

Transforming Lives Through **Financial Innovation**



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About the Report

At Midland Microfin Limited ("Midland"), formerly known as Sajan Hire Purchase Private Limited, our commitment to advancing financial inclusion remains steadfast. We continue to foster access through customer-centric, technology-led, and innovation-driven solutions. In an evolving economic landscape, our growth is guided by a strategic framework designed to deliver responsible operations, measurable impact, and operational excellence.

To support long-term value creation and holistic development, the Company has adopted a broader set of strategic pillars:

1. Customer-Centric Growth

Deepening outreach and tailoring offerings to meet the diverse needs of underserved and unbanked populations.

2. Enhanced Customer Acquisition & Engagement

Strengthening acquisition strategies and digital channels to attract, onboard, and retain high-quality customers.

3. Strengthened Credit Underwriting & Risk Management

Embedding robust credit assessment frameworks powered by analytics and localised insights.

4. Digitally Empowered Operations

Building a next-generation digital infrastructure to enhance efficiency, transparency, and real-time responsiveness.

5. Innovative Product Diversification

Expanding the product suite to meet the evolving financial needs of micro-entrepreneurs and rural households.

6. Brand Building & Visibility

Strengthening brand equity through targeted communication, trust-building, and community engagement.

7. People & Capacity Building

Investing in talent development, leadership training, and cultivating a performance oriented culture.

8. Operational Excellence & Governance

Streamlining processes, optimising cost efficiency, and reinforcing governance standards across all functions.

9. ESG & Responsible Financing

Integrating environmental, social, and governance (ESG) considerations into operations to promote sustainable and ethical lending practices.

By focusing on these nine strategic pillars, Midland Microfin aims to build a resilient, inclusive, and future-ready NBFC that creates long-term value for all stakeholders.

Reporting Principles

This Report has been prepared in alignment with all applicable statutory and regulatory requirements to ensure transparency, accuracy, and accountability. The financial and statutory disclosures comply with the Companies Act, 2013, Indian Accounting Standards (Ind AS), Companies (Accounting Standards) Rules, 2006, and SEBI LODR Regulations, 2015. Relevant guidelines issued by the Reserve Bank of India (RBI) have also been duly followed.

The non-financial disclosures in this Report are informed by principles of integrated thinking and long-term value creation.

Scope and Boundaries

The Report covers the period from 1 April 2024 to 31 March 2025, unless stated otherwise. It presents a comprehensive overview of Midland Microfin's economic, social, and environmental performance. The scope includes activities at the Company's Head Office and across its 517 branches in India.

Materiality and Target Audience

As a prominent Microfinance Institution, Midland plays an important role in shaping social, economic, and environmental outcomes through its operations and community engagement.

The contents of this Report are informed by a materiality assessment that identifies the most relevant topics for both the Company and its stakeholders: ranging from business drivers and risks to governance mechanisms and sustainability initiatives. These topics are aligned with our Value Creation Model.

To ensure this relevance, a double materiality assessment was conducted using both qualitative and quantitative methods, involving internal and external stakeholder groups. The resulting feedback has shaped our strategic focus and reporting approach.

This Report is intended for a wide range of stakeholders, including:



Employees



Investors (shareholders and bondholders)



Regulators and policymakers



Customers



Vendors and value chain partners



CSR implementation partners



Local communities

The overarching objective is to offer transparent insights into Midland's operations and its ability to generate and sustain long-term value.

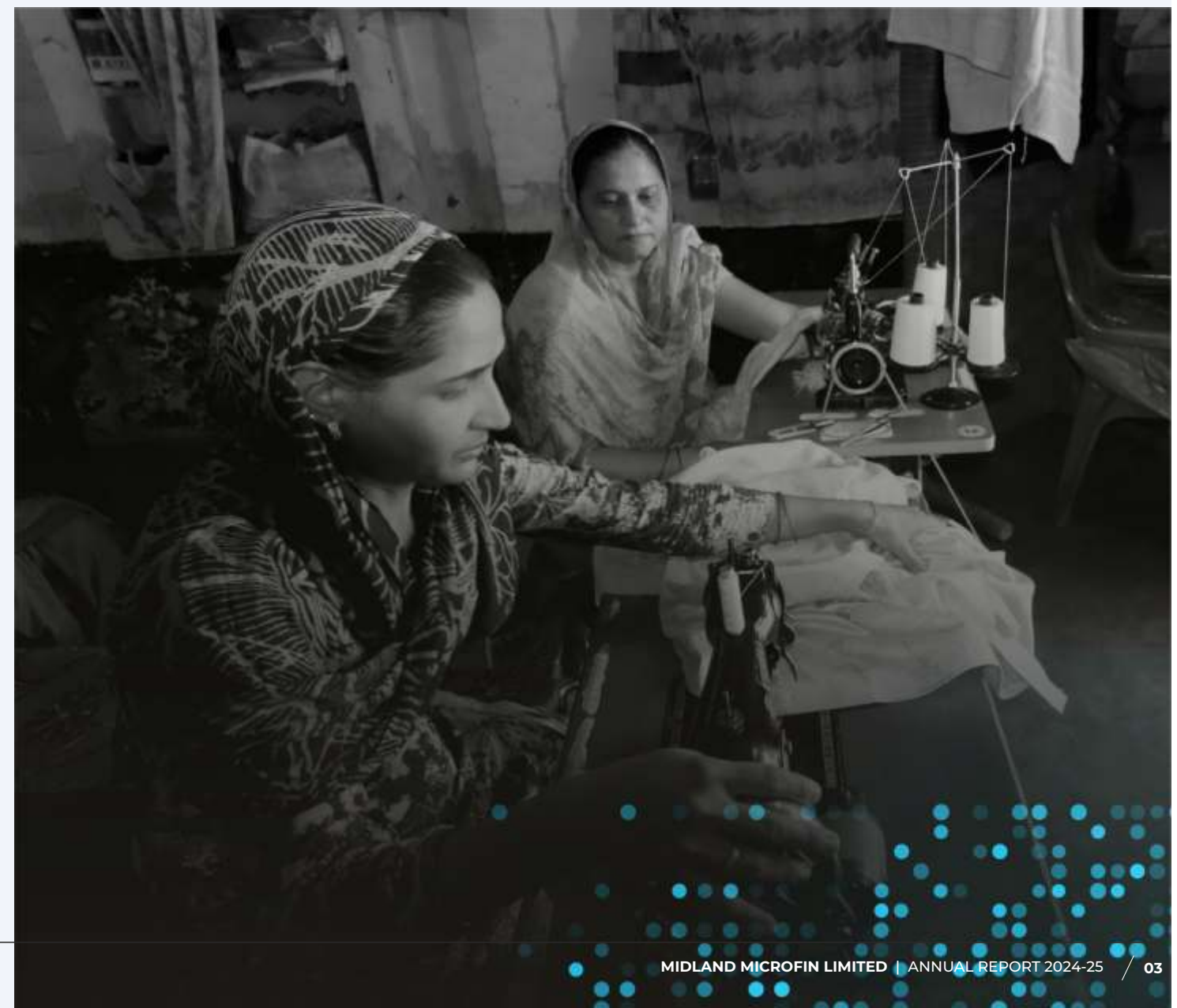
Forward-Looking Statements

This Report contains certain forward-looking statements reflecting Midland's expectations, plans, & strategic priorities. These may include projections for future performance and are identifiable by terms such as "expects," "intends," "plans," "will," "anticipates," "believes," and similar expressions.

These statements are based on current assumptions and forecasts and are subject to inherent risks and uncertainties. Actual results may vary significantly due to external factors such as economic changes, regulatory developments, or market dynamics. Midland disclaims any obligation to update these statements post-publication. Stakeholders are encouraged to interpret them with discretion.

Assurance

The information presented in this Report has undergone thorough internal validation and an independent audit by GSA & Associates LLP. This assurance process ensures that the data disclosed is both accurate and credible.



Technology-Driven, Responsible Growth | Innovation-Led Progress with Purpose

About Midland Microfin Limited

For over 14 years, Midland Microfin Limited has remained committed to building a financially inclusive India through sustainable, purpose-led microfinance. In a sector often marked by aggressive expansion, we have chosen a more balanced path: driven by technology, rooted in responsibility, and centred on empowering women entrepreneurs.

While the microfinance industry witnessed significant growth over the past decade, the current fiscal brought fresh challenges, with several institutions experiencing de-growth. In contrast, Midland maintained portfolio stability with no dip in asset quality or performance, underscoring the strength of our prudent, people-first model.

Operating across 12 states and 2 Union Territories, we continue to deepen our presence in underserved regions through Joint Liability Group (JLG) lending. Our fully tech-enabled platform streamlines operations and enhances outreach, making credit more accessible, efficient, and impactful.

With Assets Under Management of ₹26,248.34 million, Midland remains focused on innovation-led solutions, expanding access to finance, and enabling micro-entrepreneurs to thrive, driving progress with purpose.

Fostering Financial Inclusion with Purpose and Progress

As microfinance matures into a cornerstone of inclusive financial systems, Midland Microfin Limited continues to lead with purpose. Our journey is grounded in a deep sense of responsibility to empower, uplift, and transform lives through accessible finance. As the sector embraces digital innovation, regulatory evolution, and stronger governance, our FY 2025-26 strategy remains anchored in technology-driven, responsible growth.

We believe sustainable development begins with inclusion. For over a decade, Midland has worked at the grassroots, expanding the reach of finance to underserved and unserved communities. Our unwavering focus has been on empowering women and micro-entrepreneurs, especially in rural and semi-urban India. Through collateral-free loans, JLG lending models, and community-centric outreach, we help build resilient livelihoods and enable participation in economic growth.

Digitally Forward, Deeply Human

India's microfinance landscape is undergoing a digital renaissance, and Midland is at the forefront of this transformation. For us, technology is not just an enabler, it is a strategic driver of inclusion. From paperless onboarding and system-driven credit underwriting to mobile-enabled collections and borrower servicing, our tech-led model enhances transparency, agility, and efficiency.

Our digital tools are designed with empathy, keeping in mind the realities of low-income households. This ensures accessibility without compromising governance. Biometric verification, digital KYC, and cashless disbursements allow us to serve clients faster and more conveniently, while reducing operational risk.

Inclusive Growth with Real Impact

Operating across 12 states and 2 Union Territories, our network of 517 branches reflects both geographic diversification and our intent to deepen regional presence. With a Portfolio Under Management of ₹26,248.34 million, our growth is rooted in consistency, quality, and impact. Each loan we disburse is more than capital, it's a catalyst for change, helping women become entrepreneurs, support their families, and generate employment within their communities.

Empowering Women, Building Communities

Women are at the heart of our mission. We firmly believe financial empowerment of women leads to stronger families and healthier communities. Our JLG model not only ensures access to credit but also nurtures peer accountability, confidence, and collective growth. Through tailored financial products, capacity-building initiatives, and localised support, we help women step into leadership roles, economically and socially.

Resilience Through Strategy

Our business model aligns with the evolving Indian microfinance landscape. Amid regulatory shifts, growing rural consumption, and industry consolidation, our strategy focuses on:

- ▶ Geographic expansion to mitigate concentration risk
- ▶ Product diversification to meet broader customer needs
- ▶ Risk management and credit discipline to ensure portfolio quality
- ▶ Digital innovation to enhance scale, service, and sustainability

By integrating these pillars, we have built a robust foundation for the future, balancing performance with purpose, and innovation with inclusion.

Looking Ahead: A Responsible Growth Path

As Midland enters the next phase of its journey, we remain committed to building a financial future that is equitable, accessible, and transformative. Our focus lies in investing in smarter systems, strengthening community engagement, and deepening governance practices. At every step, we reaffirm our belief that responsible growth is rooted in impact, where technology enables mission delivery, and progress is measured by the lives we uplift.

VISION

To be a world-class, technology-led microfinance institution and a role model in delivering affordable support to India's progressive poor.

MISSION

To promote micro-enterprise as a means of sustainable livelihood, especially for women, by offering accessible financial services powered by technology. We aim to economically and socially empower women and low-income entrepreneurs, helping them build a better standard of living and long-term financial security.

CORE VALUES



Courage



Responsibility



Achievement



Respect



Commitment

Performance at a Glance

Reporting Principles

Midland Annual Performance: Financial Capital

₹26,248.34 MILLION

Assets Under Management (AUM):

₹266.73 MILLION

Profit After Tax (Fy25):

1.47%

GS3 (Gross Stage 3 Assets):

0.40%

NS3 (Net Stage 3 Assets):

3.32

Debt-to-Equity Ratio:

31.41%

CRAR (Capital to Risk-Weighted Assets Ratio):

Manufactured Capital

Over **1 million**
customers served

517 branches across
India (including Head Office)

Operating in **48,222**
villages and **517+ cities/towns**

97.82% rural-to-urban
book ratio

Presence across
224 districts

Approximate **Client**
Retention Rate: 60%+

Intellectual Capital

0

Cybersecurity
breaches



₹6

Million+
(approx.) collected digitally
via the Midfin App



100%

Digital disbursements
(rural + urban)

Number of clients who made
their instalment payments through
digital channels in FY 2024-25

550,000+



Human Capital

5,415

employees

30%

growth in workforce

45.8

average training hours
per employee

70.54%

employee participation
in 'Great Place to Work' survey

Women-centric
policies promoting
inclusion, safety, and
career growth

All field-level officers
equipped with **safety**
helmets

Social and Relationship Capital - Key Highlights

**60% REPEAT WOMEN
BORROWERS,**

**indicating successful financial
inclusion**

These achievements reinforce
Midland's commitment to stakeholder
value creation, inclusivity, and
sustainable development, in line with
the standards set by the Ministry of
Statistics and Programme
Implementation.



Natural Capital - Key Highlights

36%

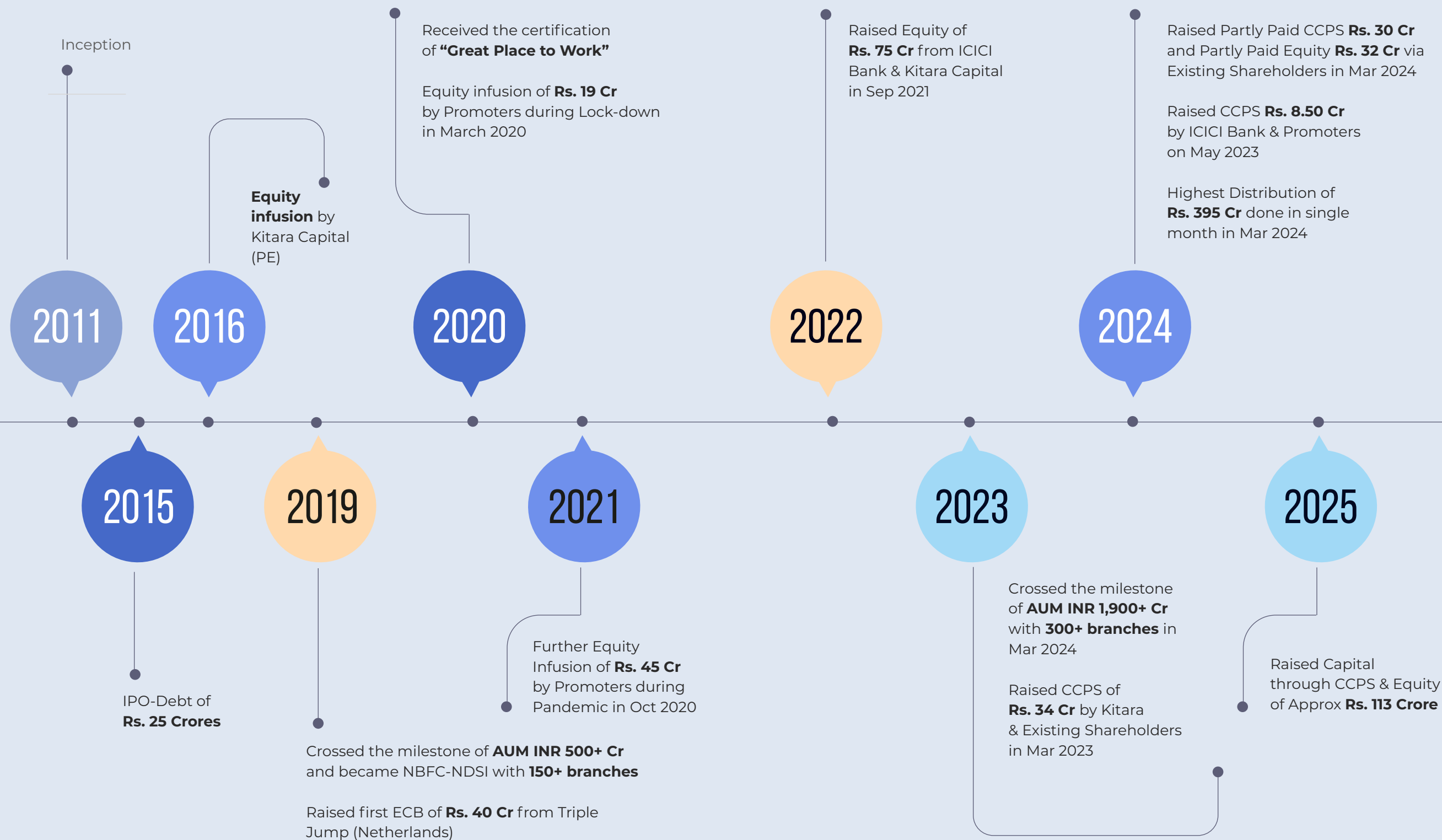
of operations powered by green energy
as of the reporting date

3.2 LAC

members actively participating
in sustainable finance programmes

These initiatives highlight Midland's leadership in climate action, circular economy adoption, and ecological preservation.

Our Journey



Message from the Managing Director



To our valued customers, **dedicated** employees, **trusted** investors, **diligent** regulators, and **esteemed** Board, thank you. Your trust and partnership have shaped every milestone along this journey.

Amardeep Singh Samra
Managing Director

Dear Stakeholders,

It is with pride and a deep sense of responsibility that I share our journey through the Annual Report of the Financial Year (FY) 2024-25. This was a year that tested the resilience of the micro-finance industry sector, yet reaffirmed the strength of our mission.

While the industry encountered significant headwinds, we viewed this period as an opportunity to pause, reflect, and recalibrate. We remained rooted in our purpose and prepared for what lies ahead.

Navigating a Shifting Landscape

FY 2024-25 marked a pivotal moment for micro-finance industry in India. The sector contracted by 11.9 percent Y-o-Y in Gross Loan Portfolio (GLP), impacted by rising delinquencies, constrained liquidity, and evolving regulatory norms.

Notable developments included:

- Elevated credit stress, with Portfolio at Risk over 30 days (PAR >30) stood at 6.82% with increased stress in the 31-180 days bucket, reflecting deeper borrower vulnerability.
- A sharp drop in active clients, with over 1.6 crore individuals exiting the Microfinance Institution (MFI) network, driven by over-indebtedness and changing borrower behaviour.
- Regulatory tightening by the Reserve Bank of India (RBI) and Self-Regulatory Organisations (SROs), including lenders cap, borrower exposure caps, grievance redressal reforms, enhanced disclosures of Interest, and revised qualifying asset thresholds.

How We Responded

In the face of these challenges, we responded with resilience rather than reaction. We made calibrated strategic adjustments, maintained strong credit discipline, and remained close to the communities we serve.

Our Assets Under Management (AUM) recorded a marginal and strategic decline of 1.7 percent stood at ₹26,248.34 million. This reflected a deliberate and stable course amidst industry volatility.

We continued to serve nearly 10 lakh borrowers, added 81 new branches, and expanded our presence to 224 districts.

Equally important, we used this period to reinforce our foundations by enhancing governance, strengthening internal systems, and deepening customer engagement and ensuring we were not just surviving, but thriving responsibly.

Reimagining Operations Through Technology

FY 2024-25 marked a significant leap in our digital transformation journey, enabling faster, smarter, and more inclusive service delivery.

Key initiatives included:

Loan Origination and Underwriting

- Fully digitised loan origination through “FinPage” and “Leegality”.
- A rule-based underwriting engine leveraging behavioural patterns, bureau data, and alternative indicators.

Portfolio and Customer Management

- Real-time portfolio monitoring through integrated Management Information System (MIS) dashboards.
- Launch of the MidFin App to enable customer self-service for payments, loan tracking, and account visibility.
- AI-powered voice bots, vernacular IVR, and WhatsApp-based support “Sahayak” for multilingual customer engagement.

Workforce and Internal Operations

- Automated recruitment through HireBot and integration of a comprehensive Human Resource Management System (HRMS).
- Workflow and project tracking through “JIRA” and “Tableau”.

We also institutionalized monthly Customer Grievance Redressal Mechanism (CGRM) reviews at the Managing Director level. This ensures that customer feedback translates into action and drives continuous improvement.

These investments delivered measurable outcomes:

- Gross Non-Performing Assets (NPA): 1.47 percent.
- Provision Coverage Ratio (PCR): 72.78 percent.
- Capital to Risk-Weighted Assets Ratio (CRAR): 31.41 percent.
- Net worth increased by 26.92 percent to ₹6,191.74 million.
- Gross income rose by 19.46 percent to ₹6,364.53 million.

Staying True to Our Social Mission

Our commitment to inclusive development remained unwavering.

- Over 3.2 lakh households were supported through the Global Carbon Programme.
- 185 of our branches now operate on solar power. We aim to reach 50 percent by FY 2030.
- We led awareness campaigns on sanitation, menstrual hygiene, and education in underserved rural areas.
- We conducted financial and digital literacy workshops focused on cyber safety, budgeting, and secure digital usage.
- Our Sustainable Financing Framework is currently under development and will be launched by FY 2027. It will align our lending practices with Environmental, Social, and Governance (ESG) outcomes.

For us, inclusion means more than access to credit. It is about enabling stronger livelihoods, greater resilience, and the dignity of long-term financial security.

Looking Ahead

The convergence of policy reform, digital infrastructure, and evolving customer needs positions us well for the future. We are confident as we enter FY 2025-26.

Our priorities for the year ahead include:

1. Diversifying our retail loan portfolio.
2. Expanding into high-potential markets in eastern and southern India.
3. Deploying artificial intelligence to enhance credit decisions and manage risk proactively.
4. Strengthening borrower protection frameworks in line with updated regulatory norms.
5. Piloting green finance products and expanding our ESG linked lending initiatives.

We are committed to disciplined growth, openness to innovation, and ensuring that inclusion remains central to everything we do.

Thank You

To our valued customers, dedicated employees, trusted investors, diligent regulators, and esteemed Board, thank you. Your trust and partnership have shaped every milestone along this journey.

Behind every number in this report lies a story of resilience, shared purpose, and belief in the possibility of progress.

We look forward to building what comes next, together.

Warm regards,
Amardeep Singh Samra
Managing Director



Factors Fueling Our Growth: Resilience Through Technology, Innovation, and Purpose

FY 2024-25 marked a pivotal year in Midland Microfin Limited's journey, a year where our unwavering commitment to financial inclusion was met with bold strides in digital transformation, customer-centric product development, and ecosystem partnerships. Despite macroeconomic headwinds and a challenging industry landscape, we demonstrated agility, responsibility, and innovation in action.

1. Strategic Footprint Expansion Anchored in Purpose

Midland continued to scale its outreach by strategically expanding into underserved geographies. With the addition of 81 new branches, our physical presence now spans 517 branches across 12 states and 2 Union Territories, a 26% year-on-year growth in outreach capacity. This expansion was data-driven and aligned with our mission of inclusive growth, ensuring deeper penetration into rural and semi-urban belts where financial services are most acutely needed.

2. Digitally-Driven Transformation at the Core

Digital innovation remained central to operational excellence and customer engagement. We scaled platforms like Tableau for data analytics, Leegality for digital documentation, and introduced a WhatsApp BOT to facilitate real-time customer interactions. Our flagship 'Digital Didi' campaign bridged the digital literacy gap across rural communities, reinforcing our belief that technology must be inclusive, not exclusive.

3. Product Innovation Aligned with Grassroots Realities

Our evolving product portfolio caters to the nuanced needs of borrowers. From WASH loans for sanitation to individual dairy loans, UDAAN loans, and education financing, each offering is crafted to address specific socio-economic needs. We continue to push beyond credit-only solutions by bundling insurance and savings tools, delivering a holistic financial wellness framework.

4. Prudent and Agile Risk Management

Amid rising PAR (Portfolio at Risk) across the NBFC-MFI sector (PAR >30 at 8.4%, up from 3.6% YoY), we adopted a disciplined, technology-enabled risk management approach. With analytics-driven credit appraisals, early warning systems, and portfolio monitoring frameworks, we remained resilient and responsive. While the sector witnessed a 11.9 percent degrowth in portfolios (MFIN), Midland contained risk and safeguarded asset quality.

5. Responsible Growth Through Regulatory Alignment

We aligned closely with RBI's enhanced microfinance framework, leveraging schemes such as credit guarantee and interest subvention to mitigate systemic risks. Our adherence to responsible finance norms ensured continued trust from regulators, partners, and borrowers- reinforcing ethical lending practices.

6. Capitalisation That Fuels Innovation

In FY25, Midland successfully raised capital through a strategic mix of debt and equity, strengthening capital adequacy and liquidity buffers. Even as the industry faced a 25.4% decline in disbursements (MFIN), our diversified funding base and strong institutional partnerships enabled continued investment in infrastructure, talent, and technology- without disruption.

7. Building Impactful Partnerships

Partnerships with NGOs, SHGs, and grassroots institutions created shared value ecosystems. These collaborations advanced financial literacy, skill-building, and women's empowerment, multiplying our impact and reach. We believe real progress is collective, and our community-driven model is a testament to that belief.

8. Elevated Customer Experience Through Digital Tools

Our customer experience strategy prioritised accessibility, responsiveness, and personalisation. With digital feedback loops and automated processes, we achieved faster turnaround times, improved grievance redressal, and tailored solutions, leading to a 35% rise in cross-sell revenue and measurable service quality improvement.

9. Navigating Industry Challenges with Resilience

Despite a sector-wide contraction in portfolio size (₹4.33 lakh Cr to ₹3.75 lakh Cr) and rising asset stress, Midland remained resilient. By combining operational efficiency with a strong social purpose, we reaffirmed that growth and responsibility can - and must - go hand in hand.



Our Offerings:

Empowering Through Innovation

Midland's diverse product suite continued to evolve in FY25, delivering tangible outcomes:

BUSINESS LOANS (JLG)

Support for women-led microenterprises ₹11,000–₹80,000
UP TO 36 MONTHS

INDIVIDUAL ENTERPRISES LOAN

Scale-up for matured borrowers ₹60,000–₹1,50,000
UP TO 24 MONTHS

EDUCATION LOANS

Higher education support ₹11,000–₹20,000
AS PER REQUIREMENT

WASH LOANS

Water purification and sanitation ₹11,000–₹30,000
UP TO 24 MONTHS

DAIRY LOANS

Purchase of cattle with insurance ₹60,000–₹1,50,000
24 MONTHS

PRAYAAS LOAN

Financial assistance for scaling up ₹60,000–₹1,50,000
24 MONTHS

SOCIAL IMPACT LOANS

Solar lights, clean cookstoves ₹1,000–₹10,000
3–9 MONTHS

PM SVANIDHI

Street vendor self-reliance

₹10,000–₹15,000
UP TO 12 MONTHS

AJEEVIKA LOANS

SC/ST/OBC livelihood generation

₹11,000–₹60,000
12–24 MONTHS

FY25 Performance Highlights

42%

growth in business loans

35%

growth in cross-sell revenue

81

new branches opened

₹2,500

Mn disbursed

100%

cashless disbursement rate



Joint Liability Groups (JLGs): Responsible Growth Through Purposeful Engagement

Midland's JLG model, rooted in the Grameen approach, extends collateral-free credit to women in underserved areas. It reinforces our Progress with Purpose ethos: enabling income-generating activities and harnessing mutual accountability for repayment.

Each JLG comprises 4-5 women from similar socio-economic backgrounds. Our Centre Officers (Field Officers) nurture these groups, build trust, ensure discipline, and often use digital tools for communication and data collection. Group guarantees and shared responsibility reduce credit risk and enhance efficiency, a model of Responsible Growth.

Key Highlights: JLG Model Metrics

₹46,000

Average ticket size

>90%

On-time repayment rate

5,46,656

Total JLG loans disbursed

25.5%

Average interest rate

94%

Loans with zero default

100%

Female Clients

Empowering Women Beyond Finance

The JLG programme is a platform for holistic empowerment, enabling women to:



Build sustainable microenterprises



Achieve financial independence



Uplift families and communities

With a focus on rural and underprivileged women, we remain Inclusive and Technology-Driven, especially in data collection and monitoring.



JLG Loan Process Flow:

A Methodical Approach to Responsible Lending

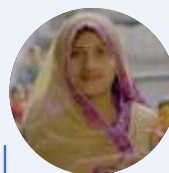
Each step in our structured JLG loan lifecycle is designed for due diligence, awareness, and technological integration:



Client Success Stories

Our borrowers are not just clients, they are changemakers in their communities.

Across rural and semi-urban India, stories of resilience emerge every day. From clay-pot artisans to stationery shopkeepers and disposable plate makers, here are some stories of grit, growth, and transformation, powered by timely support and unwavering ambition.



Guddi was running a small clay pot-making shop, catering to a modest, local customer base.

With a ₹40,000 loan from Midland Microfin Ltd., she opened a new shop in the city, boosting her production and reaching a wider audience.

Today, she lives with her husband and son, and her growing income has strengthened her family's livelihood and stability.



Guddi —
Dholpur, Rajasthan



Ruchi set up a small general store to support her family with limited resources but strong determination.

She availed a ₹40,000 loan from Midland Microfin Ltd., which enabled her to diversify her products, adding stationery for children and cosmetics for women.

By catering to her community's needs, she increased her income and customer base, building a thriving local enterprise.



Ruchi Kumari —
Harlochanpur, Bihar



Rinki began her business selling sarees and blouses with no initial capital.

A ₹38,000 loan from Midland Microfin Ltd. helped her launch and scale her operations.

She now earns ₹700-₹1,000 daily, manages her household independently, and provides her family with greater financial security.



Rinki Devi —
Dhanbad, Jharkhand



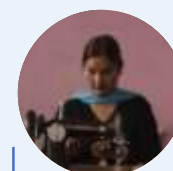
Tumpa and her husband were facing financial hardship, struggling to meet basic household needs.

She turned to Midland Microfin Ltd. and availed a ₹40,000 loan. The process was smooth, and the funds helped her manage immediate needs.

The loan gave her a fresh start, allowing her to stabilise the household income and build a secure future for her family.



Tumpa Mondal —
Kolkata, West Bengal



Sapna started her stitching business 10 years ago with a ₹10,000 loan from Midland Microfin Ltd.

With consistent support, she expanded her work and now employs three women. Her latest loan of ₹60,000 enabled further growth.

She has improved her family's quality of life and invested in her children's education, proudly building a stable future.



Sapna Rani —
Punjab



Shila runs a small Dona-Pattal (disposable plate) manufacturing unit to support her family.

With Midland's financial assistance, she scaled her operations and improved productivity.

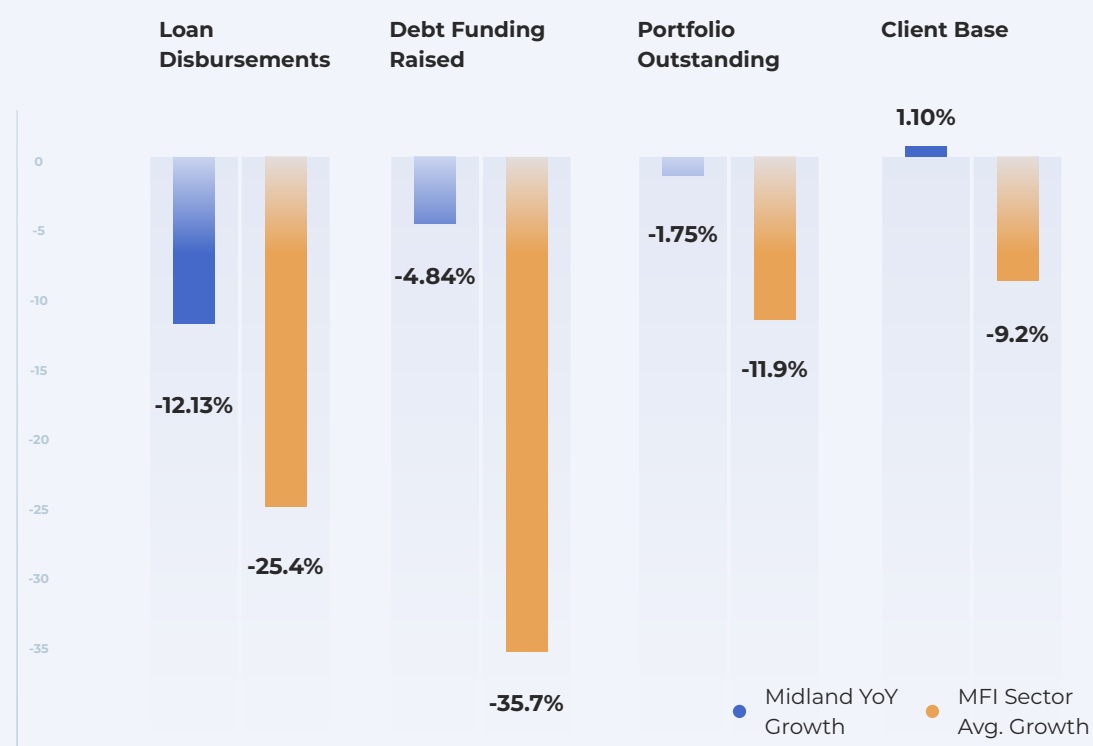
Today, she contributes significantly to her household income and continues moving towards economic independence and self-reliance.



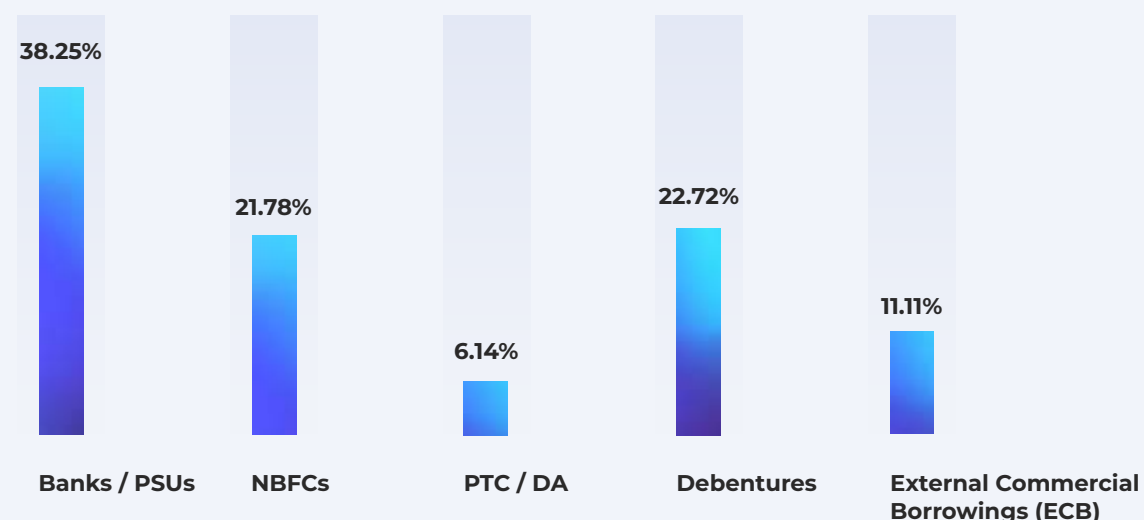
Shila Devi —
Rajatalab, Varanasi

Performance Snapshot: FY 2024-25

FY 2024-25 Operational Performance Snapshot



Borrowing Mix Enabled by Digital Treasury Systems



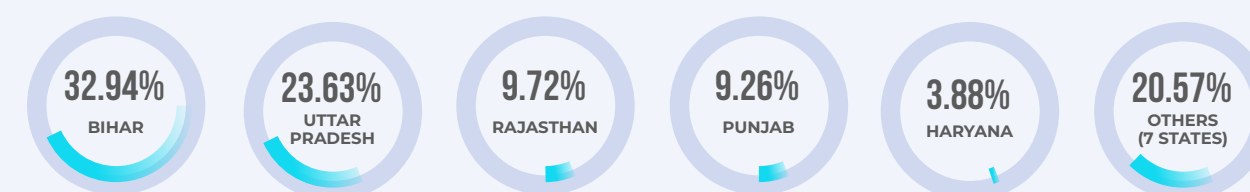
This mix reflects our strategic approach to risk mitigation and cost optimization through diversified digital financing avenues.

Geographical Reach: Precision-Led Expansion

Our network now spans 517 branches across 12 states and 2 union territories, reaching over 224 districts.

With Bihar contributing a leading share of our portfolio, followed by strong footholds in **Punjab, Uttar Pradesh, and Rajasthan**, our expansion is guided by borrower demand density, credit demand potential, and financial inclusion need.

Key States and % of Midland Portfolio



Sectoral Challenges and Strategic Response

While FY25 marked strong performance, the industry navigated a few key headwinds:



Challenges

- Rising over-indebtedness due to the absence of borrower caps across lenders.
- Operational guardrails introduced by the Self-Regulatory Organisation (SRO), though well-intentioned, created onboarding and monitoring challenges for smaller customers.



Adaptive Response

- The Reserve Bank of India's amendment in qualifying asset threshold from 75 percent to 60 percent provided much-needed portfolio diversification flexibility for MFIs.
- Midland proactively realigned its product strategy and built granular credit scoring systems to manage credit discipline while expanding product offerings.

Conclusion: Built for Tomorrow

Our ability to harness digital innovation while nurturing long-term relationships has positioned us at the forefront of microfinance excellence. We remain committed to building a future where access, agility, and accountability drive every financial interaction.

Key Industry Trends Shaping FY 2024-25

1. Geographical and Demographic Outreach

Microfinance institutions expanded their reach across 718 districts in **29 states** and **7 Union Territories**, led by **Bihar, Tamil Nadu, and Uttar Pradesh**. With East and North-East India commanding **33 percent** of the total portfolio, the regional shift underscores the industry's focus on underserved markets.



2. Digital Transformation & Cashless Ecosystems

Nearly all NBFC-MFIs, including Midland, achieved **100 percent cashless disbursement**. Enhanced adoption of e-KYC, multilingual applications, and real-time MIS enabled institutions to offer **faster, secure, and paperless loan services**. This improved borrower satisfaction while driving operational efficiency.

3. Product Diversification Enabled by Regulatory Change

In a major regulatory advancement, the RBI revised the qualifying asset criteria for NBFC-MFIs, reducing it from 75 percent to 60 percent (effective June 2025). This change allowed MFIs to diversify responsibly beyond core JLG lending, without compromising focus on low-income households. Midland responded by scaling its offerings in WASH loans, dairy finance, and education credit, aligning product strategy with community needs.



4. Rising Loan Sizes & Growing Average Disbursements

Average loan disbursement sizes rose by **10.1 percent** year-on-year, reflecting increased credit appetite and higher per-loan funding. The average disbursement per account in FY 2025 stood at **₹50,131**, indicating stronger demand among graduated borrowers and micro-enterprise segments.



5. Empowering Women Borrowers

Women remained the backbone of the sector, comprising the largest share of borrowers. MFIs continued to support them through group-based lending models, targeted literacy programmes, and livelihood support. This directly contributed to household stability and income growth.



Unlocking Inclusive Growth:

Midland Microfin Limited's Position in the Evolving Microfinance Sector (FY 2024-25)

The Indian microfinance sector, despite economic headwinds and portfolio stress, remained a vital enabler of inclusive development in FY 2024-25. Through deepened rural reach, gender-focused lending, and technology-enabled service delivery, the sector reinforced its role as a cornerstone of livelihood generation and financial democratization.

Sector Overview: A Shifting Yet Resilient Landscape

As of 31 March 2025, the Indian microfinance industry had a Gross Loan Portfolio (GLP) of ₹3.75 lakh crore, representing a 11.9 percent year-on-year decline from FY 2024. The sector served approximately 7.8 crore unique borrowers through 13.3 crore active loan accounts.

Within this universe:

NBFC-MFIs maintained the largest share at **39.3 percent** of the total portfolio (**₹1,47,566 crore**)

Banks held **32.8 percent**

Small Finance Banks (SFBs) accounted for **15.8 percent**

The remaining **12.1 percent** was shared between NBFCs and other MFIs

This performance highlights the resilience of NBFC-MFIs such as Midland Microfin Limited, even as the sector adapts to elevated risk levels, tighter liquidity, and evolving regulations.

Challenges Faced by the Sector in FY 2024-25

1. Portfolio Quality Deterioration

The sector witnessed a significant increase in credit stress:

Gross NPA (GNPA) for NBFC-MFIs rose to 8.4 percent (from 3.6 percent in FY 2024)

Portfolio at Risk (PAR) 31 to 180 days increased from 2.0 percent to 6.2 percent

States such as Odisha (PAR greater than 30: 11.2 percent) and Gujarat (12.8 percent) recorded sharper deterioration, driven by borrower overleveraging and economic volatility

2. Over-Indebtedness and Lack of Real-Time Borrower Visibility

Despite the rollout of the Guardrails Framework, which limits micro-lenders per client to three, the absence of a unified, real-time borrower registry remains a systemic vulnerability. CRIF High Mark reported a persistent base of borrowers linked to five or more lenders during early FY 2025.

3. Funding Contraction

Debt inflows to NBFC-MFIs declined by 35.7 percent year-on-year, with total receipts at ₹57,307 crore. This was primarily due to reduced bank appetite and cautious investor sentiment amidst rising credit risk. However, 78.4 percent of FY 2025 debt was sourced from banks, highlighting ongoing reliance on mainstream lenders.



Midland Microfin Limited: Strengthening Position Amidst Transformation

In response to the evolving landscape, Midland Microfin has strategically repositioned itself by:

Leveraging regulatory flexibility under the revised qualifying asset norms to introduce diversified, need-based products

Strengthening credit monitoring systems through digital dashboards, early warning tools, and geo-tagged portfolio analytics

Securing capital prudently, aligned with its risk profile and asset-liability management goals

Expanding in high-opportunity states such as Bihar, Uttar Pradesh, and Punjab, while maintaining strong asset quality controls

Our focus on customer-first digitization, community partnerships, and ESG-compliant lending has helped us not only retain but deepen our impact footprint across India's most financially excluded geographies.

Looking Ahead: Shaping the Future of Inclusive Finance

The outlook for FY 2025-26 hinges on portfolio quality restoration, deeper digital integration, and responsible capital deployment. For Midland Microfin, this means:

Embedding climate resilience into rural credit design

Enabling first-time formal finance users with tailored onboarding and literacy support

Creating data-driven decision engines to enhance credit scoring and reduce default risk

As the sector transitions into a more regulated and performance-sensitive era, Midland Microfin is committed to leading with innovation, purpose, and inclusive impact. This ensures that progress reaches every corner of India.



Corporate Governance

**Integrity in Action, Trust by Design-
Turning Governance into a Strategic
Edge.**



A Culture of Governance, Not Just Compliance

At Midland, governance extends beyond regulatory obligations. It is a cornerstone of strategic leadership. By promoting transparency, accountability, and ethical conduct, we aim to build trust and drive sustainable success.



Board-Driven Leadership, Values-Led Execution

Governance at Midland begins at the top. Our Board of Directors, enriched by diverse experience, works closely with dedicated Committees to craft policies and oversight mechanisms. Their collective leadership ensures ethical alignment and sound decision-making across the business.



Embedding Ethics in Every Decision

Our governance philosophy is rooted in four unwavering values: Integrity, Customer Focus, Commitment to Excellence, and Respect for Individuals. These values guide decisions at every level, from boardroom strategies to frontline actions.



Structured for Insightful Decision-Making

Midland's governance framework supports institutional decision-making through a structured, multi-layered approach. Key issues are evaluated via formal Committees, guided by clear Terms of Reference. These insights are escalated to the Board, ensuring transparent and informed oversight.



Collaboration Beyond Compliance

In addition to statutory Committees, we have established internal working groups comprising senior leaders and cross-functional experts. These groups contribute vital inputs, promoting agility, accountability, and innovation across operations.



An Integrated Model of Leadership and Oversight

Our comprehensive governance model ensures a consistent flow of information and collective intelligence, reinforcing Midland's commitment to ethical leadership and long-term stakeholder value creation.



There is room in finance for both **ambition and empathy**. Our team carries both.

Midland's journey is not just about increasing access, but **deepening trust**, the kind of trust that outlives **cycles, markets and headlines**.



Our Leadership

Board of Directors



**Parveen
Kumar Gupta**

Designation:
Independent Director
DIN:
02895343
Date of Appointment:
21 December 2021
Nationality:
Indian
Age:
65 years

Committee Membership:

- Audit Committee
- Nomination and Remuneration Committee

Area of Expertise:

Industry experience, financial expertise, strategy and planning, leadership experience, governance, compliance, risk advisory



**Amardeep
Singh Samra**

Designation:
Managing Director
DIN:
00649442
Date of Appointment:
07 June 2010
Nationality:
Indian
Age:
54 years

Committee Membership:

- Stakeholders Relationship Committee
- CSR Committee
- Risk Management Committee
- IT Strategy Committee
- Board Management Committee
- IT Steering Committee
- SCBMF
- Information Security Committee
- Assets Liability Management Committee

Area of Expertise:

Financial expertise, strategy and planning, marketing experience, leadership experience



**Santokh Singh
Chhokar**

Designation:
Non-Executive Director
DIN:
00514356
Date of Appointment:
21 December 2021
Nationality:
British
Age:
69 years

Committee Membership:

None

Area of Expertise:

Legal expertise, community leadership, public service, international legal affairs



**Sachin
Nithyanand Kamath**

Designation:
Nominee Director
DIN:
01592593
Date of Appointment:
31 March 2016
Nationality:
Indian
Age:
60 years

Committee Membership:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee

Area of Expertise:

Global asset management, investment strategy, cross-border investments, private equity, financial leadership experience



**Kamna Raj
Aggarwalla**

Designation:
Independent Director
DIN:
07009446
Date of Appointment:
17 August 2016
Nationality:
Indian
Age:
66 years

Committee Membership:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- CSR Committee
- Risk Management Committee
- IT Strategy Committee
- Board Management Committee
- SCBMF

Area of Expertise:

Export promotion, industrial leadership, women entrepreneurship, education and skilling, social sector



**Ashwani
Kumar Jindal**

Designation:
Independent Director
DIN:
00670384
Date of Appointment:
11 August 2022
Nationality:
Indian
Age:
52 years

Committee Membership:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- IT Strategy Committee
- Board Management Committee
- SCBMF

Area of Expertise:

NBFC audit experience, taxation and compliance expertise, regulatory advisory, professional leadership

*Effective July 28, 2025, Mr. Parveen Kumar Gupta has been appointed as the Chairman of Midland Microfin Ltd..

Senior Management

Amitesh Kumar
President, CFO & COO



Kapil Kumar Ruhela
Chief Compliance Officer
& Company Secretary

Gagandeep Sharma
Chief Technology Officer



Gopesh Gupta
Vice President, Accounts
& Finance

Gagan Deep Sharma
Vice President, Insurance



Maninder Kumar
Deputy Vice President, Credit

Board of Directors

The Board of Directors serves as the apex governance body of the Company, entrusted with setting its strategic vision, providing oversight, and guiding executive management. In fulfilling this role, the Board upholds the highest standards of corporate governance, ensuring full compliance with regulatory requirements while fostering stakeholder confidence and steering the Company towards long-term value creation.

Strategic Oversight and Governance

A well-constituted Board is essential for navigating an increasingly complex and dynamic business environment. The Board champions diversity, inclusivity, and robust risk management practices. It plays a pivotal role in aligning the Company's strategic objectives with the expectations of all stakeholders, safeguarding their interests while driving sustainable growth.

As of 31 March 2025, the composition of the Board is fully compliant with the SEBI LODR Regulations, the Companies Act, 2013 (the Act), and applicable RBI regulations.

Composition and Diversity

The Board comprises a well-balanced mix of executive and non-executive directors, with half of the Independent Directors including one women director. As of 31 March 2025, the Board consists of six directors:

3

Independent Directors
(including 1 Independent
Woman Director)

1

Executive Director

2

Non-Executive
Directors (including
1 Nominee Director)

This composition ensures that 50 percent of the Board comprises Independent Directors.

The Board's collective expertise spans a wide range of domains, including finance, information technology, risk management, ESG, international markets, and policy development. Members bring experience from diverse sectors such as multinational conglomerates, banking, technology, public policy, and finance. This diversity enriches Board deliberations, enhances governance quality, and supports effective, well-rounded decision-making.

Committee Leadership and Governance Practices

Most of the statutory and Board-mandated committees are chaired by Independent Directors, unless legally required otherwise. Chairpersons are selected based on their subject matter expertise and domain knowledge, which enhances the depth and quality of Committee discussions and decisions.

Independence and Compliance

The Company adheres strictly to the definitions and requirements laid out for Independent Directors under the Companies Act, 2013. Based on disclosures and the Board's evaluation, all Independent Directors continue to meet these criteria and maintain independence from management influence.

In line with the RBI's Scale-Based Regulations, none of the Independent Directors serve on the Boards of more than three NBFCs in the Middle or Upper Layer categories. Additionally, the Managing Director does not hold a director position in any other company, reinforcing the Company's commitment to regulatory compliance and governance integrity.

Board Key Performance Indicators (as of 31 March 2025)

Metric	Value
Total Number of Board Members	6
Independent Women Directors	17%
Independent Directors	50% of Board
Role Separation	Chairman and Managing Director roles were separate
Average Board Meeting Attendance	85%
Number of Independent Directors	3
Committees Led by Independent Directors	6 out of 9
Annual Policy Review	Conducted by Committees and the Board

Board Tenure Overview

Category	Average Tenure
Full Board	4.16 years
Managing Director	14.82 years
Independent Directors	4.84 years
Non-Executive Directors	5.36 years

This structure reflects a high-performing, compliant, and future-ready Board, committed to delivering long-term stakeholder value through responsible governance and strategic foresight.

Director Appointments: A Thoughtful and Strategic Approach

The appointment and reappointment of Directors follow a well-structured process that ensures alignment with legal requirements and the evolving strategic needs of the Board. This approach is rooted in proactive succession planning, skill-gap analysis, and a commitment to maintaining a dynamic and diverse leadership team.

Framework for New Appointments

The selection of Board members is driven by a forward-looking approach that begins well in advance, typically one year prior to the anticipated requirement. The process includes:

Assessment of Strategic Needs

Identification of the skills, expertise, and experience required to strengthen the Board's capabilities.

Industry and Market Mapping

Analysis of market trends and engagement of expert consultants, if required, to help scout and shortlist candidates.

Comprehensive Vetting

Each potential candidate undergoes detailed due diligence, including:

- Conflict of interest checks
- Evaluation of credentials and prior experience
- Review of existing board positions
- Public domain screening for reputational risks
- Independent reference checks



Three-Tiered Selection and Approval Flow



Nomination and Remuneration Committee -

Evaluates candidates and makes formal recommendations.



Board Review -

Reviews shortlisted profiles and aligns on final selection.



Shareholder Vote -

Final appointment is subject to shareholder or member approval.

Candidates are assessed not only for technical and leadership capabilities, but also for cultural fit, diversity, and alignment with long-term corporate goals.

Rotation, Reappointment, and Regulatory Alignment

No Independent Directors are scheduled for reappointment in FY 2025-26. Reappointments for those retiring by rotation follow applicable laws and are confirmed through shareholder approval. All appointments and resignations adhere to the Companies Act (Sections 168 and 169) and SEBI Listing Regulations, ensuring transparent and accountable transitions.

Optimising Board Dynamics and Performance

In today's fast-moving landscape, effective Board oversight is more critical than ever. The Company's Board functions as a strategic compass, guiding the organisation through complexity with foresight, agility, and purpose.

Board Governance and Effectiveness

Three Core Drivers of an Effective Board

To uphold its stewardship responsibilities, the Board continually strengthens its performance through three foundational pillars:

1. Leadership Composition: A Balanced Bench of Expertise

The Company curates a well-rounded Board with varied industry experience, skills, and perspectives. This diversity enables deeper dialogue and more comprehensive decision-making. Board Members are held to high standards of performance and continually engage in learning to stay updated on regulatory, business, and market developments.

2. Decision Intelligence: Smart Information Flow

Empowered decisions rely on high-quality insights. To support this, the Company ensures:



Timely access to key data



Clear prioritisation of issues



Integration of external trends and real-time market signals

3. Governance in Action: Processes that Enable Impact

Strong governance stems from structured processes and independent oversight. The Company ensures:



Independent reporting from Risk, Compliance, and Internal Audit to respective Committees



Regular Board performance evaluations



Strategic alignment sessions and risk reviews



Ongoing collaboration with senior leaders and business teams

Direct interaction with frontline operations, through field visits and strategic briefings, keeps the Board closely attuned to the Company's realities. This enables more effective leadership and decision-making.

Board Expertise and Development

A Board Aligned with Vision, Strategy, and Accountability

Midland's Board of Directors embodies a powerful confluence of experience, perspective, and purpose. Each member brings a unique blend of industry insight, financial acumen, governance expertise, and a strong commitment to responsible leadership. This collective strength ensures that Board deliberations remain strategic, forward-looking, and aligned with Midland's long-term goals.

Through periodic workshops, curated updates, and thematic sessions, Directors are equipped to lead with agility and contribute meaningfully to the Company's mission of sustainable stakeholder value creation.

Continuous Learning and Director Development

At Midland, Board effectiveness is supported by a structured learning framework designed to keep Directors well-informed and strategically agile.

Director Onboarding Programme

Newly appointed Directors undergo a detailed orientation that includes:



One-on-one sessions with senior leadership



Briefings on business operations, strategic priorities, and industry context



Overview of Board responsibilities and governance protocols



Deep dives into financial performance and risk frameworks

This foundation enables new members to contribute effectively from the outset, with clarity on Midland's vision and stakeholder expectations.

Performance Evaluation and Governance Enhancement

Midland is committed to maintaining a high-performance Board through a robust, transparent evaluation process. The annual performance review covers:



Board and Committee effectiveness



Individual Director contributions



Adherence to governance standards

The evaluation is structured around detailed questionnaires incorporating regulatory guidelines.



All Directors engage in structured feedback discussions led by the NRC Chairman, focusing on personal strengths, contributions, and development areas



Key insights and outcomes are reviewed at the Board and NRC meetings, leading to concrete action points for improved effectiveness

A Culture of Accountability and Insightful Stewardship

Midland's approach to Board development is defined by rigour, reflection, and relevance. Through thoughtful appointments, continuous learning, and outcome-driven evaluation, the Company ensures its Board remains a strategic asset. The Board is deeply aligned with purpose, equipped for challenge, and committed to long-term stakeholder value.

Board Committees

Midland's Board Committees function with clearly defined mandates and play a central role in supporting the Board's fiduciary responsibilities. In keeping with global governance standards, the Company has also established several internal committees and working groups that go beyond Board membership. These bodies provide focused oversight across key areas such as operational risk, IT and data analytics, cybersecurity, liquidity management, customer service, and the review of defaults and fraud.

Each Committee works in line with its terms of reference, shaped by the Companies Act, SEBI Listing Regulations, and applicable RBI directives. These Committees bring critical insight and targeted recommendations to the Board, ensuring compliance with regulatory frameworks and promoting governance excellence. While the Committees deepen oversight, the Board remains actively engaged in guiding strategic direction, overseeing enterprise-wide risks, and upholding regulatory, ethical, and operational standards.

During the year, Midland strengthened its governance structure through the following initiatives:

Formation of Two New Committees:

In line with evolving RBI guidance, new Committees for Information Security and Fraud Risk Management were set up to strengthen risk mitigation and regulatory compliance in these key areas.

Leadership Structure:

To ensure independent and balanced oversight, all Committees, excluding the Asset Liability Management Committee (ALCO), CSR, and the Board Management Committee, are chaired by Independent Directors. ALCO, as mandated by the RBI, is chaired by the Managing Director. This structure ensures transparency, impartiality, and sound decision-making.

Digital Governance Enhancements:

Midland introduced digital compliance platforms to improve real-time monitoring and governance outcomes. Regular review sessions between the Chairperson of the Audit Committee, internal auditors, and the compliance officer were institutionalised, reinforcing a culture of continuous oversight and regulatory integrity.

These efforts reflect Midland's strong commitment to sound governance, risk management, and stakeholder value creation. The Board Committees provide effective control and accountability, while also enabling agile, informed responses to new challenges, positioning the Company for sustained long-term success.

Policies Guiding Ethical Behaviour

At Midland, ethical conduct forms the foundation of our governance philosophy. We are committed to building a culture grounded in transparency, accountability, and integrity, values that build long-term trust with all stakeholders. Our governance model is supported by a comprehensive suite of policies that guide ethical behaviour, align with regulatory expectations, and adapt to emerging risks and operational realities.

Key policies include:



Nomination and Remuneration Policy



Vigil Mechanism/Whistleblower Policy



Prevention of Sexual Harassment (POSH)



Insider Trading – Code of Conduct



Internal Corporate Governance Code



Compliance Policy



Policy on Related Party Transactions



Dividend Distribution Policy

These policies are regularly reviewed and refined by the Board and its Committees to ensure they are well integrated into Midland's decision-making, operations, and culture, reinforcing the Company's commitment to responsible and sustainable business practices.

01 Nomination and Remuneration Policy

Midland's Nomination and Remuneration Policy is designed to support a transparent, fair, and merit-based approach to appointing, reappointing, and remunerating Directors, Key Managerial Personnel (KMP), and Senior Management Personnel (SMP).

This policy aligns with the Companies Act, 2013, and applicable RBI Regulations. It reflects Midland's commitment to fostering leadership excellence, diversity, and long-term value creation.

Key Objectives:

- ▶ To define criteria for identifying and selecting individuals for Board and senior leadership roles.
- ▶ To ensure a well-balanced and capable Board with a broad range of skills, experience, and independence.
- ▶ To set clear principles for determining remuneration that is performance-driven, market-aligned, and reflective of both individual and Company performance.

Policy Highlights:

• Appointment and Reappointment:

- ▶ Carried out through a structured evaluation process based on qualifications, experience, integrity, and alignment with Midland's strategic direction.
- ▶ Recommendations are provided by the Nomination and Remuneration Committee (NRC) and are subject to Board and shareholder approval, as applicable.

• Remuneration Framework:

- ▶ Directors, KMPs, and SMPs are remunerated through a mix of fixed pay, performance-based incentives, and, where applicable, long-term equity-based rewards.
- ▶ Non-executive Directors may receive sitting fees and commission within prescribed limits.
- ▶ The structure is designed to align with shareholder interests and attract and retain high-calibre leadership talent.

• Performance Evaluation:

- ▶ The performance of Board members, KMPs, and SMPs is reviewed annually based on predefined criteria including leadership, governance, compliance, and alignment with Company goals.
- ▶ This ensures that Midland continues to be guided by capable, ethical leaders who serve the long-term interests of both the Company and its stakeholders.

02 Vigil Mechanism / Whistleblower Policy

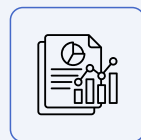
Midland's Vigil Mechanism enables Directors, employees, and service partners to report unethical conduct, legal violations, or breaches of Company policies in a secure and confidential manner, without fear of retaliation.



Key Features:

- ▶ Multiple secure reporting channels, including written submissions, email, or oral communication.
- ▶ Confidentiality is maintained throughout the process.
- ▶ Oversight is provided by the Whistleblower Investigation Committee.
- ▶ Direct access is available to the Chairman of the Audit Committee.

Incident Resolution Process:



Reporting:
Concerns may be raised through written, oral, or electronic channels.



Initial Assessment:
The Head of HR reviews the concern to determine its validity.



Investigation:
If valid, the Whistleblower Investigation Committee conducts a detailed inquiry.



Findings and Recommendations:
A report is prepared, outlining suggested actions.



Audit Committee Review:
The final review is conducted and corrective measures are approved.

This structure reflects Midland's commitment to maintaining an open, accountable, and ethical workplace.

03 Prevention of Sexual Harassment (POSH)

Midland enforces a zero-tolerance policy towards sexual harassment and is committed to maintaining a safe, inclusive, and respectful workplace. In accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company's POSH policy applies to all employees: permanent, temporary, and contractual.

- ▶ The Internal Committee, which includes an independent external member, handles grievance redressal in an unbiased and timely manner.
- ▶ In FY25, zero complaints were reported and resolved as per due process.
- ▶ POSH training is delivered through EduRigo, Midland's digital platform, both at induction and via annual sensitisation programmes.

04 Policy on Internal Corporate Governance

This policy defines the governance structure, roles, responsibilities, and code of conduct for the Board. It reinforces transparency, ethical leadership, and proactive disclosure, strengthening Midland's commitment to responsible corporate oversight.

05 Compliance Policy

Midland's Compliance Policy outlines a structured approach for identifying, monitoring, and mitigating regulatory and operational risks. The Chief Compliance Officer (CCO), in collaboration with Senior Management and the Board, oversees policy implementation.

- ▶ Compliance Insights, our enterprise-wide digital tool, supports real-time tracking and reporting.
- ▶ Regular reviews and audits ensure the policy remains aligned with evolving regulatory requirements.
- ▶ Timely reporting to the Board and regulators demonstrates Midland's commitment to transparent and ethical governance.

06 Policy on Related Party Transactions

This policy ensures all transactions with related parties are conducted at arm's length, with fairness, transparency, and accountability. It aligns with the Companies Act and SEBI Listing Regulations, protecting stakeholder interests by preventing conflicts of interest.

07 Dividend Distribution Policy

Midland's Dividend Distribution Policy seeks to reward shareholders while preserving long-term capital strength.

- ▶ Decisions consider profitability, liquidity, reinvestment needs, and regulatory norms.
- ▶ The Board reviews performance and market conditions periodically before making recommendations.
- ▶ This disciplined approach reflects our commitment to prudent financial management and sustainable shareholder value creation.

Business Strategy:

Empowering Progress through Technology-Driven, Responsible Growth

Our business strategy is grounded in inclusive, responsible lending and aligned with our vision of enabling grassroots financial empowerment. By leveraging cutting-edge technology, we deliver tailored solutions to meet evolving customer needs. The strategy is anchored on four pillars:

 Maximising Household Value - Providing customised lending solutions to support income generation and financial well-being.	 Fostering People Development - Building workforce capability through structured learning and growth opportunities.
 Digitising Operations for Simplicity and Scale - Enhancing efficiency via process automation and user-centric platforms.	 Nurturing a Strong Organisational Culture - Promoting an inclusive, agile, and purpose-driven culture aligned with Midland's long-term growth vision.

Product Strategy: Expanding Access with Client-Centric Offerings

Midland's product strategy is focused on broadening access to finance through simple, relevant, and responsible offerings tailored to low-income households. Our key priorities include:

- ▶ Diversifying our portfolio beyond group loans to meet evolving needs such as enterprise expansion, education, and household resilience.
- ▶ Piloting and scaling secured loans for existing clients in line with their growth aspirations.
- ▶ Strengthening product governance, including structured rollouts, robust approval processes, and feedback loops for continuous improvement.
- ▶ Ensuring client protection by designing products that are easy to understand, fairly priced, and transparent in terms and conditions.

People Strategy: Building a Skilled, Empowered, and Future-Ready Workforce

Midland's people strategy recognises that our employees are our greatest strength. Our approach centres on:

- ▶ Attracting and retaining talent with aligned values and a strong sense of purpose.
- ▶ Enhancing workforce capability through structured onboarding, digital learning via Edurigo, and continuous upskilling initiatives.
- ▶ Strengthening leadership pipelines by identifying and nurturing high-potential talent across the organisation.
- ▶ Fostering a culture of meritocracy and inclusion, where employees are encouraged to grow, contribute, and lead with integrity.

Process Transformation Strategy

We are actively digitising workflows, unifying systems, and automating repetitive processes to improve turnaround times and overall service quality.

Through process automation and a modular platform design, we are enhancing internal efficiency while equipping our field teams with mobility-enabled tools. Our technology-driven transformation focuses on:

- ▶ Real-time dashboards for more informed decision-making
- ▶ Streamlined mechanisms for cross-selling



Technology Strategy

Technology is central to Midland's operational backbone. We continue to invest in scalable and agile digital systems that drive business expansion and enrich the stakeholder experience.

Key focus areas include:

- Transitioning to a modern Core Financial Service Solution (CFSS)
- Launch of 'Midfin', our customer self-service application built on a microservices architecture
- Strengthening API integrations to enable seamless and efficient digital journeys

Our robust digital ecosystem is designed to adapt swiftly to evolving business needs, reduce friction, and future-proof operations.



Risk Management Strategy

A sound risk framework underpins our long-term growth agenda. At Midland, we embed risk controls across every business function to strengthen resilience, enhance agility, and maintain compliance with regulatory expectations.

Our key risk strategies include:



Implementing a business rule engine for effective credit underwriting



Strengthening bureau integrations to ensure comprehensive credit checks



Building a climate risk framework to evaluate environmental impact on portfolio quality



Deploying a Compliance Tracking System for timely monitoring and reporting



Investing in Internal Audit technology to enable end-to-end assurance

Our practices are aligned with the Reserve Bank of India's revised microfinance guidelines and Self-Regulatory Organisation (SRO) standards. Through our Internal Capital Adequacy Assessment Process (ICAAP), we ensure Midland remains well-capitalised, resilient, and agile in responding to risk triggers across the spectrum.

This multi-layered approach to risk reinforces Midland Microfin's commitment to responsible growth, balancing profitability with purpose and operational excellence with social impact.

Driving Sustainable Growth with Responsibility

At Midland, growth is not just about scale, it is about responsibility. With innovation and customer-centric thinking at the heart of our strategy, we are committed to transforming lives and livelihoods across underserved regions of India.

Our long-term focus is to deliver inclusive, technology-enabled financial services that are accessible, affordable, and aligned with India's rural development goals.



Proactive Risk Management - Anticipating Challenges, Ensuring Resilience

At Midland, risk is not merely seen as a challenge to overcome but as a catalyst for resilience and long-term value creation. We have adopted a forward-looking and dynamic risk management philosophy that not only mitigates threats but also converts them into strategic opportunities. This approach is a core pillar of our commitment to long-term sustainability and stakeholder confidence.

Strategic and Integrated Risk Governance

Midland’s enterprise-wide risk management framework is guided by strategic foresight and operational discipline. It is designed to systematically identify, assess, and respond to risks at every level of the organisation, ensuring alignment with long-term objectives.

By combining advanced quantitative tools with qualitative judgement, Midland maintains a comprehensive, 360-degree understanding of its risk landscape. This enables the prioritisation of vulnerabilities and supports informed decision-making across the business.

Key Elements of the Risk Framework

Midland’s enterprise-wide risk management framework is guided by strategic foresight and operational discipline. It is designed to systematically identify, assess, and respond to risks at every level of the organisation, ensuring alignment with long-term objectives.

By combining advanced quantitative tools with qualitative judgement, Midland maintains a comprehensive, 360-degree understanding of its risk landscape. This enables the prioritisation of vulnerabilities and supports informed decision-making across the business.

► Balance Sheet Stress Testing: We conduct regular stress tests to evaluate balance sheet resilience, with a particular focus on liquidity and interest rate fluctuations. A positive interest rate sensitivity gap is maintained over a one-year horizon as a strategic safeguard.	► Expected Credit Loss (ECL) Modelling: We apply forward-looking credit loss projections to enhance our portfolio risk assessments and improve our ability to anticipate and mitigate future credit risk.	► Hindsighting and Long-Range Planning: Retrospective analysis and scenario-based planning help refine risk insights and ensure that decisions are grounded in past learnings and future expectations.
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Alignment with Strategic Objectives

Risk management at Midland is fully integrated into the Company's broader strategic and operational planning. By aligning risk oversight with key goals such as sustainable growth, operational efficiency, and market leadership, our framework provides a resilient foundation for sound decision-making.

We also track key performance indicators (KPIs) using risk-adjusted metrics, fostering a culture where risk considerations are central to strategic execution. This approach enables our leadership to proactively manage disruptions and create long-term value for all stakeholders.

Robust Risk Governance

MIDLAND follows a multi-tiered risk governance framework led by the Board and supported by specialized committees overseeing key risk areas. The model aligns with the Company's risk appetite, reinforces diversification, sets clear thresholds, and ensures swift response to emerging risks through strong controls and collaboration.

Key Risk Management Initiatives in FY25

Third-Party Risk Management (TPRM)

To manage risks associated with outsourced services, Midland has institutionalised a comprehensive TPRM framework. Vendor onboarding involves detailed due diligence across financial, operational, and IT areas. Ongoing monitoring includes field visits, security compliance reviews, and adherence to mandatory contractual requirements. Risk is reassessed during contract renewals to ensure continued alignment with Midland’s standards and expectations.

Field Risk Management: Ground-Level Oversight

The field risk team plays a vital role in implementing risk policies at the branch level. Acting as a bridge between corporate oversight and field operations, the team ensures risks are proactively identified and managed.

Key initiatives include:



Field Risk Surveys:

Profiling tools to assess vulnerabilities across branches and centres, generating actionable insights



Fraud and PAR Investigations:

Investigation of frauds and portfolio-at-risk (PAR) events, identifying gaps and recommending control measures



Location Risk Assessments:

Risk assessments prior to expansion into new geographies to inform credit and operational risk decisions

Risk Management Process

Midland's dynamic risk management process provides comprehensive visibility into potential risks and their mitigation strategies. This integrated framework ensures resilience and supports the Company's strategic goals, including sustainable growth, operational stability, and market leadership.

The risk management lifecycle is built on four foundational pillars:



Identification



Measurement



Prioritisation



Mitigation

These pillars are embedded in a robust, enterprise-wide framework that is designed to address both traditional and emerging risks in a responsive and forward-looking manner.

Core Pillars of the Risk Management Framework

Enterprise Risk Management (ERM) Framework

The ERM framework offers a holistic approach that enables the identification, assessment, and management of risks across all functions and business verticals. It ensures that risks remain within acceptable thresholds and supports informed decision-making at every organisational level.

Risk Appetite Statement

This document sets clear parameters for risk-taking by defining limits across product segments, business units, and risk categories. These thresholds are carefully aligned with the Company's strategic objectives and cascaded across the organisation to ensure a consistent, disciplined approach to risk.

Prudent Lending and Asset Quality

The company follows rigorous credit evaluation procedures to maintain high asset quality, while also responsibly exploring new business opportunities. This balanced approach supports portfolio growth without compromising on risk standards.

Monitoring and Mitigation

Midland leverages Early Warning Signals (EWS), periodic portfolio reviews, and scenario-based stress testing to proactively manage operational, liquidity, and market risks. This framework aligns with the company's broader risk strategy, enabling it to respond to evolving risks such as fraud, cyber threats, climate change, and model vulnerabilities.

The enhanced framework cascades risk appetite thresholds across segments, allowing the organisation to stay agile and responsive to shifting customer needs and market dynamics, while remaining aligned with strategic intent.

Strengthening Risk Awareness Across the Organisation

Recognising that effective risk management begins with awareness, Midland has institutionalised a company-wide Risk Awareness Training Programme.

Key initiatives include:

- ▶ Regular training sessions to embed a risk-aware mindset across all levels of the workforce
- ▶ Virtual reality simulations that boost engagement and retention through immersive learning
- ▶ Mandatory training on key risk domains such as cybersecurity, operational risk, and fraud
- ▶ Advanced leadership workshops to build strategic thinking around risk identification and mitigation

Cultivating an Effective Risk Culture

A strong and proactive risk culture underpins Midland's organisational stability. The company fosters this through empowered leadership, cross-functional collaboration, and targeted communication strategies.

Enhanced Communication Channels

- ▶ Monthly newsletters and briefings that update teams on evolving risks, changes to SOPs, and recent success stories
- ▶ Cross-functional risk review meetings that drive collaboration, shared ownership, and accountability

Continuous Monitoring and Improvement

- ▶ Annual SOP reviews ensure alignment with dynamic market conditions and operational priorities
- ▶ Root Cause Analysis (RCA), led by cross-functional teams, helps investigate failures and implement Corrective and Preventive Actions (CAPA)

Embedding Accountability and Future-Readiness

Through a structured, data-driven approach and a strong culture of awareness and accountability, Midland ensures its risk framework remains both resilient and responsive. By integrating best practices and aligning them with the company's strategic blueprint, Midland continues to enhance its capacity to manage uncertainty, protect stakeholder interests, and drive long-term value.

Broad Risk Framework

Midland operates in a dynamic business environment that demands a comprehensive and proactive approach to risk management. Its broad risk framework offers a structured methodology to identify, assess, monitor, and mitigate risks across all operational and strategic areas.

This framework integrates governance, analytics, and forward-looking controls to strengthen resilience, support sustainable growth, and ensure continuity in business operations.

Overview of Risk Categories

Midland's risk landscape is broadly categorised into the following areas:



Market Risk



Credit Risk



Operational Risk



Other Risks
(including legal, regulatory, reputational, strategic, political, climate-related, cyber, and fraud risks)

Risk Category	Sub-Risk	Mitigation Measures
Credit Risk Credit risk is one of the most significant risks for Midland. It refers to the potential financial loss if a borrower fails to meet their contractual repayment obligations. Midland's credit risk framework is designed to be adaptive and resilient, with continuous portfolio monitoring and risk-based decision-making.	Default Risk The risk of borrowers failing to meet their debt obligations, leading to financial losses.	- Portfolio reviews to assess emerging trends and overall credit health. - Assessments using customers' Credit Information Reports(CIRs).
	Concentration Risk (Geography)Overexposure to a single borrower, industry, or geography, leading to increased vulnerability to sectoral downturns	- Diversification strategies to reduce geographic concentration. - Location-specific controls to maintain balanced risk exposure.

Risk Category	Sub-Risk	Mitigation Measures
Market Risk Market risk arises from unfavorable movements in external financial variables such as interest rates, foreign exchange rates, and overall liquidity. These fluctuations can impact Midland's earnings, asset values, and capital levels	Interest Rate Risk Exposure to fluctuations in interest rates impacting borrowing costs and investment returns.	- Oversight by the Asset Liability Committee (ALCO) as per the Asset Liability Management (ALM) policy. - Scenario analysis to evaluate the impact on capital and profitability.
	Liquidity Risk The risk of not having sufficient liquid assets to meet financial obligations.	- Maintaining adequate liquidity buffers - Contingency funding plans to prepare for unexpected disruptions.
	Maturity Mismatch Risk Mismatch between asset and liability maturities, leading to liquidity stress.	- Regular monitoring of maturity schedules. - Ensuring Cash flows align with liabilities.
Operational Risk Operational risk results from issues within internal processes, systems, or personnel, as well as from external events. These include fraud, system failures, or natural disasters	Process Risk Inefficiencies, errors, or failures in internal processes that could impact business operations.	- Regular updates to Standard Operating Procedures (SOPs) and metrics. - Implementation of real-time hind sighting processes. - Internal audits and branch evaluations.
	People Risk Risks arising from human errors, lack of expertise, or inadequate training.	- Oversight through a dedicated Process Approval Group. - Comprehensive training programme to enhance risk awareness.
	Information & Technology Risk Risks related to IT failures, cyber security threats, and system disruptions.	- Advanced digitization and automation. - Implementation of Information Security Manual for cyber risk management.
	Outsourcing Risk Dependence on third-party service providers leading to operational vulnerabilities	Robust Third-Party Risk Management (TPRM) and compliance frameworks.

Risk Category	Sub-Risk	Mitigation Measures
Other Risk These encompass a wide range of strategic, regulatory, and emerging risks critical to MIDLAND's long-term sustainability.	Legal Risk Exposure to legal disputes, non-compliance, and contractual obligations.	- Regular legal reviews and updates to internal policies. - Alignment with fraud and operational standards.
	Regulatory Risk Risk arising from non-compliance with evolving laws and regulations.	- Dedicated Compliance Department for regulatory oversight. - Periodic updates to operational manuals and independent reviews.
	Reputational Risk Negative publicity or stakeholder perception impacting brand value.	- Structured reputation risk assessments. - Stakeholder-specific communication strategies.
	Strategic & Political Risk Risks from policy changes, regulatory shifts, or political instability affecting business operations.	Continuous alignment of strategy with regulatory and political developments.
	Cyber Risk Threats from cyber-attacks, data breaches, and fraud.	Endpoint Security: - Migrating EPS to SaaS for centralized control. - Enforcing DLP and BitLocker for data protection. - Integrating SIEM for real-time threat monitoring. - Segregating policies for targeted risk compliance. Network & Firewall: - Implementing IPS/IDS, MAC Binding, SSL - Inspection, Web/App Filtering. - Strengthening threat detection and data integrity.

Risk Category	Sub-Risk	Mitigation Measures
		Cyber-security Best Practices: - SIEM: Centralized threat analytics. - SOC: 24×7 real-time incident response. - Leveraging PostgreSQL RDS & Seqrite SIEM for scalable log management.
	Fraud Risk Internal and external fraudulent activities leading to financial and reputational losses.	- Advanced fraud detection systems. 360-degree monitoring for early detection. - Employee training for fraud risk awareness.





ESG at Midland Microfin Limited:

Enabling Inclusive,
Responsible,
and Resilient Growth

A Purpose-Led Journey

As a microfinance institution deeply rooted in rural India, Midland Microfin Limited serves a mission that goes beyond finance. It is a commitment to economic empowerment, social inclusion, and sustainable livelihoods. With a borrower base consisting primarily of women, and a presence across over 48,000+ villages in 12 states and 2 union territories, our ESG journey reflects our purpose: to transform communities through responsible, equitable and climate-conscious finance.

With over 5,400 employees and a growing national footprint, Midland's operations touch the lives of thousands of families every day. Our offerings, from livelihood finance to WASH loans, clean energy solutions, and solar-powered home products, are designed to support income stability and reduce environmental impact. This focus on both people and the planet forms the foundation of our ESG strategy.

Pillar 1: Financing a Sustainable Future

Green Product Portfolio and Carbon Reduction

Our lending portfolio is designed to promote financial inclusion while supporting climate-smart living. Midland has introduced and scaled several impactful financial products, including:



WASH Loans, which improve access to safe water and sanitation



Solar Lamp Loans and Induction Stove Loans, which reduce reliance on fossil fuels and enhance indoor air quality



PM SVANIDHI Loans and Aajeevika Microfinance, aimed at uplifting underserved and SC communities



Shiksha Loans, which support education for rural households

These solutions align with national development goals and contribute to multiple UN Sustainable Development Goals (SDGs).

Key Highlights and Targets

3.2 LAKH

Reached 3.2 lakh households under the Global Carbon Programme

185+

Over 185 branches now powered by solar energy

50%

Targeting 50 percent of branches to operate on renewable energy by FY2030

10 LAKH

Goal of reaching 10 lakh households with clean energy solutions by FY2030

Establishing a formal Sustainable Financing Framework and Impact Assessment Mechanism by FY2027

Pillar 2: Empowering People, Elevating Communities

Expanding Financial Literacy and Inclusion

Midland's model centres around making credit and financial education accessible to underserved women in rural areas. Through initiatives like Digital Didi and educational sessions aligned with the RBI's DEA programme, we equip customers with the knowledge needed to make informed financial decisions.

10% Y-O-Y

Achieved 10 percent year-on-year growth in financial literacy programme participation

48,000

Reached over 48,000 villages

1 LAKH

Expansion target: 1 lakh villages by FY2030

10 LAKH

Train 10 lakh women in financial literacy by FY2027

Investing in Human Capital

With over 5,400 employees, Midland is committed to fostering a workplace grounded in trust, diversity and professional development.

- ▶ Delivered over 2.15 Lakh hours of training in FY25
- ▶ Rolled out annual health check-ups and wellness programmes
- ▶ Targeting a 30 percent increase in average training hours per employee by FY2026
- ▶ Aiming to increase women's representation in the workforce to 10 percent by FY2027
- ▶ Reducing employee turnover through improved engagement and clearer career pathways

Our HR roadmap includes gender equity programmes, unconscious bias training, leadership development, and local hiring to support inclusive growth from the ground up.



Pillar 3: Fostering Responsible Governance

Strengthening ESG Risk and Cyber Resilience

In a digital-first and regulation-driven environment, Midland proactively addresses ESG risks through an integrated risk management framework. Key areas of focus include:

- ▶ Business Continuity and Disaster Recovery
- ▶ Cybersecurity and Data Privacy
- ▶ Climate Risk and Model Risk
- ▶ Anti-Corruption and Grievance Redressal



Overview of Risk Categories



Board-level Risk Committee in place with dedicated ESG oversight



No data breaches or privacy complaints in FY25



ISO 31000-aligned enterprise risk management framework by FY2025



Climate Risk Assessment aligned with TCFD principles by FY2025



Implementation of Cerise and SPTF's Client Protection Pathway by FY2025

The Road Ahead: A Commitment to Sustainable Value Creation

Midland's ESG strategy is deeply integrated with our long-term vision. We believe that financial inclusion, environmental responsibility and ethical governance are the cornerstones of sustainable performance and impact.

Key Future Milestones (as per ESG Roadmap)

Focus Area	Milestone	Target Year
Governance	ESG Report Publication	FY2027
Ratings and Certifications	DJSI and Cerise Client Protection Rating	FY2028
Workforce Diversity	12% Women Workforce	FY2027
Renewable Transition	50% Branches Solar-Powered	FY2030
Financial Literacy Impact	10 Lakh Women Trained	FY2027

By embedding ESG principles into every decision, product and process, Midland is building a socially responsible, future-ready organisation that values inclusion, resilience and accountability. Our focus remains steadfast: serving rural India, empowering women, and creating lasting positive impact.

Environment in Action

Building a Greener Tomorrow

At Midland Microfin Limited, our commitment to environmental sustainability is deeply woven into our strategy and daily operations. As a microfinance institution working at the grassroots level, we understand the environmental challenges faced by our communities, including energy scarcity and the increasing impacts of climate change. Through clean energy financing, green operations, and digital innovation, we are actively reducing our environmental footprint while enabling our customers to do the same.

1. Reducing Emissions through Clean Energy and Operational Efficiency

Branch Solarisation for Energy Independence

Midland is transitioning to cleaner energy sources by solarising its branches. This move significantly reduces reliance on fossil fuel-based electricity and contributes to lowering the carbon footprint. Approximately 36% of branches are currently solarised.

Green Product Financing

We enable rural households to access affordable and impactful clean energy products, including:

- Solar lamps and torches
- Induction cooktops and energy-efficient appliances

These solutions not only improve daily life but also reduce dependence on biomass and kerosene, thereby lowering household emissions and promoting healthier indoor environments.

e-Cycle Pilot for Employees

To promote low-emission mobility, Midland has launched a pilot programme for staff using e-cycles to support green commuting for work-related activities.

Smart Energy Management

Midland is transitioning to cleaner energy sources by solarising its branches. This move significantly reduces reliance on fossil fuel-based electricity and contributes to lowering the carbon footprint. Approximately 36% of branches are currently solarised.

We have implemented several energy-efficient measures to reduce power consumption across operations:



LED lighting:

All branches and offices are now fitted with LED fixtures, helping lower energy use and emissions



Virtual servers:

Our entire server infrastructure runs on a virtual cloud-based model, reducing the environmental load through shared computing and improved data efficiency

2. Digitisation to Combat Deforestation and Paper Waste

End-to-End Paperless Lending

Our Loan Origination System (LOS), Loan Management System (LMS), and account opening platforms are fully digitised. From onboarding to disbursement, our processes are designed to reduce the need for physical documentation.

- All loan agreements are executed digitally using Aadhaar-based e-signatures
- The Midfin Customer App offers digital access to statements and receipts, further reducing paper usage

E-KYC Integration

Midland has obtained SUB AUA and SUB KUA licences through Fino Bank, enabling Aadhaar-based e-KYC via UIDAI. This integration minimises physical documentation and speeds up the transition to a paperless system.

Impact Snapshot

Through digitisation and eco-conscious practices, Midland has saved an estimated 100 tons of paper in FY25. This is equivalent to preserving thousands of trees and significantly contributes to reducing deforestation.

3. Responsible Waste Management

We are committed to responsible waste handling in line with environmental regulations and best practices. Our approach follows the universal 3Rs principle: Reduce, Reuse, and Recycle.

E-Waste and Hazardous Waste Disposal

- We generate electronic waste including laptops, desktops, scanners, and printers
- All hazardous and electronic waste is disposed of through certified, government-authorised vendors
- In FY25, Midland safely disposed of 115.5 kg of e-waste via certified recyclers

4. The Midland Carbon Programme - Enabling Climate Action

Our flagship environmental initiative, the Midland Carbon Programme, promotes climate-positive action by:

- Financing clean energy solutions at scale
- Supporting adoption of low-carbon lifestyles in rural communities
- Reducing household-level greenhouse gas emissions
- Advancing energy equity in underserved areas

This programme reflects our belief that meaningful climate action begins with those who are most vulnerable to its impacts. We prioritise support for underserved and energy-poor communities.

Looking Ahead: A Greener, More Inclusive Future

Our environmental initiatives are not standalone efforts. They are embedded in Midland's long-term vision for rural development. As we scale our impact, we aim to:

- Solarise more branches
- Develop new green financing products
- Strengthen climate risk assessments
- Promote carbon literacy among employees and customers

By integrating clean technology, financial inclusion, and sustainability-led governance, Midland is empowering rural communities to become active participants in the climate movement.

Social Responsibility

at Midland –

Empowering People, Enabling Progress

At Midland Microfin Limited, social impact is at the heart of everything we do. Our commitment goes beyond financial inclusion—it extends to building resilient communities, empowering our employees, and ensuring equal opportunities for all. Our social initiatives are woven into our business model, ensuring that as we grow, so do the lives and livelihoods of those we serve.

I. Enhancing customer experience through digital innovation

We believe technology can be a powerful enabler of financial inclusion. Our digital platforms have transformed how customers interact with us, making financial services more accessible, transparent, and secure.

Key highlights:

- **Midfin Customer App:** Enables rural borrowers to access their loan information, statements, and receipts instantly. In FY25, over Twenty-five thousand customers connected via the app, and transactions over ₹1 million were processed digitally.
- **WhatsApp Bot:** Offers 24x7 customer service support in vernacular languages, improving user experience and reducing turnaround time.
- **Paperless Processes:** Through e-KYC, Aadhaar-based e-signatures, and fully digital loan origination and servicing, we have made borrowing simpler, faster, and more sustainable.

II. Corporate social responsibility (CSR) – Creating shared value

Midland's CSR strategy is focused on high-impact community development in areas of health and hygiene, literacy and livelihood, and climate and environment. Our initiatives aim to create long-term socio-economic upliftment across rural India.

Core CSR initiatives:

- Health camps and menstrual hygiene awareness drives
- Financial literacy workshops for rural women and youth
- Study centres to improve access to education
- Tree plantation and rainwater harvesting for environmental stewardship
- Flood relief and community resilience programmes

In FY25, Midland invested ₹1 crore in CSR initiatives, directly benefiting thousands of families in underserved geographies.

III. People first - Investing in our workforce

At Midland Microfin Limited, our people are not just employees. They are changemakers driving inclusive growth across rural India.

With over 5,400 employees and a 30% year-on-year growth in workforce strength, FY 2024–25 marked a significant stride in our human capital journey. Our HR strategy is rooted in fairness, inclusivity, and a deep commitment to building a future-ready, empowered workforce.

Equal opportunity and diversity

We are proud to be an equal opportunity employer. Our Equal Opportunity Policy promotes a fair and respectful workplace, free from bias based on gender, caste, religion, or geography. We continue to focus on inclusivity across all levels of the organisation.

- Target: Achieve 12% female workforce participation by FY27
- Active hiring from underrepresented regions and underserved communities

First-time employment

We are enabling first-time employment at scale, particularly for rural youth seeking entry into the formal economy. In FY25, a substantial share of our new hires were first-generation professionals, underscoring our role as a career catalyst.

- Target: Ensure 50% of new hires annually are first-time employees by FY27

IV. Employee health, safety, and well-being

Our people's safety and well-being remain paramount. We take a holistic approach to physical, emotional, and financial wellness.

- 100% employee coverage under GMC (Group Medical Coverage), GPA (Group Personal Accident), and Term Plans, with full premiums covered by Midland
- Refyne - Salary advance platform implemented for both short-term and long-term financial flexibility
- Parental engagement initiative introduced to support family-friendly work culture
- Regular health check-up camps across regions
- Robust POSH policy, grievance redressal, and whistleblower frameworks ensure a safe, transparent, and accountable workplace

V. Learning and development - A culture of continuous growth

At Midland, we believe in growing talent from within. We have built a dynamic learning ecosystem to empower our people through digital and experiential learning.

- Powered by EduRigo LMS, offering 300+ modules covering functional, technical, and leadership skills
- In FY25, 85% of employees completed all mandatory learning pathways
- MBA assistance programme launched for middle-level managers to enhance leadership capability
- Structured learning paths tailored to senior, mid-level, and field staff for personalised growth

VI. Recognised as a Great Place to Work®

We are proud to be Great Place to Work® Certified for the sixth consecutive year, and among the Top 50 BFSI Workplaces in India. This accolade reflects our commitment to employee trust, engagement, and organisational pride.

- Retention bonus introduced to retain top-performing talent
- Employee Stock Option Plans (ESOPs) granted to strengthen long-term commitment
- HR dashboards deployed to enable real-time visibility and decision-making

VII. Community engagement for rural empowerment

Our employees are active participants in our social mission. Through CSR-linked programmes, we co-create sustainable impact in partnership with the communities we serve.

Key initiatives include:

- Supporting smallholder farmers and allied agricultural activities
- Financing water, sanitation, and hygiene (WASH) infrastructure
- Promoting women-led businesses and rural entrepreneurship

VIII. Commitment to financial inclusion

Our operations span 12 states and 2 union territories, with a presence in over 48,000 villages. We serve as a vital financial lifeline for rural households, especially women.

- Over 15 Lakh women borrowers empowered through microfinance
- Financial products tailored for livelihood enhancement, asset creation, and household resilience
- Digital outreach programmes such as the Digital Didi initiative to promote financial literacy among women customers

IX. Our Social Responsibility Commitments Moving Forward

Strategic Focus Area	FY27 Target
Female workforce participation	12%
Financial literacy outreach	10 lakh women trained
CSR investment	₹1 crore annually
Community-linked branches	100% branches linked to CSR activities
First-time employment	50% of annual new hires

Through our social impact efforts, Midland is not just building a financially inclusive future. We are shaping a healthier, more equitable, and more empowered India. We remain committed to our role as a responsible lender, employer, and partner in nation-building.

Governance with Purpose and Prudence

Fostering Trust, Building Value

At Midland Microfin Limited, governance is more than a regulatory requirement. It is the foundation upon which our commitment to responsible, inclusive, and sustainable growth is built. We believe that robust governance empowers resilience, strengthens stakeholder trust, and paves the way for long-term value creation. Guided by ethics, transparency, and accountability, our governance framework is future-ready and rooted in integrity.

Our Governance Framework

Anchored in Global Standards, Powered by Responsibility

Our governance practices are aligned with the highest regulatory standards and global benchmarks such as the Basel Committee's guidelines. We follow a Three Lines of Defence Model, designed to ensure independent oversight, operational accountability, and holistic risk management across all business functions:

First Line of Defence – Business Functions

Business units are responsible for identifying, managing, and mitigating day-to-day risks while adhering to the Company's values, processes, and policies.

Second Line of Defence – Independent Oversight Functions

Our Risk Management, Compliance, and Vigilance teams function independently of business operations and provide expert guidance. These teams report directly to Board-level Committees, enabling unbiased decision-making and ensuring regulatory alignment.

Third Line of Defence – Internal Audit

An objective and independent Internal Audit function reports directly to the Audit Committee of the Board, providing assurance on the effectiveness of governance, risk management, and control processes.

Leadership Through a Diverse and Experienced Board

Our Board of Directors is composed of a strong blend of executive, non-executive, and independent directors who bring deep expertise in microfinance, banking, legal, technology, governance, and financial inclusion. With a majority of Independent Directors, the Board plays a strategic and supervisory role, driving informed decision-making and ethical leadership.

The Board is supported by the following statutory and regulatory committees:

Audit Committee

Risk Management Committee

Nomination and Remuneration Committee

Stakeholder Relationship Committee

Corporate Social Responsibility (CSR) Committee

IT Strategy Committee

ALCO Committee

Special Committee of Board for Monitoring Fraud

Board Management Committee

Each committee is tasked with overseeing specific areas of governance, ensuring focused oversight and expert input on critical business matters.

Policies that Uphold Ethical Governance

To institutionalise integrity and promote transparency, Midland has adopted a comprehensive suite of governance policies:

Code of Conduct for Directors and Employees

Corporate Governance Code

Insider Trading Policy

Whistleblower Policy

Board Performance Evaluation Framework

These policies are regularly reviewed to ensure they reflect evolving regulations and ethical best practices.

Customer-Centric Governance

Governance at Midland goes beyond internal control. It extends to the people we serve. We have formulated customer-first policies that promote fairness, transparency, and grievance redressal:

Fair Practices Code

Customer Grievance Redressal Policy

Customer Compensation Policy

Deceased Claims Settlement Policy

Interest Rate Policy

These policies are designed to provide clear communication, build trust, and ensure every customer interaction reflects our values.

People-First Culture and Policies

Our people are our biggest strength. We ensure a thriving and inclusive workplace through progressive HR and welfare policies:

Equal Opportunity and Diversity Policy

Learning and Development Framework

ESOP Scheme

Car Lease Policy

Holidays and Leave Policies

We continuously invest in capability building and career development to nurture a resilient and future-ready workforce.

Comprehensive Risk and Compliance Safeguards

A robust governance architecture is incomplete without effective risk controls. Our policies ensure strong regulatory compliance, operational vigilance, and fraud prevention:

Risk Management Policy

Compliance Policy

Internal Audit Policy

Fraud Risk Management Framework

Information Security Policy

Business Continuity & Disaster Recovery Plan

These policies enable us to identify, assess, and mitigate risks across the enterprise proactively.

Adherence to Statutory and Regulatory Frameworks

We ensure strict compliance with all applicable laws through carefully structured and periodically updated governance policies:

Policy on Related Party Transactions

Dividend Distribution Policy

Archival and Document Retention Policy

Nomination and Remuneration Policy

Prevention of Sexual Harassment (POSH) Policy

Our commitment to statutory compliance reinforces stakeholder trust and reflects our ethical foundations.

Awards & Recognition:

Celebrating a Year of Purpose & Impact

The past year has been one of purpose and progress. Midland Microfin has earned several prestigious accolades that reflect our dedication to empowering communities, supporting our people, and driving innovation in the microfinance sector. These honours highlight our focus on operational excellence, ethical practices, and continuous improvement.

Midland Microfin Ltd. : Acknowledged as the Fastest Growing Microfinance Institution

We are proud to be recognised as the Fastest Growing Microfinance Institution at the 8th Annual Brand Vision India 2030 Leadership Conclave. This achievement reflects our unwavering commitment to integrity, innovation, and impact in underserved communities. We extend our deepest gratitude to our dedicated team, loyal customers, and partners who made this growth possible.

This prestigious award is a powerful testament to our continued commitment to integrity, innovation, and our unwavering impact on underserved communities. We extend our heartfelt thanks to our dedicated team, our loyal customers, and our valued partners who have been instrumental in this journey of growth.

This recognition inspires us to continue transforming lives and shaping a more financially



Social Impact Certificate by d.light

We are honoured to receive the Social Impact Certificate by d.light, recognising our efforts in empowering communities through sustainable, affordable, and life-enhancing solutions. This recognition highlights our commitment to improving quality of life while contributing to a greener, more responsible future.

SMERA MICI: A Testament to Operational Excellence

We are proud to have once again secured the MICI COCA Grading by SMERA, reaffirming Midland's position as an industry leader in operational excellence. This recognition reflects our disciplined approach, strong governance, and commitment to building a transparent and high-performing organisation that delivers sustainable growth



Great Place to Work Certified: Our People, Our Strength

For the sixth consecutive year, Midland Microfin has been certified as a Great Place to Work. This recognition reflects our efforts to create an inclusive, collaborative, and empowering workplace where our people are at the heart of everything we do. A culture that prioritises trust, well-being, and growth not only drives employee satisfaction but also strengthens our ability to serve communities with passion and purpose

LEADERSHIP & SECTORAL ENGAGEMENT



Sa-Dhan National Conference

Our Managing Director, Mr. Amardeep Samra, represented Midland at the Sa-Dhan National Conference, where he participated in a panel on RBI's latest regulatory guidelines for microfinance. He shared valuable insights on the challenges faced by both lenders and borrowers, while emphasising Midland's proactive role in fostering transparency, self-regulation, and ethical practices. His participation highlighted our commitment to driving sustainable growth and building trust within the microfinance ecosystem



Scaling Climate-Resilient Agriculture

Midland Microfin is committed to promoting sustainable farming practices and enabling climate-resilient agriculture. Our COO & CFO, Mr. Amitesh Kumar, participated in the event 'Adoption of Technologies by Financial Institutions: Experiences, Challenges, and Pathways,' where he shared insights on how Midland supports farmers through innovative solutions and sustainable practices. Our engagement reflects our dedication to addressing climate challenges and driving positive change at the grassroots level

Corporate Social Responsibility (CSR) Impact Report

Fiscal Year 2024–25

At Midland Microfin Limited, our Corporate Social Responsibility (CSR) initiatives are intrinsically linked to our core values of equity, empowerment, and environmental stewardship. With a robust presence spanning over 12 states & 2 Union Territories and 230+ districts, our comprehensive CSR programme align with Schedule VII of the Companies Act, 2013. In FY 2024–25, these efforts have positively impacted over 100,000 beneficiaries through sustainable and inclusive development interventions.

Community Impact Dashboard

Our commitment to social upliftment is reflected in the tangible outcomes of our projects:



Over **104,710**

Lives Impacted



25+

Projects Implemented



12 States, 2 Union Territories, & 230 Districts

Geographical Reach

Our CSR Projects & Impact – FY 2024–25

Our initiatives are categorized into key focus areas, each designed to address critical societal needs.

1. Health, Hygiene & Nutrition

Swachata Evam Swasthya Jagrukta Abhiyaan

We conducted awareness campaigns and distributed sanitary napkins to empower rural women on menstrual hygiene and personal health. These initiatives fostered self-esteem and promoted greater social integration for over 100,000 women across 12 states & 2 Union Territories and 250+ districts.



No. of Beneficiaries Impacted:
(1 LAKH+)

Nutrition Drive

One of the key distributions took place during a sports event held at Sultanpur Lodhi, helping us reach a wider audience and strengthen our community engagement efforts



No. of Beneficiaries Impacted:
100

Health, Hygiene & Hope- A Wellness Initiative for Rural Women (Happy Tap Distribution)

We distributed Happy Tap in schools and rural homes across India to promote essential hand hygiene. This initiative aimed to provide tools and knowledge to enhance health and reduce the spread of diseases, reaching individuals in over 200 districts.



No. of Beneficiaries Impacted:
540

Commitment to Rural Health and Safety - Mosquito Racquet

We distributed mosquito racquets in vulnerable regions of Bihar to help prevent mosquito-borne diseases. This eco-friendly solution aims to empower rural women and foster healthier living conditions for beneficiaries in districts like Araria and Begusarai.



No. of Beneficiaries Impacted:
10+

Upliftment of School Infrastructure - Fan Distribution Drive

We donated fans to various Police Stations, Schools, Anganwadi Centres, Hospitals, Gram Panchayat Offices, Community Centres, Public Libraries, Primary Health Centres (PHCs), Old Age Homes, Orphanages, Local Government Offices, Shelter Homes etc across multiple districts in India. This initiative aimed to significantly improve the learning environment for students by providing relief from summer heat, creating more comfortable and conducive conditions for education.



No. of Beneficiaries Impacted:
1500



No. of Beneficiaries Impacted:
01

Swasthya Sahyog

We provided financial support of ₹10,000 to a rural woman in Salempur, Bihar, for urgent medical treatment. This compassionate gesture ensured timely access to essential medical care, reflecting our commitment to uplifting underprivileged communities.



No. of Beneficiaries Impacted:
420

Financial Literacy Drives (Nukkad Natak) - Navi Disha

During Navi Disha, we organized engaging Nukkad Natak (street play) performances to educate rural individuals on critical financial topics such as budgeting, saving, and responsible spending.

2. Education & Livelihood Empowerment

Midland Scholarship Programme - Uniform Distribution Drive

As part of its ongoing commitment to education and community development, Midland Foundation organized a Uniform Distribution Drive across various schools. This initiative aimed to instill a sense of unity, pride, and motivation among students by providing them with comfortable, branded Uniforms.

These Uniforms not only promote school spirit but also symbolize the Foundation's continuous support for young learners. Through this meaningful gesture, Midland Foundation reaffirms its dedication to empowering children and nurturing a positive, encouraging environment for their academic and personal growth.



No. of Beneficiaries Impacted:
1905

Distribution of Educational Aids - Bacchat Ki Or Kadam

We distributed essential educational aids, including piggy banks, to rural communities. This initiative aimed to provide crucial learning resources, promote saving habits, and support families in creating a better educational environment at home, empowering women in their financial journey.



No. of Beneficiaries Impacted:
250

Nav Kanya Vandana

We committed to undertaking the educational expenses, including fees and books, for girl children from discipline centers and orphanages. This initiative supports the education and empowers young minds for a brighter future.



No. of
Beneficiaries
Impacted:
250

Food Distribution

In collaboration with Midland Microfin Ltd., Midland Foundation organized a Food Distribution Drive to serve communities with love, humility, and compassion. This initiative stands as a reflection of our core values—unity, equality, and service—and our commitment to uplifting lives through meaningful action.

We extend our sincere appreciation to our dedicated team whose tireless efforts ensured the success of this initiative. Their selfless service not only helped meet immediate needs but also strengthened our bond with the communities we serve.



No. of
Beneficiaries
Impacted:
400



No. of
Beneficiaries
Impacted:
150+

Financial Literacy Workshops

Midland Microfin Ltd. and Midland Foundation, in collaboration with key partners such as MFIN and Lovely Professional University, successfully organized a series of impactful Financial Literacy Workshops across various regions in India, including Palamu (Jharkhand), Kishanpur Village (Punjab), Vadodara (Gujarat), and Chaheru Village (Punjab). These initia



No. of
Beneficiaries
Impacted:
514

Rural Development Projects

Blanket Distribution Drive

In collaboration with Midland Microfin Ltd., the Midland Foundation initiated a blanket distribution drive to support underprivileged communities during the harsh winter season. This effort provided warmth, comfort, and dignity to those most vulnerable to extreme weather conditions.

3. Disaster Relief & Emergency Response

Relief Distribution - Crisis Relief

During natural calamities, we distributed essential food and clothing to needy people and shelter houses in affected areas of Bihar and Punjab. This initiative provides crucial support and relief, ensuring access to necessities during challenging times.



No. of
Beneficiaries
Impacted:
650

Conclusion

Through its diverse and high-impact CSR programme, Midland Microfin Limited, powered by the Midland Foundation, has consistently reaffirmed its commitment to **inclusive growth, rural development, and social equity**. Each initiative is strategically designed to uplift communities, empower women, improve access to basic amenities, and contribute to environmental resilience, embodying our vision for a sustainable and equitable future.



Human Capital:

Building a Future-Ready, People-Centric Organisation

At Midland Microfin Limited, our people are at the heart of our purpose. As we scale our presence across India's rural and semi-urban heartlands, we remain committed to creating a workplace that fosters growth, inclusivity, and long-term value. FY 2024-25 marked a transformative year in our human capital journey with robust expansion, enhanced benefits, and a deeper commitment to employee engagement and wellbeing.

People Snapshot: Expanding with Purpose

During natural calamities, we distributed essential food and clothing to needy people and shelter houses in affected areas of Bihar and Punjab. This initiative provides crucial support and relief, ensuring access to necessities during challenging times.

5,415

Total Employees:

30% YoY increase

Workforce Growth:

7.49%+

Women in Workforce:

Talent sourced from 20+ states

Geographical Diversity:

₹1 crore+ contributed toward community development

CSR Participation:

Talent Acquisition: Enabling Livelihoods at Scale

We are building a mission-aligned workforce by hiring from the communities we serve. Our talent strategy focuses on developing careers while advancing financial inclusion.

▶ New Talent Onboarded:
2,000+ rural youth hired during FY25

▶ Academic Alliances:
Vocational institute partnerships to foster job-readiness

▶ Leadership Hiring:
Robust campus-to-boardroom pipeline in place

▶ Gender Inclusion:
Focused hiring programme for increasing women participation



Learning & Development: Continuous Skilling for Excellence

We believe that capability-building is key to delivering high-impact, compliant, and customer-centric services.

- ▶ Integrated Learning Platform:
300+ digital and classroom modules via EduRigo LMS

▶ Average Training Hours:



Senior Staff:
550+ hrs



Mid-Level:
630+ hrs



Field Staff:
650+ hrs

Core Learning Areas:

- Financial Literacy & Risk
- Digital Enablement Tools
- Compliance & Governance
- Leadership & Communication



- ▶ MBA Assistance Programme:
Launched for middle-level management to promote upward mobility

Recognition, Retention & Rewards: Investing in People

To retain and reward performance, Midland has adopted progressive strategies that align individual aspirations with organisational goals.

- ▶ **Retention Bonus** rolled out for key roles
- ▶ **Employee Stock Option Plans (ESOPs)** granted as part of long-term reward structure
- ▶ **Great Place to Work – Certified 6th Consecutive Year**, affirming our employee-first culture

Employee Wellbeing: Prioritizing Health, Family & Financial Wellness

We have adopted a holistic approach to wellbeing encompassing financial security, family support, and emotional health.

- ▶ **100% Workforce Covered:**
Under Group Medical Coverage (GMC), Group Personal Accident (GPA), and Term Plans
- ▶ **Refyne Salary Advance Programme:**
Instant access to earned wages short and long-term options available
- ▶ **Parental Engagement Initiative:**
Strengthening family bonds and emotional wellness
- ▶ **Health Camps & Counselling:**
Ongoing programme for physical and mental health

Digital-First HR: Empowering People Through Technology

We continue to digitalize our HR ecosystem for faster, data-driven, and employee-friendly experiences.

- ▶ **HR Dashboards:**
Real-time analytics for better workforce visibility and decision-making
- ▶ **“HR One” App:**
End-to-end access to HR services including payroll, leave, and onboarding

Empowering Women, Empowering Communities

Midland’s gender inclusion strategy integrates internal workforce development with external community outreach:

- ▶ **Leadership Development:**
Women representation in branch leadership roles steadily growing
- ▶ **Digital Didi Programme:**
Training rural women customers on digital payments and financial tools
- ▶ **Inclusive Hiring:**
Gender-focused sourcing for frontline and supervisory positions

Our Commitment Ahead: Purpose-Driven People Strategy

Looking ahead, we are committed to fostering a culture where skills meet compassion, ambition meets opportunity, and individual growth drives collective impact. Our focus will remain on:

- ▶ Nurturing talent from within
- ▶ Promoting long-term career progression
- ▶ Scaling learning with agility
- ▶ Deepening employee engagement through trust and transparency

Together, we are building a resilient, empowered, and future-ready workforce—one that is equipped not just to serve communities, but to transform them.

Stakeholders' Engagement & Outcome

Effective stakeholder engagement remains central to our business strategy. Midland Microfin Limited recognizes and values the unique contributions of each stakeholder group. Our engagement framework is built to foster transparency, trust, and long-term impact through meaningful collaboration.

Stakeholder Group	Expectations	Channels of Communication	Purpose and Scope of Engagement	Key Responsible Groups
Regulatory Bodies	-Compliance with RBI, SEBI, MCA and other applicable laws -Timely reporting and disclosures -Participation in financial inclusion and social development initiatives	-Regulatory filings -Audits and inspections -Consultations, webinars and circulars -Industry forums	-Regulatory compliance -Governance and risk management -Financial inclusion -Systematic grievance handling -Adoption of revised microfinance guidelines	Accounts & Finance Team, FCU Team, Compliance & Legal Team & Board Committees
Shareholders /Investors	- Sustainable value creation - Transparent disclosures - Timely returns - CSR performance	-Annual reports - Quarterly investor calls -Shareholder meetings -Disclosures on MCA and stock exchanges	-Financial performance and profitability -Strategic business outlook -Governance transparency - Capital allocation decisions	Compliance & Legal Team, CFO, Stakeholder Relationship Committee and Board of Directors
Service Provider/ Vendors	-Transparent procurement -Timely payments - Long-term partnerships -Ethical business conduct	-Procurement portal -Vendor meets -Performance evaluations -Agreements and SLAs	-Responsible sourcing -Digital vendor onboarding -Service quality, pricing and turnaround -Regulatory and tax compliance	Accounts Team

Stakeholder Group	Expectations	Channels of Communication	Purpose and Scope of Engagement	Key Responsible Groups
Customers	- Access to affordable and timely credit -Transparent pricing -Data privacy and grievance redressal -Financial literacy	-Midfin mobile app -Call centers and field visits -SMS/email alerts - Grievance redressal system	-Loan lifecycle support -Inclusive financial solutions -Digital onboarding and disbursement -Awareness on rights and responsibilities	Business Head, Grievance Redressal Officer & Credit Team
Employees	-Safe and respectful workplace -Career development -Transparent communication -Recognition and equal opportunity	-Internal newsletters -Townhalls, team meets -LMS platform (Edurigo) - POSH sessions & HR policy handbook	-Capacity building and upskilling -Leadership pipeline development -Diversity, equity & inclusion -Employee wellness and benefits	HR Team & Training Team
Communities	-Livelihood enhancement -Access to health, sanitation and financial services -Women empowerment and inclusion -Education and awareness	-CSR outreach events -Partnership with NGOs and local govts. -Periodic impact assessments	-Implement CSR and community welfare projects -Promote SHGs and micro enterprises -Digital literacy campaigns -Youth education, girl child support	Midland Foundation & CSR Committee
Bankers & Lenders	-Financial discipline -Transparency in utilisation -Portfolio performance & governance	-One-on-one reviews -Periodic financial submissions -Independent audit reports	-Secure long-term partnerships -Enable borrowing & refinancing -Enhance ratings and investor confidence	CFO & Finance Team

Board's Report



Dear members,

It is our immense pleasure to present the thirty seventh (37th) Annual Report of your Company for the financial year ended March 31, 2025. It covers the business performance and operations of the Company, along with the Audited Financial Statements for the financial year ending on March 31, 2025.

FINANCIAL SUMMARY/HIGHLIGHTS, STATE OF AFFAIRS

The highlights of the financial performance of the Company for the fiscal year ended March 31, 2025, together with the comparative position of the previous financial year, are as under-

(₹ in million)			
S. No.	Particulars	For year ended March 31, 2025 (Audited)	For year ended March 31, 2024 (Audited)
1	Total Gross Income	6,364.53	5,327.59
2	Interest Expended	2721.78	2,043.75
3	Operating expenses (i)+(ii)	1979.91	1,664.00
	(i) Employees cost	1278.63	1,059.52
	(ii) Other operating expenses	701.28	604.48
4	TOTAL EXPENDITURE (2) +(3) (Excluding provisions and contingencies)	4701.69	3,707.75
5	OPERATING PROFIT (1 - 4) (Profit before Provisions and Contingencies)	1,662.84	1,619.84
6	Provisions (other than tax) and contingencies (Net)	1178.83	507.54
7	Net loss on fair value changes	157.40	172.20
8	Profit before Tax (6 - 7 - 8)	326.61	940.10
9	Tax expense	59.88	218.55
10	Net Profit from Ordinary Activities after Tax (8 - 9)	266.73	721.55
11	Net Profit/(Loss) for the period	266.73	721.55
12	Paid-up equity share capital (Face value Rs. 10/- per share)	455.70	455.70
13	Partly paid-up equity share capital (Face value Rs. 10/- per share)	68.03	20.41
14	Instruments entirely equity in nature Fully Paid (CCPS)	415.73	415.73
15	Instruments entirely equity in nature Partly Paid up (CCPS)	41.95	18.95
16	Reserves & Surplus excluding revaluation reserves	5210.33	3,967.80
17	Dividend %	-	-
	- Preference	0.01%	0.02% & 0.01%
	- Equity	-	7%
18	Net Worth (excluding Preference Share Capital)	6191.74	4,878.59
19	Earnings Per Share (in Rs.)	5.56	16.45
20	Capital Adequacy Ratio (in %)	31.41	28.34
21	Operating Expenses (Opex) Ratio (in %)	7.48	7.22
22	Return on Total Assets (in %)	0.99	3.12
23	Return on AUM (in %)	1.01	3.13
24	Return on Equity (in %)	4.82	17.27

Financial Highlights

Preparation of Annual Accounts

The Annual Accounts have been prepared on the basis of Ind-AS accounting and the corresponding impact of the same in the previous year has been made accordingly. The aggregate Assets Under Management (AUM) of the Company has decreased by ₹ 467.13 million that represents decline of 1.75% as compared to the previous year.

Gross Income

The Company has earned a gross total income of ₹ 6,364.53 million for the year ended March 31, 2025, as compared to ₹ 5,327.59 million on March 31, 2024, registering a growth of 19.46%. The contributing factor to this growth in income was an increase in the interest income on the JLG loan portfolio.

Profit Before Tax (PBT)

Profit Before Tax (PBT) decreased to ₹ 326.61 million at the end of the financial year 2024-25, recording a decline of 65.26% over the previous year's PBT of ₹ 940.09 million.

Profit After Tax (PAT)

The Company has booked PAT of ₹ 266.74 million as on March 31, 2025, as against the profitability of ₹ 721.55 million on March 31, 2024, registering a decrease of 63.03%. The decrease in PAT is due to lower growth in portfolio and higher impairment cost.

Return on Equity and Return on Assets

As mentioned above, decrease in PAT has contributed to lower Return on Equity and Return on Total Assets to 4.82% and 0.99% respectively.

Net Worth

During the year under review, the Company effectively addressed capital-related challenges by making the final call on partly paid-up compulsorily convertible preference shares and partly paid-up equity shares issued to its existing shareholders. Pursuant to this, the Company successfully raised ₹ 1,130.06 million. Consequently, the net worth of the Company increased to ₹ 6,191.74 million in the current financial year, as compared to ₹ 4,878.59 million in the previous financial year, reflecting a growth of 21.21%.

Earnings Per Share

During the financial year 2024-25, the earning per share of the Company decreased to ₹5.56 as compared to ₹16.45 in the previous year, demonstrating a decline of 66.20%.

Capital to Risk Weighted Assets Ratio (CRAR)

The Company's Capital to Risk Weighted Assets Ratio (CRAR) stood at 31.41% at the end of the year under review, which is within the permissible limit, prescribed under RBI norms for NBFC-MFIs.

Operational Highlights

Branch Expansion

The Company has significantly enhanced its distribution network by adding 81 new branches, expanding its total to 517 from 436 last year. Simultaneously, it has focused on boosting the operational efficiency of its existing branches.

Operational Cost

During the period under review, the Company has expanded more in technological upgrades to enhance the capability and efficiency of the operations. Accordingly, the operational cost has increased to 7.48% during the current financial year as against 7.22% for the previous financial year.

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



Particulars	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022
States	12	12	12	11
Union Territories	2	2	2	1
Districts	224	209	169	140
Villages Covered	86,393	64,506	40,628	29,658
Branches	517	436	329	274
Joint Liability Groups	1,72,183	1,95,226	1,45,889	98,658
No. of Borrowers	9,97,776	9,86,881	7,00,677	4,97,495
Maximum Loan Amount (₹)	-	-	-	-
- Individual Loans	1,50,000	1,50,000	1,50,000	1,50,000
- Joint Liability Group	80,000	80,000	70,000	50,000
Average Ticket Size (₹)	48,683	46,393	42,392	32,731
Cumulative Loan disbursement (₹ in million)	1,17,812.17	95,666.14	70,463.92	50,967.57
Gross Loan Portfolio (₹ in million)	26,248.34	26,715.47	19,394.19	11,374.14
Outstanding Loan Portfolio (Own Book) (₹ in million)	21,698.35	20,773.13	15,367.67	10,594.10
Assigned/Securitised Portfolio (₹ in million)	1,182.88	4,659.35	2,526.80	780.04
Business Correspondent (BC) Portfolio (₹ in million)	3.48	1.25	-	-
Loan Disbursed in FY (₹ in million)	22,146.03	25,202.22	19,496.35	13,385.06
Equity Share Capital (₹ in million)	523.73	476.11	455.70	455.70
Compulsorily Convertible Preference Share Capital (₹ in million)	457.68	434.67	335.16	-
Preference Share Capital (₹ in million)	241.32	455.42	410.98	393.33
Total Assets (₹ in million)	27,488.09	26,215.91	19,902.18	15,693.48

LENDING OPERATIONS

Disbursements

During the financial year 2024-25, the loan disbursements were of ₹ 22,146.03 million, demonstrating a decrease of 12.13% as compared to previous year's loan disbursements of ₹ 25,202.22 million.

As on March 31, 2025, the Company's cumulative disbursement stood at ₹ 1,17,812.17 million, implying the growth of 23.15% as compared to cumulative disbursement of ₹ 95,666.14 million on March 31, 2024. This growth is due to the increase in 81 branches.

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

(₹ in million)	
State	Disbursement
Bihar	33,920.29
Gujarat	2,485.71
Haryana	7,265.25
Himachal Pradesh	273.54
Jammu & Kashmir	178.55
Jharkhand	5,422.35
Odisha	940.96
Punjab	25,853.28
Rajasthan	14,610.05
Uttar Pradesh	21,740.47
Madhya Pradesh	2,554.62
Uttarakhand	382.49
West Bengal	2,184.61
Grand Total	1,17,812.17

RECOVERY & STRESSED ASSETS MANAGEMENT

Preparation of Annual Accounts

As on March 31, 2025, the gross NPA stood at 1.47% as against the previous year's figure of 2.97%. The Company continued with the recovery actions against the NPAs and overdue cases. The Company has done the sale of its stressed portfolio of ₹ 2,199.62 million during the year for the consideration of ₹ 1,429.80 million achieving the valuation of 65%.

RESOURCE MOBILISATION

During the year under review, Company has continued to diversify the sources of funds which includes public sector bank, private sector bank, and other financial institutions. The Company vide Special Resolution passed on September 28, 2023, under Section 180 (1) (c) of the Companies Act, 2013, authorised the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of the aggregate of paid up share capital and free reserves of the Company, up to an amount of Rs. 5,000 Crores (Rupees Five Thousand Crores only) and the total amount so borrowed shall remain within the limits.

The total borrowings of the Company stood at ₹ 20,825.11 million on March 31, 2025, as against ₹ 19,827.65 million in the previous year.

Equity and Preference Shares

During the year under review, the Company received ₹ 680.15 million from Kitara PIIN 1501 through Foreign Direct Investment, ₹80.64 million from ICICI Bank Limited and ₹369.27 million from other existing Equity and Compulsorily Convertible Preference Shareholder with respect to the first and final call money due on Partly Paid Equity Shares and Partly Paid Compulsorily Convertible Preference Shares issued on a Right Basis.

Non-Convertible Debentures

During the year under review, the Company issued Secured Redeemable Non-Convertible Debentures aggregating to an amount of ₹ 2,952.60 million on private placement basis. Further, the Company redeemed Non-Convertible Debentures amounting to ₹ 632.34 million, issued on private placement basis. The Company has been regular in making payments of principal and interest on NCDs. During the year under review, the Non-Convertible Debentures were paid / redeemed by the Company on or before their respective due dates.

As of March 31, 2025, outstanding Secured Non-Convertible Debentures stands at ₹ 3,830.91 million and outstanding Unsecured Non-Convertible Debentures amount to ₹1,003.55 million.

Term Loans and Other Borrowings

During the year under review, the Company raised funds by way of borrowing from term loans and securitisation of ₹9,851.54 million. As on March 31, 2025, total outstanding borrowings excluding NCDs stood at ₹15,055.31 million.

Assignment of Loans

During the year under review, the Company assigned the receivables of loan portfolio aggregating to ₹ 763.93 million.

COMPANY'S PROSPECTUS, FUTURE PLANS AND BUSINESS OVERVIEW

Business Overview

FY 2024–25 marked a pivotal year in Midland Microfin Limited's 15-year journey, underscoring our commitment to inclusive growth, operational prudence, and financial resilience. Despite a challenging macroeconomic and regulatory landscape, we remained steadfast in our mission to empower underserved communities and advance rural financial inclusion.

As of March 31, 2025, our **Assets Under Management (AUM)** stood at **26,248.34 million**, reflecting a modest decline. This contraction is aligned with the broader microfinance industry trend, where NBFC-MFIs witnessed a portfolio degrowth of approximately **11.9%**, attributed to rising credit risk, recalibration of loan books, and rationalised borrower acquisition across the sector (Source: MFIN Micrometer – Q4 FY25).

Our borrower base stood at 9.98 lakh customers, served across a pan-India presence spanning 12 states and 2 union territories. We continued to optimise branch expansion, enhance operational efficiency, and deepen our engagement in rural geographies with high credit potential.

In terms of asset quality, Midland reported a Gross Non-Performing Asset (GNPA) ratio of 1.47% on its on-book portfolio, with total GNPA at ₹ 322.43 million as of March 31, 2025. The Provision Coverage Ratio (PCR) stood at a healthy 72.78%, demonstrating our conservative provisioning practices and prudent credit risk management.

Our Capital Adequacy Ratio (CRAR) remained robust at 31.41%, well above regulatory thresholds, ensuring financial stability and growth preparedness. The Company also maintained a strong liquidity position of ₹ 2,562.10 million, allowing ample headroom for future expansion and contingency planning.

Our business continues to be underpinned by strong governance, a customer-first philosophy, and an employee-centric culture. These pillars have helped us remain socially relevant while delivering consistent value to our stakeholders. Through synergistic engagement with our stakeholders, we are steadily progressing toward becoming a comprehensive rural financial services provider.

Prospects

The microfinance industry has demonstrated a resilient revival, even as it adapts to shifting borrower behaviour and regulatory scrutiny. According to MFIN Micrometer (Q4 FY25), the total industry portfolio stood at ₹3.75 lakh crore, with 13.3 crore active loans and 7.8 crore unique borrowers. Despite a contraction in overall AUM and disbursement volumes in FY25, the outlook remains optimistic due to emerging demand from rural markets, improving borrower profiles, and a strategic industry pivot towards higher-ticket, lower-risk lending.

NBFC-MFIs continue to hold the largest market share, accounting for 39.4% of the total microfinance portfolio, reaffirming their pivotal role in last-mile financial delivery. With regulatory tailwinds such as the RBI's repo rate cuts totalling 100 bps in last six months, revised qualifying asset norms (from 75% to 60%), and digital-led grievance redress mechanisms MFIs are poised to operate in a more structured, compliant, and scalable environment.

Midland is well-positioned to leverage these opportunities. Our investments in technology, data analytics, and customer life cycle management will aid in refining borrower onboarding, enhancing collection efficiency, and maintaining superior asset quality.

Future Plans

Looking ahead, Midland Microfin Limited is entering a phase of strategic acceleration. Our immediate focus is on reviving portfolio growth, expanding our borrower base, and strengthening risk-adjusted returns. We anticipate FY 2025–26 will ensure AUM growth supported by the following key initiatives:

- **Geographic Expansion:** Penetrate new high-potential districts across underserved states, while deepening presence in existing markets through data-led mapping and distribution optimisation.
- **Product Diversification:** Introduce adjacent lending products aligned with rural income patterns, including secured loans, sanitation loans, and livelihood enhancement offerings.
- **Digital Transformation:** Continue to digitise the customer journey from onboarding and disbursement to collections and service through our mobile apps (MidFin), CRM systems, and automated loan origination platforms.
- **Liability Management:** Broaden and diversify our funding base by engaging with a wider pool of banks, FIs, capital markets, and impact investors.
- **Operational Excellence:** Reinforce governance, compliance, and risk systems in light of evolving RBI guidelines, including DAKSH integration, fraud risk management, grievance monitoring, and revised qualifying asset criteria.

Our vision is to evolve into a leading one-stop financial partner for rural India trusted for our innovation, recognised for our impact, and driven by our purpose. With a solid foundation, empowered teams, and stakeholder trust, we are confident in navigating challenges and seizing the next wave of inclusive financial growth.

SHARE CAPITAL AND DEBENTURES

Capital Structure

The Authorised Share Capital of the Company as on March 31, 2025, stood at ₹128,00,00,000/- (Indian Rupees one hundred twenty-eight crore only), increasing from Rs. 120,00,00,000/- (Indian Rupees one hundred twenty crore only) in the financial year 2024-25:

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

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

Raising of Funds/Capital

Paid-Up Share Capital

The subscribed and paid-up share capital of the Company as on March 31, 2025, stood at ₹103,86,67,981/- (Indian Rupees one hundred three crore Eighty-Six lakh Sixty-Seven thousand and nine hundred and eighty one only) comprising of:

- **Equity Shares:**
5,23,73,407 equity shares of ₹10/- each, fully paid-up, amounting to ₹52,37,34,070/-.
- **Preference Shares:**
a. Non Convertible Preference Shares:
57,25,000 preference shares of ₹10/- each, fully paid-up, amounting to ₹ 5,72,50,000/-.

b. Compulsorily Convertible Preference Shares:

- 27,71,559 compulsorily convertible preference shares of ₹150/- each, fully paid-up, amounting to ₹41,57,33,850/-.
- 32,86,616 preference shares of ₹10/- each, fully paid-up, amounting to ₹ 3,28,66,160/-.
- 30,27,967 preference shares of ₹10/- each, with ₹3/- paid-up, amounting to ₹ 90,83,901/-.

Non-Convertible Debentures

During the financial year ended on March 31, 2025, the Company allotted the Debentures on private placement basis as follows:

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

During the financial year ended on March 31, 2025, the Company allotted a) Secured, Senior, Rated, Redeemable Non-Convertible Debentures (Unlisted) worth ₹ 2,952.60 million on private placement basis as follows:

Date	No. of Debentures	Nominal Amount	Total Amount (₹ in million)
30-04-2024	3,500	₹ 1,00,000	350
30-04-2024	500	\$ 10,000	417.5
02-05-2024	1,000	₹ 1,00,000	100
30-05-2024	500	\$ 10,000	417
26-06-2024	500	\$ 10,000	418.1
02-07-2024	5,000	₹ 1,00,000	500
11-07-2024	2,000	₹ 1,00,000	200
27-08-2024	3,500	₹ 1,00,000	350
19-09-2024	20,000	₹ 10,000	200
TOTAL	36,500		2,952.60

DIVIDEND

In order to support the Company's growth objectives and enhance long-term returns for its Members, the Board of Directors considers it prudent to conserve internal resources. Accordingly, the Directors have decided to retain the profits for the financial year ended March 31, 2025, and have not recommended any dividend on Equity Shares for the fiscal year 2024-25. However, the Directors recommended dividend on the Preference Shares at the predetermined rates.

Further, the Board of Directors has adopted a Dividend Distribution Policy, which outlines the guiding principles and parameters for determining the payment and distribution of dividends. The detailed policy is available on the Company's website at <https://midlandmicrofin.com/policies/>

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company does not have any unclaimed dividends that are due for remittance into the Investor Education and Protection Fund.

Details of Shares Liabe to be Transferred to the Investor Education and Protection Fund (IEPF)

In accordance with the provisions of Section 124(5) of the Companies Act, 2013, the Company once again urges shareholders to encash their unclaimed dividends and take necessary action regarding shares liable to be transferred to the Investor Education and Protection Fund (IEPF).

Shareholders who have not received their dividends are requested to contact the Company or its Registrar and Share Transfer Agent at the earliest to avoid such transfer.

The following dividends are due for transfer to the IEPF on the respective dates:

Nature of Dividend	Transferable to IEPF on	Dividend Amount (in Rs.)	Security Type
Final Dividend 2018-19	17-09-2026	2,543.00	Equity Shares
Final Dividend 2019-20	29-09-2027	9,356.00	Equity & Preference Shares
Final Dividend 2020-21	16-09-2028	7,806.00	Equity & Preference Shares
Final Dividend 2021-22	24-09-2029	12,982.00	Equity & Preference Shares
Final Dividend 2022-23	28-09-2030	2,58,124.82	Equity & Preference Shares
Final Dividend 2023-24	24-09-2031	2,38,599.15	Equity & Preference Shares
Interim Dividend 2024-25	04-02-2032	2,253.00	Preference Shares

The Company continues to send periodic reminders to members regarding their unclaimed and unpaid dividends. Shareholders who have not yet claimed their dividends are requested to do so at the earliest by contacting the Company or its Registrar and Share Transfer Agent.

PUBLIC DEPOSITS

The Company, being a Non-Deposit Taking NBFC-MFI registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit taking Non-Banking Financial Company – Micro Finance Institution (NBFC-ND-SI-MFI) under Section 45-IA of the RBI Act, 1934, has not accepted any deposits from the public during the financial year under review, in accordance with Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. The Directors further report that the Company continues to operate in conformity with RBI guidelines, maintaining its categorisation and status as a Non-Deposit Taking NBFC-MFI and did not accept any public deposits during the financial year ended March 31, 2025.

EMPLOYEE STOCK OPTION SCHEME

Your Company has formulated Employee Stock Option Scheme ("Scheme"), which have been duly approved by the shareholders of the Company in their meeting held on February 13, 2024. The Scheme have been devised in accordance with the Companies Act, 2013 with amendments or any enactments thereof, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (to the extent applicable).

The Company has approved to create, issue, offer and allot options exercisable into Equity Shares not exceeding 24,17,086 (Twenty Four Lakhs Seventeen Thousand and Eighty Six) fully paid up equity shares in the Company of ₹10/- (Rupees Ten Only) options, with each such option conferring a right upon the Employee (as defined in the Scheme) to apply for one equity share of the Company, in accordance with the terms and conditions of such grant. Further, during the year under review pursuant to the Scheme the Nomination and Remuneration Committee approved to grant shares to 163 employees of the Company, out of which 29.27 % i.e. 707500 ESOPs granted w.e.f. November 12 ,2024 rest 25.44% i.e. 614939 ESOPs granted w.e.f. February 04, 2025. In line with the Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the details related to options granted under the Employee Stock Option Scheme as on March 31, 2025, is provided below.

The Nomination & Remuneration Committee administers Employees Stock Option Scheme - 2024 ("Company's ESOP Scheme"), as formulated by the Company.

Sr. No.	Particulars	Remarks
1	Options outstanding at the beginning of the year	24,17,086
2	Options granted during the year	13,22,439
3	Options vested during the year	0
4	Options exercised during the year	0
5	Shares arising from the exercise of options	0
6	Options forfeited/lapsed during the year	28,250 (expired due to employee resignations*)
7	Exercise Price (₹)	77 and 96
8	Money realised from exercised options	0
9	Options outstanding at year-end	12,94,189
10	Options exercisable at year-end	12,94,189
11	Options available for future grant	11,22,897
12	Variations in terms of options	None

*Options expired due to employee resignations as per status in HR One as of March 31, 2025.

Employee-Wise Disclosures:

1. Senior Managerial Personnel to whom options were granted:

- Mr. Amitesh Kumar
- Mr. Kapil Kumar Ruhela
- Mr. Gagan Deep Sharma
- Mr. Gagandeep Sharma
- Mr. Maninder Kumar
- Mr. Rahul Kumar

2. Employees granted options amounting to 5% or more of the total options granted during the year:

Full name	Designation as on 31st March, 2025	No of Options
Mr. Amitesh Kumar	President, COO & CFO	250000
Mr. Gagan Deep Sharma	Deputy Vice President	112939
Mr. Maninder Kumar	Assistant Vice President	85000
Mr. Rahul Kumar	Senior Vice President	70000

3. Employees granted options equal to or exceeding 1% of the issued capital of the Company at the time of grant: (excluding outstanding warrants and conversions):

- Nil

4. Diluted Earnings Per Share:

- As disclosed in the financial statements for FY 2024-25

5. Total consideration received against issuance ESOP shares:

- Nil (no exercises during the year)

Further, the Company confirms no changes were made to the Company's ESOP Scheme during FY2024-25.

However, a few amendments are proposed to the Company's ESOP Scheme and is placed for approval of the members in the ensuing 37th Annual General Meeting ("AGM"), the details of which will provided in the Notice of 37th AGM of the members of the Company.

Regulatory fines and penalties

The relevant disclosures applicable under the RBI Master Directions have been made in the Annual Financial Statements for the financial year ended 31st March 2025.

During the financial year under review, no major penalties have been imposed on the Company by any of the regulatory authorities as applicable to the Company except what is disclosed under section "Audit and Inspection of Accounts" of the Board Report.

Scale Based Regulations

The Reserve Bank of India in 2021 issued Scale Based Regulation (SBR) a revised regulatory framework for NBFC's which is applicable to your Company being an NBFC category falling under middle layer.

The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc., the RBI decided to first issue an integrated regulatory framework for NBFCs under SBR providing a holistic view of the SBR structure and set of fresh regulations was issued during the financial year 2024-25. With respect to above, the RBI has issued various circulars/ guidelines in the Financial Year 2022-23, 2023- 24 and 2024-25 which were duly implemented by the Company including formation of policies, implementing procedures and to review their outcome on periodic basis. Further as prescribed in SBR, the Company is in adherence to the liquidity risk management guidelines. The disclosure on liquidity risk, on a quarterly basis, is also uploaded on the website of the Company and details of the same are separately disclosed in the notes to the financial statements forming part of this Annual Report.

CREDIT RATING

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

During the financial year ended on March 31, 2025, the rating agencies assigned and reaffirmed the following long term and short-term ratings of the Company:

S. No.	Name of Rating Agency	Type of Rating	Credit Rating
1.	India Ratings	Credit Rating; NCD's	IND BBB/Negative
2.	CARE Ratings	Credit Rating; Bank Facilities & NCD's	CARE BBB+(Negative)
3.	Acuite Ratings	Credit Rating; Bank Facilities & NCD's	ACUITE A-/Negative
4.	SMERA	Grading	M1C1

RISK MANAGEMENT

Enterprise-Wide Integrated Management

Risk Management and governance is an elemental part of the Company. Assessing risk has been important to maintain a sustainable approach towards fulfilling the ultimate objective of the organisation. Credit risk, operation risk, geographical risk, liquidity risk, interest rate risk, asset-liability management risk and political risk are the major risks faced by the microfinance industry. These risks, if not effectively managed may have a bearing on our financial strength and operations. Bearing this in mind, we continuously improve our risk management policies and procedures and implement them rigorously for the efficient functioning of our businesses.

The key objective in the risk management processes is to measure and monitor the risks and effectively contain these within acceptable limits. For safeguarding the interest of all the stakeholders, MML has taken steps to inculcate risk management and mitigation in its operations. MML periodically reviews various risk levels and their movement, composition of the assets and liability portfolios, the status of impaired assets, recovery/collection etc.

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

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

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

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

Asset Liability Management

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

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

The scope of ALCO has been commensurate with the requirements of the master directions issued by the Reserve Bank of India.

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

Risk Management Policy

Pursuant to the applicable Guidelines, the Board of Directors have adopted a Risk Management Policy which provides for identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company or hinder the regular operations of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy. The details of risk management framework put in place by the Company along with a brief on risk function, processes followed, monitoring & reporting framework forms part of Management Discussion and Analysis.

REGULATORY UPDATE

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

The Company confirms that being a debt listed Company, the timely disclosures have been made as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial Year ended on March 31, 2025.

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

The Company has filed all the requisite information and forms with the Registrar of Companies (ROC), Chandigarh as required under the Companies Act, 2013 during the financial year ended on March 31, 2025.

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

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

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

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

DETAILS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES

During the financial year ended on March 31, 2025, no company became or ceased to be the subsidiary/ associate or joint venture of Midland Microfin Limited.

TRANSFER TO STATUTORY RESERVE

The Directors are pleased to report that with an objective of reinforcing the financial strength, an amount of ₹5,33,47,081/- (Indian Rupees Five Crore Thirty-Three Lakh Forty-Seven Thousand Eighty-One only) being 20% of the Profit After Tax (PAT) has been transferred to Statutory Reserve of the Company pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

INTERNAL CONTROLS

Internal Financial Controls

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

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

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

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

Internal Control Systems

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

LOANS, GUARANTEES OR INVESTMENT

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

During the financial year under review, the Company has incurred a total expenditure of ₹1,00,60,221 (Rupees One Crore Sixty Thousand Two Hundred Twenty-One only) towards its Corporate Social Responsibility (CSR) obligations, through 'Midland Foundation' ("the Trust"), a duly registered trust established by the Company in accordance with the provisions of the Companies Act, 2013 and the rules framed thereunder. An unspent amount of ₹22,62,318 (Twenty-Two lakhs Sixty-Two Thousands Three Hundred and Eighteen only) has been duly transferred to the Unspent CSR Account in compliance with Section 135(6) of the Companies Act, 2013.

The CSR initiatives undertaken by the Company, along with other relevant disclosures, are detailed in the Annual Report on CSR Activities for the financial year 2024-25.

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

1. To eradicate hunger, poverty and malnutrition; or
2. To promote healthcare including sanitisation and preventive healthcare; or

3. To promote education, including special education and enhance employment skills, particularly for children, women, the elderly and differently abled individuals as well as to support livelihood; or
4. To promote gender equality and women empowerment; or
5. Rural development projects; or
6. Slum area development projects; or
7. All other projects permitted under the Schedule VII of the Companies Act, 2013.

AUDITS & INSPECTION OF ACCOUNTS

Statutory Auditors

Pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with rules framed thereunder, as amended and in accordance with the provisions of the Guidelines for Appointment of Statutory Central Auditors (SCAs) /Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines on Appointment of Statutory Auditors") issued by RBI vide circular no. Ref. No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated April 27, 2021, the Company in its 36th Annual General Meeting (AGM) held on September 24, 2024 had appointed M/s GSA & Associates LLP, Chartered Accountants (Firm Registration Number: 000257N/N500339) as statutory auditors of the Company to hold office for a term of three years until the conclusion of the 39th Annual General Meeting to be held in the financial year 2027.

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

M/s GSA & Associates LLP, Chartered Accountants, Statutory Auditors of the Company have audited the financial statements of the Company for the financial year 2024-2025.

Auditors' Report

M/s GSA & Associates LLP, Chartered Accountants, Statutory Auditors of the Company, have audited the financial statements of the Company for the financial year ended on March 31, 2025.

Pursuant to section 143(3)(i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as 'Annexure to Independent Auditors' Report.

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

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

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

However, there have been few instances of misappropriation and criminal breach of trust including embezzlement of cash by the employees amounting to ₹ 67,18,793/- (Indian Rupees Sixty-Seven Lakhs Eighteen Thousand Seven Hundred Ninety-Three only) and the due intimations were filed with Reserve Bank of India within the prescribed timelines. In such cases, the action taken by the Company to terminate the services of such employees and also initiate legal action against such employees is deemed appropriate.

In this course, the Company has put its arduous efforts to recover the hard-earned money and been successful to recover the entire amount from the said cases during the year. Also, during the financial year under review, there were to ₹13,45,554 (Rupees Thirteen Lakhs Forty-Five Thousand Five Hundred and Fifty-Four Only), which were duly reported to the respective Regional Offices of the Reserve Bank of India. The Company has made diligent efforts to recover the said amount and has taken appropriate corrective and preventive measures in response to these incidents.

S. No.	Secretarial Auditors remark	Management's Response
1.	Whereas in terms of the provisions of Regulation 60(2) of the SEBI (Listing Obligation and Disclosure Requirements), 2015 the Company was required to intimate the Record Date in advance of at least three working days, and in some instances the Company could not comply with the same.	The Company acknowledges the delay in submission of the Record Date intimations under Regulation 60(2) and expresses its regret. Measures have been implemented to strengthen internal compliance mechanisms to ensure timely disclosures in the future.

Response of the Board to the Auditors' Comment

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

Internal Audit

In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive internal audits are conducted by independent internal auditors. They review internal controls, operating systems and procedures. The audit function also proactively recommends improvement in operational process and service quality to mitigate various risks. The Company has a dedicated internal audit department which is headed by Mr. Amit Kumar Rathi, who has very responsibly and diligently conducted the Internal Audit for FY 2024-25. Further, The Audit Committee of the Board of Directors periodically reviews the significant findings of audits, as prescribed under the Companies Act, 2013.

Secretarial Auditors and Secretarial Audit Report

M/s Harsh Goyal & Associates, Company Secretaries (COP No. 2802), were appointed as the Secretarial Auditors of the Company for the financial year ended 31st March 2025, based on the recommendation of the Audit Committee and approval of the Board of Directors, in accordance with the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder. The Company extended full support, cooperation, and access to all necessary documents and records for the smooth conduct of the secretarial audit.

The Secretarial Audit Report for the financial year ended 31st March 2025, issued by the Secretarial Auditors, is annexed to this Report as Annexure – IV. The Report is self-explanatory and does not contain any qualification, reservation, adverse remark or disclaimer except as detailed below, along with the management's response thereto:

S. No.	Secretarial Auditors remark	Management's Response
	Penalty for the same was levied by BSE and was paid by the Company.	
2.	A penalty has been issued by Central Depository Services (India) Limited concerning delays in confirming demat requests, the company has paid the same.	The Company acknowledges the delay in confirming dematerialisation requests with the Registrar and Transfer Agent (RTA) and regrets the oversight. Corrective steps have been taken to streamline coordination and ensure adherence to prescribed timelines going forward.

Cost Records and Cost Audit

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

ANNUAL RETURN

As required under Section 92(3) of the Act and the Rules made thereunder and amended from time to time, the Annual Return of the Company in prescribed Form MGT-7 is available on the website of the Company, i.e., www.midlandmicrofin.com.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

CORPORATE GOVERNANCE

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

The Company's governance framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors ("Board"), the senior management and their relationships with others in the corporate structure.

Sincerity, fairness, good citizenship and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders.

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

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all related party transactions entered into by the Company, were duly approved by the Audit Committee and were at arm's length and in the ordinary course of business. The Company did not have any contracts or arrangements with related parties in terms of Section 188(1) of the Companies Act, 2013. Also, there were no material related party transactions entered into by the Company.

Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company for the financial year 2024-25 and hence, does not form part of this report.

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

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy: Ecology and Environment

At Midland Microfin Limited, sustainability is not just a guiding principle it's an embedded practice across our operations, outreach, and culture. While our core business of financial services does not involve significant energy-intensive processes, we have actively adopted environmentally conscious practices aimed at reducing our carbon footprint and enhancing resource efficiency.

Key Initiatives and Impact

- **3.2 Lakh Households Reached Under Global Carbon Programme**

Through our collaboration with the **Global Carbon Programme**, we have extended access to clean energy and low-carbon technologies to over **3 lakh households**, fostering sustainable living and improved health outcomes in rural India.

- **Solar Power in 185 Branches**

185 of our branches are now operating on solar energy. This transition reduces our reliance on conventional energy sources and exemplifies our commitment to green operational infrastructure.

- **Goal of 50% Renewable Branch Operations by FY 2030**

We are actively working toward powering 50% of our branches with renewable energy by FY 2030, in line with our long-term sustainability roadmap and national clean energy ambitions.

- **Target to Reach 10 Lakh Households with Clean Energy by FY 2030**

Building on our current outreach, we aim to provide clean energy access to **10 lakh households** by FY 2030, delivering both environmental and socio-economic benefits at scale.

- **Sustainable Financing Framework by FY 2027**

We are in the process of formulating a **Sustainable Financing** Framework that will embed ESG criteria into our lending strategy. Accompanied by a robust **Impact Assessment Mechanism**, this framework will allow us to measure, monitor, and report the environmental outcomes of our products and services.

- **Behavioural Energy Conservation Initiatives**

Through regular circulars, campaigns, and training, employees are sensitised about conserving electricity, minimising paper use, and adopting green workplace practices. These behavioural nudges have resulted in more responsible resource consumption across our network.

These efforts are further supported by our wide-ranging social impact initiatives such as the launch of **E-Cycles**, **Happy Tap**, and **Mosquito Racquets**, designed to promote sustainability, hygiene, and climate resilience in underserved communities. Our recent Social Impact Certificate by d.light further validates our contribution to the green energy ecosystem.

Technology Absorption

Digital transformation is a core pillar of Midland Microfin's strategy for driving inclusion, scale, and superior service. In FY 2024-25, we have made strategic investments in technology across customer-facing, operational, and compliance functions to enhance agility, transparency, and resilience.

Key Technology Highlights

HR Management System (HRMS)

A fully integrated **HRMS platform** was rolled out, enabling self-check-in, leave management, and employee service modules enhancing efficiency and staff engagement.

24/7 Multilingual WhatsApp Chatbot

Our **AI-powered WhatsApp Bot**, available in multiple regional languages, has revolutionised customer service by offering round-the-clock support, reducing query resolution times and enhancing user experience.

Process Automation Across Departments

Multiple departments adopted **process automation** to streamline repetitive tasks, increase accuracy, and lower operational costs.

Adoption of Advanced Analytics & Project Tools

Tools such as **Tableau** for data visualisation and **JIRA** for agile project management have been institutionalised to enable faster decision-making and smoother deployment of technology enhancements.

Fully Paperless Borrower Journey

In line with our digital-first approach, we have successfully implemented:

- e-KYC (In final stage)
- Aadhaar based e-signature
- End-to-end digital loan origination & servicing

This initiative has not only improved turnaround time and compliance but also supported environmental sustainability by reducing our paper footprint.

Customer-Facing Innovations: MidFin App & Website Revamp

The launch of the **MidFin Customer Service App** enabled borrowers to access loan statements, make payments, and contact support digitally. In addition, our revamped website provides enhanced navigation, real-time updates, and improved transparency for customers, partners, and stakeholders.

Our technology stack is built for scale, backed by a strong data security framework, and aligned with the latest RBI mandates.

Foreign Exchange Earnings and Outgo

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

	(In ₹)	
Earnings	2024-25	2023-24
ECB	2,80,52,70,000	41,36,50,000
Total	2,80,52,70,000	41,36,50,000
Outgo	2024-25	2023-24
Interest payment on ECB	26,62,12,432	10,41,33,053
Upfront fee on ECB	35,86,500	-
Director sitting fee	1,40,000	-
Reimbursement of expenses	1,36,171	-
Dividend	1,11,22,236	87,62,097
Total	28,11,97,339	11,28,95,150

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors

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

As on March 31, 2025, the Board of the Company comprised of Six Directors, of whom three are Independent Directors (including one Woman Director), one Nominee Director, one Non-Executive Director, and one Managing Director.

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

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

Composition as on the date of the Director's Report

DIN	Name of Directors	Designation	Qualification	Brief Profile
00649442	Amardeep Singh Samra	Promoter Director (Managing Director)	B. Com	He is passionate about microfinance; introduced the concept in the region of Punjab, Haryana and Rajasthan. He has a specialisation in Finance, Marketing and Administration. He is the co-ordinator of Punjab and Haryana Finance Companies Association (PHFCA), the prestigious body of major NBFCs in North India. He is also a Director in Microfinance Institutions Network (MFIN), the premier industry association and Self-Regulatory Organization Organisation (SRO) for the microfinance industry in India as regulated under RBI. Furthermore, he is also a member of Young Presidents Organisation (YPO) Punjab Chapter, the world's premium network of chief executives.
00052716	Vijay Kumar Bhandari *	Promoter Director (Chairman)	B. Com (Hons.), F.C.A.	Mr. Vijay Kumar Bhandari was a Fellow member of Institute of Chartered Accountants of India. He was a banker by profession and former General Manager of Central Bank of India. He had over 35 years of experience in Banking Industry in various capacities such as Senior Internal Auditor, Branch Manager, Regional Manager and Zonal Manager.

DIN	Name of Directors	Designation	Qualification	Brief Profile
				He held his last position as General Manager-In-Charge of Credit, Credit Monitoring, Treasury, Investment, Fund Management, Merchant Bank-ing and International Banking divi-sion of Central Bank of India. He was also on the Board of Various renowned companies as an Indepen-dent Director.
07009446	Kamna Raj Aggarwalla	Independent Director	B.A.	She is the Managing Partner of GDPA Fasteners', one of the youngest women entrepreneurs to pave way for GDPA Fasteners' entry into exports. She is also the member of the Advisory Board to Government of Punjab for small scale industries. Furthermore, she is the Regional Chairperson of Northern Region Engineering Export Promotion Council of India. She is a former Chairperson of the Confederation of Indian Industry (CII), Punjab and is also the Member of the Board of CII Northern Region. Apart from this, she is also Convener for Education and Skilling Panel of the Confederation of Indian Industry (CII), Punjab and is on Board to Punjab Technical University.
01592593	Sachin Nithyanand Kamath	Nominee Director	F.C.A.	Mr. Kamath is an experienced Global Asset Manager with a track record in managing multi-million-dollar investments across various asset classes and geographies, which include USA, Europe, Middle East and India. He co-founded Kitara Capital in 2009, which currently has an eco-system of appx. US\$800 million. He is a B.Com graduate from Mumbai University and a professionally qualified Chartered Accountant. During his tenure of 34 years, he has worked in India with ICICI Limited, Paradigm Investments, BOI Mutual fund, JV Gokal Group before he moved to the Middle East in 1997 and started/managed the investment group for Khimji family in Oman.

DIN	Name of Directors	Designation	Qualification	Brief Profile
00514356	Santokh Singh Chhokar	Non-Executive Director	B.SC (Hons.), PGD Law	He is originally a Medical and Social sciences graduate from the Uni-versity of London. He also completed his Law Society's Post Graduate Diploma in Law in 1991 and the Law Society's final examination in 1992. After completing two years of training, he was admitted as a Solicitor in 1994 Senior Partner in Chhokar & Co. Solicitors. He is a long-standing member of the Solicitors' Family Law Association, and the International Bar Association. He has been a Fellow of the Royal Society since 2005. He served as Chairman of South Bucks District Council for two years. Currently, He is serving as a Councillor in Buckinghamshire Council and as Chairman of Denham, Gerrards Cross and Chalfonts Community Board. He has served as Honorary Treasurer and President of the Middlesex Law Society.
02895343	Parveen Kumar Gupta	Independent Director	Company Secretary, C.A.I.I.B – Indian Institute of Bankers, Mumbai, B.Com	Mr. Gupta has vast experience in the financial services sector of over 42 years. He retired as Managing Director from State Bank of India ("SBI"). During his stint with SBI group, he looked after retail banking, digital banking, risk and compliance functions, treasury, international banking, investment banking and private equity. He was also nominated by SBI on the Boards of various subsidiaries of the Bank as a nominee director. He is currently part-time Non-Executive Chairman of National Securities Depository Limited and of Future Generali India Insurance Company Limited. He is also an Independent Director on the Boards of Utkarsh Small Finance Bank Limited, Bank of India Investment Managers Private Limited, India Shelter Finance Corporation Limited and Protium Finance Ltd. He has also been appointed as member of the Board of Governors of Indian Institute of Management, Raipur. Mr Gupta is a former Chairman of Foreign Exchange Dealers Association of India (FEDAI).

DIN	Name of Directors	Designation	Qualification	Brief Profile
				He holds a bachelor's degree in Commerce from Guru Nanak Dev University and is an associate member of the Institute of Company Secretaries of India. He is also a certified associate of the Indian Institute of Bankers. He was a member of the expert committee on Micro, Small and Medium Enterprises, headed by Mr. U.K. Sinha, former Chairman of the SEBI, constituted by RBI.
00670384	Ashwani Kumar Jindal	Independent Director	Chartered Accountant, Information System Auditors-ICAI, Forensic Auditors-ICAI	Mr. Ashwani Kumar Jindal is a seasoned Chartered Accountant with over 25 years of professional standing and is a fellow member of the Institute of Chartered Accountants of India (ICAI). He possesses deep expertise in NBFC audits, RBI regulations, Income Tax, GST, and statutory auditing. Over the years, he has successfully conducted numerous Statutory and Central Statutory Audits for Central Co-operative Banks and other corporate entities. Mr. Ashwani Kumar Jindal currently serves as a Co-opted Member of the Board of Studies of ICAI for the term 2025–2026 and has been an active contributor to various ICAI committees since 2010. He has held the position of Chairman of the Jalandhar Branch of NIRC of ICAI for three terms—in 2006, 2009, and 2013–14. A respected figure in the professional community, he is a founding member and the General Secretary of the Chartered Accountants Association. He also serves as the General Secretary of the Income Tax and GST Bar, Jalandhar. His vast experience in NBFCs, direct and indirect taxation makes him a highly regarded expert in his field.

* Mr. Vijay Kumar Bhandari ceased to be Director of the Company with effect from October 08, 2024, due to his unfortunate demise.

Note: None of the Directors holds office as a director, including alternate director, in more than twenty companies at the same time. None of them have directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies

that are either holding or subsidiary company of a public company are included. As per declarations received, none of the directors serve as an independent director in more than seven listed companies.

Sad Demise of Mr. Vijay Kumar Bhandari

The Board of Directors expresses its deep sorrow on the sad demise of Mr. Vijay Kumar Bhandari, who passed away on October 8, 2024. Mr. Bhandari served as the Chairman and Non-Executive Director on the Board of Midland Microfin Limited and had been associated with the Company since 2014.

He remained a guiding force for over a decade, contributing significantly to the Company's growth and governance. The Board places on record its heartfelt appreciation for his invaluable service, wisdom, and commitment during his long and distinguished association with the Company.

i) Appointment of Directors

During the financial year ended on March 31, 2025, none of the Directors were appointed in the Company.

ii) Non-Executive Directors

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. Sachin Nithyanand Kamath (DIN: 01591593) is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment. The Board recommends the same for shareholders' approval.

iii) Cessation of Directors

During the financial year ending on March 31, 2025, Mr. Vijay Kumar Bhandari ceased to be director of the company due to his sudden demise.

Key Managerial Personnel

During the year under review, there were changes in the composition of the Key Managerial Personnel (KMP) in accordance with the provisions of Sections 2(51) and 203 of the Companies Act, 2013.

Mr. Kapil Kumar Ruhela was appointed as the Company Secretary of the Company with effect from August 10, 2024, in addition to his existing role as the Chief Compliance Officer, following the resignation of Mr. Sumit Bhojwani, who ceased to be the Company Secretary with effect from August 9, 2024.

Further, Mr. Amitesh Kumar has been promoted to the position of President, and continues to serve as the Chief Operating Officer (COO) and Chief Financial Officer (CFO) of the Company.

As on March 31, 2025, the following executives are designated as Key Managerial Personnel (KMP) of the Company:

Name	Designation
Mr. Amardeep Singh Samra	Managing Director
Mr. Amitesh Kumar	President, Chief Operational Officer (COO) and Chief Financial Officer (CFO)
Mr. Kapil Kumar Ruhela	Company Secretary & Chief Compliance Officer

Meetings of the Board

Number of Board Meetings

During the financial year 2024-25, the Board met four times. The maximum gap between any two (2) Board Meetings was not more than one hundred and twenty days at any point of time. The details of Board Meetings conducted are as follows:

Date	Board Strength	No. of Directors Present
May 08, 2024	7	6
August 06, 2024	7	5
November 12, 2024	6	5
February 04, 2025	6	6

Attendance of Directors in Board Meetings

Name of the Directors	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent	DIN	No. of Board Meetings		Whether attended last AGM	No. of other Directorships held(excluding Private Companies, Foreign Companies and Section 8 Companies Act, 2013	Remuneration		No. of Shares held in and convertible instruments held in the NBFC
				Held	Attended			Salary and other Compensation including Commission (In Rs.)	Sitting Fee	
Mr. Amardeep Singh Samra	07-06-2010	Managing Director	00649442	4	4	Yes	None	2,47,10,800	40,000	3675554 fully paid equity shares of ₹10 each, 817000 fully paid compulsory convertible preference shares ₹10 each 328000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹10 each
Mr. Vijay Kumar Bhandari*	28-03-2014	Non-Executive Director	00052716	2	1	No	None	3,00,000	20,000	489,486 fully paid equity shares of ₹10 each, 175,000 fully paid compulsory convertible preference shares ₹10 each
Mrs. Kamna Raj Aggarwalla	17-08-2016	Non-Executive Independent Director	07009446	4	3	Yes	One	3,00,000	60,000	20000 fully paid equity shares of ₹10 each 6667 fully paid compulsory convertible preference shares ₹10 each
Mr. Sachin Nithyanand Kamath	31-03-2016	Nominee Director	01592593	4	4	No	None	NIL	80,000	NIL
Mr. Santokh Singh Chhokar	21-12-2021	Non-Executive Director	00514356	4	4	No	None	NIL	40,000	100000 Partly Paid (30 Percent paid up) compulsory convertible preference shares ₹10 each
Mr. Parveen Kumar Gupta	21-12-2021	Non-Executive Independent Director	02895343	4	2	Yes	Six	9,00,000	45,000	Nil
Mr. Ashwani Kumar Jindal	11-08-2022	Non-Executive Independent Director	00670384	4	4	Yes	One	3,00,000	75,000	184701 fully paid equity shares of ₹10 each

* Mr. Vijay Kumar Bhandari ceased to be member of committee due to his sudden demise w.e.f. October 08, 2024.

Meeting of Independent Directors

Pursuant to the requirements of Schedule IV to the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was also held on March 29, 2025 through video conferencing, in the absence of Non-Independent Directors and members of the Management, to review the performance of Non-Independent Directors and the board as a whole, the performance of the Chairman of the Company and also to assess the quality, quantity and timeliness of the flow of information between the Company, Management and the Board.

Confirmation/Statement/Declaration by Independent Directors

In terms of provisions of sub-section (7) of Section 149 of the Companies Act, 2013 and para 97 the RBI Scale Based Regulations, 2023 Company has received declarations by Independent Directors stating and confirming that they are not disqualified to act as Independent Directors on the Board of the Company and further the Board is also of the opinion that the Independent Directors fulfil all the conditions specified in the Companies Act, 2013 making them eligible to act as the Independent Director.

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

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

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

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

Committees

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

The Company currently has the following Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee
6. Asset Liability Management Committee
7. IT Strategy Committee (which is supported by below two sub-committees)
 - IT Steering Committee
 - Information Security Committee
8. Board Management Committee
9. Special Committee for Monitoring of Frauds

AUDIT COMMITTEE

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

Composition of Audit Committee

Mr. Ashwani Kumar Jindal	: Chairman, Independent Director
Mr. Parveen Kumar Gupta	: Independent Director
Mrs. Kamna Raj Aggarwalla	: Independent Director
Mr. Sachin Nithyanand Kamath	: Nominee Director

Terms of Reference

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

- The Audit Committee charter shall be in line with the Act, read with SEBI LODR and RBI guidelines, as amended from time to time.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

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

Dates of Audit Committee Meetings

During the financial year ended on March 31, 2025, the Audit Committee held meetings 4 (Four) times on the below-stated dates:

- May 08, 2024
- August 06, 2024
- November 12, 2024
- February 04, 2025

Attendance in Audit Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/Non-Executive/Chairman/Promoter nominee/Independent)	No. of Meetings of the Committee	
			Held	Attended
Mr. Ashwani Kumar Jindal	May 08, 2024	Independent Director	4	4
Late Mr. Vijay Kumar Bhandari*	April 15, 2014	Non-Executive Director	2	1
Mr. Parveen Kumar Gupta	December 21, 2021	Independent Director	4	3
Mrs. Kamna Raj Aggarwalla	August 17, 2016	Independent Director	4	3
Mr. Sachin Nithyanand Kamath	August 17, 2016	Nominee Director	4	4

* Mr. Vijay Kumar Bhandari ceased to be member of committee due to his sudden demise w.e.f. October 08, 2024.

NOMINATION AND REMUNERATION COMMITTEE

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

Composition of Nomination and Remuneration Committee

Mr. Ashwani Kumar Jindal : Chairman, Independent Director

Mrs. Kamna Raj Aggarwalla : Independent Director

Mr. Parveen Kumar Gupta : Independent Director

Mr. Sachin Nithyanand Kamath : Nominee Director

Terms of Reference

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

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal;

- Consider extension or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors;
- Specify the manner for effective evaluation of performance of Board, its Committees and Individual Directors;
- Recommend / review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
- Review information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary;
- Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.
- The NRC charter shall be in line with the Act, read with SEBI LODR and RBI guidelines, as amended from time to time.

Dates of Nomination and Remuneration Committee Meetings

During the financial year ended on March 31, 2025, the Nomination and Remuneration Committee held meetings 4 (four) times on below-stated dates:

- May 08, 2024
- August 06, 2024
- November 12, 2024
- February 04, 2025

Attendance in Nomination and Remuneration Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/Non-Executive/Chairman/Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Mr. Ashwani Kumar Jindal	May 08, 2024	Independent Director	4	4



Name of Members	Member of Committee Since	Capacity (i.e. Executive/Non-Executive/Chairman/Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Late Mr. Vijay Kumar Bhandari*	March 28, 2014	Non-Executive Director	2	1
Mrs. Kamna Raj Aggarwalla	October 05, 2021	Independent Director	4	3
Mr. Sachin Nithyanand Kamath	February 13, 2016	Nominee Director	4	4
Mr. Parveen Kumar Gupta	February 13, 2016	Independent Director	4	2

* Mr. Vijay Kumar Bhandari ceased to be member of committee due to his sudden demise w.e.f. October 08, 2024.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

Composition of Stakeholders' Relationship Committee

Mrs. Kamna Raj Aggarwalla : Chairperson, Independent Director

Mr. Amardeep Singh Samra : Managing Director

Mr. Ashwani Kumar Jindal : Independent Director

Terms of Reference

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

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

Dates of Stakeholders' Relationship Committee Meetings

During the financial year ended on March 31, 2025, the Stakeholders' Relationship Committee held meetings 4 (four) times on below-stated dates:

- May 08, 2024
- August 06, 2024
- November 13, 2024
- January 28, 2025

Attendance in Stakeholders' Relationship Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/Chairman/ Promoter nominee/Independent)	No. of Meetings of the Committee	
			Held	Attended
Mrs. Kamna Raj Aggarwalla	November 12, 2024	Independent Director	2	2
Late Mr. Vijay Kumar Bhandari*	January 14, 2015	Non-Executive Director	2	1
Mr. Amardeep Singh Samra	March 28, 2014	Managing Director	4	4
Mr. Ashwani Kumar Jindal	May 08, 2024	Independent Director	4	4

* Mr. Vijay Kumar Bhandari ceased to be member of committee due to his sudden demise w.e.f. October 08, 2024.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to the provisions of the section 135 of the Companies Act, 2013 and the rules made thereunder, the Company has a duly constituted Corporate Social Responsibility Committee. The Committee has formulated the CSR Policy of the Company, indicating CSR activities proposed to be undertaken by the Company, pursuant to the provisions of Schedule VII of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time.

The CSR Policy may be accessed on the Company's website through the link <http://midlandmicrofin.com/wp-content/uploads/CSR-Policy.pdf>

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

Composition of Corporate Social Responsibility Committee

Mr. Amardeep Singh Samra : Chairman, Managing Director

Mr. Sachin Nithyanand Kamath : Nominee Director

Mrs. Kamna Raj Aggarwalla : Independent Director

Terms of Reference

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

1. Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) policy, indicating the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
2. Recommend the amount of expenditure to be incurred on the CSR activities;
3. Monitor CSR policy of the Company from time to time;
4. Monitor the CSR activities undertaken by the Company;
5. Formulate/approve codes and/or policies for better governance;
6. Provide correct inputs to the stakeholders so as to preserve and protect the Company's image and standing;
7. Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable;
8. The CSR Committee charter shall be in line with the Act, read with SEBI LODR and RBI guidelines, as amended from time to time;

Dates of Corporate Social Responsibility Committee Meetings

During the financial year ended on March 31, 2025, the Corporate Social Responsibility Committee Meetings was held 2 (two) times on the below-stated dates:

- May 08, 2024
- November 12, 2024

Attendance in Corporate Social Responsibility Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Mr. Amardeep Singh Samra	August 17, 2016	Managing Director	2	2
Mr. Sachin Nithyanand Kamath	August 17, 2016	Nominee Director	2	2
Mrs. Kamna Raj Aggarwalla	August 17, 2016	Independent Director	2	1

RISK MANAGEMENT COMMITTEE

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

Composition of Risk Management Committee

Mrs. Kamna Raj Aggarwalla : Chairperson, Independent Director

Mr. Amardeep Singh Samra : Managing Director

Mr. Ashwani Kumar Jindal : Independent Director

Terms of Reference

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

- Frame Risk Management Plan and Policy.
- Oversee implementation / Monitoring of Risk Management Plan and Policy.
- Validate the process of Risk Management.
- Validate the procedure for Risk Minimization.
- Periodically review and evaluate the Risk Management Policy and Practices with respect to risk assessment and risk management processes.
- Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.

- Review of development and implementation of a Risk Management Policy including identification therein of element of risk;
- Review of cyber security and related risks.
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.
- The Risk Management Policies adopted and reviewed periodically articulate, codify the strategy, structure, processes and systems.
- Expanding business arenas, deregulation and globalization of financial activities, emergence of new financial products and increased level of competition has necessitated the need for an effective and structured risk management practice in financial institution.
- The Risk Management Committee charter shall be in line with the Companies Act, read with SEBI LODR and RBI guidelines, as amended from time to time.

Dates of Risk Management Committee Meetings

During the financial year ended on March 31, 2025, the Risk Management Committee Meetings were held four times on the below-stated dates:

- May 10, 2024
- August 06, 2024
- November 13, 2024
- January 28, 2025

Attendance in Risk Management Committee Meeting

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Mr. Ashwani Kumar Jindal	May 08, 2024	Independent Director	4	4
Late Mr. Vijay Kumar Bhandari*	February 13, 2016	Non-Executive Director	2	1
Mrs. Kamna Raj Aggarwalla	November 12, 2024	Independent Director	2	2
Mr. Amardeep Singh Samra	February 13, 2016	Managing Director	4	4

* Mr. Vijay Kumar Bhandari ceased to be member of committee due to his sudden demise w.e.f. October 08, 2024.

ASSET LIABILITY MANAGEMENT COMMITTEE

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

Composition of Asset Liability Management Committee

Mr. Amardeep Singh Samra	: Chairman, Managing Director
Mr. Amitesh Kumar	: COO, CFO and President
Mr. Gopesh Gupta	: Vice President (Finance)
Mr. Gagan Deep Sharma	: Vice President (Insurance)
Mr. Bhimanshu Gupta	: Associate Vice President (Finance)
Mr. Gagandeep Sharma	: Chief Technology Officer
Mr. Maninder Kumar	: DVP (Credit)
Mr. Kapil Kumar Ruhela	: Company Secretary & Chief Compliance Officer (CCO)

Terms of Reference

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

- The role of the ALCO with respect to liquidity risk should include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches
- Manages and controls the structure of assets and liabilities and interest rate sensitivities with a view of optimizing profits besides maintaining capital adequacy and sufficient liquidity.
- To review the Interest Rate on the applicable products.
- to assure Structured Liquidity, Liquidity Coverage and Interest Rate Sensitivity of company is being prepared in line with the RBI guidelines to actively manage the liquidity and interest rate risks.
- Such other matter as per the applicable laws.

Dates of Asset Liability Management Committee Meetings

During the financial year ended on March 31, 2025, the Asset Liability Management Committee Meetings were held 6 (six) times on the below-stated dates:

- May 03, 2024
- August 07, 2024
- October 19, 2024
- November 13, 2024
- February 05, 2025
- February 27, 2025

Attendance in Asset Liability Management Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Mr. Amardeep Singh Samra	May 16, 2019	Managing Director	6	6
Mr. Amitesh Kumar	May 16, 2019	COO, CFO and President	6	6
Mr. Gopesh Gupta	May 16, 2019	Vice President (Finance)	6	6

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Mr. Gagan Deep Sharma	May 16, 2019	Vice President (Insurance)	6	6
Mr. Bhimanshu Gupta	May 16, 2019	AVP (Finance)	6	6
Mr. Gagandeep Sharma	December 21, 2021	CTO	6	6
Mr. Maninder Kumar	March 30, 2022	DVP (Credit)	6	6
Mr. Kapil Kumar Ruhela	October 31, 2023	CCO and CS	6	6

IT STRATEGY COMMITTEE

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

Composition of IT Strategy Committee

Mr. Ashwani Kumar Jindal	: Chairman, Independent Director
Mr. Amardeep Singh Samra	: Managing Director
Mr. Kamna Raj Aggarwalla	: Independent Director

Terms of Reference

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

- Ensure that the Company has put an effective IT strategic planning process in place;
- Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives;
- Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient,

has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation;

- Ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks;
- Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives;
- Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company;
- Approving IT strategy and policy documents and ensuring effective strategic planning process;
- Ascertaining that implemented processes and practices delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits & that budgets are acceptable;
- Monitoring the method to determine the IT resources which are needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls;

Dates of IT Strategy Committee Meetings

During the financial year ended on March 31, 2025, the IT Strategy Committee Meetings were held 4 (four) times on the below-stated dates:

- May 09, 2024
- August 07, 2024
- November 13, 2024
- January 28, 2025

Attendance in IT Strategy Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Mr. Ashwani Kumar Jindal	May 08, 2024	Independent Director	4	4
Mr. Amardeep Singh Samra	May 16, 2019	Managing Director	4	4
Mrs. Kamna Raj Aggarwalla	May 08, 2024	Independent Director	4	4

Sub-Committees of IT- Strategy

Apart from IT strategy there are two more subcommittees: IT Steering Committee Focuses on planning, oversight, and aligning IT activities with business needs. Information Security Committee (ISC) Manages cybersecurity, reviews incidents, and oversees risk mitigation measures, ensuring compliance and resilience.

These sub-committees provide detailed oversight, ensuring that the IT infrastructure remains robust, compliant, and aligned with strategic objectives.

BOARD MANAGEMENT COMMITTEE

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

Composition of Board Management Committee

Mr. Amardeep Singh Samra : Chairman, Managing Director

Mr. Ashwani Kumar Jindal : Independent Director

Mrs. Kamna Raj Aggarwalla : Independent Director

Terms of Reference

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

- To approve Transfer and Transmission of shares;
- To review and approve the Branch Opening and Closure;
- To Raise Funds - Borrowing of funds/ loans by the Company in form of Term Loan, Overdraft Facility, Cash Credit Facility, External Commercial Borrowings (ECB), Direct Assignments (DA), Pass Through Certificates (PTC) or any other instrument(s) which the committee may deem fit from all the eligible lenders Including Banks, Financial institutions, NBFCs, Foreign Lenders, Foreign Investors, Institutional Investors, FPIs, Mutual Funds and such other category of lenders
- To transact all the matters relating to allotment of Securities including debentures and settle any matter which may arise in relation to the allotment of securities anti to flip the necessary forms, agreements, returns and such other documents pertaining to the securities with the Registrar of the Companies and SEBI as may be required from time to time;
- To create, modify and satisfy the charge created on the assets of the Company;

- To invest the funds of the company;
- To grant loans or give guarantee or provide security in respect of loans;
- To enter hedging transactions;
- To act as Business Correspondent;
- To approve opening/closure of bank account on the name of the company;
- To apply for the internet banking facility for the existing bank accounts of the company;
- To consider and approve the terms and conditions of the sanction letters received by the Company from the financial Institutions and Banks, etc. with respect to borrowings of the Company.
- To execute all agreements, documents, etc. and to enter into borrowing arrangements for the Company;
- To enter into any rent, lease or license agreement for taking any building for its Business operation including establishment of Branch office/Guest House or any other type of property;
- To avail requisite Insurance but not limited to cash-in- transit insurance, fidelity insurance, health & accidental insurance, and other insurance as may be necessary during the business operation;
- To authorise for obtaining, activation, deactivation, portability of Sim cards, data cards, mobile connections, voice lines, lease lines, inter-net connections and other tele-communication services on 'As and when required basis' for the routine work;
- To Consider any other matter specifically referred to the Board Management Committee by the full Board;
- To consider any other matters of day-to-day management of the Company;

Dates of Board Management Committee Meetings

During the Financial Year ended on March 31, 2025, the Board Management Committee Meetings were held 39 (Thirty-Nine) times on the below-stated dates:

- April 11, 2024
- April 19, 2024
- April 30, 2024
- May 2, 2024
- May 9, 2024
- May 14, 2024
- May 25, 2024
- May 31, 2024
- June 15, 2024
- June 17, 2024
- June 21, 2024
- June 26, 2024
- June 28, 2024
- July 2, 2024
- July 5, 2024
- July 11, 2024
- July 17, 2024
- July 30, 2024
- August 12, 2024
- August 16, 2024
- August 27, 2024
- September 10, 2024
- September 19, 2024
- September 25, 2024
- October 3, 2024
- October 15, 2024
- October 25, 2024
- November 18, 2024
- November 27, 2024
- December 10, 2024
- December 31, 2024
- January 21, 2025
- February 15, 2025
- March 12, 2025
- March 21, 2025
- March 26, 2025
- March 28, 2025
- March 29, 2025 (I)
- March 29, 2025 (II)

Attendance in Board Management Committee Meetings

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Mr. Amardeep Singh Samra	September 01, 2011	Managing Director	39	36
Mr. Ashwani Kumar Jindal	May 08, 2024	Independent Director	39	33

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Mrs. Kamna Raj Aggarwalla	March 20, 2021	Independent Director	39	31

SPECIAL COMMITTEE OF BOARD FOR MONITORING AND FOLLOW-UP OF CASES OF FRAUDS (SCBMF)

According to RBI Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs), including Housing Finance Companies (HFCs), dated July 15, 2024, the Company has established a Special Committee of the Board for Monitoring and Follow-up of Cases of Frauds (SCBMF).

Composition of Special Committee for Monitoring of Frauds

Mr. Ashwani Kumar Jindal	: Chairman, Independent Director
Mr. Amardeep Singh Samra	: Managing Director
Mrs. Kamna Raj Aggarwalla	: Independent Director

Terms of Reference

- Oversee the effectiveness of the fraud risk management framework within the Company.
- Review and monitor fraud cases, including root cause analysis, and recommend measures to strengthen internal controls and risk management.
- Determine the frequency and scope of fraud-related reviews.

Dates of Meetings of Special Committee for Monitoring of Frauds

During the financial year ended on March 31, 2025, the meetings of Special Committee for Monitoring of Fraud were held 2 (two) times on the below-stated dates:

- Nov13, 2024
- Jan 28, 2025

Attendance in the Meetings of the Special Committee for Monitoring Frauds.

Name of Members	Member of Committee Since	Capacity (i.e. Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	No. of Meetings of the Committee	
			Held	Attended
Mr. Amardeep Singh Samra	August 06, 2024	Managing Director	2	2
Mr. Ashwani Kumar Jindal	August 06, 2024	Independent Director	2	2
Mrs. Kamna Raj Aggarwalla	August 06, 2024	Independent Director	2	2

General Body Meetings

The details of Annual General Meetings (AGM) of the shareholders held during the previous 3 financial years are given below:

Financial Year	AGM	Date and Time	Place of AGM	No. Special Resolutions Passed
2023-24	36th AGM	September 24, 2024, 3:00 P.M.	THE AXIS, PLOT NO 1, B.M.C. CHOWK, G.T. ROAD, JALANDHAR.	1
2022-23	35th AGM	September 28, 2023, 3:00 P.M.	THE AXIS, PLOT NO 1, B.M.C. CHOWK, G.T. ROAD, JALANDHAR.	1
2021-22	34th AGM	September 24, 2022, 3:00 P.M.	THE AXIS, PLOT NO 1, B.M.C. CHOWK, G.T. ROAD, JALANDHAR.	-

Postal Ballot

During the year under review, no resolution was passed through the Postal Ballot.

Means of Communication to the Stakeholders

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of your Company www.midlandmicrofin.com. The Annual Report, quarterly financial results and other corporate actions are regularly submitted to the Stock Exchanges and uploaded on the website of the Company including Quarterly / Annual Financial Results in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the disclosures made to the Stock Exchanges are also available on the website of the Company i.e. <https://www.midlandmicrofin.com>. The quarterly and annual results of your Company are published in widely circulated English newspaper(s) and Punjab Based newspaper in the Local Language.

COMMISSION TO NON-EXECUTIVE DIRECTORS

During the year, the Non-Executive Directors are paid remuneration by way of sitting fees, commission and other expenses (travel, boarding and lodging incurred for attending the Board/Committee meetings).

The Non-Executive Non-Independent Directors were also paid sitting fees. In addition to the aforementioned, no other remuneration is paid to the Non-Executive Independent Directors. There are no pecuniary relationships or transactions between Non-Executive Directors and the Company. The Company has obtained a Directors and Officers Liability Insurance policy covering all its Directors and Officers in respect of any legal action that might be initiated against them Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (SBR Regulations) for Non – Banking finance Companies.

The RBI SBR Regulations, inter alia, requires all the Non-Banking Finance Companies to put in place an Internal Guidelines on Corporate Governance and a Policy on “fit and proper” criteria for Director/s at the time of appointment, and on a continuing basis, with the approval of the Board of Directors of the Company. The Company has Internal Guidelines on Corporate Governance and the same is placed on the website of the Company.

DIRECTORS & OFFICERS INSURANCE POLICY

The Company has an appropriate Directors and Officers Liability Insurance Policy which provides indemnity in respect of liabilities incurred as a result of their office. The policy is renewed every year. The coverage of the insurance extends to all directors of the Company including the Independent Directors.

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

The Reserve Bank of India (RBI) vide its Notification No. DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 prescribed Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (SBR Regulations) for Non – Banking finance Companies. The RBI SBR Regulations, inter alia, requires all the Non-Banking Finance Companies to put in place an Internal Guidelines on Corporate Governance and a Policy on “fit and proper” criteria for Director/s at the time of appointment, and on a continuing basis, with the approval of the Board of Directors of the Company. The Company has Internal Guidelines on Corporate Governance and the same is placed on the website of the Company.

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

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

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

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

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

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

- To promote an ethical culture and responsible corporate citizenship.

ANNUAL EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

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

The feedback was sought from Directors on various parameters including:

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

The Nomination and Remuneration Committee conducted a thorough review of the performance of individual Directors and the Board as a whole. Subsequently, at the Board meeting, the Board further evaluated the performance of its members, committees, and individual Directors, building upon the findings of the Nomination and Remuneration Committee. In a separate meeting of Independent Directors held on March 29, 2025, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company has been evaluated, taking into account the views of Executive Directors and Non-Executive Directors. Furthermore, in that separate meeting of Independent Directors, the annual performance evaluation of Non-Independent Directors, the Board as a whole and the Chairman was also carried out. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the Directors being evaluated.

VIGIL MECHANISM /WHISTLE BLOWER POLICY

The Company is committed to the highest standards of ethical, moral, and legal business conduct accordingly the Company has a well formulated and duly Board approved Vigil Mechanism/Whistle Blower Policy in compliance with the provisions of Section 177 (10) of the Companies Act, 2013.

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

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

- Receiving, retaining and treating complaints received by employees, directors and other stakeholders;*
- Confidential, anonymous submission of complaints by Employees/Directors/other Stakeholders regarding questionable matters and conduct which results in a violation of law by Company or in a substantial mismanagement of Company resources and any other concern;*

Name and Address of the Whistle and Ethics Officer:

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

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

During the year under review, the Company received zero whistle-blower complaint.

The Policy is also available on the Company's website <https://midlandmicrofin.com/policies/>

HUMAN RESOURCE DEVELOPMENT

Human Resources

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

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

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

Achievements:

- Great Place To Work – sixth year in a row
- 700+ trainings programmes conducted for more than 3500 employees
- Y-o-Y increase in employee strength by 35%

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

Performance Management System:

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

Midland has completed on-time appraisal for the FY.

Digitisation in Recruitment:

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

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

Learning and Development:

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

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

We conducted over 5836 hours of training on various themes.

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

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

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

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

There are 5415 permanent employees on the rolls of the Company as on March 31, 2025.

Particulars of Employees and Related Disclosures

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

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

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

The Company has zero tolerance towards sexual harassment at the workplace and has strong ‘Policy for Prevention of Sexual Harassment (POSH)’ at workplace to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide a procedure for redressal of complaints pertaining to such harassment. In order to sensitise the employees about the policy, the Company has placed the policy on intranet portal of the Company for ease of access and unified dissemination of the policy to each employee of the Company.

The Company also has an Internal Complaints Committee (ICC) constituted in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with its allied Rules. The committee is responsible for conducting inquiries pertaining to complaints under the Act. Specialised training for ICC members is conducted every year, and all the employees undergo POSH training module periodically.

During the year, ICC has received ‘NIL’ complaints of sexual harassment from the employees of the Company. The Company ensures to sensitise its employees on regular basis about prevention and prohibition of sexual harassment.

Particulars	FY 2024-2025
Total Complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil
Complaints on POSH as a % of female employees	Nil
Complaints on POSH upheld	Nil

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN COMPANY’S SECURITIES

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the

Company has complied and formulated a Code of Conduct for Prevention of Insider Trading Policy, which prohibits trading in securities of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company. The objective of this Code is to prevent misuse of any price sensitive information and to prevent any insider trading activity by way of dealing in securities of the Company by its Designated Persons. Mr. Kapil Kumar Ruhela, Company Secretary and Chief Compliance Officer of the Company is authorised to act as Compliance Officer under the Code. Further the Company has maintained a Structural Digital Database (SDD) pursuant to provisions of regulations 3 (5) and (6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

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

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

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

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

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

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

STATUTORY DISCLOSURES

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

There is no further material changes and commitments affecting the financial position of the Company, which has occurred till the end of the financial year i.e, March 31, 2025 and till the date of the Directors’ report.

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

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

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

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

Change in the nature of business

There was no change in the nature of business of the Company in the financial year ended on March 31, 2025. The Company is determined to work efficiently for its growth.

DISCLOSURES PURSUANT TO RBI MASTER DIRECTIONS AND REGULATORY DEVELOPMENTS

Midland Microfin Limited remains committed to maintaining the highest standards of regulatory compliance and corporate governance. During the year under review, the Company has complied with all applicable provisions of the Reserve Bank of India (RBI) regulations, including the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

In line with the evolving regulatory landscape, the Company has also aligned its operations and internal policies with the Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, issued on March 14, 2022, and effective from April 1, 2022. These directions apply to all non-banking financial companies (NBFCs), including microfinance institutions, and mandate updates to the regulatory framework governing microfinance loans. The Company has accordingly reviewed and modified its internal frameworks and lending practices to ensure full compliance.

Key Regulatory Developments in FY 2024–25

The fiscal year witnessed several critical regulatory interventions by the Reserve Bank of India aimed at enhancing prudential norms, consumer protection, grievance redressal, and systemic resilience. The Company has duly adopted these changes as outlined below:

1. Monetary Policy Adjustments (Repo Rate Cuts)

In a move to stimulate credit growth, the RBI's Monetary Policy Committee reduced the repo rate by **100 basis points over the last six months**, including a 50 bps cut in June 2025, bringing the rate down to 5.50%. This reduction is expected to improve liquidity and ease borrowing costs for NBFCs, enhancing margin stability.

2. Revised Qualifying Asset Criteria (June 2025)

The RBI, through its circular dated June 6, 2025, revised the qualifying asset criteria under Para 8.1 of the Master Directions on Microfinance Loans. The minimum qualifying asset requirement has been reduced from 75% to 60% of total assets (net of intangibles), offering greater operational flexibility to NBFCs while maintaining their core microfinance character.

3. Strengthened Grievance Redressal – DAKSH Integration

As per RBI's directions (circular dated March 13, 2025, and subsequent email dated March 18, 2025), the Company has enhanced its grievance redressal system with:

- **Board-level reviews** on grievance patterns and systemic issues
- **Comprehensive tracking** across all platforms including CPGRAMS, RBI CMS, and internal portals
- **Random audit checks** to evaluate resolution quality

4. Fraud Risk Management Framework (July 2024)

In line with the Master Directions dated July 15, 2024, the Company has institutionalised a structured process for show-cause notice (SCN) responses, ensuring a **minimum of 21 days** for entities to respond. This upholds the principles of natural justice and improves transparency in fraud response mechanisms.

5. Enhanced Internal Compliance Systems (November 2024)

Pursuant to the RBI's circular dated November 25, 2024, Midland has upgraded its internal compliance architecture to align with the DAKSH portal's straight-through processing (STP) model.

The compliance framework is designed to ensure real-time monitoring, robust data security, and periodic review of implementation status.

6. MFIN Guardrails on Over-Indebtedness and Lender Caps

The Company has adopted MFIN's latest **"guardrails" framework** to restrict borrower over-indebtedness, limit the number of simultaneous lender exposures and other instructions. This measure enhances borrower protection and promotes sectoral stability.

7. Implementation of Audit Trail Requirements (Companies Act, 2013)

In compliance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, the Company has used accounting software that includes an audit trail feature for all transactions throughout the financial year ended March 31, 2025. The audit trail remained enabled at all times, and the Company has maintained a tamper-proof audit log, thereby adhering to the provisions of the Companies Act, 2013.

8. Maternity Benefit Compliance

The Company has ensured full compliance with the Maternity Benefit Act, 1961. All eligible women employees have been extended statutory entitlements such as paid maternity leave, continuity of service, and post-maternity support including nursing breaks and flexible work options. The Company remains committed to fostering an inclusive and legally compliant workplace environment.

9. Appointment of Designated Person under Companies (Management and Administration) Rules, 2014

In accordance with Rule 9 of the said Rules, the Company has appointed a Designated Person to ensure compliance with statutory requirements.

The appointment was duly approved by the Board and has been disclosed in the Company's Annual Return for the year under review.

CUSTOMER RELATIONS

We strive to create a culture of 'Customer Obsession' by always listening to customers and driving continuous transformation to provide a frictionless experience across the lifecycle, from pre-disbursal to closure of a loan. In addition to addressing customer grievances through traditional methods such as phone calls, Midland has introduced several innovative technological solutions, including voice bots, chat bots, IVR calls and WhatsApp bulk messages.

Our focus is to reach customers on various stages of their loans and update them on the status of their loan, repayments and eligibility for next loan. This will not only inform customers about their loans but also equip them with comprehensive knowledge related to loans.

Customer Grievance Redressal

Midland Microfin Limited remains committed to fostering transparency, trust, and accountability in all customer interactions. In line with the Reserve Bank of India (RBI) and Microfinance Institutions Network (MFIN) guidelines, the Company has implemented a robust, Board-approved Customer Grievance Redressal Mechanism (CGRM) to ensure the swift and effective resolution of customer concerns across all touchpoints.

The mechanism adheres to the RBI's "First Contact Resolution" principle, encouraging timely redressal at the initial interaction point and enabling escalation only where necessary. Every customer grievance is reviewed systematically and addressed at the next appropriate level, ensuring complete resolution and customer satisfaction.

Recent Regulatory Enhancements and Compliance

In FY 2024–25, the RBI issued a DAKSH directive dated March 13, 2025, followed by further guidance via email on March 18, 2025, requiring enhanced grievance tracking and monitoring. In compliance with these directions, the Company has:

- Enabled Board-level oversight of complaints, analysing trends, systemic issues, and recurrence patterns

- Implemented end-to-end grievance tracking across multiple channels (e.g., CPGRAMS, RBI CMS, and internal platforms)
- Conducted random sample checks to evaluate resolution effectiveness
- Integrated the DAKSH portal with our internal systems for seamless reporting and monitoring

Furthermore, the Company's Grievance Redressal Mechanism (CGRM) is reviewed monthly in a meeting chaired by the Managing Director, with participation from compliance, customer service, and business teams. These meetings ensure top-down accountability, prioritisation of recurring issues, and cross-functional ownership of service quality improvements.

Customer Touchpoints for Grievance Redressal

1. Branch-Level Redressal

Every Midland branch is equipped with **suggestion-cum-complaint boxes**, prominently placed to capture customer feedback. These inputs are regularly reviewed and processed to ensure grassroots-level responsiveness.

2. Toll-Free Customer Helpline

A dedicated toll-free helpline number is available and displayed across all branches, printed on loan cards, and mentioned in customer onboarding materials. A centralised help desk ensures that all complaints are logged, tracked, and resolved or escalated in a time-bound manner.

Persistent Customer Connect – Technology-Driven Support

a. WhatsApp Chatbot – 'Sahayak'

Our multilingual **chatbot 'Sahayak'** offers 24/7 assistance, enabling customers to interact in their native language. It provides real-time responses to service queries, repayment updates, and policy information. It also collects valuable customer insights that support product enhancement and proactive service improvement.

b. AI Voice Bot Calling

Midland's AI-powered **voice bots** offer multilingual voice-based support, assisting with balance inquiries, account statements, and product information. These bots operate seamlessly across our 12-state footprint, bridging the digital divide for low-literacy customers.

c. IVR-Based Awareness & Feedback System

Advanced Interactive Voice Response (IVR) calls are made in Hindi, Punjabi, Gujarati, and Bengali to gather feedback and enhance awareness. These systems generate rich customer data that helps in shaping customer-centric strategies and campaign targeting.

d. HireBot – Recruitment Chatbot

Internally, our HireBot streamlines recruitment by automating application workflows, speeding up HR communication, and offering real-time support to job applicants. This innovation contributes to a faster and more inclusive hiring process.

Resolution of Grievances

A Grievance Redressal Officer (GRO) has been appointed at the Head Office to handle Level III escalations and oversee the Company's end-to-end grievance management. The GRO is responsible for ensuring that all complaints received through any platform—branches, CCRs, help desks, or digital interfaces—are addressed in accordance with internal SLAs and RBI-prescribed timelines.

The GRO presents a monthly grievance status report to senior management and the Board, ensuring strategic oversight and ongoing improvement. This includes:

- Category-wise analysis of complaints
- Trends and root cause identification
- Timelines for resolution
- Recommendations for process refinement

The Company's goal is to minimise escalations to senior levels by empowering front-line teams and leveraging technology for timely and effective resolution. Where escalation is necessary, the CGRM ensures transparent tracking, customer communication, and systemic correction.

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

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

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

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

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

- The 'toll free number' e.g. 1800-137-0600 for grievance is printed in the members' passbook. Members are being educated to register complaints and the entire redressal mechanism. Along with toll free number, there are two dedicated customer helpline numbers 0181-5085555 and 0181-5086666 to register customer grievances.
- Members are also educated on toll free number where they can call for any queries and complaints during disbursement calling verification from head office.
- The details of Grievance Redressal officer are mentioned on the website of the Company. Members can lodge complaints on the given phone number of the head office i.e. 0181-5076000.
- If a member is not satisfied with the resolution provided, he/she can approach MFIN or the nodal officer of the Reserve Bank of India. The MFIN toll free number i.e. 1800-102-1021080 and Reserve Bank nodal officer's contact number i.e. 0172-2540320 are both printed on the passbook provided to the member for better transparency.
- HR Toll free no. (1800-137-9600) is provided to all the employees to report the grievances, if any, anonymously. Employees can approach the HR, if he/she is not satisfied with the solutions provided by their senior.

Gender-Wise Composition of Employees

In alignment with the principles of diversity, equity, and inclusion (DEI), the Company presents the gender-wise composition of its workforce as on March 31, 2025, as follows:

Male Employees: 5,005

Female Employees: 410

Transgender Employees: 0

This disclosure is part of the Company's ongoing commitment to foster an inclusive and equitable workplace, where all individuals are valued and provided with equal opportunities, regardless of gender. The Company recognises that a diverse workforce enhances innovation, strengthens decision-making, and reflects the communities it serves.

FAIR PRACTICES CODE

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

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

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

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

LISTING ON STOCK EXCHANGES

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Name & Contact Details of Debenture Trustees a. Beacon Trusteeship Limited 5W, 5th Floor, Metropolitan Building, E Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai 400 051 E-mail: contact@beacontrustee.co.in

b. Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited) Unit No- 901, 9th Floor, Tower B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400013 E-mail: dt.mumbai@ctltrustee.com

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of annual accounts for the fiscal year ended on March 31, 2025, the applicable accounting standards had been followed and there are no material departures.
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the statement of profit and loss of the Company for the financial year ended on March 31, 2025;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- the Directors had prepared the annual accounts of the fiscal year ended on March 31, 2025 on a going concern basis;

- e. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

OTHER DISCLOSURE(S)

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

ANNEXURE FORMING PART OF THIS REPORT OF DIRECTORS

The Annexure referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report of the Directors:

- a. Management Discussion & Analysis Report- Annexure I
- b. Report on Corporate Social Responsibility - Annexure II

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

Sd/-
Amardeep Singh Samra
(Managing Director)
DIN: 00649442

Sd/-
Parveen Kumar Gupta
(Chairman)
DIN: 02895343

Date: July 28, 2025
Place: Jalandhar

- c. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 – Annexure III
- d. Secretarial Audit Report- Annexure IV

ACKNOWLEDGEMENT

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

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

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

Annexure I

Management Discussion & Analysis

Global Economic Overview:

Navigating Uncertainty and Transformation

The fiscal year 2024-25 was characterised by significant shifts in the global economic landscape, including heightened volatility, evolving policy priorities, and the rapid impact of technological disruption. According to the World Economic Forum's Chief Economists Outlook (May 2025), all surveyed economists (100%) expected a weakening global growth trajectory. Elevated borrowing costs, persistent inflationary pressures, and a slow recovery in international trade continued to weigh on momentum, particularly across advanced economies.

Tariff and Trade Dynamics: A Complex Picture

While concerns over tariff escalation and trade-related risks were significant early in the fiscal year, conditions shifted noticeably in the later months. The partial easing of tensions between the United States and China led to a temporary improvement in business sentiment and financial conditions. However, much of this recovery was driven by front-loaded activity, as businesses accelerated shipments in anticipation of higher tariffs.

This front-loading of trade and inventory build-up, further extended by the tariff pause and limited agreements, has complicated assessments of underlying demand. Analysts expect this to increase the likelihood of a correction in subsequent quarters as inventories normalise.

Weakening Growth Expectations and Regional Economic Performance

Despite early optimism, global growth projections remained subdued. S&P Global's May 2025 update held real GDP forecasts steady at 2.2% for 2025 and 2.4% for 2026, following downward revisions in March. The persistence of high interest rates, moderate wage growth, and geopolitical fragmentation is expected to weigh on consumption and investment, even as supply chain bottlenecks gradually ease.

Regional performance continued to diverge sharply, with some economies showing resilience while others faced structural challenges.

US Economy

In the United States, real GDP contracted in the first quarter of 2025, primarily due to a surge in imports. Domestic demand remained resilient, with personal consumption and private fixed investment growing at a 3% annualised rate. However, front-loaded shipments and inventory accumulation, while initially supporting activity, are likely to trigger a correction in subsequent quarters.

China Economy

In China, stimulus measures and stronger-than-expected industrial output supported overall activity. However, only 22% of surveyed experts believe the government's official 5% GDP growth target will be achieved, reflecting persistent challenges in domestic demand recovery and ongoing property sector stress.

Europe Economy

Europe remained sluggish but showed early signs of recovery as fiscal support measures returned, particularly in Germany. While business confidence improved marginally, structural headwinds and policy uncertainty continued to constrain broader momentum across the region.

Sectoral Headwinds and Inflationary Concerns

While tariffs remained a focus for policymakers, over 90% of economists surveyed by the World Economic Forum identified rising economic nationalism and geopolitical fragmentation as the most significant threats to global policy coordination and market stability.

In the G5 economies, goods inflation persisted due to supply bottlenecks and tariff pass-through effects. By contrast, services inflation began to ease in recent quarters, and wage growth moderated, relieving some pressure on central banks.

Financial Conditions and Monetary Policy

Elevated interest rates and tighter credit conditions have continued to weigh on consumption and private investment.

Central banks in major economies have largely maintained a cautious stance, balancing inflation containment with the need to avoid prolonged economic contraction.

As monetary policy normalisation progresses gradually, financial conditions are expected to remain restrictive over the near term.

India's Economic Resilience

India stood out as a bright spot against the backdrop of slowing global growth. The World Bank projects real GDP growth of 6.2% in 2025, making India the fastest-growing large economy for the second consecutive year. This performance has been underpinned by trade diversification, prudent fiscal management, and resilient domestic demand.

India's real GDP expanded by 7.6% in FY24, exceeding consensus estimates. Growth was broad-based, with services, manufacturing, and construction all contributing positively. The Reserve Bank of India continued to maintain an accommodative policy stance that supported liquidity while containing inflation.

Technological Disruption and AI Adoption

A defining feature of FY25 was the rapid advancement and integration of Artificial Intelligence (AI) across industries. While only 45% of economists surveyed by the World Economic Forum expect AI to disrupt global economic activity in the near term, over 80% believe it will contribute meaningfully to global GDP within the next decade.

Key enablers include the automation of routine tasks, augmentation of skilled workflows, and advances in predictive analytics. However, challenges such as misinformation, concentration of market power, and workforce displacement remain material risks that could temper AI's long-term impact.

Strategic Business Implications

The combination of geopolitical risks, persistent inflation, and technological change has prompted businesses to adapt quickly to safeguard continuity and protect margins. Nearly all surveyed firms reported restructuring supply chains, while many delayed large-scale investment decisions or relocated operations to alternative markets to reduce risk exposure.

For Midland Microfin, this evolving environment reinforces the value of our technology-first, risk-aware, and community-focused approach, designed to balance agility with resilience during periods of disruption.

Real GDP Growth (%)

Global real GDP growth forecasts for 2025 and 2026 remain at 2.2% and 2.4%, respectively. India's projected growth of 6.2% continues to lead among large economies, highlighting the relative strength of domestic drivers despite external headwinds.

Outlook

Looking ahead, global growth is expected to remain moderate as elevated borrowing costs and structural headwinds persist. While trade tensions have eased temporarily, the risk of renewed volatility remains high.

India is projected to sustain its position as the fastest-growing large economy, supported by policy continuity, domestic demand, and progress in digital infrastructure. For businesses, agility, disciplined risk management, and a focus on inclusion will be critical to navigating the evolving landscape.

Indian Economy

Despite various challenges, India continued to register the fastest growth in manufacturing, as highlighted in the Economic Survey. The latest Manufacturing PMI for December 2024 remained firmly in the expansionary zone, supported by new business gains, strong demand, and focused advertising efforts.

The services sector also performed well in FY25, with notable growth in the first two quarters resulting in a 7.1% increase in output during the first half of the year. Across sub-categories, all segments recorded solid performance. India's services export growth surged to 12.8% during April–November FY25, up from 5.7% in FY24.

The Economic Survey noted that this growth has been underpinned by stability across inflation, fiscal health, and external balances. Retail headline inflation softened from 5.4% in FY24 to 4.9% between April and December 2024. However, food inflation, measured by the Consumer Food Price Index (CFPI), rose from 7.5% in FY24 to 8.4% in FY25 (April–December), primarily due to higher prices of vegetables and pulses. The Reserve Bank of India and the IMF project that consumer price inflation will gradually align with the 4% target by FY26.

Capital expenditure (capex), as a share of total Union expenditure, has consistently improved from FY21 through FY24. Following the general elections, Union government capex grew by 8.2% year-on-year during July–November 2024, according to the Survey.

Despite gross tax revenue (GTR) increasing by 10.7% year-on-year during April–November 2024, the tax revenue retained by the Union, net of devolution to the states, saw minimal growth. As of November, deficit indicators remained comfortably within target, leaving ample room for developmental and capital expenditure over the remainder of the fiscal year.

India is poised to lead the global economy once again, with the International Monetary Fund (IMF) projecting it to remain the fastest growing major economy over the next two years.

India's economy recorded real GDP growth of 7.6% in FY24, significantly outperforming most emerging market peers. This momentum reflects the government's sustained focus on capital formation and infrastructure-led development. Capital expenditure has risen sharply from ₹3.1 lakh crore in FY13 to ₹11.27 lakh crore in FY25, underscoring the commitment to strengthening productive capacity.

India's exports reached an all-time high of US\$778 billion in FY23, driven by strong growth in services exports and resilient goods trade despite global headwinds. The country also continued to attract substantial foreign direct investment (FDI), with gross inflows of US\$950 billion between April 2000 and September 2023, reflecting sustained investor confidence in India's long-term prospects.

Indian Economy: A Decade of Transformation and Resilience

Strong Growth Amidst Global Headwinds

Despite global headwinds, India demonstrated robust economic resilience, achieving impressive real GDP growth of 7.6%, the highest among major advanced and emerging economies. This performance follows 6.5% growth in FY 2022-23, underpinned by prudent fiscal management, continued reforms, and a surge in capital expenditure.

The government's focus on capital formation was evident in the significant rise in capital expenditure, which increased from ₹3.1 lakh crore in FY13 to ₹11.27 lakh crore in FY25. This infusion has had a multiplier effect-stimulating consumption, enhancing employment, and driving private investment.

Macroeconomic Stability and Inflation Control

India has successfully managed to lower inflation, with retail inflation declining to 4.6% in FY25, the lowest level since FY19. Average inflation between 2015 and 2025 stood at approximately 5%, a substantial improvement over the 8.2% average recorded between 2004 and 2014. This moderation was supported by coordinated fiscal and monetary policies, better supply chain management, and targeted government interventions.

Sectoral Contributions and GDP Growth Drivers

- Services sector remained the bedrock of growth, contributing around 55% to Gross Value Added (GVA) and employing nearly 30% of the workforce.
- Private Final Consumption Expenditure (PFCE) grew by 7.3%, reaching its highest share of 61.8% of GDP since 2002-03, largely driven by rural demand revival.
- Gross Value Added (GVA) registered real growth of 6.4%, while nominal GVA increased by 9.5%.

Investment and Export Momentum

India's exports reached an all-time high of US\$825 billion in 2024-25, marking a 76% rise over the past decade. Merchandise exports grew steadily, while services exports more than doubled to US\$387 billion.

The Top Performing Export Sectors Included:

- Engineering Goods - led by Make in India and PLI initiatives.
- Electronic Goods - with over 32% growth, reaching US\$38 billion.
- Pharmaceuticals - maintaining global leadership in volume and expanding to over 200 countries.

FDI and Global Investment Leadership

India attracted record cumulative foreign direct investment (FDI) inflows of US\$1.05 trillion, driven by a liberalised policy regime and robust investor sentiment. FY25 witnessed a 27% surge in equity inflows within the first nine months alone.

Digital Revolution and Financial Inclusion

India's Digital Transformation Has Been Phenomenal:

- UPI processed 172 billion transactions in 2024, reflecting a 9x growth in digital payments since FY18.
- India accounted for 49% of global real-time digital transactions (ACI Worldwide, 2024).
- Digital tools like IMPS and FASTag are expanding the real-time transaction ecosystem beyond conventional banking.

On the Financial Inclusion Front:

- Over 55.17 crore Jan Dhan accounts were opened.
- Women hold over 30.8 crore bank accounts, reinforcing gender empowerment.
- Schemes such as PMJJBY, PMSBY, APY, Mudra, and SVANidhi have empowered millions with insurance, pensions, and microfinance.

Outlook: On Course to Becoming a \$5 Trillion Economy

India is projected to remain the world's fastest-growing major economy in FY 2025-26, with estimated growth between 6.3% and 6.8%. Structural reforms, enhanced capital investment, expanding digital infrastructure, and deeper global integration provide a strong foundation for achieving a \$5 trillion GDP in the near term and \$7.3 trillion by 2030.

The government's emphasis on fiscal discipline, sustainable development, and inclusive growth continues to steer the nation toward a resilient, future-ready economic framework.

Industry Overview

Industry Overview: Microfinance Sector Performance - FY2024-25

Microfinance Industry Snapshot

As of March 31, 2025, the Indian microfinance industry experienced a phase of consolidation and realignment, driven by declining portfolios, strategic shifts in lending patterns, and evolving borrower profiles. The total Gross Loan Portfolio (GLP) stood at ₹3,75,030 crore, reflecting a 13.5% decline year-on-year (YoY). This contraction was visible across key performance indicators:

Key Metrics (March 2025)

GLP	₹3,75,030 CRORE (↓13.5% YoY)
Active Loan Accounts	13.3 CRORE (↓11.1% YoY)
Unique Borrowers	7.8 CRORE (↓10.6% YoY)
Loans Disbursed (Q4 FY25)	₹70,942 CRORE across 132 lakh loans

Portfolio Trends

The overall contraction in portfolio size was most pronounced among major lenders:

↓ 13.7% YOY	↓ 14.7% YOY	↓ 20.2% YOY
NBFC-MFIs:	Banks:	SFBs:

In contrast, NBFCs (excluding MFIs) recorded 4.1% growth, indicating selective expansion.

The number of active loans declined from 14.95 crore in March 2024 to 13.3 crore in March 2025. The GLP decline also corresponded with a smaller pool of quality-performing assets:

- Adjusted GLP (excluding 180+ DPD): ₹3,32,636 crore

Shift Towards Higher Ticket Loans

A notable trend was the strategic pivot toward larger loan sizes:

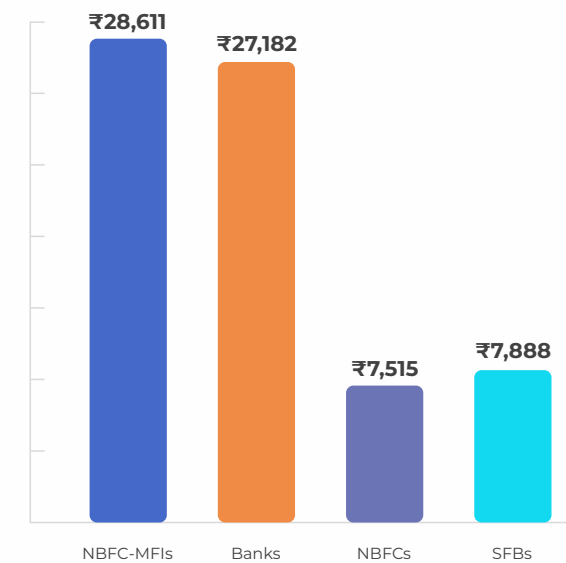
- Loans > ₹1 lakh increased by 38.5% YoY
- Loans between ₹80,000-1 lakh grew by 4.3% YoY
- In contrast, loans < ₹30,000 fell by 35.9% YoY, and those between ₹30,000-50,000 declined by 23.9% YoY

This shift reflects a focus on deeper engagement with fewer, higher-creditworthy borrowers and potential movement toward urban and semi-urban segments.

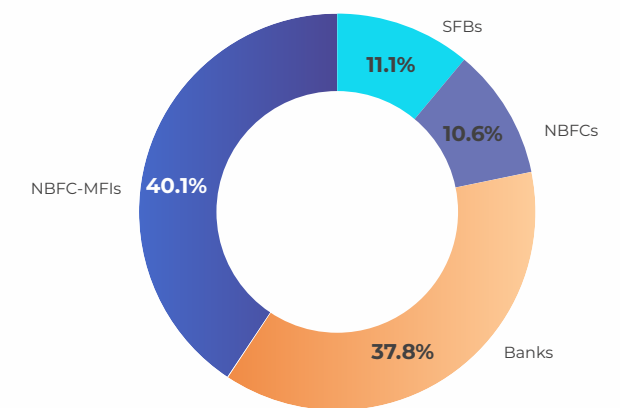
Disbursement Trends

Despite the annual contraction, disbursements rebounded sequentially in Q4 FY25:

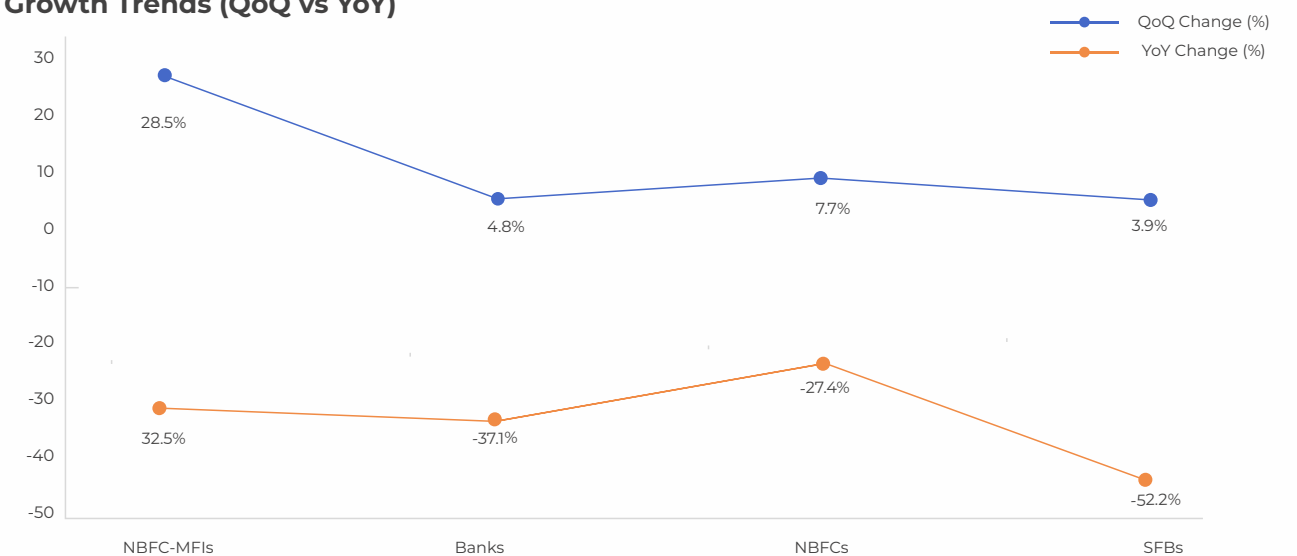
Disbursement Amount (₹Cr)



Market Share (%)



Growth Trends (QoQ vs YoY)



Borrower Profile & Credit Concentration Key Observations:

Reduction in Over-Leveraged Borrowers:

- Borrowers with ≥5 active lenders declined from 9.7% to 4.9% (↓56.8%YoY)
- Borrowers with ≤2 lenders increased to 73.1% of the total portfolio

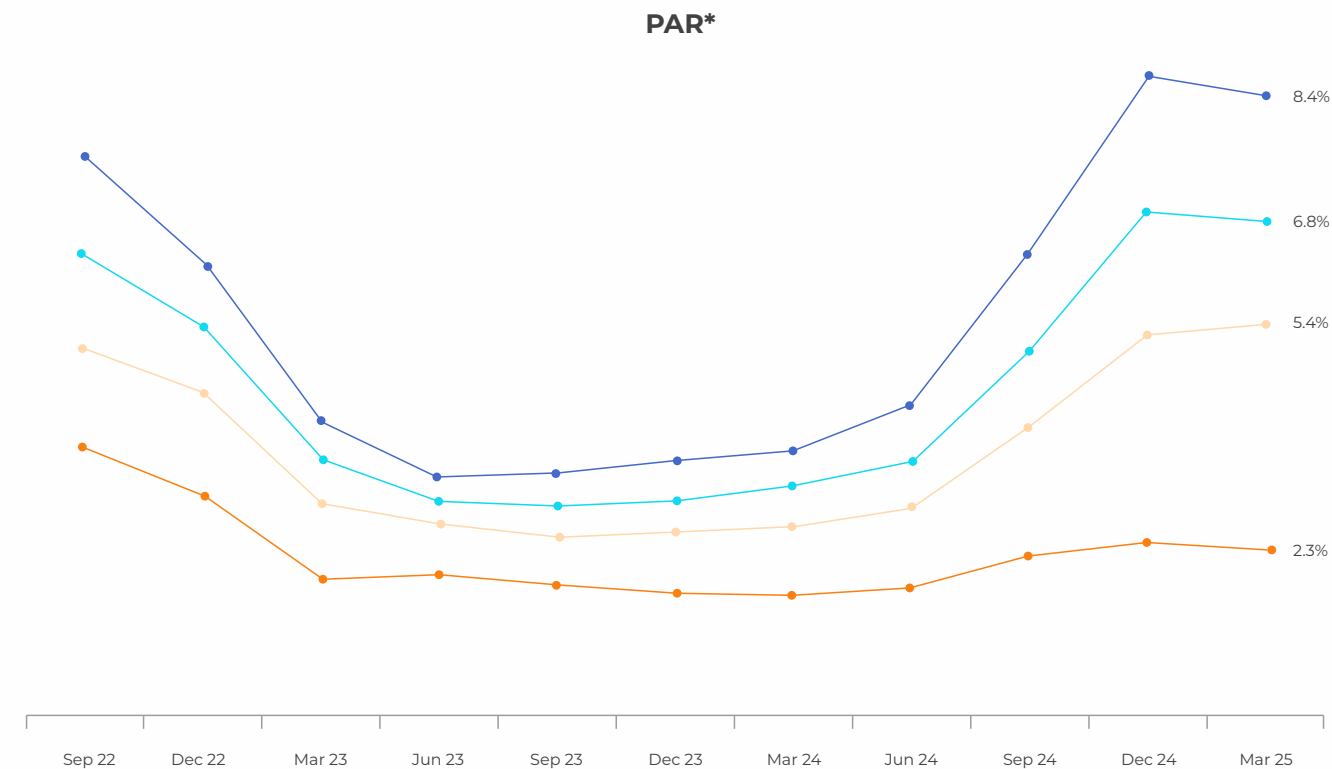
Risk Concentration:

- PAR 31-180 days for borrowers with ≤2 associations: 5.4%
- PAR 31-180 days for borrowers with ≥5 associations: 35.3%

This reflects a sector-wide move toward responsible lending, with tighter exposure norms and improved risk containment.

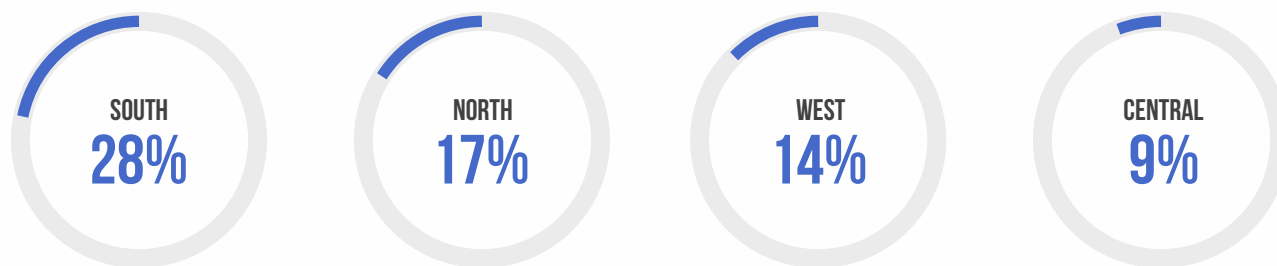
Asset Quality Deterioration

Asset quality indicators weakened substantially across the board:



Regional Distribution

- The East and North-East regions continued to lead, comprising 33% of total AUM, followed by:



- The top 5 states: Bihar, Uttar Pradesh, Tamil Nadu, Karnataka, and Maharashtra, accounted for 58.4% of total AUM.

Outlook

The microfinance industry faces a transitional period, grappling with rising credit risk, reduced disbursement momentum, and lower borrower engagement. However, signs of portfolio rationalisation, deleveraging, and digitally-driven disbursement models suggest the sector is realigning for sustainable, quality-led growth.

Opportunities and Threats in the Microfinance Sector

Opportunities

1. Expanding Rural and Semi-Urban Credit Demand

The microfinance sector remains central to meeting the credit needs of underserved communities, particularly in rural India, which represents 83.3% of the sector's total AUM. As rural aspirations grow and digital penetration deepens, there is substantial scope to broaden outreach in unbanked and underbanked areas.

2. Shift Toward Higher Ticket Loans

Market data highlights a clear pivot toward higher-ticket loans, with disbursements rising across the ₹80,000-1,00,000+ segments. This shift creates opportunities to increase customer lifetime value and strengthen profitability through structured upscaling and cross-selling.

3. Digital Transformation and 100% Cashless Disbursements

With over 100% of disbursements among MFIN-member NBFC-MFIs now cashless, the sector has rapidly adopted digital solutions. This transformation enables faster processing, greater operational efficiency, and an enhanced customer experience.

4. Policy Push for Financial Inclusion

Continued policy support, including initiatives such as the NRLM and a regulatory focus on deepening financial access, is fostering an enabling environment for MFIs. The NRLM's SHG-Bank linkage programme alone accounts for more than ₹2.78 lakh crore in portfolio, signalling strong momentum for collaborative growth.

5. Geographic Expansion Potential

As of March 2025, microfinance operations spanned 718 districts across 29 states and 7 union territories. Tier-II and Tier-III towns, along with rural hinterlands, present significant white space for further penetration.

6. Portfolio Diversification and MSME Synergies

With rising credit demand among informal enterprises and MSMEs, MFIs are well-positioned to evolve beyond traditional Joint Liability Group (JLG) models. Diversified products and tailored lending solutions can help institutions capture these emerging needs while balancing risk and growth.

Threats

1. Rising Credit Risk and Asset Quality Deterioration

Portfolio quality has deteriorated notably, with PAR >30 days rising from 3.6% in March 2024 to 8.4% in March 2025. The segment of loans overdue by 31-180 days alone increased to 6.2%, highlighting heightened stress and the need for robust credit monitoring and collections practices.

2. Declining AUM and Client Base

The sector experienced an 11.9% year-on-year contraction in assets under management and a 9.2% decline in active borrowers. Sustained reduction in scale could compress margins and challenge operational viability for smaller MFIs.

3. Funding Constraints and Liquidity Tightening

Overall debt funding to NBFC-MFIs fell 35.7% year-on-year. Banks continued to account for 58.3% of outstanding borrowings, underscoring the sector's dependence on a concentrated funding base and vulnerability to sudden liquidity shifts.

4. Escalating Cost of Funds and Margin Pressure

Smaller MFIs face disproportionately high borrowing costs, ranging from 10.8% to 18.6%, compared to 8.9%-13.0% for larger institutions. Rising interest expenses are compressing spreads and impacting competitiveness.

5. Geographic Concentration and Regional Exposure

A majority of portfolios remain concentrated in just five states: Bihar, Uttar Pradesh, Tamil Nadu, Karnataka, and Maharashtra, which together account for 58.4% of AUM. Such concentration heightens exposure to region-specific disruptions and regulatory changes.

6. Regulatory Stringency and Compliance Load

Tightening norms around responsible lending, risk management, and transparency are increasing the compliance burden. Timely adoption of evolving frameworks is essential to avoid penalties and maintain operational continuity.

7. Borrower Over-Indebtedness

Persistent over-indebtedness in certain borrower segments, especially those with multiple lender associations, continues to pose systemic risks to repayment discipline and portfolio quality.

Company Overview

Midland Microfin Limited (MML) is a systemically important non-deposit-taking Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India (RBI). Under the RBI's Master Direction – Scale-Based Regulation for NBFCs (2023), MML is categorised in the Middle Layer, reflecting its scale, outreach, and systemic significance.

Founded in 2010 and headquartered in Jalandhar, Punjab, Midland is committed to bridging the financial access gap for underserved communities, particularly women and low-income households across rural and semi-urban India.

As of FY2024-25, MML operated 517 branches across 12 states and 2 union territories, serving over 10 lakh active clients. The Company maintains a strong presence in Punjab, Haryana, Uttar Pradesh, Bihar, Madhya Pradesh, Rajasthan, Maharashtra, West Bengal, Jharkhand, Chhattisgarh, Uttarakhand, Himachal Pradesh, and the union territories of Delhi and Chandigarh.

Mission-Driven, Technology-Led Model

Midland offers a diverse portfolio of financial products, including Joint Liability Group (JLG) loans, individual enterprise loans, dairy development loans, and water and sanitation loans. These solutions are designed to enable income generation, improve household resilience, and enhance dignity.

The Company follows a “PhyGital” (physical + digital) approach, blending doorstep engagement with technology-driven efficiencies. This model has strengthened scalability while delivering a consistent and high-quality customer experience.

In FY2024–25, Midland accelerated digital adoption across the value chain through:

- End-to-end loan origination and processing via tablet-based workflows
- Real-time dashboards for monitoring field performance and portfolio health
- Geo-tagging, cashless disbursement, and automated collections
- App-based self-service and grievance redressal tools for customers

These initiatives have significantly reduced turnaround times, enhanced transparency, and improved operational controls.

Empowering at Scale: Inclusion with Impact

Over 98% of Midland's borrowers are women. By expanding access to finance and supporting entrepreneurship, the Company advances gender equity and fosters inclusive economic development. Complementary initiatives, including financial literacy programmes, community engagement, and capacity-building, have contributed to measurable improvements in household incomes, asset creation, and women's decision-making agency.

People First: Culture, Capability, and Recognition

Midland is built on a culture that values performance, innovation, and collaboration. With a team of more than 5,400 employees, the Company is committed to nurturing talent and maintaining a supportive work environment.

Key Highlights from FY2024-25:

- Competency-based training architecture tailored to each role
- Performance-linked incentives and robust internal promotion pathways
- Field force support through guest house facilities, allowances, and safety protocols
- Regular employee engagement initiatives, feedback sessions, and wellness programmes
- An in-house MBA programme to build future-ready leadership

Midland has been recognised as a “Great Place to Work” for the sixth consecutive year, underscoring its commitment to employee engagement and organisational excellence.

Leadership & Governance

Midland benefits from the stewardship of a highly experienced and stable leadership team, many of whom have been with the Company for nearly two decades. This continuity provides strong institutional memory, agile decision-making, and sustained alignment with our long-term vision.

We maintain robust corporate governance standards, under the oversight of an independent and well-diversified Board of Directors. All key functions: credit, audit, risk, compliance, and HR, operate within clearly defined policies and protocols to ensure ethical, transparent, and compliant operations.

Financial Performance

(Amounts in ₹ Crores)

Particulars	FY 2025	FY 2024	Y-o-Y %
Interest Income on Loans	5,699.37	4,248.46	+34.15%
Interest Income other than Loans	338.37	236.64	+42.99%
Fee & Other Income	326.79	842.09	–61.19%
Total Income	6,364.53	5,327.19	+19.47%
Finance Cost	2,721.78	2,043.75	+33.18%
Operating Expenses	1,979.91	1,664.00	+18.98%
Pre-Provisioning Operating Profit	1,662.84	1,619.44	+2.68%
Credit Cost	1,336.23	679.74	+96.58%
Tax Expense	59.88	218.55	–72.60%
Profit after Tax	266.73	721.15	–63.01%
Basic EPS (₹/Share)	5.56	16.45	–66.21%
Diluted EPS (₹/Share)	5.10	15.53	–67.19%

Key Ratios and Metrics (FY 2025)

Return on Average AUM (%)	25.62
Return on Average Tangible Equity (%)	4.82
Net Interest Margin (%)	12.68
Operating Expenses to Avg. AUM (%)	7.48
Borrowings to Tangible Equity Ratio	4.35
Net NPA (%)	0.40

Institutional Strengths and Strategic Differentiators

- **Tech-Enabled Infrastructure**
Proprietary loan management systems, MIS tools, and dashboards that enable agility and real-time control.
- **Robust Risk Governance**
Comprehensive frameworks spanning credit, market, operational, and emerging risks.
- **Strong Lender Relationships**
Partnerships with over 50 institutional lenders, including PSU banks, private banks, NBFCs, DFIs, and capital market investors.

- **Process Excellence**
Certified systems, rigorous process audits, and centralised operations centers supporting efficiency and compliance.

- **Customer-Centricity**
Active grievance redressal channels, multilingual support, and branch-level service feedback loops.

Internal Audit

The Internal Audit function at Midland Microfin Limited serves as an independent and objective assurance provider, offering insights that enhance governance, risk management, and internal control effectiveness.

- Operates under the direct oversight of the Audit Committee of the Board.

- As of March 31, 2025, the team comprises 88 internal auditors, supported by external professionals for specialised reviews.

- Coverage spans branches, regional and zonal offices, head office departments, and thematic areas including collections, cash management, HR compliance, and vendor management.

- The Internal Audit team adheres to the Internal Audit Code of Ethics and is transitioning towards full alignment with Institute of Internal Auditors (IIA) standards.

Audit findings are formally discussed, tracked, and monitored until closure, ensuring accountability, transparency, and systemic improvement.

Internal Controls

Midland has instituted a robust internal control framework proportionate to the complexity and scale of its operations. These controls are regularly reviewed through internal audits, IT validations, and business self-assessments.

All critical processes: loan origination, collections, reconciliation, fund movement, cash management, and HR, are governed by SOPs and subject to ongoing monitoring and exception reporting.

Risk Management Framework

Operating within a volatile and regulated financial ecosystem, Midland employs a proactive, integrated risk management framework designed to sustain organisational stability, compliance, and long-term value creation.

Credit Risk

- Early warning systems
- Portfolio diversification
- Centralised underwriting
- Post-disbursement monitoring

Interest Rate Risk

- ALCO oversight
- Scenario analysis and stress testing
- Matching asset-liability maturity profiles

Liquidity Risk

- Minimum liquidity buffers
- Contingency Funding Plan (CFP)
- Diversified borrowing mix with buffer drawdown lines

Market Risk

- Real-time exposure tracking
- Volatility stress testing
- Regular ALM reviews and adjustments

Strategic and Political Risk

- Active policy monitoring
- Board-level strategy reviews
- Business continuity planning for regional disruptions

Operational Risk

- SOP compliance
- Incident reporting and root cause analysis
- Vendor risk assessments and controls

Cyber & Fraud Risk

- Advanced firewalls, endpoint protection, and VAPT (Vulnerability Assessment & Penetration Testing)
- Regular CERT-In audits
- Multi-factor authentication enforcement

- Device binding mechanisms for secure access
- KYC and AML fraud detection tools
- Continuous awareness programs for staff and customers

Regulatory and Legal Risk

- Regular compliance audits and gap assessments
- Dedicated Compliance Officer and Legal Counsel
- Real-time regulatory reporting dashboards.

Information Technology Implementation and Initiatives

Key Technology Implementations in FY 2024-25



Strengthening Credit Governance and Operational Controls

- **Business Rules Engine (BRE) Solution:** Introduced an automated BRE platform for rule-based credit decisioning, ensuring improved governance and enhanced portfolio quality.
- **Central Know Your Customer (CKYC) Integration:** Integrated CKYC workflows into core lending systems to improve compliance and reduce turnaround times.
- **Corporate Social Responsibility (CSR) Application:** Implemented a dedicated application to automate project tracking, reporting, and impact assessment for CSR initiatives.



Driving Advanced Analytics and Digital Reporting

- **Tableau Automation:** Deployed Tableau dashboards to enable real-time business performance monitoring across functions.
- **Finpage Regulatory Module:** Launched the Finpage platform for automated regulatory reporting to improve accuracy and reduce manual intervention.



Elevating Customer Experience and Service Delivery

- **MidFin CSA Mobile App:** Developed and launched the Customer Service Application, offering customers digital access to account information, statements, and service requests.
- **Cloud-Based Call Centre:** Transitioned to a cloud-native call centre platform to enhance customer support and improve call handling metrics.
- **Finconnect CGRM:** Introduced Finconnect for centralised grievance redressal, strengthening transparency and accountability.



Reinforcing AML Framework and Regulatory Controls

- **STR & CTR Notifications:** Integrated Suspicious Transaction Reports and Cash Transaction Reports workflows for timely compliance submissions.
- **Screenzaa PEP Screening:** Adopted Screenzaa for enhanced screening of Politically Exposed Persons (PEPs), improving KYC/AML compliance standards.



Enhancing Cybersecurity and IT Resilience

- **SIEM-SOC Deployment:** Rolled out a Security Information and Event Management platform supported by a 24/7 Security Operations Centre to detect and respond to threats.

- **Multi-Factor Authentication and Data Encryption:** Enabled MFA and enterprise-wide encryption standards to safeguard data and systems.

- **VAPT and Cloud Security Controls:** Conducted regular Vulnerability Assessment and Penetration Testing alongside strengthening cloud security protocols.



Infrastructure Modernisation and Uptime Assurance

- **Modern Cloud Transition:** Migrated critical applications and data to a secure, scalable cloud infrastructure to enhance availability and reduce costs.
- **Next-Generation Firewalls and Endpoint Security:** Deployed advanced firewalls and endpoint protection solutions to reinforce defences against cyber threats.
- **Network and Hardware Upgrades:** Upgraded network bandwidth and hardware infrastructure to support growth and performance.
- **Centralised Monitoring Tools:** Implemented unified monitoring dashboards for proactive issue resolution and improved uptime.



Cost Optimisation and Digital Touchpoints

- **Cost Rationalisation Initiatives:** Implemented targeted measures to reduce IT operating expenses and improve cost efficiencies.
- **Biometric Mantra Devices:** Deployed biometric devices across branches to strengthen customer authentication and reduce manual errors.

- **Panasonic Digital LED Screens:**
Installed digital display units in branches for improved customer communication and engagement.

Future-Ready IT Projects Underway (FY 2025-26)

Customer-Centric Innovations

- **Aadhaar-Based e-KYC:**
Rolling out e-KYC integrations for faster, paperless onboarding.
- **E-NACH and UPI AutoPay:**
Expanding digital repayment options to improve customer convenience.
- **Risk-Based Pricing Engine:**
Developing a pricing engine to enable dynamic and tailored loan pricing.

Data-Driven Credit Intelligence

- **Early Warning Signal Module:**
Implementing predictive analytics to proactively identify portfolio stress.
- **Bank Statement Analyser:**
Automating analysis of customer bank statements to strengthen credit assessments.

Strengthening Security and Internal Controls

- **Mobile Device Management (MDM) and Zero Trust Network Access (ZTNA):**
Deploying MDM and ZTNA frameworks for secure access and control of devices.

- **Audit Application:**
Introducing a dedicated audit platform to track, report, and close audit observations effectively.
- **Information Management System for Accounts:**
Implementing an integrated IMS to improve workflow management in the Accounts department.

Other Key Digital Upgrades

- Ongoing enhancements to core lending systems and data management tools.
- Expansion of real-time dashboards for management reporting and operational oversight.

Technology Vision Ahead

Midland remains committed to building a secure, scalable, and customer-focused technology ecosystem. Our digital strategy centres on:

- Modernising infrastructure and applications.
- Strengthening cybersecurity and resilience.
- Leveraging data intelligence for smarter decision-making.
- Expanding digital channels to improve customer experiences.

These priorities will continue to drive efficiency, compliance, and sustainable growth in the years ahead.

Annexure II

Report on Corporate Social Responsibility

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.]

1. Brief outline on CSR Policy of Midland Microfin Limited

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

2. Composition of CSR Committee

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

3. The web-link(s) where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company. :

Weblink: <https://midlandmicrofin.com/csr/>

4. The executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8, of the Companies (Corporate Social Responsibility Policy) Rules, 2014:

Since the CSR spent does not falls into the prescribed limit hence the Impact Assessment of CSR Projects is not Applicable.

- (a) **Average net profit of the company as per section 135(5):** ₹ 61,61,26,961/-
 - (b) **Two percent of average net profit of the company as per section 135(5):** ₹ 1,23,22,539/-
 - (c) **Surplus arising out of the CSR projects or programs or activities of the previous financial years:** NIL
 - (d) **Amount required to be set of for the financial year, if any:** NIL
 - (e) **Total CSR obligation for the financial year (7a+7b-7c):** ₹ 1,23,22,539/-
- (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 94,44,094/-
 - (b) **Amount spent in Administrative Overheads:** ₹ 6,16,127/-
 - (c) **Amount spent on Impact Assessment, if applicable:** NIL
 - (d) **Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 1,00,60,221/-
 - (e) **CSR amount spent or unspent for the Financial Year:**

Annexure III

Disclosure of Remuneration

Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Part A – Disclosure under Rule 5(1)

(i) Ratio of Remuneration to Median Remuneration and % Increase for Directors/KMPs – FY 2024–25

Sr. No.	Name of Director/KMP	Designation	Ratio to Median	% Increase in remuneration during FY2025
1	Late Mr. Vijay Kumar Bhandari ¹	Chairman	1.72/1	-
2	Mr. Amardeep Singh Samra	Managing Director	142/1	-
3	Mr. Santokh Singh Chhokar	Non-Executive Director	-	-
4	Mr. Sachin Nithyanand Kamath	Nominee Director	-	-
5	Mrs. Kamna Raj Aggarwalla ²	Independent Director	1.72/1	-
6	Mr. Parveen Kumar Gupta ³	Independent Director	5.18/1	-
7	Mr. Ashwani Kumar Jindal ⁴	Independent Director	1.72/1	-
8	Mr. Amitesh Kumar	President, COO & CFO	35/1	-
9	Mr. Kapil Kumar Ruhela ⁵	Company Secretary & Chief Compliance Officer	15.7/1	33%

(ii) Median Remuneration

There has been no change in the median remuneration of employees of the Company in FY 2024–25 compared to FY 2023–24.

(iii) Number of Employees:

As on March 31, 2025, the Company had 5,415 permanent employees on its rolls.

(iv) Average Salary Increase – KMPs vs. Employees (Other than KMPs)

- Average increase in remuneration of employees other than KMPs: 11%
- Average increase in remuneration of KMPs: 10%

Justification:

The variation in salary increases reflects internal performance assessment and market alignment. The remuneration paid to KMPs and Senior Managerial Personnel is in line with the Nomination & Remuneration Policy of the Company.

(v) Variable Components and ESOPs

- The variable pay of the Managing Director is linked to business performance indicators such as revenue, profitability, and strategic objectives as approved by the Board.
- Long-term incentives in the form of Employee Stock Options (ESOPs) have been granted to selected KMPs such as the CFO and Company Secretary. The Nomination & Remuneration Committee determines grant and vesting conditions.

Affirmation:

It is affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

¹ Mr. Bhandari ceased to be a director with effect from 8 October 2024, due to his sudden demise

² Computed based on the commission paid

³ Computed based on the commission paid

⁴ Computed based on the commission paid

⁵ The stated increase represents a combination of fixed and variable components, with the fixed remuneration component being increased by 10% only.

Sd/-
Mr. Amardeep Singh Samra
Managing Director

Sd/-
Mrs. Kamna Raj Aggarwalla
Independent Director

Place: Jalandhar
Date: July 28, 2025

Part B – Disclosure of Remuneration under Section 197 (12) of Companies Act, 2013 read with Rule 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Top 10 employees in terms of remuneration drawn during FY24-25:

Name	Age	Qualification and experience	Designation	Employed since	Remuneration drawn during financial Year 2024-25 ⁶		Previous Employment
					Fixed & variable pay (₹ in million)	ESOP (No. of options granted)	
Mr. Amardeep Singh Samra ⁷	54	B.com & 26 years	Managing Director	07-06-2010	24,710,800	-	PRINCE HIGHWAYS LTD.
Mr. Amitesh Kumar ⁸	41	Postgraduate & 16 years	President, COO & CFO	20-01-2011	7,579,396	250,000	SKS Microfinance
Mr. Rahul Kumar ⁹	42	Postgraduate & 16 years	Business Head	28-12-2023	5,001,600	70,000	Micro energy Credits (MEC)
Mr. Gagandeep Sharma	41	Postgraduate & 20 years	Chief Technology Officer	01-07-2021	3,654,456	11,000	AS Software Services Pvt. Ltd.
Mr. Kapil Kumar Ruhela	37	CS, LLB, PGDBA & 12 years	Company Secretary & Chief Compliance Officer	25-09-2023	2,756,100	10,000	Religare Finvest Ltd.
Mr. Gagan Deep Sharma	51	Graduate & LLB & 29 years	Vice President - Insurance	17-01-2011	2,192,994	112,939	Sukhchain Finance Ltd.
Mr. Harikishan Agrawal ¹⁰	43	MBA & 17 years	Deputy Business Head	09-08-2012	1,964,268	50,000	SKS Microfinance
Mr. Puran Prakash ¹¹	45	Postgraduate & 23 years	Deputy Business Head	23-09-2024	2,079,162	-	Mahindra Rural Housing Finance Ltd.
Mr. Dharam Singh Solanki ¹²	44	MBA & 18.5 years	Deputy Business Head	01-12-2011	1,832,856	20,000	SKS Microfinance
Mr. Vinayak ¹³	47	MBA & 20 Years	Assistant Vice President	18-12-2017	1,479,204	5,500	Jana Lakshmi

Note:

None of the employees listed above are:

- Relatives of any Director or Manager of the Company
- Holding 2% or more of the equity share capital, individually or along with their spouse and dependent children

Part C – Other Statutory Disclosures under Rule 5(2)

a. Employees drawing remuneration ≥ ₹1.02 crore per annum (whole year): Except for our Managing Director, Mr. Amardeep Singh Samra, none of the employees of the Company drawing remuneration ≥ ₹1.02 crore per annum during the financial year.

b. Employees drawing remuneration ≥ ₹8.5 lakh per month (part of the year): None

c. Employees receiving remuneration exceeding that of MD/WTG and holding ≥ 2% equity capital: None

⁶Above remuneration includes Employer Provident Fund Contribution also.

⁷Includes Leave Travel Allowances

⁸Includes Loyalty Bonus

⁹Includes monthly incentive

¹⁰Includes monthly incentive

¹¹Includes monthly incentive

¹²Includes monthly incentive

¹³Includes monthly incentive

Annexure IV

Secretarial Audit Report

To,
The Members,
Midland Microfin Limited
Jalandhar

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2025 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, 2025 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - 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;
 - SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- The following regulations and Guidelines of SEBI are not applicable to the company as only the debt securities are listed:
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021;

- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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 directions, regulations and circulars issued therein relating to Non-Banking Finance Companies –Systemically Important NBFCs–ND (NBFCs– ND–SI) including Scale Based Regulations, 2023;
- (c) Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024.

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

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

1. Whereas in terms of the provisions of Regulation 60(2) of the SEBI (Listing Obligation and Disclosure Requirements), 2015 the Company was required to intimate the Record Date in advance of at least Three working days, and in some instances the Company could not comply with the same. Penalty for the same was levied by BSE and was paid by the Company.
2. A penalty has been issued by Central Depository Services (India) Limited concerning delays in confirming demat requests, the company has paid the same.

We further report that

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

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

For **Harsh Goyal & Associates**
Company Secretaries

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

Place: Ludhiana
Date: 28.07.2025

UDIN: F003314G000872842
Peer Review No. S1998PB021900

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

'ANNEXURE A'

To,
The Members,
Midland Microfin Limited
Jalandhar

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Whereever 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: 28/07/2025

Independent Auditor's Report

To,
The Members,
Midland Microfin Limited
Jalandhar

Report on the Audit of the Financial Statements

OPINION

We have audited the accompanying financial statements of Midland Microfin Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2025, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

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 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2025 and its profit / (loss), total comprehensive income / (loss), changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA" s) 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The company's management and board of directors are responsible for the other information. The other information comprises the information included in Management Discussion and Analysis and Board's 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 will not express any form of assurance conclusion thereon.

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

When we read the Board Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and if required issue a revised Audit report on financial statements.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone 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 intend to liquidate the company or to cease operation, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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.

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

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

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

OTHER MATTERS

The financial statements of the Company for the year ended 31st March, 2024, included in these financial statements, have been audited by the predecessor auditor, M/s SCV & Co. LLP, who expressed an unmodified opinion on those statements on 08th May, 2024..

Our opinion is not modified with respect to this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by sub-section 3 of Section 143 of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, as applicable, read with relevant rules issued thereunder.
- e. On the basis of the written representation received from the Directors as on 31st March, 2025, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2025 from being appointed as a Directors 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 and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position. Refer Note 36 to the Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts, other than those which have already been provided for which there were no material foreseeable losses.
 - iii. The Company is not required to transfer any amounts to the Investor Education and Protection Fund by the Company.
 - iv. a) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 46 (xii) to the Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"),

with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note 46 (xii) to the Financial Statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The dividend declared & paid during the year by the Company is in compliance with Section 123 of the Act.
- vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the act: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the act read with schedule V of companies Act, 2013, requiring payment of managerial remuneration in the absence of adequate profit. The remuneration paid to one of the directors is subject to approval of shareholders through special resolution in the general meeting.

For GSA & Associates LLP

Chartered Accountants

Firm's Reg. No: 000257N/N500339

Sd/-

Tanuj Chugh

(Partner)

M. No.: - 529619

Place: New Delhi

Date: 30th April, 2025

UDIN - 25529619BMIVFO2244

ANNEXURE - A

(Referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section of our report of even date of Midland Microfin Limited.

AS REQUIRED BY THE COMPANIES (AUDITOR'S REPORT) ORDER, 2020 ("THE ORDER") ISSUED BY THE CENTRAL GOVERNMENT IN TERMS OF SECTION 143(II) OF THE ACT, WE GIVE IN THE ANNEXURE AS FOLLOWS:-

- i. In respect of its property, plant and equipment and intangible assets:
 - a. The company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets;

The Company has maintained proper records showing full particulars of intangible assets.
 - b. The Company has a program of physical verification of "Property, plant and equipment, so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to information explanation given to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and the records examined by us, the Company does not own any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Hence, reporting requirement of Clause 3(i)(c) of the Order is not applicable.
 - d. The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- e. No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. In respect of clause 3(ii), we state that:-
 - a. The Company is a financing company, primarily in the business of providing loans to its customers. Accordingly, it does not hold any physical inventories. Thus, the provision of Clause 3(ii)(a) of the Order is not applicable to the Company.
 - b. The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under Clause 3(ii)(b) of the Order is not applicable.
- iii. The company has granted secured and unsecured loans to other parties during the year, in respect of which:-
 - a. Since the principal business of the Company is to give loans, hence, reporting requirements of Clause 3(iii)(a) of the Order is not applicable to the Company.
 - b. According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms of all loans provided are not prejudicial to the company's interest.
 - c. According to the information and explanations given to us and based on the audit procedures performed by us, the schedule of repayment of principal and payment of interest has been stipulated by the Company for all the loans.

- Further, except for the instances where there are defaults in repayment of principal and/or interest in respect of which the Company has recognised necessary provisions in accordance with the principles of Indian Accounting Standards "Ind AS" and the guidelines issued by the Reserve Bank of India "RBI" for Income Recognition and Asset Classification norms, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest. As of 31st March, 2025, overdue amount is INR 507.80 Millions (including overdue interest of INR 67.86 millions) which pertains to 1,46,042 borrowers.
- d. According to the information and explanations given to us and based on the audit procedures performed by us, the Company has taken reasonable steps for recovery of principal and interest in all cases wherein amount is overdue. As of 31st March, 2025, overdue amount for more than 90 days is INR 210.11 Millions (including overdue interest of INR Nil) which pertains to 58,467 borrowers.
- e. Since the principal business of the Company is to give loans, hence, reporting requirements of Clause 3(iii)(e) of the Order is not applicable.
- f. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under Clause 3(iii)(f) of the Order is not applicable.
- The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.
- iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company,

the Company has not undertaken any transaction in respect of loan, guarantees and securities covered under section 185 of the Act. The Company has not made any investment as referred in section 186 (1) of the Act, accordingly other requirements relating to section 186 of the Act do not apply to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of sections 73 to 76, or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended. Hence, reporting under Clause 3(v) of the Order is not applicable.
- vi. Pursuant to the rules made by the Central Government of India, Company is not required to maintain cost records as specified under Section 148(1) for the business activities carried out by the Company. Hence, reporting under Clause 3(vi) of the Order is not applicable.
- vii. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:
 - a. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Goods and Services Tax, and other material statutory dues, as applicable to the Company, with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, and other material statutory dues were in arrears as at 31st March, 2025 for a period of more than six months from the date they became payable except the following:

Name of the Statute	Nature of the dues	Amount (Rs. In Millions)	Period to which the amount relates	Due Date	Date of Payment	Remarks
Professional Tax	Employee Deduction	0.06	April'24 to August'24	Multiple	Not paid yet	NA

ANNEXURE - A

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|---|--|
| <p>b. According to the information and explanations given to us, there were no statutory dues referred in sub-clause (a) above which have not been deposited on account of any dispute.</p> <p>viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961)</p> <p>ix. With respect to the loans and borrowing obtained by the Company, we report that:-</p> <p>a. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of loans or other borrowing or in the payment of interest thereon to any lender.</p> <p>b. According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.</p> <p>c. In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained. However, funds not required for immediate utilization were invested in fixed deposits of short term maturity which are available for use on immediate basis.</p> <p>d. According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.</p> <p>e. The Company does not have any subsidiaries, associates or joint ventures. Hence, reporting under Clause 3(ix)(e) and (f) of the Order are not applicable.</p> | <p>x. With respect to Clause 3(x), we state that:-</p> <p>a. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under Clause 3(x)(a) of the Order is not applicable.</p> <p>b. According to the information and explanations given to us, the Company has not made any preferential allotment/ private placement of shares/ convertible debentures (fully or partly or optionally) during the year. However, first and final call were made regarding the private placement of equity shares and compulsory convertible preference shares through right issue during the previous year. All the requirements of section 42 of the Companies Act, 2013, has been duly complied with.</p> <p>In our opinion and according to the information and explanation given to us, the company has utilised the funds raised for the purpose for which they were raised. However, funds not required for immediate utilisation were invested in fixed deposits of short term maturity which are available for use on immediate basis.</p> <p>xi. With respect to clause 3(xi), we state that:-</p> <p>a. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 31 instances of cash embezzlements, committed by employees of the Company, aggregating Rs. 6.72 millions, we have neither come across any instance of material fraud by the Company or;</p> <p>b. on the Company, noticed or reported during the year, nor have we been informed of such case by the Management.</p> <p>c. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act,</p> |
| | <p>in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.</p> <p>d. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no whistle blower complaints has been received by the Company during the year (and upto the date of this report).</p> <p>xii. The Company is not a Nidhi Company and hence reporting under Clause 3(xii) of the Order is not applicable.</p> <p>xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable Indian Accounting Standards.</p> <p>xiv. With respect to Clause 3(xiv), we state that:-</p> <p>a. In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.</p> <p>b. We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.</p> <p>xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.</p> <p>xvi. With respect to Clause 3(xvi), we state that:-</p> <p>a. The Company is required to, and has been registered under section 45-IA of the Reserve Bank of India Act, 1934 as Non - Banking Financial Company - Micro Finance Institution ('NBFC-MFI') vide registration No. B-06.00458 dated 2nd January, 2015.</p> |
| | <p>b. The Company is not a Housing Finance Company as defined in the regulations made by the Reserve Bank of India. Hence, reporting under this clause of the order are not applicable.</p> <p>c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) and (d) of the order are not applicable.</p> <p>xvii. The Company has neither incurred cash losses during the financial year & nor in the preceding financial year.</p> <p>xviii. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.</p> <p>xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.</p> <p>xx. a) In our opinion and according to the information and explanations given to us, in respect of other than ongoing projects, there are no unspent amount that are required to be transferred to a fund specified in Schedule VII of the company Act 2013, in compliance with second proviso to sub-section (5) of Section 135 of the Companies Act, 2013.</p> |

ANNEXURE - A

b) In our opinion and according to the information and explanations given to us, the Company has transferred unspent amount under sub section (5) of section 135 of the Companies Act, 2013, pursuant to ongoing projects to a special account in compliance with the provision of section 135(6) of the Companies Act. This matter has been disclosed in Note 43 of the Financial Statements.

For GSA & Associates LLP

Chartered Accountants

Firm's Reg. No: 000257N/N500339

Tanuj Chugh

(Partner)

M. No.: - 529619

Place: New Delhi

Date: 30th April, 2025

UDIN – 25529619BMIVFO2244

ANNEXURE - B

(Referred to in clause (f) of paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Midland Microfin Limited as of 31st March, 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors of the Company are 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 ("The ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (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 standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

For GSA & Associates LLP

Chartered Accountants
Firm's Reg. No: 000257N/N500339

Tanuj Chugh (Partner)

M. No.: - 529619
Place: New Delhi
Date: 30th April, 2025

UDIN – 25529619BMIVFO2244

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2025, 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.

Balance Sheet | as at March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
ASSETS			
Financial assets			
Cash and cash equivalents	4	1,774.53	2,120.80
Bank balances other than cash and cash equivalents	5	1,986.62	2,370.66
Derivative financial instruments	6	56.28	34.24
Receivables			
Trade Receivables	7	8.77	36.27
Other Receivables	7	34.97	17.33
Loans	8	21,356.98	20,274.87
Investments	9	1,571.58	516.60
Other financial assets	10	279.32	529.75
Total financial assets		27,069.05	25,900.52
Non-financial assets			
Deferred tax assets (net)	31	156.17	77.91
Property, plant and equipment	11	154.38	150.85
Intangible assets under development		-	6.68
Other intangible assets	11	24.64	13.01
Other non-financial assets	12	83.85	66.94
Total non-financial assets		419.04	315.39
Total assets		27,488.09	26,215.91
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	13	0.43	7.79
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	13	0.06	2.59
Other payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	13	7.56	5.87
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	13	10.30	18.94
Debt securities	14	4,335.45	1,874.09
Borrowings (other than debt securities)	14	15,261.43	16,582.03
Subordinated liabilities	14	1,228.23	1,371.53
Other financial liabilities	15	350.50	1,322.94
Total financial liabilities		21,193.96	21,185.78
Non-financial liabilities			
Current tax liabilities (net)	16	10.31	75.35
Provisions	17	36.20	31.27
Other non-financial liabilities	18	55.88	44.92
Total non-financial liabilities		102.39	151.54

Balance Sheet | as at March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
EQUITY			
Equity share capital	19	523.73	476.11
Instruments entirely equity in nature	20	457.68	434.68
Other equity	21	5,210.33	3,967.80
Total equity		6,191.74	4,878.59
Total liabilities and equity		27,488.09	26,215.91
Summary of material accounting policies	3		

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

As per our report of even date

For GSA & Associates LLP

Chartered Accountants

ICAI Firm registration number : 000257N/N500339

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

Tanuj Chugh

Partner

Membership No. 529619

Amardeep Singh Samra

Managing Director

DIN: 00649442

Ashwani Kumar Jindal

Director

DIN: 00670384

Amitesh Kumar

Chief Financial Officer

Kapil Kumar Ruhela

Company Secretary

Membership No.: A63313

Place: New Delhi

Date: April 30, 2025

Place: Jalandhar

Date: April 30, 2025

Profit and Loss statement | for year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	Notes	For year ended March 31, 2025	For year ended March 31, 2024
Revenue from operations			
Interest income	22	6,037.74	4,485.50
Fees and commission income	23	250.84	250.43
Net gain on derecognition of financial instruments under amortised cost category	24	68.52	572.79
Total revenue from operations		6,357.10	5,308.72
Other income	25	7.43	18.87
Total income		6,364.53	5,327.59
Expenses			
Finance cost	26	2,721.78	2,043.75
Net loss on fair value changes	27	157.40	172.20
Impairment on financial instruments	28	1,178.83	507.54
Employee benefit expenses	29	1,278.63	1,059.52
Depreciation and amortization expense	11	45.55	37.96
Other expenses	30	655.73	566.52
Total expenses		6,037.92	4,387.49
Profit before tax		326.61	940.10
Tax expense:			
Current tax	31	120.13	287.36
Tax expense for earlier years		1.11	-
Deferred tax	31	(61.36)	(68.81)
Income tax expense		59.88	218.55
Profit for the year (A)		266.73	721.55
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gain/(loss) on defined benefit plans		5.25	3.16
Income tax effect		(1.32)	(0.79)
Items that will be reclassified subsequently to profit or loss			
Fair value income/(loss) on derivative financial instruments		(72.39)	4.30
Income tax effect		18.22	(1.08)
Other comprehensive (loss)/income (B)		(50.24)	5.59
Total comprehensive income for the year (A+B)		216.49	727.14
Earnings per share (equity share, par value of Rs.10 each)			
Computed on the basis of total profit for the year			
Basic	32	5.56	16.45
Diluted	32	5.10	15.53
Nominal value		10.00	10.00
Summary of material accounting policies	3		

Profit and Loss statement | for year ended March 31, 2025

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

As per our report of even date

For GSA & Associates LLP

Chartered Accountants

ICAI Firm registration number : 000257N/N500339

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

Tanuj Chugh

Partner

Membership No. 529619

Amardeep Singh Samra

Managing Director

DIN: 00649442

Ashwani Kumar Jindal

Director

DIN: 00670384

Amitesh Kumar

Chief Financial Officer

Kapil Kumar Ruhela

Company Secretary

Membership No.: A63313

Place: New Delhi

Date: April 30, 2025

Place: Jalandhar

Date: April 30, 2025

Statement of Cash Flows | for year ended March 31, 2025

(Rupees in millions unless otherwise stated)

	For year ended March 31, 2025	For year ended March 31, 2024
Cash flow from operating activities		
Profit before tax	326.61	940.10
Adjustments for:		
Depreciation and amortisation	45.55	37.96
Provision for employee benefits	10.76	10.79
Net loss on fair value changes	157.40	172.20
Impairment of financial instruments	(43.05)	435.27
Net gain on derecognition of financials instruments under amortised cost category	285.49	(149.45)
Profit on sale of mutual fund units	(1.12)	(1.12)
Other provisions and write offs	3.20	2.35
Adjustments towards effective interest rate towards loan portfolio	5.81	38.35
Adjustments towards effective interest rate towards borrowings, debt securities and subordinated liabilities	4.33	38.81
Interest expense on lease liabilities	1.92	2.93
Operating profit before working capital changes	796.90	1,528.19
Movements in working capital :		
(Decrease) in payables	(16.84)	(37.94)
(Decrease)/increase in other financial liabilities (excluding lease liabilities)	(965.37)	673.77
Increase in other non financial liabilities	10.96	21.00
Decrease/(increase) in receivables	9.63	(27.81)
(Increase) in loan portfolio	(1,049.57)	(5,460.05)
(Increase) in other financial assets	(33.34)	(142.51)
Decrease / (increase) in other non financial assets	(16.91)	(18.89)
Cash (used in) operating activities post working capital changes	(1,264.54)	(3,464.24)
Income taxes paid	(186.27)	(158.44)
Net cash (used in) operating activities (A)	(1,450.81)	(3,622.68)
Cash flow from investing activities		
Purchase of property, plant and equipment (excluding right of use assets)	(42.71)	(62.93)
Purchase of intangible assets and intangible assets under development	(9.93)	(12.30)
(Increase)/decrease in bank balances other than cash and cash equivalents	384.04	(343.97)
Purchase of investments	(2,867.38)	(2,218.00)
Sale of investments	1,656.12	2,330.32
Net cash (used in)/from investing activities (B)	(879.86)	(306.88)
Cash flow from financing activities		
Proceeds from issue of partly paid equity shares	47.62	20.41
Premium on issue of partly paid equity shares	714.34	306.15
Proceeds from issue of cumulative compulsorily convertible preference shares (CCCPS)	-	80.57
Proceeds from issue of partly paid CCPS	23.00	18.95
Premium on issue of partly paid CCPS	345.09	284.15
Share issue expenses	(0.14)	(0.62)
Proceeds from issue (redemption) of Debt securities (net)	2,503.55	(771.84)
Proceeds from issue of Borrowings (other than debt securities) (net)	(1,422.04)	4,854.88

Statement of Cash Flows

| for year ended March 31, 2025

(Rupees in millions unless otherwise stated)		
	For year ended March 31, 2025	For year ended March 31, 2024
Proceeds from issue of Subordinated liabilities (net)	(182.81)	66.38
Dividend on equity shares	(31.90)	(31.90)
Dividend on compulsorily convertible preference shares	(1.94)	(1.94)
Payment of lease liabilities	(10.37)	(10.65)
Net cash from financing activities (C)	1,984.40	4,814.54
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(346.27)	884.98
Cash and cash equivalents at the beginning of the year	2,120.80	1,235.82
Cash and cash equivalents at the end of the year (refer note 4)	1,774.53	2,120.80
Components of cash and cash equivalents as at the end of year		
Cash in hand	4.87	41.45
Balance with banks - on current account	175.95	179.01
Deposits with original maturity of less than or equal to 3 months	1,593.71	1,844.47
Cheques on hand	-	55.87
Total cash and cash equivalents	1,774.53	2,120.80

Note:

- Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".
- Previous year figures have been regrouped / reclassified wherever applicable.
- For disclosures relating to changes in liabilities arising from financing activities, refer note 45.

As per our report of even date

For GSA & Associates LLP

Chartered Accountants
ICAI Firm registration number : 000257N/N500339

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

Tanuj Chugh

Partner
Membership No. 529619

Amardeep Singh Samra

Managing Director
DIN: 00649442

Ashwani Kumar Jindal

Director
DIN: 00670384

Amitesh Kumar

Chief Financial Officer

Kapil Kumar Ruhela

Company Secretary
Membership No.: A63313

Place: New Delhi
Date: April 30, 2025

Place: Jalandhar

Date: April 30, 2025

Statement of Changes in Equity

| for year ended March 31, 2025

A. Equity Share Capital

Equity Share of Rs. 10 each issued

(Rupees in millions unless otherwise stated)		
Particulars	No. of Shares	Amount
As at March 31, 2023	45,570,162	455.70
Changes in equity share capital due to prior period errors	-	-
Changes in equity share capital during the year ended March 31, 2024 (refer note 19(b))	6,803,245	20.41
As at March 31, 2024	52,373,407	476.11
Changes in equity share capital due to prior period errors	-	-
Changes in equity share capital during the year ended March 31, 2025 (refer note 19(b))	-	47.62
As at March 31, 2025	52,373,407	523.73

B. Instruments entirely equity in nature

(Rupees in millions unless otherwise stated)		
Particulars	No. of Shares	Amount
As at March 31, 2023	2,234,399	335.16
Changes in compulsorily convertible preference shares due to prior period errors	-	-
Changes in compulsorily convertible preference shares during the year ended March 31, 2024 (refer note 20(b))	6,851,743	99.52
As at March 31, 2024	9,086,142	434.68
Changes in compulsorily convertible preference shares due to prior period errors	-	-
Changes in compulsorily convertible preference shares during the year ended March 31, 2025 (refer note 20(b))	-	23.00
As at March 31, 2025	9,086,142	457.68

Particulars	Notes	Reserves & Surplus							Other Comprehensive Income		
		Securities Premium	Retained Earnings	Statutory Reserve	Debt Redemption Reserve	Capital Redemption Reserve	Share Options Outstanding Account	Total	Effective Portion of Cashflow hedges	Re-measurement gain on defined benefit plans	Grand total
Balance as at March 31, 2023	21	1,627.07	741.29	248.44	36.63	42.80	-	2,696.23	(19.58)	8.19	2,684.84
Profit for the year	21	-	721.55	-	-	-	-	721.55	-	-	721.55
Other comprehensive income	21	-	-	-	-	-	-	-	3.21	2.36	5.57
Total comprehensive income for the year		-	721.55	-	-	-	-	721.55	3.21	2.36	727.12
Transfer to Statutory Reserve	21	-	(144.31)	144.31	-	-	-	-	-	-	-
Premium on issue of equity shares	19	306.15	-	-	-	-	-	306.15	-	-	306.15
Premium on issue of partly-paid CCCPS	20	284.15	-	-	-	-	-	284.15	-	-	-
Share issue expenses	21	(0.62)	-	-	-	-	-	(0.62)	-	-	(0.62)
Transfer to Capital Redemption Reserve	21	-	-	-	-	-	-	-	-	-	-
Dividend on equity shares	21	-	(31.90)	-	-	-	-	(31.90)	-	-	(31.90)
Dividend on CCCPS	21	-	(1.94)	-	-	-	-	(1.94)	-	-	-
Balance as at March 31, 2024	21	2,216.75	1,284.69	392.75	36.63	42.80	-	3,973.62	(16.37)	10.55	3,967.80
Profit for the year	21	-	266.73	-	-	-	-	266.73	-	-	266.73
Other comprehensive income	21	-	-	-	-	-	-	-	(54.17)	3.93	(50.24)
Total comprehensive income for the year		-	266.73	-	-	-	-	266.73	(54.17)	3.93	216.49
Transfer to Statutory Reserve	21	-	(53.35)	53.35	-	-	-	-	-	-	-
Premium on issue of partly-paid equity shares	19	714.34	-	-	-	-	-	714.34	-	-	714.34
Premium on issue of partly-paid CCCPS	20	663.03	-	-	-	-	-	663.03	-	-	663.03
Calls in arrear-CCCPS	21	(317.94)	-	-	-	-	-	(317.94)	-	-	(317.94)
Share issue expenses	21	(0.14)	-	-	-	-	-	(0.14)	-	-	(0.14)
Transfer to Capital Redemption Reserve	21	-	(63.40)	-	-	63.40	-	-	-	-	-
Dividend on equity shares	21	-	(31.90)	-	-	-	-	(31.90)	-	-	(31.90)
Dividend on CCCPS	21	-	(1.94)	-	-	-	-	(1.94)	-	-	(1.94)
Fair value of stock option - charge for the year	21	-	-	-	-	-	0.59	0.59	-	-	0.59
Balance as at March 31, 2025	21	3,276.04	1,400.83	446.10	36.63	106.20	0.59	5,266.39	(70.54)	14.48	5,210.33

As per our report of even date

For CSA & Associates LLP
Chartered Accountants
ICAI Firm registration number : 000257N/N500339

Tanuj Chugh
Partner
Membership No. 529619

Place: New Delhi
Date: April 30, 2025

Amardeep Singh Samra
Managing Director
DIN: 00649442

Amitesh Kumar
Chief Financial Officer

Place: Jalandhar

Ashwani Kumar Jindal
Director
DIN: 00670384

Kapil Kumar Ruhela
Company Secretary
Membership No.: A63313

Date: April 30, 2025

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

Notes to financial statements

(Rupees in millions unless otherwise stated)

| for the year ended March 31, 2025

1. CORPORATE INFORMATION

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

The RBI has introduced the Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ('the Framework') through Circular No. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021. Under this Framework, NBFCs are categorized into different layers, namely Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL) and Top Layer (NBFC-TL). The Company has been classified as a "Middle Layer" NBFC in accordance with the Framework.

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

These Ind AS Financial Statements have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on April 30, 2025.

2. BASIS OF PREPARATION

a. Statement of compliance in preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015

(as amended from time to time), regulatory guidance issued by RBI on Implementation of Indian Accounting Standards vide circular- DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 and Master Direction - Reserve Bank of India (Non-Banking Financial Company Scale Based Regulation) Directions, 2023 (issued vide Circular No. DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, including the amendments from time to time) ["the Master Direction"].

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

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

b. Presentation of financial statements

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

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the
- Group and/or its counterparties

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

3A. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Use of estimates, judgments and assumptions

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

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

a. Fair Value measurement

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

b. Impairment of Loan portfolio

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

c. Defined employee benefit assets and liabilities

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

d.

Provisions other than impairment on loan portfolio

Provisions are held in respect of range of future obligations such as employee entitlements and litigation provisions. Some of the provisions involve significant judgement about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgements about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than 1 year are discounted at a rate that reflects both current interest rates and the risk specific to that provision.

e.

Estimating the incremental cost of borrowing

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

f.

Business model assessment

Refer Note 3.14(i) to the financial statements.

g.

Effective interest rate (EIR)

Refer Note 3.2(a) to the financial statements.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

h. Other estimates

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

3.2 Recognition of Income and Expense

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

a. Interest Income

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

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

b. Interest expense

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

c. Fees and commission income

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

d. Investment income

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

e. Assignment income

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

f. Other incomes and expenses

All other incomes and expenses are recognised in the period they occur.

3.3 Property, Plant and Equipment (PPE) and intangible asset

PPE

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

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

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

Intangible assets

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

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

3.4 Depreciation and amortization on PPE and intangible assets

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

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

3.5 Impairment of non-financial assets

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

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

3.6 Impairment of financial assets

Overview of the principle for measuring expected credited loss ('ECL') on financial assets

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

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Stage I

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

Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed a period of 30 days and upto 90 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III

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

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

Methodology for calculating ECL

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

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

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

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

Forward looking information

While estimating the expected credit losses, the Company reviews macroeconomic developments occurring in the economy and market it operates in. On a periodic basis, the company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macroeconomic trends reasonably.

Definition of Default

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

Significant increase in credit risk

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

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the statement of profit and loss. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

3.7 Leases (where the Company is the lessee)

Lease under Ind AS 116

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use asset

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

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

Lease liabilities

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

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

Short-term leases

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

3.8 Foreign currency transactions

Functional & presentation currency

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

Transaction and balance

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

3.9 Retirement and other employee benefits

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

The Company operates following employee benefit plans:

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

i. Employee Provident Fund and Employee State Insurance Scheme

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

ii. Gratuity

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

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

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

iii. Leaves

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

iv. Share Based Payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The cost of equity-settled transactions is measured using the fair value method and recognised, together with a corresponding increase in the "Share options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for the year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognised in employee benefits expense.

3.10 Income taxes

Tax expenses comprise current tax and deferred tax.

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred Tax

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

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

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

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

3.11 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings Per Share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue and bonus element in a rights issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduce the earnings per share or increases loss per share are included.

3.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs.

3.13 Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.

3.14 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments.

i. Financial Assets

Initial Measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification & Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Loan Portfolio at amortised cost
- Investment in mutual funds at fair value through profit & loss.
- Other financial assets at amortised cost.

Loan portfolio at amortized cost:

A loan portfolio is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. The company considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of a holistic assessment of how the company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortised cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVTOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect and earn contractual cash flows (i.e. measured at amortised cost), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note 3.6.

Investment in mutual funds

Mutual funds included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

ii. Financial Liabilities

Initial measurement

Financial liabilities are classified and measured at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method.

iii. De-recognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the right to receive cash flows from the financial asset has expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for de-recognition.

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement.

Assignment arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities ('eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.
- In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay. If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

iv. Derivative financial instruments and hedging

The Company uses derivative financial instruments such as range forward and par forward currency contracts to hedge its foreign currency risks. Such derivative instruments are initially recognised at fair value on the date at which the derivative contract is entered and are subsequently re-measured at fair value as at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated. The Company designates their derivatives as hedges of foreign exchange risks associated with the cash flows of loan repayments including the interest part.

Cash flow hedges

For hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a risk associated with a recognised asset or liability or the foreign currency risk in the committed payments.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

When a hedging instrument expires, or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognised in the Statement of Profit and Loss.

v. Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets and liabilities subsequent to their initial recognition.

3.15 Fair Value measurement

The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three-level fair-value-hierarchy which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows:

Level 1 financial instruments -

Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments -

Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 financial instruments -

include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

3.16 Cash and cash equivalents

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

3.17 Preference Shares

Cumulative Compulsorily Convertible Preference shares

Cumulative Compulsorily Convertible Preference shares (CCCPS) are classified as a liability or equity components based on the terms of the contract and in accordance with Ins AS 32. CCCPS issued by the Company classified as equity is carried at its transaction value and shown within "Equity" under "Instruments entirely equity in nature".

Non- Convertible Preference shares

A preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Financial liability is measured at cost using the effective interest rate method (net of transaction costs) until it is extinguished on conversion or redemption as per Ind AS 32.

3.18 Investment in Security Receipts

Investment in Security Receipts issued by trust floated by asset reconstruction company are accounted for at fair value through profit and loss (FVTPL).

3B. RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

4. CASH AND CASH EQUIVALENTS

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash on hand	4.87	41.45
Balances with banks		
On current accounts	175.95	179.01
Deposit with an original maturity of three months or less.	1,593.71	1,844.47
Cheques on hand	-	55.87
	1,774.53	2,120.80

Balances with banks in current accounts do not earn any interest. Short-term deposits are made for varying periods of between one day and three months, depending upon the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

5: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2025	As at March 31, 2024
Deposit with original maturity of less than or equal to 12 months	595.56	899.77
Deposit with original maturity of more than 12 months	192.01	113.48
Margin money deposits (refer note below)	1,199.01	1,357.02
Unpaid dividend accounts*	0.04	0.39
	1,986.62	2,370.66

Fixed deposits and margin money deposits with banks earns interest at fixed rates or floating rates based on daily bank deposit rates.

Margin money deposits are placed with banks to avail term loans from banks and financial institutions and placed as cash collateral in connection with securitisation transactions.

*These balances are not available for use by the company and corresponding balance is disclosed as unclaimed dividend under note 15.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

6. DERIVATIVE FINANCIAL INSTRUMENTS

Part I	As at March 31, 2025			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Currency Derivatives:				
-Currency Swaps	3,617.12	56.28	-	-
Total derivative financial instruments	3,617.12	56.28	-	-
Part II	As at March 31, 2025			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Included in above are derivatives held for hedging and risk management purposes as follows:				
Cash flow hedging:				
-Currency Swaps	3,617.12	56.28	-	-
Total derivative financial instruments	3,617.12	56.28	-	-
Part I	As at March 31, 2024			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Currency Derivatives:				
-Currency Swaps	811.85	34.24	-	-
Total derivative financial instruments	811.85	34.24	-	-
Part II	As at March 31, 2024			
	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
	Amount	Amount	Amount	Amount
Included in above are derivatives held for hedging and risk management purposes as follows:				
Cash flow hedging:				
-Currency Swaps	811.85	34.24	-	-
Total derivative financial instruments	811.85	34.24	-	-

6.1 Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk and foreign currency risk.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

6.2 Derivatives designated as hedging instruments

(a) Cash flow hedges

The company uses Currency Swap to hedge its risks associated with foreign currency risk arising from External Commercial Borrowings. Currency Swap provides hedging of both principal and coupon payments on the underlying exposure.

The Company designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS. These contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognised directly in "Cash Flow Hedge Reserve". Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the Currency Swaps match that of the external commercial borrowing (notional amount, interest payment dates, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the FCS contracts are identical to the hedged risk components.

Part I	As at March 31, 2025				
	Notional amounts	Carrying amount	Line item in the statement of financial position	Change in fair value	Cash flow hedge reserve as at March 31, 2023
The impact of hedging instruments (Net)	3,617.12	150.54	Derivative Financial Asset	56.28	(70.53)
Part I	As at March 31, 2024				
	Notional amounts	Carrying amount	Line item in the statement of financial position	Change in fair value	Cash flow hedge reserve as at March 31, 2023
The impact of hedging instruments (Net)	811.85	56.11	Derivative Financial Asset	34.24	(16.36)

7. RECEIVABLES

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Receivables		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	8.81	36.27
	8.81	36.27
Less: Impairment loss allowance	(0.04)	-
	8.77	36.27
Other Receivables		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	35.15	17.33
	35.15	17.33
Less: Impairment loss allowance	(0.18)	-
	34.97	17.33

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Ageing for trade receivables outstanding as at March 31, 2025 is as follows:

Particulars	Outstanding for following periods from due date of payment (gross of impairment loss allowance)				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	8.81	-	-	-	8.81
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-

Ageing for trade receivables outstanding as at March 31, 2024 is as follows:

Particulars	Outstanding for following periods from due date of payment (gross of impairment loss allowance)				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	36.27	-	-	-	36.27
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-

*in case where due date of payment is not specified, disclosure has been given based on the date of transaction.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

8. LOANS

Particulars	As at March 31, 2025 At amortised cost	As at March 31, 2024 At amortised cost
Unsecured, considered good*	21,593.06	20,252.38
Less: Impairment loss allowance	(323.85)	(145.97)
Unsecured, Considered doubtful**	322.43	619.36
Less: Impairment loss allowance	(234.66)	(450.90)
Total	21,356.98	20,274.87
Above amount includes		
Loans provided in India	21,356.98	20,274.87
Total	21,356.98	20,274.87

* Represents assets classified under stage I and stage II in accordance with Company's asset classification policy [refer note 3.6]

** Represents assets classified under stage III in accordance with Company's asset classification policy [refer note 3.6]

The table below discloses credit quality of the Company's exposures (net of impairment loss allowance) as at reporting date:

Portfolio classification as at March 31, 2025

Particulars	Stage I	Stage II	Stage III	Total
Considered good	20,244.49	1,024.72	-	21,269.21
Considered doubtful	-	-	87.77	87.77
Total	20,244.49	1,024.72	87.77	21,356.98

Portfolio classification as at March 31, 2024

Particulars	Stage I	Stage II	Stage III	Total
Considered good	19,770.50	335.91	-	20,106.41
Considered doubtful	-	-	168.46	168.46
	-	-	-	
Total	19,770.50	335.91	168.46	20,274.87

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Gross Portfolio Movement for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2024	19,866.57	385.81	619.36	20,871.74
Total(A)	19,866.57	385.81	619.36	20,871.74
Inter-stage movements				
Stage I	(652.75)	463.60	189.15	-
Stage II	0.68	(18.08)	17.40	-
Stage III	0.03	0.02	(0.05)	-
Total(B)	(652.04)	445.54	206.50	-
New assets originated, repaid and derecognised during the year	1,201.67	345.51	(503.43)	1,043.75
Total(C)	1,201.67	345.51	(503.43)	1,043.75
Gross carrying amount as at March 31, 2025 (A+B+C)	20,416.20	1,176.86	322.43	21,915.49

Gross Portfolio Movement for the year ended March 31, 2024

(Rupees in millions unless otherwise stated)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2023	15,198.64	242.31	9.08	15,450.03
Total(A)	15,198.64	242.31	9.08	15,450.03
Inter-stage movements				
Stage I	(521.87)	142.39	379.48	-
Stage II	0.73	(120.26)	119.53	-
Stage III	0.04	-	(0.04)	-
Total(B)	(521.10)	22.13	498.97	-
New assets originated, repaid and derecognised during the year	5,189.03	121.36	111.31	5,421.70
Total(C)	5,189.03	121.37	111.31	5,421.71
Gross carrying amount as at March 31, 2024 (A+B+C)	19,866.57	385.81	619.36	20,871.74

ECL movement during the year ended March 31, 2025 :-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	96.07	49.90	450.90	596.87
Provision made/ (reversed) during the year	75.64	102.24	(216.24)	(38.36)
Write off	-	-	-	-
Closing Balance	171.71	152.14	234.66	558.51

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

ECL movement during the year ended March 31, 2024:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	26.54	133.04	5.11	164.69
Provision made/ (reversed) during the year	69.53	(83.14)	445.79	432.18
Write off	-	-	-	-
Closing Balance	96.07	49.90	450.90	596.87

9. INVESTMENTS

Particulars	As at March 31, 2025	As at March 31, 2024
Investment in security receipts (at fair value through profit or loss)		
8,00,000 (March 31, 2024: 8,00,000) security receipts of Rs. 1000 each fully paid-up of Phoenix Trust (Trust floated by Phoenix ARC Private Limited)	658.40	688.8
12,42,782 (March 31, 2024: Nil) security receipts of Rs. 1000 each fully paid-up of CFMARC Trust-170 (Trust floated by CFM Asset Reconstruction Private Limited)	1,242.78	-
	1,901.18	688.80
Less: Impairment loss allowance	(329.60)	(172.20)
Total	1,571.58	516.60
Investment in India	1,571.58	516.60
Investment outside India	-	-
Total	1,571.58	516.60

10. Other financial assets (at amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
Security deposits		
Unsecured, considered good	9.54	7.64
Other Assets		
Security deposits placed with non banking financial companies*	-	-
Retained interest on asset assigned	83.56	369.05
Employee loans	17.49	9.11
Other financial assets	180.73	157.68
Less: Impairment loss allowance*	(12.00)	(13.73)
	279.32	529.75

*Represent impairment loss allowance on retained interest on asset assigned and employee loans (considered doubtful).

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

(Rupees in millions unless otherwise stated)

Particulars	Right of use assets (refer note 34)	Furniture and fixtures	Vehicles	Leasehold Improvements	Computers	Office equipments	Total
Gross block (at cost)							
At March 31, 2023	67.69	41.04	19.93	32.66	75.51	32.56	269.39
Addition	1.70	15.05	-	3.42	18.30	27.77	66.24
Disposals	-	(1.53)	-	-	(0.41)	(1.42)	(3.36)
Adjustments	-	-	-	-	-	-	-
At March 31, 2024	69.39	54.56	19.93	36.08	93.40	58.91	332.27
Addition	1.31	12.66	4.48	-	12.56	14.36	45.37
Disposals	-	(0.90)	-	-	(0.25)	(1.78)	(2.93)
Adjustments	0.08	-	-	-	-	-	0.08
At March 31, 2025	70.78	66.32	24.41	36.08	105.71	71.49	374.79
Depreciation							
At March 31, 2023	49.86	13.35	5.20	21.57	48.13	10.37	148.48
Charge for the year	6.26	4.56	2.37	3.33	14.03	4.14	34.69
Disposals	-	(0.81)	-	-	(0.11)	(0.83)	(1.75)
At March 31, 2024	56.12	17.10	7.57	24.90	62.05	13.68	181.42
Charge for the year	6.02	5.74	2.62	3.03	16.94	6.22	40.57
Disposals	-	(0.58)	-	-	(0.10)	(0.90)	(1.58)
At March 31, 2025	62.14	22.26	10.19	27.93	78.89	19.00	220.41
Net Carrying Amount							
At March 31, 2023	17.83	27.69	14.73	11.09	27.38	22.19	120.91
At March 31, 2024	13.27	37.46	12.36	11.18	31.35	45.23	150.85
At March 31, 2025	8.64	44.06	14.22	8.15	26.82	52.49	154.38

Intangible assets

Particulars	Software	Licenses	Total
Gross block (at cost)			
At March 31, 2023	12.84	13.84	26.68
Addition	4.12	1.50	5.62
At March 31, 2024	16.96	15.34	32.30
Addition	13.06	3.55	16.61
At March 31, 2025	30.02	18.89	48.91
Amortization			
At March 31, 2023	7.72	8.30	16.02
Charge for the year	1.63	1.64	3.27

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	Software	Licenses	Total
At March 31, 2024	9.35	9.94	19.29
Charge for the year	3.35	1.63	4.98
At March 31, 2025	12.70	11.57	24.27
Net Carrying Amount			
At March 31, 2023	5.12	5.54	10.66
At March 31, 2024	7.61	5.40	13.01
At March 31, 2025	17.32	7.32	24.64

12. OTHER NON-FINANCIAL ASSETS

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good		
Prepaid expenses	58.89	43.39
"Balances with statutory / government authorities"	11.98	11.68
Other Non Financial Assets	12.98	11.87
	83.85	66.94

13. PAYABLES

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Payables		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	0.43	7.79
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	0.06	2.59
Other Payables		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	7.56	5.87
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	10.30	18.94
	18.35	35.19

The management has identified enterprises which qualify under the definition of micro enterprises and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Ageing for payables outstanding as at March 31, 2025 is as follows:

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	7.99	-	-	-	7.99
(ii) Others	10.36	-	-	-	10.36
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Ageing for payables outstanding as at March 31, 2024 is as follows:

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	13.60	0.06	-	-	13.66
(ii) Others	21.35	0.18	-	-	21.53
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

*in case where due date of payment is not specified, disclosure has been given based on the date of transaction.

Details of dues to micro, small and medium enterprises as defined under MSMED Act, 2006:

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Dues remaining unpaid to any supplier at the year end		
- Principal	7.99	13.66
- Interest on above	-	-
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
(d) Amount of interest accrued and remaining unpaid	-	-
(e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

14: (A) DEBT SECURITIES (AT AMORTISED COST)

Particulars	As at March 31, 2025	As at March 31, 2024
Secured Debentures*		
NIL (March 31, 2024: 50), Series IV, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 7 years from the date of allotment.	-	0.50
NIL (March 31, 2024: 550), Series IV, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 21, 2015. Put option is available after 7 years from the date of allotment.	-	14.20
NIL (March 31, 2024: 3,360), Series VI, 10.40% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 4 years from the date of allotment.	-	33.53
NIL (March 31, 2024: 2,550), Series VI, 10.60% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 4 years from the date of allotment.	-	44.14
Secured Debentures*		
320 (March 31, 2024: 320), Series V, 12.25% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. 15. Put option is available after 7 years from the date of allotment.	3.20	3.20

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2025	As at March 31, 2024
35 (March 31, 2024: 35), Series V, 12.25% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was October 6, 2015. Put option is available after 7 years from the date of allotment.	0.98	0.88
NIL (March 31, 2024: 300), Series XIV, 11.20% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 1,00,000 each. The date of allotment was 1st July 2022.	-	30.01
300 (March 31, 2024: 300), Series XIII, 13.20% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 30th June, 2022.	309.87	309.91
187 (March 31, 2024: 561), Series XII, 12.45% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 23rd May, 2022.	194.58	583.65
250 (March 31, 2024: NIL), Series XV, 13.00% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 22nd September 2023.	249.54	249.32
187 (March 31, 2024: 187), Series XI, 12.45% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 31st March, 2022.	197.70	197.55
1,910 (March 31, 2024: 1,910), Series VI, 10.80% Secured, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 8 years from the date of allotment.	18.98	18.96
2,690 (March 31, 2024: 2,690), Series VI, 10.85% Secured, Compounded, Redeemable, Non-Convertible Debentures of Rs. 10,000 each. The date of allotment was July 13, 2018. Put option is available after 8 years from the date of allotment.	51.38	46.68
3500 (March 31, 2024: NIL), Series XVI, 12.80% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 30th April 2024.	350.00	-
1000 (March 31, 2024: NIL), Series XVIII, 12.80% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 2nd May 2024.	99.91	-
500 (March 31, 2024: NIL), Series XVII, Secured, Listed, Rated, Redeemable, US dollar denominated bonds of USD 10,000 each. The date of allotment was 30th April 2024.	448.64	-
500 (March 31, 2024: NIL), Series XXI, Secured, Listed, Rated, Redeemable, US dollar denominated bonds of USD 10,000 each. The date of allotment was 31st May 2024.	441.70	-
500 (March 31, 2024: NIL), Series XIX, Secured, Listed, Rated, Redeemable, US dollar denominated bonds of USD 10,000 each. The date of allotment was 26th June 2024.	444.19	-
500 (March 31, 2024: NIL), Series XX, 10.75% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 2nd July 2024.	487.37	-
350 (March 31, 2024: NIL), Series XXIII, 10.75% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 27th August 2024.	341.37	-
Secured Debentures*		
171 (March 31, 2024: NIL), Series XXII, 8.69% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 11th July 2024.	166.09	-
133 (March 31, 2024: NIL), Series XXIV, 10.75% Secured, Listed, Simple, Redeemable, Non-Convertible Debentures of Rs. 10,00,000 each. The date of allotment was 19th September 2024.	132.86	-

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured Debentures		
272 (March 31, 2024: 340), Series VIII, 15.18% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,00,000 each redeemable within 2 to 4 years from the date of allotment i.e. December 21, 2022.	273.81	341.56
Borrowing under securitisation arrangement**		
From Banks	123.28	-
From non-banking financial companies	-	-
Total Debt Securities	4,335.45	1,874.09

*The above debentures are secured by hypothecation of moveable property (assets given as loans, financial or other investments, receivables on loans, marketable or other securities including shares, rights, present and/or future receivables relating to loans and advances and other movable assets).

**The securitisation liabilities are secured by hypothecation of loans and margin money deposits.

(b) Borrowings (Other than Debt Securities at amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
Term Loans (Secured)*		
Banks	8,008.77	9,981.19
Non-banking financial companies	4,678.13	5,710.16
External commercial borrowings	2,574.46	890.68
Overdraft facility	0.07	-
Term Loans (Unsecured)		
Others	-	-
Total Borrowings (Other than Debt Securities)	15,261.43	16,582.03
*Nature of Security for Term Loans:		
Secured by hypothecation (exclusive charge) of loans and margin money deposits	6,897.40	9,726.86
Secured by hypothecation (exclusive charge) of loans	8,361.60	6,850.14
Secured by fixed assets (Car Loan)	2.43	5.03
Total Outstanding	15,261.43	16,582.03

(c) Subordinated Liabilities (at amortised cost)

Particulars	As at March 31, 2025	As at March 31, 2024
Unsecured Debentures		
720 (March 31, 2024: 5,738), Series III, 11.00% - 11.25% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. July 23, 2016.	7.20	7.20
1,365 (March 31, 2024: 6,262), Series III, 11.00% - 11.25% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. July 23, 2016.	32.67	29.58
2,350 (March 31, 2024: 2,350), Series IV, 10.60% - 11.10% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. September 30, 2019.	23.39	23.32

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2025	As at March 31, 2024
9,310 (March 31, 2024: 9,310), Series IV, 10.85% - 11.50% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. September 30, 2019.	162.29	146.74
820 (March 31, 2024: 820), Series IV, 10.60% - 11.10% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. October 29, 2019.	8.15	8.11
2,170 (March 31, 2024: 2,170), Series IV, 10.85% - 11.50% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 6 to 10 years from the date of allotment i.e. October 29, 2019.	37.64	34.01
8,710 (March 31, 2024: 8,710), Series V, 10.00% - 10.80% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. February 09, 2021.	86.10	85.97
18,810 (March 31, 2024: 18,810), Series V, 10.10% - 11.10% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. February 09, 2021.	280.39	254.05
8,810 (March 31, 2024: 8810), Series VI, 9.95% - 10.50% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. July 02, 2021.	123.60	112.76
3,650 (March 31, 2024: 3650), Series VI, 9.50% - 10.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. July 02, 2021.	36.06	36.01
6,730 (March 31, 2024: 6,730), Series VII, 9.50% - 10.00% Unsecured, Simple, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. August 18, 2022.	66.50	66.36
9,710 (March 31, 2024: 9,710), Series VII, 10.00% - 10.75% Unsecured, Compounded, Non-Convertible Debentures of Rs. 10,000 each redeemable within 7 to 10 years from the date of allotment i.e. August 18, 2022.	122.92	112.00
Preference shares other than those that qualify as Equity		
NCPS*	241.32	455.42
Total Subordinated Liabilities	1,228.23	1,371.53
	20,825.11	19,827.65
Borrowings in India	16,916.12	18,936.97
Borrowings outside India	3,908.99	890.68
Total	20,825.11	19,827.65

*In the event of liquidation of the company before redemption of NCPS, the holders of all classes of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

(d) Terms of conversion/ redemption of NCPS

Nil (March 31, 2024: 11,65,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 0.02% p.a. NCPS are compulsorily redeemable within Five to Eight years from the date of allotment at a premium of Rs10 each. The date of allotment was March 30, 2017.

55,50,000 (March 31, 2024: 1,01,50,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 0.01% p.a. NCPS are compulsorily redeemable within four years to ten years from the date of allotment at a premium of Rs10 each. The date of allotment was October 13, 2017.

1,75,000 (March 31, 2024: 7,50,000) NCPS of Rs.10 each fully paid-up issued at a premium of Rs. 10 per share carry a cumulative dividend @ 0.01% p.a. NCPS are compulsorily redeemable within four years to ten years from the date of allotment at a premium of Rs10 each. The date of allotment was January 15, 2018.

Notes to financial statements

| for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Terms of repayment of borrowings as on March 31, 2025

Repayment Frequency	Interest rate (Range)	Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due beyond 5 years		Grand Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Debt Securities										
Monthly	9.01%-12.00%	8	122.93	-	-	-	-	-	-	122.93
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Quarterly	6.01%-9.00%	5	142.86	2	28.57	-	-	-	-	171.43
	9.01%-12.00%	-	-	-	-	-	-	-	-	-
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
	15.01%-18.00%	-	-	-	-	-	-	-	-	-
Half Yearly	9.01%-12.00%	-	-	-	-	-	-	-	-	-
	12.01%-15.00%	3	133.33	-	-	-	-	-	-	133.33
	15.01%-18.00%	-	-	-	-	-	-	-	-	-
Yearly	9.01%-12.00%	-	-	-	-	-	-	-	-	-
	12.01%-15.00%	1	46.75	3	327.25	-	-	-	-	374.00
Bullet	15.01%-18.00%	2	68.00	2	204.00	-	-	-	-	272.00
	9.01%-12.00%	-	-	4	896.00	-	-	-	-	896.00
	12.01%-15.00%	3	353.55	6	1,902.60	-	-	-	-	2,256.15
Sub-total (A)	15.01%-18.00%	-	-	-	-	-	-	-	-	-
		22	867.42	17	3,358.42	-	-	-	-	4,225.84

Notes to financial statements

| for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Terms of repayment of borrowings as on March 31, 2025 (Contd.)

Repayment Frequency	Interest rate (Range)	Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due beyond 5 years		Grand Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Borrowings (Other than Debt Securities)										
Monthly	5.01%-9.00%	12	2.06	2	0.36	-	-	-	-	2.42
	9.01%-12.00%	322	4,344.45	155	1,930.86	1	9.72	-	-	6,285.03
	12.01%-15.00%	308	2,453.90	125	945.60	-	-	-	-	3,399.50
Quarterly	5.01%-9.00%	2	44.47	-	-	-	-	-	-	44.47
	9.01%-12.00%	25	817.21	14	500.82	-	-	-	-	1,318.03
	12.01%-15.00%	41	1,297.59	11	343.74	-	-	-	-	1,641.33
Half Yearly	5.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	-	-	-	-	-	-	-	-	-
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Bullet	5.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	1	398.20	-	-	-	-	-	-	398.20
	12.01%-15.00%	-	-	5	1,966.32	-	-	-	-	1,966.32
Sub-total (B)		711	9,357.88	312	5,687.70	1	9.72	-	-	15,055.30
Subordinated Liabilities										
Bullet	0.01%-3.00%	-	-	2	114.50	-	-	-	-	114.50
	9.01%-12.00%	4	67.05	4	35.40	8	138.40	6	490.70	731.55
	15.01%-18.00%	-	-	-	-	-	-	-	-	-
Sub-total (C)		4	67.05	6	149.90	8	138.40	6	490.70	846.05
Total (A+B+C)		737	10,292.35	335	9,196.02	9	148.12	6	490.70	20,127.19

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

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Terms of repayment of borrowings as on March 31, 2024

Repayment Frequency	Interest rate (Range)	Due within 1 year		Due within 1 to 3 years		Due within 3 to 5 years		Due beyond 5 years		Grand Total
		No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount	
Debt Securities										
Monthly	9.01%-12.00%	-	-	-	-	-	-	-	-	-
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Yearly	9.01%-12.00%	1	30.00	-	-	-	-	-	-	30.00
	12.01%-15.00%	-	-	4	748.00	-	-	-	-	748.00
Bullet	15.01%-18.00%	2	68.00	4	272.00	-	-	-	-	340.00
	9.01%-12.00%	3	59.10	2	46.00	-	-	-	-	105.10
	12.01%-15.00%	4	9.55	1	300.00	1	250.00	-	-	559.55
	15.01%-18.00%	-	-	-	-	-	-	-	-	-
Sub-total (A)		10	166.65	11	1,366.00	1	250.00	-	-	1,782.65
Borrowings (Other than Debt Securities)										
Monthly	5.01%-9.00%	27	184.39	14	2.42	-	-	-	-	186.81
	9.01%-12.00%	343	3,577.05	314	3,394.57	1	13.89	-	-	6,985.51
	12.01%-15.00%	300	2,527.45	155	1,266.92	-	-	-	-	3,794.37
Quarterly	5.01%-9.00%	8	126.43	2	44.47	-	-	-	-	170.90
	9.01%-12.00%	25	742.35	18	870.31	-	-	-	-	1,612.66
Half Yearly	12.01%-15.00%	66	1,937.64	32	985.08	-	-	-	-	2,922.72
	5.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	1	5.60	-	-	-	-	-	-	5.60
	12.01%-15.00%	-	-	-	-	-	-	-	-	-
Bullet	5.01%-9.00%	-	-	-	-	-	-	-	-	-
	9.01%-12.00%	-	-	1	398.20	-	-	-	-	398.20
Sub-total (B)		770	9,100.91	537	7,065.38	2	324.13	-	-	16,490.42
Subordinated Liabilities										
Bullet	0.01%-3.00%	3	126.80	-	-	2	114.50	-	-	241.30
	9.01%-12.00%	-	-	6	80.45	6	103.80	10	547.30	731.55
	15.01%-18.00%	-	-	-	-	-	-	-	-	-
Sub-total (C)		3	126.80	6	80.45	8	218.30	10	547.30	972.85
Total (A+B+C)		783	9,394.36	554	8,511.83	11	792.43	10	547.30	19,245.92

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

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

15. OTHER FINANCIAL LIABILITIES

(Rupees in millions unless otherwise stated)		
Particulars	As at March 31, 2025	As at March 31, 2024
Employee benefits payable	33.20	35.99
Loans pending disbursement	-	435.20
Payable towards direct assignment transactions	189.27	691.84
Payable towards ARC transaction	2.18	35.14
Unclaimed Dividend	0.54	0.39
Application money received for allotment of securities and due for refund	-	0.86
Calls received in advance on share issue	0.23	54.78
Lease liability (refer note 34)	11.09	18.16
Other payable	113.99	50.58
	350.50	1,322.94

16. CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for tax (net of advance income tax)	10.31	75.35
	10.31	75.35

17. PROVISIONS

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
Provision for gratuity	30.05	22.95
Provision for compensated absences	6.15	8.32
	36.20	31.27

18. OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory Dues Payable	55.88	44.92
	55.88	44.92

19. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2025	As at March 31, 2024
Authorized		
5,30,00,000 (March 31, 2024: 5,30,00,000) equity shares of ₹ 10 each	530.00	530.00
Total	530.00	530.00

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2025	As at March 31, 2024
Issued and subscribed		
5,23,73,407 (March 31, 2024: 5,23,73,407) equity shares of ₹ 10 each	523.73	523.73
Total	523.73	523.73
Paid-up		
4,55,70,162 (March 31, 2024: 4,55,70,162) equity shares of ₹ 10 each fully paid up	455.70	455.70
68,03,245 (March 31, 2024: 68,03,245) equity shares of ₹ 10 each paid up to the extent of ₹ 10 per share (March 31, 2024: ₹ 3 per share)	68.03	20.41
Total	523.73	476.11

(a) Terms / rights attached to equity shares

The Company has only one class of fully paid and one class of partly-paid equity shares of face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees.

The Board of Directors at their meeting proposed a dividend of ₹ 0.70 per share @7.00% for the year ended March 31, 2025 (Previous Year: ₹ 0.70 per shares @7.00%), subject to the approval of the members at the ensuing Annual General Meeting.

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

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

Particulars	March 31, 2025		March 31, 2024	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	52,373,407	476.11	45,570,162	455.70
Issued during the year	-	47.62	6,803,245	20.41
Outstanding at the end of the year	52,373,407	523.73	52,373,407	476.11

Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Name of the shareholder	March 31, 2025		March 31, 2024	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares				
Kitara PIIN 1501*	20,980,250	40.06%	20,980,250	35.14%
Ranjit Kaur Chhokar	5,125,500	9.79%	4,992,000	10.48%
ICICI Bank Limited**	5,228,169	9.98%	5,228,169	9.92%
Amardeep Singh Samra	3,675,554	7.02%	3,675,554	7.72%
International Township Developers Pvt. Ltd.	3,020,914	5.77%	3,154,414	6.63%

*includes 60,72,740 partly-paid equity shares.

**includes 7,20,000 partly-paid equity shares.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

(c) Shareholding of Promoters in the Company:

For year ended March 31, 2025

Shares held by promoters at the end of the year				% Change during the year
S.No.	Promoter Name	No. of Shares	% of total shares	
1	Amardeep Singh Samra	3,675,554	7.02%	-0.70%
2	Gagan Samra	825,443	1.58%	-0.16%
3	Hamco Ispat Private Limited	316,750	0.60%	-0.06%
4	Vijay Kumar Bhandari*	489,486	0.93%	-0.09%
5	Sneh Bhandari	564,086	1.08%	-0.11%
6	Ranjit Kaur Chhokar	5,125,500	9.79%	-0.70%
7	Inderjit Vasudev	355,300	0.68%	-0.07%
	Total	11,352,119	21.68%	-1.89%

*deceased on October 08, 2024.

For year ended March 31, 2024

Shares held by promoters at the end of the year				% Change during the year
S.No.	Promoter Name	No. of Shares	% of total shares	
1	Amardeep Singh Samra	3,675,554	7.72%	-0.35%
2	Gagan Samra	825,443	1.73%	-0.08%
3	Hamco Ispat Private Limited	316,750	0.67%	-0.03%
4	Vijay Kumar Bhandari	489,486	1.03%	-0.05%
5	Sneh Bhandari	564,086	1.18%	0.15%
6	Ranjit Kaur Chhokar	4,992,000	10.48%	-0.47%
7	Inderjit Vasudev	355,300	0.75%	-0.03%
	Total	11,218,619	23.56%	-0.85%

*deceased on October 08, 2024.

20. INSTRUMENTS ENTIRELY EQUITY IN NATURE

Particulars	As at March 31, 2025	As at March 31, 2024
Authorized		
30,00,000 (March 31, 2024: 30,00,000) preference shares of ₹150 each	450.00	450.00
3,00,00,000 (March 31, 2024: 3,00,00,000) preference shares of ₹10 each	300.00	300.00
Total	750.00	750.00
Issued and subscribed		
27,71,559 (March 31, 2024: 27,71,559) Cumulative Compulsorily Convertible Preference Shares of ₹150 each	415.73	415.73
63,14,583 (March 31, 2024: 63,14,583) Cumulative Compulsorily Convertible Preference Shares of ₹10 each	63.15	63.15
Total	478.88	478.88

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

20. INSTRUMENTS ENTIRELY EQUITY IN NATURE (CONTD.)

Particulars	As at March 31, 2025	As at March 31, 2024
Paid-up		
27,71,559 (March 31, 2024: 22,34,399) Cumulative Compulsorily Convertible Preference Shares of ₹150 each fully paid up	415.74	415.74
63,14,583 (March 31, 2024: 63,14,583) Cumulative Compulsorily Convertible Preference Shares of ₹10 each paid up to the extent of ₹ 10 per share (March 31, 2024: ₹ 3 per share)	63.14	18.94
Less: Calls in arrear on 30,27,967 (March 31, 2024: Nil) Cumulative Compulsorily Convertible Preference Shares of ₹10 each to the extent of ₹ 7 per share (March 31, 2024: Nil)	(21.20)	-
	457.68	434.68

(a) Terms / rights attached to cumulative compulsorily convertible preference shares

1. During the year ended March 31, 2024, the Company has issued 5,37,160, 0.01% Cumulative Compulsorily Convertible Preference Shares (CCCPS) at ₹ 150 per CCCPS through private placement. The terms of CCCPS are as follows:

- Tenor & Conversion: On or before 10 (Ten) years.
- CCCPS shall have voting rights on conversion into Equity Shares of the Company i.e. the Equity Shares to be issued on conversion of the CCCPS shall rank senior in all respects with the existing Equity Shares of the Company.
- Priority with respect to payment of dividend : CCCPS will carry a preferential right vis-à-vis equity shares of the Company with respect to the payment of dividend.

2. During the year ended March 31, 2024, the Company has issued 63,14,583, 0.01% Cumulative Compulsorily Convertible Preference Shares (CCCPS) through rights issue at ₹ 160 per CCCPS (face value of ₹ 10 and premium of ₹ 150 per CCCPS) partly-paid up to the extent of ₹ 48 per CCCPS (face value of ₹ 3 and premium of ₹ 45 per CCCPS) as on March 31, 2024 and paid up to the extent of ₹ 112 per CCCPS (face value of ₹ 7 and premium of ₹ 105 per CCCPS) as on March 31, 2025. The terms of CCCPS are as follows:

- Tenor & Conversion: On or before 10 (Ten) years.
- CCCPS shall have voting rights on conversion into Equity Shares of the Company i.e. the Equity Shares to be issued on conversion of the CCCPS shall rank senior in all respects with the existing Equity Shares of the Company.
- Priority with respect to payment of dividend : CCCPS will carry a preferential right vis-à-vis equity shares of the Company with respect to the payment of dividend.

(b) Reconciliation of the number of CCCPS outstanding at the beginning and at the end of the year:

Particulars	March 31, 2025		March 31, 2024	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	9,086,142	434.68	2,234,399.00	335.16
Issued during the year				
- Fully paid CCCPS	-	-	537,160	80.57
- Partly paid CCCPS	-	23.00	6,314,583	18.95
Outstanding at the end of the year	9,086,142	457.68	9,086,142.00	434.68

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Particulars	March 31, 2025		March 31, 2024	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares				
Kitara PIIN 1501	981,399	14.09%	981,399	21.03%
Ranjit Kaur Chhokar*	1,699,000	13.41%	1,299,000	10.38%
Amardeep Singh Samra	1,145,000	13.14%	1,145,000	7.36%
ICICI Bank Limited	272,343	3.91%	272,343	5.84%

*includes 15,64,000 (March 31, 2024: 11,64,000) partly-paid CCCPS.

(d) Shareholding of Promoters:

For year ended March 31, 2025

Shares held by promoters at the end of the year				% Change during the year
S.No.	Promoter Name	No. of Shares	% of total shares	
1	Amardeep Singh Samra*	1,145,000	13.14%	5.78%
2	Gagan Samra*	260,000	1.12%	-0.55%
3	Ranjit Kaur Chhokar**	1,699,000	13.41%	3.03%
4	Vijay Kumar Bhandari***	175,000	2.51%	1.38%
5	Sneh Bhandari*	175,000	2.51%	1.38%
	Total	3,454,000	32.69%	11.02%

*represents partly-paid CCCPS.

**includes 15,64,000 partly-paid CCCPS.

***deceased on October 08, 2024.

For year ended March 31, 2024

Shares held by promoters at the end of the year				% Change during the year
S.No.	Promoter Name	No. of Shares	% of total shares	
1	Amardeep Singh Samra*	1,145,000	7.36%	7.36%
2	Gagan Samra*	260,000	1.67%	1.67%
3	Ranjit Kaur Chhokar**	1,299,000	10.38%	4.34%
4	Vijay Kumar Bhandari***	175,000	1.13%	1.13%
5	Sneh Bhandari*	175,000	1.13%	1.13%
	Total	3,054,000	21.67%	15.63%

*represents partly-paid CCCPS.

**includes 11,64,000 partly-paid CCCPS.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

21. OTHER EQUITY

Particulars	As at March 31, 2025	As at March 31, 2024
Securities premium (refer Note 21.1)		
Balance as per the last financial statements	2,216.75	1,627.07
Add: Premium on issue of partly paid equity shares	714.34	306.15
Add: Premium on issue of partly paid CCCPS	663.03	284.15
Less: Calls in arrear-CCCPS	(317.94)	-
Less: Share issue expenses	(0.14)	(0.62)
Closing balance	3,276.04	2,216.75
Debenture redemption reserve (refer Note 21.2)		
Balance as per the last financial statements	36.63	36.63
Closing balance	36.63	36.63
Capital redemption reserve (refer Note 21.3)		
Balance as per the last financial statements	42.80	42.80
Add: amount transferred from surplus balance in the statement of profit and loss	63.40	-
Closing balance	106.20	42.80
Statutory reserve (refer Note 21.4)		
Balance as per the last financial statements	392.75	248.44
Add: Amount transferred from surplus of profit and loss	53.35	144.31
Closing balance	446.10	392.75
Retained earnings (refer Note 21.5)		
Balance as per the last financial statements	1,284.69	741.29
Add: Profit for the year	266.73	721.55
Less: Transfer to Statutory Reserve [As required by Sec 45-IC of Reserve Bank of India Act, 1934]	(53.35)	(144.31)
Less: Dividend on equity shares	(31.90)	(31.90)
Less: Dividend on CCCPS	(1.94)	(1.94)
Less: Transfer to Capital Redemption Reserve	(63.40)	-
Closing balance	1,400.83	1,284.69
Share options outstanding account (refer Note 21.6)		
Balance at the beginning of the year	-	-
Fair value of stock option	0.59	-
Closing balance	0.59	-
Other comprehensive income		
Re-measurement gain on defined benefit plans (refer Note 21.7)		
Balance as per the last financial statements	10.55	8.19
Add: Other comprehensive income	3.93	2.36
Closing balance	14.48	10.55
Cashflow hedge reserve (refer Note 21.8)		
Balance as per the last financial statements	(16.37)	(19.58)
Add: Other comprehensive income	(54.17)	3.21
Closing balance	(70.54)	(16.37)
Total other equity	5,210.33	3,967.80

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Nature and purpose of reserves

21.1 Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

21.2 Debenture redemption reserve

The Companies Act 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings. As per the Companies (Share Capital and Debentures) Amendment Rules, 2020 issued vide MCA notification dated 16th August, 2020, NBFCs registered with RBI under section 45-IA of RBI Act, 1934 have been exempted from the creation of Debenture Redemption Reserve in case of debentures.

21.3 Capital redemption reserve

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

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

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

21.5 Retained earnings

Retained earnings represents the surplus in Profit and Loss Account and appropriations. The Company also recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings.

21.6 Share options outstanding account

The share option outstanding account is used to recognise the grant date fair value of option issued to employees under employee stock option scheme.

21.7 Re-measurement gain on defined benefit plans

Remeasurement of the net defined benefit liabilities comprise actuarial gain/ loss.

21.8 Cashflow hedge reserve

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

22. INTEREST INCOME

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Measured at amortised cost		
Interest on loan portfolio	5,703.93	4,171.83
Interest on fixed deposits	251.31	171.46
Interest on inter corporate advances	-	-
Interest on margin money deposits*	87.06	65.18
Interest income on unwinding of assigned portfolio	(4.56)	77.03
	6,037.74	4,485.50

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

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

23. FEES AND COMMISSION INCOME

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Servicer fee and facilitation charges	250.84	250.43
	250.84	250.43

24. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Net gain on derecognition of financial instruments under amortised cost category	68.52	572.79
	68.52	572.79

25. OTHER INCOME

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Profit on sale of mutual fund units	1.12	1.12
Miscellaneous income	6.31	17.75
	7.43	18.87

26. FINANCE COST

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Interest		
On Debt Securities	495.85	319.81
On Borrowings (Other than Debt Securities)	2,068.18	1,546.12
On Subordinated Liabilities	142.39	140.10
On Others	7.06	6.47
Other finance cost	8.30	31.25
	2,721.78	2,043.75

27. NET LOSS ON FAIR VALUE CHANGES

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Investment in security receipts	157.40	172.20
	157.40	172.20

28. IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Measured at amortised cost		
Impairment on loans	(38.36)	432.17
Portfolio Loans written off	452.06	72.28
Loss on transfer of stressed loans	769.82	-
Impairment on other financial assets	(4.69)	3.09
	1,178.83	507.54

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

29. EMPLOYEE BENEFITS EXPENSE

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Salaries, wages and bonus	1,173.65	963.38
Contribution to provident fund and other funds	96.70	79.76
Expense for employee stock option plan	0.59	-
Staff welfare expenses	7.69	16.38
	1,278.63	1,059.52

30: OTHER EXPENSES

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Rent including lease rent (refer note 34)	112.15	86.79
Rates and taxes	45.76	35.44
Bank charges	0.31	0.33
Cash deposit charges	43.47	43.46
Insurance	31.71	41.22
Training Expenses	6.79	6.32
Business Promotion	3.75	15.67
Repairs and maintenance	15.17	13.95
Electricity charges	17.33	13.65
Travelling expenses	204.71	156.31
Communication expenses	46.25	39.64
Credit information service charges	22.51	27.50
Printing and stationery	16.76	15.82
Software expenses	30.44	21.13
Legal and professional charges	18.70	17.58
Directors sitting fees	0.35	0.83
Remuneration to directors	1.80	2.40
Auditors remuneration (refer details below)	2.35	2.82
CSR Expenses	12.32	7.32
Loss on sale of fixed assets	0.84	1.27
Other provisions	3.20	2.35
Miscellaneous expenses	19.06	14.72
	655.73	566.52

Payment to auditors

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
As auditor:		
Audit fee	1.45	2.05
Limited review fee	0.70	0.75
Other services fee	-	-
Out of pocket expenses	0.20	0.02
	2.35	2.82

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

31. INCOME TAX EXPENSE

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

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Current Income Tax:		
Income Tax	121.24	287.36
Deferred Tax	(61.36)	(68.81)
Income Tax expense reported in the statement of profit or loss	59.88	218.55
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gain on defined benefit plans	1.32	0.79
Deferred tax arising on fair value income on derivative financial instruments	(18.22)	1.08
Total	(16.90)	1.87
Total income tax expense	42.98	220.42

B. Reconciliation between the provision of Income Tax of the Company and amounts computed by applying the Indian statutory Income Tax rate to profit before taxes is as follows:

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Profit before tax	326.61	940.10
Enacted tax rates in India	25.17%	25.17%
Computed tax expense	82.21	236.63
Effect of :		
Non-deductible expenses	323.75	54.11
Additional tax allowances	(347.36)	(73.80)
Earlier year tax	1.11	-
Income taxable at Special Rate	0.17	1.61
Total Income Tax expense	59.88	218.55

C. Deferred Tax Assets (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Effects of deferred tax assets/ liabilities :		
Deferred Tax Assets		
Impairment allowance for financial assets	135.36	135.95
Provisions allowable on payment basis	9.11	7.87
Impact on Loans using effective rate of Interest	38.38	36.92
Impact of capitalisation leases under Ind AS 116	0.62	3.59
Derivative instruments in Cash flow hedge relationship	23.73	5.51
Differences of written down value of Property, plant and equipment and Intangible assets	0.45	0.30
	207.65	190.14

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred Tax Liabilities		
Remeasurement gain/(loss) on defined benefit plan	(4.88)	(3.56)
Impact on Borrowings using effective rate of Interest	(22.51)	(17.27)
Impact of re-recognition of securitization transactions in books	(3.61)	-
Impact of upfronting of EIS with respect to assigned loans	(20.48)	(91.40)
	(51.48)	(112.23)
Net deferred tax assets/(liabilities)	156.17	77.91

Particulars	As at April 01, 2024	(Charged)/ credited to statement of profit and loss during the year	(Charged) /credited to other comprehensive income during the year	As at March 31, 2025
Deferred Tax Assets				
Impairment allowance for financial assets	135.95	(0.59)	-	135.36
Provisions allowable on payment basis	7.87	2.56	(1.32)	9.11
Impact on Loans using effective rate of Interest	36.92	1.46	-	38.38
Impact of capitalisation leases under Ind AS 116	3.59	(2.97)	-	0.62
Derivative instruments in Cash flow hedge relationship	5.51	-	18.22	23.73
Differences of written down value of Property, plant and equipment and Intangible assets	0.30	0.15	-	0.45
	190.14	0.61	16.90	207.65
Deferred Tax Liabilities				
Remeasurement gain/(loss) on defined benefit plan	(3.56)	(1.32)	-	(4.88)
Impact on Borrowings using effective rate of Interest	(17.27)	(5.24)	-	(22.51)
Impact of re-recognition of securitization transactions in books	-	(3.61)	-	(3.61)
Impact of upfronting of EIS with respect to assigned loans	(91.40)	70.92	-	(20.48)
	(112.23)	60.75	-	(51.48)
Net deferred tax assets/(liabilities)	77.91	61.36	16.90	156.17

Particulars	April 01, 2023	(Charged)/ credited to statement of profit and loss during the year	(Charged) /credited to other comprehensive income during the year	March 31, 2024
Deferred Tax Assets				
Impairment allowance for financial assets	42.42	93.53	-	135.95
Provisions allowable on payment basis	5.95	2.71	(0.79)	7.87
Impact on Loans using effective rate of Interest	27.27	9.65	-	36.92
Impact of capitalisation leases under Ind AS 116	1.60	1.99	-	3.59
Derivative instruments in Cash flow hedge relationship	6.59	-	(1.08)	5.51

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Particulars	April 01, 2023	(Charged)/credited to statement of profit and loss during the year	(Charged)/credited to other comprehensive income during the year	March 31, 2024
Differences of written down value of property, plant and equipment and Intangible assets	0.42	(0.12)	-	0.30
	84.25	107.76	(1.87)	190.14
Deferred Tax Liabilities				
Remeasurement gain/(loss) on defined benefit plan	(2.76)	(0.80)	-	(3.56)
Impact on Borrowings using effective rate of Interest	(14.02)	(3.25)	-	(17.27)
Impact of re-recognition of securitisation transactions in books	(1.80)	1.80	-	-
Impact of upfronting of EIS with respect to assigned loans	(54.69)	(36.71)	-	(91.40)
	(73.27)	(38.96)	-	(112.23)
Net deferred tax assets/(liabilities)	10.98	68.80	(1.87)	77.91

32. EARNING PER SHARE

Particulars	For year ended March 31, 2025	For year ended March 31, 2024
Net profit after tax as per Statement of Profit and Loss	266.74	721.55
Less: Dividend on CCCPS	1.94	1.94
Net profit for calculation of basic earnings per share	268.68	723.49
Net profit as above	268.68	723.49
Add: Dividend on CCCPS	1.94	1.94
Net profit for calculation of diluted earnings per share	270.62	725.43
Calculation of weighted average number of equity shares for basic EPS		
Equity shares		
Opening No. of shares	47,611,136	43,752,336
Add: Issued during the year	39,142	5,576
Weighted average number of equity shares for basic EPS	47,650,277	43,757,912
Effect of dilution		
Opening No. of shares	4,665,934	2,234,399
Issue of CCPS	18,909	454,277
Weighted average number of equity shares for diluted EPS	52,335,121	46,446,588
Basic earnings per share (In ₹)	5.56	16.45
Diluted earnings per share (In ₹)	5.10	15.53

33. SEGMENT INFORMATION

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

Notes to financial statements | for the year ended March 31, 2025

34. LEASES

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

Particulars	March 31, 2025	March 31, 2024
Balance at the beginning of the year	13.27	17.83
Modification in Lease Term	0.08	0.20
Additions made during the year	1.31	1.50
Depreciation charged during the year	(6.02)	(6.26)
Derecognition of right-of-use assets	-	-
Balance at the end of the year	8.64	13.27

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

Particulars	March 31, 2025	March 31, 2024
Balance at the beginning of the year	18.16	24.18
Modification in Lease Term	0.08	0.20
Additions made during the year	1.31	1.50
Derecognition of lease liability	-	-
Interest accretion for the year	1.92	2.93
Payments made during the year	(10.38)	(10.65)
Balance at the end of the year	11.09	18.16

The maturity analysis of lease liabilities is disclosed under Other financial liabilities in Note 41(b).

The followings are the amounts recognised in the statement of profit and loss:

Particulars	March 31, 2025	March 31, 2024
Depreciation expense in respect of right-of-use-of-asset	6.02	6.26
Interest Expense in respect of lease liabilities	1.92	2.93
Expense relating to short term lease (included in other expenses)	109.98	84.93
Total amount recognised in profit and loss	117.92	94.12

35. RELATED PARTIES

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

Key Management Personnel	
Amardeep Singh Samra	Managing Director
Amitesh Kumar	Chief Financial Officer & Chief Operating Officer
Sumit Bhojwani	Company Secretary (resigned w.e.f. August 09, 2024)
Kapil Kumar Ruhela	Company Secretary (w.e.f. August 08, 2024) & Chief Compliance Officer
Vijay Kumar Bhandari	Non-Executive Chairman (deceased on October 08, 2024)
Sachin Nityanand Kamath	Nominee Director
Shant Kumar Gupta	Independent Director (retired w.e.f. from April 08, 2024)
Kamna Raj Aggarwalla	Independent Women Director
Santokh Singh Chhokar	Non-Executive director
Ashwani Kumar Jindal	Independent Director

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Relatives of Key Management Personnel	
Surinder Kaur Samra	Mother of Mr Amardeep Singh Samra
Amarjit Singh Samra	Father of Mr Amardeep Singh Samra
Anayat Samra	Daughter of Mr Amardeep Singh Samra
Amarpreet Kaur	Sister of Mr Amardeep Singh Samra
Sarvjit Singh Samra	Brother of Mr Amardeep Singh Samra
Gagan Samra	Wife of Mr Amardeep Singh Samra
Lata Kumari	Wife of Mr Amitesh Kumar
Sneh Bhandari	Wife of Mr V.K. Bhandari
Ashish Bhandari	Son of Mr V.K. Bhandari
Ranjit Kaur Chhokar	Wife of Mr Santokh Singh Chhokar
Neha Gupta	Wife of Shant Kumar Gupta
Prerna Bhandari	Daughter in Law of Mr V.K. Bhandari
Ashish Gupta	Son of Mr J.R. Gupta
Rekha Jindal	Wife of Ashwani Kumar Jindal
Isha Jindal	Daughter of Ashwani Kumar Jindal
Ashwani Kumar Jindal (HUF)	HUF of Ashwani Kumar Jindal
Tanul Jindal	Son of Ashwani Kumar Jindal

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

Kitara PIIN 1501

Other related pay in accordance with Ind AS 24:

Midland Foundation

b. Transactions with Related Parties and Outstanding balances

S.No	Related party	Nature of Transactions	Transaction during the year ended March 31, 2025	Transaction during the year ended March 31, 2024	(Payable)/Receivables	
					March 31, 2025	March 31, 2024
1.	Amardeep Singh Samra	Remuneration	24.71	31.68	-	-
		Rent	1.98	1.81	-	-
		Sitting fees	0.04	0.08	-	(0.03)
		Payment of Interest on Application money on CCPS	0.13	-	-	-
		Issue of fully paid compulsorily convertible preference shares (Including premium)	91.50	54.96	-	-
		Payment of dividend on equity shares	2.57	2.57	-	-

Notes to financial statements | for the year ended March 31, 2025

S.No	Related party	Nature of Transactions	Transaction during the year ended March 31, 2025	Transaction during the year ended March 31, 2024	(Payable)/Receivables	
					March 31, 2025	March 31, 2024
2.	Amitesh Kumar	Remuneration	7.58	9.34	-	(4.73)
		Loans given & repayment thereof	-	-	0.53	0.53
		Payment of Interest on Application money on CCPS	0.01	-	-	-
		Issue of fully paid compulsorily convertible preference shares (Including premium)	6.92	4.02	-	-
		Payment of dividend on equity shares	0.18	0.19	-	-
3.	Sumit Bhojwani	Remuneration	0.46	1.33	-	-
4.	Kapil Kumar Ruhela	Remuneration	2.75	-	-	-
5.	Surinder Kaur Samra	Rent	0.14	0.13	-	-
6.	Anayat Samra	Professional fees	0.30	-	-	-
7.	Amarpreet Kaur	Rent	0.65	-	-	-
8.	Amarjit Singh Samra	Rent	0.14	0.13	-	-
9.	Sarvjit Singh Samra	Rent	1.98	1.81	-	-
10.	Gagan Samra	Issue of fully paid compulsorily convertible preference shares (Including premium)	-	12.48	-	-
		Payment of Interest on Application money on CCPS	0.03	-	-	-
		Payment of dividend on equity shares	0.58	0.58	-	-
11.	Lata Kumari	Rent	1.54	1.52	-	-
		Professional fees	-	0.45	-	-
12.	Kitara PIIN 1501	Issue of fully paid equity shares (including premium)	680.15	291.49	-	-
		Issue of Compulsorily convertible preference shares (including premium)	-	-	-	-

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

S.No	Related party	Nature of Transactions	Transaction during the year ended March 31, 2025	Transaction during the year ended March 31, 2024	(Payable)/Receivables	
					March 31, 2025	March 31, 2024
12.	Kitara PIIN 1501	Payment of dividend on equity shares	10.44	10.44	-	-
		Payment of Interest on Application money on equity	1.21	-	-	-
		Payment of dividend on CCCPS	0.69	0.69	-	-
13.	V.K. Bhandari	Issue of fully paid compulsorily convertible preference shares (Including premium)	19.60	8.40	-	-
		Payment of dividend on equity shares	0.34	0.34	-	-
		Director's Remuneration	0.30	0.60	-	-
		Payment of dividend on preference shares	-	-	-	-
		Payment of Interest on Application money on CCPS	0.02	-	-	-
14.	Sachin Nityanand Kamath	Sitting fees	0.02	0.13	(0.02)	(0.04)
		Sitting fees	0.08	0.12	(0.06)	(0.08)
15.	Shant Kumar Gupta	Issue of fully paid compulsorily convertible preference shares (Including premium)	-	0.08	-	-
		Director's Remuneration	-	0.30	-	-
		Payment of dividend on equity shares	-	0.00	-	-
		Sitting fees	-	0.13	-	(0.04)
16.	Ashwani Kumar Jindal	Payment of Interest on Debentures	-	-	-	-
		Director's Remuneration	0.30	0.30	(0.03)	-
		Sitting fees	0.07	0.08	-	(0.03)
		Payment of dividend on equity shares	0.13	0.13	-	-
17.	Kamna Raj Aggarwalla	Issue of fully paid compulsorily convertible preference shares (Including premium)	0.75	0.32	-	-
		Payment of Interest on Application money on CCPS	0.00	-	-	-

Notes to financial statements | for the year ended March 31, 2025

S.No	Related party	Nature of Transactions	Transaction during the year ended March 31, 2025	Transaction during the year ended March 31, 2024	(Payable)/Receivables	
					March 31, 2025	March 31, 2024
17.	Kamna Raj Aggarwalla	Director's Remuneration	0.30	0.30	(0.03)	-
		Payment of dividend on equity shares	0.01	0.01	-	-
		Sitting fees	0.06	0.09	-	(0.02)
18.	Sneh Bhandari	Issue of fully paid compulsorily convertible preference shares (Including premium)	19.60	8.40	-	-
		Payment of dividend on equity shares	0.39	0.39	-	-
		Payment of Interest on Application money on CCPS	0.02	-	-	-
		Payment of dividend on preference shares	-	-	-	-
19.	Ashish Bhandari	Issue of fully paid compulsorily convertible preference shares (Including premium)	33.60	14.40	-	-
		Payment of Interest on Application money on CCPS	0.04	-	-	-
		Payment of dividend on equity shares	1.32	1.32	-	-
20.	Mohinder Kaur Chhokar	Issue of equity shares (including premium)	-	-	-	-
		Payment of dividend on equity shares	-	-	-	-
21.	Neha Gupta	Issue of fully paid compulsorily convertible preference shares (Including premium)	-	3.95	-	-
		Payment of dividend on equity shares	-	0.17	-	-
22.	Ranjit Kaur Chokhar	Issue of fully paid compulsorily convertible preference shares (Including premium)	52.80	55.87	-	-
		Issue of Compulsorily convertible preference shares (including premium)	-	-	-	-

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

S.No	Related party	Nature of Transactions	Transaction during the year ended March 31, 2025	Transaction during the year ended March 31, 2024	(Payable)/Receivables	
					March 31, 2025	March 31, 2024
22.	Ranjit Kaur Chokhar	Payment of dividend on CCCPS	0.09	0.09	-	-
		Payment of dividend on equity shares	3.59	3.49	-	-
23.	Santokh Singh Chokhar	Issue of fully paid compulsorily convertible preference shares (Including premium)	-	4.80	-	-
		Payment of Interest on Application money on CCPS	0.01	-	-	-
		Sitting fees	0.04	0.07	(0.04)	(0.02)
24.	Praveen Kumar Gupta	Sitting fees	0.04	0.13	-	(0.04)
		Director's Remuneration	0.90	0.90	(0.08)	-
25.	Midland Foundation	Corporate Social Responsibility expenditure	12.32	6.33	-	-
26.	Isha Jindal	Payment of dividend on equity shares	-	0.06	-	-
27.	Rekha Jindal	Payment of dividend on equity shares	0.14	0.14	-	-
		Payment of Interest on Debentures	-	-	-	-
28.	Ashwani Kumar Jindal (HUF)	Payment of Interest on Debentures	0.12	0.14	-	-
		Payment of dividend on equity shares	0.02	0.02	-	-
29.	Prerna Bhandari	Payment of dividend on equity shares	0.02	0.02	-	-
30.	Tanul Jindal	Payment of dividend on equity shares	0.00	0.00	-	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

36. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

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

37. FAIR VALUE MEASUREMENT

Valuation principles

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

Notes to financial statements | for the year ended March 31, 2025

Fair Value hierarchy of Asset and Liabilities measured at fair value

Particulars	As at March 31, 2025			
	Level 1	Level 2	Level 3	Total
At fair value through OCI				
Derivative Asset – Forward currency swaps	-	56.28	-	56.28
At fair value through Profit and Loss				
Investments – Security Receipts	-	-	1,571.58	1,571.58
Total	-	56.28	1,571.58	1,627.86

Fair Value hierarchy of Asset and Liabilities measured at fair value

Particulars	As at March 31, 2024			
	Level 1	Level 2	Level 3	Total
At fair value through OCI				
Derivative Asset – Forward currency swaps		34.24	-	34.24
At fair value through Profit and Loss				
Investments – Security Receipts	-	-	516.60	516.60
Total	-	34.24	516.60	550.84

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

The management assessed that carrying value of financial asset and financial liabilities are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values.

Valuation technique used

For Loan Portfolio

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fair value of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

For Borrowings

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

For Derivatives

Currency swaps held for the purpose of hedging foreign currency denominated external commercial borrowings are accounted as cash flow hedge. These swaps are considered under Level 2 for fair valuation which is performed through discounted cash flow method by deriving future forward rates. All future cashflows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates and accordingly arrived at the valuation for a point of time.

38. CAPITAL MANAGEMENT

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

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times (refer Note 48(i)).

Particulars	March 31, 2025	March 31, 2024
Debts	20,583.79	19,372.23
Net Worth	6,191.74	4,878.59
Debt to Net Worth (In times)	3.32	3.97

39. RETIREMENT BENEFITS

A. Defined contribution plan

The Company makes monthly contribution towards Provident Fund which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as expense towards such contribution are as follows:

Particulars	March 31, 2025	March 31, 2024
Employer's contribution to Provident Fund and Employee State Insurance	83.49	68.83

B. Defined benefit plan

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 ₹ 2.00 mn as per The Payment of Gratuity Act, 1972.

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

Movement in Defined Benefit Obligations

Particulars	March 31, 2025	March 31, 2024
Defined benefit obligations as at the beginning of Year	22.95	16.27
Current Service Cost	11.33	9.44
Interest on defined benefit obligations	1.66	1.20
Re-measurements - Actuarial (Gain)/Loss on total Liabilities	(5.25)	(3.16)
Benefits paid	(0.64)	(0.80)
Defined benefit obligations as at the end of Year	30.05	22.95

Balance Sheet

Amount recognised in balance sheet

Particulars	March 31, 2025	March 31, 2024
Present Value of obligations	30.05	22.95
Fair value of plan assets	-	-
Net defined benefit liability recognised in balance sheet	(30.05)	(22.95)

Notes to financial statements | for the year ended March 31, 2025

Expense charged to the statement of profit and loss

Particulars	March 31, 2025	March 31, 2024
Current service cost	11.33	9.44
Interest Cost	1.66	1.20
Total	12.99	10.64

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

Particulars	March 31, 2025	March 31, 2024
Re-measurement of the net defined benefit liability		
Changes in experience adjustments	(5.92)	(3.46)
Changes in demographic assumptions	-	-
Changes in financial assumptions	0.67	0.30
Amount recognised under other comprehensive income	(5.25)	(3.16)

Summary of Actuarial Assumptions

Particulars	March 31, 2025	March 31, 2024
Discount rate	7.06%	7.27%
Rate of Increase in compensation levels	5.00%	5.00%
Retirement age (years)	60	60

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2025	March 31, 2024
Discount rate (+0.5%)	(1.76)	(1.33)
Discount rate (-0.5%)	1.94	1.47
Salary Inflation (+0.5%)	1.90	1.43
Salary Inflation (-0.5%)	(1.74)	(1.31)

Maturity Profile of Defined Benefit Obligation

Particulars	March 31, 2025	March 31, 2024
Year 1	0.85	0.66
Year 2	0.88	0.63
Year 3	1.10	0.78
Year 4	1.31	0.96
Year 5	1.37	1.05
Year 6	2.25	0.99
After 6 years	22.27	17.86

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

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

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

C. Other long-term benefit plan

Other long term employee benefit plan comprises earned leaves. The Company operates compensated absences plan (earned leaves), where in every employee is entitled to the benefit equivalent to 18 days salary for every completed year of service which is subject to maximum of 135 days accumulation of leaves. The same is payable during early retirement, withdrawal of scheme, resignation by employee and upon death of employee. The salary for calculation of earned leave is last drawn basic salary. The amount of the provision of ₹ 6.15 mn (March 31, 2024: ₹ 8.32 mn) is liability as per the actuarial report.

40. DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

Refer Note 13 to the financial statements.

41. RISK MANAGEMENT & FINANCIAL OBJECTIVES

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

a. Credit Risk

Credit risk is the risk of loss that may occur from defaults by borrowers under loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. The Company also follows a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; socio-economic and law and order risks in the proposed area. Further, client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet the company's criteria.

The Company is a rural focused NBFC with a geographically diversified presence in India and offers income generation loans under the joint liability group model, predominantly to women from low-income households in rural areas. Further, as it focuses on providing micro-loans in rural areas, The Company's results of operations are affected by the performance and the future growth potential of microfinance in rural India. The Company's clients typically have limited sources of income, savings and credit histories and the loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, the Company rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of loans.

In order to mitigate the impact of credit risk in the future profitability, the Company makes reserves basis the expected credit loss (ECL) model for the outstanding loans as at balance sheet date.

The below discussion describes the Company's approach for assessing impairment as stated in note 3.6 of the material accounting policies.

A. Probability of Default (PD)

The company uses flow rates information of its loan portfolio to estimate its PD. The Company's loans largely consist of Joint Liability Group Loans and have similar characteristics, but there are some changes in the significant increases in credit risk based on geographical location of the borrowers.

Notes to financial statements | for the year ended March 31, 2025

Thus, the Company estimates its PD on a stratified basis by segmenting its portfolio as per geographical location of the borrowers. These segments share common risk characteristics as required by the accounting standard. This probability is then combined with a macroeconomic variable, based on the specific geographic location, to compute the final PD estimate.

Based on review of macroeconomic developments and economic outlook, the Company assesses any adjustments required for temporary overlays to determine qualitative impact on its PD(s).

In determining the PD, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future.

B. Exposure at Default (EAD)

The outstanding balances as at the reporting date is considered as EAD by the Company. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

C. Loss given default

The Company determines its expectation of lifetime losses by estimating recoveries towards its entire loan portfolio through an analysis of historical information. The Company determines its recovery rates by analysing the recovery trends by discounting such recoveries over different periods of time after a loan has defaulted. In estimating LGD, the Company reviews macroeconomic developments taking place in the economy.

Credit Risk on Derivative financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. With gross-settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.

b. Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilisation team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, and insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. The maturity schedule for all financial liabilities is regularly reviewed and monitored. Company has an Asset Liability Management (ALM) policy and has constituted an ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement.

The tables below provide details regarding the contractual maturities of significant financial liabilities as on:

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Maturity pattern of Liabilities as on March 31, 2025:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings*	1,107.09	1,462.21	1,535.66	3,864.80	4,581.40	9,111.32	500.05	513.14	22,675.67
Other financial liabilities	358.47	0.22	0.31	0.44	1.27	4.18	2.57	1.39	368.85

*Represents debt securities, borrowings (other than debt securities) and Subordinated liabilities and it includes future interest cashflows also.

Maturity pattern of Liabilities as on March 31, 2024:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings*	973.01	1,043.63	1,575.67	2,754.99	5,129.73	7,979.86	1,897.23	929.02	22,283.14
Other financial liabilities	1,340.76	0.85	0.85	2.57	5.17	5.52	4.77	3.20	1,363.69

*Represents debt securities, borrowings (other than debt securities) and Subordinated liabilities and it includes future interest cashflows also.

c. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to two types of market risks as follows:

A. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our ALM Committee evaluates the maturities of assets and liabilities and ensures that all significant mismatches, if any, are being managed appropriately. The Company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings as follows:

Finance Cost	March 31, 2025	March 31, 2024
0.50% increase	(61.67)	(52.49)
0.50% decrease	61.67	52.49

B. Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

Notes to financial statements | for the year ended March 31, 2025

C. Foreign currency risk

The Company is exposed to foreign currency fluctuation risk for its external commercial borrowings (ECB). The ECB are governed by RBI guidelines. The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved hedging policy.

The Company manages its currency risks by entering into derivative contracts as hedge positions. The Company's exposure of foreign currency risk at the end of the reporting period expressed in INR is as follows:

Particulars	As at March 31, 2025			As at March 31, 2024		
	EUR	GBP	USD	EUR	GBP	USD
Hedged						
ECB	1,200.22	-	2,567.44	451.09	-	416.87
Derivative*	1,115.87	-	2,501.25	398.20	-	413.65

*represents the notional amount of the derivative financial instrument

d. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The company recognises that operational risk event types that have the potential to result in substantial losses includes Internal fraud, external fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

42. TRANSFER OF FINANCIAL ASSETS

Transfers of financial assets that are not derecognised in their entirety

a. Securitisation Transaction:

During the period, the Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loans which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred.

The value of financial assets and liabilities as on:

Particulars	March 31, 2025	March 31, 2024
Carrying amount of transferred assets measured at amortised cost	118.42	-
Carrying amount of associated liabilities	123.28	-

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

The carrying amount of above assets and liabilities is a reasonable approximation of their fair values.

b. Assignment Transaction:

During the year ended March 31, 2025, the company has sold some loans and advances measured at amortised cost as part of assignment deals, as a source of finance. As per the terms of deal, the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset:

Loans and advances measured at amortised cost	For the year ended March 31, 2025	For the year ended March 31, 2024
Carrying amount of derecognised financial assets	1,328.18	3,088.76
Gain/(loss) from derecognition	68.52	218.31

Since the company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

43. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY:

Particulars	March 31, 2025	March 31, 2024
a) Gross amount required to be spent by the Company during the year	12.32	7.32
b) Amount of Expenditure incurred		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	10.06	7.32
c) Shortfall at the end of the year (a-b)	2.26	-
Total of previous years short fall	-	
Reason for shortfall of CSR expenditure	Due to ongoing project with remaining tenure of 1 year	N.A.
Nature of CSR activities	Swastha Evam Swasth Jagrukta Abhiyaan, Financial Literacy & Awareness Drive, Disaster Management, Gender Equality & Women Empowerment, Rural Area Development, Environment Safety and Sustainability	Eradication of Hunger & Poverty & Malnutrition, Financial Literacy & Awareness Drive, Swastha Evam Swasth Jagrukta Abhiyaan, Rural Area Development, Environment Safety and Sustainability

Notes to financial statements | for the year ended March 31, 2025

Particulars	March 31, 2025	March 31, 2024
Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard.	Contribution to a trust controlled by the Company	Contribution to a trust controlled by the Company
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	N.A.	N.A.

Details of unspent obligations in case of section 135(5) of the Companies Act, 2013 (ongoing project)

F.Y.	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
	With Company	In separate CSR Unspent account		From Company's bank account	In separate CSR Unspent account	With Company	In separate CSR Unspent account
2024-25	-	-	12.32	10.06	-	-	2.26
2023-24	-	1.55	7.32	7.32	1.55	-	-

44. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Maturity analysis of assets and liabilities as at March 31, 2025

Particulars	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	1,774.53	-	1,774.53
Bank balances other than cash and cash equivalents	1,536.99	449.63	1,986.62
Derivative financial instruments	56.28	-	56.28
Receivables			
Trade Receivables	8.77	-	8.77
Other Receivables	34.97	-	34.97
Loan portfolio	16,018.31	5,338.67	21,356.98
Investments	368.06	1,203.52	1,571.58
Other financial assets	277.98	1.34	279.32
Total financial assets	20,075.89	6,993.16	27,069.05
Non-financial assets			
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	156.17	156.17
Property, plant and equipment	-	154.38	154.38
Intangible assets under development	-	-	-
Intangible assets	-	24.64	24.64
Other non-financial assets	81.99	1.86	83.85
Total non-financial assets	81.99	337.05	419.04
Total assets	20,157.88	7,330.21	27,488.09

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Maturity analysis of assets and liabilities as at March 31, 2025 (Contd.)

Particulars	Within 12 months	After 12 months	Total
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	0.43	-	0.43
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	0.06	-	0.06
Other payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	7.56	-	7.56
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	10.30	-	10.30
Debt securities	1,692.85	2,642.60	4,335.45
Borrowings (other than debt securities)	9,499.48	5,761.95	15,261.43
Subordinated liabilities	67.05	1,161.18	1,228.23
Other financial liabilities	342.37	8.13	350.50
Total financial liabilities	11,620.10	9,573.86	21,193.96
Non-financial liabilities			
Current tax liabilities (net)	10.31	-	10.31
Provisions	2.17	34.03	36.20
Other non-financial liabilities	55.88	-	55.88
Total non-financial liabilities	68.36	34.03	102.39
EQUITY			
Equity share capital	-	523.73	523.73
Instruments entirely equity in nature	-	457.68	457.68
Other equity	-	5,210.33	5,210.33
Total equity	-	6,191.74	6,191.74
Total liabilities and equity	11,688.46	15,799.63	27,488.09

Maturity analysis of assets and liabilities as at March 31, 2024

Particulars	Within 12 months	After 12 months	Total
ASSETS			
Financial assets			
Cash and cash equivalents	2,120.80	-	2,120.80
Bank balances other than cash and cash equivalents	1,586.37	784.29	2,370.66
Derivative financial instruments	-	34.24	34.24
Receivables			
Trade Receivables	36.27	-	36.27
Other Receivables	17.33	-	17.33

Notes to financial statements | for the year ended March 31, 2025

Maturity analysis of assets and liabilities as at March 31, 2024 (Contd.)

Particulars	Within 12 months	After 12 months	Total
Loan portfolio	13,443.91	6,830.96	20,274.87
Investments	215.70	300.90	516.60
Other financial assets	511.25	18.50	529.75
Total financial assets	17,931.63	7,968.89	25,900.52
Non-financial assets			
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	77.91	77.91
Property, plant and equipment	-	150.85	150.85
Intangible assets under development	-	6.68	6.68
Intangible assets	-	13.01	13.01
Other non-financial assets	55.07	11.87	66.94
Total non-financial assets	55.07	260.32	315.39
Total assets	17,986.70	8,229.21	26,215.91
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	7.79	-	7.79
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	2.59	-	2.59
Other payables			
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	5.87	-	5.87
(ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	18.94	-	18.94
Debt securities	466.65	1,407.44	1,874.09
Borrowings (other than debt securities)	9,100.91	7,481.12	16,582.03
Subordinated liabilities	126.80	1,244.73	1,371.53
Other financial liabilities	1,315.03	7.91	1,322.94
Total financial liabilities	11,044.58	10,141.20	21,185.78
Non-financial liabilities			
Current tax liabilities (net)	75.35	-	75.35
Provisions	2.51	28.76	31.27
Other non-financial liabilities	44.92	-	44.92
Total non-financial liabilities	122.78	28.76	151.54
EQUITY			
Equity share capital	-	476.11	476.11
Instruments entirely equity in nature	-	434.68	434.68
Other equity	-	3,967.80	3,967.80
Total equity	-	4,878.59	4,878.59
Total liabilities and equity	11,167.36	15,048.55	

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

45. DISCLOSURE OF INVESTING AND FINANCING ACTIVITIES THAT DO NOT REQUIRE THE USE OF CASH AND CASH EQUIVALENTS

For the year ended March 31, 2025

Name of instrument	Opening	Cash flows	Exchange differences	Others	Closing
Equity share capital (including securities premium)	2,408.71	761.96	-	(0.14)	3,170.53
Compulsorily convertible preference shares (including securities premium)	718.83	368.09	-	-	1,086.92
Borrowings (other than debt securities)	16,582.03	(1,331.79)	63.31	(52.12)	15,261.43
Right-of-use assets	13.27	-	-	(4.63)	8.64
Lease liabilities	18.16	(10.38)	-	3.31	11.09
Total	19,741.00	(212.12)	63.31	(53.58)	19,538.61

For the year ended March 31, 2024

Name of instrument	Opening	Cash flows	Exchange differences	Others	Closing
Equity share capital (including securities premium)	2,082.77	326.56	-	(0.62)	2,408.71
Compulsorily convertible preference shares (including securities premium)	335.16	383.67	-	-	718.83
Borrowings (other than debt securities)	11,754.98	4,897.37	(11.19)	(59.13)	16,582.03
Right-of-use assets	17.83	-	-	(4.56)	13.27
Lease liabilities	24.18	(10.65)	-	4.63	18.16
Total	14,214.92	5,596.95	(11.19)	(59.68)	19,741.00

46. ADDITIONAL REGULATORY INFORMATION

- The Company does not hold any immovable property as on March 31, 2025 and March 31, 2024. All the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.
- No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 (45 of 1988) and the rules made thereunder, as at March 31, 2025 and March 31, 2024.
- The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended March 31, 2025 and March 31, 2024.
- The Company does not have any transactions with the companies Struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended March 31, 2025 and March 31, 2024.
- There was no delay in the registration or satisfaction of any charges with Registrar of Companies during the year ended March 31, 2025 and March 31, 2024.
- The company does not have any investment in any subsidiary company. Therefore, there is no requirement to comply with the number of layers prescribed under clause (87) of section 2 of Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.

Notes to financial statements | for the year ended March 31, 2025

vii. Analytical Ratios

Ratio	Numerator	Denominator	March 31, 2025	March 31, 2024	% Variance	Reasons for variance (if above 25%)
i. Capital to risk-weighted assets ratio	7,438.10	23,680.70	31.41%	28.34%	3.07%	NA
ii. Tier I CRAR	6,036.50	23,680.70	25.49%	21.92%	3.57%	NA
iii. Tier II CRAR	1,401.60	23,680.70	5.92%	6.42%	-0.50%	NA
iv. Liquidity Coverage Ratio	NA	NA	NA	NA	NA	Note 1 below

Note:

- Applicable for non-deposit taking NBFCs with asset size of ₹ 50,000 million.

- There was no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year ended March 31, 2025 and March 31, 2024.
- The Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Company with the banks and financial institutions are in accordance with the books of accounts of the Company for the respective quarters.
- The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at March 31, 2025 are held by the Company in the form of deposits till the time the utilisation is made subsequently.
- There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended March 31, 2025 and March 31, 2024, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended March 31, 2025 and March 31, 2024.
- As a part of normal lending business, the company grants loans and advances on the basis of security/guarantee provided by the Borrower/ co-borrower. These transactions are conducted after exercising proper due diligence.

Other than the transactions described above,
 - No funds have been advanced or loaned or invested by the Company to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries);
 - No funds have been received by the Company from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2025 and March 31, 2024.

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(Rupees in millions unless otherwise stated)

47. EMPLOYEE STOCK OPTION PLAN

Date of Grant	12-11-2024
Date of Board/Compensation Committee approval	12-11-2024
Number of Options Granted	13,22,439
Method of settlement	Equity
Graded vesting period	
Day following the expiry of 12 months from grant	20%
Day following the expiry of 24 months from grant	25%
Day following the expiry of 36 months from grant	25%
Day following the expiry of 48 months from grant	30%
Exercise period	1 year from the date of each vesting of options
Vesting Condition	Minimum period of one year between Grant of Options and Vesting of Options; Employee must be in service at the time of vesting and must neither be serving his notice for termination of employment with the Company nor be subject to any disciplinary proceedings pending against him on the Vesting Date. Vesting is conditional upon the employee achieving a satisfactory performance rating.

Particulars	Remarks
Number of options in force as on April 01, 2024	24,17,086
Number of options granted during the year	13,22,439
Number of options accepted during the year	37,500 (12,84,939 Options pending for acceptance by the employees over ESOP portal)
Number of options vested during the year	NIL
Number of options exercised during the year	NIL
Total number of shares arising as a result of exercise of option during the year	NIL
Options lapsed during the year	Rs. 28,250 (expired due to employee resignations)
Exercise price	77/96
Variation of terms of options	NA
Money realized by exercise of options	NIL
Total number of options in force	12,94,189

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	Grant 1	Grant 2
Share price on the date of grant (in ₹)	160	160
Exercise price (in ₹)	77	96
Historic volatility (in ₹)	38.66%	38.66%
Life of the options granted in years	4.00	4.00
Risk free interest rate (in ₹)	6.80%	6.80%
Expected dividend rate (in ₹)	0.00%	0.00%
Weighted fair value of stock option	88.35	71.66

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48. ADDITIONAL DISCLOSURES REQUIRED BY THE RBI

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

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

Particulars	March 31, 2025	March 31, 2024
i. CRAR	31.41%	28.34%
ii. CRAR – Tier I Capital	25.49%	21.92%
iii. CRAR – Tier II Capital	5.92%	6.42%
iv. Amount of Subordinated debt raised as capital Tier-II capital	986.91	916.11
v. Amount raised by issuing perpetual debt instrument	-	-

Note:

- CRAR as at 31 March, 2024 has been computed in line with RBI notification No. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 w.r.t. implementation of Indian Accounting Standards.
- The company has considered impairment allowance towards stage I as contingent provision for standard assets for calculating Tier II capital.
- The securitised assets not qualifying for de-recognition under Ind AS due to credit enhancement given by the originating NBFC on such assets shall be risk weighted at zero percent.

ii. Investments:

Particulars	March 31, 2025	March 31, 2024
1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	1,901.18	688.80
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	329.60	172.20
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	1,571.58	516.60
(b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	172.20	-
(ii) Add: Provisions made during the year	157.40	172.20
(iii) Less Write-off/ write-back of excess	-	-
(iv) Closing Balance	329.60	172.20

iii. Derivatives:

Qualitative Disclosure

The Company's activities expose it to the financial risks of changes in foreign exchange rates. The Company uses derivative contracts such as currency swaps to hedge its exposure to movements in foreign exchange. The use of these derivative contracts reduces the risk to the Company and the Company does not use those for trading or speculation purposes.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

The Company uses hedging instruments that are governed by the approvals of the Board of Directors. The officials authorised by the board to enter into derivative transactions for the company are kept separate from the authorised signatories to confirm the derivative transactions. All derivative transactions that are entered into by the company are reported to the board, and the mark-to-market on its portfolio is monitored regularly by the senior management.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Derivative assets and liabilities are recognised on the balance sheet at fair value. Fair value of derivatives is ascertained using valuation techniques described in Note 37 which is verified with the mark to market and accrual values received from the counter-party banks. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship.

Quantitative Disclosure

Particulars	March 31, 2025	March 31, 2024
i. Derivatives (Notional Principal Amount)	3,617.12	811.85
ii. Marked to Market Positions	56.28	34.24
(a) Assets (+)	56.28	34.24
(b) Liabilities (-)	-	-
iii. Credit Exposure	Nil	Nil
iv. Unhedged Exposures	Nil	Nil

iv. Disclosures relating to securitisation:

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

Particulars	March 31, 2025	March 31, 2024
Total number of loans securitised (including over collateralized loans) during the year	8,123	-
Total book value of loans securitised during the year	243.87	-
Total book value of loans securitised including loans placed as collateral during the year	280.31	-
Sale consideration received for loans securitised	243.87	-
Excess interest spread recognised in the statement of profit and loss on loans securitized during the year	11.25	-
Credit enhancements provided and outstanding (Gross) as at balance sheet date		
Interest subordination	-	-
Principal subordination	36.44	-
Cash Collateral	19.62	-

Notes to financial statements | for the year ended March 31, 2025

Sr. No.	Particulars	March 31, 2025	March 31, 2024
1.	No. of SPVs sponsored by the NBFC for securitisation transactions	1	-
2.	Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on date of balance sheet:	154.86	-
3.	Total amount of exposures retained to comply with minimum retention requirement ('MRR') as on date of balance sheet:		
	a) Off balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	b) On balance sheet exposures (cash collateral and over collateral)		
	- First loss	56.06	-
	- Others	-	-
4.	Amount of exposures to other than MRR:		
	a) Off balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	b) On balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

v. Details of assignment transaction undertaken:

Particulars	March 31, 2025	March 31, 2024
No. of Accounts	28,245	2,99,594
Aggregate value of account sold	763.93	7,309.00
Aggregate consideration	763.93	7,309.00
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/ (loss) over net book value	-	-

vi. Details of financial assets sold to Securitisation / Reconstruction Company for asset reconstruction:
The Company has not sold financial assets to Securitisation/ Reconstruction companies for asset reconstruction in the current and previous year.

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

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

viii. Asset Liability Maturity pattern of certain items of Assets and Liabilities:

Maturity pattern of assets and liabilities as on March 31, 2025**

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	914.66	289.18	771.27	1,550.14	1,521.24	4,298.23	6,358.81	6,044.52	88.27	-	21,836.32
Investments	-	-	32.06	28.38	30.04	92.56	185.02	1,203.52	-	-	1,571.58
Borrowings*	635.45	153.67	292.36	1,297.92	1,365.86	3,547.16	4,070.81	8,537.22	376.06	647.76	20,924.27

Maturity pattern of assets and liabilities as on March 31, 2024**

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	312.62	289.18	577.24	1,353.65	1,220.94	3,288.28	5,797.65	7,179.48	169.43	-	20,188.47
Investments	-	-	23.11	21.96	21.01	56.94	92.68	300.90	-	-	516.60
Borrowings*	250.73	282.34	244.77	839.96	1,393.26	2,333.28	4,350.02	7,141.56	1,538.58	871.43	19,245.93

*Borrowings include foreign currency borrowings in the form of ECB which have been fully hedged.

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

ix. Exposures:

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

x. Details of financing of parent company products:

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

xi. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:

The Company has not exceeded the Single Borrower Limit (SGL) i.e. 15% of its Owned fund / Group Borrower Limit (GBL) i.e. 25% of its own fund, during the current or previous year.

xii. Value of Imports calculated on CIF basis:

The Company has not imported any goods therefore the value of import on CIF basis is Nil in the current and previous year.

xiii. Unsecured advances:

Refer Note 8 to the financial statements.

xiv. Registration obtained from other financial sector regulators:

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

xv. Disclosure of penalties imposed by RBI and other regulators:

No penalties were imposed by RBI or any other regulator during the current or the previous year.

xvi. Related Party Transactions:

Refer Note 35 of Financial Statements for related party transactions disclosure.

Notes to financial statements | for the year ended March 31, 2025

xvii. Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2025:

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed*	Amount	Rating assigned*
Bank Loan Rating (Long Term Bank facilities)	CARE Ratings	December 27, 2024	9,100.00	CARE BBB+
Bank Loan Rating (Long Term Bank facilities)	Acuite Ratings	January 22, 2025	7,250.00	ACUITE A-
MFI Grading	SMERA	October 29, 2024	N.A.	SMERA M1
Code of Conduct Assessment	SMERA	November 25, 2024	N.A.	SMERA C1
Non-convertible Debentures	CARE Ratings	December 27, 2024	340.00	CARE BBB+
Non-convertible Debentures	CARE Ratings	December 27, 2024	250.00	CARE BBB+
Non-convertible Debentures	India Ratings	December 27, 2024	750.00	IND BBB
Non-convertible Debentures	Acuite Ratings	January 22, 2025	3,100.00	ACUITE A-

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2024:

Deposit Instrument	Name of the rating agency	Date of rating assigned/reviewed*	Amount	Rating assigned*
Bank Loan Rating (Long Term Bank facilities)	CARE Ratings	September 15, 2023	9,100.00	CARE BBB+
Bank Loan Rating (Long Term Bank facilities)	Acuite Ratings	December 15, 2023	5,250.00	ACUITE A-
Bank Loan Rating (PCE Facility)	Acuite Ratings	December 15, 2023	110.00	ACUITE A
MFI Grading	SMERA	December 22, 2023	N.A.	SMERA MIC1
Non-convertible Debentures	CARE Ratings	September 15, 2023	500.00	CARE BBB+
Non-convertible Debentures	CARE Ratings	September 15, 2023	80.30	CARE BBB+
Non-convertible Debentures	CARE Ratings	September 15, 2023	340.00	CARE BBB+
Non-convertible Debentures	CARE Ratings	September 18, 2023	250.00	CARE BBB+
Non-convertible Debentures	India Ratings	March 20, 2024	750.00	IND BBB
Non-convertible Debentures	Acuite Ratings	December 15, 2023	600.00	ACUITE A-

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

xviii. Remuneration of Directors:

The Company has not entered into any transactions or in a pecuniary relationship with the non-executive directors other than those as disclosed in note 35 of Financial Statements.

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

Particulars	March 31, 2025	March 31, 2024
Provision towards Income Tax	121.24	287.36
Provision towards NPA	(216.24)	445.79
Provision for Standard Assets	177.88	(13.61)
Provision for leave benefits	3.50	2.43
Provision for gratuity	7.74	7.48
Provision for Other Doubtful Debts	(1.49)	5.44

xx. Draw down from Reserves:

There has been no draw down from Reserves during the year ended March 31, 2025 (previous year: Nil) other than those disclosed under Note 21.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

xxi. Concentration of Deposits:

The Company has not accepted any deposits during the year ended March 31, 2025 (previous year: Nil).

xxii. Concentration of Advances, Exposures and NPAs:

Particulars	March 31, 2025	March 31, 2024
Concentration of Advances		
Total Advances to twenty largest borrowers	2.70	2.86
(%) of Advances to twenty largest borrowers to Total Advances	0.01%	0.01%
Concentration of Exposures		
Total Advances to twenty largest borrowers	2.70	2.86
(%) of Advances to twenty largest borrowers to Total Exposure	0.01%	0.01%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.50	0.43

xxiii. Sector-wise NPAs:

S. No.	Sector	(%) of NPAs to total advances in that sector as at March 31, 2025	(%) of NPAs to total advances in that sector as at March 31, 2024
1	Agriculture & allied activities	1.11%	2.01%
2	MSME	0.00%	0.00%
3	Corporate borrowers	0.00%	0.00%
4	Services	1.99%	3.74%
5	Unsecured personal loans	0.00%	0.00%
6	Auto loans	0.00%	0.00%
7	Other personal loans	0.00%	0.00%

xxiv. Movement of NPAs:

S.No.	Particulars	March 31, 2025	March 31, 2024
(i)	Net NPAs to Net Advances (%)	0.40%	0.82%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	619.36	9.08
	(b) Additions during the year	2,222.58	812.76
	(c) Reductions/write offs during the year	2,519.42	202.48
	(d) Closing balance	322.43	619.36
(iii)	Movement of Net NPAs		
	(a) Opening balance	168.47	3.97
	(b) Additions during the year	1,827.60	260.18
	(c) Reductions during the year	1,908.20	95.69
	(d) Closing balance	87.77	168.46
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets):		
	(a) Opening balance	450.89	5.11
	(b) Additions during the year	1,615.04	552.58
	(c) Reductions during the year	1,831.27	106.79
	(d) Closing balance	234.66	450.90

Notes to financial statements | for the year ended March 31, 2025

xxv. Overseas Assets and Off-Balance Sheet SPVs sponsored:

The Company does not own any assets outside the country and any off-balance Sheet SPVs sponsored.

xxvi. Postponement of Revenue Recognition

There is no significant uncertainty which requires postponement of revenue recognition.

xxvii. Disclosure of Customer Complaints:

Particulars	March 31, 2025	March 31, 2024
(a) No. of complaints pending at the beginning of the year	8	7
(b) No. of complaints received during the year	4,585	2,516
(c) No. of complaints redressed during the year	4,560	2,515
(d) No. of complaints pending at the end of the year	33	8

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

For the year ended March 31, 2025:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	20416.20	171.71	20244.49	82.26	89.45
	Stage 2	1176.86	152.14	1024.72	4.71	147.43
Subtotal (A)		21593.06	323.85	21269.21	86.97	236.88
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	322.43	234.66	87.77	229.19	5.47
Doubtful						
Upto 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss assets	-	-	-	-	-	-
Subtotal (B)		322.43	234.66	87.77	229.19	5.47
Total	Stage 1	20416.20	171.71	20244.49	82.26	89.45
	Stage 2	1176.86	152.14	1024.72	4.71	147.43
	Stage 3	322.43	234.66	87.77	229.19	5.47
	Total	21915.49	558.51	21356.98	316.16	242.35

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

For the year ended March 31, 2024:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	19,866.57	96.07	19,770.50	79.62	16.45
	Stage 2	385.81	49.90	335.91	1.44	48.46
Subtotal (A)		20,252.38	145.97	20,106.41	81.06	64.91
Non-Performing Assets (NPA)						
Sub-standard	Stage 3	619.36	450.90	168.46	317.95	132.95
Doubtful						
Upto 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss assets	-	-	-	-	-	-
Subtotal (B)		619.36	450.90	168.46	317.95	132.95
Total	Stage 1	19,866.57	96.07	19,770.50	79.62	16.45
	Stage 2	385.81	49.90	335.91	1.44	48.46
	Stage 3	619.36	450.90	168.46	317.95	132.95
	Total	20,871.74	596.87	20,274.87	399.01	197.86

* The provision required as per IRACP norms has been calculated on the aggregate loan portfolio after derecognising the securitised assets which meet the de-recognition criteria under the previous GAAP.

xxix. Information on instances of fraud:

Particulars	March 31, 2025	March 31, 2024
Number of frauds reported during the year	31	9
Amount involved in fraud	6.72	5.26
Recovery*	2.63	2.35
Amount written off	-	-

*Includes claims received from insurance company.

xxx. Information on Net Interest Margin

Quarterly Net Interest Margin

Particulars	March 31, 2025	March 31, 2024
Average interest charged*	25.62%	24.42%
Average effective cost of borrowing**	12.95%	12.52%
Net Interest Margin	12.68%	11.90%

*Interest income considered for computation of "average interest charged" includes loan processing fee collected from customers adjusted as per Ind AS 109.

** Average loan outstanding considered for computation of "average interest charged" is gross of the impairment allowance. As per Ind AS 109, such allowance is adjusted from the loan balance in the Ind AS financial statements.

Notes to financial statements | for the year ended March 31, 2025

xxxii. Disclosures as required for liquidity risk

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

Particulars	March 31, 2025	March 31, 2024
Number of significant counter parties*	28	25
Amount (in mn)	16,870.16	15,815.18
Percentage of funding concentration to total deposits	N.A.	N.A.
Percentage of funding concentration to total liabilities	79.22%	74.12%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

b. Top 20 large deposits

Particulars	March 31, 2025	March 31, 2024
Total amount of top 20 deposits	N.A.	N.A.
Percentage of amount of top 20 deposits to total deposits	N.A.	N.A.

c. Top 10 borrowings

Particulars	March 31, 2025	March 31, 2024
Total amount of top 10 borrowings	10,453.86	10,500.19
Percentage of amount of top 10 borrowings to total borrowings	50.20%	52.96%

d. Funding Concentration based on significant instrument/product*

Sr. No.	Name of the instrument/product	March 31, 2025	% of Total Liabilities
1	Non-Convertible Debentures (Secured)	3,938.36	18.49%
2	Term Loans from Banks	8,008.77	37.61%
3	Term Loans from Non-banking financial companies	4,678.13	21.97%
4	External commercial borrowings	2,574.46	12.09%
5	Non-Convertible Debentures (Unsecured)	1,260.72	5.92%
6	Non-Convertible Preference Shares	241.32	1.13%

Sr. No.	Name of the instrument/product	March 31, 2024	% of Total Liabilities
1	Non-Convertible Debentures (Secured)	1,532.53	7.18%
2	Term Loans from Banks	9,981.20	46.78%
3	Term Loans from Non-banking financial companies	5,710.16	26.76%
4	External commercial borrowings	890.68	4.17%
5	Non-Convertible Debentures (Unsecured)	1,257.67	5.89%
6	Non-Convertible Preference Shares	455.42	2.13%

*Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) C.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

e. Stock ratios

Sr. No.	Stock Ratios	March 31, 2025	March 31, 2024
1	Commercial papers as a % of total public funds	N.A.	N.A.
2	Commercial papers as a % of total liabilities	N.A.	N.A.
3	Commercial papers as a % of total assets	N.A.	N.A.
4	Non-Convertible Debentures (original maturity of less than one year) as a % of total public funds	N.A.	N.A.
5	Non-Convertible Debentures (original maturity of less than one year) as a % of total liabilities	N.A.	N.A.
6	Non-Convertible Debentures (original maturity of less than one year) as a % of total assets	N.A.	N.A.
7	Other short-term liabilities as a % of total public funds	55.46%	56.32%
8	Other short-term liabilities as a % of total liabilities	54.23%	52.34%
9	Other short-term liabilities as a % of total assets	42.01%	42.60%

*Public funds is as defined in Master Direction - Reserve Bank of India (Non-Banking Financial Company Scale Based Regulation) Directions, 2023 (issued vide Circular No. DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, including the amendments from time to time) ["the Master Direction"].

f. Institutional set-up for liquidity risk Management

The Company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the Company to manage liquidity risk in accordance with the risk tolerance/limits decided by it.

The Company also has a Risk Management Committee, which is a sub-committee of the Board and is responsible for evaluating the overall risk faced by the Company including liquidity risk.

Asset Liability Management Committee (ALCO) of the Company is responsible ensuring adherence to the risk tolerance/limits as well as implementing the liquidity risk management strategy of the Company.

The ALM support group consists of CFO and Head-Treasury who shall be responsible for analysing, monitoring, and reporting the liquidity profile to ALCO.

xxxii. Disclosure on Transfer of Loan Exposures

Details of loans transferred/acquired, as per RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:

(i) Details of loans not in default transferred through assignment:

Particulars	For year ended March 31, 2025
Number of loan accounts assigned	28,245
Aggregate amount of loans transferred	848.82
Weighted average residual tenor of the loans assigned (in months)	14.48
Weighted average holding period (in months)	6.73
Retention of beneficial economic interest by the originator	10%
Tangible security cover	Nil
Rating-wise distribution of rated loans	Not Applicable

Notes to financial statements | for the year ended March 31, 2025

(ii) The Company has not acquired any loan through assignment during the year ended March 31, 2025.

(iii) Details of stressed loans transferred or acquired during the year ended March 31, 2024:

(a) Details of stressed loans transferred during the quarter and year ended March 31, 2025:

Particulars	To ARC			To permitted transferees
	NPA	SMA	Total	
Number of loan accounts	35,403	34,071	69,474	Nil
Aggregate principal outstanding of loans transferred (₹ in millions)	1,034.23	1,165.39	2,199.62	Nil
Weighted average residual tenor of the loans transferred (in months)	7.16	7.16	7.16	Nil
Net book value of loans transferred at the time of transfer (₹ in millions)*	610.95	1,157.04	1,767.99	Nil
Aggregate consideration (₹ in millions)	1,429.80			
Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil	Nil	Nil

(b) Security Receipts (SRs) held and recovery ratings assigned to SRs by the credit rating agency:

Particulars	Recovery ratings scale	Implied recovery	As at March 31, 2025
Security Receipts of Phoenix Trust* (₹ in millions)	IND RR4	25%-50%	328.80
Security Receipts of CFMARC Trust-170 (₹ in millions)	To be rated within timelines as per RBI guidelines		1,242.78

xxxiii. Additional information required by Reserve Bank Of India vide circular DOR.ACC.REC.No.20/21.04.018/2022-23

(A) Exposure

1) Exposure to real estate sector

The Company does not have any real estate exposure and accordingly the disclosure is not applicable to the Company.

2) Exposure to capital market

The Company does not have any capital market exposure and accordingly the disclosure is not applicable to the Company.

3) Sectoral exposure

Sector	As at March 31, 2025			As at March 31, 2024		
	Total Exposure*	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	12,949.93	143.58	1.11%	12,156.43	266.68	2.19%
2. Industry	-	-	-	-	-	-

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Sector	As at March 31, 2025			As at March 31, 2024		
	Total Exposure*	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
3. Services	8,965.56	178.86	1.99%	13,137.53	531.30	4.04%
4. Personal Loans	-	-	-	-	-	-
5. Others	-	-	-	-	-	-
Total	-	-	-	-	-	-

*includes on balance sheet and off-balance sheet exposure

4) Intra-group exposures

The Company does not have any intra-group exposure and accordingly the disclosure is not applicable to the Company.

5) Unhedged foreign currency exposure

The Company does not have any unhedged foreign currency exposure and accordingly the disclosure is not applicable to the Company.

(B) Related Party Disclosure

March 31, 2025:

Related Party	Key Management Personnel	Relative of Key Management Personnel	Directors	Relatives of Directors	Investing party in respect of which the reporting enterprise is an associate	Trust in which the company have control and significant influence	Others
Borrowings	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-
Advances (Maximum amount outstanding during the year: 0.53)	0.53	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-
Interest paid	-	-	-	0.12	-	-	-
Interest received	-	-	-	-	-	-	-
Remuneration	35.50	-	1.80	-	-	-	-
Issue of fully paid compulsorily convertible preference shares (including premium)	98.43	-	20.35	106.00	-	-	-

Notes to financial statements | for the year ended March 31, 2025

Related Party	Key Management Personnel	Relative of Key Management Personnel	Directors	Relatives of Directors	Investing party in respect of which the reporting enterprise is an associate	Trust in which the company have control and significant influence	Others
Issue of fully paid equity shares (including premium)	-	-	-	-	680.15	-	-
Payment of dividend on equity shares	2.75	0.58	0.49	5.48	10.43	-	-
Payment of dividend on CCCPS	-	-	-	0.09	0.69	-	-
Interest on application money	0.01	-	0.16	0.09	1.21	-	-
Others	2.02	4.75	0.30	-	-	12.32	-
Total	139.24	5.33	23.10	111.78	692.48	12.32	-

March 31, 2024:

Related Party	Key Management Personnel	Relative of Key Management Personnel	Directors	Relatives of Directors	Investing party in respect of which the reporting enterprise is an associate	Trust in which the company have control and significant influence	Others
Borrowings	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-
Advances (Maximum amount outstanding during the year: 0.53)	0.53	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-
Interest paid	-	-	-	0.14	-	-	-
Interest received	-	-	-	-	-	-	-
Remuneration	42.35	-	2.40	-	-	-	-
Issue of Partly paid compulsorily convertible preference shares (including premium)	58.98	12.48	13.60	82.62	-	-	-
Issue of Partly paid equity shares (including premium)	-	-	-	-	291.49	-	-

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Related Party	Key Management Personnel	Relative of Key Management Personnel	Directors	Relatives of Directors	Investing party in respect of which the reporting enterprise is an associate	Trust in which the company have control and significant influence	Others
Payment of dividend on equity shares	2.76	0.58	0.49	5.62	10.44	-	-
Payment of dividend on CCCPS	-	-	-	0.09	0.69	-	-
Others	1.89	4.04	0.75	-	-	6.33	-
Total	106.51	17.10	17.24	88.47	302.62	6.33	-

(C) Disclosure of complaints

Sr. No.	Particulars	March 31, 2025	March 31, 2024
Complaints received by the NBFC from its customers			
1	Number of complaints pending at beginning of the year	8	7
2	Number of complaints received during the year	4,585	2,468
3	Number of complaints disposed during the year	4,560	2,467
3.1	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	33	8
Maintainable complaints received by the NBFC from Office of Ombudsman			
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	5	5
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	5	5
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	-	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note:

Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

* It shall only be applicable to NBFCs which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

Notes to financial statements | for the year ended March 31, 2025

Grounds of Complaints (i.e. Complaints relating to)	Number of Complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ Decrease in the number of complaints received over the previous years	Numbers of Complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days.
(I)	2	3	4	5	6
Current Year					
Ground 1- Insurance Claim settlement	8	1,490	79%	31	-
Ground 2-Updation of repayment records	-	13	44%	-	-
Ground 3- Digital transactions	-	556	42%	-	-
Ground 4-Updation/dispute on data with CIR	-	1,397	83%	-	-
Ground 5- Repayment issues	-	510	167%	2	-
Ground 6-Third party products	-	247	65%	-	-
Ground 7-Employee related	-	148	1%	-	-
Ground 8- Others	-	224	540%	-	-
Total	8	4,585		33	-
Previous Year					
Ground 1- Insurance Claim settlement	7	831	14%	8	2
Ground 2-Updation of repayment records	-	9	-55%	-	-
Ground 3- Digital transactions	-	392	752%	-	-
Ground 4-Updation/dispute on data with CIR	-	762	45%	-	-
Ground 5- Repayment issues	-	191	-48%	-	-
Ground 6-Third party products	-	150	-33%	-	-
Ground 7-Employee related	-	146	-4%	-	-
Ground 8- Others	-	35	-85%	-	-
Total	7	2,516		8	2

(D) Breach of covenants

As at March 31, 2025

S. No.	Lender Name	ISIN (In case of NCD)	Description of breached covenants	Nature of borrowings
1	Creation Investments	INE884Q08283	PAR 30 < 5%	Unlisted
			PAR 90 Pre Write Off < 2%	Unsecured
			Current Collection efficiency > 93%	NCD
2	Cred Avenue Securities Pvt Ltd (Retail NCD)	INE884Q07715	No loss in any quarter	Listed Secured NCD
3	Tipsons Consultancy Services Pvt Ltd (Retail NCD)	INE884Q07723	No loss in any quarter	Listed Secured NCD
4	Fourdegreewater Capital Private Limited- Wint Wealth (Retail NCD)	INE884Q07731	PAT is not negative in any financial quarter	Listed Secured NCD

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

S. No.	Lender Name	ISIN (In case of NCD)	Description of breached covenants	Nature of borrowings
5	IFMR FIMPACT Long Term Credit Fund	INE884Q07673	Positive After tax Quarterly Net Income	Unlisted Secured NCD
6	Northern Arc Capital Limited	-	PAR30 incl Write off/GLP <5%	Term Loan
7	Hero Fincorp	-	PAR30 incl Write off/GLP <5%	Term Loan

Note: There has been no adverse impact of these breaches.

As at March 31, 2024

Lender Name	Description of breached covenants	Nature of borrowings
Northern Arc Capital Limited	Maximum permissible ratio of sum of the Par > 30 and write-offs (on the Borrower's entire portfolio including receivables sold or discounted on a non-recourse basis) to Gross Loan Portfolio shall be 5.00%.	Term Loan-NBFC
Creation Investments FPI, LLC	PAR 90 Pre-Write Off not more than 2.5%.	Debt Securities

Note: There has been no adverse impact of these breaches.

(E) Divergence in Asset Classification and Provisioning

The RBI has neither assessed any additional provisioning requirements in excess of 5 percent of the reported profits before tax and impairment loss on financial instruments for the financial year ended March 31, 2025, nor identified any additional Gross NPAs in excess of 5% of the reported Gross NPAs for the said period.

49. ANALYTICAL RATIOS/DISCLOSURES REQUIRED UNDER REGULATION 52(4) OF THE SECURITIES EXCHANGE BOARD OF INDIA ("SEBI") (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Particulars	March 31, 2025
(1) Debt-equity ratio	3.32
(2) Debt service coverage ratio	Not Applicable
(3) Interest service coverage ratio	Not Applicable
(4) Outstanding redeemable preference shares (quantity and value)	
-Quantity	57,25,000
-Value	241.32
(5) Capital Redemption Reserve (In mn)	106.20
(6) Debenture Redemption Reserve (In mn)	36.63
(7) Net worth (In mn)	6,191.74
(8) Net profit after tax (In mn)	266.73
(9) Earnings per share	
-Basic	5.56
-Diluted	5.10
(10) Current ratio	Not Applicable

Notes to financial statements | for the year ended March 31, 2025

Particulars	March 31, 2025
(11) Long term debt to working capital	Not Applicable
(12) Bad debts to account receivable ratio	Not Applicable
(13) Current liability ratio	Not Applicable
(14) Total debts to total assets	0.75
(15) Debtors turnover	Not Applicable
(16) Inventory turnover	Not Applicable
(17) Operating margin (%)	Not Applicable
(18) Net profit margin (%)	4.19
(19) Sector specific equivalent ratios, as applicable:	
(a) Capital Adequacy Ratio (%)	31.41
(b) Gross Non-Performing Assets (GNPA) ratio(%)	1.47
(c) Net Non-Performing Assets (NNPA) ratio (%)	0.40
(d) Provision Coverage ratio (NPA) (%)	72.78

50. DETAILS OF THE CODE ON SOCIAL SECURITY CODE, 2020 ('CODE') RELATING TO EMPLOYEE BENEFITS:

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The company will evaluate the rules, assess the impact, if any and account for the same once the rules are notified and become effective.

As per our report of even date

For GSA & Associates LLP

Chartered Accountants

ICAI Firm registration number : 000257N/N500339

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

Tanuj Chugh

Partner

Membership No. 529619

Amardeep Singh Samra

Managing Director

DIN: 00649442

Ashwani Kumar Jindal

Director

DIN: 00670384

Amitesh Kumar

Chief Financial Officer

Kapil Kumar Ruhela

Company Secretary

Membership No.: A63313

Place: New Delhi

Date: April 30, 2025

Place: Jalandhar

Date: April 30, 2025

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

SCHEDULE TO BALANCE SHEET AS PER RBI FOR THE YEAR ENDED MARCH 31, 2025

Particulars		
Liabilities side	Amount Outstanding	Amount Overdue
1 Loans and advances availed by non-banking financial company inclusive of interest accrued there on but not paid		
(a) Debentures: Secured	3,938.36	-
: Unsecured	1,260.72	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	15,261.43	-
(d) Inter corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits*	-	-
(g) Other Loans - Securitisation**	123.28	-
* Please see note 1 below		
** Other Loans exclude NCPS		
2. Break-up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly Secured debentures i.e. debentures where there is shortfall in the value of security	-	-
(c) Other public deposits	-	-
*Please see note 1 below		
Assets side	Amount Outstanding	
3. Break up of Loans and Advances including bills receivables [other than those included in (4) below]		
(a) Secured		-
(b) Unsecured		21,915.49
4. Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i) Lease assets including lease rentals under sundry debtors:		-
(a) Finance Lease		-
(b) Operating Lease		-
(ii) Stock on hire including hire charges under sundry debtors:		-
(a) Assets on hire		-
(b) Repossessed Assets		-
(iii) Others loans counting towards asset finance activities		-
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		-

Notes to financial statements | for the year ended March 31, 2025

Assets side	Amount Outstanding
5. Break up of Investments	
Current Investments	
1. Quoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2. Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
Long Term Investments	
1 Quoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please speciify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others - Investment in Security Receipts of ARC	1,571.58

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

6. Borrower group-wise classification of assets financed as in (3) and (4) above:

Please see Note (2) below

Category	Amount net of provisions	
	Secured	Unsecured
1. Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	21,356.98
Total	-	21,356.98

7. Investor group-wise classification of II investments (current and long term) in shares and securities

(both quoted and unquoted):

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
Total	-	-
** As per accounting standard of ICAI (Please see Note 3)		

8. Other Information

Assets side	Amount Outstanding
(i) Gross Non-Performing Assets	322.43
(a) Related parties	-
(b) Other than related parties	322.43
(ii) Net Non-Performing Assets	87.77
(a) Related parties	-
(b) Other than related parties	87.77
(iii) Assets acquired in satisfaction of debt	-

Notes

- As defined in point xxvii of paragraph 3 of chapter-II of NBFC Master Directions.
- Provisions have been calculated as per the Ind AS framework.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

Notes to financial statements | for the year ended March 31, 2025

SCHEDULE TO BALANCE SHEET AS PER RBI FOR THE YEAR ENDED MARCH 31, 2024

Particulars		
Liabilities side	Amount Outstanding	Amount Overdue
1 Loans and advances availed by non-banking financial company inclusive of interest accrued there on but not paid		
(a) Debentures: Secured	1,532.53	-
: Unsecured	1,257.67	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	16,582.03	-
(d) Inter corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits*	-	-
(g) Other Loans - Securitisation**	-	-
* Please see note 1 below		
** Other Loans exclude NCPS		
2. Break-up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly Secured debentures i.e. debentures where there is shortfall in the value of security	-	-
(c) Other public deposits	-	-
*Please see note 1 below		
Assets side	Amount Outstanding	
3. Break up of Loans and Advances including bills receivables [other than those included in (4) below]		
(a) Secured	-	
(b) Unsecured	20,871.74	
4. Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i) Lease assets including lease rentals under sundry debtors:	-	
(a) Finance Lease	-	
(b) Operating Lease	-	
(ii) Stock on hire including hire charges under sundry debtors:	-	
(a) Assets on hire	-	
(b) Repossessed Assets	-	
(iii) Others loans counting towards asset finance activities	-	
(a) Loans where assets have been repossessed	-	
(b) Loans other than (a) above	-	

Notes to financial statements | for the year ended March 31, 2025

(Rupees in millions unless otherwise stated)

Assets side	Amount Outstanding
5. Break up of Investments	
Current Investments	
1. Quoted	-
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2. Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
Long Term Investments	
1 Quoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others - Investment in Security Receipts of ARC	516.60

Notes to financial statements | for the year ended March 31, 2025

6. Borrower group-wise classification of assets financed as in (3) and (4) above:

Please see Note (2) below

Category	Amount net of provisions	
	Secured	Unsecured
1. Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	20,274.87
Total	-	20,274.87

7. Investor group-wise classification of II investments (current and long term) in shares and securities

(both quoted and unquoted):

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
Total	-	-
** As per accounting standard of ICAI (Please see Note 3)		

8. Other Information

Assets side	Amount Outstanding
(i) Gross Non-Performing Assets	619.36
(a) Related parties	-
(b) Other than related parties	619.36
(ii) Net Non-Performing Assets	168.46
(a) Related parties	-
(b) Other than related parties	168.46
(iii) Assets acquired in satisfaction of debt	-

Notes

- As defined in point xxvii of paragraph 3 of chapter-II of NBFC Master Directions.
- Provisions have been calculated as per the Ind AS framework.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.



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