-19



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MICRO FINANCE

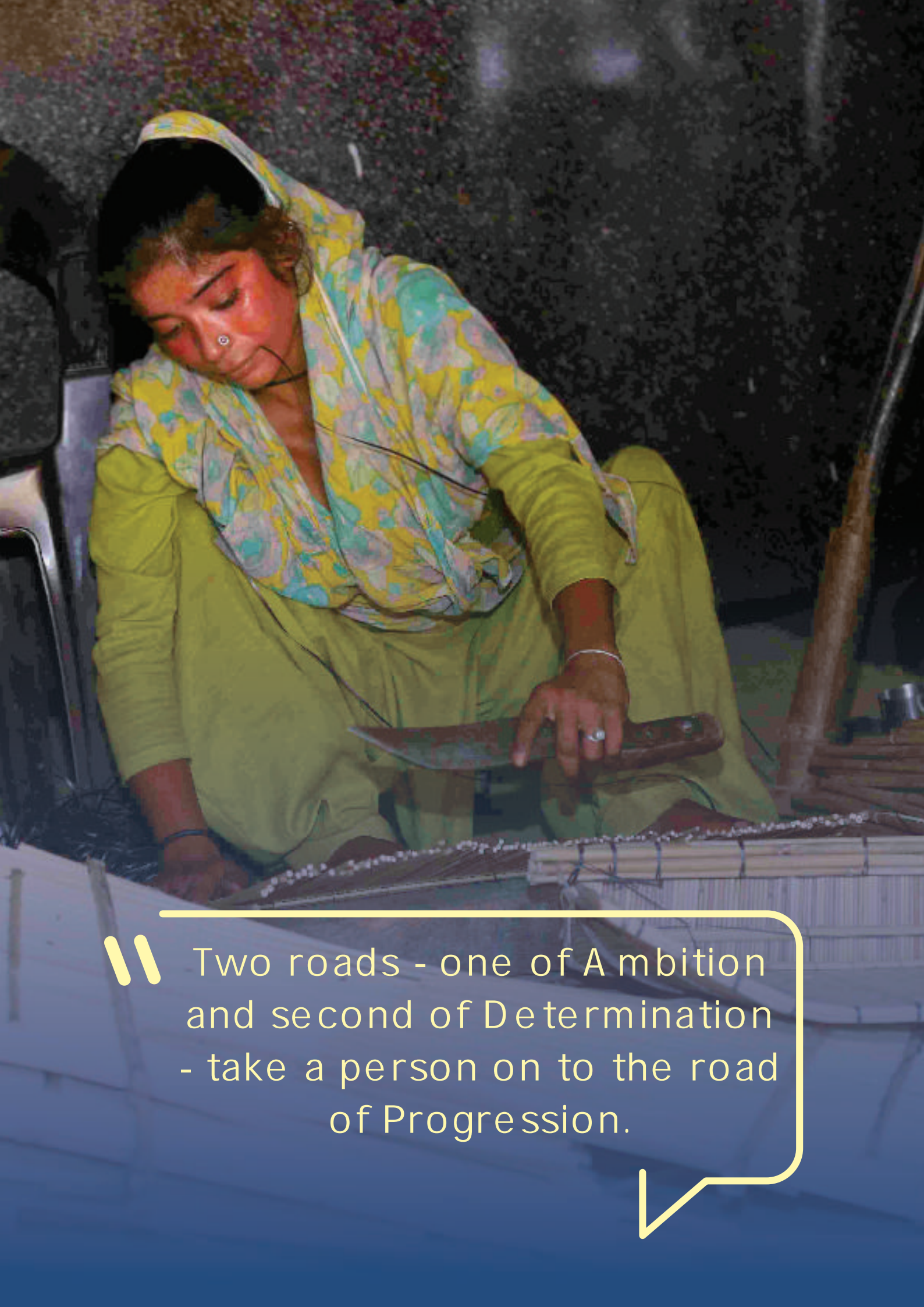
- IS TO GIVE PEOPLE EARNING LOW INCOME AN OPPORTUNITY TO BECOME SELF-SUFFICIENT BY PROVIDING MEANS OF SAVING MONEY, BORROWING MONEY AND INSURANCE.
- HAS BECOME AN INCREASINGLY EFFECTIVE APPROACH THAT AIMS TO ALLEVIATE POVERTY BY PROVIDING THE POOR NEW OPPORTUNITIES FOR ENTREPRENEURSHIP.
- AIMS TO PROMOTE EMPOWERMENT (AMONG WOMEN) WHILE ENHANCING SOCIAL CAPITAL IN POOR COMMUNITIES.

ABOUT MIDLAND MICROFIN LTD.

Midland Microfinance Limited (MML) is the first Punjab based Microfinance Institution (MFI) having its Head Office at Jalandhar, Punjab and is working towards Financial & Social Empowerment of Women by way of extending small Business Loans. The Company is registered as an 'NBFC - MFI' with the Reserve Bank of India (RBI) and has been complying with all the regulatory and legal requirements since inception.

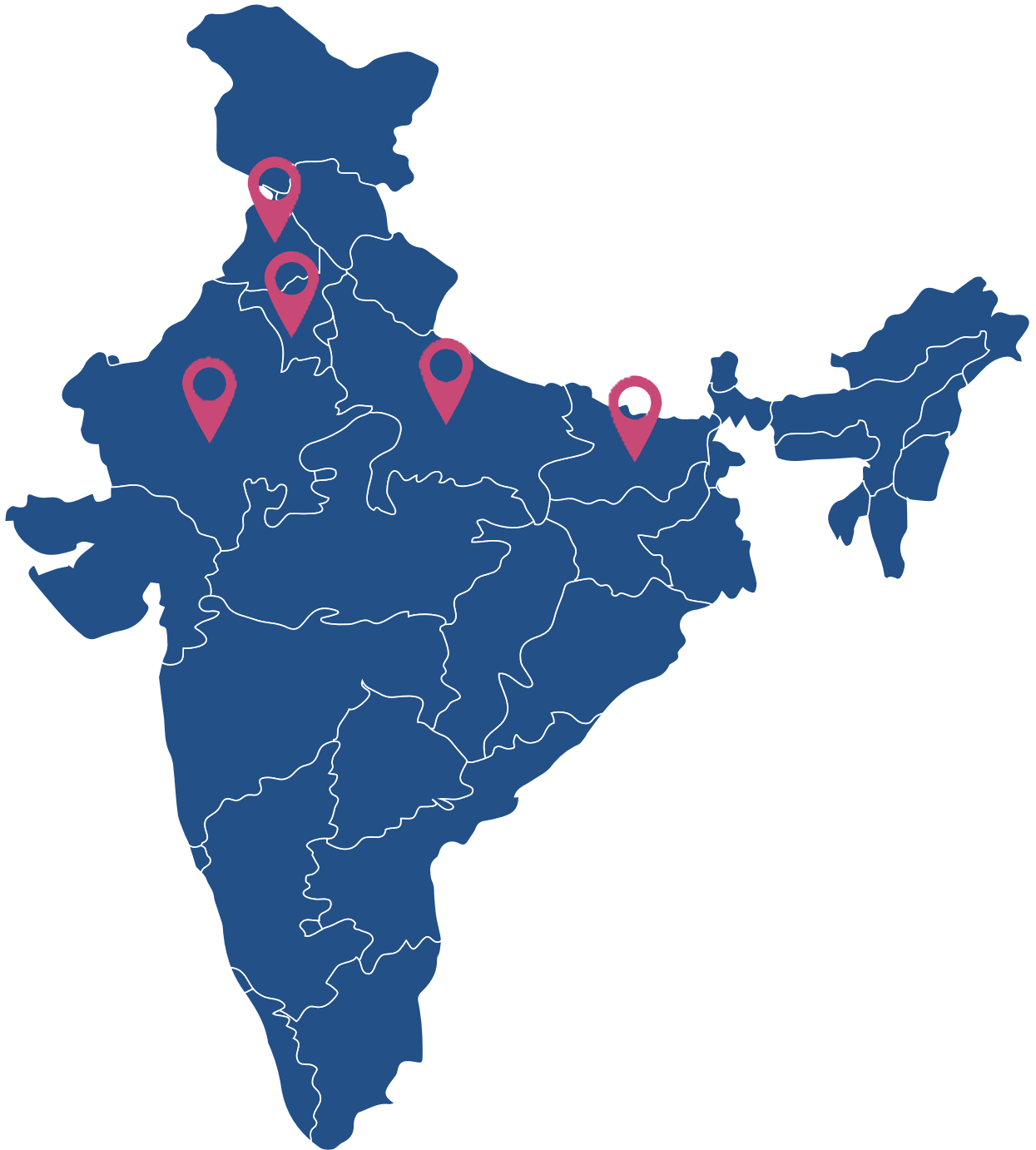
With a vision to be a world class, role model, techno savvy international Microfinance Institution providing support to progressive poor at low cost, MML came into existence in January 2011 to contribute in the eradication of global poverty. At present, MML has got a network of 154 branches, which is spread out in 5 States and 1 Union Territory viz. Punjab, Haryana, Rajasthan, Uttar Pradesh, Bihar and Chandigarh. We have opened four Regional Offices in Jaipur, Chandigarh, Varanasi & Patna in this Financial Year to monitor the business progress effectively.

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



Two roads - one of Ambition and second of Determination - take a person on to the road of Progression.

Expanding Outreach



Board of Directors

Mr. Vijay Kumar Bhandari	Chairman
Mr. Amardeep Singh Samra	Managing Director
Mr. Harpal Singh Chhokar	Director
Mr. Shant Kumar Gupta	Independent Director
Mr. Janak Raj Gupta	Independent Director
Mrs. Kamna Raj Aggarwalla	Independent Director
Mr. Sachin Kamath	Nominee Director
Mr. Jeeban Kumar Sethy	Nominee Director

Auditors

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

Chief Financial Officer

Mr. Amitesh Kumar

Company Secretary

Ms. Sharon Arora

Secretarial Auditor

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

Registrar & Share Transfer Agent

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

Depository Participants

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

National Securities Depository Limited

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

Debenture Trustee

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

Corporate & Registered Office

The AXIS, Plot No. 1,
R.B.Badri Dass Colony, B.M.C. Chowk,
G.T.Road, Jalandhar, Punjab, India.
Phone: -0181-5085555 Fax: 5087777
Email:- info@midlandmicrofn.com



Vision

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



Mission

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



Values

Courage
Respect
Responsibility
Commitment
Achievement

MANAGING DIRECTOR'S NOTE



Amardeep Singh Samra
Managing Director

Dear Shareholders,

At the outset, I am glad to share with our esteemed stakeholders that the company has reported an excellent financial and operational performance during the financial year 2018-19. The paradigm shift in the business strategy of the company for geographical expansion in the states of Bihar and Uttar Pradesh, besides increasing network in states of Punjab, Haryana and Rajasthan and going cashless has exhibited significant growth in the financial year 2018-19 both in top line and bottom line. The core business philosophy of the company to have stringent lending process and controls at every point of delivery has enabled the company to maintain its asset quality. We have not only recovered the majority of the overdues which cropped up during demonetization period but have also aggressively grown our business in line with changed business strategy with ease. The company is one of the rare companies in India, which has not written off any of its overdues impacted by demonetization crisis and is amongst the top companies having highest collection efficiency. This philosophy has empowered the company to withstand the drastic September 2018 NBFC crisis which led to liquidity challenges in the industry and your company was one of the very few companies to get unstoppable and abundant support from the lenders and stakeholders. The Company has maintained adequate liquidity which will enable us to execute business plan for the current financial year.

MANAGING DIRECTOR'S NOTE

Your Company has achieved another milestone during the year 2018-19 by achieving cumulative disbursement of more than Rs. 2,000 Crores and surpassing the ambitious Rs. 500 Crores Gross loan portfolio. The Company is now categorized as a Large NBFC-MFI and has become a Systemically Important Company (SIC) as per RBI Master Directions, 2016.

The company started its journey in January, 2011 with a motive *to be a world class, role model, techno savvy Micro Finance Institution providing support to progressive poor at low cost.* In the early years of our journey, we observed that a huge section of the rural population dwindled outside the formal channels of finance, because of the non-accessibility of credit due to their incapability to meet the requirements of banks, moreover they could not service the high rates of money lenders. We are committed to financial inclusion and empower our customers through a wide gamut of financial solutions to pursue their aspirations and your company has been successful in achieving its mission of being a Socially Responsible Institution by providing livelihood finance to more and more financially excluded. The Company introduced and promoted more products for promoting health care, sanitation, education, drinking water purification, etc. in line with its aim of going 'beyond micro finance'.

Your Company is built on a solid foundation of entrepreneurial energy, professional integrity and personal commitment. The Company has expanded its outreach by opening 50 new branches in the financial year 2018-19 resulting in total of 154 branches as against 104 branches in the previous financial year and concurrently during the year the company has also emphasized on increasing the operational efficiency. With an objective to increase the geographical diversification majority of the new branches during the year have been opened in the states of Eastern U.P. and Bihar. The company has facilitated its services in 15,734 villages and catered to the needs of approximately 2,96,238 borrowers. Our business model is robust and meticulously built with rich insight focused towards controls and risk mitigation. Worth mentioning, various initiatives were taken by the company to lower the operational cost which ultimately helps the company to increase the productivity and profitability. The company has shown tremendous growth in terms of its portfolio and reducing the arrears and has earned Gross Income of Rs. 113.34 Crores for the year ended March 31, 2019 as compared to Rs. 56.80 Crores as on March 31, 2018 registering a growth of whopping 99.54%. Our business has constantly maintained a very cautious approach in formation of policies, which reduce the risk of default. Your Company adheres to credit evaluation standards and moreover maintains direct rapport with the customers on regular basis.

I am highly grateful to entire Midland Micro fin family for hardwork, dedication and constant support.

-Amardeep Singh Samra

DIRECTORS' REPORT

We are pleased to present the Annual Report on business and operations of your company together with the audited accounts for the year ended March 31, 2019.

STATE OF AFFAIRS OF THE COMPANY

Midland Micro n Limited (MML / Company), the first Punjab based Micro nance Institution (MFI) is a Social Responsible Institution working towards sustainable livelihood for the progressive poor and social Empowerment of Women by extending micro loans for income generating activities. MML has registered a growth of 92% in terms of total assets with total assets amounting to Rs. 748 Crores as on March 31, 2019. MML has now been categorized as a Large NBFC-MFI by MFIL and Systemically Important Company (SIC) as per the RBI Master directions.

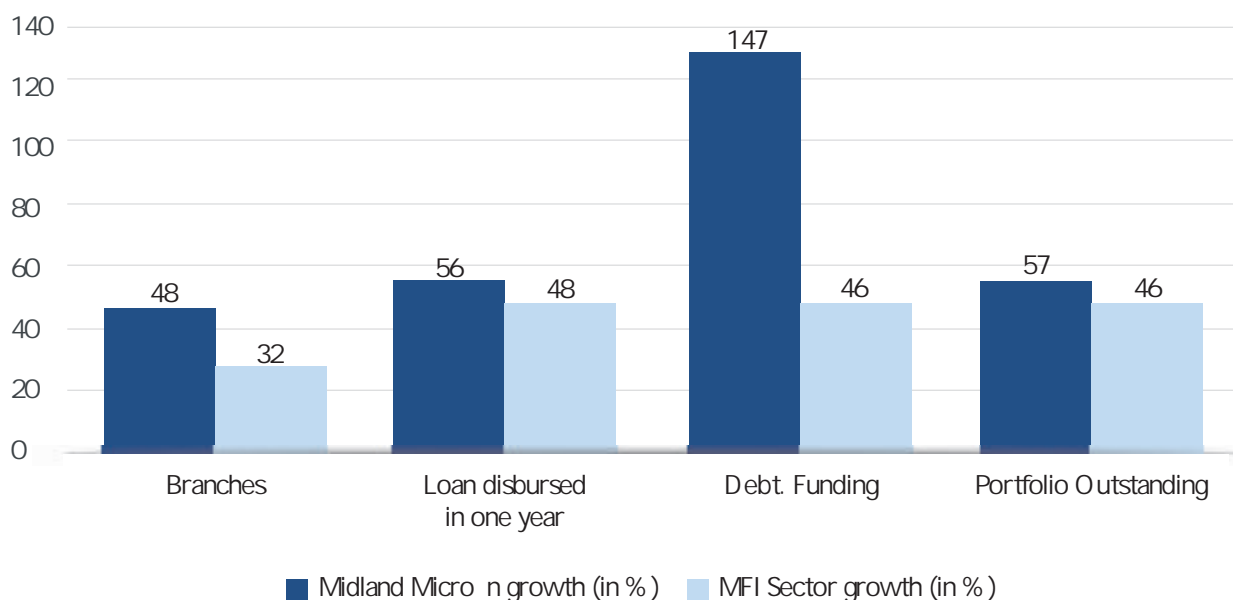
Envisioned to be a world class, role model, techno savvy Micro nance Institution providing support to progressive poor at low cost, MML launched its Micro nance Operations in January 2011 to be a part of the social enterprise for eradication of poverty. At present, MML has increased its network with 154 operative branches, spread out in 5 States and one Union Territory namely Punjab, Haryana, Rajasthan, U.P., Bihar and Chandigarh covering 15,734 villages. The Company has opened four Regional Offices within a short time span of 2 years in Jaipur, Patna, Varanasi and Chandigarh to monitor the business effectively and efficiently. As on March 31, 2019, the borrower base of the Company is 2,96,238. MML has brought a positive impact in the lives of many families and has helped them to earn their livelihood, grow their business and radically improve their lifestyle.

During the year, the loan portfolio of the company had increased remarkably from Rs. 350.79 crores as on March 31, 2018 to Rs. 549.07 crores as on March 31, 2019, a growth of 57%. The Net Worth of the Company has increased from Rs. 53.04 crores as at March 31, 2018 to Rs. 102.27 crores as at March 31, 2019. Net Interest Income has also shown a fabulous growth by 101.43% from Rs. 46.15 crores as on March 31, 2018 to Rs. 92.96 crores during the financial year ending March 31, 2019.

Irrefutably, the financial year 2018-19 was remarkable for Midland Micro n as the company achieved cumulative disbursement of INR 2000 crores and also the total outstanding loan portfolio surpassed over Rs. 500 crores. Additionally, the company has been able to grow at 48% in respect of increase in branches and 57% in loan outstanding, which is much higher than industry growth. It was made possible due to the strategic advise of the board, sound financial position and hard work put in by MML team.

- The micro finance sector grew to Rs. 68,868 crores as on March 2019, a YoY growth of 46% as compared to March 2018. However, MML portfolio has increased to Rs. 550 crores as on March 2018, a YoY growth of 57% as compared to March 2018.
- Average loan amount disbursed per account during FY 18-19 was Rs. 25,603, an increase of 13% from FY 17-18. However, MML's average loan disbursed per account has increased to Rs. 26,025 in FY 2018-19 an increase of 12% from FY 2017-18.
- During FY 18-19, NBFC -MFIs received a total of Rs 32,047 crores in debt funding, an increase of 46% as compared to FY 17-18. However, MML has received a total of Rs. 566.97 crores in debt funding in FY 2018-19, an increase of 147% as compared to FY 2017-18.

Growth FY 2018-19



FINANCIAL HIGHLIGHTS

Your Company has significantly achieved multiple milestones in the financial year 2018-19. The summarized financial results for the year ended March 31, 2019 and the previous years are as under:

(Rs in Crores)

S. No.	PARTICULARS	FOR YEAR ENDED	FOR YEAR ENDED	FOR YEAR ENDED
		March 31, 2019	March 31, 2018	March 31, 2017
1.	Total Gross Income	113.34	56.8	46.62
2.	Interest Expended	54.39	27.68	24.11

S. No.	PARTICULARS	FOR YEAR ENDED	FOR YEAR ENDED	FOR YEAR ENDED
		March 31, 2019	March 31, 2018	March 31, 2017
3.	Operating expenses (i)+ (ii)	43.3	26.51	15.21
	(i) Employees cost	27.32	16.14	9.41
	(ii) Other operating expenses	15.98	10.37	5.8
4.	TOTAL EXPENDITURE (2)+ (3) (Excluding provisions and contingencies)	97.69	54.19	39.32
5.	OPERATING PROFIT (1 - 4) (Pro t before Provisions and Contingencies)	15.65	2.61	7.3
6.	Provisions (other than tax) and contingencies (Net)	1.99	1.01	0.76
7.	Pro t before Tax (5-6)	13.66	1.6	6.54
8.	Tax expense	3.2	0.42	2.22
9.	Net Pro t from Ordinary Activities after Tax (7 - 8)	10.46	1.18	4.32
10.	Net Pro t/(Loss) for the period	10.46	1.18	4.32
11.	Paid-up equity share capital (Face value Rs.10/- per share)	28.79	18.71	18.71
12.	Reserves & Surplus excluding revaluation reserves	73.48	34.33	21.4
13.	Dividend %			
	- Preference	9% , 17% , 0.02% & 0.01%	9% , 17% , 0.02% & 0.01%	9% , 17% , 0.02%
	-Equity	(Proposed) 6%	-	6%
14.	Net Worth (excluding Preference Share Capital)	102.27	53.04	40.12
15.	Earnings Per Share	4.71	0.43	2.19
16.	Capital Adequacy Ratio (in %)	23.32	23.72	42.63
17.	Operating expenses (Opex) Ratio (in %)	9.62	11.43	11.92
18.	Gearing (in times)	5.74	5.73	4.51
19.	Return on Total Assets (in %) (Refer Note No. 1 below)	2.06	0.37	2.10
20.	Return on AUM (in %)	2.32	0.51	3.35
21.	Return on Equity (in %)	17.15	2.49	11.71

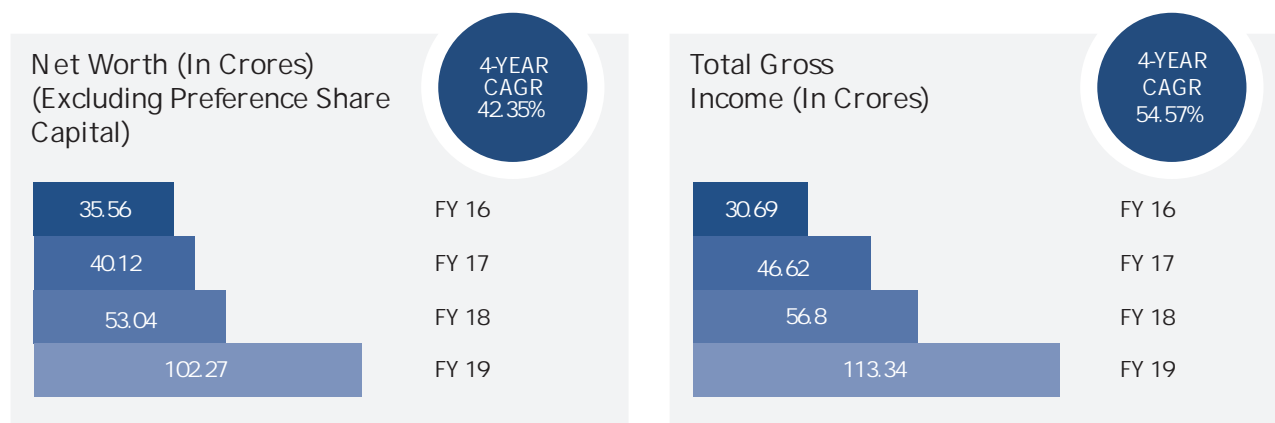
S. No.	PARTICULARS	FOR YEAR ENDED	FOR YEAR ENDED	FOR YEAR ENDED
		March 31, 2019	March 31, 2018	March 31, 2017
22.	Operating Self Sufficiency (OSS) Ratio (in %)	113.71	102.9	116.3
23.	PAT Margin Ratio (in %)	9.23	2.08	9.25
24.	Finance Cost Ratio on GLP (in %)	12.09	11.93	18.66

Note 1 : Excess cash and bank balances has been reduced to compute the average assets.

Midland Micro n Limited (MML) has reported an excellent nancial performance during the period under review i.e. nancial year 2018-19. Some of the contributing factors in achieving this excellent performance are mentioned below:

Gross Income

Gross Income:- The company has earned Gross Income of Rs. 113.34 Crores for the year ended March 31, 2019 as against Rs. 56.80 Crores as on March 31, 2018 registering a growth of 99.54%. Besides interest income from micro loans, the company has generated securitization income by assignment of loan portfolio and interest income from graduated Individual loans for working capital.



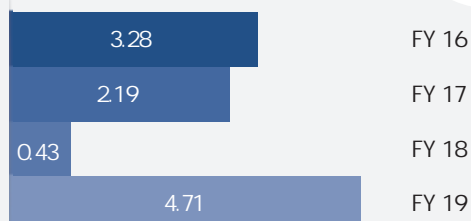
Net Profit after Taxes

Through expansion of branch network and increasing the efficiency of the existing branches, the company has booked a net profit after taxes amounting to Rs 10.46 Crores in current year as compared to Rs 1.18 Crores in previous year showing a magnificent growth. Last year PAT was on the lowered side due to demonetization impact.

Net Owned Funds

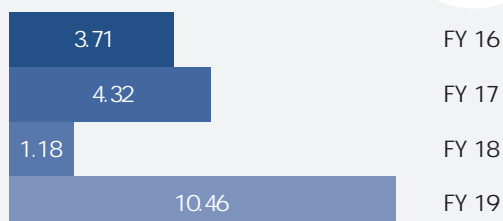
During the year under review, the company has issued and allotted equity shares to its shareholders on Rights Issue basis and through Preferential Issue. The Net Owned Funds of the company due to said infusion of equity and internal accruals increased to Rs. 102.27 Crores during the current nancial year as compared to Rs 53.04 Crores in the previous year registering a growth of 92.81%.

Earnings Per Share (In Rupees)



4-YEAR
CAGR
12.82%

Net Profit After Tax (In Crores)



4-YEAR
CAGR
41.27%

Non-fund based Income

Another important factor contributing in enhancing the profitability of the company is growing Non-fund based income, which has increased to Rs. 1.32 crores as on March 31, 2019 as compared to Rs 0.47 Crores in the previous year resulting a growth of 180.85%.

Reduction in Operational Cost

The Company took various initiatives to increase the efficiency of the existing branches. As a result, the operational cost of the branches has reduced and productivity of the branches increased.

Evidently, the company has counterpoised demonetization impact and achieved its goals in terms of profitability and overall income in the financial year 2018-19.

OPERATIONAL HIGHLIGHTS

The operational highlights for the financial year ended on March 31, 2019.

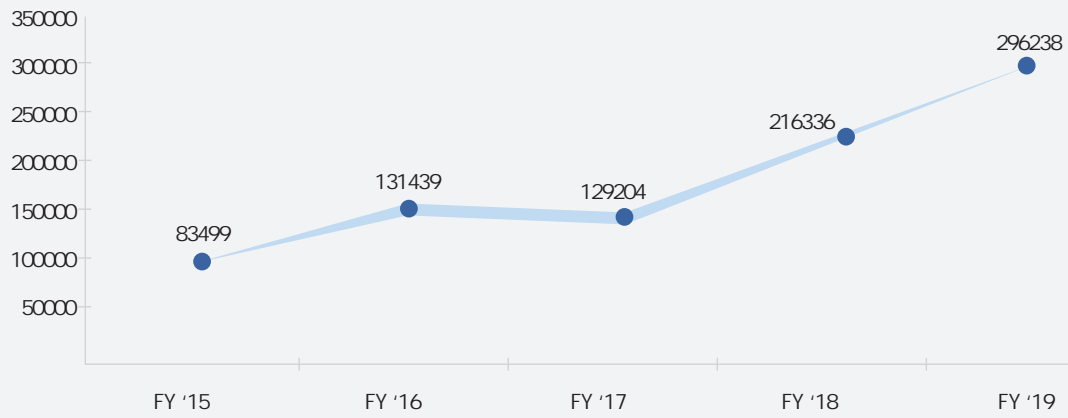
- The company has spread operations through its 154 branches across 5 States (Punjab, Haryana, Rajasthan, U.P. and Bihar) and 1 Union Territory (Chandigarh).
- Cumulative disbursement of Rs. 2035 crores showing a growth to the tune of 69.81% as against the previous year.
- The aggregate Gross Loan Portfolio (GLP) of the company stood at Rs. 549.07 Crores as on March 31, 2019. This represents a year on year (YoY) growth of 56.53% as compared to March 31, 2018.
- Loan disbursed during the financial year 2018-19 of Rs. 836.55 crores.

The Company has maintained a sustainable growth in its operations & comparative operating performance of the Company as on March 31, 2019 is as under:

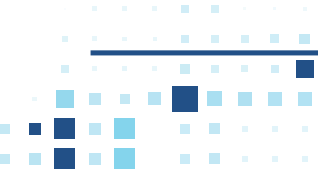
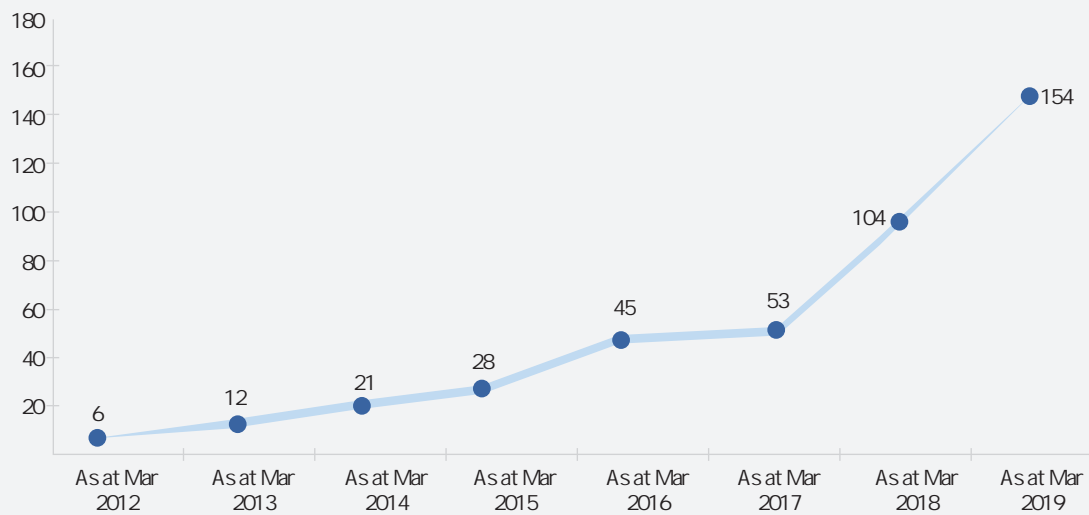
S. No.	PARTICULARS	March 31, 2019	March 31, 2018	March 31, 2017
1.	States	5	5	3
2.	Union Territory	1	1	1
3.	Districts	80	76	32
4.	Villages Covered	15,734	11,225	6,234
5.	Branches	154	104	53
6.	Joint Liability Group	59,028	43,267	25,841
7.	No. of borrowers	2,96,238	2,16,336	1,29,204
8.	Maximum Loan Amount (Rs.) Individual Loans	1,00,000	1,00,000	-
	Joint Liability Group (JLG)	50,000	50,000	50,000
9.	Average Ticket Size (Rs.)	23,885	25,180	13,884
10.	Cumulative Loan Disbursement (Rs. In Crores)	2,034.83	1,198.29	663.14
11.	Outstanding Loan Portfolio (Own Book) (Rs. In Crores)	498.66	331.94	113.15
12.	Managed Portfolio (Securitization) (Rs. In Crores)	50.46	18.89	-
13.	Gross Loan Portfolio (Rs. In Crores)	549.07	350.79	113.15
14.	Loan Disbursed in FY (Rs. In Crores)	836.54	535.13	230.88
15.	Equity Share Capital (Rs. In Crores)	28.79	18.71	18.71
16.	Preference Share Capital (Rs. In Crores)	18.34	18.34	4.25
17.	Total Assets (Rs. In Crores)	747.80	389.01	231.74



Borrowers Details

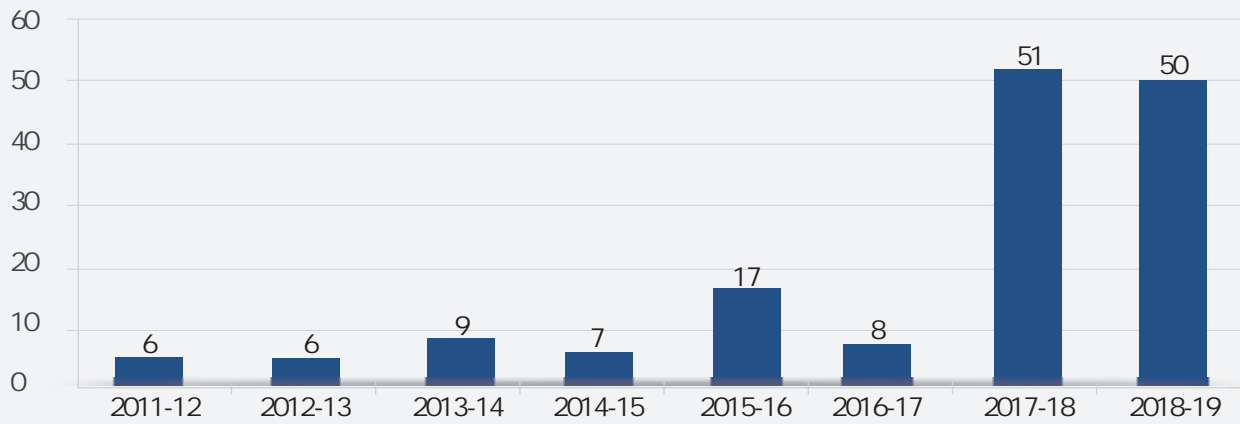


Branches

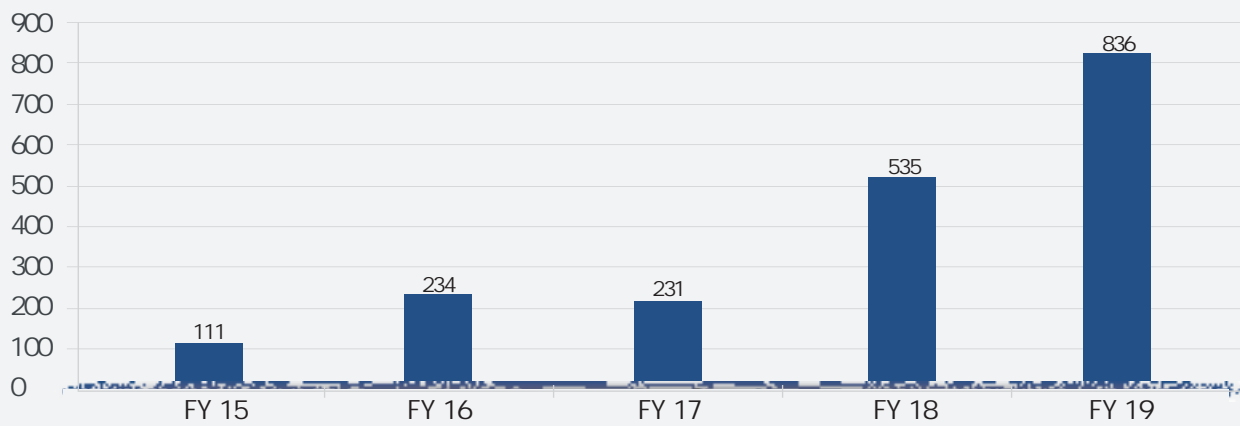




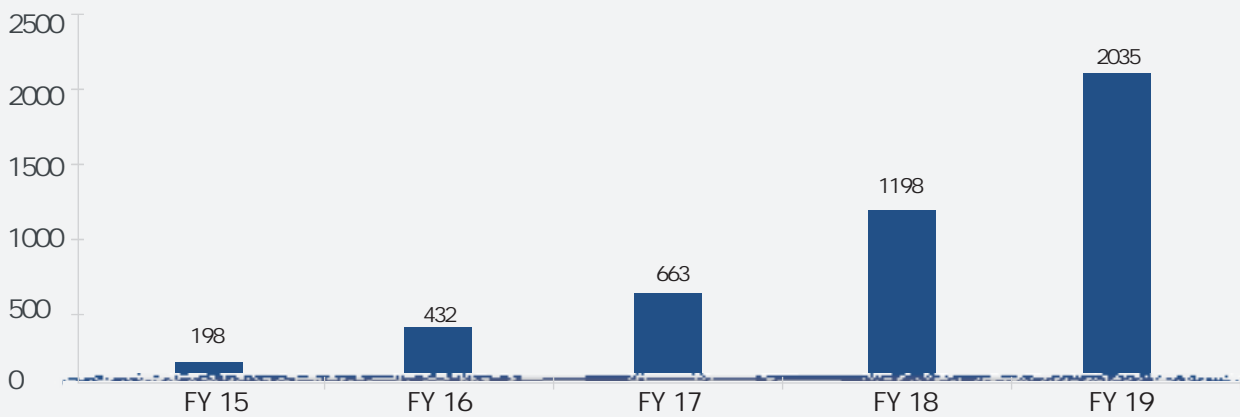
Branches opened year on year



Disbursement (YOY) (In Crores)



Cumulative Disbursement (In Crores)



DIVIDEND

In order to recuperate from the Demonetisation jolt and to maintain a healthy Capital Adequacy Ratio, the Company didn't declare dividend on Equity Share Capital during the previous Financial Year 2017-18. During the period under review, keeping in view the Company's tremendous growth in terms of its portfolio, the Board has recommended 6% dividend on the equity share capital of the Company (i.e. Rs. 0.60 per equity share) for the Financial Year 2018-19. Further, the Board recommended dividend at 9% p.a. on Optionally Convertible Preference Share Capital for the year 2018-2019 and 17% p.a., 0.02% p.a. and 0.01% p.a. for the Non-Convertible-Redeemable Cumulative Preference Shares ("NCRCPS") as per the relevant schemes. The ambition is to provide value to our shareholders by balancing our capital resources for investments into innovating and industry leading sustainable energy solutions and as well returning adequate return through dividends. On that note, we want to thank all our stakeholders for their trust and support in 2018-19, and we look forward to continue our journey together. The dividend on equity and preference shares will be paid to those shareholders whose names appear on the Register of Members as on record date.

SHARE CAPITAL

Rights and Preferential Issue

In order to strengthen the capital base and Capital infusion supporting business plan, the company has been increasing its equity from time to time to maximize value to the shareholders.

Your Company has allotted 46,77,876 number of shares on rights basis to the existing shareholders in the ratio of 1:4 i.e. one share for every 4 shares held on the terms and conditions in the Rights Issue offer letter as approved by the Board in its meeting held on August 28, 2018. The issue was oversubscribed and the excess share application money was refunded to the applicants.

Your Company received the approval of its shareholders to issue 54 Lakhs Equity Shares at an issue price of Rs. 55.70/- each (including premium of Rs. 45.70/- per share) aggregating to Rs. 30,07,80,000/- (Rupees Thirty Crores Seven Lakh Eighty Thousand Only) by way of Preferential Allotment.

In the aforesaid Right Issue and Preferential issue, the Company has received funds by way of Foreign Direct Investment (FDI) from existing foreign Investor KITARA PIIN 1501, a foreign entity through automatic route as per the guidelines issued by Reserve Bank of India and FEMA. The Company has complied with all the FEMA regulations and other applicable laws to the extent applicable to it.

Consequent to the allotment of equity shares under Rights Issue and Preferential Issue, the issued, subscribed and paid-up Share Capital of the Company increased to Rs. 47,13,43,760/- (Rupees Forty Seven Crores Thirteen Lakhs Forty Three Thousand Seven Hundred Sixty Only) as at 31st March, 2019, comprising of 2,87,89,376 Equity Shares of the face value of Rs. 10/- each, fully paid-up and 1,83,45,000 Preference Shares of the face value of Rs. 10/- each, fully paid-up.

Bonus Issue

The Company had sufficient free reserves built out of profits of the Company and also the remarkable performance of the company during the year 2018-19. Therefore, in order to reward the equity shareholders, the Board of Directors have recommended to issue Bonus shares in the ratio of 1:10 (1 equity share for every 10 shares held) in respect of equity paid up capital as on September 30, 2019. The proposal was approved by shareholders through postal ballot and the results of which were declared on December 25, 2018. The company shall allot Bonus Shares in the above-said ratio in the current year.

REGULATORY UPDATE

Your Company being registered as NBFC-MFI (Non-Banking Financial Company–Micro Finance Institution) has been following and complying 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, it has made timely disclosures as required under SEBI (LODR) Regulations, 2015 during the financial year 2018-19.

The Company has filed all the requisite information and forms with Registrar of Companies (ROC) Chandigarh as required under Companies Act, 2013 during the financial year 2018-19.

The Company has got itself registered as a Reporting Entity under Financial Intelligence Unit (FIU), Ministry of Finance. The Company has also got registered itself in the Central Registry of Securitization Asset Reconstruction and Security Interest of India. CERSAI is a risk mitigation tool for the Banks / Housing Finance companies, FIs and public at large to prevent multiple financing against the same property.

FAIR PRACTICES CODE

MML has adopted Board approved Fair Practices Code, which provides operating guidelines for effective dissemination and implementation of responsible business practices and grievance redressal system. MML follows various guidelines issued by Reserve Bank of India (RBI) and MFIN on Fair Practices Code for NBFC-MFIs and has also adopted Industry Code of Conduct developed by Sa-Dhan, a Self-Regulatory Organisation (SRO) recognized by the Reserve Bank of India. Your Company has revised the Code of Conduct along with relevant policies in line with the RBI's amended Fair Practices Code for NBFCs as well as MFIN code of conduct for Micro finance Industry and the same have been displayed at its branches, in English as well as in vernacular language.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the closure of the Financial Year 2018-19 till the date of this Report, which would affect the financial position of your Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND OPERATIONS OF THE COMPANY

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

TRANSFER TO GENERAL RESERVE AND STATUTORY RESERVE

The Company has transferred an amount of Rs. 7.99 Crores to the General Reserve, Rs. 2.09 Crores to the Statutory Reserve (i.e. 20% of its Profit after Taxes (PAT) as per Section 45 (IC) of the Reserve Bank of India Act, 1934).

INTERNAL CONTROLS

The Company gives utmost preference to the process and systems and aims to strengthen the same with the increase in size of the company. The Company has put in place an adequate internal control system to safeguard all its assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The Audit Committee and Board have put a well-structured Internal Audit Policy in place, which is reviewed, at periodic intervals. The Company has a separate Internal Audit department with a qualified and experienced team of internal auditors to conduct internal audit of the processes and systems of the company to ensure that all transactions are correctly authorised and reported. The internal audit mechanism is robust and well structured to identify the gaps in the processes and cautions against any process risk. Immediate action is taken wherever any laps occur. Every delivery point is test checked to ensure that the lending processes is as per the credit policy of the company and the field functionaries are adhering to the same in letter and spirit. Audit rating is done for the branches and wherever required, frequency of Audit is changed as per the Audit policy of the Company. In addition, the company has appointed external Chartered Accountants for Internal Audit of its functional departments and systems, to ensure controls over the functional departments including the Internal Audit department. The Internal Auditors report to the Audit Committee of the Board and reports of Internal Audits are reviewed by the Audit Committee on periodic basis. Wherever necessary, internal control systems are strengthened and corrective actions initiated.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Your Company uses e- mo software as a business enabler and to maintain its Books of Accounts. The transactional controls built into these systems ensure appropriate segregation of duties, appropriate level of approval mechanisms and maintenance of supporting records. The Systems, Standard Operating Procedures and Controls are reviewed by Management. These systems and controls are audited by Internal Audit and their findings and recommendations are reviewed by the Audit Committee which ensures the implementation. Review of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented. Adequate Financial Controls are operative for all the business activities of the Company and no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Nonetheless your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

DEPOSITS

The Company has not received or accepted any deposit and maintained its non-acceptance of public deposit NBFC status. The financials does not have deposits as specified under RBI directions.

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

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extracts of the Annual Return as at March 31, 2019, forms part of this report as Annexure-I. The same is available on Company's Website at <http://midlandmicro n.com/wp-content/uploads/MGT-9-31.03.2019-Extract-of-Annual-Report-Annexure-1.pdf>. The web address for downloading the Annual Report of the Company for the financial year 2018-2019 is <http://midlandmicro n.com/wp-content/uploads/Annual-Report-2019.pdf>.

LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided or acquisition of securities by a Non-Banking Financial Company in the ordinary course of its business are exempted from disclosure requirements under Section 134(3) (g) of the Companies Act, 2013.

AUDITORS

■ Statutory Auditors

The Statutory Auditors of the Company, M/s S.R. Batliboi & Associates LLP, Chartered Accountants, (having Firm Registration No.: 101049W/E300004), were appointed in the Annual General Meeting of the Company held on September 22, 2016 as Statutory Auditors of the Company to hold office for a term of five years until the conclusion of the Annual General Meeting to be held in Financial Year 2021. They have confirmed their eligibility for the financial year 2018-19, under Section 141 of the Companies Act, 2013 and the rules framed thereunder. Further, in terms of Companies (Amendment) Act, 2017 notified w.e.f May 07, 2018, the requirement of Section 139 (1) of Companies Act, 2013 stands omitted and the ratification of appointment of statutory auditor at every AGM is not required.

■ Auditors' Report

M/s S.R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the Company, have audited the accounts of the Company for the year 2018-19 and their report is annexed. 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. Significant Audit observations, if any, and corrective actions taken by the Management are presented to the Audit Committee of the Board from time to time.

Further, the Auditors had not reported any matter under Section 143(12) of the Act, therefore no details are required to be disclosed under Section 134(3)(ca) of the Act. The Auditor's Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

■ Response of the Board to the Auditor's Comment

The report of the auditors contains no qualification/reservations in the said report, on the annual financial statements for the financial year 2018-19.

■ Secretarial Auditors and Secretarial Audit Report

In terms of Section 204 of the Companies Act, 2013 and rules framed thereunder, your Company had appointed M/s. Harsh Goyal & Associates, Practising Company Secretaries, Ludhiana as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2018-19. The Report of Secretarial Auditors for FY 2018-19 is annexed to this report as Annexure-II. There are no observations, reservations or adverse remarks in the Secretarial Audit Report, which requires comments from the Board.

■ Reporting of Frauds by Auditors

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

■ BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 ("the Act") and the Listing Regulations, as amended from time to time. The Board currently comprises of eight Directors. The Chairman of the Company is a Non-Executive Director and the number of Non-Executive Independent Directors (including one Woman Independent Director) is one-third of the total number of Directors. All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitisation, analytics and other allied fields which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board's decision making process.

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

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

The Management of the Company is entrusted with the Strategic Committees comprising of senior personnel from different functions headed by the Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of Management to ensure that the long-term objectives of enhancing stakeholders' value are met.

The Senior Management of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

I. Composition as on 31st March, 2019:

CATEGORY	NAME OF DIRECTORS	QUALIFICATION	BRIEF PROFILE
Promoter Directors	Mr. Amardeep Singh Samra (Managing Director)	B.Com.	<p>Having core experience of more than 25 years in NBFC industry and specialization in Finance, Marketing and Administration, Mr. Amardeep Singh Samra is instrumental in setting up first Micro finance Institution in Punjab in the year 2010. He introduced many innovative ideas in the MFI business, which helped it to grow manifold with excellent asset quality and expand to 5 states and 1 Union Territory in short span of time.</p> <p>He is the Co-coordinator of Punjab & Haryana Finance Co's Association, the prestigious body of major NBFCs in North India and also member of many other Social and Trade organizations</p>
	Mr. Vijay Kumar Bhandari (Chairman)	B.Com. (Hons), F.C.A.	<p>Having more than 31 years of experience in Banking Industry as Senior Internal Auditor, Branch Manager, Regional Manager and Zonal Manager, Mr. Bhandari 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 an independent Director of many renowned companies in India.</p>
Non-Executive Non-Independent Director	Mr. Harpal Singh Chhokar	B.Sc., A.C.A.	<p>Worked as a Manager in the Investment Management, Assurance and Audit department of PricewaterhouseCoopers (PwC) in Los Angeles, California and London, Mr. Chhokar is Educated at St Helen's College and John Lyon School Harrow and graduated from the University of East Anglia UK in Accounting and Law.</p>
Independent Directors	Mr. Shant Kumar Gupta	B.Com., MA. (Eco.)	<p>Chairman and Managing Director of renowned 'HAMCO Ispat Ltd' engaged in manufacturing and trading of Iron and Steel and Hand tools, Mr. Shant Kumar is a Post graduate in Economics and a businessman by profession with an experience of more than 35 years in Industry. He is Founder Chairman of 'Hamco Charitable Trust', an NGO involved in imparting free computer education to poor and needy students and working towards environmental protection.</p>

CATEGORY	NAME OF DIRECTORS	QUALIFICATION	BRIEF PROFILE
Independent Directors	Mr. Janak Raj Gupta	F.C.A.	A Fellow member of Institute of Chartered Accountants of India, Mr. Gupta has a rich experience of more than 40 years as an Auditor and tax consultant of large number of renowned corporate of the region including NBFCs. He is also member of many professional and social organizations in India.
	Mrs. Kamna Raj Aggarwalla	B.A.	Managing Partner, GDPA Fasteners', one of the youngest women entrepreneurs Mrs. Kamna Raj is versatile, experienced and a dynamic personality to pave way for GDPA Fasteners entry into exports. She is an active member of the Advisory Board to Government of Punjab for Small Scale Industries and held high positions in CII and other trade and social organizations.
Nominee Directors	Mr. Sachin Kamath	F.C.A.	An experienced Asset Manager with a stellar record in managing multi-million dollar investment across geographies and asset classes, Mr. Kamath is one of the founding members of Kitara Capital International Limited. Under his stewardship, the organization has made many successful investments in India and helped the organizations to reach to next levels.
	*Mr. Jeeban Kumar Sethy	M.Sc. (Agriculture) PGDBMA (Finance)	Having experience of more than 12 years in Banking and Finance, Mr. Sethy is Nominee Director, nominated by Small Industries Development Bank of India, a pioneer Institution, providing help in MSME sector, on the Board of the Company.

* Mr. Jeeban Kumar Sethy was appointed as the Nominee Director of the Company w.e.f. March 05, 2019.

Relationship Inter-se:

None of the Directors of the Company are related to any other director of the Company.

I. Director's Appointment/Reappointment

Mr. Jeeban Kumar Sethy [DIN 08361868] was appointed as Nominee Director of the Company by the Board of Directors in their meeting held on March 05, 2019.

ii. Key Managerial Personnel

Mr. Amardeep Singh Samra, Managing Director, Mr. Amitesh Kumar Chief Financial Officer and Ms. Sharon Arora, Company Secretary of the Company have been designated as the Key Managerial Personnel of the Company (KMP) pursuant to the provisions of sections 2(51) and

203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

During the year under review, Ms. Sonia Dua, Company Secretary has resigned from the Company and in place of her, Ms. Sharon Arora has been appointed as Company Secretary of the Company with effect from May 25, 2018.

iii. Confirmation/Statement/Declaration by Independent Directors

The company has received necessary declarations from each Independent Director under Section 149(6) and 149(7) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), that they meet the criteria of independence laid down thereunder.

iv. Re-appointment of Director and Retire by Rotation.

Pursuant to provisions of section 152 (6) Companies Act, 2013 ('Act') and the Articles of Association of the Company, Mr. Amardeep Singh Samra [DIN: 00649442], Managing Director of the Company, retire at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Nomination and Remuneration Committee and Board of Directors have recommended his re-appointment for the approval of the shareholders of the Company in the forthcoming Annual General Meeting of the Company

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

In accordance with the provisions of section 134(3) (e) of the Companies Act, 2013 ("the Act") read with section 178(2) of the Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has adopted a Policy on Remuneration and Appointment of Directors, Senior Management which inter alia: the criteria for determining qualifications, positive attributes and independence of Directors. The said policy also contain provisions regarding Remuneration of Directors and Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of section 178, and the salient features of the Nomination and Remuneration Policy of the Company are mentioned hereunder: -

- i. To support the organization's strategy by helping to build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees
- ii. To promote the achievement of strategic objectives within the company's risk appetite;
- iii. To promote /support positive outcomes across the economic and social context in which the company operates and
- iv. To promote an ethical culture and responsible corporate citizenship.

Note: The Nomination and Remuneration Policy of the Company is posted on the website of the Company and can be accessed at www.midlandmicro n.com.

vi. Particulars of Employees and Related Disclosures:

The disclosures in respect of managerial remuneration as required under section 197 (12) read with Rule 5 (1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is attached in Annexure III and forms part of this report.

None of the employees has received salary of 1.02 crores per annum or ` 8.50 lakh per month or more during the Financial Year 2018-19. However, the particulars of employees as per Rule 5(2) and 5(3) Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith.

vii. Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure-B.

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

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

ix. Pecuniary Relationship or Transactions of the Non-Executive Directors vis-à-vis the Company

There are no pecuniary transactions relating to Non-Executive Directors except the sitting fees and reimbursement of travelling and boarding expenses.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the Provision of Section 13(3)(c) of the Company Act, 2013, your Directors state that -

1. In the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
2. 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 of the statement of profit and loss of the Company for that period;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the Provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The annual accounts of the Company have been prepared on going concern basis.
5. The Directors had laid down adequate internal financial controls, which were fully operative during the financial year.
6. 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.

BOARD MEETINGS, ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING

The Board is given presentations covering Financial and Operating Performance, Projections Vs Achievements, Business Plan, the Company's major business segments and their operations, Operation hierarchy, Company's Outreach and Branch Network, Company's business areas, including business opportunities and strategy and risk management practices in addition to approving company's financial results.

The Chairman of the Board and Company Secretary, in consultation with other concerned members of the senior management finalise agenda for Board/Committee meetings.

The agenda and notes on agenda pertaining to Board/Committee meetings are disseminated electronically to the Board/Committee members in advance as per the secretarial standards before the meetings and in defined format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are taken with the permission of Chairman.

The tentative dates with respect to convening of Board/Committee Meetings and the Annual General Meeting is circulated to the Directors in advance to enable them to plan their schedule for effective participation at the respective meetings. Board Meetings are convened by giving appropriate notice to address business exigencies. Also, the Board has authorized Board Management Committee of the company to consider and to approve some matters prescribed by the Board in the scope of work of the Board Management Committee. All the decisions and urgent matters approved by various committees are placed and noted at the subsequent Board/Committee Meeting.

I. Number of Board Meetings

The Board of Directors met four times during the year under review, on May 25, 2018, August 28, 2018, November 14, 2018 and March 05, 2019. The requisite quorum was present for all the Meetings. The Board met at least once in a calendar quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days. These meetings were well attended.

ii. Annual General Meeting

The 30th Annual General Meeting (AGM) of the Company was held on 10th September, 2018.

iii. Extraordinary General Meeting

During the year under review, an Extraordinary General Meeting (EGM) of the Members through Postal Ballot was held on 25th December, 2018 to approve the following-

- a) To increase the Borrowing Limits from 1000 Crores to 5000 Crores,
- b) To approve Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings upto 5000 Crores,
- c) To Issue and offer Equity Shares on Private Placement Basis, and
- d) To Issue Bonus Shares fully paid of 1 (one) equity share against every existing 10 (ten) equity shares held.

iv. Meetings of Independent Directors

The Independent Directors met once during the year under review, on August 28, 2018. The meeting was conducted in an informal manner without the presence of the Whole time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company has various Committees, which have been constituted as a part of good corporate governance practices, and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes. Your Company has an adequately qualified and experienced Audit Committee with Mr. Vijay Kumar Bhandari as the Chairman and Mr. Shant Gupta, Mr. Janak Raj Gupta, Mr. Sachin Kamath, and Ms. Kamna Raj Aggarwalla as Members. The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

The other Committees of the Board are:

- i) Nomination and Remuneration Committee
- ii) Stakeholders Relationship Committee
- iii) Corporate Social Responsibility Committee
- iv) Risk Management Committee
- v) Asset Liability Committee
- vi) Board Management Committee
- vii) Head Of ce Executive Committee

Board Committees, their composition and terms of reference are provided as under:

S. No.	NAME OF COMMITTEE	COMPOSITION	TERMS OF REFERENCE
1.	Audit Committee	<ul style="list-style-type: none"> Y Mr. Vijay Kumar Bhandari (Chairman) Y Mr. Shant Kumar Gupta Y Mr. Janak Raj Gupta Y Mr. Sachin Kamath Y Mrs. Kamna Raj Aggarwalla 	The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2.	Nomination and Remuneration Committee	<ul style="list-style-type: none"> Y Mr. Shant Kumar Gupta (Chairman) Y Mr. Vijay Kumar Bhandari Y Mr. Janak Raj Gupta Y Mr. Sachin Kamath 	<p>The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>Formulated and recommended Nomination and Remuneration Policy.</p> <p>The Nomination & Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013.</p>
3.	Corporate Social Responsibility	<ul style="list-style-type: none"> Y Mr. Amardeep Singh Samra (Chairman) Y Mr. Sachin Kamath Y Mrs. Kamna Raj Aggarwalla 	<p>The Committee formulated and recommended 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 CSR Rules, 2014. The CSR policy may be accessed on the Company's website at the link:</p> <p>http://midlandmicro n.com/wp-content/uploads/CSR-Policy.pdf</p> <p>The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure IV.</p>
4.	Stakeholder's Relationship Committee	<ul style="list-style-type: none"> Y Mr. Amardeep Singh Samra (Chairman) Y Mr. Vijay Kumar Bhandari Y Mr. Shant Kumar Gupta 	<p>The Committee reviews and ensures redressal of investor grievances.</p> <p>The Committee noted that during the year the Company had received no complaints from Investors. There is no pendency in respect of shares received for transfer during 2018-2019.</p>

Company Secretary of the Company, is the Secretary of all Board Committees constituted under the Companies Act, 2013 and Uniform Listing Agreement.

ATTENDANCE OF THE DIRECTORS AT THE BOARD/COMMITTEE/ ANNUAL GENERAL MEETING OF THE COMPANY HELD DURING THE FINANCIAL YEAR 2018-19 :-

Directors' Attendance Record

Pursuant to the provisions of section 165 of the Act, none of the Directors of the Company is a Director in more than 10 public limited companies. Further, as mandated by Regulation 25 of the Listing Regulations, none of the Independent Directors of the Company serves as Independent Director in more than seven listed companies or three listed companies in case he/she serves as a Whole-time Director in any listed company. Further, as stipulated in Regulation 26 of the Listing Regulations, none of the Directors is a Member of more than 10 Board level Committees and no such Director is a Chairman/Chairperson of more than five Committees, across all public limited companies in which he/she is a Director.

Name of Directors	No. of Board Meetings		No. of Audit Committee Meetings		No. of Nomination & Remuneration Committee Meetings		No. of Corporate Social Responsibility Meetings		No. of Stakeholders' Relationship Committee Meetings		Attendance at the last AGM
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	
Mr. Amardeep Singh Samra	4	4	N.A	4	N.A	N.A	2	2	1	1	YES
Mr. Vijay Kumar Bhandari	4	4	4	4	2	2	N.A	N.A	1	1	YES
Mr. Sachin Kamath	4	4	4	4	2	2	2	2	N.A	N.A	NO
Mr. Shant Kumar Gupta	3	4	3	4	2	2	N.A	N.A	1	1	YES
Mr. Janak Raj Gupta	4	4	4	4	2	2	N.A	N.A	N.A	N.A	YES
Mr. Harpal Singh Chhokar	1	4	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	NO
Mrs. Kamna Raj Aggarwalla	1	4	1	4	N.A	N.A	1	2	N.A	N.A	NO
Mr. Jeeban Kumar Sethy	1	4	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD - 1 AND SECRETARIAL STANDARD - 2

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

RECORDING MINUTES OF PROCEEDINGS AT BOARD AND COMMITTEE MEETINGS

The Company Secretary records minutes of proceedings of each Board and Committee meetings. Draft minutes are circulated to Board / Committee members for their comments as prescribed under Secretarial Standard-1.

BOARD EVALUATION

The Company has laid down the criteria for performance evaluation of the directors including Chairman, Managing Director, Board Level Committees and Board as a whole as well as the evaluation process for the same pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations"). Performance evaluation criteria for Board, Committees of the Board and Directors were approved and laid down by the Nomination Committee of the Board in the Nomination and Remuneration policy of the company. The criteria for evaluation of the Board as a whole, *inter alia*, covered parameters such as Structure of the Board, Meetings of the Board and Functions of the Board. The criteria for evaluation of Individual Directors covered parameters such as details of professional qualifications and prior experience relevant to the Company, knowledge and competency, fulfillment of functions, ability to function as a team, etc. The criteria for evaluation of the Board Committees covered areas related to mandate and composition, effectiveness of the Committee, structure of the Committee and meetings, etc.

The performance of the Board was evaluated by seeking inputs from all the Directors and the performance of the Committees was evaluated by seeking inputs from the Committee members. The Nomination and Remuneration Committee reviewed the performance of the individual Directors. A separate meeting of Independent Directors was held on August 28, 2018 to review the performance of non-independent Directors and performance of the Board as a whole.

VIGIL MECHANISM

The Company has espoused a Vigil Mechanism in compliance with section 177 of the Companies Act, and Regulation 22 of SEBI (LODR) Regulations, 2015 to deliver a formal vigil mechanism to the directors and employees to account their concerns about unethical behaviour, actual or distrusted fraud or delinquent of the company's code of conduct or ethics policy. The said mechanism, *inter alia*, comprehends the Whistle Blower Policy, the Fraud Risk Management Process, the Ethics mechanism and it provides for adequate safeguards against victimisation of persons who use it. Information regarding the mechanism and the channels for reporting concerns (including a third-party reporting channel) are communicated to the relevant stakeholders. The effectiveness of the Vigil mechanism is reviewed by the Audit Committee from time to time.

Name and Address of the Whistle and Ethics Officer: -

Mr. Amitesh Kumar- EVP & CFO

Email: amitesh@midlandmicrofin.com

Contact No.: 07837218817

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

RELATED PARTY TRANSACTIONS

During the financial year 2018-19, there is no materially significant related party transaction with the Company's promoters, Directors, the management or their relatives, which may have potential conflict with the interest of the Company at large. The disclosure in Form AOC-2 in terms of Section 134 of the Act is enclosed as Annexure-V. The company has also formulated a policy on dealing with the Related Party Transactions (including for material related party transactions) and necessary approval of the Board of Directors were taken, wherever required in accordance with the policy. The details of such policies for dealing with all related party transactions are disseminated on the website of the company www.midlandmicrofin.com.

Further, the particulars of Contracts or Arrangements made with related parties as required under Section 134 (3) (h) of the Companies Act, 2013 in specified form AOC-2 and Accounting Standard 18 "Related Party Disclosures" specified under section 133 of the Companies Act, 2013 are covered under Note No. 24 to the Financial Statements, which is set out for Related Party Transactions.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has zero tolerance for sexual harassment at the workplace, and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Policy aims to provide protection to women employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment.

ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS, SWEAT EQUITY, ESOP ETC.

The company has not issued any equity shares with Differential Rights, Sweat Equity, ESOP etc.

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

During the current financial year 2018-19, none of the employees have exercised the voting rights in shares as specified Under Section 67 (3) read with Rule 16(4) of Share Capital and Debenture Rules, 2014.



TRANSFER OF UNCLAIMED DIVIDEND TO IEPF

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

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

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

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

During the Financial Year 2018-19, no Company became or ceased to be the Subsidiary/Associate or Joint Venture of Midland Micro n Limited.

RISK MANAGEMENT POLICY

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks. The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those which in the opinion of the Board may threaten the existence of the Company. The Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business and the company is working towards increasing the efficiency and productivity of operations. The company is making untiring efforts towards the improvement and development of business activities.

DISCLOSURES PURSUANT TO RBI MASTER DIRECTION

The company had complied with all the compliances 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.

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

As per section 148(1) of the Companies Act, 2013 the Company is not required to maintain cost records.

CUSTOMER SERVICE

Midland Micro n Limited aims to provide quality services to its customers and all initiatives are based towards customer satisfaction. Credit and compliance vertical are the next step towards borrower satisfaction and it strengthens the relationship between the borrower and Midland Micro n Limited. It also aims to meet the requirement of all stakeholders, mitigate risk, and full compliance, regulatory norms and ensures optimum utilization of available financial resources.

Our business model combines the unique methodology of selecting and servicing customers in the field with the help of latest technology and robust processes at the back of ce. The target segment of the Company is rural, semi-urban and urban women in order to bring women in the mainstream economy and fulfil their aspirations. Micro nance not only gives women access to credit, but also supports the financial inclusion initiative of the Government. Our loan products and services fulfil the requirements of our customers.

CUSTOMER GRIEVANCE REDRESSAL

As per RBI and MFIN guidelines, your company has an appropriate grievance redressal mechanism within the organisation to resolve disputes between the company and its customers. The mechanism is to ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level.

Grievance Redressal at Branch Level

Your company has placed suggestion cum complaint boxes in all the branches as the customers' first point of contact for any query resolution. Due to low literacy and vulnerable backgrounds, our customers find it convenient in talking to someone face-to-face rather than calling a remote helpdesk, hence we have given importance to placement of suggestion cum complaint boxes in all our branches.

Toll Free Customer Helpline

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

Grievance Redressal Officer

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

Resolution of Grievances

The customers highlight their complaints through the channels mentioned above in the policy. The

company oficers ensure closure of all complaints to the customer's satisfaction. They ensure that the complaint is escalated to the appropriate levels in case it is not possible to resolve at his/her level. Whilst the ultimate endeavor is to ensure to reach a situation where our customers don't have to complain to senior management to get an effective redressal, a robust mechanism is being put in place to handle these complaints, review them from a point of view of understanding reasons for the complaint and for the escalation and working on prevention of recurrence thereof.

Internal Audit for reviewing Redressal Mechanisms

Audit department ensures the implementation of Grievance Redressal policy Mechanism at Branch as well as at Head Ofice level by conducting bi-monthly audit. At the time of Branch audit, the Internal Auditors cross verify whether all the grievances reported by members through Suggestion Box & all other channels has been addressed or not. At the time of audit, maintenance of Complaint register at branch level & turn round time of grievances will be reviewed. Auditors do random calling to cross verify the status of escalation. At head ofice level, the auditors review the complaint register and portal on monthly basis to verify the status of Grievances. Random calling is done by Auditor to cross verify the same. If any discrepancy will found at any point, same will be reported to the Grievance Redressal Oficer.

Staff and Customer education on Code of conduct & Grievance redressal Mechanism

Given their educational-social-economic background, customers of the NBFC-MFIs can be susceptible to being misinformed and influenced in the process. Therefore, an independent system linking customer to the management of the company is essential to ensure that their voice is heard and their interests are protected.

In this context, Customer Grievance Redressal Mechanism (CGRM) is recognized as an important tool for the company to make a stronger connect with their customers to address their queries, concerns and complaints and get insights about their needs, requirements and expectations. This, among other things, helps the company to improve their processes, services and internal controls. CGRM has been recognized by the RBI and NBFC-MFIs integral to customer satisfaction and protection. And over the years, MML have put-in efforts to set-up CGRM and improvise it.

Fair practice code & policies of COC has been displayed in vernacular language at all the branch premises

- a) The 'Toll free number' i.e. 18001370600 for grievance is printed on members's passbook. Members are being educated on registering the complaints & whole redressal mechanism during Mandatory Group Trainings (MGT).
- b) Members are also educated about toll free number where they can call for any queries & complaints during Disbursement calling verification from head ofice.
- c) The details of grievance redressal oficer are also placed on website of the company. Members can lodge complaint on given phone number of Head ofice i.e. 0181-5065071.
- d) If the member is not satisfied with the resolution provided, she can approach MFIN or the nodal oficer of Reserve Bank of India. The MFIN toll free number is 1800270317 & Reserve bank nodal oficer's contact number is 0172-2540320 both are printed on passbook provided to the member for better transparency.
- e) In the life of an organization, differences of opinion and other issues are unavoidable and a natural occurrence. A HR Toll free no. (1800-137-9600) is provided to all the employees

through which they can report their grievance, hiding their name. Employee should approach the HR toll free, if he/she is not satisfied with the solutions provided by their senior.

Whistle Blower Policy

Whistle Blower policy in a company refers to the particular internal policy designed for its employees to report to the management about any suspicious behavior or frauds or any kind of infringement in company's norms or code of conduct. The policy enables an employee to report to the senior managers or top management directly without informing his immediate manager(s). Because of this advantage, whistle blower policy is considered to be a valuable tool in an organization's effective Corporate Governance strategy. The Company has designed whistle.blower@midlandmicrofin.com as an email ID for this purpose.

Customer Awareness Creation

- a) MML has a dedicated process to raise borrower's awareness of the options, choices and responsibilities vis-à-vis financial products and services available. Training & awareness has been provided to each and every member in 3 days MGT.
- b) MFIs must ensure regular checks on borrower's awareness and understanding of the key terms and conditions of the products/services offered/availed. Customer feedback should be gathered, as part of internal audit systems or through some other regular monitoring such as a system of calls to random sample of customers. The feedback from such monitoring should be reported to the board periodically.
- c) Campaigns to create awareness among the women folk are organized from time to time by MML. Financial awareness camps regarding knowledge, skill development, attitude and behaviors to make sound financial decisions were being undertaken. Financial awareness camps and education camps has been organized by MML for its members. Camps has been organized in villages of Batala, Mansa, Ghazipur, Barnala, Raikot & Ludhiana.

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

(a) Conservation of Energy

Our operations are not energy-intensive. However, significant measures are taken to reduce energy consumption by using energy efficient computers and electrical equipments. The company has allocated specific cost budgets for the same in Head Office and all its Branches to reduce electricity waste and the same is monitored on periodical basis.

(b) Technology Absorption

- (i) Technology is being used as a business enabler at Midland Micro fin Limited. The Company is using customized finance software for its operational and financial activities. It is designed to handle large volume of accounts and transactions. It is equipped with

customizable modules, menu driven interface that can be easily adapted to the varying business and growth requirements that also safeguards IT Investments

- (ii) The company has not used any imported technology during the previous three financial years.
- (iii) During the year, the Company has not incurred any expenditure on Research & Development.

(c) Foreign Exchange Earnings and Outgo

There was no foreign exchange earnings and outgo during the year.

CORPORATE GOVERNANCE

In order to have proper corporate governance, your company is following ethical practices in all its dealings, covering employees, customers, Regulatory authorities, Banks and Financial Institutions and envisions adherence to the highest levels of transparency, accountability and fairness, in all areas of its operations. Your Board functions as trustees of the shareholders and seeks to ensure that the long-term economic value for its shareholders is achieved while balancing the interest of all the stakeholders. The Company deals with clients who are by and large, excluded from the mainstream financial markets so that they can improve their standard of living and create sustainable assets for themselves. The company does not view Corporate Governance principles as set of binding obligations, but believes in using it as a framework to be followed in true spirit. The Company being a NBFC-MFI, adopts best practices and follows guidelines issued by RBI from time to time.

INSTITUTIONAL RATINGS & GRADING

S. No.	NAME OF AGENCY	NAME OF RATING/ GRADING	PERIODICITY	FY 2018-19	FY 2017-18	FY 2016-17
1.	CARE Ratings	NCD Rating	To be reviewed on yearly basis till the redemption of facility	BBB (STABLE)	BBB (STABLE)	BBB
2.	CARE Ratings	Bank Loan Rating (Rs. 210 crores)	To be reviewed after one year	BBB (STABLE)	BBB (STABLE)	BBB
3.	Acuite Ratings	Code of Conduct Assessment	To be reviewed after one year	M2C1	M2C1	COCA2
4.	Brickwork Ratings	Institutional Grading	To be reviewed after one year	MF 2	MF 2	MF 2
5.	Brickwork Ratings	Bank Loan Rating (Rs. 100 crores)	To be reviewed after one year	BBB+	BBB	BBB



MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as stipulated in Listing Regulations and Reserve Bank of India Master directions is presented in a separate section forming part of this Annual Report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep and sincere gratitude to the Customers/Shareholders of the Company for their confidence and patronage, as well as to Reserve Bank of India, Securities and Exchange Board of India, Government of India, and other Regulatory Authorities for their cooperation, support and guidance.

Your Directors would like to express a deep sense of appreciation for the commitment shown by the employees in supporting the Company in its continued robust performance on all fronts.

The Directors would also like to thank all our valued partners, vendors, investors, other professionals and well-wishers who have played a significant role in the continued excellent growth achieved by the Company.

For & on Behalf of Board of Directors
of Midland Micro fin Limited

Date: May 16, 2019
Place: Jalandhar

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

Vijay Kumar Bhandari
(Chairman)
DIN: 00052716



Client
Success Stories

CLIENT SUCCESS STORIES



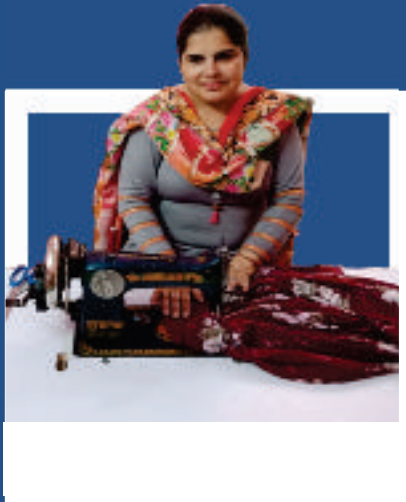
I, Kamalpreet Kaur, am associated with Midland Micro n Ltd. for past 3 years. I earn my livelihood from Parlor business, so I decided to invest some money in the business to take it to next level and earn more. So, I took loan from Midland Micro n and invested that fund for the productive use in my business.

I am happy and satisfied with the services provided by MML. I am thankful to MML for their support and financial assistance that they have given for the upliftment of women in the society.



I, Meena Kumari w/o Cholat Ram r/o Jaito have taken loan from Midland Micro n. I am associated with this company for the last three years. I started making leather juttis work at home with the loan of 15,000. The next year, Company provided me with a loan amount of 27,000 with which I purchased more raw material & gradually my business grew. In third year, I availed a loan of 30,000 with which we shifted our work to rented shop in Jaito city. With the opening of shop in city, the sale of juttis has increased and so has our financial status. Now, I am earning good amount and fulfilling my daily needs. I want to thank Midland Micro n for providing the ways to financially strengthen my economic condition. I wish to stay connected with Midland Micro n so that I can further grow my business.

CLIENT SUCCESS STORIES

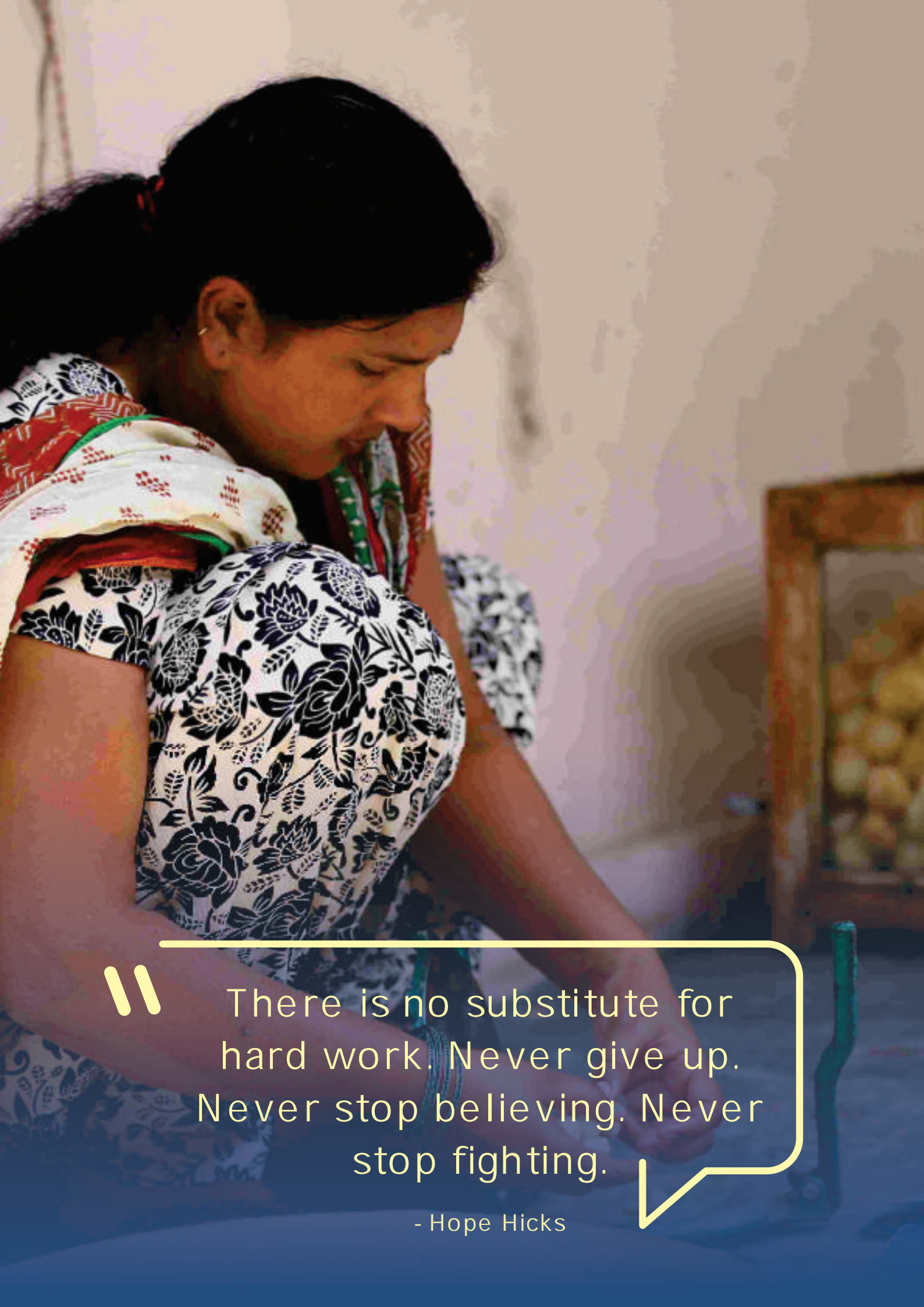


I, Jaswinder Kaur, from Mehraj Basti, Rampuraphul is associated with the company for the last 4 years. I was running my stitching business at small scale as I was not in a position to invest funds into my business. Due to which, I had to stitch the clothes at a very nominal price, which made it impossible for me to save anything out of my earnings.

In 2014, I came to know about Midland Micro fin and its financial services, through which some other women in my village had supported their spouses. Then I decided to become a member of Midland Micro fin Limited and availed an income generating loan of Rs. 20,000 to enhance my stitching business. In next cycle, I got loan of Rs. 25,000. With this loan amount, I bought raw material from Ludhiana and started making customized dresses for customers. In next two cycles, I got a loan of Rs 30,000 each time.

All these loans helped me to invest in business, which gave me a chance to save and grow in better way. So after my third cycle loan, I started my boutique in Rampuraphul and hired 3 helpers at my shop, as well. Over the last few years, I have seen 50% growth in my savings. Along with this, the other satisfying thing is that I am also able to provide employment opportunities to others and creating income generation opportunities for them as well.

I am really thankful to Midland Micro fin for rendering necessary help & support. Now with passage of time, I feel like I am a part of Midland Family. I value my relationship with the company and hope to continue the same in future as well.



There is no substitute for hard work. Never give up. Never stop believing. Never stop fighting.

- Hope Hicks

Management Discussion & Analysis Report

Economic Outlook

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 7 per cent in 2018-19.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

Starting in a humble way by extending tiny loans to economically underprivileged households, the Micro finance industry has earned the recognition of being instrumental in inclusive financing and fueling the growth at bottom of the pyramid. Micro Finance plays a very important role in Financial Inclusion through micro credit. NBFC-MFIs play an important role in the government's agenda of Financial Inclusions as they cater to the unbanked sections of Indian society under the regulatory oversight of the Reserve Bank of India (RBI). The outreach of MFI has been growing rapidly over the past few years due to low penetration of formal banking system, especially among lower income groups.

Micro finance Industry shown annual growth of 38% during financial year 2018-19. The sectoral growth was believed to have slowed down in October and November following the IL&FS-led credit crisis. The default by IL&FS has impacted other NBFCs and also mutual fund players. Midland Micro Finance Limited has very well managed its liquidity position even after IL&FS crisis.

Industry

The importance of micro finance is that it provides much-needed financial services to poor and low-income households, entrepreneurs and nascent businesses, who would otherwise not have access to such services.

Micro finance is a category of financial services targeted at individuals and small businesses who lack access to conventional banking and related services. Micro finance includes microcredit, the provision of small loans to poor clients and low income clients so as to help them increase their income, thereby improving their standard of living. Micro finance has now been recognized as a potent tool to address the issue of poverty, catering to a niche market earlier occupied by money lenders.

The recent Task Force on Micro Finance has defined it as "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas, for enabling them to raise their income levels and improve living standards". At present, a large part of micro finance activity is confined to credit only. Women constitute a vast majority of users of micro-credit and Savings services. With globalization and liberalization of the economy, opportunities for the unskilled and the illiterate are not increasing fast enough, as compared to the rest of the economy. This is leading to a lopsided growth in the economy thus increasing the gap between the haves and have-nots. It is in this context, the institutions involved in micro finance have a significant role to play to reduce this disparity and lead to more equitable growth.

Industry highlights

- Based on data as of March 31, 2019 (Q 4 FY 18-19), micro finance industry has total loan portfolio (i.e. loan amount outstanding) of Rs 1,87,386 Cr, including portfolio of Rs 541 Cr in Andhra Pradesh (AP) and Telangana and DPD 180+ portfolio of Rs 8,834 Cr. This represents a growth of 12.7% over the Q 3 FY 18-19 and an annual growth of 38.0% over Q 4 FY 17-18.

Management Discussion & Analysis Report

- The total number of micro finance accounts were at 9.33 Cr as on December 31, 2018, showing a growth of 21.9% over Q 4 FY 17-18.
- As of March 31, 2019, 82 NBFC -MFIs hold largest share of portfolio in micro-credit with total loan outstanding of Rs. 68,868 Cr, which is 36.8% of total micro-credit universe. Banks are second largest provider of micro-credit with a loan amount outstanding of Rs 61,046 Cr, accounting for 32.6% to total industry portfolio. SFBs have a total loan amount outstanding of Rs 34,679 Cr with total share of 18.5% .
- NBFCs account for another 11.0% and Non-profit MFIs account for 1.1% of the universe. Compared with Q 4 FY 17-18, NBFC -MFIs portfolio has grown by 42% , Banks by 36% , SFBs by 25% , NBFC by 59% and Other MFIs (including Non-profit) by 30% .
- Compared with Q 4 FY 17-18, NBFC -MFIs portfolio has grown by 42% , Banks by 36% , SFBs by 25% , NBFC by 59% and Other MFIs (including Non-profit) by 30% .

(Source: MFIN Micrometer Q4)

Sectoral Highlights

As on March 31, 2019, the portfolio outstanding of 82 NBFC -MFIs was Rs. 68,868 Cr, spread across 611 districts of 35 states and union territories and showed a growth of around 42% over the last financial year. The portfolio of 69 NBFC -MFIs as of March 31, 2018 was Rs 48,522 Cr. Overall health of portfolio has shown an improvement over the year and measured at PAR > 30 of 0.92% on March 2019, in comparison to 1.06% on March 2018. A more detailed analysis based on self-reported data of 53 MFIN member NBFC -MFIs is presented.

As of March 31, 2019, amongst 53 MFIN member NBFC -MFIs, 14 are small (GLP < Rs 100 Cr), 16 medium (GLP between Rs 100-500 Cr) and 23 large (GLP > Rs 500 Cr). PAR > 30 has reduced considerably from 4.03% as on 31 March 2018 to 1.7% as on March 31, 2019.

Large MFIs continue to hold largest proportion of industry outreach. Large MFIs account for 92.4% of the industry GLP, 91% of the client base, 93% of loan amount disbursed and 89.9% of debt funding received.

In terms of geographical spread, 74% of the portfolio is rural and 26% is urban. In terms of purpose, agriculture loans account for 57% of the GLP. Non-agriculture (trade/services and manufacturing) loans account for 40% and household finance loans account for 3% of the GLP. As on March 31, 2019, NBFC -MFIs on aggregated basis have a network of 12,202 branches and employee base of 1,04,032 staff, of which 61% are loan officers (63,750) who provide door-step credit to low-income clients served by the NBFC -MFIs. There has been growth of 32% in employees, 25% in loan officers and 32% branches compared with last Financial Year. On an average, a loan officer caters to 492 clients with a portfolio of Rs 1.1 Cr. Similarly, on an average a branch caters to 2,571 clients with a portfolio of Rs 5.5 Cr.

- As of March 31, 2019, 3.14 Cr clients have loan outstanding from NBFC -MFIs, which is an increase of 31% over Q 4 FY 17-18.
- The aggregate gross loan portfolio (GLP) of MFIs is Rs 68,848 Cr as on March 31, 2019. This represents a YoY growth of 46% as compared to March 31, 2018 and 11% in comparison to December 31, 2018.
- Loan amount of Rs 83,139 Cr was disbursed in FY 18-19 through 3.25 Cr accounts.
- Average loan amount disbursed per account during FY 18-19 was Rs 25,603 which is an increase of around 13% in comparison to loans disbursed during FY 17-18.

Management Discussion & Analysis Report

- During FY 18-19, NBFC-MFIs received a total of Rs 32,047 Cr in debt funding, which is an increase of 46% from FY 17-18. Total equity grew by 39% during the same period and is at Rs 13,884 Cr.
- MFIs now have presence in 33 states/union territories.
- In terms of regional distribution of portfolio (GLP), East and North East accounts for 38% of the total NBFC MFI portfolio, South 24%, North 14%, West 15% & Central contributes 9%.

(Source: MFIN Micrometer Q4)

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

Risks in Micro finance Industry

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

Default Risk

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

Over leveraging Risk

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

Concentration Risk

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

Credit Risk analysis

The portfolio should be monitored with respect to various factors-across geography, product lines, ticket sizes, tenures, delinquency buckets etc. Further, the assessment took place based on vintage -infant delinquency, overall delinquency, new pool delinquency, etc. Using trend analysis, internal

Management Discussion & Analysis Report

monitoring benchmarks have been analyzed for every level. Below is the brief on a few credit risk parameters:

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

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

Operational Risk Analytics

Operational Risk covers risks arising from operations across all the functions. This includes identification, assessment and evaluation of risks from all the risk areas, such as

- Adherence to Regulatory and Statutory Compliances
- HRs– Staffing, training, transfers, retention, etc.
- IT operations or Tech adoption – CBS, Mobility, data quality and correctness etc.
- Business risks– disbursement skew, productivity, cash management at branches etc. This segment also includes the Branch Risk grading of the operational branches.

Liquidity & Market risk Analytics

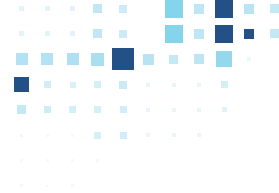
Liquidity and Market Risk Analytics are risks related to the treasury function – cash management, fund management, –source & time, key liquidity & regulatory ratios are assessed and reported. Periodic review of pricing of credit products is an important assessment that need to be carried out on a monthly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

Internal Control Systems and their adequacy

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

New Initiatives/Products.

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



Challenges

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

Human Resource

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

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

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

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

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

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

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

MML has continued to provide the highest standards of health, safety and security for its employees to operate in a healthy and safe environment. Health check-up camps have been organized for regular health check-up of the employees.

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

The Company has completed 8 years of its operations in January 2019 in micro finance activities, and to

Management Discussion & Analysis Report

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

The Company had 1302 permanent employees on the rolls of the Company as on March 31, 2019.

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

Outperformed in Cashless Repayment project by MFIN

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

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

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

For & on Behalf of Board of Directors
of Midland Micro finance Limited

Date: May 16, 2019
Place: Jalandhar

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

Vijay Kumar Bhandari
(Chairman)
DIN: 00052716

EXTRACT OF ANNUAL RETURN

As on 31.03.2019

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

I. REGISTRATION & OTHER DETAILS:		
1.	CIN	U 65921PB1988PLC008430
2.	Registration Date	Friday, May 27, 1988
3.	Name of the Company	Midland Micro n Limited
4.	Category/Sub-category of the Company	Public Limited Company
5.	Address of the Registered of ce & contact details	The AX IS, Plot No. 1, R.B Badari Dass Colony, B.M.C. Chowk, Jalandhar - 144 001 (Punjab)
6.	Whether listed company	Listed (Debt Securities are listed with BSE Limited)
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Skyline Financial Services Private Limited D -153 A, 1st Floor, Okhla Industrial Area, Phase - 1, New Delhi - 110 020 + 91 11 26812682; 26812683

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10% or more of the total turnover of the company shall be stated)			
S.No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Micro Finance Activity	64920	96.84

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

SHARE HOLDING PATTERN OF THE COMPANY AS ON MARCH 31, 2019

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	2532400	2532400	13.53%	2964312	26431	2990743	10.39%	-3.15%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Bodies Corp.	0	150000	150000	0.80%	194961	0	194961	0.68%	-0.12%
e) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (1)	0	2682400	2682400	14.33%	3159273	26431	3185704	11.07%	-3.26%
(2) Foreign									
a) NRI Individuals	0	5117000	5117000	27.35%	4593116	987000	5580116	19.38%	-7.96%
b) Other									
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub Total (A) (2)	0	5117000	5117000	27.35%	4593116	987000	5580116	19.38%	-7.96%
Total	0	7799400	7799400	41.68%	7752389	1013431	8765820	30.45%	-11.23%

SHARE HOLDING PATTERN OF THE COMPANY AS ON MARCH 31, 2019

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	N o. of Shares held at the beginning of the year				N o. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIs	0	0	0	0.00%	0	0	0	0.00%	0.00%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B) (1):-	0	0	0	0.00%	0	0	0	0.00%	0.00%
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0.00%	0	0	0	0.00%	0.00%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%

SHARE HOLDING PATTERN OF THE COMPANY AS ON MARCH 31, 2019

(Equity share capital breakup as percentage of total equity)
(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	0	0	0	0.00%	0	0	0	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total (B) (2):-	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total Public	0	0	0	0.00%	0	0	0	0.00%	0.00%
C. (a) Shares held	0	0	0	0.00%	0	0	0	0.00%	0.00%
C. (b) others									
i. Body Corporate*	0	462500	462500	2.47%	996279	472432	1468711	5.10%	2.63%
ii. Individuals	0	4868100	4868100	26.02%	869470	4934456	5803926	20.16%	-5.86%
iii. Financial Institution	0	1000000	1000000	5.34%	0	1250000	1250000	4.34%	-1.00%
iv. NRI									
a. Individual	0	475500	475500	2.54%	0	955500	955500	3.32%	0.78%
b. Body Corporates	0	4106000	4106000	21.94%	0	10545419	10545419	36.63%	14.69%
*Total C	0	10912100	10912100	58.32%	1865749	18157807	20023556	69.55%	11.23%
Grand Total	0	18711500	18711500	100.00%	9618138	19171238	28789376	100.00%	0.00%

SHARE HOLDING PATTERN OF THE COMPANY AS ON MARCH 31, 2019

(ii) Shareholding of Promoter

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Amardeep Samra	1069530	5.72%	0	1422905	4.94%	0	-0.77%
2	Gagan Samra	371170	1.98%	0	625335	2.17%	0	0.19%
3	Balbir Singh	1187000	6.34%	0	987000	3.43%	0	-2.92%
4	Hamco Ispat Limited	150000	0.80%	0	194961	0.68%	0	-0.12%
5	Vinay Gupta	78700	0.42%	0	105131	0.37%	0	-0.06%
6	Vijay Kumar Bhandari	200000	1.07%	0	257186	0.89%	0	-0.18%
7	Sneh Bhandari	200000	1.07%	0	257186	0.89%	0	-0.18%
8	Ranjit Kaur Chhokar	1000000	5.34%	0	1250000	4.34%	0	-1.00%
9	Ashish Bhandari	500000	2.67%	0	643116	2.23%	0	-0.44%
10	Inderjit Vasudev	323000	1.73%	0	323000	1.12%	0	-0.60%
11	Mohinder Kaur Chhokar	2000000	10.69%	0	2500000	8.68%	0	-2.00%
	Total	7079400	37.83%	0	8565820	29.75%	0	-8.08%

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

S.No.	Shareholder's Name	No. of Shares	% holding	Date of Sale/Purchase/Allotment	Sale	Purchase	No. of Shares	% holding
1	Amardeep Samra	1069530	5.72%	30/09/2018	--	353375	1422905	4.94%
2	Gagan Samra	371170	1.98%	30/09/2018	--	254165	625335	2.17%
3	Balbir Singh	1187000	6.34%	27/03/2019	200000	--	987000	3.43%
4	Hamco Ispat Limited	150000	0.80%	30/09/2018	--	44961	194961	0.68%
5	Vinay Gupta	78700	0.42%	30/09/2018	--	26431	105131	0.37%
6	Vijay Kumar Bhandari	200000	1.07%	30/09/2018	--	57186	257186	0.89%
7	Sneh Bhandari	200000	1.07%	30/09/2018	--	57186	1250000	0.89%
8	Ranjit Kaur Chhokar	1000000	5.34%	30/09/2018	--	250000	643116	4.34%

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

S.No.	Shareholder's Name	No. of Shares	% holding	Date of Sale/ Purchase/ Allotment	Sale	Purchase	No. of Shares	% holding
9	Ashish Bhandari	500000	2.67%	30/09/2018	--	143116	643116	2.23%
10	Inderjit Vasudev	323000	1.73%	30/09/2018	--	--	323000	1.12%
11	Mohinder Kaur Chhokar	2000000	10.69%	30/09/2018	--	500000	2500000	8.68%
		7079400	37.83%				8565820	29.75%

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

S.No.	Shareholder's Name	No. of Shares	% holding	Date of Sale/ Purchase/ Allotment	Sale	Purchase/ Transfer	No. of Shares	% holding
1	KITARA PIIN 1501	4106000	21.94%	30/09/2018	--	1039419		
				28/03/2019	--	5400000	10545419	36.63%
2	Small Industries Development Bank of India (SIDBI)	1000000	5.34%	30/09/2018	--	250000	1250000	4.34%
3	International Township Developers Private Limited	0	0.00%	30/09/2018	--	654700		
				01/10/2018		189800	1044500	3.63%
				27/03/2019		200000		
4	Arun Chopra	500000	2.67%	--	--	--	500000	1.74%
5	Gurwinder Singh Gill	437000	2.34%	--	--	--	437000	1.52%
6	Gurdip Singh	430000	2.30%	--	--	--	430000	1.49%
7	Sohan Singh Chohan	290000	1.55%	30/09/2018	--	72500	362500	1.26%
8	Rashpal Singh Virk	200000	1.07%	30/09/2018	--	50000	250000	0.87%
9	Gunjan Adya	200000	1.07%	30/09/2018	--	50000	250000	0.87%
10	Neha Gupta	143000	0.76%	30/09/2018	--	40223	183223	0.64%
Total		7306000	39.05%				15252642	52.98%

E) Shareholding of Directors and Key Managerial Personnel:

S.No.	Shareholder	No. of Shares	% holding	Date of Sale/ Purchase/ Allotment	Sale	Purchase	No. of Shares	% holding
1	Amardeep Singh Samra (KMP)	1069530	5.72%	30/09/2018	--	353375	1422905	4.94%
2	Vijay Kumar Bhandari	200000	1.07%	30/09/2018	--	57186	257186	0.89%
3	Amitesh Kumar (KMP)	106000	0.57%	30/09/2018	--	42325	148325	0.52%
4	Janak Raj Gupta	100000	0.53%	30/09/2018	--	25000	125000	0.43%
5	Sharon Arora (KMP)	0	0.00%	30/09/2018	--	1000	1000	0.00%
	Total	1475530	7.89%				1954416	6.79%

For & on Behalf of Board of Directors
of Midland Micro n Limited

Date: March 31, 2019
Place: Jalandhar

Sharon Arora
Company Secretary
M.No. A38209

To,
The Members,
Midland Micro n Limited
Jalandhar.

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - b. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

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

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

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

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

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

We further report that

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

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

We further report that during the audit period, the company has received the approval of the members u/s 42, 61, 62, 64, 71, 152, 180(1)(a), 180(1)(c), 196 and 197 of the Companies Act, 2013 read with applicable rules thereof.

For Harsh Goyal & Associates
Company Secretaries

(Harsh Kumar Goyal)

Prop.

FCS3314

C P No.: 2802

Place: Ludhiana

Date: May 16, 2019

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

To
The Members,
Midland Micro n Limited
Jalandhar

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

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

For Harsh Goyal & Associates
Company Secretaries

(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.: 2802
Place: Ludhiana
Date: May 16, 2019

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- a) The ratio of the remuneration of the Managing Director to the median remuneration of the employees of the company for the financial year was 95.53. No other Director of the Company is being paid any remuneration.
- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

S. No.	NAME OF DIRECTOR/KMP AND DESIGNATION	% INCREASE IN REMUNERATION IN THE FINANCIAL YEAR 2018-19
1.	Mr. Amardeep Singh Samra - Managing Director	41.10%
2.	Mr. Amitesh Kumar - Chief Financial Officer	44.25%
3.	Ms. Sharon Arora - Company Secretary	N.A.

- c) There was an increase of 65.05% in the median remuneration of employees in the financial year 2018-19 vis a vis financial year 2017-18.
- d) The Company had 1,302 permanent employees on the rolls of the Company as on March 31, 2019.
- e) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 was 19.725% whereas the increase in the managerial remuneration for the same financial year was 41.10%.
- f) Affirmed that the remuneration is as per the remuneration policy of the company.



Good quality education is
a foundation for dynamic
and equitable societies.

- Desmond Tutu



Corporate
Social
Responsibility

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

CSR Activity

"Good quality education is a foundation for dynamic and equitable societies." – Desmond Tutu

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

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

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

2. The Composition of CSR Committee:

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

Mr. Amardeep Singh Samra, Managing Director – Chairman

Mr. Sachin Kamath, Director-Member

Ms. Kamna Raj Aggarwalla, Independent Director – Member

3. Average net profit of the Company for last three financial years: Rs. 4,58,24,561/-.
4. Prescribed CSR Expenditure (2% of amount stated in item 3 above): Rs. 9,16,491/-.
5. Details of CSR spent during Financial year:
 - (a) Total amount to be spent for Financial Year: Rs. 9,16,491/-
 - (b) Amount unspent, if any: Rs. 6,16,491/-
 - (c) Manner in which amount spent during the financial year is detailed below:

S.No.	CSR Project or Activity Identified	Sector in which the project is covered (As per Schedule VII of Companies Act, 2013)	Projects or programs 1) Local area or other 2) Specify the states and districts where the project was undertaken	Amount outlay (budget) - project or program wise (Amount in Rs.)	Amount spent on the projects or program Sub heads (1) Direct expenditure on project or program (2) overhead (Amount in Rs.)	Cumulative expenditure upto the reporting period (Amount in Rs.)	Amount spent - Direct or through implementing agency
1.	Distribution of bags containing books and other stationary items to the children living in the underprivileged section of society.	Promotion of Education	Chandigarh, Jalandhar, Bathinda, Varanasi, Shahbad and Jhunjhunu	9,16,491/-	3,00,000/-	3,00,000/-	Through Midland Foundation

6. Reasons for not spending the 2% of average net profit of last three financial years:

As an integral part of society, the company is aware of its corporate social responsibilities and has engaged in various programmes. For this purpose company has set-up a Trust- Midland Foundation which got registration during the year 2018-2019. The company will be contributing profits to the Foundation and during the year the company has transferred Rs. 3.00 Lakhs to Midland Foundation towards CSR Activities. For your company, it is of paramount importance that the funds of the company are utilized prudently to ensure maximum social benefit and development. So the initial time was taken to put in place processes, evaluate various projects and their execution timelines. The company has shortlisted good projects for spending the CSR Expenditure that will help in sustainable support of the society. However, as the ground work has been done, the company is positive that the execution of the other projects will begin in this financial year.

Responsibility Statement

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

For & on Behalf of Board of Directors
of Midland Micro fin Limited

Date: May 16, 2019
Place: Jalandhar

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

Vijay Kumar Bhandari
(Chairman)
DIN: 00052716

FORM NO. AOC-2

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

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Amardeep Singh Samra - Key Managerial Personnel	Remuneration	N.A	73,85,000	N.A	-
Amitesh Kumar - Key Managerial Personnel	Remuneration	N.A	38,27,024	N.A	5,32,500
Sharon Arora - Key Managerial Personnel	Remuneration	N.A	3,78,903	N.A	-
Amardeep Singh Samra - Key Managerial Personnel	Rent	Total area of 8342.50 sq. ft. at a monthly rental of Rs 1,83,010.	10,97,957	May 05, 2017	-
Sarvjit Singh Samra - Key Managerial Personnel	Rent		10,97,957		-
Surinder Kaur Samra - Key Managerial Personnel	Rent	a) Total area of 550 sq. ft. at a monthly rental of Rs 17,228.	1,03,363	May 24, 2018	-
Amarjit Singh Samra - Key Managerial Personnel	Rent		1,03,363		-

Remuneration means the Gross Remuneration without any deductions

For & on Behalf of Board of Directors
of Midland Micro n Limited

Date: May 16, 2019
Place: Jalandhar

Amardeep Singh Samra
(Managing Director)
DIN: 00649442

Vijay Kumar Bhandari
(Chairman)
DIN: 00052716

Independent Auditor's Report

To the members of Midland Micro n Limited

Report on the Audit of the Financial Statements

(a) Opinion

We have audited the accompanying financial statements of Midland Micro n Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and its cash flows for the year ended on that date.

(b) Basis for Opinion

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

(c) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditor's Report

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

Key Audit Matters	How our audit addressed the key audit matters
<p data-bbox="204 741 1426 801">Identification of Non-Performing Advances and provisioning for Advances (as described in note 2.1.q & 2.1.r of the financial statements)</p> <p data-bbox="204 860 791 1205">Loans and advances constitute a major portion of the Company's assets and the quality of the Company's loan portfolio is measured in terms of the proportion of non-performing assets (NPAs) to the total loans and advances. As at March 31, 2019, the Company has reported total gross loans and advances of Rs. 51,020.99 lakhs (March 31, 2018: Rs. 33,528.83 lakhs), gross non-performing advances of Rs. 258.95 lakhs (March 31, 2018: Rs. 268.96 lakhs) and a corresponding provision for non-performing advances of Rs. 236.12 lakhs (March 31, 2018: Rs. 268.30 lakhs).</p> <p data-bbox="204 1240 791 1397">Identification and provisioning of NPAs is governed by the prudential norms prescribed by the Reserve Bank of India (RBI). These norms prescribe several criteria for a loan to be classified as a NPA including overdue aging.</p> <p data-bbox="204 1433 791 1585">Given the volume of loans, judgement is involved in the application of RBI norms for classification of loans as NPA and in view of the significance of this area to the overall audit of financial statements, it has been considered as a key audit matter.</p>	<p data-bbox="847 837 1235 869">Our key audit procedures included:</p> <ul style="list-style-type: none"> <li data-bbox="847 891 1426 1079">Y Assessed the design, implementation and operating effectiveness of key internal controls over monitoring process of loans, identification of NPA accounts, measurement of provision and assessing the reliability of management information, including overdue reports. <li data-bbox="847 1102 1426 1191">Y Tested management's controls over identification of NPA's and measurement of provisions and disclosures in financial statements. <li data-bbox="847 1214 1426 1339">Y Read accounting policies adopted by the management and tested data used in the identification of NPA's and measurement of provision amounts. <li data-bbox="847 1361 1426 1675">Y Traced calculation of NPA provision as at March 31, 2019 calculated by the management and assessed compliance with the minimum RBI guidelines and Company's accounting policy as described in note xx to the financial statements. Understood the judgements applied by the Company in respect of areas where the accounting treatment adopted or the disclosures made under the accounting framework from the extant RBI Directions.

(d) Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information which are included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information that we have obtained prior to the date of this auditor's report, 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.

(e) Responsibilities of Management and the Board of Directors for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

(f) Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Independent Auditor's Report

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. 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 system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(g) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

Independent Auditor's Report

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company did 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; and

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

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

per Amit Kabra
Partner
Membership Number: 094533

Jalandhar
May 16, 2019

Independent Auditor's Report

Annexure 1 referred to under the heading " Report on other legal and regulatory requirements" of our report of even date

Re: Midland Micro n Limited ('the Company')

- (i) (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have not been physically verified by the management during the year, hence, we are unable to comment on the discrepancies, if any.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, labour welfare fund, professional tax, income-tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

Independent Auditor's Report

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, labour welfare fund, professional tax, income-tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of provident fund, employees' state insurance, labour welfare fund, professional tax, income-tax, duty of custom, value added tax, goods and service tax, cess or any other statutory dues which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

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

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E 300004

per Amit Kabra
Partner
Membership Number: 094533

Jalandhar
May 16, 2019

Independent Auditor's Report

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MIDLAND MICROFIN LIMITED

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

We have audited the internal financial controls over financial reporting of Midland Microfin Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness.



Independent Auditor's Report

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

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

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

Independent Auditor's Report

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Amit Kabra
Partner
Membership Number: 094533

Jalandhar
May 16, 2019



Financial Statements for the Year 2018-19

Balance Sheet as at March 31, 2019

(Amount in Rs. unless otherwise stated)

PARTICULARS	Notes	March 31, 2019	March 31, 2018
Equity and Liabilities			
Share Holder's Funds			
Share Capital	3	471,343,760	370,565,000
Reserves and Surplus	4	734,823,325	343,300,871
		1,206,167,085	713,865,871
Non-current liabilities			
Long-term borrowings	5	2,602,975,545	1,530,314,430
Other long-term liabilities	7	223,968,622	241,313,717
Long-term provisions	6	38,459,922	33,243,819
		2,865,404,089	1,804,871,966
Current liabilities			
Trade payables	7	8,197,284	1,813,245
Other current liabilities	7	3,374,948,199	1,364,092,860
Short-term provisions	6	23,285,757	5,493,541
		3,406,431,240	1,371,399,646
Total		7,478,002,414	3,890,137,483
Assets			
Non-current assets			
Fixed assets			
Property, Plant and Equipment	8.1	64,644,637	61,531,868
Intangible assets	8.2	9,807,620	7,992,373
Capital work-in-progress		1,039,607	1,051,415
Deferred tax assets (net)	9	16,866,983	8,870,125
Loans and advances	10	447,954,174	78,669,927
Other non-current assets	11	182,524,113	41,952,308
		722,837,134	200,068,016
Current assets			
Current investments	12	50,000,000	12,000,000
Trade receivables	13	4,583,077	889,792
Cash and bank balances	14	1,952,923,499	340,822,022
Loans and advances	10	4,706,344,046	3,306,407,320
Other current assets	11	41,314,658	29,950,333
		6,755,165,280	3,690,069,467
TOTAL		7,478,002,414	3,890,137,483

Summary of significant accounting policies 21

The accompanying notes are an integral part of the financial statements

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

per Amit Kabra
Partner
Membership No: 094533

Date: May 16, 2019
Place: Jalandhar, Punjab

For and on behalf of the Board of Directors of
Midland Micro Finance Limited

Amardeep Singh Samra Shant Gupta
Managing Director Director
DIN: 00649442 DIN: 01571485

Amitesh Kumar Sharon Arora
Chief Financial Officer Company Secretary
Membership No: A38209

Statement of Profit and Loss for the year ended March 31, 2019

(Amount in Rs. unless otherwise stated)

PARTICULARS	Notes	March 31, 2019	March 31, 2018
Income			
Revenue from operations	15	1,085,563,455	530,357,138
Other income	16	47,817,838	37,646,706
Total revenue (I)		1,133,381,293	568,003,844
Expenses			
Employee benefit expenses	17	273,174,877	161,437,179
Finance costs	18	543,907,716	276,800,119
Depreciation and amortization expenses	19	16,765,655	13,350,279
Other expenses	21	143,041,501	90,315,119
Provisions and write-offs	20	19,872,430	10,094,127
Total expenses (II)		996,762,179	551,996,823
Profit before tax (III) = (I) - (II)		136,619,114	16,007,021
Tax expense:			
Current tax			
Pertaining to profit for the current period		39,807,128	6,029,190
Adjustment of tax relating to earlier periods		204,164	-
Deferred tax		(7,996,858)	(1,808,530)
Total tax expense (IV)		32,014,434	4,220,660
Profit after tax (III) - (IV)		104,604,680	11,786,361
Earnings per equity share*			
[Nominal value of share Rs. 10 (March 31, 2018: Rs. 10)]			
Basic		4.71	0.43
Diluted		4.40	0.43

Summary of significant accounting policies 21
The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per Amit Kabra
Partner
Membership No: 094533

Date: May 16, 2019
Place: Jalandhar, Punjab

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

Amardeep Singh Samra Shant Gupta
Managing Director Director
DIN : 00649442 DIN : 01571485

Amitesh Kumar Sharon Arora
Chief Financial Officer Company Secretary
Membership No: A38209

Cash flow statement for the year ended March 31, 2019

(Amount in Rs. unless otherwise stated)

PARTICULARS	March 31, 2019	March 31, 2018
Cash flow from operating activities		
Profit before tax	136,619,114	16,007,021
Adjustments to reconcile profit before tax to net cash flows		
Profit on sale of mutual fund units	(21,933,047)	(26,681,078)
Depreciation and amortization	16,765,655	13,350,279
Contingent provision against standard assets	22,035,578	(16,735,736)
Provision for non-performing assets	(3,217,983)	26,829,863
Provision for employee benefits	4,190,722	1,638,785
Other provisions and write-offs	1,054,835	-
Share issue expenses	1,125,000	-
Operating profit before working capital changes	156,639,874	14,409,133
Movements in working capital:		
Increase in trade payables	6,384,039	26,012,633
Increase in other current liabilities and other long term liabilities	1,993,510,243	693,607,307
(Increase)/decrease in trade receivables	(3,693,285)	(541,716)
(Increase)/decrease in loans and advances	(1,759,848,493)	(2,208,255,277)
(Increase) in other current assets	(11,364,325)	(16,651,592)
Decrease/(increase) in other non-current assets	(2,355,608)	82,257
Decrease/(increase) in margin money deposit	(164,329,330)	(10,484,662)
Cash (used in)/generated from operations	214,943,115	(1,501,821,916)
Direct taxes paid (net of refunds)	(50,438,605)	(14,322,341)
Net cash flow (used in)/from operating activities (A)	164,504,510	(1,516,144,256)
Cash flows from investing activities		
Purchase of property, plant and equipments, including capital work in progress and capital advances	(21,681,863)	(26,167,824)
Proceeds from sale/maturity of current investments	4,356,391,842	3,675,868,460
Purchase of current investments	(4,372,458,795)	(3,450,853,812)
Net cash flow (used in)/from investing Activities (B)	(37,748,816)	198,846,824
Cash Flows from Financing Activities		
Proceeds from issuance of equity share capital (including security premium)	394,337,520	-
Proceeds from issuance of preference share capital (including security premium)	-	282,000,000
Proceeds from Long-term borrowings (including debentures)	2,993,492,141	1,473,667,171
Repayment of Long-term borrowings (including debentures)	(1,920,831,026)	(920,537,111)
Dividend paid on equity shares	-	(11,226,900)
Dividend paid on preference shares	(3,163,831)	(1,803,256)
Tax paid on dividend on equity shares	-	(2,285,527)
Tax paid on dividend on preference shares	(650,335)	(367,100)
Share issue expenses	(1,125,000)	(7,857,500)
Debenture issue expenses	(2,826,820)	-
Net cash flow (used in)/from financing Activities (C)	1,459,232,649	829,589,777
Net (decrease)/increase in Cash and Cash Equivalent (A + B + C)	1,585,988,342	(487,707,655)
Cash and Cash Equivalents at the Beginning of the Year	293,372,022	781,079,677
Cash and Cash Equivalents at the end of the year (refer note 14)*	1,879,360,365	293,372,022
*Cash and Cash Equivalents comprises of		
Cash on hand	9,280,734	5,457,277
Balance with banks in current accounts and cheques on hand	506,079,631	262,095,818
Deposits with original maturity of less than three months	1,364,000,000	25,818,927
	1,879,360,365	293,372,022

Summary of significant accounting policies

21

The accompanying notes are an integral part of the financial statements

Cash flow statement for the year ended March 31, 2019

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

per Amit Kabra
Partner
Membership No: 094533

Date: May 16, 2019
Place: Jalandhar, Punjab

For and on behalf of the Board of Directors of
Midland Micro fin Limited

Amardeep Singh Samra
Managing Director
DIN: 00649442

Amitesh Kumar
Chief Financial Officer

Shant Gupta
Director
DIN: 01571485

Sharon Arora
Company Secretary
Membership No: A38209



Notes to financial statements

Notes to financial statements for the year ended March 31, 2019

1. Corporate information

Midland Micro n Limited ('The Company') is a public limited company domiciled in India and incorporated under the provision of the Companies Act, 1956 ('the Act'). The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC -ND') with the Reserve Bank of India ('RBI') and had got classified as a Non-Banking Financial Company - Micro Finance Institution ('NBFC -MFI') with effect from January 2, 2015. The Company came out with a Public Issue of Secured Redeemable Non-Convertible Debentures in 2014 and the said securities are listed with Bombay Stock Exchange (BSE). As such, the Company has acquired the status of Listed Company pursuant to section 2(52) of Companies Act, 2013.

The Company is engaged primarily in providing micro nance 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 ve states and one Union territory namely Punjab, Haryana, Rajasthan, Eastern Uttar Pradesh, Bihar and Chandigarh.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read together with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI applicable as per Non-Banking Financial Company-Micro Finance Institutions' (NBFC -MFI) - Directions, 2015 issued vide Notification No. DNBR (PD) CC.No.047/03.10.119/2015- 16 dated July 01, 2015, as updated on April 20, 2016 and as per Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, as amended from time to time ('the NBFC-SI-ND Directions, 2016'). The financial statements have been prepared on an accrual basis and under the historical cost convention except as detailed in note 2.1 (b).

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1. Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP 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.

Notes to financial statements for the year ended March 31, 2019

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.

b. Revenue recognition

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.

- Interest income on loans given is recognised under the internal rate of return method. Interest income or any other charges on non-performing asset is recognised only when realised and any such income recognised before the asset became non performing and remaining unrealised is reversed.
- Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the interest rate applicable.
- Loan processing fees are recognized upfront on disbursement of loan.
- Profit/premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from excess interest spread is recognised in the statement of profit and loss net of any losses at the time of actual receipt.
- All other income is recognised on an accrual basis.

c. Property, plant and equipment

All property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Capital work in progress is stated at cost. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

d. 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. Intangible assets are amortized on a straight line basis over the estimated useful economic life. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Notes to financial statements for the year ended March 31, 2019

e. Depreciation on property, plant and equipment and intangible assets

Depreciation on tangible and intangible fixed assets is provided on the straight line basis using the rates arrived at, based on the expected useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also the useful life of the assets estimated by the management:

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

f. Impairment of Property, plant and equipment and intangible 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 flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. Leases (where the Company is the lessee)

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h. Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments if any are classified as long-term investments. Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and net disposal, proceeds are charged or credited to the statement of profit and loss.

i. Borrowing costs

Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings. All borrowing costs are expensed in the period they occur.

j. Foreign currency transactions

- i All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.
- ii Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.
- iii Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

k. Retirement and other employee benefits

- i Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.
- ii Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.
- iii 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 the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Notes to financial statements for the year ended March 31, 2019

- iv Accumulated leave, which is expected to be utilised 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.
- v The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

l. Income taxes

- i Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.
- ii Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.
- iii Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- iv The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

m. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity share to the extent that they

Notes to financial statements for the year ended March 31, 2019

were entitled to participate in dividends related to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) 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.

n. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

o. Contingent liabilities

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.

p. Cash and cash equivalents

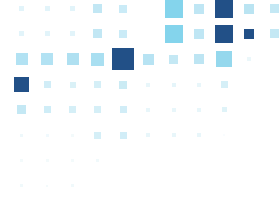
Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank with an original maturity of three months or less.

q. Classification of MFI Loans

i. MFI loans are classified as follows:

Asset classification	Arrear period
Standard assets	Overdue for less than 90 days
Non-performing assets	Overdue for 90 days or more

Notes to financial statements for the year ended March 31, 2019



ii Loans other than MFI loans are classified as follows:

Asset classification	Arrear period
Standard assets	Overdue for less than 3 months
Non-performing assets	
Sub-standard assets	Overdue for more than 3 months and upto 15 months
Doubtful assets	Overdue for more than 15 months
Loss assets	Those as identified by the management, Auditors or RBI

“Overdue” refers to interest and/or installment remaining unpaid from the day it became receivable.

The above classification in respect of MFI Loans is in compliance with the NBFC MFI Directions, 2016.

Loans and advances other than MFI loans are classified as standard and non-performing assets in accordance with the NBFC -SI-N D Directions, 2016.

r. Provisioning policy for MFI Loans

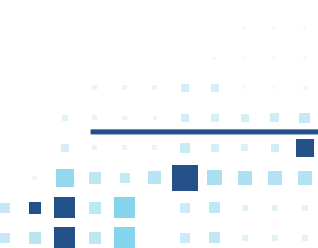
i Provisioning policy for MFI Loans:

The Company does not have any AP portfolio and hence the provisioning norms for the non-AP portfolio are as below:

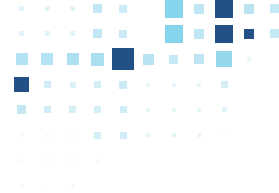
The aggregate loan provision to be maintained by NBFC -MFIs at any point of time shall not be less than the higher of:

- (a) 1% of the outstanding MFI loans or;
- (b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Provision as per (b) above is shown as Provision for Non-Performing Assets and sums in excess of (b) above, is recognised as “Contingent provision against standard assets”.



Notes to financial statements for the year ended March 31, 2019



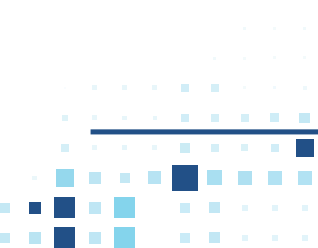
- ii Loan and advances other than MFI loans are provided for as per the NBFC-SI-ND Directions, 2016.

Asset classification	Provisioning percentage
Standard assets	0.40%
Sub-standard assets	10%
Doubtful Asset - Secured	
Doubtful upto 1 year	20%
Doubtful asset for 1 to 3 years	30%
Doubtful for more than 3 years	50%
Unsecured portion of Doubtful Assets	100%
Loss assets (Those as identified by the management, Auditors or RBI)	100%

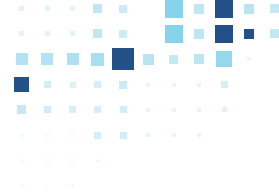
- iii Provision on securitised/ managed portfolio is made as per the Company's provisioning policy for loans mentioned in (i) above net of losses, if any and subject to the maximum guarantee given in respect of these arrangements.
- iv All overdue loans or where the tenure of the loan is completed and in the opinion of the management any amount is not recoverable, are fully provided for.

s. Change in Accounting Estimates

- i Classification and provisioning w.r.t. Loans other than MFI Loans With effect from April 1, 2018, the Company has become a Systemically Important NBFC from a Non Systemically Important NBFC in the previous year. In line with the change in the applicability of the directions, the Company has revised its estimates of provisioning for loans other than MFI Loans, in line with the requirements of RBI's NBFC-SI-ND Directions, 2016. However, as a result of such change, there is a nil impact on the profit for the period ended March 31, 2019.



Notes to financial statements for the year ended March 31, 2019



3. Share capital

(Amount in Rupees unless otherwise stated)

Authorized shares	31-Mar-19	31-Mar-18
3,50,00,000 (March 31, 2018: 2,00,00,000) Equity shares of Rs.10/- each	350,000,000	200,000,000
2,20,00,000 (March 31, 2018: 2,20,00,000) Preference shares of Rs.10/- each	220,000,000	220,000,000
Issued, subscribed and fully paid-up shares		
2,87,89,376 (March 31, 2018: 1,87,11,500) Equity shares of Rs.10/- each fully paid up	287,893,760	187,115,000
20,00,000 (March 31, 2018: 20,00,000) 9% Cumulative, Non-Participative and Optionally Convertible Preference shares (O C P S) of Rs.10/- each	20,000,000	20,000,000
13,70,000 (March 31, 2018: 13,70,000) 17% Cumulative, Non-Participative and Non convertible Preference shares of Rs.10/- each	13,700,000	13,700,000
19,00,000 (March 31, 2018: 19,00,000) 0.02% Cumulative, Non-Participative and Non convertible Preference shares of Rs.10/- each	19,000,000	19,000,000
1,30,75,000 (March 31, 2018: 1,30,75,000) 0.01% Cumulative, Non-Participative and Non convertible Preference shares of Rs.10/- each	130,750,000	130,750,000
Total issued, subscribed and fully paid-up share capital	471,343,760	370,565,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity Shares	31-Mar-19		31-Mar-18	
	No. of Shares	(Rs.)	No. of Shares	(Rs.)
At the beginning of the year	18,711,500	187,115,000	18,711,500	187,115,000
Issued during the year	10,077,876	100,778,760	-	-
Outstanding at the end of the year	28,789,376	287,893,760	18,711,500	187,115,000
Preference Shares	31-Mar-19		31-Mar-18	
	No. of Shares	(Rs.)	No. of Shares	(Rs.)
At the beginning of the year	18,345,000	183,450,000	4,245,000	42,450,000
Issued during the year	-	-	14,100,000	141,000,000
Outstanding at the end of the year	18,345,000	183,450,000	18,345,000	183,450,000

Notes to financial statements for the year ended March 31, 2019

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms of conversion/redemption of OCPS and NCPS

The Company has four classes of preference shares having face value of Rs 10 per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Preference share holders are not entitled to vote on any resolutions placed before the company.

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

19,00,000 NCPS of Rs 10 each fully paid-up issued at a premium of Rs 10 per share carry a cumulative dividend @ 0.02% p.a. NCPS are compulsorily redeemable within three to Eight years from the date of allotment at a premium of Rs 10 each. The date of allotment was March 30, 2017.

3,45,000 NCPS of Rs 10 each fully paid-up issued at a premium of Rs 10 per share carry a cumulative dividend @ 17% p.a. NCPS are compulsorily redeemable within five years from the date of allotment at a premium of Rs 10 each. The date of allotment was March 30, 2017.

1,18,25,000 NCPS of Rs 10 each fully paid-up issued at a premium of Rs 10 per share carry a cumulative dividend @ 0.01% p.a. NCPS are compulsorily redeemable within four years to ten years from the date of allotment at a premium of Rs 10 each. The date of allotment was October 13, 2017.

Notes to financial statements for the year ended March 31, 2019

9,25,000 NCPS of Rs. 10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 17% p.a. NCPS are compulsorily redeemable within five years from the date of allotment at a premium of Rs 10 each. The date of allotment was October 13, 2017.

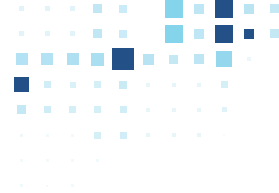
12,50,000 NCPS of Rs. 10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 0.01% p.a. NCPS are compulsorily redeemable within four years to ten years from the date of allotment at a premium of Rs 10 each. The date of allotment was January 15, 2018.

1,00,000 NCPS of Rs. 10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 17% p.a. NCPS are compulsorily redeemable within five years from the date of allotment at a premium of Rs 10 each. The date of allotment was January 15, 2018.

Particulars	Maturity (in years) from date of allotment	Premium on redemption (Rs.)
4,00,000 NCPS carrying a cumulative dividend of 0.02% p.a.	3	15.55
3,35,000 NCPS carrying a cumulative dividend of 0.02% p.a.	5	20.42
11,65,000 NCPS carrying a cumulative dividend of 0.02% p.a.	8	30.00
21,75,000 NCPS carrying a cumulative dividend of 0.01% p.a.	4	19.02
51,75,000 NCPS carrying a cumulative dividend of 0.01% p.a.	7	30.00
57,25,000 NCPS carrying a cumulative dividend of 0.01% p.a.	10	45.02
13,70,000 NCPS carrying a cumulative dividend of 17.00% p.a.	5	0.00

In the event of liquidation of the company before conversion/redemption of OCPS and 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.

Notes to financial statements for the year ended March 31, 2019



(d) Details of shareholders holding more than 5% of shares in the Company

Name of the shareholder	As on March 31, 2019		As on March 31, 2018	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs. 10 each fully paid				
Kitara PIIN 1501	10,545,419	36.63%	4,106,000	21.94%
Mohinder Kaur Chhokar	25,00,000	8.68%	2,000,000	10.69%
Amardeep Singh Samra	1,422,905	4.94%	1,069,530	5.72%
SIDBI Bank	1,250,000	4.34%	1,000,000	5.34%
Ranjit Kaur	1,250,000	4.34%	1,000,000	5.34%
Balbir Singh	1,187,000	4.12%	1,187,000	6.34%
9% Cumulative, Non-Participative and OCPS of Rs. 10 each fully paid	2,000,000	10.90%	2,000,000	10.90%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(e) Proposed Dividend on Equity and Preference shares

Authorized shares	31-Mar-19	31-Mar-18
The board proposed dividend on equity shares and preference shares after the balance sheet date:		
Proposed dividend on equity shares for the year ended on 31 March 2019: Rs. 0.60 per share (31 March 2018: Nil)	12,677,304	-
DDT on proposed equity dividend	2,605,858	-
Proposed dividend on preference shares*	4,145,875	3,163,831
DDT on proposed preference dividend	852,197	650,335
	20,281,234	3,814,166

* Proposed preference dividend has been calculated at the coupon rate on paid up preference share capital according to days outstanding during the year.

Notes to financial statements for the year ended March 31, 2019

4. Reserves and surplus

Securities Premium Account	31-Mar-19	31-Mar-18
Balance as per the last financial statements	268,524,680	135,382,180
Add: premium on Issue of NCPS	-	141,000,000
Add: premium on Issue of Equity Shares	293,558,760	-
Less: Share issue expenses	-	(7,857,500)
Less: Debentures issue expenses	(2,826,820)	-
Closing Balance	559,256,620	268,524,680
Debentures redemption reserve		
Balance as per the last financial statements	36,626,902	26,859,728
Add: amount transferred from surplus balance in the statement of profit and loss	-	9,767,174
Closing Balance	36,626,902	36,626,902
Statutory reserves (Under Section 45 IC of the RBI Act)		
Balance as per the last financial statements	22,574,628	20,217,356
Add: Additions / transfers during the year	20,920,936	2,357,272
Closing Balance	43,495,564	22,574,628
Surplus/(de cit) in the statement of profit and loss		
Balance as per the last financial statements	15,574,661	31,595,528
Add: Profit for the year	104,604,680	11,786,362
Less: Appropriations		
Final Equity dividend	-	(11,226,900)
Tax on final equity dividend	-	(2,285,527)
Final preference dividend	(3,163,831)	(1,803,256)
Tax on preference dividend	(650,335)	(367,100)
Transfer to Debenture Redemption Reserve	-	(9,767,174)
Transfer to Statutory Reserve [@ 20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934]	(20,920,936)	(2,357,272)
Net surplus/(de cit) in the statement of profit and loss	95,444,239	15,574,661
Total reserves and surplus	734,823,325	343,300,871

Notes to financial statements for the year ended March 31, 2019

5. Long-term borrowings

Debentures	Non-current portion		Current maturities	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Unsecured				
2,017 (March 31, 2018: 2,017), Series I, 11.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was March 31, 2011.	20,170,000	20,170,000	-	-
1,674 (March 31, 2018: 1,674), Series I, 11.10% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was March 31, 2011.	16,740,000	16,740,000	-	-
3,000 (March 31, 2018: 3,000), Series II, 12.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was June 13, 2015.	30,000,000	30,000,000	-	-
5,738 (March 31, 2018: 5,738), Series III, 11.00% - 11.25% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 23, 2016.	57,380,000	57,380,000	-	-
6,262 (March 31, 2018: 6,262), Series III, 11.00% - 11.25% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 23, 2016.	62,620,000	62,620,000	-	-
Secured				
214 (March 31, 2018: 224), Series I, 11.50% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 3 years from the date of allotment.	-	21,400,000	21,400,000	100,000
615 (March 31, 2018: 645), Series I, 11.75% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 4 years from the date of allotment.	-	6,150,000	6,150,000	300,000
755 (March 31, 2018: 755), Series I, 12% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 4 years from the date of allotment.	1,070,000	7,550,000	6,480,000	-
552 (March 31, 2018: 1,867), Series I, 11.60% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 3 years from the date of allotment.	-	5,520,000	5,520,000	13,150,000

Notes to financial statements for the year ended March 31, 2019

Debentures	Non-current portion		Current maturities	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Secured				
1,966 (March 31, 2018: 2,345), Series I, 11.85% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 4 years from the date of allotment.	9,330,000	19,660,000	10,330,000	3,790,000
844 (March 31, 2018: 844), Series I, 12.10% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was September 10, 2012. Put option is available after 4 years from the date of allotment.	3,250,000	8,440,000	5,190,000	-
30 (March 31, 2018: 90), Series II, 11.50% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 3 years from the date of allotment.	-	300,000	300,000	600,000
140 (March 31, 2018: 285), Series II, 11.75% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 3 years from the date of allotment.	-	1,400,000	1,400,000	1,450,000
282 (March 31, 2018: 282), Series II, 12% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 4 years from the date of allotment.	2,820,000	2,820,000	-	-
520 (March 31, 2018: 520), Series II, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 5 years from the date of allotment.	5,200,000	5,200,000	-	-
80 (March 31, 2018: 105), Series II, 11.5% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 3 years from the date of allotment.	-	800,000	800,000	250,000
700 (March 31, 2018: 700), Series II, 11.5% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 4 years from the date of allotment.	-	7,000,000	7,000,000	-

Notes to financial statements for the year ended March 31, 2019



Debentures	Non-current portion		Current maturities	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Secured				
3,984 (March 31, 2018: 4,044), Series II, 11.75% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 3 years from the date of allotment.	-	39,840,000	39,840,000	600,000
100 (March 31, 2018: 100), Series II, 11.75% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 4 years from the date of allotment.	750,000	1,000,000	250,000	-
270 (March 31, 2018: 270), Series II, 12% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 4 years from the date of allotment.	2,700,000	2,700,000	-	-
805 (March 31, 2018: 805), Series II, 12% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 5 years from the date of allotment.	8,050,000	8,050,000	-	-
1,300 (March 31, 2018: 1,300), Series II, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was May 31, 2013. Put option is available after 5 years from the date of allotment.	13,000,000	13,000,000	-	-
500 (March 31, 2018: 500), Series IV, 11.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 2 years from the date of allotment.	-	5,000,000	5,000,000	-
205 (March 31, 2018: 205), Series IV, 11.75% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 5 years from the date of allotment.	2,050,000	2,050,000	-	-
50 (March 31, 2018: 50), Series IV, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 7 years from the date of allotment.	500,000	500,000	-	-
50 (March 31, 2018: 50), Series IV, 11.5% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 5 years from the date of allotment.	500,000	500,000	-	-



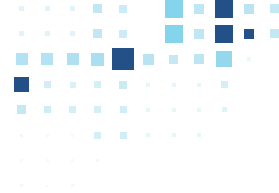
Notes to financial statements for the year ended March 31, 2019



Debentures	Non-current portion		Current maturities	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Secured				
485 (March 31, 2018: 485), Series IV, 11.75% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 5 years from the date of allotment.	4,850,000	4,850,000	-	-
550 (March 31, 2018: 550), Series IV, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 7 years from the date of allotment.	5,500,000	5,500,000	-	-
200 (March 31, 2018: 200), Series V, 11.00% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 2 years from the date of allotment.	-	2,000,000	2,000,000	-
415 (March 31, 2018: 415), Series V, 11.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 2 years from the date of allotment.	-	4,150,000	4,150,000	-
250 (March 31, 2018: 250), Series V, 11.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 5 years from the date of allotment.	2,500,000	2,500,000	-	-
320 (March 31, 2018: 320), Series V, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 7 years from the date of allotment.	3,200,000	3,200,000	-	-
55 (March 31, 2018: 55), Series V, 11.00% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 2 years from the date of allotment.	-	550,000	550,000	-
135 (March 31, 2018: 135), Series V, 11.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 2 years from the date of allotment.	-	1,350,000	1,350,000	-



Notes to financial statements for the year ended March 31, 2019



Debentures	Non-current portion		Current maturities	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Secured				
600 (March 31, 2018: 600), Series V, 11.75% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 5 years from the date of allotment.	6,000,000	6,000,000	-	-
35 (March 31, 2018: 35), Series V, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 7 years from the date of allotment.	350,000	350,000	-	-
2,921 (March 31, 2018: 4,273), Series I, 11.00% - 12.25% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 4, 2014.	29,210,000	29,210,000	-	13,520,000
18,227 (March 31, 2018: 20,727), Series I, 11.00% - 12.25% Secured, Listed, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 4, 2014.	182,270,000	182,270,000	-	25,000,000
3,880 (March 31, 2018: Nil), Series VI, 10.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 15 months from the date of allotment.	38,800,000	-	-	-
3,360 (March 31, 2018: Nil), 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.	33,600,000	-	-	-
1,910 (March 31, 2018: Nil), 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.	19,100,000	-	-	-
1,950 (March 31, 2018: Nil), Series VI, 10.40% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 15 months from the date of allotment.	19,500,000	-	-	-
2,550 (March 31, 2018: Nil), 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.	25,500,000	-	-	-

Notes to financial statements for the year ended March 31, 2019

	Non-current portion		Current maturities	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Debentures-Secured				
2,690 (March 31, 2018: Nil), 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.	26,900,000	-	-	-
Term Loans				
Indian rupee loan from banks (secured)	997,133,835	295,040,250	957,962,527	344,222,727
Indian rupee loan from financial institutions (secured)	972,431,710	666,814,180	1,889,900,324	848,076,855
Indian rupee loan from others (secured)	-	-	-	3,700,000
	2,602,975,545	1,530,314,430	2,946,312,851	1,254,759,582
The above amount includes				
Secured borrowings	2,416,065,545	1,343,404,430	2,496,312,851	1,251,059,582
Unsecured borrowings	186,910,000	186,910,000	-	3,700,000
Amount disclosed under the head "other current liabilities"	-	-	(2,496,312,851)	(1,254,759,582)
Net amount	2,602,975,545	1,530,314,430	-	-

Notes:

1. As per the terms of issue of Secured, Redeemable, Non Convertible Debentures the security offered by the Company is the 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) equivalent to 1.25 times of the outstanding amount against series I and II of Non-convertible Debentures.

2. As per the terms of issue of Secured, Redeemable, Non Convertible Debentures the security offered by the Company is the 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) equivalent to 1.00 time of the outstanding amount against series IV, V and VI of Non-convertible Debentures.

Notes to financial statements for the year ended March 31, 2019

3. As per the terms of issue of Listed, Secured, Redeemable, Non Convertible Debentures the security offered by the Company is the hypothecation of all specific and identifiable current assets, book debts, receivables (both present and future) equivalent to 1.10 times of the outstanding amount against Public Issue of Non-convertible Debentures. The aforementioned Non convertible Debentures are freely tradable and listed on the Bombay Stock Exchange Limited.

4. Nature of Security for Term Loans

	As at March 31, 2019	As at March 31, 2018
a. Loans secured by hypothecation (exclusive charge) of MFI loans and margin money deposits	1,551,055,511	1,709,342,113
b. Loans secured by hypothecation (exclusive charge) of MFI loans	3,264,926,960	883,765,919
c. Loans secured by fixed assets (Car Loan)	1,445,925	1,355,982
Total Outstanding	4,817,428,396	2,594,464,014

5. The Terms of the repayment of term loans and other loans have been stated in the note (a) and out of the total secured term loans of Rs.4,81,74,28,396 (March 31, 2018: Rs.2,59,44,64,014) as shown in the note (a), an amount of Rs. 8,56,80,832 (March 31, 2018: Rs.24,37,90,412) has been guaranteed by the Managing Director, Mr. Amardeep Singh Samra in his personal capacity.

5. Long-term borrowings (Contd.)

Terms of repayment of long-term borrowings (secured term loans) as on March 31, 2019

Repayment Frequency	Interest Rate (Range)	Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due within 5 to 7 years		Grand Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly Repayment	6% to 9%	24	18,703,641	41	28,196,684	-	-	-	-	46,900,325
	9.01% to 12%	71	270,845,487	46	134,360,692	12	15,594,858	-	-	420,801,037
	12.01% to 15%	726	2,211,813,723	390	1,295,469,817	-	-	-	-	3,507,283,540
Total (A)			2,501,362,851		1,458,027,193		15,594,858			3,974,984,902
Quarterly Repayment	6% to 9%	-	-	-	-	-	-	-	-	-
	9.01% to 12%	4	50,000,000	-	-	-	-	-	-	50,000,000
	12.01% to 15%	16	137,500,000	18	125,000,000	8	37,443,494	-	-	299,943,494
Total (B)			187,500,000		125,000,000		37,443,494			349,943,494
Half Yearly Repayment	6% to 9%	-	-	-	-	-	-	-	-	-
	9.01% to 12%	4	159,000,000	4	285,500,000	4	42,400,000	1	5,600,000	492,500,000
	12.01% to 15%	-	-	-	-	-	-	-	-	-
Total (C)			159,000,000		285,500,000		42,400,000		5,600,000	492,500,000
Grand Total (A + B + C)			2,847,862,851		1,868,527,193		95,438,352		5,600,000	4,817,428,396

Terms of repayment of long-term borrowings (secured term loans) as on March 31, 2018

Repayment Frequency	Interest Rate (Range)	Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due within 5 to 7 years		Grand Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Monthly Repayment	9.01% to 12% 12.01% to 15%	19 375	68,022,649 1,054,332,818	21 257	116,718,538 795,136,179	- -	- -	- -	- -	181,741,187 1,849,468,998
Total (A)			1,122,355,467		911,854,717		-			2,043,210,185
Quarterly Repayment	9.01% to 12% 12.01% to 15%	4 2	50,000,000 19,944,115	4 -	49,999,713 -	- -	- -	- -	- -	99,999,713 19,944,115
Total (B)			69,944,115		49,999,713		-			119,943,828

Terms of repayment of long-term borrowings (unsecured term loans) as on March 31, 2018

Original maturity of loan	Interest Rate (Range)	Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due within 5 to 7 years		Grand Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Bullet Repayment	12.01% to 15%	1	3,700,000	-	-	-	-	-	-	3,700,000
Total (C)			3,700,000		961,854,430		-			3,700,000
Grand Total (A + B + C)			1,195,999,582		961,854,430		-			2,157,854,013

Terms of repayment of long-term borrowings (non convertible debentures) as on March 31, 2019

Nature	Terms of Interest Payment	Series no.	Interest range	Due within 1 year	Due within 1 to 3 years	Due within 3 to 5 years	Due within 5 to 7 years	Grand Total
Debentures- Secured and Listed	Q uarterly Payment C ompounded Q uarterly	- -	11.50% - 12.25% 11.50% - 12.25%	- -	19,940,000 113,590,000	9,270,000 68,680,000		29,210,000 182,270,000
Total (A)					133,530,000	77,950,000		211,480,000
Debentures- Secured and Unlisted	Q uarterly Payment Q uarterly Payment Q uarterly Payment Q uarterly Payment Q uarterly Payment C ompounded Q uarterly C ompounded Q uarterly C ompounded Q uarterly C ompounded Q uarterly C ompounded Q uarterly	I II IV V VI I II IV V VI	11.50% - 12.00% 11.50% - 12.25% 11.25% - 12.25% 11.00% - 12.25% 10.25% - 10.80% 11.60% - 12.10% 11.50% - 12.25% 11.50% - 12.25% 11.00% - 12.25% 10.40% - 10.85%	14,770,000 1,700,000 5,000,000 6,150,000 - 21,040,000 47,890,000 - 1,900,000 -	- 600,000 2,050,000 2,050,000 - 4,750,000 3,450,000 5,350,000 6,000,000 -	1,070,000 7,420,000 - - 38,800,000 7,830,000 21,050,000 - 19,500,000	- - 500,000 3,200,000 52,700,000 - - 5,500,000 350,000 52,400,000	15,840,000 9,720,000 7,550,000 11,850,000 91,500,000 33,620,000 72,390,000 10,850,000 8,250,000 71,900,000
Total (B)					24,700,000	95,670,000	114,650,000	333,470,000
Debentures- Secured and Unlisted	Q uarterly Payment Q uarterly Payment Q uarterly Payment C ompounded Q uarterly C ompounded Q uarterly	I II III I III	11.00% 12.00% 11.00% - 11.25% 11.10% 11.00% - 11.25%	- - - - -	20,170,000 30,000,000 - 16,740,000 -	- - 50,180,000 - 48,970,000	- - 7,200,000 - 13,650,000	20,170,000 30,000,000 57,380,000 16,740,000 62,620,000
Total (C)					66,910,000	99,150,000	20,850,000	186,910,000
Grand Total (A + B + C)				98,450,000	225,140,000	272,770,000	135,500,000	731,860,000

Terms of repayment of long-term borrowings (non convertible debentures) as on March 31, 2018

Nature	Terms of Interest Payment	Series no.	Interest range	Due within 1 year	Due within 1 to 3 years	Due within 3 to 5 years	Due within 5 to 7 years	Grand Total
Debentures- Secured and Listed	Quarterly Payment Compounded Quarterly	-	11.00% - 12.25%	13,520,000	-	19,940,000	9,270,000	42,730,000
		-	11.00% - 12.25%	25,000,000	-	111,190,000	71,080,000	207,270,000
Total (A)				38,520,000	-	131,130,000	80,350,000	250,000,000
Debentures- Secured and Unlisted	Quarterly Payment	I	11.00% - 12.00%	400,000	8,790,000	-	7,050,000	16,240,000
	Quarterly Payment	II	11.25% - 12.25%	2,050,000	1,700,000	600,000	7,420,000	11,770,000
	Quarterly Payment	IV	11.25% - 12.25%	-	5,000,000	2,050,000	500,000	7,550,000
	Quarterly Payment	V	11.00% - 12.25%	-	6,150,000	2,500,000	3,200,000	11,850,000
	Compounded Quarterly	I	11.10% - 12.10%	16,940,000	21,040,000	4,750,000	7,830,000	50,560,000
	Compounded Quarterly	II	11.50% - 12.25%	850,000	51,340,000	9,100,000	11,950,000	73,240,000
	Compounded Quarterly	IV	11.50% - 12.25%	-	-	5,350,000	5,500,000	10,850,000
	Compounded Quarterly	V	11.50% - 12.25%	-	1,900,000	6,000,000	350,000	8,250,000
Total (B)				20,240,000	95,920,000	30,350,000	43,800,000	190,310,000
Debentures- Unsecured and Unlisted	Quarterly Payment	I	11.00%	-	20,170,000	-	-	20,170,000
	Quarterly Payment	II	11.00%	-	-	30,000,000	-	30,000,000
	Quarterly Payment	III	11.00% - 11.25%	-	-	50,180,000	7,200,000	57,380,000
	Compounded Quarterly	I	11.10%	-	-	16,740,000	-	16,740,000
	Compounded Quarterly	III	11.00% - 11.25%	-	-	48,970,000	13,650,000	62,620,000
Total (C)					20,170,000	145,890,000	20,850,000	186,910,000
Grand Total (A + B + C)				58,760,000	116,090,000	307,370,000	145,000,000	627,220,000

Notes to financial statements for the year ended March 31, 2019

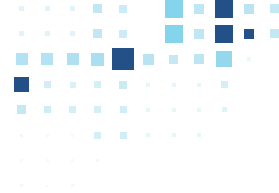
6. Provisions

	Long-term		Short-term	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Provisions for employee benefits				
Provision for gratuity	5,983,818	3,592,470	65,888	133,869
Provision for leave benefits	4,643,628	2,803,748	169,479	142,003
	10,627,446	6,396,218	235,367	275,872
Other provisions				
Contingent provision against standard assets	4,220,596	17,738	23,050,390	5,217,669
Provision for non-performing assets	23,611,880	26,829,863	-	-
	27,832,476	26,847,601	23,050,390	5,217,669
	38,459,922	33,243,819	23,285,757	5,493,541

7. Other liabilities

	Long-term		Short-term	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Trade Payables				
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	8,197,284	1,813,245
	-	-	8,197,284	1,813,245
Other liabilities				
Current maturities of long-term borrowings (refer note 5)	-	-	2,946,312,851	1,254,759,582
Employee benefits payable	-	-	8,567,750	5,961,658
Interest accrued but not due on borrowings	223,968,622	241,313,717	96,329,092	11,506,014
Interest accrued and due on borrowings	-	-	329,218	10,575
Unpaid dividend	-	-	9,000	20,700
Statutory dues payable	-	-	-	-
TDS payable	-	-	7,217,947	3,936,604
Other statutory dues payable	-	-	4,848,932	3,116,743
Loans pending disbursement	-	-	169,801,000	49,381,151
Provision for expenses	-	-	8,824,924	3,904,316
Payable towards securitisation transactions	-	-	128,658,316	31,294,943
Security received against Inter Corporate Loans*	-	-	1,522,414	-
Others	-	-	2,526,755	200,574

Notes to financial statements for the year ended March 31, 2019



	223,968,622	241,313,717	3,374,948,199	1,364,092,860
	223,968,622	241,313,717	3,383,145,483	1,365,906,105

* Represents security received against Inter Corporate Loans and carries interest rate of 6 percent.

8.1 Property, Plant and Equipment

Gross Block	Furniture and fixtures	Computers	Electric Implants	Leasehold Improvements	Vehicles	Total
At April 1, 2017	9,760,956	20,171,857	8,051,439	12,691,490	6,641,396	57,317,138
Additions	5,528,633	10,831,322	2,917,545	10,629,896	62,665	29,970,061
Disposals	-	-	(6,372)	-	-	(6,372)
At March 31, 2018	15,289,589	31,003,179	10,962,612	23,321,386	6,704,061	87,280,827
Additions	5,229,630	6,689,839	4,415,327	94,444	1,737,341	18,166,581
Disposals	(13,515)	-	-	-	-	(13,515)
At March 31, 2019	20,505,704	37,693,018	15,377,939	23,415,830	8,441,402	105,433,893
Depreciation						
At April 1, 2017	2,101,253	8,870,466	991,405	435,877	1,174,646	13,573,647
Charge for the year	1,263,281	6,444,490	976,602	2,644,116	846,823	12,175,312
Disposals	-	-	-	-	-	-
At March 31, 2018	3,364,534	15,314,956	1,968,007	3,079,993	2,021,469	25,748,959
Charge for the year	1,762,504	8,137,557	1,347,399	2,857,953	941,143	15,046,556
Disposals	(6,259)	-	-	-	-	(6,259)
At March 31, 2019	5,120,779	23,452,513	3,315,406	5,937,946	2,962,612	40,789,256
Impairment loss						
At April 1, 2017	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At March 31, 2018	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At March 31, 2019	-	-	-	-	-	-
Net Block						
At March 31, 2018	11,925,055	15,688,223	8,994,605	20,241,393	4,682,592	61,531,868
At March 31, 2019	15,384,925	14,240,505	12,062,533	17,477,884	5,478,790	64,644,637

Notes to financial statements for the year ended March 31, 2019

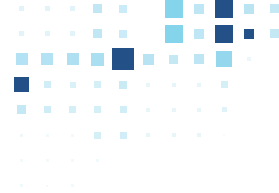
8.2 Intangible assets

Gross Block	Software	Licenses	Total
At April 1, 2017	393,770	3,457,505	3,851,275
Additions	3,346,875	2,864,432	6,211,307
Write offs	-	-	-
At March 31, 2018	3,740,645	6,321,937	10,062,582
Additions	1,694,346	1,840,000	3,543,346
Write offs	-	-	-
At March 31, 2019	5,434,991	8,161,937	13,596,928
Ammortisation			
At April 1, 2017	299,064	596,177	895,241
Charge for the year	517,047	657,921	1,174,968
Reversal for the year	-	-	-
At March 31, 2018	816,111	1,254,098	2,070,209
Charge for the year	571,864	1,147,235	1,719,099
At March 31, 2019	1,387,975	2,401,333	3,789,308
Net Block			
At March 31, 2018	2,924,534	5,067,839	7,992,373
At March 31, 2019	4,047,016	5,760,604	9,807,620

9. Deferred tax asset (net)

Deferred tax liability	31-Mar-19	31-Mar-18
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	(1,420,527)	(1,802,987)
Gross deferred tax liability	(1,420,527)	(1,802,987)
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	3,163,251	1,838,328
Impact of provision for standard and non performing assets	15,124,259	8,834,784
Deferred tax asset	18,287,510	10,673,112
Deferred tax asset (net)	16,866,983	8,870,125

Notes to financial statements for the year ended March 31, 2019



10. Loans and advances

	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
A. MFI Loans				
Joint liability group loans				
Unsecured, considered good*	392,188,090	1,713,613	4,466,824,875	3,135,038,806
Unsecured, considered doubtful**	25,894,593	26,896,175	-	-
	418,082,683	28,609,788	4,466,824,875	3,135,038,806
Individual loans				
Unsecured, considered good*	29,871,491	60,139	37,839,922	39,681
Unsecured, considered doubtful**	-	-	-	-
	29,871,491	60,139	37,839,922	39,681
Other loans				
Unsecured, considered good*	-	-	10,914,441	5,148,500
Unsecured, considered doubtful**	-	-	-	-
	-	-	10,914,441	5,148,500
	447,954,174	28,669,927	4,515,579,238	3,140,227,167
Joint liability group loans placed as collateral towards securitisation transaction (refer note 32 (d))				
Unsecured, considered good*	-	-	115,545,238	33,465,504
Unsecured, considered doubtful**	-	-	-	-
	-	-	115,545,238	33,465,504
(A)	447,954,174	28,669,927	4,631,124,476	3,173,692,671

* Represents standard assets in accordance with Company's asset classification policy (refer note 2.1 (q) & 28)

** Represents non-performing assets in accordance with Company's asset classification policy (refer note 2.1 (q) & 28)

B. Security deposits				
Unsecured, considered good	-	-	7,155,502	4,249,990
(B)	-	-	7,155,502	4,249,990

C. Other loans and advances				
Secured, considered good	-	50,000,000	23,020,000	100,520,000
	-	50,000,000	23,020,000	100,520,000

Notes to financial statements for the year ended March 31, 2019

10. Loans and advances

	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Unsecured, considered good				
Advance income tax (net of provision for taxation)	-	-	24,918,320	14,510,809
Prepaid expenses	-	-	7,176,927	4,914,823
Loans to employees	-	-	4,946,285	3,702,916
Balance with statutory/government authorities	-	-	943,116	593,400
Others	-	-	5,978,031	4,222,711
	-	-	43,962,679	27,944,659
Unsecured, considered doubtful				
Provision for other doubtful debts	-	-	2,136,224	-
	-	-	(1,054,835)	-
	-	-	1,081,389	-
(C)	-	50,000,000	68,064,068	128,464,659
Total (A + B + C)	447,954,174	78,669,927	4,706,344,406	3,306,407,320

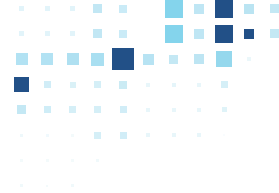
11. Other assets

	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Non-current bank balances (refer note 14)	177,550,760	39,334,564	-	-
Interest accrued but not due on MFI loans	-	-	29,499,236	20,398,593
Interest accrued and due on loans other than MFI loans	-	-	1,039,955	349,764
Interest accrued but not due on deposits placed with banks	4,973,353	2,617,744	9,725,800	4,555,215
Others considered good	-	-	1,049,667	4,646,761
	182,524,113	41,952,308	41,314,658	29,950,333

12. Current investments

	Current	
	31-Mar-19	31-Mar-18
Quoted mutual funds		
10,971.803 (31 March 2018: Nil) units of Rs. 10 each fully paid-up of Reliance Liquid Fund - Growth Plan - Growth Option	50,000,000	-
Nil (31 March 2018: 6,84,708.742) units of Rs. 10 each fully paid-up of ICICI Prudential Regular Income Fund - Growth	-	12,000,000
	50,000,000	12,000,000

Notes to financial statements for the year ended March 31, 2019



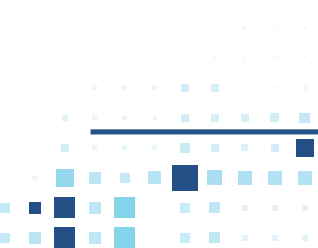
13. Trade receivables

	Current	
	31-Mar-19	31-Mar-18
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	4,583,077	889,792
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
	4,583,077	889,792

14. Cash and bank balances

	Non-current		Current	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Cash and cash equivalents				
Balances with banks				
On current accounts	-	-	505,342,074	261,547,255
Deposits with original maturity of less than three months	-	-	1,364,000,000	25,818,927
Cheques/drafts on hand	-	-	737,557	548,563
Cash on hand	-	-	9,280,734	5,457,277
	-	-	1,879,360,365	293,372,022
Other bank balances				
Deposits with original maturity of more than three months				
Margin money deposit (refer note (a) below)	177,550,760	39,334,564	73,563,134	47,450,000
	177,550,760	39,334,564	73,563,134	47,450,000
Amount disclosed under other non-current assets (refer note 11)	(177,550,760)	(39,334,564)	-	-
	-	-	1,952,923,499	340,822,022

Note (a): Represent margin money deposits placed to avail term loans from banks, financial institutions and placed as cash collateral in connection with securitisation / managed loans transactions.



Notes to financial statements for the year ended March 31, 2019

15. Revenue from operations

	31-Mar-19	31-Mar-18
Interest income on MFI loans	929,570,042	461,593,314
Excess Interest Spread on Securitisation	39,696,789	8,683,156
Interest on loans other than MFI loans	23,174,826	370,998
Other operating revenue		
Loan processing fees	83,225,579	53,510,684
Interest on fixed deposits as margin money deposits*	9,896,219	6,198,986
	1,085,563,455	530,357,138

*Represent margin money deposits placed to avail term loans from banks, financial institutions and placed as cash collateral in connection with securitisation /managed loans transactions.

16. Other income

	31-Mar-19	31-Mar-18
Interest on fixed deposits	12,549,458	6,058,322
Other fee income	13,191,559	4,078,298
Profit on sale of mutual fund units	21,933,047	26,681,078
Miscellaneous income	143,774	199,008
	47,817,838	37,646,706

17. Employee benefit expenses

	31-Mar-19	31-Mar-18
Salaries and bonus /incentives	239,893,038	140,713,948
Leave benefits (refer note 27)	1,902,906	337,935
Contribution to Provident and Other Funds	11,622,851	7,928,331
Contribution to Employee State Insurance Corporation	6,676,486	3,913,230
Gratuity expenses (refer note 27)	2,692,439	1,438,647
Staff welfare expenses	10,387,157	7,105,088
	273,174,877	161,437,179

18. Finance costs

	31-Mar-19	31-Mar-18
Interest		
On term loans from banks	110,428,031	68,683,573
On term loans from financial institutions	274,992,637	92,016,119
On debentures	110,759,452	96,410,721
On inter corporate loans	686,649	602,878
On others	1,219,689	1,676,688
Bank charges	2,180,539	1,544,759
Other finance costs (including brokerage)	43,640,719	15,865,381
	543,907,716	276,800,119

Notes to financial statements for the year ended March 31, 2019

19. Depreciation and amortisation expense

	31-Mar-19	31-Mar-18
Depreciation on property, plant and equipment (refer note 8)	15,046,556	12,175,311
Amortisation of intangible assets (refer note 8)	1,719,099	1,174,968
	16,765,655	13,350,279

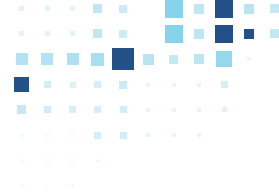
20. Provisions and write-offs

	31-Mar-19	31-Mar-18
Contingent provision against standard assets (refer note 28)	22,035,578	(16,735,736)
Provision for Non-Performing Assets	(3,217,983)	26,829,863
Provision for Other Doubtful Debts	1,054,835	-
	19,872,430	10,094,127

21. Other expenses

	31-Mar-19	31-Mar-18
Rent	28,501,506	18,736,516
Rates and taxes	14,299,927	9,325,083
Insurance	5,878,336	3,782,653
Training Expenses	1,841,994	1,634,500
Business Promotion	3,481,944	3,690,290
Repairing and maintenance		
Buildings	3,974,304	3,140,351
Others	6,370,734	4,474,582
Electricity charges	5,239,201	3,470,938
Traveling and conveyance	36,481,166	20,956,547
Communication expenses	11,314,469	6,386,918
Printing and stationery	7,438,990	5,137,660
Legal and professional fees	6,520,655	4,573,365
Credit information service charges	2,151,279	1,267,482
Directors' sitting fees	237,000	217,000
Auditors' remuneration (refer note A below)	1,744,564	1,255,785
Miscellaneous expenses	7,565,432	2,265,449
	143,041,501	90,315,119
A. Payment to auditors		
As Auditor:		
Audit fee	1,310,000	950,000
Limited review	330,000	200,000
In other capacity:		
Other services (certification fees)	80,000	50,000
Reimbursement of expenses	24,564	55,785
	1,744,564	1,255,785

Notes to financial statements for the year ended March 31, 2019



22. Earnings per share (EPS)

	31-Mar-19	31-Mar-18
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit/(loss) after tax	104,604,680	11,786,361
Less: Preference dividend and tax thereon	4,998,072	3,766,504
Net profit/(loss) for calculation of basic EPS	99,606,608	8,019,857
Net profit as above	99,606,608	8,019,858
Add: Preference dividend on OCPS & tax thereon	2,169,995	2,169,995
Net profit for calculation of diluted EPS	101,776,603	10,189,853
	No. of shares	No. of shares
Weighted average number of equity shares in calculating basic EPS	21,128,840	18,711,500
Effect of dilution:		
Optionally Convertible Preference Shares	2,000,000	2,000,000
Weighted average number of equity shares in calculating diluted EPS	23,128,840	20,711,500
Basic EPS	4.71	0.43
Diluted EPS	4.40	0.43

23. Segment Information

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The Company operates in a single geographical segment i.e. domestic.

24. Related Parties

a. Related parties under AS 18 with whom transactions have taken place during the year

Key Management Personnel

Mr. Amardeep Singh Samra - Managing Director

Mr. Amitesh Kumar - Chief Financial Officer and Executive Vice President

Ms. Sharon Arora - Company Secretary & Compliance Officer (w.e.f. May 25, 2018)

Ms. Sonia Dua - Company Secretary & Compliance Officer (resigned w.e.f. May 25, 2018)

Relative of Key Management Personnel

Mr. Amarjit Singh Samra - Father of Mr. Amardeep Singh Samra

Mr. Sarvjit Singh Samra - Brother of Mr. Amardeep Singh Samra

Mrs. Surinder Kaur Samra - Mother of Mr. Amardeep Singh Samra

Mrs. Gagan Samra - Wife of Mr. Amardeep Singh Samra

Mrs. Lata Kumari - Wife of Mr. Amitesh Kumar

Notes to financial statements for the year ended March 31, 2019

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

Kitara PIIN 1501

b. Transactions with Related Parties

i. Remuneration (including employer's contribution to PF)

Name of Party	Year ended	
	March 31, 2019	March 31, 2018
Paid during the year		
Amardeep Singh Samra	73,85,000	56,79,165
Amitesh Kumar	38,27,024	25,62,560
Sharon Arora	3,78,903	-
Sonia Dua	-	4,34,196

As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

ii. Expenses

Name of Party	Rent		Reimbursement		Professional Fee	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Paid during the year						
Amardeep Singh Samra	10,97,957	10,45,675	14,77,763	38,27,024	-	-
Surinder Kaur Samra	1,03,364	98,440	-	-	-	-
Amarjit Singh Samra	1,03,364	98,440	-	-	-	-
Sarvjit Singh Samra	10,97,957	10,45,675	-	-	-	-
Amitesh Kumar	-	-	10,03,826	5,73,644	-	-
Lata Kumari	-	-	-	-	8,09,988	3,13,680

iii. Sitting Fees

Name of Party	Year ended	
	March 31, 2019	March 31, 2018
Paid during the year		
Amardeep Singh Samra	38,000	32,000

Notes to financial statements for the year ended March 31, 2019

iv. Loans given and repayment thereof

Name of Party	Year ended	
	March 31, 2019	March 31, 2018
Loans & advances given during the year		
Amitesh Kumar	-	33,832
Loans & advances outstanding		
Amitesh Kumar	5,66,332	5,66,332

v. Issue of Equity Shares (including Share premium)

Name of Party	Year ended (Amount in Rs.)	
	March 31, 2019	March 31, 2018
Issued during the year		
Amardeep Singh Samra	70,67,500	-
Gagan Samra	50,83,300	-
Kitara PIIN 1501	32,15,68,380	-
Amitesh Kumar	5,30,420	-
Amitesh Kumar & Lata Kumari	3,16,080	-
Sharon Arora	20,000	-

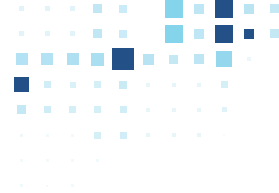
vi. Payment of Dividend

Name of Party	Year ended	
	March 31, 2019	March 31, 2018
Amardeep Singh Samra	-	6,41,718
Gagan Samra	-	2,22,702
Amitesh kumar	-	30,000
Amitesh Kumar & Lata Kumari	-	30,600

25. Capital and other commitments

There were nil amounts of contracts remaining to be executed on capital account which had not been provided for.

Notes to financial statements for the year ended March 31, 2019



26. Contingent liabilities

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

27. Retirement benefits

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs. 20,00,000 as per The Payment of Gratuity Act, 1972.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the Balance Sheet for the gratuity plan.

Statement of profit and loss

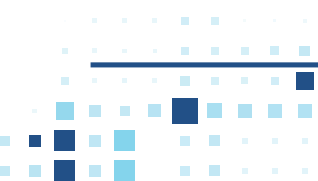
Net employee benefit expense (recognised in employee benefit expense):

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current service cost	27,72,367	16,37,011
Interest cost on benefit obligation	2,90,654	1,78,274
Net actuarial (gain)/loss recognised in the year	(3,70,582)	(3,76,638)
Net employee benefit expense	26,92,439	14,38,647

Balance Sheet

Details of provision for gratuity:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Present value of defined benefit obligation	60,49,706	37,26,339
Fair value of plan assets	-	-
Plan liability	60,49,706	37,26,339



Notes to financial statements for the year ended March 31, 2019

Changes in the present value of the defined benefit obligations are as follows:

Particulars	March 31, 2019	March 31, 2018
Opening defined benefit obligation	37,26,339	24,25,490
Interest cost	2,90,654	1,78,274
Current service cost	27,72,367	16,37,011
Benefits paid	(3,69,072)	(1,37,798)
Actuarial (gains)/losses on obligation	(3,70,582)	(3,76,638)
Closing defined benefit obligation	60,49,706	37,26,339

The principal assumptions used in determining gratuity:

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.66%	7.80%
Salary escalation rate per annum	5.50%	5.50%

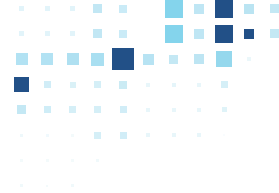
Amounts for the current and previous four years are as follows:

Particulars	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Defined benefit obligation	8,92,423	14,84,890	24,25,490	37,26,339	60,49,706
Plan assets	-	-	-	-	-
Surplus/(deficit)	(8,92,423)	14,84,890	(24,25,490)	(37,26,339)	(60,49,706)
Experience adjustment on plan liabilities	1,37,398	1,28,965	3,89,035	1,09,263	5,00,018
Experience adjustment on plan assets	-	-	-	-	-

Leave Encashment

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the Balance Sheet for the leave encashment plan.

Notes to financial statements for the year ended March 31, 2019



Statement of profit and loss

Net employee benefit expense (recognised in employee benefit expense):

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current service cost	20,15,756	10,61,115
Interest cost on benefit obligation	2,29,769	1,91,674
Past Service Cost	-	-
Net actuarial (gain)/loss recognised in the year	(3,42,619)	(9,14,854)
Net employee benefit expense	19,02,906	3,37,935

Balance Sheet

Details of provision for leave benefit:

Particulars	March 31, 2019	March 31, 2018
Defined benefit obligation	48,13,107	29,45,751
Fair value of plan assets	-	-
Plan liability	48,13,107	29,45,751

Changes in the present value of defined benefit obligations are as follows:

Particulars	March 31, 2019	March 31, 2018
Opening defined benefit obligation	29,45,751	26,07,816
Interest cost	2,29,769	1,91,674
Past service cost	-	-
Current service cost	20,15,756	10,61,115
Benefits paid	35,550	-
Actuarial (gains)/losses on obligation	(3,42,619)	(9,14,854)
Closing defined benefit obligation	48,13,107	29,45,751

Notes to financial statements for the year ended March 31, 2019

The principal assumptions used in determining Leave benefit:

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.66%	7.80%
Salary escalation rate per annum	5.50%	5.50%

Amounts for the current and previous four years are as follows:

Particulars	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Defined benefit obligation	-	13,79,001	26,07,816	29,45,751	48,13,107
Plan assets	-	-	-	-	-
Surplus/(deficit)	-	(13,79,001)	(26,07,816)	(29,45,751)	(48,13,107)
Experience adjustment on plan liabilities	-	(8,81,679)	97,641	6,57,204	4,65,700
Experience adjustment on plan assets	-	-	-	-	-

28. Loan portfolio and provision for standard and non-performing assets as at March 31, 2019:

Asset classification	Loan outstanding (gross)		Provision for standard and non-performing assets			Loan outstanding (net)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018	Provision made during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Standard assets	5,07,62,04,057	3,32,59,86,423	52,35,408	2,20,35,578	2,72,70,986	5,04,89,33,071	3,32,07,51,015
Sub-standard assets	2,58,94,593	2,68,96,175	2,68,29,683	(32,17,983)	2,36,11,880	22,82,713	66,312
Loss assets	-	-	-	-	-	-	-
Total	5,10,20,98,650	3,35,28,82,598	3,20,65,271	1,88,17,595	5,08,82,866	5,05,12,15,784	3,32,08,17,327

Notes to financial statements for the year ended March 31, 2019



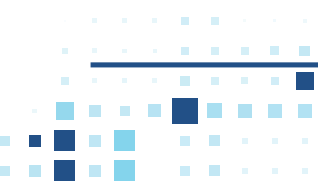
Loan portfolio and provision for standard and non-performing assets as at March 31, 2018:

Asset classification	Loan outstanding (gross)		Provision for standard and non-performing assets			Loan outstanding (net)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017	Provision made during the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Standard assets	3,32,59,86,423	1,13,26,79,394	2,19,71,144	(1,67,35,736)	52,35,408	3,32,07,51,015	1,11,07,08,250
Sub-standard assets	2,68,96,175	-	-	2,68,29,863	2,68,29,863	66,312	-
Loss assets	-	-	-	-	-	-	-
Total	3,35,28,82,598	1,13,26,79,394	2,19,71,144	1,00,94,127	3,20,65,271	3,32,08,17,327	1,11,07,08,250

29. Leases (operating lease)

Office Premises:

Head office and branch office premises are taken on operating lease. The branch office premises are generally rented on cancellable terms ranging from eleven months to one hundred eight months with or without escalation clause. None of the branch lease agreement carries non-cancellable lease periods. The head office premise has been obtained on a lease term of one hundred eight months with an escalation clause of five to ten percent after every twelve months. The rent agreement for head office premise has been renewed on a lease term of nine years with an escalation clause of five percent after every twelve months. There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year are charged to statement of profit and loss.



Notes to financial statements for the year ended March 31, 2019

Description	March 31, 2019	March 31, 2018
Operating lease expenses recognised in the statement of profit and loss	2,85,01,506	1,87,36,516

30. Dues to micro, medium and small enterprises

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

For the year ended March 31, 2019, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

31. Expenditure in foreign currency

The Company has incurred nil expenditure in foreign currency during the current and the previous year.

32. Additional disclosures required by the RBI

As per the NBFC-SI-ND Directions, 2016, with effect from April 1, 2018, the Company has become a Systemically Important NBFC from a Non-Systemically Important NBFC in the previous year. In line with the requirements of the NBFC-SI-ND Directions, 2016, the Company has provided additional disclosures in notes a to z below, except notes a, b, d, o and y which had been provided in the previous year as well. Further, given that the additional disclosures are applicable to the company from the current year, comparative figures for these disclosures have not been disclosed.

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

S. No.	Particulars	March 31, 2019	March 31, 2018
1.	CRAR	23.32%	23.72%
2.	CRAR - Tier I Capital	18.19%	14.27%
3.	CRAR - Tier II Capital	5.13%	9.46%

Notes to financial statements for the year ended March 31, 2019



b. Investments:

(Rs. in Crores)

S. No.	Particulars	March 31, 2019	March 31, 2018
1.	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	5.00	1.20
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	5.00	1.20
	(b) Outside India	-	-
2.	Movements of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less Write-off/write-back of excess	-	-
	(i) Closing balance	-	-

c. Derivatives:

The Company has no transactions /exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on March 31, 2019 (March 31, 2018: Nil).

d. Disclosures relating to securitisation:

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

Notes to financial statements for the year ended March 31, 2019

(Rs in Crores)

Particulars	March 31, 2019	March 31, 2018
Total number of loans securitized (including overcollateralized loans) during the year	95,621	16,289
Total book value of loans securitized during the year	114.81	24.54
Total book value of loans securitized including loans placed as collateral during the year	128.12	27.88
Sale consideration received for loans securitized during the year	114.81	24.54
Excess interest spread recognized in the statement of profit and loss on loans securitized during the year	3.19	0.87
Credit enhancements provided and outstanding (Gross) as at balance sheet date		
Interest subordination	0.00	0.00
Principal subordination	11.55	3.35
Cash Collateral	7.50	1.39

(Rs in Crores)

S. No.	Particulars	March 31, 2019	March 31, 2018
1.	No. of SPVs sponsored by the NBFC for securitisation transactions	4	1
2.	Total amount of securitized assets as per the books of the SPVs sponsored by the NBFC as on date of balance sheet:	62.16	18.89
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		
	- First Loss	19.06	4.74
	- Others		
4.	Amount of exposures to other than MRR:		
	a) Off balance sheet exposures		
	(i) Exposure to own securitisations		
	- First Loss	-	-
	- Others	-	-

Notes to financial statements for the year ended March 31, 2019

(Rs in Crores)

S. No.	Particulars	March 31, 2019	March 31, 2018
	(i) Exposure to third party securitisations		
	- First Loss	-	-
	- Others	-	-
	b) On balance sheet exposures		
	(i) Exposure to own securitisations		
	- First Loss	-	-
	- Others	-	-
	(ii) Exposure to third party securitisations		
	- First Loss	-	-
	- Others	-	-

e. 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.

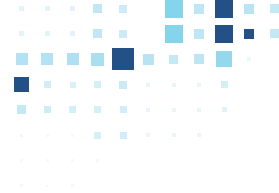
f. Details of assignment transactions undertaken:

The Company has not undertaken any assignment transaction in the current and previous year.

g. Details of non-performing financial assets purchased/sold:

The Company has not purchased /sold non-performing financial assets in the current and previous year.

Notes to financial statements for the year ended March 31, 2019



h. Asset Liability Management:

Maturity pattern of certain Assets and Liabilities as on March 31, 2019:

(Rs. in Crores)

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over month 3 upto 6 months	Over month 6 upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	49.33	48.77	40.86	131.93	194.00	42.72	0.23	-	507.84
Investments	5.00	-	-	-	-	-	-	-	5.00
Borrowings	22.95	24.57	23.35	84.78	138.99	208.74	37.45	14.11	554.93
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

i. Exposures:

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current or previous year.

j. Details of financing of parent company products:

This disclosure is not applicable as the Company does not have any holding / parent company.

k. Details of Single Borrower Limit (SBL) / 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.

l. Unsecured advances:

Refer Note 10 to the financial statements.

Notes to financial statements for the year ended March 31, 2019

m. Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

i. Ministry of Finance (Financial Intelligence Unit)

n. Disclosures 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.

o. Related Party Transactions:

Refer note 24 of Financial Statements for related party transactions disclosure.

p. Ratings assigned by credit rating agencies and migration of ratings during the year:

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed*	Amount	Current Rating*	Current Rating
Bank Loan Rating (Long term facilities)	CARE Ratings	22-Nov-18	210.00	CARE BBB	CARE BBB
Non-Convertible Debentures	CARE Ratings	22-Nov-18	25.00	CARE BBB	CARE BBB
Bank Loan Rating (Long term facilities)	Brickwork Ratings	26-Jul-18	100.00	BWR BBB+	BWR BBB
MFI Grading	Brickwork Ratings	19-Sep-18	N.A.	BWR MF2	BWR MF2
MFI Grading	SMERA	19-Dec-18	N.A.	SMERA M2C1	SMERA M2C1
Securitisation	CARE Ratings	20-Jul-18	12.90	A1 PTC-CARE A(SO) A2 PTC-CARE A-(SO)	-
Securitisation	CARE Ratings	28-Sep-18	30.78	A1 PTC-CARE A(SO) A2 PTC-CARE A-(SO)	-

Notes to financial statements for the year ended March 31, 2019



Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed*	Amount	Current Rating*	Current Rating
Securitisation	CARE Ratings	13-Dec-18	30.69	A1 PTC-CARE A(SO) A2 PTC-CARE BBB+ (SO)	-
Securitisation	CARE Ratings	1-Feb-19	24.95	A1 PTC-ICRA A(SO) A2 PTC-ICRA A-(SO)	-
Securitisation	CARE Ratings	26-Mar-19	15.51	A1 PTC-CARE A(SO) A2 PTC-CARE A-(SO)	-

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

q. Provisions and Contingencies (shown under the head expenditure in statement of Profit and Loss):

(Rs. in Crores)

Particulars	March 31, 2019
Provision made towards Income Tax	4.00
Provision towards NPA	(0.32)
Provision for Standard Assets	2.20
Provision for leave benefits	0.19
Provision for gratuity	0.27
Provision for Other Doubtful Debts	0.11

r. Drawdown from Reserves:

There has been no draw down from reserves during the year ended March 31, 2019 (previous year: Nil) other than those disclosed under note 4.

s. Concentration of Deposits:

The Company has not taken any deposits during the year ended March 31, 2019 (previous year: Nil).

Notes to financial statements for the year ended March 31, 2019



t. Concentration of Advances, Exposures and NPAs:

(Rs. in Crores)

Particulars	March 31, 2019
Concentration of Advances	
Total Advances to twenty largest borrowers	2.47
(%) of Advances to twenty largest borrowers to Total Advances	0.50%
Concentration of Exposures	
Total Advances to twenty largest borrowers	2.47
(%) of Advances to twenty largest borrowers to Total Exposure	0.50%
Concentration of NPAs	
Total Exposure to top four NPA accounts	0.012

u. Sector-wise NPAs:

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

v. Movement of NPAs:

(Rs. in Crores)

S. No.	Particulars	March 31, 2019
1.	Net NPAs to Net Advances (%)	0.05%
2.	Movement of NPAs (Gross)	
	(a) Opening balance	2.69
	(b) Additions during the year	0.61
	(c) Reductions during the year	0.71
	(d) Closing balance	2.59

Notes to financial statements for the year ended March 31, 2019

(Rs. in Crores)

S. No.	Particulars	March 31, 2019
3	Movement of Net NPAs (a) Opening balance (b) Additions during the year (c) Reductions during the year (d) Closing balance	0.01 0.23 0.01 0.23
4	Movement of provisions for NPAs (excluding provisions on standard assets): (a) Opening balance (b) Additions during the year (c) Reductions during the year (d) Closing balance	2.68 0.38 0.70 2.36

w. 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.

x. Disclosure of Customer Complaints:

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

y. Expenditure of Corporate Social Responsibility:

S. No.	Particulars	March 31, 2019	March 31, 2018
(a)	Gross amount required to be spent by the Company during the year	9,16,491	9,27,651
(b)	Amount spent during the year on purposes other than construction/acquisition of any asset	3,00,000	-
(c)	Paid (includes no payment which were provided as on March 31, 2018)	3,00,000	-
	Yet to be paid	-	-

Notes to financial statements for the year ended March 31, 2019

z. Information on instances of fraud:

There are no instances of fraud during the financial year 2018-19 and 2017-18.

33. Information on Net Interest Margin

Particulars	March 31, 2019	March 31, 2018
Average Interest (a)	23.98%	23.62%
Average effective cost of borrowing (b)	14.88%	14.95%
Net Interest Margin (a-b)	9.10%	8.67%

34. Previous year's figures have been regrouped/reclassified where necessary to conform to this year's classification.

As per our report of even date

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

per Amit Kabra
Partner
Membership No: 094533

Date: May 16, 2019
Place: Jalandhar, Punjab

For and on behalf of the Board of Directors of
Midland Micro fin Limited

Amardeep Singh Samra
Managing Director
DIN: 00649442

Amitesh Kumar
Chief Financial Officer

Shant Gupta
Director
DIN: 01571485

Sharon Arora
Company Secretary
Membership No: A38209



Social
Performance
Management

Social Performance Management Report

SOCIAL PERFORMANCE MANAGEMENT

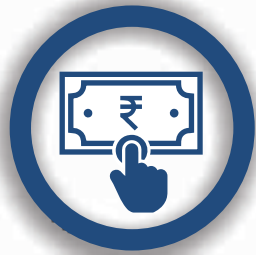
At Midland Micro n Limited (MML), we believe that community enrichment is a key to open the doors of success for every organization. Social performance is the effective translation of an institution's social mission into practice. MML as a responsible corporate institution is committed for uplifting the social and economic culture of the downtrodden by helping them to come out of the clutches of the Shylocks. As a Social Responsible Institution (SRI), we believe that the ultimate development of the country would come, if the lifestyle of such people is transformed. That's what we really did by putting social performance into practice. The activities of MML relates, the way nancial services improve the lives of nancially excluded progressive poor and their families by creating wide range of opportunities for livelihood growth and simultaneously enhancing women empowerment, generating employment, stimulating education to their children, health care, improving sanitation etc.

Our approach to alleviate poverty framed in line with Social Performance Management (SPM) indicators which ensures that we understand our clients' needs accurately and accordingly design products and services that will enable them to transform their future and their communities effectively. The idea was to achieve social goals and find successful solutions for the sustainable development of our clients. In its quest to make a difference in quality of lives of our clients, MML has offered customized loans to facilitate clients' access to safe water and sanitation facilities, clean energy and better mobility in addition to the business loans. For senior management, the approach has helped in improving measures towards client retention after careful consideration of client satisfaction and drop out studies conducted from time to time.

Beyond micro credits, MML provides a combination of nancial and non- nancial products to the bottom of the pyramid, with a focus on credit life insurance, business development services, training, research and advocacy, networking, community health, education, disaster management, rehabilitation and natural resource management. Non- nancial services which are mainly community engagement services are provided through the associate entities of MML namely Midland Foundation.

Additionally, Midland Foundation has organized various awareness camps in various branches of our area of operations to make MML Members aware about the safe environment, significance of education in children's life, gender equality, women empowerment, nancial literacy and health care.

Midland Micro n Social Goals



99% Increased access to financial services declared as primary goal

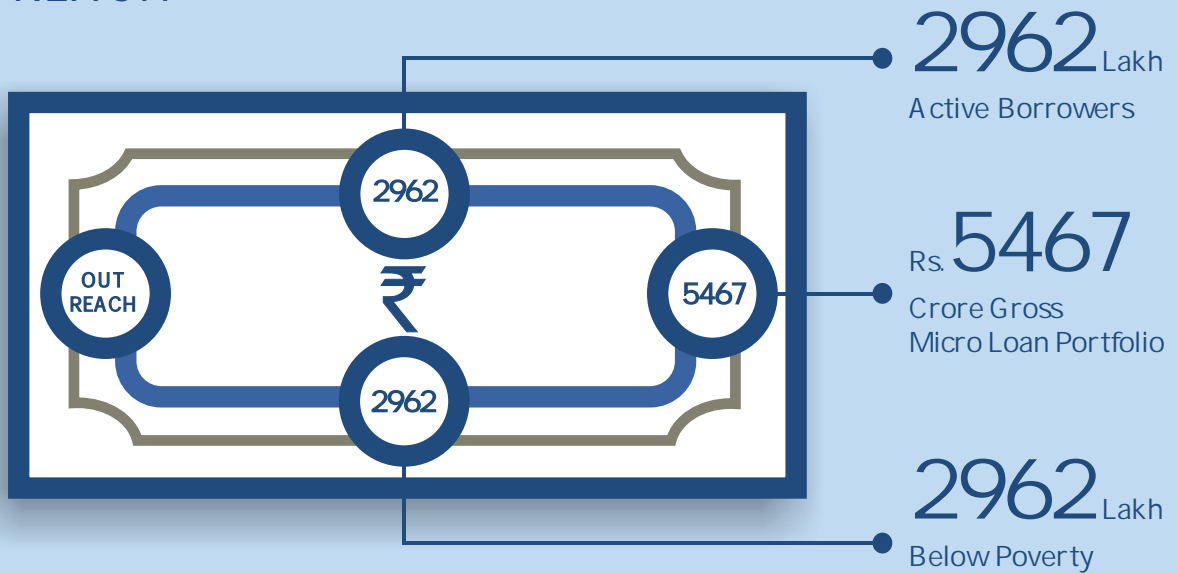


100% MFIs target rural clients



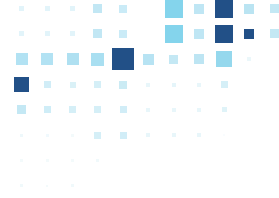
100% MFIs target women

OUTREACH



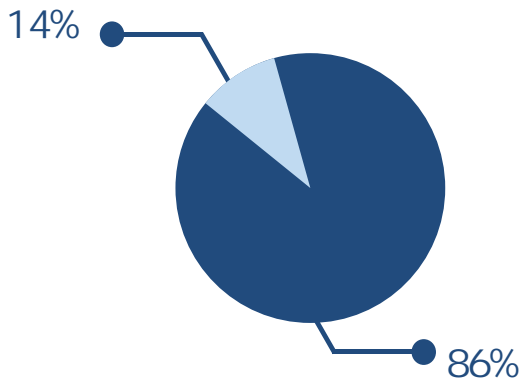
OUTCOME



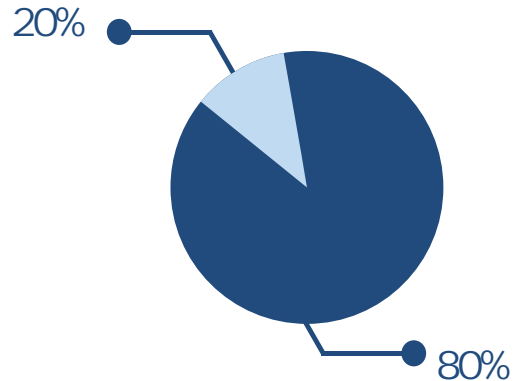


STAFF GENDER DISTRIBUTION

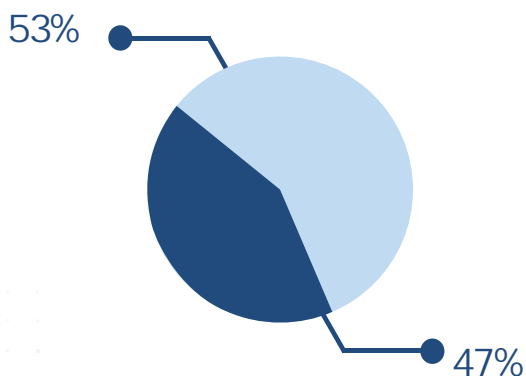
Board



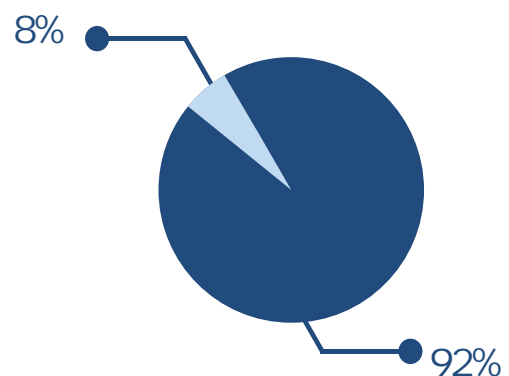
Management

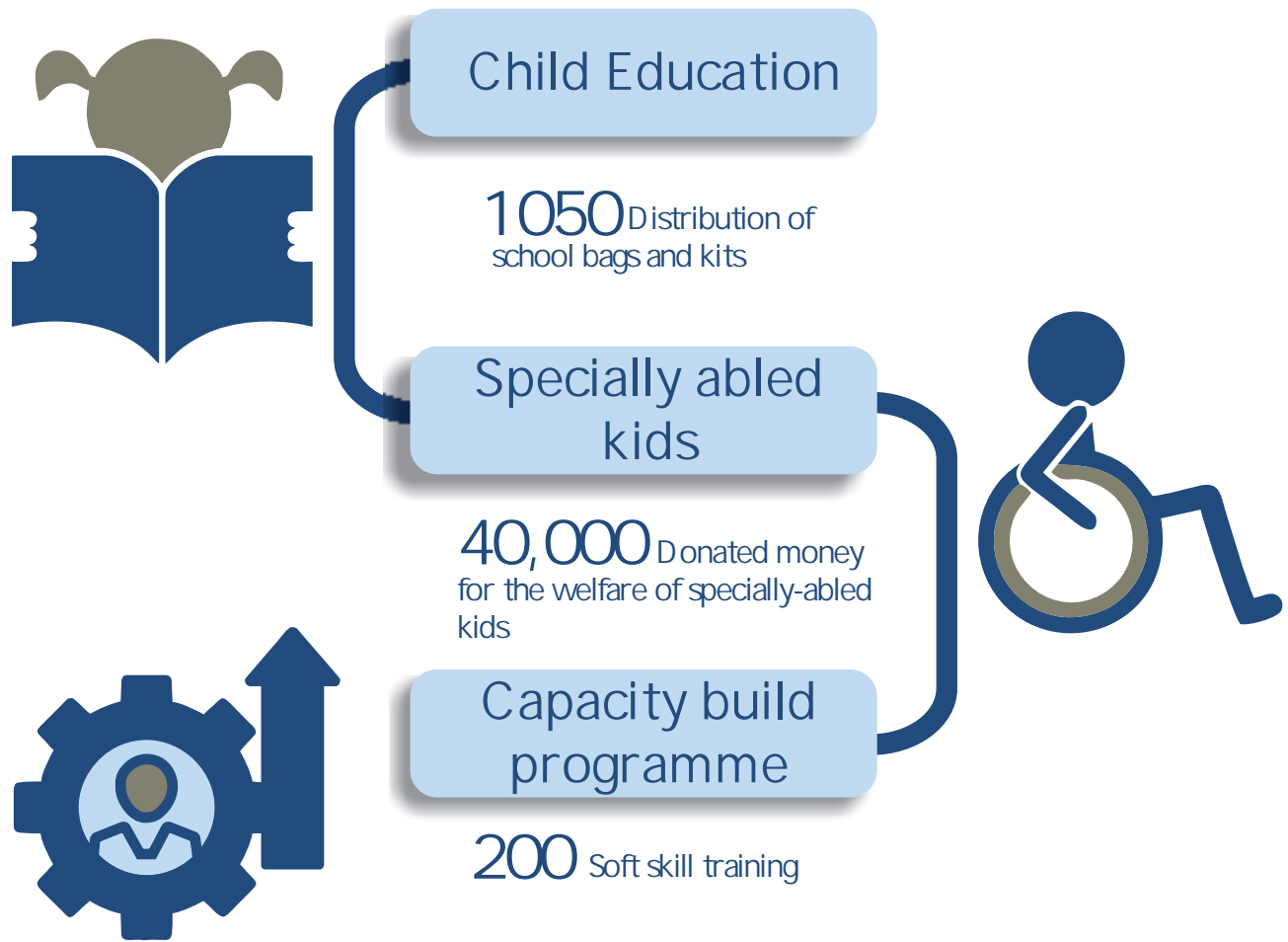


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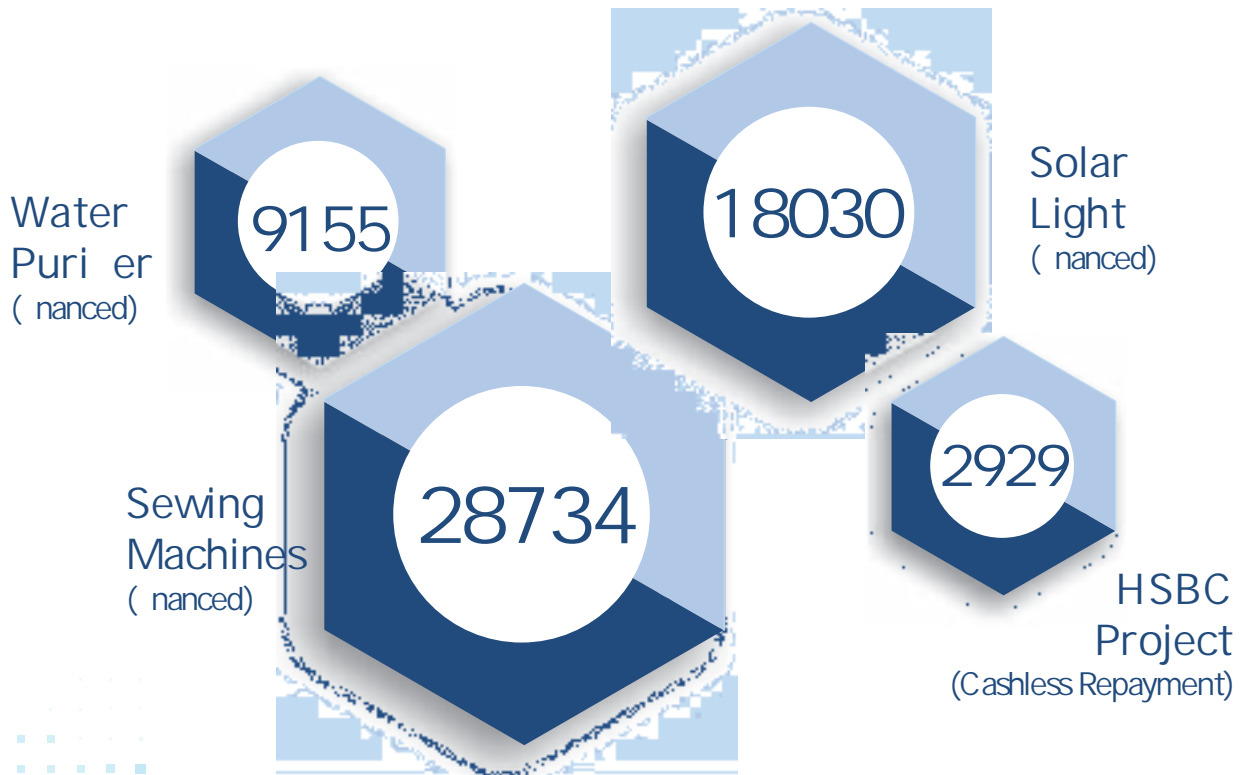


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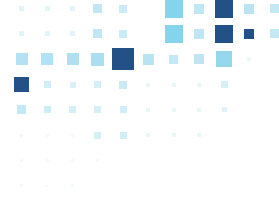




NON-FINANCIAL PRODUCTS AND SERVICES



Social Performance Management Report



Promotion of Girl child Education

Education is very important for every child whether boy or girl. It has been observed that some communities are still against the girl child education. However, girl's education is the need of the hour. Without educating the girls of the country, no nation can hope for its development. Hence, MML emphasizes to make education accessible to every child, irrespective of gender and social category. MML organizes education awareness camps in various operational areas to make individuals aware about the importance of education in child's life. Thus, MML provides a social framework that promotes a child for obtaining education of reasonable quality. Midland Foundation has distributed more than 1000 School bags and Educational kits in our areas of operations to those customers who have enrolled their girl child in school but are not capable of providing various assistance to them.

Environmental Development

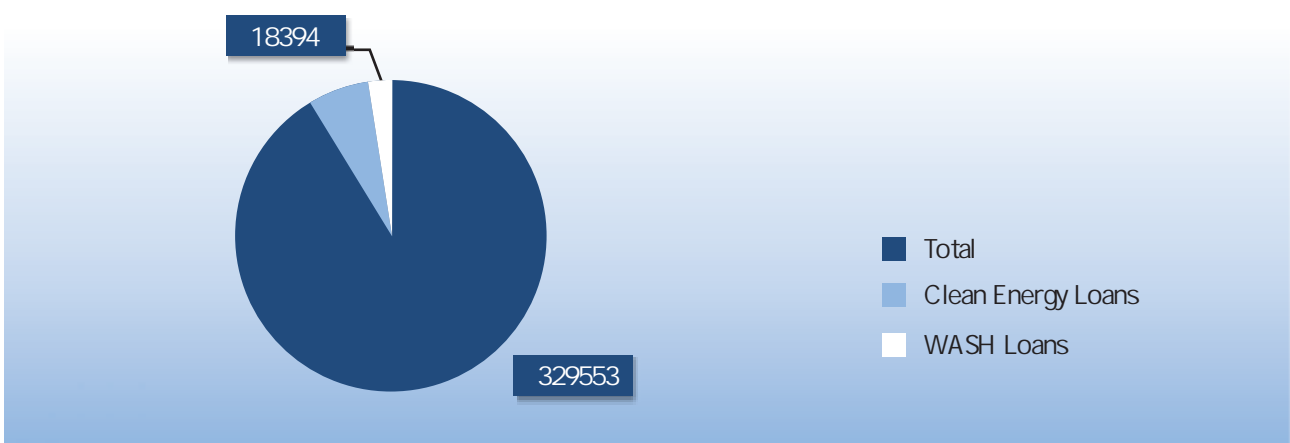
MML ensures environmental sustainability, ecological balance, protection of flora and fauna, animal welfare and organic farming. MML also distributes tree saplings in rural areas.

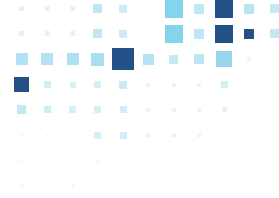
Clean Energy Loan

These loans have considerably reduced the dependence of women's households and businesses on kerosene oil for lighting purpose. In addition to that MML gives loan to facilitate access to solar-powered home lighting systems. These lighting systems are currently being offered to our clients in five states (Haryana, Punjab, Rajasthan, Uttar Pradesh and Bihar). We disbursed a total of 14,757 clean energy loans in abovementioned regions. We are working with several Solar Home lighting distribution companies to ensure financing & distribute solar lights to empower rural households in these states.

WASH Loan

Water and Sanitation (WASH) Loans. MML supported a total of 8,394 families in securing safe water or sanitation facility at their homes through WASH loans, which we offer in Punjab and Bihar. The increased demand for such loans suggests a growing awareness on this count.



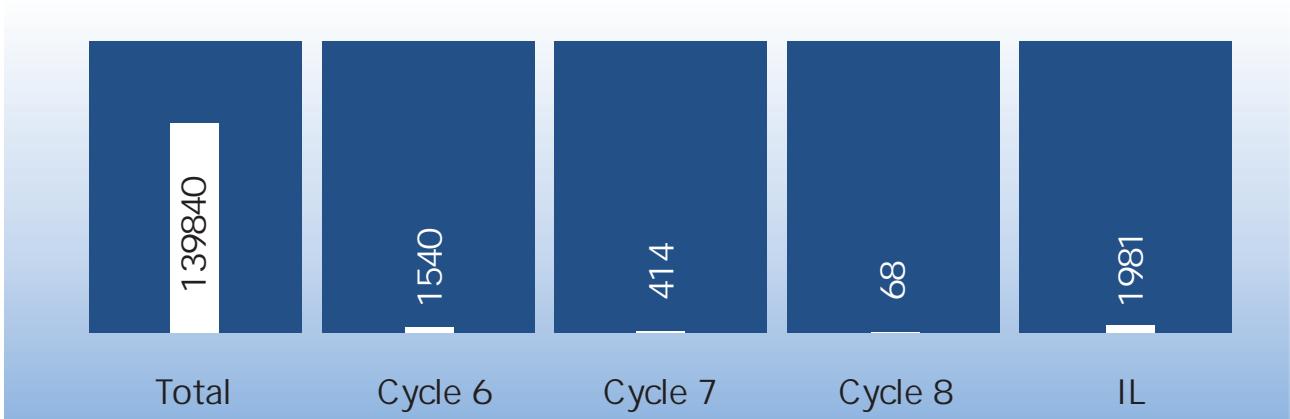


Self-employment generation by MML

Early microcredit spoke of unleashing the entrepreneurial spirit of the poor by providing them with capital to start small businesses. Income generation and employment creation of the poorer section of the society is directly related with the poverty alleviation of a nation. In India, the government has been implementing a number of income generating and poverty alleviation programs to combat poverty since inception of economic planning. In our country, where about 26 per cent of the population is still living below poverty line, the financial requirement is one of the basic needs of this section for taking up of income and employment generating activities.

MML helps in increasing the self-employment generation and improving their member's income generating activities by providing business loans without collateral. It has been observed that the provision of micro credit opens up self-employment options to many people who otherwise could only opt for wages or live at subsistence level. The objective of MML is to enhance the deprived group socially and economically. The loans provided by MML have been mostly invested to operate small retail shops like grocery, cosmetic, to run service enterprise like tailoring, beauty parlors, and to carry out agro based enterprises like vegetable farming, poultry farming etc. MML help the members to become financially stable by providing loan to them to prosper their business

6 or above cycle members

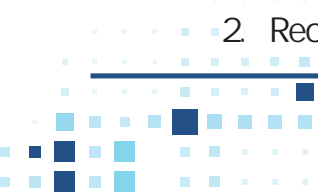


Financial Literacy

The goal of financial education learning session is to assist MML's customers to realize their dreams, break out of the vicious cycle of poverty and improve the security and quality of their lives by increasing their assets and becoming self-reliant.

Core agenda of financial literacy are as follows:

1. Appreciate the importance of Financial Planning to manage their money more productively.
2. Recognize life cycle financial needs and manage future risk.



Social Performance Management Report

3. Analyze trade-offs between various financial options.
4. Recognize How MML can help them to improve their financial situation.
5. Make a financial plan for their Household.

This initiative has been helping communities at the base of the pyramid to understand the importance of saving habits and financial planning.

Credit life insurance for Members and Health Insurance for Employees

MML considers it as an exigent responsibility towards its Employees and Members, furtherance to which it provides Health Insurance to its Employees and Death Coverage to its Members. Hence ensuring their wellbeing and livelihood, this is of utmost importance to MML. It is clearly apparent that via providing Health and Death Coverage, MML focuses on health and well-being of its Employees and Members, further extending its support not only mentally but also financially.

End Use Verification

End use verification are extremely essential for our Members. MML ensures that loans are being utilised and for the stated purpose which are sanctioned based on the credit of clients' assessment of the cash flow of that particular business and various other parameters. It, hence, becomes much more important to ensure that the capital is indeed invested in the business and used for the purpose outlined in the loan document, which in turn increases the cash flow from that business.

Social Impact Products

To Promote environmentally and energy efficient Products, Loans were provided By MML for Providing clean water by providing water loans for the purchase of RO and Non Electric water purifier, Solar Products for constant electricity and sewing machine for self-employment.

Women Empowerment Initiative

MML takes Women Empowerment Initiative as a core of its strategy, being passionate about raising the visibility of women issues in the workplace and at home. Our vision is to support women of all ages who are striving for success in their daily work and home lives. We are dedicated to delivering current and relevant resources, guidance, and inspiration to empower women to find their true promise and the strength to realize their dreams.

Social Performance Management Report

MML believes that rural woman's health and welfare is of prime importance and planning to take initiatives to conduct menstrual hygiene camps with an aim to create awareness on adopting hygienic practices amongst women. It has been observed that most of the women and girls in India do not have access to safe menstrual hygiene products which endangers their health, curtailing their education and putting their livelihoods at risk. Thereby, MML with support of Midland Foundation has taken the initiative to educate women groups about the proper usage and disposal of sanitary pads as well.

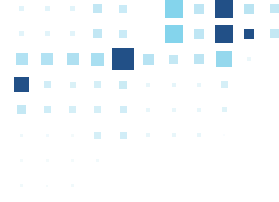
Strategies Adopted for Responsible Finance

MML strives hard to meet its social goals by developing appropriate means to achieve social transparency and social accountability. The management has fully understood the importance of building Social Performance Indicators that focuses on closer understanding of the client needs. In other words, they are clear that financial portfolio alone could not help in making strategic operational decisions. Broader community development can be ensured by investing in social performance management and greater transparency can be gained in reaching and serving the target markets. Thus management has been taking deep interest in putting the 'social' into performance management so that the decisions are taken with considerable balance between financial and social objectives. MML strives to support economic and social empowerment of its members by organizing events related to children education, natural resource management, rural water and sanitation, and addressing women health issues in our area of operations.

MML also provides good working conditions to its employees along with systematic training and strong corporate values. In addition, the Organization strives to proactively promote local employment, social and economic development of its local communities. MML has developed a strong culture of fair behaviour toward its clients, supported them to decrease their indebtedness, and developed effective grievance procedures. The Organization has recently signed the customer Responsible lending code of conduct, (the Indian Micro finance Network) with MFIN. In an effort to establish transparency, MML has displayed the code of conduct stating the client protection principles in the vernacular language across all our branches and the amount to be paid towards the principal and the interest rate charged too are printed in the loan documents for the knowledge of the clients.

MML has consciously taken a decision to put the social goals first and to meaningfully track the changes that the clients undergo. The management committee reviews the social goals setup for every year vis-a-vis the targets achieved. The results are shared at all levels including the Board. The board members are bunch of committed and socially oriented bankers, Professionals, Chartered accountants and entrepreneurs who were at the realm of affairs of various banks and financial institutions of India and therefore endeavour to push 'micro finance plus' activities. The efforts by MML in this regard, demonstrate that a well thought out credit program with focus on betterment of clients apart from enabling them access to credit will definitely go a long way in bringing the true significance of 'micro finance.'

Annual Day Function 2019



PUNJAB



JAIPUR



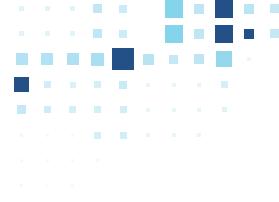
PATNA



Chairman's Club 2019

Midland Micro n believes in duly recognising & appreciating the dedicated efforts of its employees. In this regard, the Company has chosen a different route to ill their Employees with bundles of joy & mesmerizing memories. The Company has chosen to reward them every year with a golden opportunity to be a part of annual 'Chairman's Club' trip. This year on this trip, employees along with the top management visited Goa to feel the calm of the sea under the relaxing shade of coconut trees and fishing boats. The trip included excursions to famous historical places and recreational activities to help them rejuvenate.

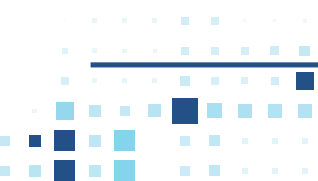
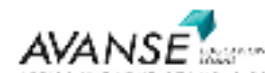




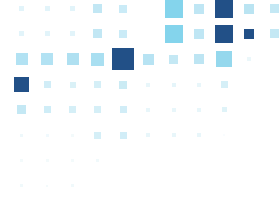
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