muthoot PAPPACHAN
Blue is Belief

#MuthootBlue

#RestartIndia

ANNUAL REPORT 2019-20

PAPPACHAN muthoot FINCORP

Jab zindagi badalni ho

#MuthootBlue

#PurposeMuthootBlue

TO TRANSFORM THE LIFE OF THE COMMON MAN BY IMPROVING THEIR FINANCIAL WELL-BEING

Muthoot Pappachan Group

Financial Services • Hospitality • Automotive • Real Estate
IT Services • Precious Metals • Alternate Energy
Sports Academies • Muthoot Pappachan Foundation

VISION

To be the most trusted financial service provider, at the doorstep of the common man, satisfying him immediately with easy and simple products.

MISSION

To provide timely small credit to millions of ordinary people, and also provide them with simple options to save their hard earnings.

VALUES

We will do everything to gain and maintain the Trust of all the stakeholders and will not do anything to lose their trust.

CORE VALUES

INTEGRITY | COLLABORATION | EXCELLENCE

CULTURE CODES

HONESTY	EMPOWERMENT	FRESH THINKING & CONTINUOUS RENEWAL
HUMILITY	AGILITY	INCLUSION
EMPATHY	OWNERSHIP	WORK-LIFE BALANCE

#MuthootBlue

THE PURPOSE OF LIFE IS A LIFE OF PURPOSE.

MUTHOOT PAPPACHAN
29-12-1927 - 13-04-2004

A visionary leader with a higher purpose, our founder believed in 'Transforming the Life of the Common Man'. His philosophy is the cornerstone of our culture, inspiring us to pursue our responsibilities and dreams. We commemorate his timeless vision and values.

PAPPACHAN muthoot
Blue is Belief

ANNUAL REPORT

2019 - 20

CONTENTS

PAGE NO:

FINANCIALS

Standalone

Consolidated

ENCLOSURES

CORPORATE INFORMATION

Board of Directors

Mr. Thomas John Muthoot
Managing Director

Mr. Thomas George Muthoot
Director

Mr. Thomas Muthoot
Executive Director & Chief Financial Officer

Mrs. Preethi John Muthoot
Director

Mr. R. Kamalasanan Nair
Independent Director (up to 14.11.2019)

Mr. A. P. Kurian
Independent Director

Mr. Vikraman Ampalakkat
Independent Director

Statutory Auditors
M/s. Rangamani & Co.
Chartered Accountants

Secretarial Auditors
M/s SEP & Associates
Company Secretaries

Internal Auditors
M/s. Krishna, Retna and Associates
Chartered Accountants
and
M/s. Giri Raj R & Associates
Chartered Accountants

Lawyer for Debt Issues
M/s Khaithan & Co, Advocates

Legal Advisors
M/s Wadia Ghandy and Company, Advocates
Mr. C.M Stephen

Security Advisor
Mr. Raman Srivastava IPS (Rtd)

Senior Management

Mr. Vasudevan Ramaswami
Chief Operating Officer

Mr. Tojo Jose
Chief Human Resources Officer

Mr. Eugene Oommen Koshy
Chief Purpose Officer

Mr. T.D Mathai
Company Secretary & Vice President Corporate Affairs

Mr. Joseph Oommen
Head, Finance & Accounts

Mr. Ravi Venkata Oruganti
Head, Legal & Compliance

Mr. M Devi Prasad
Chief Risk Officer

Mr. Ajay Kanal
Head, Operations & Change Management

Mr. R Nadanasabapathy
Head, Resource Planning

Mr. Sri Hari Rao Mukkamala
Head, Internal Audit & Quality Assurance

Senior Management

Mr. Ankush Sambhoo
Head, Infrastructure & Procurement

Mr. Vinod Reddy
Head, Secured & Unsecured Lending Business

Mr. K Hariharan
Head, Third Party Products

Mr. A.V Koshy
Vice President, Internal Audit & Quality Assurance

Mrs. Devika R
Vice President, Training & Development

Mr. Sreeni S Warrier
Vice President, People Development

Dr. Prasanthkumar Nellickal
Head, Corporate Social Responsibility

Mr. Rajesh Soi
Head, IT - Infrastructure

Mr. Jayakrishnan P
Chief Information Officer & Chief Technology Officer

Debenture Trustees

Vistra ITCL (India) Ltd.
(Formerly IL & FS Trust Company Ltd.)
The IL&FS Financial Centre,
Plot C- 22, G Block, Bandra Kurla Complex,
Bandra(E), Mumbai - 400051

Catalyst Trusteeship Limited
GDA House, Plot No 85, Bhusari Colony (Right)
Paud Road, Pune - 411 038, Maharashtra

SBI CAP Trustee Company Limited
Apeejay House, 6th Floor,
3, Dinshaw Wachha Road, Churchgate,
Mumbai - 400 020

CA Mathew Philip, FCA
Second Floor, PTC Towers,
Thampanoor, Trivandrum - 695001

Registrar & Transfer Agent

Integrated Registry Management Services Private Limited
(Formerly Integrated Enterprises (India) Limited)
IInd Floor, Kences Tower, No:1
Ramakrishna Street, North Usman Road,
T Nagar, Chennai - 600017

Bankers

1. State Bank of India (IFB Chennai)
2. (i) Punjab National Bank
   (ii) Punjab National Bank (Erstwhile Oriental Bank of Commerce)
   (iii) Punjab National Bank (Erstwhile United Bank of India)
3. (i) Union Bank of India
   (ii) Union Bank of India (Erstwhile Corporation Bank)
   (iii) Union Bank of India (Erstwhile Andhra Bank)
4. Central Bank of India
5. Bank of Baroda
6. Bank of India
7. (i) Canara Bank
   (ii) Canara Bank (Erstwhile Syndicate Bank)
8. (i) Indian Bank
   (ii) Indian Bank (Erstwhile Allahabad Bank)
9. Bank of Maharashtra
10. UCO Bank
11. Indian Overseas Bank
12. Punjab & Sind Bank
13. IndusInd Bank Ltd.
14. IDBI Bank Ltd.
15. Axis Bank Ltd.
16. The South Indian Bank Ltd
17. Yes Bank Ltd
18. Karur Vysya Bank Ltd
19. The Federal Bank Ltd
20. ICICI Bank Ltd.
21. Tamilnad Mercantile Bank Ltd
22. Karnataka Bank Ltd.
23. Dhanlaxmi Bank Ltd.
24. City Union Bank Ltd.
25. Lakshmi Vilas Bank Ltd
26. Mahindra and Mahindra Financial Services Limited
27. AU Small Finance Bank Limited

Registered Office

Muthoot Centre, Punnen Road,
Thiruvananthapuram – 695 039
Ph: + 91 471 2331427 / 4911400
Fax: + 91 471 2331560
Email: muthoot@muthoot.com
Website: www.muthoot.com

Message from the
Chairman and Managing Director

Mr. Thomas John Muthoot
Chairman and Managing Director

Dear Shareholders,

As the Nation is emerging from an unprecedented situation, it is my pleasure to connect with you through the Annual Report of the Company for the FY 2019-'20. The Fiscal Year 2020 has been a challenging year for the Indian economy owing to various reasons. The sectors like automobile, real estate and aviation had witnessed major demand slowdown, banking and financial services were impacted by increasing bad debts, the NBFCs faced severe fund crunch and there was general credit squeeze in the market. Amidst all these, there were several policy reforms brought in by the Government of India to tackle the overall situations such as cutting of Corporate Taxes, Capex allocations to various Sectors, RBI rate cuts etc.

The outbreak of novel coronavirus since the last quarter of FY 2020 has impacted the business across the globe. It is unparalleled in the global economy that both demand and supply simultaneously evaporated overnight. The outlook of business turned uncertain making millions jobless for no fault of their own. As the India Inc was expecting a turnaround in the economy in the beginning of the FY 20-'21, we were hit by the havoc created by COVID- 19 with its attendant nationwide lockdowns announced to contain the spread. The pandemic has not only revealed the fragility of the health systems and the lack of social safety nets in the world but also continues to test the resilience of individuals, entrepreneurs, corporations and the nation at large. Even after several months, the uncertainty lingers and derails the pace of recovery. But as expected, the entire spectrum of the society has started to adapt to the change. Only businesses with strong fundamentals, quality leadership and agile methodologies will emerge as the leaders in post pandemic era.

In the light of above, we may witness an economic contraction in 2020. But we believe that this recession will be short lived assuming that there will not be recurrence of the disease. Current lockdowns across the world are getting lifted; economic activity is also likely to bounce back. Around the world US $9-trillion worth of stimulus has been announced by various Governments which will help support this recovery, along with the monetary policy actions taken by the Central Banks.

It is imperative to mention here that during the past seven decades India has seen the recession only three times and the last one was 40 years ago in 1980. According to CRISIL, in FY21 India is staring at 9% contraction in GDP. The recession staring at us today is very different from the earlier one as the previous recession was triggered due to the non-performance of agriculture sector; but the current situation is a combination of several factors. We are expecting non-agriculture GDP to contract by 11% and agriculture sector to grow at 2.5%.

Responding to these challenges, both the Reserve Bank of India (RBI) and the Government of India have announced several policy measures to provide relief to the affected sections of the economy, to reduce the possibility of business failures and to support the process of recovery. The Government, under the Aatma Nirbhar Bharat Abhiyaan has announced various economic packages for the much-affected sectors in the economy including boosting of MSMEs and creating liquidity support to NBFCs. No doubt, these measures were able to improve the situation but still there is a long way to go for some sector to achieve normalcy.

NBFCs have a critical role in the nation's economic development by providing impetus to credit delivery, infrastructure development and wealth creation, even in the remotest parts of the country. Specialized NBFCs are providing seamless funding for small businesses, start-ups and MSMEs. They encourage micro-entrepreneurship and self-reliance by attending to various financial needs of the unbanked stratum of the society. The significance of NBFCs has been continuously increasing; the contribution of the NBFC sector to the overall credit in the Indian economy has risen to 19% in FY19 compared to 12.8% in FY14. Your Company was also in the forefront in extending the moratorium on repayment of loan instalments to the customers till May 31, 2020 shortly after RBI had permitted the lending institutions to offer the same.

The liquidity squeeze and perception issues have had already caused setbacks for the NBFCs. The recent COVID- 19 crisis has added fuel to the fire. Despite all these challenges, most adaptable NBFCs secured with liquid assets like your Company will certainly emerge as the winners in the end with robust financial and operating performance.

Gold has always been the saving product for all the sections of the society in the country and gold loans have been catering to the needs of the unbanked. During the current situation when gold prices are hitting at all time high and there is severe liquidity crunch in the market, Gold Loan Company has become the lender of last resort. Accordingly, your Company is expecting a huge demand for gold loans in the coming quarters.

Muthoot Fincorp Ltd - Performance Highlights of FY-20

During the year under review, your Company has maintained a robust traction in key operating metrics and business performance. The asset book grew to ₹14,140 crore, a growth of 16.97% over the previous year. The most encouraging is the growth rate of AUM clocked by the Zones. The growth in AUM was 26.36% in east and north put together, whereas it was 31.12% in the other regions.

** Gross Revenue recorded ₹2,72,628.61 lakhs, an increase of 9.84% (Y-o-Y)

** Profit after Tax registered ₹21,907.51 lakhs, an increase of 40.92% (Y-o-Y)

** Earnings per Share for the year rose to ₹11.31 from ₹8.03 of last year, an increase of 40.85%.

** Income from Loan increased to ₹2,38,500.75 lakhs from the previous year, registering an increase of 5.11%.

Your Company has shown solid growth as compared to the industry and this is the direct result of deep sense of customer service engraved in the minds of our employees and the change management we have brought in the business.

As the events began to unfold worldwide in the last quarter of the financial year, we anchored to our core strengths – our people, our processes and our agility. Your Company has worked on improving the ability to maintain NIMs, boosting the capability to raise funds from diverse sources at competitive cost and deploying right technological resources. Your Company is further leveraging its technology infrastructure to strengthen its data analytics and increase collections. Apart from doing stringent project monitoring, your Company has also introduced tighter credit norms for fresh business disbursements and undertaken several cost-rationalisation measures for the overall enhancement of its business efficiencies.

Message from the

Executive Director & Chief Financial Officer

Mr. Thomas Muthoot
Executive Director & Chief Financial Officer

Greetings!

At the outset, I would like to believe that it is the vision of every employee and promoter to make their Organisation a place that encourages Innovation, positive Collaboration, engagement and Excellence; and I sincerely appreciate the continued efforts made by our management, employees and all our stakeholders, internal or otherwise, during the financial year under review. The year came to a close with the onset of the COVID-19 pandemic, thereby ushering in a new era of uncertainty and pessimism. This would pan out to be a long-drawn struggle and would be a great test of the human mettle. Amidst all of this I am positive that the collective spirit will prevail and provide us all with valuable lessons.

Your Group continued with great vigour, its ongoing endeavour to be a vital part of various lifecycle stages of the common man of our country by catering to a variety of their financial needs. It is also imperative on my part to bring to your attention, that the challenging state of India's economy in the past year or two has quite significantly impacted aggregate demand and therefore incomes and livelihoods. The current scenario mandates innovative solutions, holistic support to small businesses, financial literacy and agile data-driven decision making towards which your Group continues to strive.

After negotiating various natural calamities and liquidity constraints, the Indian NBFC-Microfinance Industry has bounced back with strong growth in FY20. The NBFC-MFI Industry saw total disbursements of ₹77,072 crores and a 19% increase in the number of clients to 3.22 crores as on March 31, 2020. (Source: MFIN Micrometer March 2020).

During the year under review, Muthoot Microfin Limited (MML- a subsidiary of Muthoot Fincorp Ltd) continued to positively influence women entrepreneurs by offering a slew of curated services. The company also expanded its network of branches and established its presence in 17 States and Union Territories. The total loan disbursement for the year ended March 31, 2020 was at ₹4075.61 crores as compared to ₹4557.65 crores in the previous fiscal. The Company's total income for the FY 2019-20 touched ₹859.43 crores as compared to ₹750.42 crores in the FY 2018-19. And the Company's Assets Under Management reached ₹4857.36 crores from ₹4376.63 crores in the previous year, a growth of 10.98% year on year. In the Financial Year 2019-20, the net profit (PAT) declined to ₹18.20 crores on account of a higher amount of provisions that arose from natural calamity impacted portfolios in multiple states and also as a result of political agitations, especially in the state of Karnataka. The Company has borrowing relationships with 45 domestic and foreign banks, and other lending Institutions. During the financial year 2019-20, the company received net proceeds of ₹2572.71 crores from direct assignment of loan portfolio to banks.

As part of the company's vision to assist customers in improving their economic and financial well-being, individual business loans are also now offered to women entrepreneurs apart from joint-liability group loans. In this regard, the company has tied up with Small Industries Development Bank of India as their business correspondent, to offer special business loans to deserving women entrepreneurs at concessional rates. The company disbursed more than 450 loans to customers in the states of Tamil Nadu and Kerala. Through microcredit facilities MML finances various Third-Party Products to enable our borrowers to improve their quality of life. Large quantities of solar torches, mobile phones, cycles, pressure cookers and water purifiers were funded.

In the effort towards digitalizing operations, the company has operationalized custom-made Loan Originating System and Loan Management Systems which were developed in-house. All the field staff have been currently equipped with mobile devices to improve efficiency and customer service. The company has also tied up with a leading general insurance company to offer to customers, an affordable and innovative insurance product to protect them against losses from natural calamities.

Additionally, the affordable housing sector witnessed good growth in line with the Government's Housing for All initiative, though it is important to note that Y-o-Y growth has moderated to 18% as compared to the 3-year CAGR of 35% during FY17-19. As estimated by ICRA, the total portfolio of HFCs in the affordable housing space was ₹52,350 crore as on December 31, 2019. Muthoot Housing Finance Company Limited (a subsidiary of Muthoot Fincorp Ltd) witnessed steady loan disbursals of ₹352 crores as against disbursals of ₹386 crores in the previous Financial Year volumes irrespective of various challenges in the industry. The company has seen conjunction with expansion of the company's reach to 8 additional locations during the year under review. The loan book of MHFCL grew by 15% to ₹1170 crores, with PAT recorded at ₹20.58 crores which implies a growth of 36% against figures from the previous year. The focussed reduction of costs has helped the company achieve greater profits through high operational efficiency.

Another commendable achievement is that the company passed on Credit Linked Subsidy Scheme benefit to 1204 customers aggregating to ₹25.55 crores during the FY20

Branches of Muthoot Fincorp Limited, the flagship Company of Muthoot Pappachan Group, remain a vital channel for sourcing and disbursal of loans including those for auto and home financing. Various steps have been taken to digitize and automate processes such as collections, credit checks, documentation and KYC authentication. Focus has also been on promotion of cashless disbursal of loans to our borrowers which would also enable us to reduce our operating costs. The contribution of Muthoot Fincorp branches towards the group company businesses has seen a considerable growth this year and the same highlights how well your group is able to leverage on each other's strengths and presence.

The 'One Muthoot Experience' would enable uniformity in service and seamless delivery of various products to all our customers.

To conclude, I am also extremely proud to say that the Group has articulated an official Purpose Statement to streamline our efforts and thoughts; and to re-instil within every single stakeholder, the Higher Purpose of the Group's services and businesses, "To transform the lives of the common man through their financial well-being"

NOTICE TO MEMBERS

Notice is hereby given that the Twenty Third Annual General Meeting of Muthoot Fincorp Limited will be held at 11 a.m. on Saturday, the 3rd of October 2020 at the Registered Office of the Company at Muthoot Centre, Punnen Road, Trivandrum – 695 039, to transact the following business:

Ordinary Business:

1 To receive, consider and adopt the Audited Balance Sheet as at 31st March 2020, the Statement of Profit and Loss for the year ended on that date and the Statement of changes in Equity together with the notes and the Reports of the Directors and Auditors thereon.

2 To appoint a Director in place of Ms. Preethi John Muthoot (DIN: 00483799) Director of the Company retiring by rotation and being eligible, offers herself for re-appointment.

By Order of the Board
Sd/-
T.D. Mathai
Company Secretary

Trivandrum
07.09.2020

NOTES:

1 **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Proxies, in order to be valid, must be duly filled in, signed and deposited at the Registered Office of the Company at least 48 hours before the commencement of the Meeting. A form of proxy is enclosed.**

2 The Map showing the route to reach the venue of the meeting is also enclosed.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 23rd Annual report on the operations of your Company, together with the audited financial statements for the year ended 31st March 2020.

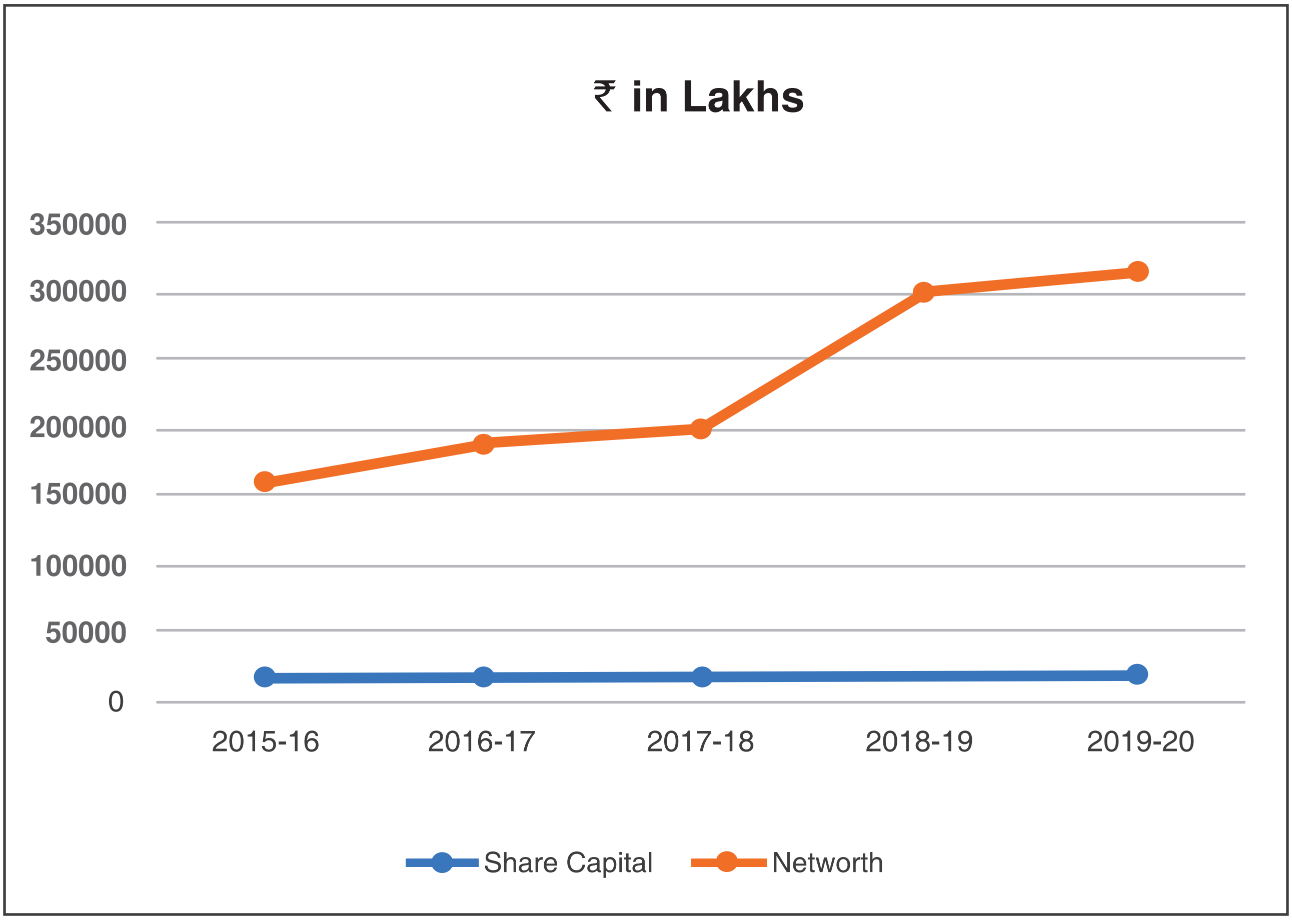
FINANCIAL RESULTS

(₹ in Lakhs)

		Standalone		Consolidated	
Particulars		Current year ended 31.03.2020	Previous year ended 31.03.2019	Current year ended 31.03.2020	Previous year ended 31.03.2019
	Gross Income	272,628.61	248,205.58	375,868.09	335,376.33
Less	Expenses	242,200.29	224,433.76	340,573.90	282,417.85
	Profit before Tax	30,428.32	23,771.82	35,294.19	52,958.48
Less	Tax Expenses	8,520.81	8,225.97	9,501.38	15,697.32
	Profit after tax	21,907.51	15,545.85	25,792.81	37,261.16
	Earnings per Share (₹)	11.31	8.03	12.75	15.97
	Reserves & Surplus	276,067.54	260,826.16	245,932.18	239,535.10
	Fixed Assets (Net)	45,760.00	50,104.97	50,935.23	53,817.48
	Borrowings	1,349,304.92	1,164,252.77	1,737,759.83	1,502,216.52

SHARE CAPITAL & NET WORTH

The Authorised and Paid up Share Capital of the Company stood at ₹ 20,000 lakhs and ₹ 19,370.56 lakhs respectively. The Net Worth of the Company is ₹ 295,438.09 lakhs as against ₹ 280,196.71 lakhs in the previous year, registering an increase of 5.44%.



DIVIDEND

Your Directors at their meeting held on March 19, 2020 declared interim dividend of ₹ 6 per equity share (i.e. 60%) for the financial year 2019-20. The interim dividend was paid on March 20, 2020 and involved a cash outflow of ₹ 140.11 crores including tax on dividend. In order to conserve cash resources to face the future challenges, the Board of Directors have not recommended the final dividend. As such, the interim dividend shall be the final dividend for the financial year 2019-20.

THE AMOUNT IF ANY PROPOSED BY THE BOARD TO CARRY TO RESERVE

During the year, the Company proposes to transfer an amount of ₹ 4,381.50 lakhs to Statutory Reserve. There is a write back of ₹ 976.33 lakhs from Debenture Redemption Reserve.

OPERATIONS

As on 31 March 2020, the Company had 3,597 Branches spread across 20 States/Union Territories as detailed over leaf and serving about 1,40,000 customers a day on an average.

Sl.No:	State/Union Territory	No: of Branches
1	ANDAMAN & NICOBAR	4
2	ANDHRA PRADESH	341
3	ASSAM	3
4	DELHI	108
5	GOA	11
6	GUJARATH	106
7	HARYANA	64
8	JHARKHAND	4
9	KARNATAKA	552
10	KERALA	827
11	MADHYA PRADESH	35
12	MAHARASHTRA	191
13	ODISHA	45
14	PUNJAB	58
15	RAJASTHAN	59
16	TAMIL NADU	808
17	TELANGANA	248
18	UTTAR PRADESH	48
19	UTTARAKHAND	6
20	WEST BENGAL	79
	TOTAL BRANCHES	**3597**

The presence of branches in urban, semi urban and rural areas has enabled your Company to ensure last mile connectivity which is crucial for its business. Providing for an ambience for smooth branch operations by ensuring adequate, trained and knowledgeable staff at counters, who are empowered and confident to deal with customers, fine tuning the systems & infrastructure which will help branch personnel to serve the customer quickly, is the utmost priority of Operations.

The total income during the year was ₹ 272,628.61 lakhs from operations and Profit after Tax was ₹ 21,907.51 lakhs. The total Asset under Management (AuM) was ₹ 1,414,012.90 lakhs. To meet the diverse requirements of the Customers your Company continued its focus in introducing innovative products.

A cluster of 12-15 branches was mapped to one Area Manager (AM) who would be the reporting authority for the branch. He would be responsible for all activities of the branches mapped to him be it Business, Operations, Human Resources or Administration. Further the Branch Score Card showing the health of the branch was revamped and AM/Regional Manager (RM) matrix introduced for close monitoring and review of the respective AMs and RMs.

The new matrices are primarily aimed to facilitate the Branch Managers, AMs, RMs and the Zonal Head to drive consistent and accountable performance based on agreed goals.

Some of the key initiatives in the FY under report were:

- Focus on making all branches profitable
- More focus to increase walk-in of customers, particularly new customers
- Upgradation of Branch Performance Score Card system
- Consolidation of branches to reduce loss and increase cost efficiency
- successful implementation of C-KYC
- Due focus on collection of interest on loan
- Specific focus for digital adoption by branches
- Categorization of risk based on customer profile
- Renewal of KYC every two years to ensure data cleansing

COMPLIANCE WITH RBI GUIDELINES

The Directors confirm that the Company has not invited or accepted any deposits from the public and the Company has complied with all the applicable regulations of the Reserve Bank of India as on March 31, 2020.

CORPORATE GOVERNANCE

Your Company upholds the standards of governance and is compliant with the Corporate Governance provisions as stipulated by RBI. The Company's core values of honesty and transparency have since its inception been followed in every line of decision making. Setting the tone at the top, your Board of Directors, advocates good governance standards. Your Company has been built on a strong foundation of good corporate governance which is now a standard for all operations across your Company.

The Board of Directors reviewed the Corporate Governance Policy on 19th March 2020 (the Policy was originally formulated on 20th February 2009).

BOARD OF DIRECTORS

The Board of your Company has six Directors as on the date of this report as detailed below:

Category	Name of Directors
Executive Directors	Mr. Thomas John Muthoot, Managing Director
	Mr. Thomas Muthoot, Executive Director & Chief Financial Officer
Non-Executive Non-Independent Directors	Mr. Thomas George Muthoot
	Mrs. Preethi John Muthoot
Non - Executive Independent Directors	Mr. A.P. Kurian
	Mr. Vikraman Ampalakat

All the Directors have varied experience and specialized knowledge in various areas of relevance to the Company. The Board of Directors consists of members appointed as per the provisions of the Companies Act, 2013.

Mrs. Preethi John Muthoot (DIN: 00483799) Director of the Company will retire at the ensuing Annual General Meeting and being eligible, offers herself for reappointment. The Board of Directors recommends the reappointment of Mrs. Preethi John Muthoot as Director of the Company.

A) Changes in Directors and Key Managerial Personnel during the year 2019-20.

There was a change in the Board of Directors during the year under report. Mr. R Kamalasanan Nair (DIN:00631889), Independent Director resigned from the Board of Directors on 15.11.2019 on personal grounds.

There was no change among the Key Managerial Personnel during the year under report.

The following persons are the Key Managerial Personnel of the Company:

1. Mr. Thomas John Muthoot - Managing Director
2. Mr. Thomas Muthoot - Executive Director cum Chief Financial Officer
3. Mr. T.D Mathai - Company Secretary

B) Woman Director

As per the provisions of Section 149 of the Companies Act, 2013, the Company shall have at least one-woman Director in the Board. Your Company has Mrs. Preethi John Muthoot, as Woman Director on the Board.

C) Declaration by Independent Director(s) and re- appointment, if any

The Company has two Independent Directors on the Board. The Company has received necessary declaration from each Independent Director under Section 149 (7) of the Companies Act, 2013 to the effect that he meets the criteria of independence as laid down in Section 149 (6) thereof.

The Independent Directors were re-appointed for a further term of 5 years with effect from 01.11.2019 as permitted under Section 149 of the Companies Act 2013. Mr. R Kamalasanan Nair (DIN:00631889), Independent Director, has resigned from Board on 15th November 2019 on personal ground.

Disclosure relating to remuneration of Directors and Key Managerial Personnel.

In accordance with Section 178 and other applicable provisions, if any, of the Companies Act, 2013 read with rules issued there under, the Board of Directors at their meeting held on 28th March 2019 reviewed and modified the Nomination and Remuneration Policy of your Company, formulated on 27th March 2015. The Nomination and Remuneration Policy covering the Company's policy on appointment and remuneration of Directors, Key Managerial Personnel and other employees including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013 is annexed to this report as **Annexure I**

The Managing Director of your Company does not receive remuneration from any of the subsidiaries of the Company.
The information required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any amendments thereof in respect of Directors/ employees of your Company is given in **Annexure II** to this report.

The Directors affirm that the remuneration paid to the Directors is as per the terms laid down in the Nomination and Remuneration Policy of the Company.

Number of meetings of the Board of Directors

10 meetings of the Board of Directors were held during the Financial Year 2019-20 on the following dates:

9th April 2019, 30th May 2019, 10th July 2019, 29th July 2019, 17th August 2019, 22th October 2019, 19th November 2019, 11th December 2019, 24th February 2020 and 19th March 2020. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

The Composition of the Board of Directors and Category of Directors during the financial year under report, the no. of meetings attended by the Directors and the number of Directorships of each Director are given below:

Name of the Director	Nature of Directorship	No. of meetings attended	No: of other Directorship etc (As per last declaration made to the Company)		
			Public	Pvt.	Firms/ LLPs/ Sec8 Companies
Mr. Thomas John Muthoot	Promoter and Managing Director	10	6	12	9
Mr. Thomas Muthoot	Promoter Executive Director & Chief Financial Officer	10	5	14	8
Mr. Thomas George Muthoot	Promoter Director	10	5	14	8
Ms. Preethi John Muthoot	Director	5	0	18	3
Mr. R. Kamalasanan Nair (upto 14.11.2019)	Independent Director*	5	1	0	0
Mr. A.P Kurian	Independent Director*	6	1	1	0
Mr. Vikraman Ampalakkat	Independent Director*	6	1	2	0

** The Independent Directors do not hold any equity shares in the Company or in any of its group Companies.*

The Board is responsible for the stewardship of the Company and meets regularly to discuss, review and appraise the strategic performance of the Company including the achievement of its strategy; make sure that procedural and compliance matters are properly dealt with; monitor financial performance; provide directions on policy formulation; articulate the risk appetite and review the overall control framework. The Board closely monitors the overall functioning of the Company with a view to enhancing the shareholder value and ensuring adherence to the principles of Corporate Governance that it has laid down.

Committees of the Board of Directors

The Board has delegated some of its powers to its Committees. These committees monitor matters that come under their mandate, in more detail. These committees are:

i. Audit Committee

The Company has constituted a qualified Audit Committee as required under Section 177 of the Companies Act, 2013 and Para 70 (1) of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

As per Sec 177(4) of the Companies Act 2013 the terms of reference to be specified in writing by the Board shall inter alia include:

(i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

(ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;

(iii) examination of the financial statement and the auditors' report thereon;

(iv) approval or any subsequent modification of transactions of the company with related parties;

(v) scrutiny of inter-corporate loans and investments;

(vi) valuation of undertakings or assets of the company, wherever it is necessary;

(vii) evaluation of internal financial controls and risk management systems;

(viii) monitoring the end use of funds raised through public offers and related matters.

The main responsibilities of the Audit Committee are:

1. Review of the financial statements (including interim financial statements) and oversight of the financial reporting process with a view to ensuring transparency and accuracy of financial reporting and disclosures, prior to their submission to the Board for approval;
2. Review of the scope of work of the Auditors, prior to commencement of the audit and holding appropriate discussions on the matters that arose during the audit;
3. Review of the robustness and effectiveness of the internal control systems in place in the Company;
4. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee;
5. Reviewing the effectiveness of internal audit including the independence of the internal audit function, the adequacy of staffing and the coverage, scope and frequency of audits;
6. Review the functioning of whistle blower mechanism.

The Audit Committee is comprised of:

Name of the Director	Nature of the Directorship	Designation	No: of Meetings attended
Mr. A.P Kurian	Independent	Chairman	6
Mr. R Kamalasanan Nair (upto 14.11.2019)	Independent	Director	4
Mr Vikraman Ampalakat (from 19.11.2019)	Independent	Director	2
Mr. Thomas George Muthoot	Non-Independent	Director	7

Seven meetings of the Audit Committee were held on 9th April 2019, 30th May 2019, 29th July 2019, 17th August 2019, 22nd October 2019, 11th December 2019 and 19th March 2020 during the Financial Year 2019-20.

ii. Nomination and Remuneration Committee

As per the provisions of Sec.178 of the Companies Act, 2013 and Para 70 (2) of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Company has constituted the Nomination and Remuneration Committee (NRC) with the following members:

Name of the Director	Nature of the Directorship	Designation in the committee	No: of Meetings attended
Mr. Thomas George Muthoot	Director	Chairman	3
Mr. R. Kamalasanan Nair (upto 14.11.2019)	Independent Director	Member	2
Mr. Vikraman Ampalakkat	Independent Director	Member	2
Mr. A.P Kurian (from 11.12.2019)	Independent Director	Member	1

Three Meetings of the NRC were held on 9th April 2019, 17th August 2019 and 19th March 2020 during the financial year 2019-20.

iii. Corporate Social Responsibility Committee

As per the provisions of Sec 135 of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility (CSR) Committee of the Board.

The CSR Committee is comprised of:

Name of the Director	Nature of the Directorship	Designation in the committee	No: of Meetings attended
Mr. R. Kamalasanan Nair (upto 14.11.2019)	Independent Director	Chairman	1
Mr Vikraman Ampalakat (from 11.12.2019)	Independent Director	Chairman	0
Mr. Thomas John Muthoot	Managing Director	Member	2
Mr. Thomas Muthoot	Executive Director	Member	2
Mr. Thomas George Muthoot	Director	Member	2

Two meetings of the Corporate Social Responsibility Committee were held on 10th July 2019 and 24th February 2020 during the Financial Year 2019-20.

iv. Stake Holders Relationship Committee.

As per the provisions of Sec. 178(5) of the Companies Act, 2013, the Company has constituted the Stake Holders Relationship Committee consisting of the following members:

Name of the Member	Nature of the Directorship/ Employment	Designation in the committee	No: of Meetings attended
Mr. Thomas George Muthoot	Director	Chairman	7
Mr. Joseph Oommen	Head- Finance & Accounts	Member	10
Mr. Ninan Varkey (upto 28.07.2019)	Vice President - Risk Management	Member	3
Mr. Sri Hari Rao Mukkamala (from 29.07.2019)	Head - Internal Audit and Quality Assurance	Member	7

Twelve meetings of the Stake Holders Relationship Committee were held on 9th April 2019, 21th May 2019, 20th June 2019, 29th July 2019, 27th August 2019, 28th September 2019, 30th October 2019, 28th November 2019, 27th December 2019, 28th January 2020, 28th February 2020 and 19th March 2020 during the Financial Year 2019-20.

Other Committees

In compliance with the relevant Master Directions of the Reserve Bank of India, the Company has also constituted the following Committees:

i. Asset-Liability Committee (ALCO)

The Company has constituted an Asset- Liability Committee as per Annex II Para (A) (i) (c) of the Non-Banking Financial Company-Systemically Important-Non-Deposit taking and Deposit taking Company (Reserve Bank) Directions 2016.

The ALCO shall be responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the NBFC. 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.

The members of the Committee are given below:

Name of the Member	Designation of the Member
Mr. Thomas John Muthoot	Managing Director and Chairman of the Committee
Mr. Thomas Muthoot	Executive Director Cum CFO
Mr. Vasudevan Ramaswami (upto 31.03.2020)	Chief Operating Officer
Mr. Devi Prasad M (from 11.12.2019)	Chief Risk Officer
Mr. Joseph Oommen	Head - Finance and Accounts
Mr. Nadanasabapathy R	Head - Resource Planning
Mr. Sri Hari Rao Mukkamala (from 29.07.2019)	Head - Internal Audit and Quality Assurance

ii. Risk Management Committee

The Company has constituted a Risk Management Committee as per Para 70 (3) of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The responsibilities of the Risk Management Committee are:

a. Assisting the Board in the articulation of its risk appetite;

b. Overseeing the implementation and maintenance of a sound system of risk management framework which identifies, assesses, manages and monitors risk;

c. Recommend to the Board, clear standards of ethical behavior required of Directors and employees and to encourage observance of these standards.

d. Assessment of the Company's risk profile and key areas of risk in particular.

e. Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas.

The members of the Committee are given below:

Name of the Director	Nature of the Directorship	Designation in the Committee
Mr. A.P Kurian (from11.12.2019)	Independent Director	Chairman
Mr. R. Kamalasanan Nair (upto 14.11.2019)	Independent Director	Chairman
Mr. Thomas John Muthoot	Managing Director	Member
Mr. Thomas Muthoot	Executive Director	Member

iii. IT Strategy Committee

The Company has constituted the IT Strategy Committee as per the Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017.

The responsibilities of the IT Strategy Committee are:

a. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
b. Ascertaining that Management has implemented processes and practices that ensure that the IT delivers value to the business;
c. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
d. Monitoring the method that Management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
e. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

The members of the Committee are given below:

Name of the Member	Nature of the Directorship/ Emplyment	Designation in the Committee
Mr. A.Vikraman	Independent Director	Chairman
Mr. Thomas John Muthoot	Managing Director	Member
Mr. Thomas George Muthoot	Director	Member
Mr. Jayakrishnan P	CIO and CTO	Member

Significant and Material Orders Passed by the Regulators or Courts

During the year under review, there were no significant and material Orders passed by any Regulators or Courts or Tribunals against the Company impacting its going-concern status and operations in future.

Frauds reported to the Audit Committee by Auditors

There was no reporting of frauds by Auditors under Rule 13 of the Companies (Audit and Auditors) Rules 2014.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT - Nil

Disclosures

Related Party Transactions

Particulars of contracts or arrangements with related parties referred to in sub section 1 of section 188 of the Companies Act, 2013 in the prescribed form (AOC-2) is given as **Annexure III**

The Company has in place a Board approved Related Party Transaction Policy which is attached to this Report as **Annexure IV** and is also available on the Website of the Company at **www.muthootfincorp.com**.

Vigil Mechanism / Whistle Blower Policy

The Company's Whistle Blower policy provides a mechanism under which an employee/director of the Company may report unethical behaviour, suspected or actual fraud, violation of code of conduct and personnel policies of the Company. The Vigil Mechanism ensures standards of professionalism, honesty, integrity and ethical behaviour. The Whistle Blower Policy/Vigil Mechanism is uploaded on the Company's website: **www.muthootfincorp.com**.

Fair Practices Code

The Company has framed a Fair Practices Code (FPC) as per the provisions contained in Chapter VI of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The FPC is also reviewed at frequent intervals to ensure its adequacy and appropriateness. It is available on Company's website: **www.muthootfincorp.com**.

Customer Grievance

The Company has a dedicated Customer Grievance Cell for receiving and handling customer complaints and ensuring that the customers are always treated fairly and without bias. All issues raised by customers are dealt with courtesy and resolved expeditiously.

PERPETUAL DEBT INSTRUMENTS (PDIs)

During the year under report your Company didn't issue any PDIs. The amount outstanding at the close of the Financial Year under PDIs was ₹ 26,090.46 lakhs (net of unamortized borrowing costs of ₹ 309.54 lakhs). Interest on PDIs was paid as per RBI guidelines.

CAPITAL ADEQUACY RATIO

Every Non-Deposit taking NBFC is required to maintain a minimum Capital Adequacy Ratio consisting of Tier I and Tier II Capital which shall not be less than 15% of its aggregate risk weighted assets on Balance Sheet items and of risk adjusted value of off Balance Sheet items. For Gold Loan Companies the minimum Tier I Capital shall be 12%. The Company's Capital Adequacy Ratio was 19.56% as on March 31, 2020, consisting of Tier I Capital of 13.04% and Tier II Capital of 6.52% which is above the statutory requirement.

DETAILS OF AUCTION CONDUCTED DURING THE YEAR

The details of the auction conducted during the year under report is given below:

Number of Accounts auctioned			1,66,534
Outstanding Amount	(₹ Lakhs)		
Principal	40,640.31		
Interest	12,483.93		53,124.24
Value fetched under auction			60,888.82

Muthoot Exim Private Ltd, a sister concern participated in some of the Auctions conducted during 2019-20.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186.

The Company has not made investments not permitted under sub section (1) of section 186 of the Companies Act, 2013. The other provisions of section 186 of the Companies Act, 2013 are not applicable to the Company since it is a Non-Banking Finance Company, as per the provisions of Companies (Meeting of board and its powers) Rules 2014.

REPORT ON THE HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES.

Pursuant to Sec.129(3) of the Companies Act, 2013 the Consolidated Financial Statement of the Company and its Subsidiaries, prepared according to the relevant Accounting Standards, read with Rule 7 of the Companies (Accounts) Rules, 2014 forms part of the Annual Report. A Statement containing salient features of the financial statement of its subsidiaries in Form AOC-1 is given as **Annexure VIII** to this Report. The Company has no associates and joint venture companies:

(₹ in Lakhs)

Name of the Subsidiary	**Muthoot Housing Finance Company Limited**	**Muthoot Microfin Limited**	**Muthoot Pappachan Technologies Limited**
Nature of Business	Housing Finance	Microfinance	Information Technology
Profit/Loss after Tax	2,058.07	1,820.63	68.67
Share of profit/(loss) due to the Company	1,658.95	1,158.12	41.20
Dividend Declared	Nil	Nil	Nil

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your Directors confirm that:

i. In the preparation of the Annual Accounts, applicable Accounting Standards had been followed along with proper explanation relating to material departures.

ii. They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss made by the Company for that year.

iii. They 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 fraud and other irregularities.

iv. They had prepared the Annual Accounts on a going concern basis.

v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

vi. 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.

STATUTORY AUDITORS

As per the provisions of Section 139 of the Companies Act, 2013 M/s. Rangamani & Co., Chartered Accountants, 17/598, II Floor, Card Bank Buildings, West of YMCA Bridge, Alleppey-688001 was appointed as the Statutory Auditors of the Company at the Annual General Meeting held on 25th September 2017 to hold office for a period of five consecutive years from the conclusion of the Twentieth Annual General Meeting to the conclusion of the Twenty Fifth Annual General Meeting.

The Statutory Audit Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

SECRETARIAL AUDITORS

Your Directors have appointed M/s SEP & Associates, Company Secretaries, 43/2695A, SRM Road, Kochi - Ernakulam - 682018, as Secretarial Auditors for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is attached to this report as **Annexure V**.

The Secretarial Audit Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

EXTRACT OF ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is attached to this report as **Annexure VI**.

FORMAL ANNUAL EVALUATION

The Company has in place a formal evaluation framework for assessing the performance of Directors comprising of the following key areas:

i. Attendance of Board Meetings and Board Committee Meetings.

ii. Quality of contribution to Board deliberations, safeguarding the interest of the Company, independence of judgment, level of engagement and contribution.

iii. Strategic perspectives or inputs regarding future growth of the Company and its performance.

iv. Providing perspectives and feedback going beyond the information provided by the Management.

v. Commitment to shareholders' and other stakeholders' interests.

The evaluation involves self-evaluation by each Board Member and subsequently assessment by the Board of Directors. A member of the Board will not participate in the discussion of his / her evaluation.

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

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2019-20

No. of complaints received : 3

No. of complaints disposed off : 3

INTERNAL FINANCIAL CONTROLS

The Company has adequate system of internal control to safeguard and protect from loss, unauthorised use or disposition of its assets. All the transactions are properly authorised, recorded and reported to the Management. Internal Audit is carried out in a programmed way and follow up actions are taken to rectify all audit observations. Statutory Auditors of the Company have confirmed the adequacy of the internal control procedures, in their report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Muthoot Fincorp Limited effectively implements its CSR activities pan India actively engaging its staff members, benefiting larger communities. The flagship project 'Smile Please' providing free comprehensive cleft surgeries to kids and youngsters of India have touched the prestigious number of 2084 safe surgeries reaching out to 12 states creating cleft related awareness among about 11 lakh people. Muthoot Pappachan Foundation (MPF) is facilitating the planning and implementation of the CSR initiatives of the Company.

The following key CSR initiatives were undertaken during the year:

Health

- Smile Please, the free comprehensive cleft surgery programme is the flagship CSR project of the Company, through which it is extending support to children and youngsters with congenital cleft issues.

Smile Please Missions during FY 2019-20

Month	Location	Target	Actual	Screened
August 15-21, 2019	Kolkata	50	60	103
September 20-26, 2019	Gulbarga	50	57	78
November 22 -28, 2019	Vizianagram	50	67	91
January 18-24, 2020	Vadodara	50	56	110
February 22-28, 2020	Puducherry	50	58	96
March 20-26, 2020	Maharashtra	50	**Mission postponed due to COVID-19**	
Target for the year 2019-2020		**300**	**298**	**478**

During the FY 2019-20, Smile Please Missions were implemented in 6 states in which the Company supported 3 Missions (Kolkata, Gulbarga and Vizianagaram) and provided surgeries for 184 patients from deserving backgrounds. Total surgeries accomplished as part of the Smile Please project across 12 states are 2084 as of Mar 2020.

- "Muthoot Life Blood Directory", the first of its kind Blood Directory initiative organised by a Corporate entity has now a strength of 61,153 registered donors. 4652 patients were supported with blood in emergency, adding on to Country's voluntary blood pool.

- Treatment Support were provided to 47 patients from disadvantaged sections of the society. Supports were given to patients suffering from cardiac problems, kidney ailments, cancer and other chronic diseases.

Education

- Muthoot Pappachan Academy for Skills Development, functioning at Cochin, has trained 20 candidates from BPL category and placed 17 of them in reputed companies. Through the Skills Academy, the Company has invested in education and livelihood as it believes that the need of the hour is to identify deserving young population enabling them in employability and making them ready to contribute through their careers.

- Supports were extended by the Company for students from deserving backgrounds to continue their academic pursuits.

Environment

- The Suchitha SWM machinery is an innovative solid waste management system donated to Cotton Hill School, Trivandrum in the year 2016. This plant is successful in transforming food waste collected in school into dry manure within a span of 2 hours. This unique system stands as an ideal waste management system among schools. It could also enable an environmental outlook among children by promoting vegetable cultivation with this manure. During the current year the Company supported for the installation of a mechanized drier to increase the quantity of waste handled in this system.

Livelihood

- Muthoot Pappachan Centre for Excellence in Sports, a Section 8 – Non-Profit Company has been established and started functioning based at Cochin. All the sports initiatives supported through CSR for providing training for budding sports talents from deserving backgrounds are coordinated through this Division. Following are the programmes organised by the sports division.
  - Muthoot Football Academy - The aim of the initiative is to encourage and train youngsters who have the passion and skills for football and scout for young football talent from the country, at an age in which they can be moulded and trained to become some of the finest footballers in India. Located in Kochi, the Academy brings international coaching and training facilities through a curriculum prepared by foreign coaches. Muthoot Football Academy went through a robust talent identification process which catered for 3 districts, Calicut, Kochi and Trivandrum with the final selection at Kochi. The academy now has 42 boys plus coaching staff and inhouse staff. The programme is unique as it puts vital emphasis on high-quality education apart from professional football training, good nutrition, healthcare, life skills and training for a career in sports.
  - Abhaya, started as a home for destitute women (Athani) and a day-care centre for the mentally ill, has expanded to care for drug addicts at 'Bodhi', house discarded children of socially rejected women at 'Abhaya Bala', and provide free accommodation at 'Mitra', where women who have once again found their feet live, paying just expenses. Abhaya has become a commune that encloses the complexities and accommodates the ugly dregs of society—an attempt to replace the ugliness with compassion and hope. Now there are 2 projects for rehabilitating the mentally ill patients – Sradhabhavanam and Karma. The Company during the current year has supported Abhaya towards the welfare of the inmates of these centres.

During the year the Company has spent ₹ 310.43 Lakhs on CSR activities.

The Annual Report on CSR activities is attached vide **Annexure VII**

RISK MANAGEMENT

Effective risk management is of primary importance to MFL's overall operations and is integral to the governance of the Organization. Accordingly, MFL risk management process has been designed to identify, measure and mitigate risks in conducting its activities. Risk management is built on a foundation of MFL's mission & vision and value proposition. MFL strives to serve its customers and all other stakeholders as a trusted partner by responsibly providing financial services that enable growth and economic progress while earning and maintaining the public's trust by constantly adhering to the highest ethical & governance standards.

MFL Company-wide risk governance framework consists of the policies, standards, procedures and processes through which it identifies, assesses, measures, manages, monitors, reports and controls risks across the Company. It also propagates MFL's risk culture and lays out standards, procedures and programs that are designed and undertaken to enhance the Company's risk culture, embed this culture deeply within the Organization and give employees tools to make sound and ethical risk decisions. MFL's risk appetite, which is approved by its Board of Directors, specifies the aggregate levels and types of risk the Board and Management are willing to assume to achieve its strategic objectives and business plan, consistent with applicable capital, liquidity and other regulatory requirements.

The Risk Management in the Organization is designed to act as an independent partner of the business to manage market, credit and operational risk in a manner consistent with its risk appetite. Risk establishes policies and guidelines for risk assessments and risk management and contributes to controls and tools to manage, measure and mitigate risks taken by the Company. Inline with the regulatory requirements, the Enterprise Risk Management Department of MFL is headed by a Chief Risk Officer and the CRO along with his team is overseeing the functioning of the risk management framework in the company.
MFL's risks are generally categorised and summarised as follows.

- Credit risk or default risk involves inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, hedging, settlement and other financial transactions. The Credit Risk is generally made up of transaction risk or default risk and portfolio risk. The portfolio risk in turn comprises intrinsic and concentration risk. The credit risk of a portfolio depends on both external and internal factors. The external factors are the state of the economy, wide swings in commodity/equity prices, foreign exchange rates and interest rates, trade restrictions, economic sanctions, Government policies, etc. The internal factors are deficiencies in loan policies/administration, absence of prudential credit concentration limits, inadequately defined lending limits for Loan Officers/Credit Committees, deficiencies in appraisal of borrower's financial position, excessive dependence on collaterals and inadequate risk pricing, absence of loan review mechanism and post sanction surveillance, etc.

- Market risk is the risk of loss arising from changes in the value of MFL's assets and liabilities resulting from changes in market variables, such as interest rates, exchange rates or credit spreads. Losses can be exacerbated by the presence of basis or correlation risks.

- Strategic risk is the risk to current or anticipated earnings, capital, or franchise or enterprise value arising from poor, but authorized business decisions (in compliance with regulations, policies and procedures), an inability to adapt to changes in the operating environment or other external factors that may impair the ability to carry out a business strategy.

- Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems or human factors, or from external events. The operational risk management framework provides the strategic direction and ensures that an effective operational risk management and measurement process is adopted throughout the institution. Each institution's operational risk profile is unique and requires a tailored risk management approach appropriate for the scale and materiality of the risk present, and the size of the institution. There is no single framework that would suit every institution; different approaches are needed for different institutions. In fact, many operational risk management techniques continue to evolve rapidly to keep pace with new technologies, business models and applications. Operation risk is more a risk management than measurement issue. The key elements in the Operational Risk Management process include –

- Appropriate policies and procedures approved by the Board of Directors
- Efforts to identify and measure, monitor and report different operational risk by Risk, Audit and Vigilance teams in ensuring a sound system of internal controls which is consistent
- Appropriate testing and verification of the Operational Risk Framework.

Risk Management Framework

The risk management governance in MFL is a 4-layer hierarchy with the Risk Management Committee of the Board (RMCB) overseeing the mechanism and standard of risk management prevailing in the organization. The Chief Risk Officer is reporting to the RMCB and periodically updating (with a minimum of once in a quarter) the status relating to various risk governance requirements for the reporting period. All regulatory compliances and position as regard threshold limits fixed internally as well as by the regulator is reviewed by the RMCB.

The Risk Management Department (RMD) is headed by the Chief Risk Officer (CRO). The various risk management functionaries looking after Credit risk, Market and liquidity (ALM) risk, Operational risk and IT risk (CISO) are reporting to the Head of Risk Management.

In addition to the Risk Management Committee at the Board level (RMCB), there will also be various Risk Management Committees of Executives as under:

- Credit Risk Management Committee (CRMC)
- Market Risk and Liquidity Risk Management Committee (ALCO)
- Operational Risk Management Committee which will also oversee the IT risk in the organization. (ORMC)

These Committees are meeting regularly, with a minimum of once in a quarter, and review the status of the risk management mechanism in the organization and its position vis-à-vis the policy and regulatory requirements.

The CRO is assisted by officials with enough knowledge and they monitor the various risks associated with the business activity of the Company. The RMD's mission is to minimize the risk of loss to the Company by identifying the source of credit risk, operational risk, market risk and residual risks inherent in products and processes and devising strategy and control measures to contain and manage exposure to risks.

The objective is to minimize risk to the Company from faulty business strategy, faulty product design, deficient processes, inadequate operational planning and from inadequate implementation. The RMD evaluates the features of new products introduced by New Products Committee (NPC), critically review the process flows and procedures designed and suggest modifications where required. Inadequacy of operational implementation is monitored through review of internal audit reports and RMD coordinates with Operations Department to devise improvements and ensure effective implementation.

RMD also ensure that the various risk management committees of executives are held as per the periodicity mentioned in the policy and put up the risk related matters to the RMCB.

Risk Management Committees in MFL

One of the key elements of a robust Risk Governance Framework in MFL is the functioning of effective and informed Risk Management Committees at the Board level as well as at the senior executives' level. To ensure this, MFL has the following Risk Management Committees at the Board and Senior Executives' level.

Board Level

Risk Management Committee of the Board (RMCB).

Senior Executives Level

- Credit Risk Management Committee (CRMC)
- Operational Risk Management Committee (ORMC)
- Asset Liability Management Committee (ALCO)

Another key element in an effective and robust risk governance framework is the existence of an appropriate 'risk culture' in the organization from the ground level to the top Management. Apart from the above Committees at the Board and Head Office level, there are Regional Risk Management Committees which will report to the different Risk Management Committees at HO.

Internal Audit and Controls

The Company has a robust internal control system commensurate with the size, scale and complexity of its operations. It has a well-established Internal Audit Department (IAD) whose scope and authorities are approved by the Audit & Risk Management Committees of the Board. The Audit &Risk Management Committees of the Board oversee the Internal Audit function of the Company, thus ensuring its objectivity and independence. The IAD monitors and evaluates the efficacy and adequacy of internal control systems by the Head of Internal Audit and Quality Assurance periodically through its control mechanism by conducting audit of branches and offices as well as various business processes and functions. The function submits its recommendations to the Management to strengthen internal control systems and ensures corrective actions are initiated. Significant audit observations and follow-up actions thereon are reported to the Audit & Risk Management Committees.

Risk Culture & Philosophy

Risk culture is the shared values, attitudes, competencies and behaviors throughout the Company that shape and influence governance practices and risk decisions. Risk culture pertains to the Company's risk approach and is critical to a sound risk management governance. To promote a sound risk culture, the Board of Directors (BoD) establishes the tone at the top by promoting risk awareness within a sound risk culture. The expectations of the BoD are conveyed to all staff that the BoD does not support excessive risk taking and that all staff is responsible for ensuring the Company operates within the established risk appetite and limits. The risk culture ensures material risks and risk-taking activities exceeding the risk appetite and limits are recognized, escalated and addressed in a timely manner.

Risk philosophy is the foundational pillar of the company's risk culture and the guiding basis for the entire risk management governance. Since each of the building blocks of the governance structure is built upon this, it is imperative to develop a clear articulation of the company's risk philosophy.

While the MFL risk management aims to enable the Company to fulfill its mandate to be the most trusted Financial Service Provider at the doorstep of the common man, satisfying him immediately with easy and simple products, it will also ensures the stability and financial continuity of the Company through efficient capital allocation and utilization, and comprehensively manages risks and reputational consequences and fosters strong risk culture by embedding risk accountability in the Company.

Risk Appetite and Risk Appetite statement.

Risk appetite is the aggregate level and types of risk that the Company is willing to assume, or to avoid, in pursuit of its goals, objectives, and operating plan, consistent with applicable capital, liquidity and other requirements and reinforces the risk culture.

The development of a risk appetite is driven by both top-down BoD leadership and bottom-up RMD-RMCs-CRO involvement. Successful implementation depends on effective interaction among the BoD, CRO, various Risk Management Committees of executives, RMD and frontline units.

In MFL, the BoD's role in this respect is to review and support the Company's risk appetite and to approve top down risk allocation and limits. The risk appetite is communicated throughout the Company. The BoD evaluates and supports the risk appetite at least annually.

Risk Appetite Statement

The Board approved Risk Appetite Statement of MFL is built on the three pillars of its Vision, Mission and Values which reads as under.

"While the Company will continue to provide timely small credit to millions of ordinary people and also provide them with simple options to save their hard earnings, it will also take in to account the inherent risks involved in the same and it is ensured that the Company's products and services are subjected to risk analysis before it is offered to the clients and ensuring that proper mitigation of risk has been put in place.

The internal processes and Management decisions in risk related matters in MFL will aim at reducing the impact and probability of risk events by improving the controls to mitigate the risk, create awareness among all internal stakeholders and assigning ownership and responsibility for each of the identified risks, to ensure that such risks do not come as a hinderance in the business growth, profitability and reputation of the Organization and to contain the overall risks within the risk appetite of the Organization.

Further for every financial year, the Company will orient its business operations within a measured risk appetite, based on which the various business, profitability and other projections are made, which will in turn get reflected in the business plan the Company evolves and finalizes. These projections will be reviewed and monitored by the ManCom on a regular basis and the ManCom will ensure that such projections and achievements are in tandem with the risk appetite of the company."

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Companies (Accounts) Rules, 2014 regarding:

a) **Conservation of Energy:** Not applicable, in view of the nature of the business of the Company being Financial Services,

b) **Technology Absorption:** The Company is steadily applying and adopting technology to improve services efficiently, and

c) **Foreign Exchange earnings and outgo:** The Company has no foreign exchange earnings. There was an outgo of foreign exchange of ₹ 45.83 Lakhs.

DISCLOSURE OF MAINTENANCE OF COST RECORDS

Maintenance of Cost Records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report is attached and forms an integral part of the report of the Board of Directors.

ACKNOWLEDGEMENT

The Board of Directors would like to place on record their gratitude for the guidance and cooperation extended by Reserve Bank of India, the Central Government, the State Government, the Registrar of Companies, Kerala, and other regulatory authorities. The Board takes this opportunity to express their sincere appreciation for the excellent patronage received from the Banks and Financial Institutions and for the continued enthusiasm, total commitment, dedicated efforts of the executives and employees of the Company at all levels. The Board further places on record its appreciation of the valuable services rendered by M/s Rangamani & Co., Statutory Auditors and M/s. SEP & Associates, Company Secretaries, Secretarial Auditors. We are also deeply grateful for the continued confidence and faith reposed on us by all the Stakeholders including Shareholders, Depositors, Debenture holders and Debt holders.

Thiruvananthapuram
Dated: 07.09.2020

For and on behalf of the Board

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Business Environment

The financial year ended March 31, 2020 will be marked as an unprecedented year with the novel coronavirus (COVID-19) being declared by the World Health Organisation as a pandemic on March 11, 2020. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world. The IMF revised its global growth forecasts from +3% to -3% for 2020. With the incidence of the disease being acute in developed economies, the IMF expects advanced economies to contract by 6% in 2020, from +1.7% in 2019. India is also expected to see a contraction (GDP growth at -9% approximately), with a sharp fall in Q1 2020-21. Many businesses have been forced to a grinding halt, supply chains have been severely disrupted and job losses continue to mount. As a result, bond, stock, currency and commodity markets have been in a tailspin, witnessing extreme volatility.

The global economy grew at a healthy pace of 2.9% in 2019, driven by strong growth in emerging markets. India and China were at the forefront of driving economic growth in the region. Looking ahead, while a slowdown in growth of major trading partners is likely to weigh on India's export growth, the country could gain from the shift in global supply chains away from China as major economies like the US and EU look for alternative trade destinations. This could lead to more sustained foreign flows into India over the medium term, as well as support investment and manufacturing growth in the country. Moreover, lower oil prices are likely to benefit India's current account and fiscal balance. Once the COVID-19 peaks in a number of countries the current year and economic recovery is supported by substantial fiscal and monetary stimulus, growth is expected to bounce back up in 2021. The IMF expects global growth to accelerate to 5.8%, the US and the EU to grow by 4.7%, and India to grow at 7.4% in 2021.

For the financial sector, the pandemic and its aftermath are likely to bring a set of challenges as well as opportunities. For instance, healthcare is likely to get a boost as the management of the pandemic underscores the need to expand capacity in this domain. A boost to healthcare is likely to impact both the pharmaceutical and medical equipment segments positively. As the Government focuses more on these sectors, it is likely to draw private participation. The potential in terms of both credit and non-fund businesses is large. Another opportunity for the financial sector is in the agriculture segment. Recent structural reforms by the government are likely to see an increase in private interest as impediments to procurement of produce and warehousing get eliminated. This is likely to directly benefit the food processing industry and invite more corporate investment in addition to expanding the space for banks to fund this sector. The government has also allocated considerable funding (₹ 10,000 Crore) to formalise the micro-food processing segment through technical and infrastructure support. The micro segment is likely to grow in 'clusters' and offer credit opportunities for banks particularly through microfinance and Self-Help Group (SHG) channels. Loans to Micro, Small and Medium Enterprises (MSMEs) are likely to see immediate traction with the Government providing 100% guarantee on ₹ 3,00,000 Crore of collateral-free lending to this segment. While sovereign backstop makes lending to this segment viable in the near-term, the effort to strengthen and scale up these firms could well create high-quality borrowers in the process. Along with this, the government has also introduced a special credit facility and a partial credit guarantee scheme for NBFCs and HFIs which is likely to de-risk bank lending to these entities in the near-term and over the medium-term, could help some of them escape the vicious cycle of elevated risk perception, shortage of liquidity and credit and balance sheet stress. On the policy front, the RBI is likely to continue its strategy of maintaining surplus liquidity in the system and cut the policy rate further. All this will ensure low-cost funds for financial institutions. Challenges, however, remain. The sharp deceleration in GDP growth is likely to rein in the demand for credit, and compromise credit quality. A global recession is likely to dent export growth across sectors. Thus, financial institutions need to navigate the terrain of enhanced risk carefully, particularly in sectors such as hospitality and civil aviation, where the impact of COVID-19 and its management is likely to be prolonged. The rise in precautionary savings among households and the possibility of rising unemployment that is often the corollary of growth deceleration, could rescue the demand for retail lending particularly for big-ticket items.

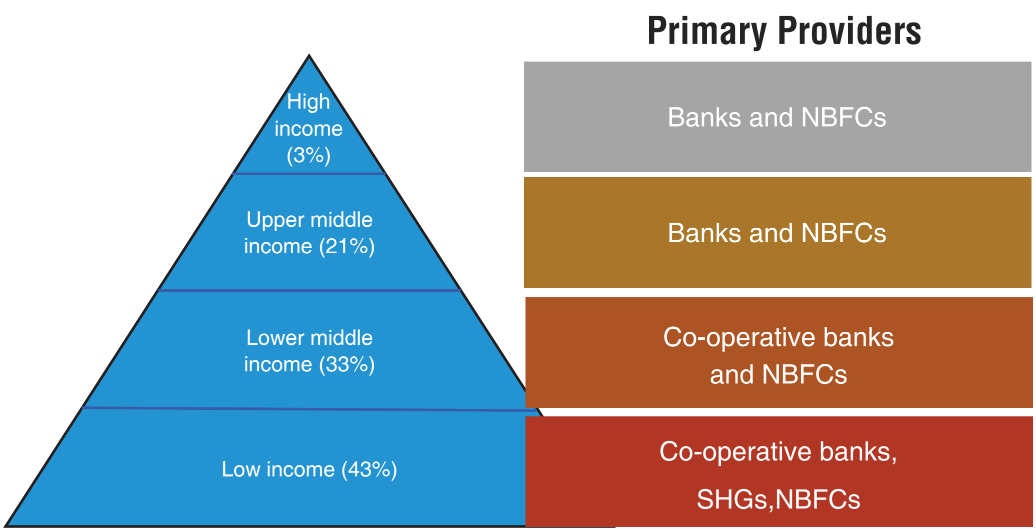
Industry Structure and Development

Gold Loan

Gold enjoys a vital place in the hearts and homes of Indians and is often considered as being representative of their financial security, social status and cultural legacy. Gold has traditionally been a liquid asset and universally accepted commodity that has seen its value appreciate over the decades. It comes as no surprise that India is one of the largest consumers of the yellow metal in the world. India accounted for an estimated 23% of the global gold demand between 2009 and 2018. Over the past years (2013-2018), India has been demanding over 800 tonnes of gold per year. Gold holding in India are primarily concentrated in rural pockets with more than two-thirds of India's total demand emerging from rural communities. In India, at the broad level gold loan lenders are classified into two main categories:

- Formal (Organized): caters to 35% of the total Gold loan market.
- Informal (Unorganized): caters to 65% of the total Gold loan market.

The organized gold loan market comprises of Banks (including co-operative banks), NBFCs and Nidhi companies. The value of organized gold loan market in FY19 was ₹ 2,92,800 Crore. Banks primarily consider gold loans as a means to meet their Priority Sector Lending (PSL) requirement. Whereas, specialised Gold loan NBFCs like us have consistently increased their market share in the market through aggressive investment in geographic expansion, customer reach and conducive products. Moreover, these NBFCs have developed competitive strength in faster loan processing, accurate gold valuation, safekeeping and auctioning.

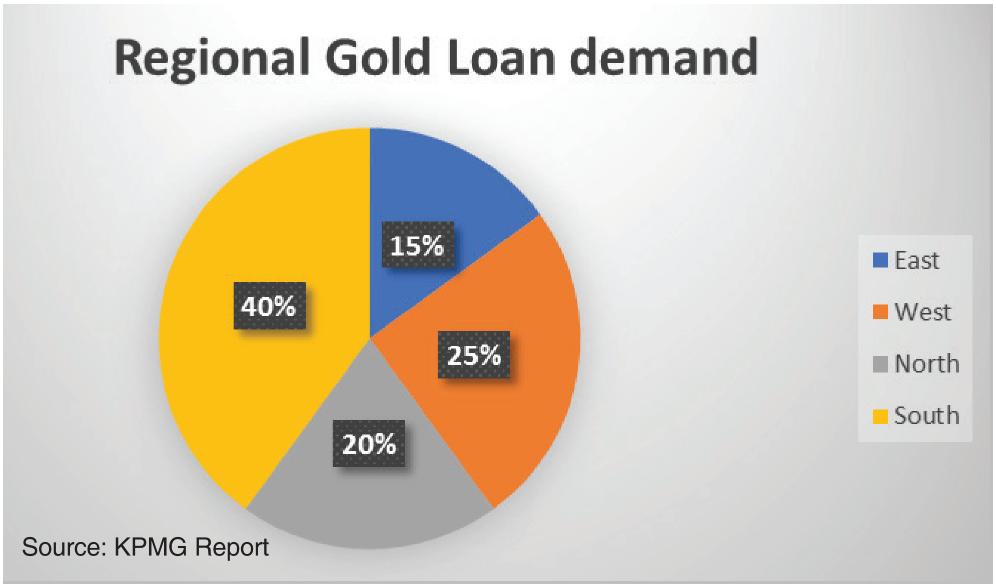


Gold Loan Customer segments

Source: KPMG Report

Growth drivers for Gold Loan:

- Access to credit has been recognized as an important aspect of development and financial inclusion. Low income households are the major chunk of unorganized gold loan market. Your Company's emphasis to reach these customers to bring them in formal credit system will be a most important driver of gold loan growth.
- Development in online gold loan schemes: primary beneficiary of such facilities will be digitally and financially literate customers of age group 25 to 40 years. The success of such scheme will depend upon the level of operational efficiency.
- Gold price: because of the current situation bond, stock, currency and commodity markets have been in a tailspin. Gold has been accepted as a safe haven; the price of gold has been on the upward trend. This has prompted the people to monetize their gold via pledging.
- Absence of other credit instruments: banks and other financial institutions have been very selective in extending the credit to the customers. This has given rise to gold loan across the country because of the lower default rates.
- Banks lost their excitement for the underbanked due to the operationally intensive and low-ticket nature of the product. Thus, the micro entrepreneurs don't have easy access to the banking eco-system. Therefore, they tend to unorganized sector for their credit requirement where they face very high credit cost and no standard process. Gold loan NBFCs have not only helped millions in personal & filial emergencies but have proven to be boon for such entrepreneurs as these NBFCs have customized their offerings. GL NBFCs who are also known as "credit card for the underbanked", today serve more than 10 million distinct individuals/ micro-entrepreneurs through a network of over 12,000 branches.
- In India, gold has a major emotional value to consumers, and the government is focused on bolster confidence among consumers by regulating the disorganized and fragmented gold loan industry.
- Economic correlation: As per WGC, 1% increase in income boost the gold demand by 1%. After recording a negative growth in imports in February, gold imports started registering double-digit growth. In March, it grew 31 per cent to USD 3.27 billion
- Acceptance toward using family gold for financial need is increasing in the relatively untapped urban market. Using of assets like gold for quick & easy loans to meet household exigencies has already been there; now, household gold is being used for planned investments as a means for socio-economic betterment and thus, gold loans will continue to witness upward movement.
- Geographical demands: the untapped markets in west and north have almost 45% of total gold in India with minimum credit penetration. The distribution of gold loan demand is as follows:



- Lower default rates: typically varies from 1-2%.

MSME

MSMEs are a significant driver of the growth of the Indian economy. The 73rd Round of NSS survey on Unincorporated Non-Agricultural Enterprises in Manufacturing, Trade and Other Services Sectors (Excluding Constructions) quantifies the total number of establishments to be 633.92 lakh enterprises of which only 4,000 were large enterprises. Almost 95.58 percent of these organizations are recorded as micro enterprises, the rest being small and large. With almost 51 percent of the MSMEs based in rural areas, the sector contributes towards the economic empowerment and social inclusion of the marginalized through the generation of employment. Their development is extremely critical to meet the national imperatives of financial inclusion and generation of significant levels of employment across urban and rural areas. MSME sector is core to development of local economy and a key driver for socio-economic transformation.

Access to finance is one of the major challenges faced by the MSME sector in India. The MSME Census of 2006-07 revealed that most of MSMEs did not have access to secure finance and often had to approach internal sources like friends or relatives to meet their financial requirements. One of the major reasons for this demand-supply mismatch in SME financing is the perceived credit risk involved in financing SMEs. This is primarily due to non-availability of valid invoices, proper accounting systems and dearth of known buyers. In order to mitigate this credit risk, higher collateral is sought, which cannot be brought in by many SMEs. Further, due to their small size and local presence, the transaction costs involved in financing them are very high.

STRENGTHS, OPPORTUNITIES, THREATS & CONCERNS:

Geographical reach:

Opportunities in the Indian rural markets have always driven the company to expand its presence through its branch network and leverage technology for sustainable growth. As on 31 March 2020, the Company had 3,597 Branches spread across 19 States of India and rural and semi-urban locations comprising 52% of the Bank's branch network.

The company continued to increase its national footprint during fiscal 2020. The Company is serving about 1,40,000 customers a day on an average.

MSME lending is one of the important products for the branch business. MFL is further increasing its geographical footprint in the MSME lending space. It has reached to 23 new markets through a direct team led distribution strategy. This organizational structure is integral to MFL's go-to-market strategy for rapid geographical expansion to new markets. Along with deploying large salesforce, MFL has integrated technology with the direct team for reach out and service customers and also enhance productivity and efficiency for the entire MSME business.

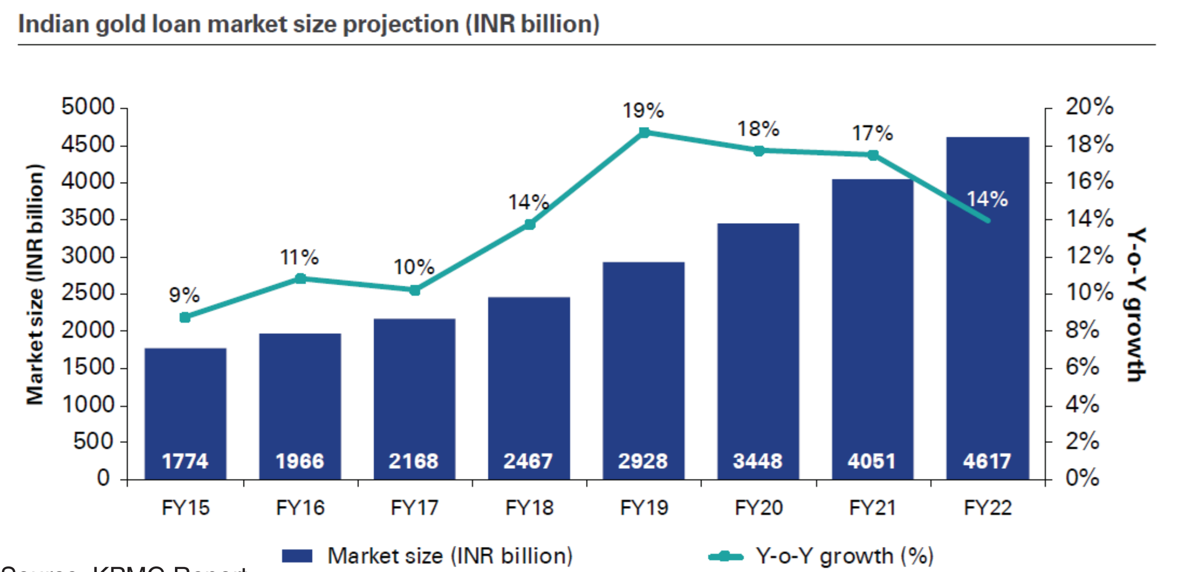
New Initiatives

Enhanced IT Infrastructure

MFL has signed with UST Global for outsourcing of the IT Infrastructure as a turnkey management solution, doing by which the Company is embarking on the path of digitalization. This new state-of-the-art IT Infra will enable powerful new age applications which will drive growth/customer experience and allow MFL in focusing on our core business.

Outlook for Gold Loans

A total of ₹ 45,100 Crore is projected to be the total organized sector by 2021 at a growth rate of 17% for FY21. The growth rate for FY20 is estimated at 18%.



Source: KPMG Report

Outlook for MSME:

In FY 19, Muthoot Fincorp has exhibited fair amount of balance and resilience in responding to the various challenges & headwinds. The year started with most of the NBFCs cruising but during September the situation turned tough for most of the players with the liquidity crises. MFL could see some of the large NBFC players facing trouble, defaulting repayments on their short-term loan borrowing. This led to funding challenges and creating negative perception of NBFCs' Asset Liability Management and cash flows. In last 3 to 4 years, Fintech companies were seemingly bullish with their enhanced technical capabilities and ability to come out with digital solutions into the market. They too, had to apply brakes in FY 2018-19 based on the HON. Supreme Court verdict to restrict KYC verification based on Aadhar. Public sector Banks's NPAs, mid- size MSME loans and LAP loan showed a higher trend in NPA levels in the range of 8 to 9%.

In such a scenario, MFL led it's MSME strategy and business plan with clarity and set a tone for an inclusive growth and scale. In FY 19, MSME AUM reached ₹ 386 Cr with a growth of around 96% over FY18. Disbursals grew 65% from previous year, crossing ₹ 1000 Cr mark for first time and touching final disbursement figures at ₹ 1156 Cr. Overall delinquency percentage improved to 5.1% in FY19 from 15.8% from previous year with more focus and strategic intervention in on early bucket collections. 90+ days' bucket percentage was brought down to 2.4% from 2.9% as compared to previous year by close monitoring and restricting forward flow to higher delinquency buckets.

Information Technology

The Company has developed several specific tools & applications, during the year.
Initiatives related to employees and internal efficiency:

- Revamp LMS – Introduction of Mobility
- Integration with Personal Development Courses
- Flexi Changes
- Confirmation and Promotion of employees through system instead of manual process which delayed overall process
- Revamp Lunch App
- Enabling Covid Spl Leave and Bereavement leave policies in SPARSH.

Initiatives or exercise which will positively impact the customer service

- Revamping MFL Customer Mobile App
- 24*7 Gold Loan through SMS, Web, App, IVR
- BBPS integration
- MSME EMI payment over App
- Digital Payment Cashbacks/Referral Programs
- Introduction of new payment gateway – Cashfree
- Enhancing payment gateway flow in Web and App facilitating customers to choose right PGs.

Initiatives for Enhancement of business (geographical/new product etc)

- Initiated development of fully integrated online Core Gold Loan application through UST
- Implementation of Nucleus software for MSME loans
- Revamping Phone MIS for Business Decisions
- Promoting 24*7 business in Gold Loan through Web, App, IVR
- Initiated implementation of CRM
- Integration with Paymatrix
- Customer One View Screen enabling cross selling/up selling
- Staff UCIC and UCIC for minor customers
- UCIC Risk categorization and Introduction of UNSC validations
- Moratorium related changes

- Making necessary changes in NCD application enabling Business to successfully complete the NCD issues.
- Many new enhancements in Gold Loan and MSME products facilitating Business Growth
    - Online GL – Direct Team
    - Exim - GL Synergy
    - MSME – EWI
    - MSME – Extended EDI
    - Post Covid relief product – GL
    - Student Support Smart EMI GL

Income Profile:

Various products were introduced by your Company to meet the requirements of different segments of the Customers.

Secured Loan

The main business of your Company is to provide loan on the security of gold (Gold Loan) to the Customers. Income from Gold Loan is 81.17% of the total income of the Company. Income from other secured loans is 5.58 % of the total income.

Unsecured Loan

Income from unsecured Loan is 3.42% of the total income of the Company.

Forex operations and Money Transfer Business

Income from Forex operations and Money Transfer Business forms about 0.61% of the total income of the Company.

Alternate Energy

Your Company is contributing to a healthier environment and meeting the energy needs of the country by joining hands with Green India Campaign in harnessing wind energy. The installed capacity of Wind Power Generation at the end of the year stood at 23.225 MWs from 19 Wind Turbine Generators. 352 lakhs units of electrical energy were generated by the Wind Turbine Generators contributing to about 0.37% towards the Total Income of the Company.

Financial/Operational Performance compared with the previous year

Interest from loans:	increased by 5.11% to ₹ 2,38,500.75 lakhs
Other Interest Income:	decreased by 6.94% to ₹ 810.79 lakhs
Revenue from Forex operations:	decreased by 4.90% to ₹ 262.87 lakhs
Revenue from MTSS operations:	increased by 50.83% to ₹ 1,398.91 lakhs
Revenue from Operations:	increased by 9.75% to ₹ 2,72,251.79 lakhs
Other Income:	increased by 176.36% to ₹ 376.82 lakhs
Total Revenue:	increased by 9.84% to ₹ 2,72,628.61 lakhs
Employee Benefit Expenses:	increased by 13.37% to ₹ 48,862.15 lakhs
Finance Cost:	increased by 5.62% to ₹ 1,37,358.83 lakhs
Depreciation and Amortisation:	increased by 192.36% to ₹ 20,454.08 lakhs
Other Expenses:	decreased by 33.81% to ₹ 27,565.30 lakhs

Total Expenses:	increased by 7.92% to ₹ 2,42,200.29 lakhs
Profit before Tax:	increased by 28% to ₹ 30,428.32 lakhs
Profit after Tax:	increased by 40.92% to ₹ 21,907.51 lakhs
Earnings per Equity Share:	increased by 40.92% to ₹ 11.31

Resource Mobilisation:

The main sources for meeting the Working Capital requirements of the Company are loans from Commercial Banks, Financial Institutions, Secured Debentures and Sub Debts.

The Banks and other Financial Institutions are providing timely loans at competitive rates. The total amount outstanding against Secured Loans availed by the Company at the end of the reporting year was ₹ 10,54,426.59 Lakhs as against ₹ 8,49,166.39 Lakhs in the Previous Year. The details of Secured Loans outstanding during the years 2019-'20 and 2018-'19 is given below:

(₹ in Lakhs)

	Particulars	2019 - 2020	%	2018 - 2019	%
A	From Banks				
	Term Loan	1,88,184.37	17.8%	78,072.85	9.2%
	Working Capital Loan	7,77,441.01	73.7%	7,10,778.07	83.7%
B	From Others				
	Particulars	**2019 - 2020**	**%**	**2018- 2019**	**%**
	Secured Debentures	86,113.32	8.2%	24,119.00	2.8%
	Term Loan	2,687.89	0.3%	4,262.01	0.5%
	Pass Through Certificate	-	0.0%	31,934.46	3.8%
	Total	**10,54,426.59**	**100%**	**8,49,166.39**	**100%**

Your Company issued ₹ 73,865 Lakhs Secured Debentures under public issue and ₹ 12,500 Lakhs as covered bond during the year under report. The total Debentures outstanding as on 31 March 2020 was ₹ 86,113.32 lakhs

Sub Debt

To strengthen the Capital Adequacy Ratio, your Company continued to raise funds through the issue of Subordinated Debt Instruments. The total amount of subordinated debt instruments outstanding as at the end of the Financial Year under report was ₹ 2,34,077.02 lakhs (net of unamortized borrowing cost of ₹ 5.79 lakhs).

Human Resources

The department of Human Capital Management and Development (HCMD) functions plays a key role responsible for engaging with employees at all levels, keeping them motivated, skilled basis need-based training and development, while aligned to the values and ethos of the company. The department plays a key and significant role in ensuring that the company can deliver on its commitments towards its employee and become an "**employer of choice**". The initiatives rolled out by the HCMD department in 2019-20 to achieve these goals have been listed below, under the 3 sub-functions of **Employee Experience (EE), Training & Development (T&D) and People Development (PD).**

Employee Experience (EE)

The objective of EE function is to provide a highly professional and engaging experience to our people in all the stages of an employee's life cycle for a vibrant work environment.

During the FY 2019-20, after conducting about **19,000** interviews, **6336 Muthootians (employees) joined** the organization, including fresh and replacement hiring, making the total headcount **16702** as on 31st March 2020. To continue to nurture and promote internal talent, the department provided Internal Job Posting (IJP) and promotions at multiple levels across the company during the FY under-report in which **more than 800 employees** got promoted internally to assume positions of higher responsibility.

As part of the digitization process to ensure ease of transacting various HR processes and to bring about transparency, SPARSH (our intranet) was revamped with 7 Major and 22 minor functionalities, notably the Performance Management System (PMS), online payroll processing feature (payroll using ZingHR software).

To identify and reward talent within the organization, EE conducted talent identification and recognition initiative **"Employee of the Quarter (EoQ)"** for employees based in HO as well as the Zones, during the year. The felicitation ceremony for the same was conducted every quarter in the FY 2019-20.

The Leadership Development Programme, **Vibhavana**, for the intake of fresh talent from campuses of repute, advanced to its succeeding edition this year, acquiring young and promising talent from top B-Schools , with a total of 4 campus recruits, hired for the roles of Area Manager and Manager – Corporate Functions.

The **Branch Manager Trainees program** continued during the year as a part of which, 63 young talents would be joining the Company at branch level.

New Initiatives Rolled Out during the year

New Joiner Docket

A handbook for new joiners has been introduced. This gives a brief about the company's history, group companies, Mission, Vision, Values, etc thus helping the new joiner get aligned faster. The core values, culture code, employee benefits, etc are also captured, thus giving the new inducted employee not only a bird's eye view of the policies, but also our unique culture.

Daily Musings:

An initiative, DAILY MUSINGS was initiated aimed at communicating regularly with every employee during the sudden lockdown due to the COVID – 19 pandemics. Various aspects like the importance of mental health, physical wellbeing, ensuring the safety of self and others during the lockdown, etc were covered daily, thus keeping the spirits of every Muthootian high when they needed it the most.

Project Interface:

An initiative to connect with every Muthootian, individually over a call to enquire on the physical and mental wellbeing of them and their family and to offer any help or support if needed was undertaken. Through this initiative, about 16000 employees were personally connected with, and support was offered wherever it was needed. This reiterated the culture that we are a caring organization and the fact that the safety and wellbeing of our employees is of paramount importance.

Continued Employee Engagement Activities

HO Specific Activities

In the FY 2019-20, under the theme of Loving, Caring, Sharing the EE team conducted cultural activities on Valentine's Day at the Karunya Vishranti Bhavan orphanage in Trivandrum. As a part of the Kerala Flood Relief EE facilitated employee contributions for the flood effected victims and arranged ₹ **46,40,920** as financial support for the flood effected people.

Let's Appreciate, an initiative to appreciate Muthootians was carried forward to motivate the employees.

The team also conducted **Quarterly Townhall,** for all the quarters of FY 2019-20, to communicate the new developments and to address the queries from employees, with response and clarifications directly by the Managing Director and ManCom members.

Region Specific Activities

At the Zonal and Regional level, the EE team conducted activities like **Family Connect** – through which 1500 plus employee's family were connected, continued with the **Let's Appreciate initiative** – for employees to give appreciation notes to their colleagues and conducted **Blue Waves** in different Zones, with the finale being held at Trivandrum on 8th Feb 2020.

The Company felicitated and gave cash awards for top performance in Class X, to 17 of our employees' wards in the year 2019 which was facilitated by HCMD.

Training and Development (T&D)

The Training and Development (T&D) function of HCMD understands that it has a key role to play in keeping the employee aspirations and organizational goals aligned, and on those lines, T&D has the goal of providing mandatory Induction Programme for new joiners and a minimum of three training to every employee - of this two must be refresher technical training and one must be behavioural.

Induction Program

Gurukul – The Company provided Gurukul training for 4698 new joiners both at the Branches and the Corporate office.

Refresher Training

Two refresher trainings were conducted for all the branch level employees. A total of **12,661 employees** were trained in the first training, spending a total of **1,01,288 man-hours** covering topics like Gold loan scenarios & roleplays, MSME, Muthoot Blue Home Insurance, Operational processes, Swarnavarsham, Muthoot Health Guard etc.

In the second training spanning across **98,360 man-hours, 12,295 employees** were trained on topics like Most Rewarding Gold Loan, Improving Customer Experience, Common audit remarks and ways to clear them, Swarnavarsham sales pitch, Security & Vigilance, Rights of first & second holder in sub-debt etc.

Soft Skills Training:

- Training for **3305 Branch Managers (BMs)** was conducted by external agency Layam. BMs were categorized based on their Branch Score Card (BSC). BMs with a Branch score of 3 and above attended the session – "Raising the Bar" to reach excellence. BMs with a branch score of less than 3 attended "Winning the Battle" session to improve their performance.

- **4599 Customer Service Executives (CSEs)** with less than 2 years vintage were imparted soft skills training by our internal trainers. MFL's internal trainers were equipped to deliver soft skills training through their association in the RPL (Recognition of Prior Learning) training program conducted by BFSI Sector Skill Council.

Need-Based Training:

- Train the Trainer Session was conducted for 18 Pan-India Trainers at Trivandrum in the month of October to give them a perspective on upcoming Refresher training programs & Management Expectation from the field.

- Need-based training that was imparted during the financial year through our internal Trainers include - Vibhavana (39), NCD (3979), Project Arrow (49) , MSME Induction (643), Chits & Home Loan Training (103), Gold Appraisal Training (13).

- For HO Staff Various Functional Workshops were arranged basis the departmental requirements in co-ordination with external agencies like – CRISIL, CII, Achromic Point, NIBM, Bestfit Business Solutions, SB Global & PMATI.

- **Training on Cyber Security and Anti-Money Laundering** – Content on Cyber Security was shared with all the staff pan India via Learning Management System (LMS) based on which an exclusive assessment was done. Similarly, content on anti-money laundering was shared with the staff as daily material every quarter, based on which a test was conducted the following month, to ensure that the key aspects of these policies were internalized by the employees.

Employee Development, Upgrade, and Engagement Activities

Updations in E-learning Module - Smart LMS

LMS module was improved with several newly added features to make learning simpler and more convenient for our branch staff.

- Gold Loan Calculator was launched as a new module in the LMS to help the branch staff for better pitching of GL.

- Chatbox module was launched in LMS so that the employees can raise their doubts related to products and processes which will be answered by the trainers of respective areas, within a predefined TAT.

- 26 new Snippet Videos covering new product details were launched.

- Training Feedback, Notifications, Refresher PPTs, and Do You Know series module were also added in addition to aforesaid features.

Do You Know (DYK) Series

Was launched in July 2019 as a mailer to Branch staff for a better understanding of products, processes and day to day operations. As on March-end, 183 Do You Know mailers were shared with branches.

Mind to Minds

Mind to Minds is a Lecture Series featuring distinguished personalities from the worlds of civil society, academia, business, arts, politics, literature, science, cinema, etc., for sharing their thoughts and ideas to enrich all the employees with their experience & knowledge. During the FY2019-20, five Mind to Minds sessions were organized.

Leaders Everywhere Programme (LEP)

The monthly sessions under the Leaders Everywhere Programme is handled by the Managing Director on various relevant topics. During the year under review, ten sessions of LEP were conducted.

Huddle Learning

With an endeavour to improve knowledge sharing of the Corporate Office staff "Huddle Learning" Sessions was launched in October. Till March, 106 different topics related to financial arena were covered by various corporate office staff.

Blue Waves

The 5th Season of Blue Waves – Founder's Day Celebration was held on 08th Feb 2020. The event was a grand success with ample participation from Zones, as well as Group Companies.

Initiatives with Govt Agencies:

1) ***National Skill Development Corporation (NSDC) & BFSI Partnership***

The PMKVY Scheme during 2019-20 saw 1021 candidates being handed over conditional offer letters as part of PMKVY out of which 656 candidates attended the training. A total of 407 candidates cleared the Sector Skill Council (SSC) assessment after their training, out of which 220 candidates were onboarded by MFL.

Soft Skills training for CSEs partnering with BFSI & NSDC

Under RPL program Soft Skills Training was imparted for CSEs with more than 2+ year vintage, free of cost in collaboration with National Skill Development Corporation (NSDC) & BFSI Sector Skill Council, thus covering 3839 CSEs.

2) ***Online Gold Appraisal Training***

A pilot on Gold Appraisal Online Module was launched in partnership with Gems & Jewellery Sector Council of India (GJSCI) as part of the RPL Program and subsequent Online Test was conducted for select few branches in Kerala.

3) A 2-day session on Gold Appraisal Techniques was conducted for 28 Gold Inspectors from Kerala, Karnataka & Tamil Nadu by GJSCI SSC.

People Development (PD)

PD's vision to make a Bigger, Better & Brighter tomorrow for all Muthootians got strengthened during the year under report. Various initiatives as mentioned below were initiated to help the organisation achieve its overall strategic objectives.

Propagate a strong positive visible organizational culture:

One of the key contributions during the year was the design and implementation of the **Higher Purpose Statement**. PD had partnered with an external agency to articulate the Higher Purpose Statement for the organization through multiple focused group discussions with Promoters, NextGen and CXOs. Designed a detailed roadmap to cascade the same till the last mile employees and the same got kicked off. Conducted focused group discussions/ workshops with employees from HO as a first-level adoption plan. Designed and organized few events in partnership with EE team, like Women's Day, Caricature Day, Yoga Day, Sapling distribution on Earth Day, Potluck, Onam, Christmas, Holi Celebrations at Head Office to embrace camaraderie and diversity.

Muthoot Blue Core Values and Culture Code got designed and launched, including a detailed booklet. **LOVE (Living Our Values Everyday),** an exclusive workshop for all employees at HO and leadership from branch business got designed and conducted through multiple sessions. A detailed communication plan got designed and executed in coordination with the Marketing and IT team. This got added to the goal sheet of employees as well to help us instil it in the DNA of the organisation.

Designed and introduced a few new policies and practices that include Performance Enhancement Program, Annual Credit check, External communication for branding & conferences, HCMD risk management, Identifying Unsung Heroes, Mobile & e-mail usage policy. Reviewed and amended new grade structure for field operations, Travel, leave, promotion & remuneration policy.

Build a strong leadership pipeline through focussed leadership development programs to help the business to have the right talent at the right time

Talent management and leadership development are critical for any organisation and this is part of the business strategy at MFL. Placing heavy emphasis on high potential employees, sorting employees based on their performance and potential is one the program for a focussed leadership development and succession plan. Based on this theme:

9 box Talent Mapping and Succession Planning were done for all roles at AVP and above. There would be a focussed development program based on the same in the coming years.

Vibhavana, a structured development program for lateral recruits from premier management institutes got designed and implemented, catering to 22 Management Graduates sourced Pan India, from Tier 1 and 2 institutes. They went through a rigorous 90-day development program that includes classroom sessions, on the job training and coaching and assessments.

Building leadership capability is an important responsibility of PD, and aligned to it, few select leaders at AVP level and above had gone through a Leadership Development Program (LDP) from Franklin Covey Institute.

Career Development Framework defines the capability of an organisation to attract and develop talent from within and outside. An inclusive approach and attempt to address the career development aspiration needs of employees at all levels of the organization made us specially design **LEAP (Lead, Engage, Act & Progress),** which is the Career Development

Framework @muthootblue. It provides a comprehensive framework that gives clarity to the career development roadmap for employees at MFL. It articulates the different employee development initiatives, policies and practices with defined processes to help our people build their career within MFL. There are multiple sub programs within the framework of LEAP, many of which are contemporary and forward looking. LEAP got designed and launched during the year.

Propagate a self-development culture to build right competencies and attributes for the overall personal and professional growth

The key deliverable under this initiative is to oversee and facilitate the overall development of people that covers the three facets of the **Health Triangle - these are Intellectual/ Mental (knowledge, skills & emotional), Social/Spiritual (relationship) and Physical (lifestyle and physical fitness).** Few focused activities under the Muthoot Blue Health Triangle were undertaken during the year. This includes: Behavioural/ Skill builder/ Culture building workshop that covered 342 employees & Knowledge Bites sessions at regular intervals by leaders at HO.

Learning during Lockdown – In order to propagate the culture of self-directed learning (SDL), an initiative got launched during the lockdown period with financial assistance from the company. It was to encourage employees to do an online course from reputed institutions to enhance their knowledge. 291 employees got certified from globally renowned universities.

Build a robust Performance Management & Development program to enhance competencies and facilitate superior performance

The first step towards building a high performing organisation is by ensuring that the goal setting is efficient. PD played a substantial role to align the goal sheet of every employee with the organization's strategic and corporate objectives through multiple activities. Partnered with an external consultant to vet the goal sheet of all employees. Had conducted an exclusive one-on-one discussion with all HODs and department leaders to ensure that the Performance Management System (PMS) becomes robust and efficient.

An exclusive workshop on PMS got designed and executed for people managers at HO to orient them on how to conduct effective performance conversation and appraisals, to drive a superior performance culture. A pulse survey also got rolled out to get feedback from people on the effectiveness of the performance conversations.

Enhance organizational effectiveness and drive business transformation:

Project ACE (Area Managers Centre of Excellence)

This was one of the most important and critical deliverables for the year as it was focussed on building a culture of Excellence with the branch network of the Company. A program got designed to develop **Area Managers as Centres of Excellence.** Designed and conducted ACE workshop for all Area Managers, Regional Managers, Zonal Managers. Developed and implemented ACE scorecard to monitor progress. Many follow up initiatives have been planned and executed to ensure that the project delivers the desired results.

Partnered with Deloitte on the transformational project to identify and make a detailed plan on areas within HCMD for improved organizational effectiveness.

PROJECT MORE

When people are fully engaged in the job roles, the utility of the person on the job role is optimised. This creates a sense of satisfaction on employee's work life. As a result, the productivity goes up. Thus, becoming a win - win situation for both employee and the organisation. Thus, PROJECT MORE was designed and administered – this is a structured study to find out the manpower utilisation and scope for optimisation.

Completed a detailed study for the department of Infra, Admin, Purchase & Procurement and submitted for appropriate action.

Going forward, **"You Initiate, We Facilitate"** is the core theme that PD follows, as personal development should initiate at the individual level, and the PD team shall work together with people and leaders to make that happen.

Key challenges:

Liquidity Crisis: The learnings of the past six months have been more than clear - that the reliance of NBFCs only on mutual funds & banks for their fund requirement leads to major challenges. The sector has faced challenging liquidity pressures during Sept'18-Nov'18 when banks credits dried up for the NBFCs, which has in turn pushed up the cost of borrowings. Lower fund flow and sustained increase in the interest rate cost reflects the tight liquidity conditions and trust deficit faced by this sector.

It is now clear that NBFCs with strong retail capabilities, will stand a better chance at creating an alternative source of liabilities by attracting the retail investors. For NBFCs who have liquid and strong asset quality that qualify for securitization & co-origination will remain an attractive source of funding.

Most of the MFL loans are secured by very high liquid asset "Gold", and it has the presence of brand for last 132 years and 3600 branches across India. Considering these reasons, MFL is now even better poised and equipped for any such crisis in future.

Intensified competition: Various NBFCs are now reaching out to Tier-2, Tier-3 and Tier-4 markets, distributing the loan across several customer touch-points. With the consumer of today evolving and accessing digital media like never before, NBFCs have embarked on new and better ways to engage with the customer. MFL has been in this business for more than two decades, reaching our operations in unorganized and under-served segments of the economy, MFL has created a niche for itself through a deep understanding of needs of its customer segments and ensuring last-mile delivery of products and services.

New age finance: The retail banking landscape in India is primed for change. Millennials are entering the workforce, and their preferences and behavior are quite different from generation X customers. The new age retail consumer is really technology savvy and is opening up to digital channels as well as secondary banking products like mutual funds, insurance and credit cards in a large way. It is interesting to note that although digital adoption is rising, more than eighty percent of the people are still hybrid channel consumers, which means that they frequently use both branches as well as digital channels for transactions. Being cognizant of the above MFL has kick-started its digital transformation journey. MFL is undergoing the changes in terms of IT-Infra and Applications to suit the current customer needs. It has tied up with a globally renowned tech partner to help in its transformation. MFL is further exploring several Fintech companies for the probable partnerships.

Aadhar notification: On 26th September 2018, the Supreme Court of India has passed a ruling on the use of Aadhar. This ruling has barred the private companies from accessing the biometric database. This judgement of the Supreme Court has hit the banking and broader financial services sector hard since Aadhaar had provided them with remote access to rural markets and urban poor segments at a nominal cost. This has further impacted the Customer service. NBFCs and other financial institutions are hoping that Government would come up with some measures to provide some alternatives.

Thiruvananthapuram
Dated: 07.09.2020

For and on behalf of the Board

sd/-	sd/-
Thomas John Muthoot	**Thomas George Muthoot**
Managing Director	Director
DIN: 00011618	DIN: 00011552

Annexure I

NOMINATION & REMUNERATION POLICY

Introduction

The Nomination and Remuneration Committee (NRC) has formulated the criteria for determining qualifications, positive attributes and independence of Directors and recommended to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees of the Company in terms of the provisions of Section 178 (3) of the Companies Act, 2013 (the Act).

I. Criteria for determining qualifications, positive attributes and independence of Directors.

Qualifications

The nomination process in the NRC/Board is transparent for encouraging diversity of thorough knowledge, experience, age and gender. The candidate shall possess managerial/business/ administrative qualifications and experience spread over more than a decade in diverse areas particularly, finance, banking and general management. While recommending the appointment the NRC shall consider the manner in which the function and domain expertise of the individual will contribute to the various functions of the Company.

The candidate shall be free from any disqualifications as provided under Sections 164 and 167 of the Act.

An Independent Director may be selected from the data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors maintained by the Indian Institute of Corporate Affairs (IICA). The responsibility of exercising due diligence before selecting a person from the data bank referred to above, as an independent director shall lie with the company making such appointment. As per the rules, all existing Independent Directors need to empanel with the databank on or before 29.02.2020. Every individual whose name is included in the databank under sub-rule (1) shall pass an Online Proficiency Self-Assessment test conducted by IICA within a period of one year from the date of inclusion of his name in the databank, failing which, his name shall stand removed from the databank.

Provided that the individual who has served for a period of not less than ten years as on the date of inclusion of his name in the databank as director or key managerial personnel (KMP) in a listed company or in an unlisted public company having a paid-up share capital of ₹ 10 crore or more shall not be required to pass the online proficiency self-assessment test.

The candidate shall also meet the “Fit and Proper Criteria” as per the “Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”.

Positive attributes

The Directors on the Board of the Company have to discharge their duties under the Act and other laws diligently and are expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment. Independent Directors are also governed by the “Code for Independent Directors” as given in Schedule IV to the Act.

Independence

An Independent Director shall meet the criteria for “Independent Director” as laid down in Section 149 of the Act.

II. Remuneration policy

The Company has adopted the remuneration policy for the Directors, KMPs and other employees pursuant to the provisions of the Act based on the following criteria.

i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.

ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and;

iii) Remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

a) Remuneration of Managing Director, Whole Time Director and Manager:

The Committee while considering the remuneration of the Managing Director, the Whole Time Director and Manager (wherein there is no Managing Director), shall take into consideration the performance of the Company vis-à-vis the budgets as well as performance of its competitors, the experience of the person, his background, job-profile and suitability, his past remuneration, the comparative remuneration profile in the industry, size of the Company, responsibilities shouldered by the Managing Director / Whole Time Director etc. Any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013.

b) Remuneration of Non-Executive Director (NED)

a) The remuneration to the NEDs is restricted to the sitting fees for attending meetings of the Board of Directors/ Committees of the Board. Commission can also be paid to them as a percentage of profits as per the provisions of the Companies Act, 2013.

b) The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees for attending meetings of the Board of Directors/ Committees of the Board provided that any sitting fees paid to the Independent Director shall not be less than the sitting fees paid to NEDs.

c) Independent Directors shall not be eligible for stock options of the Company, if any.

Any incidental expense incurred by the Directors with relation to the participation in the meetings of the Board and other Committees of the Board shall be reimbursed.

c) Remuneration of KMPs, Senior Management and Other Employees.

The Remuneration of the KMPs, Senior Management and Other Employees shall be in accordance with the Policy of the Company which is applicable to the employees. The Committee may consider the remuneration of KMPs, Senior Management and Other Employees keeping in view of the performance of the business/ function under his control and also the contribution of the business/ function under his control towards the overall performance of the Company.

Any amendment to the above policy shall be subject to the prior approval of the NRC and the Board of Directors.

Thiruvananthapuram
Dated: 07.09.2020

For and on behalf of the Board

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

Annexure II

Information required under section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

a. Ratio of Remuneration of each Director to the median remuneration of all employees of your Company for the financial year 2019-20 is as follows:

SL. No	Name of Director	Ratio of Remuneration of Director to the median remuneration
1	Mr. Thomas John Muthoot	767.47
2	Mr. Thomas Muthoot	613.97
3	Mr. Thomas George Muthoot	84.42
4	Mr. R Kamalasanan Nair	0.80
5	Mr. A P Kurian	0.96
6	Mr. Vikraman Ampalakkat	0.96

b. Details of percentage increase in the remuneration of each Director, CFO and Company Secretary in the financial year 2019-20 is as follows.

As per the terms of the appointment of Mr. Thomas John Muthoot, Managing Director and Mr. Thomas Muthoot, Executive Director were eligible for a yearly remuneration of ₹ 1200 Lakhs and ₹ 960 Lakhs respectively. Mr.Thomas George Muthoot, Director was eligible for a commission of 1% of the profits of the Company. All the above remuneration/ commission were subject to the overall limits of managerial remuneration as per the Companies Act 2013. During the year 2019-20, remuneration were paid to the Directors as detailed below

SL. No	Name	Designation	Remuneration	Percentage Increase
1	Mr. Thomas John Muthoot	Managing Director	₹ 12,00,00,000	26.32%
2	Mr. Thomas Muthoot	Executive Director & CFO	₹ 9,60,00,000	26.31%
3.	Mr. Thomas George Muthoot	Director	₹ 1,32,00,000	NIL

Commission claimed by Mr. Thomas George Muthoot, Director was less than the eligible amount.

The other directors namely Mrs. Preethi John Muthoot, Mr. R. Kamalasanan Nair, Mr. AP Kurian and Mr.Vikraman Ampalakkat did not receive any remuneration from the Company other than the sitting fee for attending Board/Committee meetings. The sitting fee for attending Board/Committee meetings is ₹ 25,000 per meeting.

Percentage increase in the remuneration of Company Secretary is 14.90%.

c. **Percentage increase in the median remuneration of employees in the financial year 2019-20: 5.70%**

d. **Number of permanent employees on the rolls of the Company as on 31.03.2020: 10,444**

e. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year - 9.00%**

Average percentile increase in the managerial remuneration - 10.50%

Higher increase in salary was given to managerial personal because of higher expertise required and the responsibilities handled by them.

f. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms that the remuneration paid is as per the remuneration policy of the Company.

g. **Statement containing particulars of employees as required under Section 197(12) of the Act read with rule 5(2) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 as amended from time to time:**

Name	**Mr. Thomas John Muthoot**	**Mr. Thomas Muthoot**	**Mr. Vasudevan Ramaswami**	**Mr. Eugene Oommen Koshy**
Age of the Employee	58	54	59	52
Designation	Managing Director	Executive Director & Chief Financial Officer	Chief Operating Officer	Chief Purpose Officer
Gross Remuneration (₹)	12,00,00,000	9,60,00,000	1,28,93,657	1,08,29,838
Nature of Employment, whether contractual or otherwise	Permanent	Permanent	Contract Expert	Permanent
Qualification and Experience	B Com, OPM (Harvard) 33 years	BA, LLB 27 years	BE, MMS 33 years	B.Com 20 years
Date of Commencement of Employment	10.06.1997	10.06.1997	29.04.2017	01.07.2018
Last Employment held	NA	NA	L&T Housing Finance Ltd	Muthoot Pappachan Universal
% of Shareholding	26.25	26.25	NIL	NIL
Whether relative of any Director or manager of the Company and if so, name of such Director or Manager	Mr. Thomas George Muthoot, Mr. Thomas Muthoot and Mrs. Preethi John Muthoot	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot	No	No

Details of Top 10 employees in terms of remuneration drawn during 2019-20.

Name	Age	Designation	Gross Remuneration (₹)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Last Employment held	% of Shareholding	Whether relative of any Director or manager of the Company
Mr. Thomas John Muthoot	58	Managing Director	12,00,00,000	Permanent	B Com, OPM (Harvard) 33 years	10.06.1997	NA	26.25	Mr. Thomas George Muthoot, Mr. Thomas Muthoot, and Mrs. Preethi John Muthoot
Mr. Thomas Muthoot	54	Executive Director & CFO	9,60,00,000	Permanent	BA, LLB 26 years	10.06.1997	NA	26.25	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot
Mr. Vasudevan Ramaswami	59	Chief Operating Officer	1,28,93,657	Contract Expert	BE, MMS 33 years	29.04.2017	L&T Housing Finance Ltd	NA	No
Mr. Eugene Oommen Koshy	52	Chief Purpose Officer	1,08,29,838	Permanent	B.Com 20 Years	01.07.2018	Muthoot Pappachan Universal	NA	No
Mr. Joseph Oommen	50	Head - Finance and Accounts	91,95,485	Permanent	BSc, CA 23 years	01.12.2011	Fin-Southern, Abudhabi	NA	No
Mr. Sanjeev Kumar Shukla	52	Chief Marketing Officer	90,72,114	Permanent	BA, MBA 28 Years	30.10.2017	Hero MotoCorp	NA	No
Mr. Tojo Jose	57	Chief Human Resources Officer	78,58,653	Permanent	BA, PGDBA (XLRI) 35 years	05.10.2016	Blue Star	NA	No

Mr. Ravi Venkata Oruganti	52	Head-Legal and Compliance	71,61,167	Permanent	LLB, ACS 26 Years	16.11.2017	Bharthi Airtel Ltd	NA	No
Mr. Nadana Sabapathy R	66	Head - Resource Planning	52,47,850	Contract Expert	MSc, CAIIB 39 years	14.07.2014	State Bank of India	NA	No
Mr. Abraham Cherian	48	Deputy Vice President	48,53,836	Permanent	BSc, MSc, MBA 25 years	17.07.2017	Bostosight	NA	No

Thiruvananthapuram

Dated: 07.09.2020

For and on behalf of the Board

sd/-

Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-

Thomas George Muthoot
Director
DIN: 00011552

Annexure III

FORM NO. AOC -2

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

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements, or transactions entered by the Company during the year ended March 31, 2020, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl. No	Name (s) of the Related Party	Nature of Arrangements & Nature of Relationship	Duration of the Arrangements	Salient terms of the Arrangements	Date of approval by the Board/ EGM	Amount paid as advances, if any (Rs)
1	Muthoot Capital Services Limited. (MCSL)	Acting as broker/ agent for canvassing public deposits *(Group Company)*	5 years	Acting as broker/ agent for canvassing public deposits through MFL's wide network of branches across Kerala	30.05.2019	
2	Muthoot Pappachan Chits (India) Private Ltd. (MPCIPL)	Sharing of office space *(Group Company)*	10 years	Letting out of Office space at Mankavu, Calicut	30.05.2019	
3	Muthoot Estate Investments (MEI)	Purchasing assets *(Firm)*	-	Purchased certain assets from MEI at book value as on 31.03.2018 at ₹ 67,75,189.	30.05.2019	
4	Muthoot Risk Insurance & Broking Services Pvt Ltd (MRIBS)	Letting out the office premises *(Group Company)*	Upto 31st January 2023	Subletting Office space at Vazhuthacaud, Trivandrum	29.07.2019	
5	Muthoot Housing Finance Company Ltd (MHFCL)	Investment in the Equity Share Capital *(Subsidiary)*	-	Investing upto Rs. 50 Crores in the Equity Share Capital during FY 2019-20	29.07.2019	

6	Muthoot Exim Private Ltd. (MEPL)	Sharing of office space *(Group Company)*	3years	Letting out the Office space and to permit keeping of small steel safes in the strong room at Vallikkavu and Thrikkunnapuzha Branches of the Company	29.07.2019	
7	Muthoot Pappachan Technologies Ltd (MPT)	Sale of assets *(Subsidiary)*	NA	Selling of 9 computers at the depreciated value of ₹ 3,15,000	11.12.2019	
8	MPG Security Group Private Limited (MPGSG)	Authorising for representing company *(Group Company)*	NA	Authorisation to file criminal matters on behalf of the Company	11.12.2019	
9	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot	Lease agreement *(Directors)*	10 years	Hiring of office space at Anna Nagar, Chennai	11.12.2019	
10	Muthoot Housing Finance Company Ltd. (MHFCL)	Sharing of office space *(Subsidiary)*	10 years	Subletting office space at 4 Branches of the Company	11.12.2019	
11	Muthoot Exim Pvt. Ltd	Sale of precious metals *(Group Company)*	11.12.2019 to 31.10.2022	Added a new product in the existing agreement	11.12.2019	
12	Muthoot Pappachan Chits (India) Pvt Ltd (MPCIPL)	Letting out of Branch space *(Group Company)*	Upto 30th June 2022	Sharing of Office space at Kathrukadavu	19.03.2020	
13	Muthoot Housing Finance Company Ltd. (MHFCL)	Sharing of office space *(Subsidiary)*	10 years	Subletting of office space at 4 Branches of the Company	19.03.2020	
14	Muthoot Pappachan Technologies Ltd. (MPT)	Revision of the monthly Service Charges *(Group Company)*	01.04.2020 to 31.07.2021	Revision of service charges for providing IT support services	19.03.2020	
15	MPG Security Group Pvt. Ltd (MPGSG)	Revision of the monthly Service Charges *(Group Company)*	01.04.2020 to 15.09.2020	Revision of charges for providing Vigilance Support	19.03.2020	

16	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot	Loan to Directors. *(Directors)*	2.5 years	Sanctioning of a term loans to Directors of ₹ 70 Crs each	19.03.2020	
17	M/s Muthoot Motors (Cochin)	Letting out of the Office space *(Firm)*	2 years	Letting out of space for showroom at Kollam to Muthoot Motors	19.03.2020	
18	Mr. Thomas John Muthoot	Modification of perquisites in the terms of re-appointment	1 year (2020-21)	Contribution to LIC Jeevan Shathi Single Premium Annuity Plan	19.03.2020	
19	Mr. Thomas Muthoot	Modification of perquisites in the terms of re-appointment	1 year (2020-21)	Contribution to LIC Jeevan Shathi Single Premium Annuity Plan	19.03.2020	

Thiruvananthapuram

Dated: 07.09.2020

For and on behalf of the Board

sd/-

Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-

Thomas George Muthoot
Director
DIN: 00011552

Annexure IV

RELATED PARTY TRANSACTION POLICY

The transactions with the Related Parties shall be guided by the following principles.

A. Objective/ Purpose of the Policy:

The objective of the policy is to frame and formulate operational guidelines facilitating the following operations relating to the business of the Company: -

i) lending to,
ii) investments in/with
iii) availing of loans from
iv) NCD investments by
v) Subordinated Debt investment by
vi) entering into other business transactions with any Related Party

B. Definition of Related Party :

“Related Party” means—

(i) any director of the Company or his relative;
(ii) any key managerial personnel or his relative;
(iii) any firm, in which any director, manager or his relative is a partner;
(iv) any private company in which a director or manager or his relative is a member or director;
(v) any public company in which any director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
(vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager of the Company;
(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any body corporate which is—

(A) a holding, subsidiary or an associate company of such company; or
(B) a subsidiary of a holding company to which it is also a subsidiary;
(C) an investing company or the venturer of a company;

Explanation. — For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate

(ix) such other person as may be prescribed by the Companies Act.

C. Prohibition/restrictions:

The Company shall not enter into any transaction with a Related Party if the same is prohibited by the RBI or by any other law in force in the Country. If any restriction is imposed on such transactions, the transactions entered with them shall be in conformity to the extent of such restrictions.

D. Review and approval of Related Party Transaction:

a) Audit Committee

(i) All the transactions which are identified as related party transactions should be approved by the Audit Committee as per the provisions of the Companies Act 2013.

(ii) The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions/criteria prescribed under the Act. Such omnibus approval shall be valid for a period not exceeding one year after which fresh approval to be taken.

(iii) Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

b) Board of Directors / Members of the Company

(i) As per the Companies Act, except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, Company shall not enter into any arrangement or contract with any Related Party with respect to: -

(a)	sale, purchase or supply of any goods or materials;
(b)	selling or otherwise disposing of, or buying, property of any kind;
(c)	leasing of property of any kind;
(d)	availing or rendering of any services;
(e)	appointment of any agent for purchase or sale of goods, materials, services or property;
(f)	such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
(g)	underwriting the subscription of any securities or derivatives thereof, of the company:

(ii) In the case of a Company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums as may be prescribed in the Companies (Meetings of Board and its Powers) Rules 2014, no contract or arrangement as mentioned above shall be entered into except with the prior approval of the Company by a resolution.

An audit committee member, board member or the shareholder, as the case may be, who has an interest, potential or otherwise, in any related party transaction shall abstain himself from discussion and voting on the approval of the related party transaction.

E. Transactions undertaken at Arm's length basis:

The consent of the Board is not necessary if transactions at D(b)(i) above are undertaken by the Company in its ordinary course of business on an arm's length basis. The expression "arm's length transaction" means a transaction between two related parties conducted as if they were unrelated, so that there is no conflict of interest.

F. Contract / Arrangement entered into without obtaining the consent of the Board / Members of the Company.

If any contract or arrangement is entered into without obtaining the consent of the Board or approval by resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 3 months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

G. Disclosure to Shareholders

Every contract or arrangement as specified in (C) above shall be disclosed in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

H. Loans to and Loans from Related Parties:

Loans to Related Parties shall be, sanctioned subject to the provisions contained in the Companies Act and RBI guidelines.

I. Investment in /with / by Related Parties:

Investments by the Company in or with any of the Related Parties shall be made as per the provisions of the Companies Act 2013.

J. All activities referred to above shall be undertaken with any Related Party subject to the provisions of the extant RBI Guidelines and Companies Act.

Thiruvananthapuram
Dated: 07.09.2020

For and on behalf of the Board

sd/-	sd/-
Thomas John Muthoot	**Thomas George Muthoot**
Managing Director	Director
DIN: 00011618	DIN: 00011552

SEP & ASSOCIATES
Company Secretaries

Partners

CS Sivakumar P., M.Com, FCMA, FCS
CS Madhusudhanan E.P., M.Com, FCMA, FCS
CS Anju Panicker, BA, LLB, ACS

Reg. Office: 43/2695-A, Kariparambil lane
SRM Road, Kaloor, Ernakulam 682018
+91 9947262162, +91 8089359964

Annexure V

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Muthoot Fincorp Limited,
Muthoot Centre, TC No 14/2074-7
Punnen Road, Trivandrum,
KL 695039 IN

We, SEP & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Muthoot Fincorp Limited [CIN: U65929KL1997PLC011518]** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of 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 our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) as amended and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;

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

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extend applicable.

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

a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

b. 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.

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

d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

(vi) As informed to us, the following Regulations and Guidelines prescribed under the Reserve Bank of India Act, 1934 applicable to Non-Banking Financial Companies (Non Deposit Accepting or Holding) are specifically applicable to the Company:

a. Systematically Important Non-Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;

b. Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 and Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

c. Reserve Bank of India (Non-Banking Financial Companies) Returns Specifications, 1997 and Non- Banking Financial Company Returns (Reserve Bank) Directions, 2016;

d. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

e. Guidelines for Asset-Liability Management (ALM) system in Non-Banking Financial Companies;

f. Frauds- Future Approach towards monitoring of Frauds in Non-Banking Financial Companies and Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

g. Know Your Customer (KYC) Guidelines- Anti Money Laundering Standards and Know Your Customer (KYC) Direction, 2016;

h. Fair Practices Code;

i. Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015;

j. Regulation of excessive interest charged by NBFCs;

k. Miscellaneous Instructions to all Non-Banking Financial Companies and Miscellaneous Instructions to NBFC-ND-SI;

l. Reserve Bank Commercial Paper Directions, 2012;

m. Guidelines for issue of Commercial Paper;

n. Revised Regulatory Framework for NBFC;

(vii) The Prevention of Money Laundering Act, 2002 and the Regulations and Bye-laws framed thereunder;

We have also examined the compliance with the applicable clauses of the following:

(i) Secretarial Standard relating to Board (SS 1) and General Meetings (SS 2) issued by the Institute of Company Secretaries of India.

(ii) The Debt Listing agreement entered into by the company with BSE Limited.

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

In respect of other laws specifically applicable to the Company we have relied on information/records produced by the Company during the course of our audit and the reporting is limited to that extent.

We further report that:

The Board of Directors of the Company is duly constituted. 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 and in compliance with orders issued by the Central Government.

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.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

We further report that during the period under review the company has issued Non-convertible Debentures through two public offers and a private placement for an amount of ₹ 738.65 Crores and ₹ 125 Crores respectively, which were subsequently listed in the Wholesale debt market segment of BSE.

We further report that during the period under review the company has issued subordinate debts (Series 20, 21 & 22) in compliance with the provisions of Section 180 (1) (C) and other applicable provisions of Companies Act, 2013.

We further report that during the audit period there were no instances of:

i. Issuance of securities including Public/Right/Preferential issue of securities other than issue of Non-Convertible Debenture through Public issues and Private Placement as mentioned above;

ii. Redemption/Buy-back of securities

iii. Merger/amalgamation/reconstruction;

iv. Foreign technical collaborations.

For **SEP & Associates**
Company Secretaries
(ICSI Unique Code: P2019KE075600)

UDIN: F003050B000671300

sd/-
P. SIVAKUMAR
Managing Partner
CP. No. 2210 M. No. 3050

Place: Kochi
Date: 05/09/2020

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members,
Muthoot Fincorp Limited,
Muthoot Centre, TC No 14/2074-7
Punnen Road, Trivandrum,
KL 695039 IN

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2020 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For **SEP & Associates**
Company Secretaries
(ICSI Unique Code: P2019KE075600)

UDIN: F003050B000671300

sd/-
P. SIVAKUMAR
Managing Partner
CP. No. 2210 M. No. 3050

Place: Kochi
Date: 05/09/2020

Annexure VI

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65929KL1997PLC011518
ii)	Registration Date	10/06/1997
iii)	Name of the Company	**MUTHOOT FINCORP LIMITED**
iv)	Category / Sub-Category of the Company	Public Company / Limited by share
v)	Address of the Registered office and contact details	Muthoot Centre, TC NO 14/2074- 7, Punnen Road, Trivandrum – 695039,Kerala
vi)	Whether listed Company	Yes- The Company has listed its Non-Convertible Debentures. Shares are not listed.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Private Limited (Formerly Integrated Enterprises (India) Limited) II Floor, Kences Towers, No. 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 Tel: +91 (44) 2814 0801 - 803

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY -

SL No	Name and Description of main products/ services	NIC Code of the Product/Service	% to total turnover of the Company
1	Financial Services	6492	87.78

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

SL No	Name and Address of the Company	CIN	Holding/ Subsidiary / Associate	% of Shares held
1.	Muthoot Housing Finance Company Limited	U65922KL2010PLC025624	Subsidiary Company	80.66
2.	Muthoot Microfin Limited	U65190MH1992PLC066228	Subsidiary Company	63.61
3.	Muthoot Pappachan Technologies Limited	U72200KL2012PLC032664	Subsidiary Company	60

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/ HUF	152531297	0	152531297	**78.75**	152531297	0	152531297	**78.75**	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-Total (A)(1)	**152531297**	**0**	**152531297**	**78.75**	**152531297**	**0**	**152531297**	**78.75**	**0**
(2) Foreign									
a) NRIs - Individual	0	0	0	0	0	0	0	0	0
b) Other - Individual	0	0	0	0	0	0	0	0	0
c) Bodies Corp	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0
Total Share-holding of Promoter (A)=(A)1)+(A)(2)	**152531297**	**0**	**152531297**	**78.75**	**152531297**	**0**	**152531297**	**78.75**	**0**
B Public Shareholding									
1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0

c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others									
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	595250	0	595250	**0.30**	595250	0	595250	**0.30**	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	1075	0	1075	**0.01**	1075	0	1075	**0.01**	0
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	40577938	0	40577938	20.94	40577938	0	40577938	20.94	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**41174263**	**0**	**41174263**	**21.25**	**41174263**	**0**	**41174263**	**21.25**	**0**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**41174263**	**0**	**41174263**	**21.25**	**41174263**	**0**	**41174263**	**21.25**	**0**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**193705560**	**0**	**193705560**	**100**	**193705560**	**0**	**193705560**	**100**	**0**

B) Shareholding of Promoter

Sl.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged /encum-bered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encum-bered to total shares	
1	Thomas John Muthoot	50843764	26.25	0	50843764	26.25	0	0
2	Thomas George Muthoot	50843764	26.25	0	50843764	26.25	0	0
3	Thomas Muthoot	50843769	26.25	0	50843769	26.25	0	0
	Total	**152531297**	**78.75**	**0**	**152531297**	**78.75**	**0**	**0**

C. Change in Promoters' Shareholding (*please specify, if there is no change*)

Sl.No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	**152531297**	**78.75**	**152531297**	**78.75**
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	*There is no changes in the shareholding of the promoters during the year*			
3	At the end of the year	**152531297**	**78.75**	**152531297**	**78.75**

D). Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in sharehold-ing during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1	Mrs. Nina George	13525961	6.97	13525961	6.97	0
2	Mrs. Remmy Thomas	13525988	6.98	13525988	6.98	0
3	M/s Muthoot Exim Private Ltd	476200	0.25	476200	0.25	0
4	M/s Muthoot Kuries Private Ltd	119050	0.06	119050	0.06	0

5	Mrs. Janamma Thomas	1039	0.0005	1039	0.0005	0
6	Mr. A.V Koshy	5	0.0000025	5	0.0000025	0
7	Mr. Jayakrishnan P	5	0.0000025	5	0.0000025	0
8	Mr. Amjad A.M	5	0.0000025	5	0.0000025	0
9	Mr. Parameswaran T.S	5	0.0000025	5	0.0000025	0
10	Mrs. Shiney Thomas	6	0.0000031	6	0.0000031	0
	Total	**27648264**	**14.27**	**27648264**	**14.27**	**0**

E) Shareholding of Directors and Key Managerial Personnel:

Sl.No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Thomas John Muthoot- (Managing Director and KMP)**				
	At the beginning of the year	50843764	26.25	50843764	26.25
	At the end of the year	50843764	26.25	50843764	26.25
2	**Thomas George Muthoot - (Non-Executive Director)**				
	At the beginning of the year	50843764	26.25	50843764	26.25
	At the end of the year	50843764	26.25	50843764	26.25
3	**Thomas Muthoot - (Executive Director & C.F.O (KMP))**				
	At the beginning of the year	50843769	26.25	50843769	26.25
	At the end of the year	50843769	26.25	50843769	26.25
4	**Preethi John Muthoot (Non- Executive Director)**				
	At the beginning of the year	13525989	6.98	13525989	6.98
	At the end of the year	13525989	6.98	13525989	6.98
5	**R Kamalasanan Nair - (Independent Director) till 14.11.2019**				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
6	**A.P Kurian - (Independent Director)**				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
7	**Vikraman Ampalakkat - (Independent Director)**				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
8	**T.D Mathai - (Company Secretary and KMP)**				
	At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8,50,479.14	2,73,028.69	-	11,23,507.83
ii) Interest due but not paid	1,881.65	488.90	-	2,370.55
iii) Interest accrued but not due	1,150.72	37,223.68	-	38,374.40
Total (i+ii+iii)	**8,53,511.51**	**3,10,741.26**	-	**11,64,252.77**
Change in Indebtedness during the financial year				
* Addition	10,30,043.24	49,959.55	-	10,80,002.79
* Reduction	8,26,699.53	68,251.11	-	8,94,950.64
Net Change	**2,03,343.71**	**-18,291.56**	-	**1,85,052.15**
Indebtedness at the end of the financial year				
i) Principal Amount	10,54,426.59	2,60,167.47	-	13,14,594.06
ii) Interest due but not paid	-	1,371.10	-	1,371.10
iii) Interest accrued but not due	2,428.63	30,911.13	-	33,339.76
Total (i+ii+iii)	**10,56,855.22**	**2,92,449.71**	-	**13,49,304.92**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL. (₹)

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		
		Mr. Thomas John Muthoot	Mr. Thomas Muthoot	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,00,00,000	9,60,00,000	21,60,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Fee for attending Board/Committee Meetings	0	0	0
3	Stock Option	0	0	0
4	Sweat Equity	0	0	0
5	Commission - as % of profit	0	0	0
6	Others, please specify	0	0	0
	Total (A)	**12,00,00,000**	**9,60,00,000**	**21,60,00,000**
	Ceiling as per the Act	16,36,01,600	16,36,01,600	32,72,03,200

B. Remuneration to other directors

SI.No	Particulars of Remuneration	Name of Directors			Total Amount
1	**Independent Directors**	**Mr. R. Kamalasanan Nair**	**Mr. A.P Kurian**	**Mr. Vikraman Ampalakkat**	
	Fee for attending Board / Committee Meetings	1,25,000	1,50,000	1,50,000	4,25,000
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (1)	**1,25,000**	**1,50,000**	**1,50,000**	**4,25,000**
2	**Other Non-Executive Directors**		**Ms. Preethi John Muthoot**	**Mr. Thomas George Mut-hoot**	
	Fee for attending Board / Committee Meetings		1,25,000	2,50,000	3,75,000
	Commission		0	1,32,00,000	1,32,00,000
	Others, please specify		0	0	0
	Total (2)		**1,25,000**	**1,34,50,000**	**1,35,75,000**
	Total (B) = (1+2)				**1,40,00,000**
	Total Managerial Remuneration			**23,00,00,000**	
	Overall Ceiling as per the Act			35,99,23,520	

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

SI.No	Particulars of Remuneration	Key Managerial Personnel		
		Mr. T.D Mathai, (Company Secretary)	**Mr. Thomas Muthoot,** (Chief Financial Officer*)	**Total Amount**
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40,03,714	0	40,03,714
	(b)Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit	0	0	0
5	Others, please specify	0	0	0
	Total	**40,03,714**	**0**	**40,03,714**

*Remuneration paid to Mr. Thomas Muthoot (Executive Director & CFO) during the Financial Year 2019-2020 is included under Remuneration to Managing Director, Whole-time Directors and/or Manager.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Thiruvananthapuram

Dated: 07.09.2020

For and on behalf of the Board

sd/-

Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-

Thomas George Muthoot
Director
DIN: 00011552

Annexure VII

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-'20

1. A brief outline of the Company's CSR policy:

   The CSR programs of Muthoot Fincorp Ltd. (MFL) are bound by the theme HEEL: Health, Education, Environment, Livelihood. MFL will be leading its CSR initiative within the HEEL framework, specifically involving their staff and its customers.

   Aligning with vision of the Company, MFL, will continue to increase value creation in the community in which it operates, through its services and CSR initiatives planned and implemented by Muthoot Pappachan Foundation, so as to stimulate well-being for the community, in fulfillment of its role as a responsible, corporate citizen.

   The objective of the MFL CSR Policy is to:

   - Build a framework of CSR activities with a philanthropic approach in line with its business objectives, which also benefits the organization at large;
   - Shape sustainability for the organization by 'Engaging the Community.'
   - Build a corporate brand through CSR activities.
   - Make it "an integral part of the Company's DNA, so much so that it has to be an organic part of the business", for its stakeholders.

   The over-arching framework of HEEL, will not only guarantee consistency but also full compliance with the CSR requirements mandated by the Companies Act 2013. HEEL will allow MFL to remain focused on selected issues while adopting a systematic and professional approach to its work.

2. The Composition of the CSR Committee as on 31st March 2020 is as follows:

   Mr. A.Vikraman (Independent Director & Chairman)
   Mr. Thomas John Muthoot
   Mr. Thomas George Muthoot
   Mr. Thomas Muthoot

3. Average net profit of the Company for last three financial years- ₹20,143.50 lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) ₹402.87 Lakhs

5. Details of CSR spent during the financial year.

   a) Total amount to be spent for the financial year: ₹553.29 lakhs (Current years prescribed expenditure ₹402.87 lakhs + Last year's carry forward ₹150.42 lakhs)

   b) Amount unspent, if any: ₹242.87 lakhs

c) Manner in which the amount spent during the financial year is detailed below.

₹ in Lakhs

1	2	3	4	5	6	7	8
SL. NO	CSR project or activity identified	Sector in which the Project is covered	Projects or program was undertaken (1)Local area or other (2) Specify the State and district	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub-heads: (1)Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: a) Direct or b) through implementing agency*
1	Cleft Surgery Mission (Mission Smile)	Health	Pan India	76,50,000.00	76,61,163.00	76,61,163.00	a) NIL b) 76,61,163
2	Treatment Support	Health	Kerala	15,00,000.00	6,46,300.00	6,46,300.00	a) NIL b)6,46,300
3	Jeevan Jyothi	Education	Kerala	6,00,000.00	7,13,000.00	7,13,000.00	a) NIL b)7,13,000
4	Jayamatha Orphanage	Education	Kerala	60,000.00	55,000.00	55,000.00	a) NIL b) 55,000.00
5	Education Support	Education	Kerala		88,260.00	88,260.00	a) NIL b) 88,260.00
6	Bhodhini	Education	Kerala		1,30,000.00	1,30,000.00	a) NIL b) 1,30,000.00
7	Muthoot Pappachan Academy for Skills Development	Education	Kerala	15,00,000.00	4,57,957.00	4,57,957.00	a) NIL b) 4,57,957.00
8	Rebuild Kerala	Livelihood	Kerala	2,33,00,000.00	27,250.00	27,250.00	a) NIL b) 27,250.00
9	Sports Talent Support	Livelihood	Kerala	8,00,000.00	0	0	a) NIL b) NIL

10	Muthoot Pappachan Centre for Excellence in Sports (Foot-ball Academy/ Cricket Acad-emy)	Livelihood	Kerala	1,60,00,000.00	1,44,21,510.49	1,44,21,510.49	a) NIL b) 1,44,21,510.49
11	Abhaya	Livelihood	Kerala		5,00,000.00	5,00,000.00	a) NIL b) 5,00,000
12	Waste Management Project at Cot-ton Hill School Trivandrum	Environ-ment	Kerala	1,00,000.00	1,00,000.00	1,00,000.00	a) NIL b) 1,00,000
13	Admin/ Governance/ Consultation/ Audit charges	Overhead	Kerala	27,00,000.00	11,99,091.00	11,99,091.00	a) NIL b) 11,99,091.00
14	Training/ Travel/ Field Support Activities	Overhead	Kerala	11,19,000.00	-	-	a) NIL b) NIL
15	Need based programmes (Regional) Field Expense/ Flood relief/	Livelihood	Kerala		3,14,347.00	3,14,347.00	a) NIL b) 3,14,347.00
16	Support to Covid-19	Health	Kerala		47,400.00	47,400.00	a) NIL b) 47,400
17	Contribution to SCTIMST for COVID-19 Activities	Health	Kerala		46,81,294.00	46,81,294.00	a) NIL b) 46,81,294
	TOTAL			**5,53,29,000.00**	**3,10,42,572.49**	**3,10,42,572.49**	

*Details of implementing agency:

Direct implementing agency: Muthoot Pappachan Foundation

Partnership NGOs:

A. Health:

- Mission Smile (Charitable Trust)
- Aashiana Charitable & Educational Trust (Charitable Trust)
- Bodhini Metropolis Charitable Trust
- JMMA Holistic Center

B. Education:

- Jayamatha Orphanage/ Boys Home (Charitable Society)
- Jeevan Jyothi (Charitable Society)

C. Livelihood:

- Muthoot Pappachan Centre for Excellence in Sports (Section 8 Company)
- Abhaya

6. Explanation for unspent amount

As against the current year CSR expenditure requirement of ₹402.87 lakhs and the accumulated shortfall of ₹150.42 lakhs as at the beginning of the year, the Company has spent a total of ₹310.43 lakhs during the year. Programmes and partnerships are being developed by Muthoot Pappachan Foundation, the implementing agency, towards impactful CSR interventions which are also marked for employee engagement on a larger scale. The flagship programmes are progressing efficiently in the field, benefiting many deserving people.

The Company has undertaken a rehabilitation project having a long term gestation period, the completion of which, is expected to fully utilise the accumulated unspent amount. It will be ensured that the Company implements all the scheduled CSR programmes and completely utilise the funds towards the planned programmes.

7. Responsibility Statement.

The CSR Committee hereby confirms that the CSR initiative implemented by Muthoot Fincorp Ltd. through Muthoot Pappachan Foundation during the reporting period is in compliance with CSR objectives and Policy of the Company. The CSR Committee regularly monitors the field implementation of the planned activities ensuring that it is in due adherence to the Companies Act and the approved CSR Policy of the Company.

Thiruvananthapuram
Dated: 07.09.2020

sd/-	sd/-
(Thomas John Muthoot)	**(A.Vikraman)**
Managing Director	Chairman CSR Committee
DIN: 00011618	DIN: 01978341

Annexure VIII

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

₹ in Lakhs

Name of the subsidiary	Muthoot Housing Finance Company Ltd	Muthoot MicroFin Limited	Muthoot Pappachan Technologies Limited
Date since when subsidiary was acquired	8th August 2012	15th January 2014	29th May 2013
Reporting period	31.03.2020	31.03.2020	31.03.2020
Reporting Currency	INR (₹)	INR (₹)	INR (₹)
Share Capital	7,358.11	11,417.05	5.00
Reserves & Surplus	12,519.70	79,282.23	(249.04)
Total Assets	114,993.80	409,020.86	2,416.19
Total Liabilities	114,993.80	409,020.86	2,416.19
Investments	-	-	-
Turnover	18,925.88	85,942.88	2,095.09
Profit Before Taxation	2,801.11	1,969.83	98.15
Provision for Taxation	(743.04)	(149.20)	(29.48)
Profit After Taxation	2,058.07	1,820.63	68.67
Proposed Dividend	-	-	-
% of Shareholding	80.66%	63.61%	60%

1. Names of subsidiaries which are yet to commence operations — NIL
2. Names of subsidiaries which have been liquidated or sold during the year. — NIL

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013
related to Associate Companies and Joint Ventures

Sl. No.	Name of the Associates / Joint venture	Nil
1.	Latest Audited Balance Sheet Date	Nil
2.	Shares of Associate/Joint Ventures held by the company on the year end	Nil
3.	Description of how there is significant influence	Nil
4.	Reason why the associate/joint venture is not consolidated	Nil
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	Nil
6.	Profit / Loss for the year	
	i. Considered in Consolidation	Nil
	ii. Not Considered in Consolidation	Nil

1. Names of associates or joint ventures which are yet to commence operations. NIL

2. Names of associates or joint ventures which have been liquidated or sold during the year. NIL

For on the behalf of Board of Directors of Muthoot Fincorp Limited

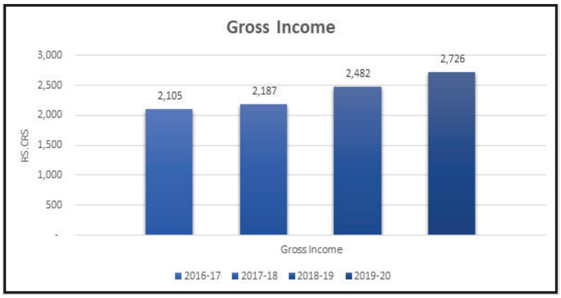
sd/-
Thomas George Muthoot
Director
DIN: 00011552

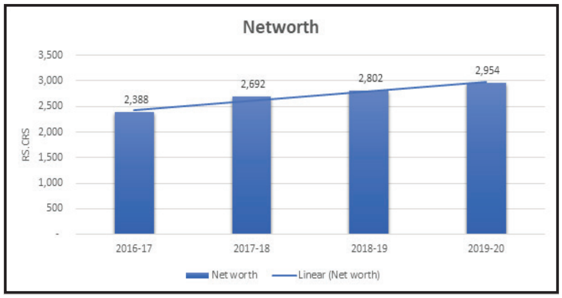
sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

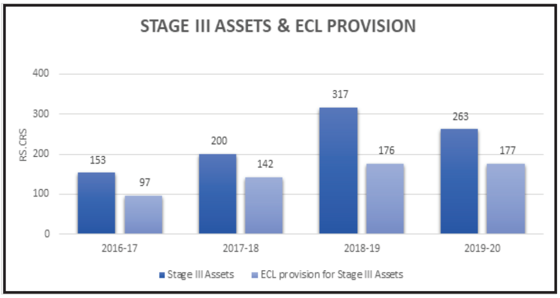
sd/-
T.D Mathai
Company Secretary

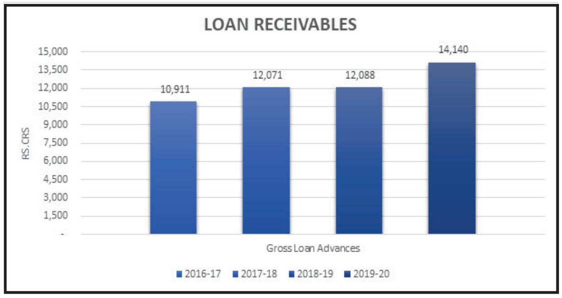
sd/-
Thomas Muthoot
Executive Director & Chief Financial Officer
DIN: 00082099

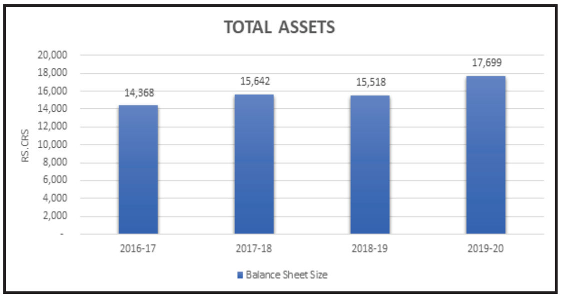
FINANCIAL INDICATORS

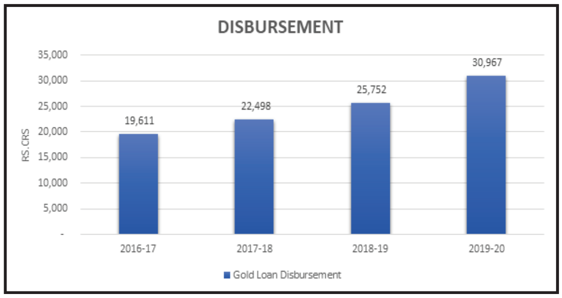


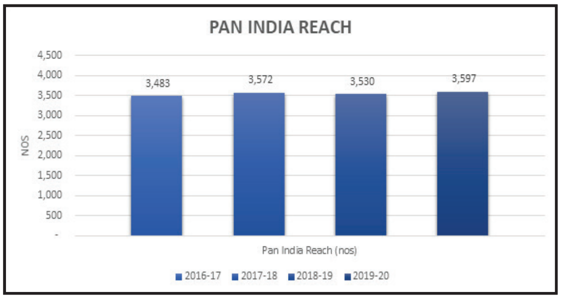


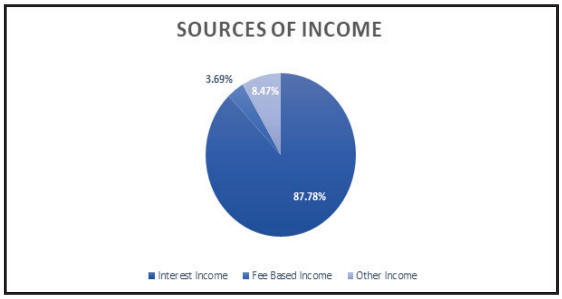




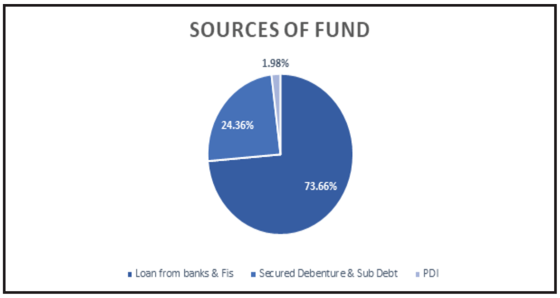


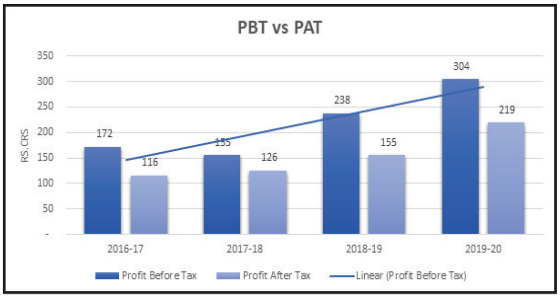


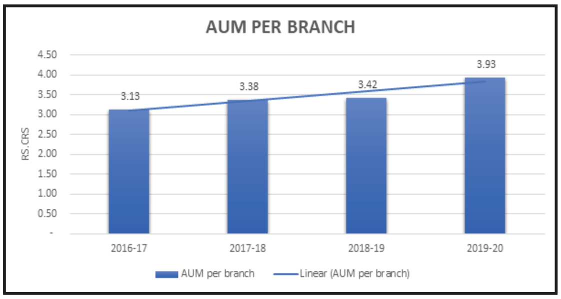


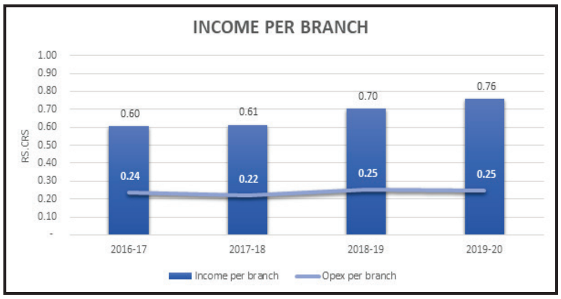


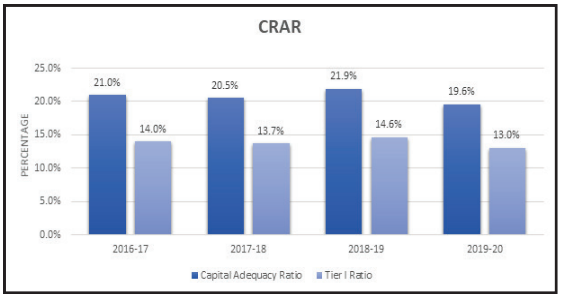
FINANCIAL INDICATORS

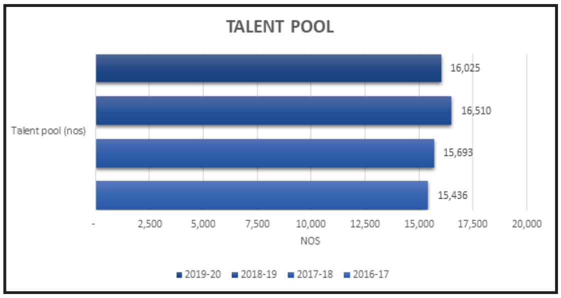












RANGAMANI & CO.,
CHARTERED ACCOUNTANTS

E-mail: sreenivasan2121@gmail.com
Mob: 9847051915
Phone: 2261542
17/598, IInd FLOOR
CARD BANK BUILDING
WEST OF Y.M.C.A. BRIDGE
V.C.S.B. ROAD
ALLEPPEY-688001

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **MUTHOOT FINCORP LIMITED**

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of **Muthoot Fincorp Ltd., Muthoot Centre, Punnen Road, Trivandrum - 695039** (herein after referred to as "the Company"), which comprise the Balance Sheet as at 31 March 2020, 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 then ended, including the notes to the Ind AS Financial Statements, a summary of significant accounting policies and other explanatory information ("Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit including other comprehensive income, changes in equity and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 44 to the standalone Ind AS financial statements, relating to the impact of Covid-19 Pandemic, in which the management has discussed the probable impact on the company and the environment in which it operates. This note also indicates that the extent to which the Covid-19 pandemic will have impact on the Company's financial performance is dependent on future developments, which are uncertain. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS Financial Statements.

These matters were addressed in the context of our audit, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
a) Computation of provision towards impairment of loan assets (Refer Note 8 of the accompanying financial statements) As at 31 March 2020, the Company had reported total Impairment loss allowance of ₹.22,210.84 lakhs (31 March 2019 – ₹.20,369.35 lakhs). A significant degree of judgement is required to determine the timing and amount of Impairment loss allowance to be recognized with respect to loans assets. Based on our risk assessment, the following are the significant judgements and estimates, that impact Impairment loss allowance: - Completeness and timing of recognition of default, in accordance with the prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Loan assets; - Measurement of provision is dependent on the probability of default (PD) and loss given default (LGD) of each category of loan asset. Identification of PD and LGD involves significant judgements and estimates related to forward looking information. **Additional considerations on account of COVID-19** Pursuant to the Reserve Bank of India circular dated 27 March 2020 ('RBI circular') allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 May 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy.	The audit procedures performed, among others, included: - Considering the Company's policies & processes for NPA identification and provisioning and assessing compliance with the RBI norms. - Understanding, evaluating and testing the design and effectiveness of key controls around identification of impaired accounts. - Performing other procedures including substantive audit procedures covering the identification of NPAs such as: • Reading account statements and related information of the borrowers on sample basis. • Performing inquiries with credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA. • Holding discussions with the management on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors. - Tested on sample basis the calculation performed by the management for impairment loss allowance & the realizable value of assets provided as security against loans classified as non-performing for computing the Impairment Loss Allowance.

In Management's view and considering the guidance provided by the Institute of Chartered Accountants of India; providing moratorium to borrowers, based on RBI directives, by itself is not considered to result in a significant increase in credit risk with respect to such borrowers. The Company has recorded a Management overlay as part of its ECL, estimating the risk of deterioration in macro-economic factors caused by COVID-19 pandemic. In view of the high degree of Management's judgment involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.	- Verifying if the Impairment Loss Allowance computed as per ECL norms satisfy the minimum provision requirement as per RBI regulations. - Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. As a result of the above audit procedures no material differences were noted.
(b) IT Systems and Controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems. We have considered this as Key Audit Matter as any control lapses, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. Based on our review no weakness was found in the IT Systems and Controls.

Information other than the Financial Statements and Auditor's Report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether 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 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the 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 planning the scope of our audit work and in evaluating the results of our work; and 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.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

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

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 to the financial statements;

ii. The Company did not have any foreseeable losses on long-term contracts including derivative contracts, if any, in respect of which any provision is required to be made under the applicable law and Accounting Standards

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

For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

sd/-

CA. R. Sreenivasan
Partner
Membership No.: 020566
UDIN: 20020566AAAAHB4634

Place: Kochi
Date: 09th July, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' in the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the Ind AS Financial Statements as of and for the year ended 31st March 2020

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

(b) As informed to us, not all the fixed assets have been physically verified by the management during the year, but there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. We have been informed that there have been no material discrepancies during such verification.

(c) In our opinion and according to the information and explanations given to us, the title deeds of immovable property included in Property, Plant & Equipment and in Investment Property, are held in the name of the Company.

(ii) The Company does not have any Inventory. Hence, the provisions of clause 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has granted the following loans to parties listed in the Register maintained under Section 189 of the Companies Act, 2013:

(₹ in Lakhs)

Name of the party	Nature of Loan	Balance as on 31.03.2020
Muthoot Pappachan Technologies Limited	Unsecured Loan	1,365.00
Muthoot Motors, Cochin	Unsecured Loan	39.64
Muthoot Automobile Solutions Private Limited	Unsecured Loan	200.00
Thomas John Muthoot	Secured Loan	7,000.00
Thomas George Muthoot	Secured Loan	7,000.00
Thomas Muthoot	Secured Loan	5,900.00

(a) In our opinion, the terms & conditions of the grant of such loan are, prima facie, not prejudicial to the interests of the Company.

(b) The above mentioned loans are repayable only at the end of the loan tenure and as such there is no repayment schedule. The interest repayment is regular.

(c) There is no amount overdue for more than ninety days with respect to these loans.

(iv) In our opinion, in respect of loans, investments, guarantees, and security, the Company has complied with the provisions of Section 185 & 186 of the Companies Act, 2013.

(v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the Rules framed there under to the extent notified.

(vi) The Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and hence the provisions of this section are not applicable to the Company for the year under review.

(vii) a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods & services tax and other material statutory dues, as applicable, with the appropriate authorities, though there have been slight delays in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on which they became payable.

b. According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues as at 31st March, 2020 which have not been deposited on account of a dispute, are as follows:

(₹ in Lakhs)

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Service Tax	Tax on Income from Foreign Inward Remittances	17.17	01/02/2006 to 30/09/2007	CESTAT, Bangalore
Service Tax	Tax on receipts relating to assignment of receivables	1,451.58	01/04/2007 to 31/03/2012	CESTAT, Bangalore
Service Tax	Tax on notional consideration against support services rendered to group concerns	2,132.11	01/04/2008 to 31/03/2012	CESTAT, Bangalore
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	1,463.50	AY 2010-11	CIT (Appeals) – III / Kochi
Income Tax	Demand Payable under S.143(3) – net of Refund adjustments	741.70	AY 2013-14	CIT (Appeals) – III / Kochi
Income Tax	Non-Deduction of Tax at Source	3,860.65	AY 2015-16	CIT (Appeals) – III / Kochi
Income Tax	Demand Payable under S.143(1)	261.50	AY 2018-19	Deputy Commissioner of Income Tax, CPC
Value Added Tax	Purchase Tax	1,432.69	AY 2013-14	Assistant Commissioner III, Special Circle, Thiruvananthapuram

(viii) According to the records of the Company examined by us, and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

There are unpaid amounts of debentures amounting to ₹1,180.40 lakhs outstanding as on March 31, 2020, which could not be paid as proper claims were not received from the debenture holders, as confirmed by the management.

(ix) Based on the information and explanations given to us, the Company has applied moneys raised by way of public offer of debt instruments and term loans for the purposes for which they were raised.

(x) 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, instances of loans granted against theft gold, spurious gold and misappropriation of cash committed by personnel of the Company during the year were noticed aggregating to ₹ 251.14 lakhs (net of recovery), which has been fully provided for in the accounts.

(xi) In our opinion, the managerial remuneration paid or provided, is in accordance with the provisions of Section 197 to the Act.

(xii) The Company, not being a Nidhi Company does not attract the provisions of Clause 3 (xii) of the Order.

(xiii) In our opinion and according to the information and explanation given to us, all transactions with related parties have been made in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) Based upon the information and explanation given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them.

(xvi) The Company, being a Non-Banking Financial Company is required to be registered and has obtained the Certificate of Registration as provided under Section 45-IA of the Reserve Bank of India Act, 1934.

For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

sd/-

Place: Kochi
Date: 9th July, 2020

CA. R. Sreenivasan
Partner
Membership No.: 020566
UDIN: 20020566AAAAHB4634

Annexure B to Independent Auditors' Report

Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the Ind AS Financial Statements as of and for the year ended 31 March 2020

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

Opinion

We have audited the internal financial controls over financial reporting of Muthoot Fincorp Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 (the "Guidance Note") and the Standards on Auditing, both issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 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 Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

sd/-
CA. R. Sreenivasan
Partner
Membership No.: 020566
UDIN: 20020566AAAAHB4634

Place: Kochi
Date: 09th July, 2020

RANGAMANI & CO.,
CHARTERED ACCOUNTANTS

E-mail: sreenivasan2121@gmail.com
Mob: 9847051915
Phone: 2261542
17/598, IInd FLOOR
CARD BANK BUILDING
WEST OF Y.M.C.A. BRIDGE
V.C.S.B. ROAD
ALLEPPEY-688001

"AUDITOR'S REPORT SUBMITTED AS PER NON-BANKING FINANCIAL COMPANIES AUDITOR'S REPORT (RESERVE BANK) DIRECTIONS, 2016"

To
The Board of Directors
Muthoot Fincorp Limited,
Muthoot Centre, Punnen Road,
Thiruvananthapuram – 695 039

Sirs,

1) The Company has been registered with Reserve Bank of India ('RBI'), Thiruvananthapuram with Registration Number N. 16 – 00170.

2) In our opinion, and in terms of the Company's assets and income pattern for the year ended and as at 31st March 2020, the Company is entitled to continue to hold the Certificate of Registration issued by the RBI.

3) In our opinion, the Company has complied with the net owned fund requirement as laid down in the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

4) Board of Directors has passed a resolution on 09.04.2019 for Non-Acceptance of public deposits during the financial year 2019-20.

5) On the basis of verification of the books and other records and on the basis of information provided by the management, the Company has not accepted any public deposits during the year 2019 – 2020.

6) The Company has, in compliance with the Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 prepared the Financial Statements in accordance with the Indian Accounting Standards (Ind AS). Income Recognition, Asset Classification and Provisioning for bad and doubtful debts, have been done in accordance to the said Standards.

As the Company has maintained Impairment Loss Allowance in excess of the minimum provision requirement as per the RBI regulations, we are of the opinion that the Company has complied with the Prudential Norms relating to Provisioning for bad and doubtful debts, Asset Classification and Income Recognition as applicable to it as on 31.03.2020 applicable to it.

7) The Annual Return with RBI under NBS-7 for the Financial Year ended 31st March, 2020 has been submitted on 23rd May, 2020. The Capital Adequacy Ratio as at 31st March, 2020 disclosed in the return filed has certain incorrect computations, which is pending revision as on date. However, based on our examination of the computation of the ratio, we report that the Company has complied with the capital to risk asset norm for the year ended 31st March, 2020.

8) Based on the information furnished to us, the annual statement of capital funds, risk assets/exposures and risk asset ratio as at 31st March, 2019 has been furnished vide NBS-7 on 17th April, 2019, which was revised on 1st July, 2019.

For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

sd/-

CA. R. Sreenivasan
Partner
Membership No.: 020566
UDIN: 20020566AAAAHB4634

Place: Kochi
Date: 09th July, 2020

MUTHOOT FINCORP LIMITED

Muthoot Centre, Punnen Road, Trivandrum, Kerala-695039

STANDALONE BALANCE SHEET AS AT 31st March 2020

(₹ in Lakhs)

	Particulars	Note	As at 31st March 2020	As at 31st March 2019
ASSETS				
1	**Financial assets**			
a)	Cash and cash equivalents	5	30,017.28	25,389.37
b)	Bank Balance other than above	6	984.69	5818.16
c)	Receivables	7		
	Trade Receivables		2,918.88	2,836.93
d)	Loans	8	13,91,802.06	11,88,469.41
e)	Investments	9	1,78,170.99	1,84,770.61
f)	Other Financial assets	10	15,447.47	28,961.59
2	**Non-financial Assets**			
a)	Current tax assets (net)		-	-
b)	Investment Property	11	30,236.55	30,096.71
c)	Property, Plant and Equipment	12	45,322.31	49,655.41
d)	Other Intangible assets	13	437.68	449.56
e)	Right-of-use assets	14	43,659.63	-
f)	Other non financial assets	15	30,893.32	35,341.90
	Total assets		**17,69,890.86**	**15,51,789.65**
LIABILITIES AND EQUITY				
LIABILITIES				
1	**Financial Liabilities**			
	Payables			
a)	(I) Trade Payables	16		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
	(II) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		36.16	1.69
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		36,843.99	46,113.44
b)	Debt Securities	17	86,113.32	24,119.00
c)	Borrowings (other than debt securities)	18	9,68,313.27	8,26,360.14
d)	Lease Liability	14	46,447.77	-
d)	Subordinated Liabilities	19	2,60,167.47	2,73,028.69
e)	Other Financial liabilities	20	40,940.85	46,245.74
2	**Non-financial Liabilities**			
a)	Current tax liabilities (net)		287.56	3,659.10
b)	Provisions	21	2,380.89	2,157.83
c)	Deferred tax liabilities (net)	34	29,440.60	48,271.18
d)	Other non-financial liabilities	22	3,480.88	1,636.12
3	**Equity**			
a)	Equity share capital	23	19,370.56	19,370.56
b)	Other equity	24	2,76,067.54	2,60,826.16
	Total Liabilities and Equity		**17,69,890.86**	**15,51,789.65**

See accompanying notes to the Financial Statements 1 to 4

In terms of our report of even date attached

For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

sd/-
R. Sreenivasan
Partner
M.No.020566
Date: 09/07/2020
Place: Kochi

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

sd/-
Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

sd/-
Mathai T.D.
Company Secretary

MUTHOOT FINCORP LIMITED

Muthoot Centre, Punnen Road, Trivandrum, Kerala-695039

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2020

(₹ in Lakhs)

		Particulars	Note	For the year ended 31st March 2020	For the year ended 3rd March 2019
		Revenue from operations			
	(i)	Interest income	25	2,39,311.54	2,27,773.81
	(ii)	Dividend income		22.54	18.88
	(iii)	Rental income		518.97	472.85
	(iv)	Fees and commission income		10,062.43	9,214.20
	(v)	Net Gain on fair value changes	26	160.97	(259.41)
	(vi)	Net gain on derecognition of financial instruments under amortised cost category		19,394.52	8,426.04
	(vii)	Others	27	2,780.81	2,422.87
(i)		**Total Revenue from operations**		**2,72,251.79**	**2,48,069.24**
(II)		Other Income		376.82	136.35
(III)		**Total Income (I + II)**		**2,72,628.61**	**2,48,205.59**
		Expenses			
	(i)	Finance costs	28	1,37,358.83	1,30,051.56
	(ii)	Impairment on financial instruments	29	7,959.93	2,638.88
	(iii)	Employee benefits expenses	30	48,862.15	43,099.72
	(iv)	Depreciation, amortization and impairment	31	20,454.08	6,996.09
	(v)	Other expenses	32	27,565.30	41,647.51
(IV)		**Total Expenses**		**2,42,200.29**	**2,24,433.76**
(V)		**Profit before tax (III- IV)**		**30,428.32**	**23,771.82**
(VI)		**Tax Expense:**			
		(1) Current tax		9,463.18	9,439.32
		(2) Deferred tax		(942.38)	(1,213.35)
(VII)		**Profit for the year (V - VI)**		**21,907.51**	**15,545.85**
(VIII)		**Other Comprehensive Income**			
	A	(i) Items that will not be reclassified to profit or loss			
		Net gain / (loss) on equity instruments measured through other comprehensive income		(8,138.27)	(3,334.74)
		Remeasurement of the defined benefit liabilities		(69.51)	(16.58)
		(ii) Income tax relating to items that will not be reclassified to profit or loss		1,920.25	1,171.08
		Subtotal (A)		**(6,287.53)**	**(2,180.23)**
	B	(i) Items that will be reclassified to profit or loss		-	-
		(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
		Subtotal (B)		**-**	**-**
		Other Comprehensive Income (A+B)		**(6,287.53)**	**(2,180.23)**
(IX)		**Total Comprehensive Income for the year (VII+VIII)**		**15,619.98**	**13,365.61**
(X)		**Earnings per equity share**	33		
		Basic (₹)		11.31	8.03
		Diluted (₹)		11.31	8.03

See accompanying notes to the Financial Statements 1 to 4

In terms of our report of even date attached

For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

sd/-
R. Sreenivasan
Partner
M.No.020566

Date: 09/07/2020
Place: Kochi

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

sd/-
Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

sd/-
Mathai T.D.
Company Secretary

MUTHOOT FINCORP LIMITED

Muthoot Centre, Punnen Road, Trivandrum, Kerala-695039

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31st March 2020

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
A Cash flow from Operating activities		
Net Profit before taxation	**30,428.32**	**23,771.82**
Adjustments to reconcile profit before tax to net cash flows:		
Add: Depreciation, amortisation and impairment	20,454.08	6,996.09
Add: Impairment on financial instruments	7,959.93	2,638.88
Add: Finance cost	1,37,358.83	1,30,051.56
Add: Provision for Gratuity	328.27	226.98
Add: Provision for Compensated absense	(105.21)	13.09
Add: Net (gain) / loss on fair value changes	(160.97)	259.41
Less: Interest income on investments	-	(220.64)
Less: Dividend income	(22.54)	(18.88)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1,96,240.71**	**1,63,718.32**
Adjustments for:		
(Increase)/Decrease in Trade receivables	(81.94)	435.61
(Increase)/Decrease in Bank balances other than cash and cash equivalents	4,833.46	(1,412.62)
(Increase)/Decrease in Loans	(2,10,085.15)	(1,734.12)
(Increase)/Decrease in Other financial asset	13,514.13	7,133.87
(Increase)/Decrease in Other non-financial asset	4,448.58	(529.12)
Increase/(Decrease) in Other financial liabilities	729.19	(9,713.98)
Increase/(Decrease) in Other non financial liabilities	1,844.75	688.04
Increase/(Decrease) in Trade payables	(9,234.97)	45,100.61
Increase/(Decrease) in Provisions	(69.51)	(16.58)
Cash genereated from operations	**2,139.24**	**2,03,670.03**
Finance cost paid	(1,39,383.94)	(1,30,796.22)
Income tax paid	(12,834.72)	(5,908.14)
Net cash flows used in operating activities	**(1,50,079.42)**	**66,965.67**
B Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(2,314.18)	(5,431.72)
Proceeds from sale of property, plant and equipments	-	534.93
Proceeds from (purchase) / sale of investment funds	123.77	(80.00)
Proceeds from (purchase) / sale of equity investments	111.14	7.33
Proceeds from (purchase) / sale of debt securities	(320.00)	57.49
Investments in unquoted equity shares	-	(6.52)
Acquisition of shares in subsidiaries	(2,500.02)	(2,499.85)
Dividend income	22.54	18.88
Interest received on investments	-	220.64
Net cash used in investing activities	**(4,876.76)**	**(7,178.81)**
C Cash flow from Financing activities		
Increase / (decrease) in debt securities	62,612.47	(31,454.26)
Increase / (decrease) in borrowings (other than debt securities)	1,42,795.98	(34,857.11)
Increase / (decrease) in subordinated liabilities	(12,905.79)	6,193.45
Payment of lease liability	(16,572.01)	-
Dividend paid (including tax on dividend)	(16,346.56)	(2,335.22)
Net cash from/(used in) financing activities	**1,59,584.08**	**(62,453.14)**
D Net increase/(decrease) in cash and cash equivalents (A+B+C)	**4,627.91**	**(2,666.28)**
Cash and cash equivalents at April 01, 2019 / April 01, 2018	**25,389.37**	**28,055.65**
Cash and cash equivalents at March 31, 2020 / March 31, 2019 (Refer note 5)	**30,017.28**	**25,389.37**

See accompanying notes to the Financial Statements

In terms of our report of even date attached

For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

sd/-
R. Sreenivasan
Partner
M.No.020566

Date: 09/07/2020
Place: Kochi

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

sd/-
Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

sd/-
Mathai T.D.
Company Secretary

MUTHOOT FINCORP LIMITED

Muthoot Centre, Punnen Road, Trivandrum, Kerala-695039

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March 2020

A. Equity Share Capital

Equity shares of (₹ 10/- each issued, subscribed and fully paid

(₹ in Lakhs)

Particulars	No. of shares	Amount
Balance as on 1st April 2018	**19,37,05,560.00**	**19,370.56**
Changes in equity share capital during the year	-	-
Balance as on 31st March 2019	**19,37,05,560.00**	**19,370.56**
Changes in equity share capital during the year	-	-
Balance as on 31st March 2020	**19,37,05,560.00**	**19,370.56**

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other Comprehensive Income		Total Other Equity
	Securities Premium Reserve	Statutory Reserve	Debenture Redemption Reserve	Retained Earnings	Equity Instruments through Other Comprehensive income	Acturial valuation of gratuity impact through Other Comprehensive Income	
Balance as on 31st March 2018	**38,129.85**	**34,085.26**	**4,279.68**	**70,448.90**	**1,02,582.30**	**269.78**	**2,49,795.77**
Profit for the year	-		-	15,545.85	-	-	15,545.85
Other Comprehensive Income (net of taxes)	-	-	-	-	(2,169.45)	(10.79)	(2,180.23)
Write back from Debenture Redemption Reserve	-	-	(3,303.35)	3,303.35	-	-	-
Transfer to Reserves u/s. 45-IC of RBI Act, 1934	-	3,109.17	-	(3,109.17)	-	-	-
Income Tax – Prior Years	-	-	-	-	-	-	-
Dividend Paid	-	-	-	(1,937.06)	-	-	(1,937.06)
Dividend Tax Paid	-	-	-	(398.17)	-	-	(398.17)
Balance as on 31st March 2019	**38,129.85**	**37,194.43**	**976.33**	**83,853.70**	**1,00,412.85**	**258.99**	**2,60,826.16**
Profit for the year	-	-	-	21,907.51	-	-	21,907.51
Other Comprehensive Income (net of taxes)	-	-	-	-	(6,339.55)	52.02	(6,287.53)
Write back from Debenture Redemption Reserve	-	-	(976.33)	976.33	-	-	-
Transfer to Reserves u/s. 45-IC of RBI Act, 1934	-	4,381.50	-	(4,381.50)	-	-	-
Defered Tax - Prior Year	-	-	-	(1,394.72)	17,362.68	-	15,967.96
Dividend Paid	-	-	-	(13,559.39)	-	-	(13,559.39)
Dividend Tax Paid	-	-	-	(2,787.17)	-	-	(2,787.17)
Balance as on 31st March 2020	**38,129.85**	**41,575.93**	**-**	**84,614.77**	**1,11,435.99**	**311.01**	**2,76,067.54**

See accompanying notes to the Financial Statements

In terms of our report of even date attached

For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S
sd/-
R. Sreenivasan
Partner
M.No.020566

Date: 09/07/2020
Place: Kochi

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

sd/-
Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

sd/-
Mathai T.D.
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

1.Corporate Information

Muthoot Fincorp Limited, (the Company) , is a Public Limited Company, incorporated on June 10, 1997 under the provisions of Companies Act, 1956. The company is a Non-Deposit Accepting Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) and is classified as a Non Deposit Taking Systematically Important Loan Company (NDSI).

Muthoot Fincorp Limited, the flagship company of the 133 year old Muthoot Pappachan Group, provides a diverse mix of retail offerings catering to the various needs of its customers and is primarily engaged in business of Gold Loans through its branch network across India. The company also offers SME Loans, Forex Services, Money Transfer Services and Wealth Management Services to its customers in its strive to be the most trusted financial service provider. The company is engaged in real estate business to a very limited extent.

The company's registered office is at Muthoot Centre, MG road, Trivandrum – 695039, Kerala, India.

2.Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI to the extent applicable. The Company uses accrual basis of accounting except in case of significant uncertainties.

The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for following assets and liabilities which have been measured at fair value:

i) Investments in equity instruments at fair value through other comprehensive income (FVOCI) or at fair value through statement of profit or loss (FVTPL)
ii) Investments which are held for trading
iii) Defined benefit plans.

Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest lakhs, except when otherwise indicated.

3.Significant accounting policies

3.1 Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a) As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b) By considering all the contractual terms of the financial instrument in estimating the cash flows.

c) Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

3.2 Recognition of revenue from sale of goods and services

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Revenue from contract with customer for rendering services is recognised at a point in time when performance obligation is satisfied.

3.2.1 Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

3.2.2 Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

3.2.3 Fees and commission income

Fees and commission income such as service charges, commission from fee based business lines, service income etc. are recognised on point in time basis.

3.2.4 Net gain on fair value changes

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains on fair value change of financial assets measured at FVTPL on net basis.

3.2.5 Net gain on derecognition of financial instruments

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the excess interest spread (EIS).

3.3 Financial instruments

1.1.1. Initial recognition

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.

Loans are recognised when funds are transferred to the customers' account. Investments are recognised on settlement date. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

1.1.2. Initial and subsequent measurement of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI).
3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
4. Equity instruments measured at fair value through other comprehensive income FVTOCI.

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets which are explained below:

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. 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.

The SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

1.1.3. Financial assets measured at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

1.1.4. Financial assets measured at fair value through other comprehensive income

A 'debt instrument' is measured at fair value through other comprehensive income if both the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and selling the assets and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

1.1.5. Financial Instrument measured at fair value through profit or loss

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVOCI criteria may be designated as at FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Company’s investment is classified as FVTPL, if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking.

Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

1.1.6. Equity instruments

The Company subsequently measures investment in equity investments at fair value through profit or loss, unless the Company’s management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments classified at FVOCI are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

3.3.1 Financial Liabilities

Initial Measurement

All financial liabilities are initially recognised at fair value. Transaction cost that are directly attributable to the acquisition or the issue of financial liability, which are not at fair value through profit or loss, are adjusted to fair value at initial recognition.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

3.4 Derecognition of financial assets and liabilities

3.4.1 Financial Asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

a) The Company has transferred its contractual rights to receive cash flows from the financial asset

or

b) 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 a 'pass–through' arrangement

Pass-through 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 (the '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 period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset or,
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset
- The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

3.4.2 Financial Liability

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 de recognition 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.

3.5 Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all the following circumstances:

a. The normal course of business
b. The event of default
c. The event of insolvency or bankruptcy of the Company and/or its counter parties.

3.6 Impairment of financial assets

3.6.1 Overview of the Expected Credit Loss (ECL) principles

The Company has created provisions on all financial assets except for financial assets classified as FVTPL, based on the expected credit loss method.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into three stages as described below:

For non - impaired finanacial instruments

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities recognize 12 months of ECL.

For impaired financial instruments:

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial instruments.

3.6.2 The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

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 it is determined that the customer does not have assets or sources of income that could generate sufficient cash flow to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

Collateral

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as gold, securities, letters of credit/guarantees, stock, current asset etc. However, the fair value of collateral affects the calculation of ECLs. The fair value of the same is based on data provided by third party or management judgements.

Impairment of Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables.

3.7 Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

3.8 Foreign Currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate 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. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

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.

3.9 Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability. Interest accrued on lease liability recognized and measured in accordance with Ind AS 116 "Leases" also forms part of Finance cost.

3.10 Other income and expenses

All Other income and expense are recognized in the period they occur.

3.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less and forex balances, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

3.12 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

3.12.1 Depreciation

Tangible assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged based on a review by the management during the year and at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Straight Line Method.

The estimated useful lives are as follows:

Particulars	Useful life
Buildings	60 years
Computer	3 years
Furniture and Fixtures	5 to 30 years
Plant and Equipment	5 to 20 years
Vehicles	5 to 8 years
Windmill	22 years
Office equipment	15 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.13 Intangible assets

The Company's intangible assets consist of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised using the Written down value method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a Written down value basis over a period of 3 years keeping residual value 5%.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.14 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs, borrowing cost and other directly attributable cost in bringing the asset to its working condition for its intended use. Subsequent expenditure is capitalized to the assets carrying amount only when it is probable that the future economic benefit associated with the expenditure will flow to the company.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

The fair value of investment property is disclosed in the notes accompanying these financial statements. Fair value has been determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

3.15 Impairment of non-financial assets

The Company's 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 or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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. When the carrying amount of an asset or CGU 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 fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.16 Post-employment benefits

3.16.1 Defined contribution schemes

Contributions to the Employees Provident Fund Scheme maintained by the Central Government, Employee State Insurance Corporation (ESIC) etc. are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution scheme.

The company has no obligation, other than the contribution payable under the schemes. The company recognizes contribution payable to the provident fund scheme / ESIC as expenditure, when an employee renders the related service. If the contribution payable to the scheme / ESIC for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

3.16.2 Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes contributions to a Gratuity Fund administered by the Life Insurance Corporation of India.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

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 (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

3.17 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise 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 expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.18 Taxes

Income tax expense represents the sum of current tax and deferred tax.

3.18.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from ‘profit before tax’ as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

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). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2 Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside profit and loss is recognised 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 liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

3.18.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from and / or payable to, the taxation authority is included as part of receivables or payables respectively in the balance sheet.

3.19 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 recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize 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.

3.20 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.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.21 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

3.22 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Transition to Ind AS 116

The Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces single, on-balance sheet lease accounting model for leases.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019, using modified retrospective approach and accordingly previous period information has not been reinstated.

Company as a lessee

The Company’s lease asset class consists of building, equipment and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has, at the date of transition, recognized a right-of use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term lease) and low value assets. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are recognized at cost, which comprises the present value of the lease liability as at the date of transition. Right-of-use assets are depreciated on a straight-line basis over the shorter of the balance lease term and useful life of the underlying asset. The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit on the lease or, if not readily determinable, using the incremental borrowing rates. Interest accrued on lease liability and lease payments made, are subsequently adjusted to the initial recognition of lease liability.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability. For leases that were classified as finance lease applying Ind AS 17, the carrying amount of the right-of-use asset and the lease liability at the date of transition to Ind AS 116 is the carrying amount of the lease asset and the lease liability on the transition date as measured applying Ind AS 17.

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Rental Income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss.

3.23 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. 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 recognized in the financial statements is included in the following notes:

4.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan 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.

4.3 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 various valuation techniques. 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.

4.4 Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.5 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4.6 Estimation of impairment allowance on financial assets amidst COVID-19 pandemic

Estimates and associated assumptions, especially for determining the impairment allowance on financial assets, are based on historical experience and other emerging factors on account of the pandemic which may also have an effect on the expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used early indicators of moratorium and delayed repayment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to COVID pandemic situation in developing the estimates and assumptions to assess the expected credit losses on loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic.

4.7 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

5 Cash and cash equivalents

Particulars	As at 31st March 2020	As at 31st March 2019
Cash on hand	3,775.76	8,699.16
Balances with Banks		
- in current accounts	24,431.88	13,061.62
- in deposit accounts having original maturity less than three months*	1,792.31	3,095.33
Others		
-Forex Balance	17.32	533.26
Total	**30,017.28**	**25,389.37**

** Includes earmarked balances of ₹1,756.15 lakhs as at 31st March 2020 (31st March 2019 - ₹ 3,058.82 lakhs) towards margin money, staff deposits & loan against deposit.*

6 Bank Balance other than above

Particulars	As at 31st March 2020	As at 31st March 2019
Deposit with original maturity for more than three months but less than twelve months*	984.69	5,818.16
Total	**984.69**	**5,818.16**

** Includes earmarked balances of ₹397.63 lakhs as at 31st March 2020 (31st March 2019 - ₹ 5,026.39 lakhs) towards margin money, staff deposits & loan against deposit.*

7 Receivables

Particulars	As at 31st March 2020	As at 31st March 2019
TRADE RECEIVABLES		
Receivables considered good - Unsecured		
Receivables from Money Transfer business	406.35	1,160.57
Wind Mill income receivable	2,500.50	1,627.07
Other Trade Receivables	12.03	49.30
Sub-Total	**2,918.88**	**2,836.93**
Less: Allowances for Impairment Loss	-	-
Total Net receivable	**2,918.88**	**2,836.93**

Of the total receivables as above, the following pertains to receivables due from directors or other officers of the Company either severally or jointly with any other person or from firms or private companies respectively in which any director is a partner, a director or a member:

Particulars	As at 31st March 2020	As at 31st March 2019
From Directors, relatives of Directors or Officers of the Company	0.64	-
From firms in which any director is a partner	0.12	2.14
From Companies in which any director is a director or a member	11.27	40.97
Total	**12.03**	**43.10**

Trade receivables are non-interest bearing and are short-term in nature. These consist of receivable from government and other parties, and does not involve any credit risk.

(Rupees in lakhs, except for share data and unless otherwise stated)

8 Loans at amortized cost

Particulars	As at 31st March 2020	As at 31st March 2019
A.		
Retail Loans	13,76,664.30	11,71,199.48
High Value Loans	37,293.34	37,575.96
Staff Loan	55.26	63.31
Total	**14,14,012.90**	**12,08,838.75**
Less: Impairment loss allowance	(22,210.84)	(20,369.35)
Total (A) - Net	**13,91,802.06**	**11,88,469.41**
B.		
I) Secured by tangible assets		
Retail Loans	13,64,215.87	10,93,652.13
High Value Loans	35,638.55	36,080.80
II) Secured by intangible assets		
Total (I) - Gross	**13,99,854.42**	**11,29,732.93**
Less : Impairment loss allowance	(20,919.20)	(15,908.72)
Total (I) - Net	**13,78,935.22**	**11,13,824.21**
II) Covered by Bank / Government Guarantees	-	-
III) Unsecured		
Retail Loans	12,448.43	77,547.35
High Value Loans	1,654.79	1,495.16
Staff Loan	55.26	63.31
Total (III) - Gross	**14,158.48**	**79,105.82**
Less : Impairment loss allowance	(1,291.64)	(4,460.63)
Total (III) - Net	**12,866.84**	**74,645.20**
Total (I+II+III) - Net	**13,91,802.06**	**11,88,469.41**
C.		
I) Loans in India		
i) Public Sector	-	-
ii) Others	14,14,012.90	12,08,838.75
II) Loans outside India		-
Total (C) - Gross	**14,14,012.90**	**12,08,838.75**
Less: Impairment Loss Allowance	(22,210.84)	(20,369.35)
Total (C)- Net	**13,91,802.06**	**11,88,469.41**

(i) The Company extends loans to its customers against security of gold not exceeding 75% of the value of gold. Value of gold for this purpose is taken from the rates published by the Association of Gold Loan Companies (AGLOC). AGLOC publishes the value of gold based on the immediately preceding 30 days average price of 22 Carrot Gold published by Bombay Bullion Association. The loan amount provided against security of gold works out to 60.61% of the value of gold as on 31-03-2020 (As at 31st March 2019 - 67.27%.)

(ii) The Company's Percentage of Gold Loan to Total Assets is 73.90% as at 31st March 2020 (As at 31st March 2019 - 63.29%).

Standalone Notes to financial statements for the year ended 31st March 2020
(Rupees in lakhs, except for share data and unless otherwise stated)

Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are discussed in Note 43.

Particulars	31-03-2020				31-03-2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	13,35,585.25	-	-	13,35,585.25	10,67,669.57	-	-	10,67,669.57
Standard grade	31,924.57	-	-	31,924.57	50,326.70	-	-	50,326.70
Sub-standard grade	-	17,972.37	-	17,972.37	-	40,815.62	-	40,815.62
Past due but not impaired	-	2,270.25	-	2,270.25	-	18,307.51	-	18,307.51
Non- performing								
Individually impaired	-	-	26,260.47	26,260.47	-	-	31,719.35	31,719.35
Total	**13,67,509.82**	**20,242.61**	**26,260.47**	**14,14,012.90**	**11,17,996.27**	**59,123.13**	**31,719.35**	**12,08,838.75**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activites is, as follows:

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	11,17,996.27	59,123.13	31,719.35	12,08,838.75	11,51,802.28	35,280.47	20,021.89	12,07,104.63
New assets originated or purchased	32,60,072.11	-	-	32,60,072.11	27,74,173.24	-	-	27,74,173.24
Assets derecognised or repaid (excluding write offs)	(27,04,741.41)	(2,27,709.02)	(1,17,536.53)	(30,49,986.96)	(24,77,300.97)	(1,89,556.10)	(1,05,582.04)	(27,72,439.12)
Assets written off during the period	-	-	(4,911.00)	(4,911.00)	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(1,88,871.79)	1,88,871.79	-	-	(2,13,491.84)	2,13,491.84	-	-
Transfers to Stage 3	(1,16,945.36)	(43.29)	1,16,988.65	-	(1,17,186.43)	(93.08)	1,17,279.51	-
Gross carrying amount closing balance	**13,67,509.82**	**20,242.61**	**26,260.47**	**14,14,012.90**	**11,17,996.27**	**59,123.13**	**31,719.35**	**12,08,838.75**

Reconciliation of ECL balance is given below:

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	2,566.53	215.10	17,587.72	20,369.35	3,409.00	93.96	14,227.50	17,730.46
New assets originated or purchased	10,457.56	-	-	10,457.56	6,364.20	-	-	6,364.20
Assets derecognised or repaid (excluding write offs)	(7,657.60)	(1,333.17)	(72,698.15)	(81,688.92)	(6,448.07)	(655.25)	(61,668.82)	(68,772.14)
Assets written off during the period	-	-	(4,911.00)	(4,911.00)	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(605.86)	605.86	-	-	(489.77)	489.77	-	-
Transfers to Stage 3	(375.13)	(0.29)	375.42	-	(268.84)	(0.34)	269.18	-
Impact on year end ECLs of exposures transferred between stages during the year	-	646.66	77,337.19	77,983.84	-	286.96	64,759.86	65,046.82
ECL allowance - closing balance	**4,385.50**	**134.16**	**17,691.18**	**22,210.84**	**2,566.52**	**215.10**	**17,587.72**	**20,369.35**

Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has sold some loans and advances measured at amortised cost, as a source of finance. As per terms of the deal, risk and reward has been transferred to the customer. Hence, as per the derecognition criteria of IND AS 109, including transfer of substantially all risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The table below summarises the carrying amount of the derecognised financial assets:

(Rupees in lakhs, except for share data and unless otherwise stated)

Particulars	As at 31st March 2020	As at 31st March 2019
Carrying amount of derecognised financial assets	1,75,389.25	1,76,709.55
Gain/(loss) from derecognition	19,394.52	8,426.04

Transferred financial assets that are not derecognised in their entirety

The Company uses securitisation as a source of finance. The Company securitised its gold loans to different entities. These entities are not related to the Company. Also, the Company neither holds any equity or other interest nor control them.

As per the terms of the agreement, the Company is exposed to first loss ranging to 6%-7% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	31 March 2020	31 March 2019
Carrying amount of assets re - recognised due to non transfer of assets	-	31,934.46
Carrying amount of associated liabilities	-	31,934.46

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

Interest in unconsolidated structured entity:

These are entities which are not consolidated because the Company does not control them through voting rights, contract, funding agreements, or other means.

The following table describes the types of structured entities that the Company does not consolidate but in which it holds an interest.

Type of Structured Entity	Nature and Purpose	Interest held by the Company
Securitisation Vehicle for loans	To generate	
	- funding for the Company's lending activities	- Servicing fee
	- Spread through sale of assets to investors	- Credit Enhancement provided by Company
	- Fees for servicing loan	- Excess interest spread

Particulars	31-Mar-20	31-Mar-19
Aggregate value of accounts sold to securitisation company	37,247.41	99,089.21
Aggregate consideration	37,247.41	99,089.21
Quantum of credit enhancement in the form of deposits	2,767.69	7,005.03
Servicing fees	20.00	40.00

(Rupees in lakhs, except for share data and unless otherwise stated)

9 Investments

Particulars	As at 31st March 2020	As at 31st March 2019
(i) At Amortized Cost / At Cost		
Debt securities (At Amortized Cost)		
Bonds		
St. Gregorious Medical Mission Bonds	300.00	300.00
Unlisted Debentures		
Investment Richa Lifespace Private Limited	612.50	612.50
Investment Diyug Construction Private Limited	282.85	282.85
Investment Richa Realtors Private Limited	1,300.00	1,300.00
Debt funds		
Investment in Strugence Debt Fund	1,000.00	1,000.00
Investment in BPEA India Credit - Trust II	930.00	610.00
Equity instruments (At Cost)		
Subsidiary-Unquoted*		
Investment in Muthoot Housing finance Company Limited	14,791.02	12,291.00
Investment in Muthoot Pappachan Technologies Limited	3.00	3.00
	19,219.37	**16,399.35**
(ii) At Fair Value through Profit or Loss		
Others - Quoted		
Investment in JM Financial India Fund II	121.80	84.60
	121.80	**84.60**
(iii) At Fair Value through Other Comprehensive Income		
Equity instruments		
Subsidiary-Unquoted		
Investment in Muthoot Microfin Limited	1,57,677.11	1,65,694.96
Others - Quoted		
Investment in Equity Shares (DP account with Motilal Oswal)	872.57	1,222.36
Others - UnQuoted		
Investment in Muthoot Pappachan Chits Private Limited	5.23	4.38
Investment in Avenues India Private Limited	400.26	399.85
Investment in Fair Asset Technologies (P) Limited	702.76	457.93
Investment in Algiz Consultancy Services Private Limited	-	0.01
Others - Quoted		
Investment in PMS - Motilal Oswal	379.33	507.18
	1,60,037.26	**1,68,286.66**
Total Gross (A)	**1,79,378.43**	**1,84,770.61**
i) Investments outside India	-	-
ii) Investments in India	1,79,378.43	1,84,770.61
Total Gross (B)	**1,79,378.43**	**1,84,770.61**
Less : Allowance for impairment loss (C)	(1,207.44)	-
Total ((A) - (C))	**1,78,170.99**	**1,84,770.61**

10 Other financial assets

Particulars	As at 31st March 2020	As at 31st March 2019
Security deposits	6,721.52	6,498.66
Interest accrued on fixed deposits with banks	6.50	34.31
Advance for Financial Assets	5,209.63	19,809.63
Deposits	107.02	97.48
Deposit with original maturity for more than twelve months*	1,042.43	119.77
Other financial assets	2,360.36	2,401.74
Total	**15,447.47**	**28,961.59**

** Includes earmarked balances of ₹999.86 lakhs as at 31st March 2020 (31st March 2019 - ₹ 45 lakhs) towards margin money, loan against FD & security to Pension Fund Regulatory and Development Authority.*

(i) Other Financial Assets above consists of the following receivables due from directors or other officers of the Company either severally or jointly with any other person or from firms or private companies respectively in which any director is a partner, a director or a member:

Particulars	As at 31st March 2020	As at 31st March 2019
From Directors, relatives of Directors or Officers of the Company	-	-
From firms in which any director is a partner	5,209.73	19,809.63
From Companies in which any director is a director or a member	429.35	646.64
Total	**5,639.08**	**20,456.27**

11 Investment Property

Particulars	As at 31st March 2020	As at 31st March 2019
Inventory – Projects		
Opening Balance	30,096.71	30,031.41
Transferred from / (to) property, plant and equipment	-	-
Acquisitions	139.83	65.30
Closing balance	**30,236.55**	**30,096.71**
Depreciation and Impairment		
Opening balance	-	-
Charge for the year	-	-
Closing Balance	-	-
Net Block	**30,236.55**	**30,096.71**

11.1. Investment Property includes lien marked properties of ₹13,577.41 lakhs as at 31st March 2020.

11.2. Fair Value of Investment Property as at March 31, 2020 - ₹ 30,303.22 lakhs.

(Rupees in lakhs, except for share data and unless otherwise stated)

12 Property, Plant and Equipment

Particulars	Buildings	Computer	Furniture & Fixtures	Land	Plant & Equipment	Vehicles	Windmill	Office Equipment	Equipment - Finance Lease	Total
As at 31st March 2018	**5,850.61**	**2,258.44**	**19,605.74**	**12,395.07**	**10,673.84**	**223.88**	**7,449.78**	**11.71**	**-**	**58,469.07**
Addition during the year	-	878.03	1,348.17	160.48	1,456.06	-	-	44.80	1,338.66	**5,226.20**
Disposals	-	(31.33)	(40.44)	-	(459.43)	-	-	(3.74)	-	**(534.93)**
As at 31st March 2019	**5,850.61**	**3,105.14**	**20,913.47**	**12,555.55**	**11,670.47**	**223.88**	**7,449.78**	**52.77**	**1,338.66**	**63,160.33**
Addition during the year	-	1,067.24	932.50	-	1,131.39	-	-	56.79	-	**3,187.92**
Disposals	-	-	-	-	-	-	-	-	(1,338.66)	**(1,338.66)**
As at 31st March 2020	**5,850.61**	**4,172.38**	**21,845.96**	**12,555.55**	**12,801.86**	**223.88**	**7,449.78**	**109.56**	**-**	**65,009.59**
Accumulated Depreciation:										
As at 1st April 2018	**98.91**	**805.15**	**3,946.62**	**-**	**1,423.75**	**58.16**	**511.74**	**0.31**	**-**	**6,844.66**
Charged for the year	98.91	811.32	3,678.98	-	1,498.77	58.16	511.74	2.14	0.23	**6,660.25**
Disposals	-	-	-	-	-	-	-	-	-	**-**
As at 31st March 2019	**197.83**	**1,616.47**	**7,625.61**	**-**	**2,922.52**	**116.32**	**1,023.49**	**2.45**	**0.23**	**13,504.91**
Charged for the year	99.18	873.52	3,056.96	-	1,576.61	58.01	513.15	5.16	-	**6,182.60**
Disposals	-	-	-	-	-	-	-	-	(0.23)	**(0.23)**
As at 31st March 2020	**297.01**	**2,489.99**	**10,682.57**	**-**	**4,499.13**	**174.34**	**1,536.63**	**7.61**	**0.00**	**19,687.28**
Net book value:										
As at 31st March 2019	**5,652.79**	**1,488.67**	**13,287.86**	**12,555.55**	**8,747.95**	**107.55**	**6,426.29**	**50.32**	**1,338.43**	**49,655.42**
As at 31st March 2020	**5,553.60**	**1,682.39**	**11,163.39**	**12,555.55**	**8,302.73**	**49.54**	**5,913.15**	**101.95**	**(0.00)**	**45,322.31**

(Rupees in lakhs, except for share data and unless otherwise stated)

13 Other Intangible assets

Particulars	Computer Software
As at 31st March 2018	**879.10**
Addition during the year	140.23
Disposals	-
As at 31st March 2019	**1,019.32**
Addition during the year	**325.09**
Disposals	**-**
As at 31st March 2020	**1,344.41**
Accumulated Depreciation:	
As at 31st March 2018	233.93
Charged for the year	335.83
Disposals	-
As at 31st March 2019	**569.77**
Charged for the year	**336.96**
Disposals	**-**
As at 31st March 2020	**906.72**
Net book value:	
As at 31st March 2019	**449.56**
As at 31st March 2020	**437.68**

14 Right-of-use assets & Lease Liability

14.1. The Company operates its branch network predominantly through premises taken on lease at strategic locations identified by the management. Majority of the lease arrangements are long term in nature and are non-cancellable from the point of view of the lessor, except for a few lease contracts. Other than such leasehold property, the Company has also undertaken lease arrangements for Safety Device Equipments and Vehicles, whose original lease tenures too are not short-term in nature. Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently,the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incrementa borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability adjusted for any accrued lease payments previously recognised.

(Rupees in lakhs, except for share data and unless otherwise stated)

Particulars	As at 31st March 2020	As at 31st March 2019
Depreciation charge for Right-of-use assets		
Leasehold Property	12,921.48	-
Equipments	943.72	-
Vehicles	69.56	-
Interest expense on lease liabilities	5,425.38	-
Income from subleasing right-of-use assets	171.56	-
Total cash outflow for leases	16,572.01	-
Carrying amount of right-of-use assets		
Leasehold Property	43,211.48	-
Equipments	428.84	-
Vehicles	19.32	-
Lease Liability		
Leasehold Property	45,955.45	-
Equipments	470.08	-
Vehicles	22.23	-

14.2. The following is the summary of practical expedients elected on initial application:

(a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

(b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

(c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

(d) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.

(e) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

14.3. The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows:

Particulars	As at 31st March 2020
Decrease in property, plant and equipment by	1,338.43
Increase in lease liability by	46,447.77
Increase in right of use asset by	43,659.63
Increase in finance cost by	5,425.38
Increase in depreciation by	13,934.76
Decrease in rent	(15,443.96)

14.4. The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	As at 31st March 2020
Short-term leases	297.19
Leases of low value assets	6.49
Variable lease payments	-

14.5. Carrying value of right-of-use assets at the end of the reporting period:

Particulars	As at 31st March 2020
Balance as at April 1, 2019	50,009.29
Additions	7,585.10
Depreciation charge for the year	(13,934.76)
Balance as at March 31, 2020	43,659.63

14.6. Movement in lease liabilities:

Particulars	As at 31st March 2020
Balance as at April 1, 2019	50,009.29
Additions	7,585.10
Interest on lease liabilities	5,425.38
Payment of lease liabilities	(16,572.01)
Balance as at March 31, 2020	46,447.77

14.7. Maturity analysis of lease liabilities

Particulars	As at 31st March 2020
Less than one year	15,798.82
One to five years	31,370.98
More than five years	18,545.06
Total undiscounted lease liabilities as at March 31, 2020	65,714.86

15 Other Non-Financial assets

Particulars	As at 31st March 2020	As at 31st March 2019
Prepaid expenses	1,615.77	1,718.79
Advance to Creditors	1,461.33	560.61
Advance for Property	23,790.54	28,790.54
Pre-Deposit Fee	440.72	501.60
GST / Service Tax Receivables	465.33	336.78
Gratuity Fund	545.61	730.77
Other Receivable	2,574.02	2,702.82
Total	**30,893.32**	**35,341.90**

(a) Advance for Property as on 31.03.2020 consists of - ₹ 1,722.40 lakhs (P.Y. ₹.1,722.40 lakhs), ₹1,487.26 lakhs (P.Y. ₹1,487.26 lakhs) and ₹20,580.88 lakhs (P.Y. ₹25,580.88 lakhs) advanced by the Company to its Directors and their relatives, M/s. MPG Hotels & Infrastructure Ventures Private Limited (a Company in which the Directors are interested) and M/s. Muthoot Estate Investments (a firm in which the Directors of the Company are partners) respectively for purchase of immovable property by the Company from them.

(Rupees in lakhs, except for share data and unless otherwise stated)

16 Payables

Particulars	As at 31st March 2020	As at 31st March 2019
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprise	-	-
Other payables:		
Total outstanding dues of micro enterprises and small enterprises	36.16	1.69
Total outstanding dues of creditors other than micro enterprises and small enterprise*	36,843.99	46,113.44
Total	**36,880.16**	**46,115.13**

Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 :

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	As at 31st March 2020	As at 31st March 2019
Principal amount remaining unpaid during the year	36.16	1.69
Interest due thereon	-	-
Interest remaining accrued and unpaid at the end of the year	-	-
Total interest accrued and remained unpaid at year end	36.16	1.69

17 Debt Securities (At Amortised Cost)

Particulars	As at 31st March 2020	As at 31st March 2019
Secured Non-Convertible Debentures	148.00	4,272.75
Secured Non-Convertible Debentures - Listed*	73,743.78	19,846.25
Secured Non-Convertible Debentures - Covered Bonds - Listed*	12,221.53	-
Total	**86,113.32**	**24,119.00**
Debt securities in India	86,113.32	24,119.00
Debt securities outside India	-	-
Total	**86,113.32**	**24,119.00**

Includes issue expenses amortised as per EIR.

Maturity Profile of Non-Convertible Debentures

Particulars	As at 31st March 2020
FY 2020-21	22,267.76
FY 2021-22	19,405.12
FY 2022-23	27,684.53
FY 2023-24	8,291.42
FY 2024-25	9,083.08
FY 2025-26	-
Adjustments on account of effective rate of interest	(618.59)
Total	**86,113.32**

17.1. Privately Placed Secured Debentures are secured by subservient charge on all current assets of the Company, both present and future.

17.2. Covered Bond issued by the Company in the nature of secured, redeemable, listed non-convertible debentures on a private placement basis is secured by way of first ranking pari passu charge by way of mortgage over, all the right, title and interest of the Company in all that piece and parcel of the vacant land measuring an extent of Cents 28 (Hec.0.11.34) in the Tirunelveli District, Panagudi, Sub-Registrar Office, Pazhavoor Panchayat, Pazhavoor Village, Ayan Punja Survey No. 1490 measuring an extent of South portion of Cents 28 (Hec.0.11.34) and is covered by receivables against a pool of gold loans originated by the Company amounting to a minimum cover of 1.15x on the Non-Convertible Debenture amount outstanding.

17.3. Debentures issued by way of public issue are secured as follows:

- Public Issue allotment on 05/11/2015: Mortgage of the immovable property of the Company admeasuring 54 cents situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and a first ranking pari passu charge on all current assets, book debts and receivables (both present and future) of the company in favour of Debenture Trustee.

- Public Issue allotment on 25/10/2019: Exclusive mortgage and first charge over the immovable property admeasuring 5.19 cents situated at Survey No: 537, Samugarengapuram Village, Radhapuram Taluk, Tirunelveli District, Tamilnadu and a subservient charge on certain loan receivables (both present and future) of the company in favour of Debenture Trustee.

- Public Issue allotment on 07/02/2020: Subservient charge with existing secured creditors, on certain loan receivables (both present and future) of the Company in favour of Debenture Trustee.

18 Borrowings (other than debt securities) - At Amortised Cost

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Term loans		
(i) from banks	1,88,184.37	78,072.85
(ii) from other parties		
- financial institutions	2,687.89	4,262.01
(b) Finance lease obligations	-	1,312.75
(c) Loans repayable on demand		
(i) from banks (OD & CC)	7,77,441.01	7,10,778.07
(ii) from other parties	-	31,934.46
Total	**9,68,313.27**	**8,26,360.14**
Borrowings in India	9,68,313.27	8,26,360.14
Borrowings outside India	-	-

a) Security details :

Secured Term loans from Banks

The Loans are secured by way of hypothecation of Loan receivables, other current assets & specified fixed assets of the Company equivalent to security cover stipulated by respective banks. The loans aggregating to ₹ 189,011.55 lakhs (31st March 2019 : ₹ 78,231.62 lakhs) are guaranteed by promoter directors (Mr.Thomas John Muthoot, Mr.Thomas George Muthoot and Mr.Thomas Muthoot) of the Company.

Secured Term loans from other parties

The Loans are secured by way of hypothecation of Loan Receivables of the Company equivalent to security cover stipulated by respective lender.

Secured Loans repayable on demand

The Cash credit limit from banks are secured by way of hypothecation of Loan Receivables of the Company equivalent to security cover stipulated by respective banks. The Cash credit aggregating to ₹816,000 lakhs (31st March 2019 : ₹732,000 lakhs) are guaranteed by promoter directors (Mr.Thomas John Muthoot, Mr.Thomas George Muthoot and Mr.Thomas Muthoot) of the Company.

b) Terms of repayment

Secured loans from Banks

Name of Party	As at 31st March 2020	As at 31st March 2019	Terms of Repayment (based on last outstanding)
Term Loan from Banks			
1. State Bank of India Car Loan	17.09	21.57	Repayable in 39 monthly instalments on diminishing value method
2. State Bank of India Car Loan	7.83	9.33	Repayable in 48 monthly instalments on diminishing value method
3. Yes Bank	14,216.84	15,272.28	Repayable in 20 instalments. 1.67% of loan amount for next 4 instalments, 4.5% of the loan for then 19 instalments & 4.48% of the loan for the last instalment.
4. Lakshmi Vilas Bank	3,750.00	8,750.00	Repayable in 3 equal quarterly instalments till 30-11-2020
5. Oriental Bank of Commerce	-	5,000.00	Repayable in 3 quarterly instalments of ₹1,666.67 lakhs each in Jun 19, Sep 19 & Dec 19
6. Oriental Bank of Commerce	10,000.00	-	Repayable in 6 quarterly instalments of ₹ 1,666.67 lakhs each in Dec 20, Mar 21,Jun 21, Sep 21, Dec 21, Mar 22
7. Punjab & Sind Bank	2,999.00	8,000.00	Repayable in 3 quarterly instalments of ₹ 1,000.00 lakhs each from Jul 20
8. Syndicate Bank	4,034.72	12,100.47	Repayable in 2 quarterly instalments of ₹ 2,000.00 lakhs each from June 2020
9. Syndicate Bank	5,046.00	9,077.97	Repayable in 5 quarterly instalments of ₹ 1,000 lakhs
10. United Bank of India	-	5,000.00	Repayable in 2 quarterly instalments of ₹ 2,500.00 lakhs each
11. United Bank of India	-	10,000.00	Repayable in 4 quarterly instalments of ₹ 2,500.00 lakhs each from June 2019
12. AU Small Finance Bank	2,500.00	5,000.00	Repayable in 4 quarterly instalments of ₹ 625.00 lakhs each from May 20
13.UCO Bank	18,749.61	-	Repayable in 15 quarterly instalments of ₹ 1,250.00 lakhs each from Apr 20
14.UCO Bank	20,000.00	-	Repayable in 16 quarterly instalments of ₹ 1,250.00 lakhs each from May 20
15.Bank of Maharashtra	15,133.12	-	Repayable in 4 quarterly instalments of ₹ 3,750.00 lakhs each from Jul 20
16.CENTRAL BANK OF INDIA	29,999.76	-	Repayable in 10 quarterly instalments of ₹ 3,000.00 lakhs each from May 20
17.CENTRAL BANK OF INDIA	22,499.93	-	Repayable in 6 quarterly instalments of ₹ 3,750.00 lakhs each from Sep 20
18.Allahabad bank	20,000.08	-	Repayable in 6 quarterly instalments of ₹ 3,333.00 lakhs each from Aug 20
19.Bank of Baroda	10,057.57	-	Repayable in 10 quarterly instalments of ₹ 1,000.00 lakhs each from Jun 20
20. Oriental Bank of Commerce	10,000.00	-	Repayable in 6 quarterly instalments of ₹ 1,666.67 lakhs each in Jun 21, Sep 21, Dec 21, Mar 22, Jun 22, Sep 22
Adjustments on account of effective rate of interest	(827.18)	**(158.76)**	
Total	**1,88,184.37**	**78,072.85**	
Term Loan from Others			
1. Mahindra & Mahindra Financial Services Limited	2,692.72	4,270.15	Repayable in 18 equated monthly installments upto September 2021
Adjustments on account of effective rate of interest	(4.83)	(8.15)	
Total	**2,687.89**	**4,262.01**	

19 Subordinated Liabilities (At Amortised Cost)

Particulars	As at 31st March 2020	As at 31st March 2019
Subordinated Debt	2,30,519.14	2,43,423.24
Subordinated Debt - Listed*	3,557.87	3,556.19
Tier-I Capital - Perpetual Debt Instruments*	26,090.46	26,049.26
Total	**2,60,167.47**	**2,73,028.69**
Borrowings in India	2,60,167.47	2,73,028.69
Borrowings outside India	-	-

**Includes issue expenses amortised as per EIR.*

(a) Subordinated Debt instruments are unsecured, subordinated to the claims of all other creditors with an initial maturity of minimum 5 years. Subordinated Debt aggregating to ₹10,000 lakhs (31st March 2019 : ₹10,000 lakhs) are guaranteed by promoter directors (Mr. Thomas John Muthoot, Mr.Thomas George Muthoot and Mr. Thomas Muthoot) of the Company.

(b) Maturity Profile of Subordinated Debt

Particulars	As at 31st March 2020
FY 2020-21	33,161.19
FY 2021-22	64,655.59
FY 2022-23	36,745.31
FY 2023-24	47,895.99
FY 2024-25	25,994.84
FY 2025-26	9,303.59
FY 2026-27	10,327.01
FY 2027-28	5,999.28
Adjustments on account of effective rate of interest	(5.79)
Total	**2,34,077.02**

(c) Perpetual Debt Instruments are perpetual, unsecured instruments, which have been issued as per RBI guidelines. Unamortised Borrowing Cost on Perpetual Debt Instruments is ₹ 309.54 lakhs (31st March 2019: ₹ 350.74 lakhs).

(d) The percentage of PDI to the Tier I Capital of the Company as at 31st March 2020 is 13.08% (31st March 2019 - 13.16%).

20 Other Financial Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Interest Payable	34,710.87	40,744.95
Expenses Payable	1,589.04	1,734.17
Security deposits received	839.38	869.25
Unpaid matured debt and interest accrued thereon	1,180.40	2,253.54
Others	2,621.16	643.83
Total	**40,940.85**	**46,245.74**

21 Provisions

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for employee benefits		
- Gratuity	2,163.07	1,834.80
- Provision for compensated absences	217.82	323.03
Total	**2,380.89**	**2,157.83**

(Rupees in lakhs, except for share data and unless otherwise stated)

22 Other Non-Financial Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Statutory dues payable	3,480.88	1,636.12
Other non financial liabilities	-	-
Total	**3,480.88**	**1,636.12**

23 Equity share capital

(a) Authorised share capital :

Particulars	No. of Shares	Amount
At 31st March 2018	20,00,00,000	20,000.00
Add: Increased during the year	-	-
At 31st March 2019	20,00,00,000	20,000.00
Add: Increased during the year	-	-
At 31st March 2020	20,00,00,000	20,000.00

(b) Issued capital :

Particulars	No. of Shares	Amount
At 31st March 2018	19,38,00,800	19,380.08
Add: Increased during the year	-	-
At 31st March 2019	19,38,00,800	19,380.08
Add: Increased during the year	-	-
At 31st March 2020	19,38,00,800	19,380.08

(c) Subscribed and Fully Paid Up Capital

Particulars	No. of Shares	Amount
At 31st March 2018	19,37,05,560	19,370.56
Add: Increased during the year	-	-
At 31st March 2019	19,37,05,560	19,370.56
Add: Increased during the year	-	-
At 31st March 2020	19,37,05,560	19,370.56

(d) Terms/ rights attached to equity shares :

The Company has only one class of shares namely equity shares having a face value of ₹10. Each holder of equity share is entitled to one vote per share. All shares rank pari passu with regard to dividend and repayment of capital. In the event of liquidation of Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts.

(e) Shareholder's having more than 5% equity shareholding in the Company

Particulars	As at 31st March 2020	As at 31st March 2019
	No. of shares and % of holding	
Mr. Thomas John Muthoot	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%
Mr. Thomas George Muthoot	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%
Mr. Thomas Muthoot	5,08,43,769 - 26.25%	5,08,43,769 - 26.25%
Ms. Preethi John Muthoot	1,35,25,989 - 6.98%	1,35,25,989 - 6.98%
Ms. Nina George	1,35,25,961 - 6.98%	1,35,25,961 - 6.98%
Ms. Remy Thomas	1,35,25,988 - 6.98%	1,35,25,988 - 6.98%

(Rupees in lakhs, except for share data and unless otherwise stated)

24 Other Equity

Particulars	As at 31st March 2020	As at 31st March 2019
Securities Premium	38,129.85	38,129.85
Statutory Reserve (pursuant to Section 45-IC of the RBI Act, 1934)	41,575.93	37,194.43
Debenture Redemption Reserve	-	976.33
Retained Earnings	84,614.77	83,853.70
Other Comprehensive income	1,11,746.99	1,00,671.84
Total	**2,76,067.54**	**2,60,826.16**

(a) Movement in reserves:

Particulars	As at 31st March 2020	As at 31st March 2019
Securities Premium		
Balance at the beginning of the year	38,129.85	38,129.85
Add: Securities premium received during the year	-	-
Balance at the end of the year	**38,129.85**	**38,129.85**
Statutory Reserve (pursuant to Section 45-IC of the RBI Act, 1934)		
Balance at the beginning of the year	37,194.43	34,085.26
Add: Transfer from Retained Earnings	4,381.50	3,109.17
Balance at the end of the year	**41,575.93**	**37,194.43**
Debenture Redemption Reserve		
Balance at the beginning of the year	976.33	4,279.68
Less: Transfer to Retained Earnings on account of redemption	(976.33)	(3,303.35)
Balance at the end of the year	**-**	**976.33**
Retained Earnings		
Balance at the beginning of the year	83,853.70	70,448.90
Add: Profit for the period	21,907.51	15,545.85
Add : Transfer from Debenture Redemption Reserve on redemption	976.33	3,303.35
Less : Transfer to Statutory Reserve pursuant to 45-IC of RBI Act, 1934	(4,381.50)	(3,109.17)
Less: Deferred Tax – Prior Years	(1,394.72)	-
Less: Dividend Paid	(13,559.39)	(1,937.06)
Less: Dividend Tax Paid	(2,787.17)	(398.17)
Balance at the end of the year	**84,614.77**	**83,853.70**
Other Comprehensive income		
Balance at the beginning of the year	1,00,671.84	1,02,852.08
Add: Deferred Tax – Prior Years	17,362.68	-
Add: Addition during the year	(6,287.53)	(2,180.23)
Balance at the end of the year	**1,11,746.99**	**1,00,671.84**
Total	**2,76,067.54**	**2,60,826.16**

23.2 Nature and purpose of reserve

Securities Premium

Securities premium is used to record the premium on issue of shares. This can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. Accordingly, an amount representing 20% of Profit for the period is transferred to the Reserve for the year.

Standalone Notes to financial statements for the year ended 31st March 2020

(Rupees in lakhs, except for share data and unless otherwise stated)

Debenture Redemption Reserve

The Companies (Share Capital and Debentures) Rules, 2014 was amended vide Notification F. No. 01/04/2013-CL-V- Part-III dated 16th August, 2019, by which listed NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act was no longer required to maintain the Debenture Redemption Reserve specified under the said Rules. As the Company has its debentures listed with the Bombay Stock Exchange, the requirement of maintaining the Debenture Redemption Reserve no longer exists, and hence, the balance in the Debenture Redemption Reserve has been written back to Retained Earnings.

Retained Earnings

This Reserve represents the cumulative profits of the Company. This is a free reserve which can be utilised for any purpose as may be required.

25 Interest Income (On Financial Assets measured at Amortised Cost)

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Interest on Loans	2,38,500.75	2,26,902.52
Interest Income from Investments	-	220.64
Interest on Deposit with Banks	381.05	632.90
Other Interest Income	429.74	17.75
Total	**2,39,311.54**	**2,27,773.81**

26 Net Gain/(Loss) on fair value changes

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	160.97	(259.41)
Total Net gain/(loss) on fair value changes	**160.97**	**(259.41)**
Fair Value changes:		
- Realised	105.89	-
- Unrealised	55.08	(259.41)
Total Net gain/(loss) on fair value changes	**160.97**	**(259.41)**

(a) Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.

27 Others

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Income from Money transfer	1,398.91	927.47
Income From Forex Operations	262.87	276.42
Income From Power Generation	996.20	1,076.44
Income from Investment	-	26.01
Other income - under Others	122.83	116.54
Total	**2,780.81**	**2,422.87**

28 Finance Costs

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Interest on Borrowings	94,097.55	88,587.63
Interest on Debt Securities	9,407.85	11,106.93
Interest on Subordinate Liablities	23,773.95	26,757.50
Interest on Lease Liabilities	5,425.38	-
Other charges	4,654.09	3,599.50
Total	**1,37,358.83**	**1,30,051.56**

(Rupees in lakhs, except for share data and unless otherwise stated)

29 Impairment on Financial Instruments

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
At Amortised Cost		
Loans	1,841.50	2,638.88
Loans Written Off	4,911.00	-
At Fair Value through Other Comprehensive Income		
Investments	1,207.44	-
Total	**7,959.93**	**2,638.88**

30 Employee benefits expenses

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Salaries and Wages	42,556.41	36,974.95
Contributions to Provident and Other Funds	2,207.34	2,298.29
Incentives	2,184.78	1,421.26
Bonus & Exgratia	1,159.42	1,311.37
Staff Welfare Expenses	754.19	1,093.84
Total	**48,862.15**	**43,099.72**

31 Depreciation expense

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Depreciation of Tangible Assets	6,182.37	6,660.25
Amortization of Intangible Assets	336.96	335.83
Depreciation of Right of Use Assets	13,934.76	-
Total	**20,454.08**	**6,996.09**

32 Other Expenses

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Rent, taxes and energy costs	5,485.98	19,557.73
Repairs and maintainence	2,899.27	2,291.23
Advertisement and publicity	3,286.98	5,452.98
Communication costs	2,937.50	3,232.99
Printing and Stationery	998.12	856.35
Legal & Professional Charges	4,270.29	2,762.93
Insurance	387.11	592.88
Auditor's fees and expenses	30.94	18.69
Director's fees, allowances and expenses	152.60	154.78
Security Charges	3,829.59	3,715.02
Travelling and Conveyance	2,422.09	2,322.55
Donations & CSR Expenses	314.37	587.53
Other Expenditure	550.45	101.85
Total	**27,565.30**	**41,647.51**

(a) Auditors Remuneration

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
As auditor		
Statutory Audit fees	17.00	16.00
Tax Audit fees	2.50	2.00
For other services		
Certification and other matters	10.15	0.54
For reimbursement of expenses		
Out of pocket expenses	0.14	0.15
Total	**29.79**	**18.69**

Above figures are exclusive of GST

(b) CSR Expenditure

As required under Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 402.87 lakhs in the reporting year in pursuance of its Corporate Social Responsibility Policy, being two per cent of the average net profits of the company made during the three immediately preceding financial years. The Company has during the year, spent a total of ₹ 310.43 lakhs towards CSR expenditure. The accumulated shortfall in the amount spent stands at ₹ 242.86 lakhs as on 31st March 2020. The said shortfall is expected to be utilized in the subsequent years.

(c) Donations made by the Company include political contributions amounting to ₹ 0.10 lakhs during the year ended 31st March 2020 (Year ended 31st March 2019 : 0.25 lakhs).

33 Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Net profit attributable to ordinary equity holders	21,907.51	15,545.85
Weighted average number of ordinary shares for basic earnings per share	19,37,05,560	19,37,05,560
Effect of dilution:		
Weighted average number of ordinary shares adjusted for effect of dilution	19,37,05,560	19,37,05,560
Earnings per share		
Basic Earnings per share	11.31	8.03
Diluted Earnings per share	11.31	8.03

(Rupees in lakhs, except for share data and unless otherwise stated)

34 Income Tax

The components of income tax expense for the year ended 31st March 2020 and year ended 31st March 2019 are:

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Current tax	9,463.18	9,439.32
Deferred tax relating to origination and reversal of temporary differences	(942.38)	(1,213.35)
Income tax expense reported in statement of profit and loss	**8,520.81**	**8,225.98**
OCI Section		
Deferred tax related to items recognised in OCI during the period:		
Net gain / (loss) on equity instruments measured through other comprehensive income	(1,902.75)	(1,165.29)
Remeasurement of the defined benefit liabilities	(17.49)	(5.79)
Income tax charged to OCI	**(1,920.25)**	**(1,171.08)**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differ from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March 2020 and year ended 31st March 2019 is, as follows:

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Accounting profit before tax	30,428.32	23,771.82
At India's statutory income tax rate of 25.168%* (2019: 34.608%)	**7,658.20**	**8,306.83**
Adjustments in respect of current income tax of previous year		
(i) Expenses dissallowed under the Income Tax Act	747.81	205.31
(ii) Income Tax paid dissallowed under the Income Tax Act	120.47	-
(iii) Income to the extent exempt under the Income Tax Act:		
Dividend Income	(5.67)	(6.60)
(iv) Deductions available under Chapter VI-A of the Income Tax Act	-	(279.56)
Income tax expense reported in the statement of profit or loss	**8,520.81**	**8,225.98**
Effective Income Tax Rate	**28.00%**	**34.60%**

**The Company has exercised the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.*

(Rupees in lakhs, except for share data and unless otherwise stated)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

	Deferred tax assets	Deferred tax liabilities	Statement of profit and loss	OCI
	As at 31st March 2020	As at 31st March 2020	2019-20	2019-20
Opening Balance		48,271.18		
Restatement on account of change in corporate tax rate	-	(15,967.96)	-	-
Fixed asset: Timing difference on account of Depreciation and Amortisation	400.45	-	(400.45)	-
Bonus Disallowed due to non-payment	63.32	-	(63.32)	-
Provision for gratuity	139.04	-	(139.04)	-
Provision for Leave Encashment	(26.48)	-	26.48	-
Impairment allowances on financial assets	366.04	-	(366.04)	-
Fair Valuation of Financial Assets	1,902.75	-	-	(1,902.75)
Acturial gain/loss on Employee benefits	17.49	-	-	(17.49)
Total	**2,862.61**	**32,303.21**	**(942.38)**	**(1,920.25)**

	Deferred tax assets	Deferred tax liabilities	Statement of profit and loss	OCI
	As at 31st March 2019	As at 31st March 2019	2018-19	2018-19
Opening Balance		50,655.61		
Fixed asset: Timing difference on account of Depreciation and Amortisation	687.90	-	(687.90)	-
Bonus Disallowed due to non-payment	74.23	-	(74.23)	-
Provision for gratuity	39.45	-	(39.45)	-
Provision for Leave Encashment	4.58	-	(4.58)	-
Financial assets measured at amortised cost	2.08	-	(2.08)	-
Impairment allowances on financial assets	413.43	-	(413.43)	-
Fair Valuation of Financial Assets	1,238.57	-	(73.28)	(1,165.29)
Financial liabilities measured at amortised cost	-	81.58	81.58	-
Acturial gain/loss on Employee benefits	5.79	-	-	(5.79)
Total	**2,466.02**	**50,737.19**	**(1,213.35)**	**(1,171.08)**

35 Retirement Benefit Plan

Defined Contribution Plan

The Company makes contributions to Provident Fund & Employee State Insurance which are defined contribution plans for qualifying employees. The amounts recognized for the aforesaid contributions in the statement of profit and loss are shown below:

Particulars	As at 31st March 2020	As at 31st March 2019
Contributions to Provident Fund	1,451.37	1,337.09
Contributions to Employee State Insurance	746.08	952.57
Defined Contribution Plan	**2,197.45**	**2,289.66**

Defined Benefit Plan

The Company has a defined benifit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on leaving the service of the company at 15 days salary (last drawn salary) for each completed year of service.

(Rupees in lakhs, except for share data and unless otherwise stated)

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Particulars	As at 31st March 2020	As at 31st March 2019
Present value of funded obligations	2,163.07	1,834.80
Fair value of planned assets	545.61	730.77
Defined Benefit obligation/(asset)	**2,708.68**	**2,565.57**

Post employment defined benefit plan

Net benefit expense recognised in statement of profit and loss	As at 31st March 2020	As at 31st March 2019
Current service cost	394.60	340.22
Net Interest on net defined benefit liablity/ (asset)	88.32	73.09
Net benefit expense	**482.92**	**413.31**

Balance Sheet

Details of changes in present value of defined benefit obligations as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Defined benefit obligation at the beginning of the year	1,834.80	1,607.82
Current service cost	394.60	340.22
Interest cost on benefit obligations	146.78	120.59
Actuarial (Gain) / Loss on Total Liabilities	30.71	(16.58)
Benefits paid	(243.82)	(217.25)
Benefit obligation at the end of the year	**2,163.07**	**1,834.80**

Details of changes fair value of plan assets are as follows: -

Particulars	As at 31st March 2020	As at 31st March 2019
Fair value of plan assets at the beginning of the year	730.77	633.27
Actual Return on Plan Assets	19.66	14.75
Employer contributions	39.00	300.00
Benefits paid	(243.82)	(217.25)
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	-	-
Fair value of plan assets as at the end of the year	**545.61**	**730.77**

Remeasurement gain/ (loss) in other comprehensive income (OCI)	As at 31st March 2020	As at 31st March 2019
Actuarial gain/(loss) on obligation		(16.58)
Experience adjustments	96.56	-
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	(38.80)	-
Actuarial changes arising from changes in financial assumptions	(127.27)	-
Actuarial gain /(loss) (through OCI)	**(69.51)**	**(16.58)**

(Rupees in lakhs, except for share data and unless otherwise stated)

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at 31st March 2020	As at 31st March 2019
Salary Growth Rate	0.00%	3.00%
Discount Rate	7.00%	8.00%
Withdrawal Rate	5.00%	5.00%
Mortality	100% of IALM 2006-2008	100% of IALM 2006-2008
Interest rate on net DBO	7.00%	8.00%
Expected average remaining working life	27.73	28.04

Investments quoted in active markets:

Particulars	As at 31st March 2020	As at 31st March 2019
Equity instruments	-	-
Debt instruments	-	-
Real estate	-	-
Derivatives	-	-
Investment Funds with Insurance Company	100.00%	100.00%
Of which, Unit Linked	-	-
Of which, Traditional/ Non-Unit Linked	100.00%	100.00%
Asset-backed securities	-	-
Structured debt	-	-
Cash and cash equivalents	-	-
Total	**100.00%**	**100.00%**

A quantitative sensitivity analysis for significant assumptions as at 31st March 2020 and 31st March 2019 are as shown below:

Assumptions	Sensitivity Level	As at 31st March 2020	As at 31st March 2019
Discount Rate	Increase by 1%	1,980.45	1,688.91
Discount Rate	Decrease by 1%	2,377.52	2,005.24
Further Salary Increase	Increase by 1%	2,384.90	2,012.35
Further Salary Increase	Decrease by 1%	1,971.67	1,680.99
Employee turnover	Increase by 1%	2,236.91	1,913.40
Employee turnover	Decrease by 1%	2,077.24	1,743.87
Mortality Rate	Increase in expected lifetime by 1 year	2,155.98	1,828.44
Mortality Rate	Increase in expected lifetime by 3 years	2,143.78	1,817.34

The weighted average duration of the defined benefit obligation as at 31st March 2020 is 10 years (2019: 10 years).

Gratuity liability is funded through a Gratuity Fund managed by Life Insurance Corporation of India Ltd.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The principal assumptions used in determining leave encashment obligations for the Company's plans are shown below:

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(Rupees in lakhs, except for share data and unless otherwise stated)

36 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	As at 31st March 2020			As at 31st March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	30,017.28	-	30,017.28	25,389.37	-	25,389.37
Bank Balance other than above	984.69	-	984.69	5,818.16	-	5,818.16
Trade receivables	2,918.88	-	2,918.88	2,836.93	-	2,836.93
Loans	13,54,807.32	36,994.74	13,91,802.06	11,55,176.54	33,292.87	11,88,469.41
Investments	2,239.80	1,75,931.19	1,78,170.99	3,417.70	1,81,352.91	1,84,770.61
Other financial assets	3,940.10	11,507.36	15,447.46	4,153.80	24,807.79	28,961.59
Non-financial Assets						
Current tax assets (net)	-	-	-	-	-	-
Investment Property	-	30,236.55	30,236.55	-	30,096.71	30,096.71
Property, plant and equipment	-	45,322.31	45,322.31	-	49,655.41	49,655.41
Other intangible assets	-	437.68	437.68	-	449.56	449.56
Right-of-use assets	8,826.91	34,832.72	43,659.63	-	-	-
Other non financial assets	4,977.01	25,916.32	30,893.32	33,941.91	1,399.99	35,341.90
Total assets	**14,08,711.99**	**3,61,178.87**	**17,69,890.86**	**12,30,734.41**	**3,21,055.23**	**15,51,789.65**
Liabilities						
Financial Liabilities						
Trade payables	36,880.16	-	36,880.16	46,115.13	-	46,115.13
Debt Securities	22,165.53	63,947.79	86,113.32	23,732.14	386.86	24,119.00
Borrowings (other than debt security)	6,72,834.44	2,95,478.83	9,68,313.27	7,81,489.30	44,870.84	8,26,360.14
Lease Liability	12,842.16	33,605.60	46,447.77	-	-	-
Subordinated Liabilities	33,160.22	2,27,007.25	2,60,167.47	38,822.21	2,34,206.48	2,73,028.69
Other Financial liabilities	21,965.85	18,975.00	40,940.85	20,403.97	25,841.77	46,245.74
Non-financial Liabilities						
Current tax liabilities (net)	287.56	-	287.56	3,659.10	-	3,659.10
Provisions	162.88	2,218.01	2,380.89	163.12	1,994.71	2,157.83
Deferred tax liabilities (net)	-	29,440.60	29,440.60	-	48,271.18	48,271.18
Other non-financial liabilities	3,480.88	-	3,480.88	1,636.12	-	1,636.12
Total Liabilities	**8,03,779.68**	**6,70,673.08**	**14,74,452.76**	**9,16,021.08**	**3,55,571.84**	**12,71,592.93**
Net	**6,04,932.30**	**- 3,09,494.21**	**2,95,438.09**	**3,14,713.33**	**- 34,516.61**	**2,80,196.72**

37. Change in liabilities arising from financing activities

Particulars	As at 1st April 2019	Cash Flows	Ind AS 116 - Lease Liabilities	Others	As at 31st March 2020
Debt Securities	24,119.00	62,612.47	-	(618.15)	86,113.32
Borrowings other than debt securities	8,26,360.14	1,42,795.98	-	(842.85)	9,68,313.27
Lease Liabilities	-	(16,572.01)	63,019.77	-	46,447.77
Subordinated Liabilities	2,73,028.69	(12,905.79)	-	44.58	2,60,167.47
Total liabilities from financing activities	**11,23,507.83**	**1,75,930.65**	**63,019.77**	**(1,416.42)**	**13,61,041.83**
Particulars	**As at 1st April 2018**	**Cash Flows**	**Changes in fair value**	**Others**	**As at 31st March 2019**
Debt Securities	55,573.70	(31,454.26)	-	(0.44)	24,119.00
Borrowings other than debt securities	8,61,952.31	(34,857.11)	-	(735.06)	8,26,360.14
Subordinated Liabilities	2,66,844.40	6,193.45	-	(9.16)	2,73,028.69
Total liabilities from financing activities	**11,84,370.41**	**(60,117.92)**	**-**	**(744.66)**	**11,23,507.83**

38. Contingent Liabilities (to the extent not provided for)

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Contingent Liabilities		
Claims against the Company not acknowledged as debt		
(i) Income Tax Demands	6,327.34	6,065.85
(ii) Service Tax Demands	3,600.90	3,600.86
(iii) Value Added Tax Demands	1,432.70	2,294.21
(iv) Bank Guarantees	92.09	204.50
(v) Cash Margin on Securitisation	2,258.62	3,891.32

(vi) Some of the branches of the Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has challenged the same and currently the matter is before the Hon'ble Supreme Court. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

(vii) The Company has filed a Writ Petition before the Honourable High Court of Madras on 30th July, 2019 challenging the Order passed by the Income Tax Settlement Commission, Chennai Bench abating the proceedings before it relating to the Settlement Application filed by the Company dated December 17, 2017 ("Settlement Application"); and praying for stay on proceedings initiated by the Joint Commissioner of Income Tax (OSD), Central Circle, Thiruvananthapuram post abatement of proceedings by the Settlement Commission. The tax and interest due on the issues forming part of the Settlement Application totaled to ₹ 7,406 lakh. The Settlement Application related to notices received under Section 147 of the Income Tax Act, as per which the income chargeable to tax for the Financial Years 2011-12 to 2016-17 of MFL had escaped assessment, and Section 153A of the Income Tax Act, as per which MFL was required to prepare true and correct return of which MFL was assessable for the Assessment Years 2011-2012 to 2016-2017. The proceedings before the High Court of Madras is currently pending.

(Rupees in lakhs, except for share data and unless otherwise stated)

39. Related Party Disclosures

Names of Related parties with whom transaction has taken place

(A) Subsidiaries

1. Muthoot Microfin Limited
2. Muthoot Housing Finance Company Limited
3. Muthoot Pappachan Technologies Limited

(B) Key Management Personnel	**Designation**
1. Thomas John Muthoot	Managing Director
2. Thomas George Muthoot	Director
3. Thomas Muthoot	Wholetime Director Cum Chief Financial Officer
4. Preethi John Muthoot	Director
5. Kurian Peter Arattukulam	Director
6. Ramakrishna Pillai Kamalasanan Nair	Director (Resigned)
7. Vikraman Ampalakkat	Director
8. Thuruthiyil Devassia Mathai	Company Secretary

(C) Enterprises owned or significantly influenced by key management personnel or their relatives

1. MPG Hotels and Infrastructure Ventures Private Limited
2. Muthoot Automotive (India) Private Limited
3. Muthoot Automobile Solutions Private Limited
4. Muthoot Capital Services Limited
5. Muthoot Hotels Private Limited
6. Muthoot Infrastructure Private Limited
7. Muthoot Motors Private Limited
8. Muthoot Pappachan Medicare Private Limited
9. Muthoot Risk Insurance and Broking Services Private Limited
10. Muthoot Pappachan Chits (India) Private Limited
11. Muthoot Exim Private Limited
12. Muthoot Kuries Private Limited
13. MPG Security Group Private Limited
14. Muthoot Pappachan Centre Of Excellence In Sports
15. Muthoot Estate Investments
16. Muthoot Motors (Cochin)
17. Muthoot Pappachan Foundation
18. M-Liga Sports Excellence Private Limited

(D) Relatives of Key Management Personnel

1. Janamma Thomas
2. Nina George
3. Thomas M John
4. Suzannah Muthoot
5. Hannah Muthoot
6. Tina Suzanne George
7. Ritu Elizabeth George
8. Shweta Ann George

Muthoot Fincorp Limited

Standalone Notes to financial statements for the year ended 31st March 2020

(Rupees in lakhs, except for share data and unless otherwise stated)

Related Party transactions during the year:

Particulars	Key Management Personnel & Directors		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence		Subsidiaries	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Revenue								
Auction of Gold Ornaments	-	-	-	-	1,918.82	857.88	-	-
Commission Received	-	-	-	-	1,229.81	1,279.41	885.32	1,253.92
Employee Secondment Fee received	-	-	-	-	-	11.43	-	-
Processing Fee received	15.00	15.00	-	-	0.75	0.38	-	-
Rent received	-	-	-	-	304.87	260.81	135.08	137.73
Revenue from Travel Services	-	-	-	-	6.54	73.31	73.42	80.34
Sale of Used Assets	-	-	-	-	-	-	3.15	2.35
Interest accrued on loans & advances	2,386.26	2,388.00	-	-	16.10	33.39	219.00	218.40
Expense								
Commission Paid	132.00	132.00	-	-	3.43	4.02	576.98	975.55
Interest paid	350.54	576.00	42.04	-	334.64	269.91	-	-
Hotel Service payments	-	-	-	-	54.41	55.56	-	-
Professional & Consultancy Charges	-	-	-	-	1,773.55	1,925.97	1,459.80	961.46
Purchase of Gold / Silver Coins	-	-	-	-	13.23	5.30	-	-
Reimbursement of Expenses	-	-	-	-	(12.58)	(34.61)	(14.44)	(8.40)
Rent paid	101.36	132.99	-	-	13.50	14.72	-	-
Purchase of Used Assets	-	-	-	-	-	57.42	-	-
Remuneration Paid	2,200.04	1,744.85	18.90	12.82	-	-	-	-
Sitting Fee paid	8.00	8.75	-	1.25	-	-	-	-
Asset								
Advance for CSR Activities	-	-	-	-	285.11	555.90	-	-
ICD advanced	-	-	-	-	-	5,000.00	-	-
ICD repaid	-	-	-	-	-	(5,000.00)	-	-
Investment made in Equity	-	-	-	-	-	-	2,500.02	2,499.85
Loans Advanced	19,900.00	-	-	-	300.00	100.00	-	-
Loan repayments received	(19,900.00)	-	-	-	(125.26)	(121.99)	-	-
Refund received against advance for property	-	-	-	-	(19,600.00)	(2,113.75)	-	-
Liability								
Advance received towards Owners share	-	-	-	-	210.13	198.70	-	-
ICD accepted	-	-	-	-	7,500.00	23,000.00	-	-
ICD repaid	-	-	-	-	(7,500.00)	(23,000.00)	-	-
Investment in Debt Instruments	-	-	307.00	1.70	-	-	-	-
Security Deposit Accepted	-	-	-	-	0.55	-	2.80	3.00
Security Deposit Repaid	-	-	-	-	(3.73)	0.60	(1.48)	3.76

Muthoot Fincorp Limited

Standalone Notes to financial statements for the year ended 31st March 2020

(Rupees in lakhs, except for share data and unless otherwise stated)

Balance outstanding as at the year end:

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence		Subsidiaries	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2019	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Asset								
Advance for CSR Activities		-		-	30.40	8.91	-	-
Advance for Property/Shares	1,588.53	1,588.53	133.87	133.87	27,277.77	46,877.77	-	-
Advance received towards Owners share	-	-	-	-	210.13	46.43	-	-
Commission Receivable	-	-	-	-	229.23	323.34	63.44	181.96
Expense Reimbursements Receivable	-	-	-	-	2.84	18.08	1.28	1.08
Interest on Loan Receivable	61.55	19.63	-	-	1.15	0.50	49.01	48.47
Loans Advanced	19,900.00	19,900.00	-	-	239.64	64.90	1,365.00	1,365.00
Other Receivable	-	-	-	-	-	0.59	4.88	4.03
Rent Receivable	-	-	-	-	34.51	46.31	12.47	29.85
Travel Service Receivables	-	-	-	-	8.32	16.71	3.57	26.33
Liability								
Collection balance payable	78.27	-	-	-	6.36	34.18	-	-
Commission Payable	-	15.88	-	-	-	-	259.49	67.61
Interest Payable	-	-	8.76	1.23	0.25	0.84	-	-
Rent Payable	-	-	-	-	-	-	-	-
Remuneration Payable	5.63	27.47	-	-	-	-	-	-
Investment in Debt Instruments	-	-	313.47	4.25	-	1.70	-	-
PDI issued	20.00	4,800.00	-	-	-	-	-	-
Professional & Consultancy Charges payable	-	-	-	-	4.23	85.26	-	-
Security Deposit received	-	-	-	-	56.85	45.03	53.30	51.98
Other Payable	-	-	-	-	2.27	-	-	-

Note

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Particulars	Year Ended 31st March 2020	Year Ended 31st March 2019
Short–term employee benefits	2,208.04	1,753.60
Post-employment benefits	-	-
Total compensation paid to key managerial personnel	**2,208.04**	**1,753.60**

(Rupees in lakhs, except for share data and unless otherwise stated)

40. Capital

Capital Management

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains healthy credit ratings and capital ratios in order to support its business and to maximise shareholder value.

Being an NBFC-SI, the RBI requires the Company to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of a minimum Tier I Capital of 12% and a combined Tier I & Tier II Capital of 15% of our aggregate risk weighted assets.The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

Regulatory capital	As at 31st March 2020	As at 31st March 2019
Tier I Capital	2,01,875	2,00,616
Tier II Capital	1,00,938	1,00,308
Total capital	**3,02,813**	**3,00,924**
Risk weighted assets	**15,47,762**	**13,71,259**
CRAR		
Tier I Capital (%)	13.04%	14.63%
Tier II Capital (%)	6.52%	7.32%

Tier I Capital comprises of share capital, share premium, reserves, retained earnings including current year profits and perpetual debt instruments subject to permissible limits. Certain adjustments are made to Ind AS–based results and reserves, in order to ensure compliance with the directions of the Reserve Bank of India. Tier II Capital consists primarily of Subordinated Debt Instruments, subject to permissible limits as per the directions of the Reserve Bank of India.

41. Fair Value Measurement

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 observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair Value Hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2020:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in JM Financial India Fund II	121.80	-	-	121.80

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Microfin Limited	-	1,57,677.11	-	1,57,677.11
Investment in Muthoot Pappachan Chits Private Limited	-	5.23	-	5.23
Investment in Avenues India Private Limited	-	400.26	-	400.26
Investment in Fair Asset Technologies (P) Limited	-	702.76	-	702.76
Investment in Algiz Consultancy Services Private Limited	-	-	-	-
Investment in Equity Shares (DP account with Motilal Oswal)	872.57	-	-	872.57
Investment in PMS - Motilal Oswal	379.33	-	-	379.33

(Rupees in lakhs, except for share data and unless otherwise stated)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at March 31, 2019:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in JM Financial India Fund II	84.60	-	-	84.60

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Microfin Limited	-	1,65,694.96	-	1,65,694.96
Investment in Muthoot Pappachan Chits Private Limited	-	4.38	-	4.38
Investment in Avenues India Private Limited	-	399.85	-	399.85
Investment in Fair Asset Technologies (P) Limited	-	457.93	-	457.93
Investment in Algiz Consultancy Services Private Limited	-	0.01	-	0.01
Investment in Equity Shares (DP account with Motilal Oswal)	1,222.36	-	-	1,222.36
Investment in PMS - Motilal Oswal	507.18	-	-	507.18

Fair value technique

Investment at fair value through profit and loss

For investment at fair value through profit and loss, valuation are done using quoted prices from active markets or on published Net Asset Values of the investment at the measurement date.

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	Level	Carrying Value		Fair Value	
		As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Financial assets					
Cash and cash equivalents	1	30,017.28	25,389.37	30,017.28	25,389.37
Bank Balance other than above	1	984.69	5,818.16	984.69	5,818.16
Trade receivables	3	2,918.88	2,836.93	2,918.88	2,836.93
Loans	3	13,91,802.06	11,88,469.41	13,90,149.28	11,88,375.96
Investments - at amortised cost	3	4,425.35	4,105.35	4,425.35	4,105.35
Other Financial assets	3	8,725.95	22,462.93	8,725.95	22,462.93
Financial assets		**14,38,874.20**	**12,49,082.14**	**14,37,221.42**	**12,48,988.70**
Financial Liabilities					
Trade Payable	3	36,880.16	46,113.44	36,880.16	46,113.44
Debt securities	3	86,113.32	24,119.00	71,647.89	24,042.28
Borrowings (other than debt securities)	3	9,68,313.27	8,26,360.14	8,90,554.73	8,19,144.26
Lease Liability	3	46,447.77	-	46,447.77	-
Subordinated liabilities	3	2,60,167.47	2,73,028.69	1,90,538.10	2,00,609.97
Other financial liabilities	3	40,940.85	46,245.74	40,940.85	46,245.74
Financial Liabilities		**14,38,862.83**	**12,15,867.01**	**12,77,009.48**	**11,36,155.70**

Valuation techniques

Equity instruments

The equity instruments which are actively traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1. Units held in mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions are generally Level 1. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured as per fair valuation report and valued on a case-by-case has been classified as Level 2.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Since comparable data is not available, hence Credit risk is derived using, historical experience, management view and other information used in its collective impairment models.

Fair values of portfolios are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics ie, type of loan. The Company then calculates and extrapolates the fair value to the entire portfolio using Effective interest rate model that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Financial liability at amortised cost

The fair values of financial liability held-to-maturity are estimated using a effective interest rate model based on contractual cash flows using actual yields.

42. Segment Reporting

In accordance with Para 4 of IND AS 108, Operating Segments, segment information has been presented in the consolidated financial statements of Muthoot Fincorp Limited and therefore, no separate disclosure has been given in standalone financial statement.

43. Risk Management

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the company's operations. The Company's principal financial assets include loans, investments, cash and cash equivalents and other receivables that derive directly from its operations.

As a financial lending institution, Company is exposed to various risks that are related to lending business and operating environment. The principal objective in Company 's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Companys Risk Management Committee of the Board of Directors constituted in accordance with the RBI rules has overall responsibility for overseeing the implementation of the Risk Management Policy. The committee meets quarterly to review the Risk Management practices and working of the Risk Management Department. The committee is chaired by an Independent Director. Risk Management department periodically places its report to the committee for review. The committee's suggestions for improving the Risk Management Practices are implemented by the Risk Management department.

The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis. The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically adressed through mitigating actions on a continuing basis.

The major type of risk Company faces in business are credit risk, liquidity risk, market risk and operational risk.

I) Credit Risk

Credit Risk arises from the risk of loss that may occur from the default of Company's customers under loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs.

The Company addressess credit risk through following major processess:

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio appraisal and monitoring
- Design appropriate credit risk mitigation techniques

A) Impairment Assessment

The Company is basically engaged in the business of providing retail loans and business loans. The tenure of the loans ranges from 3 months to 60 months.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies.

Definition of default and care

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Company's internal credit rating grades and staging criteria for for loans are as follows:

Rating	Loans Days past due (DPD)	Stages
High grade	Not yet due	Stage I
Standard grade	1-30 DPD	Stage I
Sub-standard grade	30-60 DPD	Stage II
Past due but not impaired	60-89 DPD	Stage II
Individually impaired	90 DPD or More	Stage III

Exposure at Default (EAD)

The outstanding balance as at the reporting date is considered as EAD by the company.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company expects to receive.

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant Increase in credit risk

The internal rating model evaluates the loans on an ongoing basis. The rating model also assesses if there has been a significant increase in credit risk since the previously assigned risk grade. One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

II) Liquidity risk

Asset Liability Management (ALM)

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 financial 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, capital & retail markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

(Rupees in lakhs, except for share data and unless otherwise stated)

The table below shows the maturity pattern of the assets and liabilities:

Maturity pattern of assets and liabilities as on 31st March 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	28,224.96	623.21	1,169.11	-	-	-	-	-	30,017.28
Bank Balance other than (a) above	-	-	-	169.85	814.84	-	-	-	984.69
Receivables	2,918.88	-	-	-	-	-	-	-	2,918.88
Loans	39,444.38	-	1,45,674.97	4,47,900.74	7,21,787.23	26,438.94	200.00	10,355.80	13,91,802.06
Investments	2,239.80	-	-	-	-	421.80	1,930.00	1,73,579.38	1,78,170.99
Other Financial assets	1,932.68	114.64	186.21	646.49	1,060.09	10,196.73	486.64	823.99	15,447.46
Total	**74,760.70**	**737.84**	**1,47,030.29**	**4,48,717.08**	**7,23,662.16**	**37,057.48**	**2,616.64**	**1,84,759.18**	**16,19,341.36**
Payables	36,880.16	-	-	-	-	-	-	-	36,880.16
Debt Securities	-	-	-	-	22,165.53	46,565.06	17,382.73	-	86,113.32
Borrowings (other than Debt Securities)	138.85	21,444.40	15,137.43	1,75,330.51	4,60,783.26	2,51,233.85	44,244.98	-	9,68,313.27
Subordinated Liabilities	992.82	3,454.59	4,786.61	6,583.47	17,342.73	1,01,396.08	73,829.14	51,782.03	2,60,167.47
Other Financial liabilities	6,226.59	1,696.61	2,456.21	3,570.54	8,015.90	10,073.97	5,052.64	3,848.39	40,940.85
Total	**44,238.41**	**26,595.60**	**22,380.25**	**1,85,484.52**	**5,08,307.42**	**4,09,268.96**	**1,40,509.50**	**55,630.42**	**13,92,415.06**

Maturity pattern of assets and liabilities as on 31st March 2019

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	23,595.28	1,015.17	778.92	-	-	-	-	-	25,389.37
Bank Balance other than (a) above	-	-	-	2,455.79	3,362.37	-	-	-	5,818.16
Receivables	2,836.93	-	-	-	-	-	-	-	2,836.93
Loans	1,60,938.52	48,916.86	61,057.75	2,47,052.92	6,37,210.48	33,292.87	-	-	11,88,469.41
Investments	2,709.38	-	283.33	195.83	229.16	807.18	1,610.00	1,78,935.72	1,84,770.61
Other Financial assets	3,500.45	18.28	21.98	69.96	543.13	23,086.49	1,182.73	538.57	28,961.59
Total	**1,93,580.57**	**49,950.32**	**62,141.98**	**2,49,774.50**	**6,41,345.13**	**57,186.54**	**2,792.73**	**1,79,474.29**	**14,36,246.07**
Payables	46,115.13	-	-	-	-	-	-	-	46,115.13
Debt Securities	1,553.28	20,086.60	948.00	243.84	900.42	298.86	88.00	-	24,119.00
Borrowings (other than Debt Securities)	40,461.80	8,311.67	37,015.90	1,90,988.18	5,04,711.75	33,830.69	8,199.31	2,840.84	8,26,360.14
Subordinated Liabilities	3,407.85	3,006.86	4,536.73	23,264.30	4,606.47	97,731.56	84,556.30	51,918.62	2,73,028.69
Other Financial liabilities	5,649.16	2,784.97	1,383.89	9,513.92	1,072.03	16,808.92	6,788.58	2,244.27	46,245.74
Total	**97,187.22**	**34,190.10**	**43,884.52**	**2,24,010.24**	**5,11,290.67**	**1,48,670.03**	**99,632.19**	**57,003.73**	**12,15,868.70**

III) Market risk

Market Risk is the risk that the fair value or the 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 and other market changes. The Company is exposed to two types of market risk as follows:

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. The Company is 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 Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

(Rupees in lakhs, except for share data and unless otherwise stated)

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings is as follows:

Particulars	31st March 2020	31st March 2019
On Borrowings		
1% increase	(12,190.51)	(11,539.39)
1% decrease	12,190.51	11,539.39

Price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in level of equity indices and individual stocks. The trading and non-trading equity price risk exposure arises from equity securities classified at FVOCI". A 10% increase/(decrease) in the equity price (traded and non-traded) would have the impact as follows:

Particulars	Increase/(Decrease) in percentage	Sensitivity of profit or loss	Sensitivity of Other Comprehensive Income
As at 31st March 2020	10/(10)	12.18 / (12.18)	17,483.03 / (17,483.03)
As at 31st March 2019	10/(10)	8.46 / (8.46)	18,057.97 / (18,057.97)

Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

44. Impact of Covid-19

The Covid-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. The Government of India too has imposed lockdowns starting from March 24, 2020. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on the Companys financial statements, including credit quality and provisions, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are fall due. Such an assessment has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs, current status and outcome Company's lenders to extend moratorium and other financial support from banks and other agencies determining the Company's liquidity position over the next 12 months. Based on the sensitivity analysis conducted on stress scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time.

In assessing the recoverability of loans, receivables, intangible assets and investments, the Company has considered internal and external sources of information, including regulatory guidelines, credit reports, economic forecasts and industry reports. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company. The Company has recorded a management overlay allowance of ₹1,980.46 lakhs in its Expected Credit Loss provision to reflect, among other things, an increased risk of deterioration in macro-economic factors by this pandemic based on the information available at this time.

Pursuant to Reserve Bank of India circulars DOR. No. BP.BC.47/21.04.048/2019-20 (COVID-19 – Regulatory Package), and DOR. No. BP.BC.71/21.04.048/2019-20 (COVID-19 - Regulatory Package) dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has granted moratorium to its borrowers based on its Board approved policy. For such accounts, where the moratorium is granted, the asset /stage-wise classification shall remain stand still during the moratorium period. (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification).

45. Disclosure pursuant to RBI Notification - RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 Dated 13 March 2020 - A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments'.

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance (Provisions) as required under Ind AS 109	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(1).	(2).	(3).	(4).	(5).= (3) - (4)	(6).	(7).= (4) - (6)
(a) Performing Assets						
Standard	Stage 1	13,67,521.71	4,385.50	13,63,136.21	5,271.40	(885.90)
	Stage 2	20,230.72	134.16	20,096.56	80.92	53.24
Subtotal - Performing Assets		**13,87,752.43**	**4,519.66**	**13,83,232.77**	**5,352.32**	**(832.66)**
(b) Non-PerformingAssets (NPA)						
(i) Substandard	Stage 3	7,915.27	3,901.84	4,013.42	916.89	2,984.95
(ii) Doubtful up to:						
1 year	Stage 3	6,512.49	4,117.26	2,395.23	1,302.50	2,814.77
1 to 3 year	Stage 3	6,075.82	3,951.33	2,124.49	1,822.75	2,128.58
More than 3 years	Stage 3	3,259.56	3,223.42	36.15	1,629.78	1,593.63
Subtotal (ii)		**15,847.88**	**11,292.01**	**4,555.87**	**4,755.03**	**6,536.98**
(iii) Loss	Stage 3	2,497.33	2,497.33	-	2,497.33	-
Subtotal - NPA		**26,260.47**	**17,691.18**	**8,569.29**	**8,169.25**	**9,521.93**
Total	**Stage 1**	13,67,521.71	4,385.50	13,63,136.21	5,271.40	(885.90)
	Stage 2	20,230.72	134.16	20,096.56	80.92	53.24
	Stage 3	26,260.47	17,691.18	8,569.29	8,169.25	9,521.93
	Total	**14,14,012.90**	**22,210.84**	**13,91,802.06**	**13,521.57**	**8,689.28**

**Computed on the value as per the IRACP norms.*

(Rupees in lakhs, except for share data and unless otherwise stated)

Disclosures as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 - COVID19 Regulatory Package - Asset Classification and Provisioning:

The details of loans, where moratorium benefit was extended as on 31st Mar 2020 are as under:

(i) Amount due in respect of overdue contracts	2,50,141.00
(ii) Amount due on contracts where asset classification benefits was extended as on 31st March 2020	48,362.88
(iii) Provision as per IRACP norms against (ii) above, as on 31st March 2020	2,418.14

46. Disclosures under the Listing Agreement for Debt Securities

(i) Debenture Trustees:

Trustees for Public Issue

SBICAP Trustee Company Limited
Apeejay House, 6th Floor, 3, Dinshaw Wachha Road
Churchagte, Mumbai -400020
Tel : 022-4302 5555
Fax : 022-22040465
Email : corporate@sbicaptrustee.com

Trustees for Perpetual Debt Instrument

Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited)
The IL&FS Financial Centre, Plot C- 22, G Block,
Bandra Kurla Complex, Bandra(E), Mumbai 400051
Tel +91 22 2659 3535
Fax +91 22 26533297
Email: mumbai@vistra.com

Trustees for listed private placement and Public Issue

Catalyst Trusteeship Limited
Office No. GDA House, Plot No 85, Bhusari Colony (Right), Paud Road, Pune – 411 038, Maharashtra
Office: +91 20 2528 0081
Fax: +91 20 2528 0275
Email: dt@ctltrustee.com

(ii) Security:

1. Privately Placed Secured Debentures are secured by subservient charge on all current assets of the Company, both present and future.

2. Covered Bond issued by the Company in the nature of secured, redeemable, listed non-convertible debentures on a private placement basis is secured by way of first ranking pari passu charge by way of mortgage over, all the right, title and interest of the Company in all that piece and parcel of the vacant land measuring an extent of Cents 28 (Hec.0.11.34) in the Tirunelveli District, Panagudi, Sub-Registrar Office, Pazhavoor Panchayat, Pazhavoor Village, Ayan Punja Survey No. 1490 measuring an extent of South portion of Cents 28 (Hec.0.11.34) and is covered by receivables against a pool of gold loans originated by the Company amounting to a minimum cover of 1.15x on the Non-Convertible Debenture amount outstanding.

3. Debentures issued by way of public issue are secured as follows:

   - Public Issue allotment on 05/11/2015: Mortgage of the immovable property of the Company admeasuring 54 cents situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and a first ranking pari passu charge on all current assets, book debts and receivables (both present and future) of the company in favour of Debenture Trustee.
   - Public Issue allotment on 25/10/2019: Exclusive mortgage and first charge over the immovable property admeasuring 5.19 cents situated at Survey No: 537, Samugarengapuram Village, Radhapuram Taluk, Tirunelveli District, Tamilnadu and a subservient charge on certain loan receivables (both present and future) of the company in favour of Debenture Trustee.
   - Public Issue allotment on 07/02/2020: Subservient charge with existing secured creditors, on certain loan receivables (both present and future) of the Company in favour of Debenture Trustee.

(Rupees in lakhs, except for share data and unless otherwise stated)

(iii) Utilisation of Funds raised by way of Public Issue of Debt Securities:

The Company has utilised the Net Proceeds raised by way of Public Issue of Debt Securities, in accordance with the Objects of such issue of debt securities. As at March 31, 2020, no portion of such proceeds remain unutilized.

(iv) Others:

Particulars	At 31st March 2020	At 31st March 2019
Loans & advances in the nature of loans to subsidiaries	1,365.00	1,365.00
Loans & advances in the nature of loans to associates	Nil	Nil
Loans & advances in the nature of loans where there is-		
(i) no repayment schedule or repayment beyond seven years	Nil	Nil
(ii) no interest or interest below section 186 of the Companies Act	Nil	Nil
Loans & advances in the nature of loans to other firms/companies in which directors are interested	239.64	64.90

47. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013.

48. Details disclosed under the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Sl.No	Particulars	Amount outstanding	Amount overdue
	LIABILITY SIDE		
1.	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**		
	a. Debentures		
	Secured	88,029.25	264.25
	Unsecured	-	-
	b. Deferred credits	-	-
	c. Term loans	1,90,872.26	-
	d. Inter-corporate loans and borrowings	-	-
	e. Commercial paper	-	-
	f. Public Deposits	-	-
	g. Other loans:		
	Working capital loans from banks	7,78,217.96	-
	Finance Lease Obligation	-	-
	Pass Through Certificate	-	-
	Loan against Deposits	-	-
	Loan from directors	-	-
	Perpetual Debt Instruments	26,090.46	-
	Subordinated Debts	2,67,275.40	916.15

Sl.No	Particulars	Amount outstanding
	ASSET SIDE	
2.	**Break-up of Loans and advances including bills receivables (Other than those included in (4) below)**	
	a. Secured	13,78,935.22
	b. Un-Secured	12,866.84
3.	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities**	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial Lease	-
	(b) Operating Lease	-
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
4.	**Break-up of Investments**	
	Current Investments	
	1. Quoted:	
	i. Shares	
	(a) Equity	872.57
	(b) Preference	-
	ii. Debentures and Bonds	-
	iii. Units of Mutual Funds	-
	iv. Government Securities	-
	v. Others	379.33
	2. Un-Quoted:	
	i. Shares	
	(a) Equity	-
	(b) Preference	-
	ii. Debentures and Bonds	987.91
	iii. Units of Mutual Funds	-
	iv. Government Securities	-
	v. Others	-

(Rupees in lakhs, except for share data and unless otherwise stated)

Sl.No	Particulars	Amount outstanding
	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	-
	2. Un-Quoted:	
	i. Shares	
	(a) Equity	1,72,476.36
	(b) Preference	1,103.02
	ii. Debentures and Bonds	1,300.00
	iii. Units of Mutual Funds	-
	iv. Government Securities	-
	v. Others	1,051.80

5 Borrower group wise classification of assets financed as in (2) & (3) above

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
a. Subsidiaries	-	1,414.01	1,414.01
b. Companies in the same group	-	200.84	200.84
c. Other related parties	19,961.55	39.94	20,001.49
2. Other than related Parties	13,58,973.67	11,212.05	13,70,185.72
Total	**13,78,935.22**	**12,866.84**	**13,91,802.06**

6 Investor group-wise classification of all investments (Current and Long term) in shares and securities (both quoted and unquoted);

Category	Market value/Breakup or Fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
a. Subsidiaries	1,72,471.13	1,72,471.13
b. Companies in the same group	5.23	5.23
c. Other related parties	-	-
2. Other than related Parties	6,902.06	5,694.62
Total	**1,79,378.43**	**1,78,170.99**

(Rupees in lakhs, except for share data and unless otherwise stated)

7 Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	26,260.47
(ii) Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	8,569.29
(iii) Assets Acquired in satisfaction of debt	-

Additional Disclosure requirements as per Master Direction DNBR. PD. 008/03.10.119/2016-17, September 01, 2016

1. Capital Adequacy Ratio

Particulars	As at 31st March 2020	As at 31st March 2019
CRAR (%)	19.56%	21.95%
CRAR – Tier I Capital (%)	13.04%	14.63%
CRAR – Tier II Capital (%)	6.52%	7.32%
Amount of subordinated debt raised as Tier-II capital (eligible amount, restricted to 50% of Tier-I capital)	1,00,937.72	1,00,309.68
Amount raised by issue of Perpetual Debt Instruments	26,400.00	26,400.00

The percentage of PDI to the Tier I Capital of the Company is 13.08% (13.16%% as at March 31, 2019).

2. Investments

Particulars	As at 31st March 2020	As at 31st March 2019
Value of Investments		
(i) Gross Value of Investments		
(a) In India	1,79,378.43	1,84,770.61
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	(1,207.44)	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	1,78,170.99	1,84,770.61
(b) Outside India	-	-

Particulars	As at 31st March 2020	As at 31st March 2019
Movement of provisions held towards depreciation of investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	1,207.44	-
(iii) Less: Write off/write back of excess provisions during the year	-	-
(iv) Closing balance	1,207.44	-

(Rupees in lakhs, except for share data and unless otherwise stated)

3. Derivatives

The Company did not have any Derivative transaction during the year.

4. Securitisation

Details of Securitisation undertaken by the Company

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Number of accounts	1,21,631	3,30,005
(ii) Aggregate value (net of provisions) of accounts sold	37,247.41	99,089.21
(iii) Aggregate consideration	37,247.41	99,089.21
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

Details of Direct Assignment of Cash Flow transactions undertaken by the Company

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Number of accounts	15,69,967	10,00,402
(ii) Aggregate value (net of provisions) of accounts sold	5,43,646.71	3,39,933.72
(iii) Aggregate consideration	5,43,646.71	3,39,933.72
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	19,394.52	8,426.04

5. Asset Liability Management Maturity pattern of certain items of Assets & Liabilities

Description	Up to 1 month	>1 to 2 month	>2 to 3 months	>3 to 6 months	6 months to 1 yr	>1 to 3 yrs	>3 to 5 yrs	>5 yrs	Total
Advances	39,444.38	-	1,45,674.97	4,47,900.74	7,21,787.23	26,438.94	200.00	10,355.80	13,91,802.06
Investments	2,239.80	-	-	-	-	421.80	1,930.00	1,73,579.38	1,78,170.99
Borrowings	1,131.67	24,898.99	19,924.04	1,81,913.98	5,00,291.52	3,99,194.99	1,35,456.85	51,782.03	13,14,594.06
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

(Rupees in lakhs, except for share data and unless otherwise stated)

6. Exposures

Exposure to Real Estate Sector

Category	As at 31st March 2020	As at 31st March 2019
a. Direct Exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	9,827.37	866.41
ii. Commercial Real Estates		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure would also include non- fund based (NFB) limits.	-	-
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
b. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	14,068.53	14,486.35
Total Exposure to Real Estate Sector	**23,895.90**	**15,352.76**

Exposure to Capital Market

Category	As at 31st March 2020	As at 31st March 2019
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	872.57	1,222.36
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**872.57**	**1,222.36**

7. Miscellaneous

Registration obtained from other financial sector regulators

The company has not obtained registrations from any other financial sector regulators during the year.

Disclosure of Penalties imposed by RBI and other regulators

No penalty was imposed on the Company during the year.

Policy on dealing with Related Party Transactions

The Related Party transactions are entered into complying with the relevant provisions of the Companies Act, 2013.

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

The Company's Long Term Credit Rating by CRISIL has remain unchanged at CRISIL A/Stable in FY2019-20 as compared to FY2018-19. The Long Term Credit Rating by Brickwork stood at BWR A+(outlook stable) for FY2019-20. The latest debt-wise Rating of the Company are as below:

Type	Rating (2019-20)	Rating (2018-19)	Date of Rating
Short Term Rating	CRISIL A1	CRISIL A1	March 02,2020
	BWR A1+	-	March 02,2020
Short Term Rating	Withdrawn	CARE A1	-
Long Term Rating	CRISIL A/Stable	CRISIL A/Stable	Nov 18,2019
Long Term Rating	BWR A+ (outlook stable)	-	Jan 07,2020
Long Term Rating	Withdrawn	CARE A- ; Stable	-
Perpetual Debt Instruments	CRISIL BBB+/ Stable	CRISIL BBB+/ Stable	Nov 18,2019
	BWR A/Stable	BWR A/Stable	Jan 7,2020
Subordinate Debt	CRISIL A/Stable	CRISIL A/Stable	Nov 18,2019
Non-Convertible Debentures (NCD)	CRISIL A/Stable	CRISIL A/Stable	Dec 26,2019
	BWR A+/Stable	BWR A+/Stable	Dec 12,2019
Covered Bond	CRISIL AA+ (CE)/ Stable	-	March 17,2020

Remuneration of Directors – Non-Executive Director

The Company has paid ₹132.00 lakhs to Mr. Thomas George Muthoot, Non-Executive Director of the Company during the year. Remuneration (other than Sitting Fee) has not been paid to any of the other Non-Executive Directors.

8. Additional Disclosures

Concentration of Advances

Particulars	As at 31st March 2020	As at 31st March 2019
Total Advances of twenty largest borrowers	35,923.04	36,721.95
Percentage of Advances of twenty largest borrowers to Total Advances of the NBFC	2.70%	3.34%

Concentration of Exposures

Particulars	As at 31st March 2020	As at 31st March 2019
Total Exposure of twenty largest borrowers / customers	36,405.14	40,603.54
Percentage of Exposure of twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	2.57%	3.69%

(Rupees in lakhs, except for share data and unless otherwise stated)

Concentration of NPA's

Particulars	As at 31st March 2020	As at 31st March 2019
Total Exposure to top four NPA accounts	9,350.68	9,301.23

Sector-wise NPA's

Particulars	As at 31st March 2020	As at 31st March 2019
1. Agriculture & allied activities	8,319.90	13,872.66
2. MSME	3,782.00	814.97
3. Corporate borrowers	12,334.49	12,447.07
4. Services	-	-
5. Unsecured personal loans	1,824.08	7,482.55
6. Auto loans	-	-
7. Other personal loans	-	-

Movement of NPA's

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Net NPAs to Net Advances (%)	0.62%	1.19%
(ii) Movement of NPAs (Gross)		
Opening balance	31,719.35	20,021.89
Additions during the year	1,16,988.65	1,17,279.51
Reductions during the year	1,22,447.53	1,05,582.04
Closing balance	26,260.47	31,719.35

Particulars	As at 31st March 2020	As at 31st March 2019
(iii) Movement of Net NPAs		
Opening balance	14,131.63	5,794.39
Additions during the year	39,276.04	52,250.47
Reductions during the year	44,838.38	43,913.22
Closing balance	8,569.29	14,131.63
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	17,587.72	14,227.50
Additions during the year	77,712.61	65,029.04
Write-off / write-back of excess provisions	77,609.15	61,668.82
Closing balance	17,691.18	17,587.72

Off-Balance Sheet SPV's sponsored

Name of the SPV Sponsored	
Domestic	Overseas
Nil	Nil

Disclosure of Customer Complaints

Particulars	Number
Number of complaints pending at the beginning of the year	13
Number of complaints received during the year	2193
Number of complaints redressed during the year	2192
Number of complaints pending at the end of the year	14

RANGAMANI & CO.,
CHARTERED ACCOUNTANTS

E-mail: sreenivasan2121@gmail.com
Mob: 9847051915
Phone: 2261542
17/598, IInd FLOOR
CARD BANK BUILDING
WEST OF Y.M.C.A. BRIDGE
V.C.S.B. ROAD
ALAPPUZHA-688 001

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **MUTHOOT FINCORP LIMITED**

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of **Muthoot Fincorp Ltd., Muthoot Centre, Punnen Road, Trivandrum - 695039** (herein after referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, including the notes to the Consolidated Ind AS Financial Statements, a summary of significant accounting policies and other explanatory information ("Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS 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 consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 45 to the consolidated Ind AS financial statements, relating to the impact of Covid-19 Pandemic, in which the management has discussed the probable impact on the Group and the environment in which it operates. This note also indicates that the extent to which the Covid-19 pandemic will have impact on the Group's financial performance is dependent on future developments, which are uncertain. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
a) Computation of provision towards impairment of loan assets (Refer Note 8 of the accompanying financial statements) As at March 31, 2020, the Group had reported total Impairment loss allowance of ₹ 43,013.55 lakhs (March 31, 2019 – ₹ 25,599.21 lakhs). A significant degree of judgement is required to determine the timing and amount of Impairment loss allowance to be recognized with respect to loans assets. Based on our risk assessment, the following are the significant judgements and estimates, that impact Impairment loss allowance: - Completeness and timing of recognition of default, in accordance with the prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Loan assets; - Measurement of provision is dependent on the probability of default (PD) and loss given default (LGD) of each category of loan asset. Identification of PD and LGD involves significant judgements and estimates related to forward looking information.	The audit procedures performed, among others, included: - Considering the Group's policies & processes for NPA identification and provisioning and assessing compliance with the RBI norms. - Understanding, evaluating and testing the design and effectiveness of key controls around identification of impaired accounts by the Holding Company. - Performing other procedures including substantive audit procedures covering the identification of NPAs of the Holding Company such as: • Reading account statements and related information of the borrowers on sample basis. • Performing inquiries with credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA. • Holding discussions with the management on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors.

Additional considerations on account of COVID-19 Pursuant to the Reserve Bank of India circular dated 27 March 2020 ('RBI circular') allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 May 2020, the Group has extended moratorium to its borrowers in accordance with its Board approved policy. In Management's view and considering the guidance provided by the Institute of Chartered Accountants of India; providing moratorium to borrowers, based on RBI directives, by itself is not considered to result in a significant increase in credit risk with respect to such borrowers. The Group has recorded a Management overlay as part of its ECL, estimating the risk of deterioration in macro-economic factors caused by COVID-19 pandemic. In view of the high degree of Management's judgment involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.	- Tested on sample basis the calculation performed by the management for impairment loss allowance & the realizable value of assets provided as security against loans classified as non-performing for computing the Impairment Loss Allowance. - Verifying if the Impairment Loss Allowance computed as per ECL norms satisfy the minimum provision requirement as per RBI regulations. - Read and assessed the Group's policy with respect to moratorium pursuant to the relevant RBI circulars and tested the implementation of such policy on a sample basis. As a result of the above audit procedures no material differences were noted.
(b) IT Systems and Controls The Group's key financial accounting and reporting processes are highly dependent on the automated controls in information systems. We have considered this as Key Audit Matter as any control lapses, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. Based on our review no weakness was found in the IT Systems and Controls.

Information other than the Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Ind AS Financial Statements, Standalone Ind AS Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to this entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to subsidiary companies, is traced from their financial statements audited by the other auditors.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group'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 the management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding 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 Group'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 Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the subsidiaries included in the consolidated financial statements, which have been audited by other auditors, such other auditor shall remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

Other Matters

We did not audit the financial statements / financial information of the subsidiaries, whose financial statements reflect total assets of ₹526,430.90 lakhs as at March 31, 2020, total revenues of ₹106,963.86 lakhs and net cash flows amounting to ₹49,538.22 lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These financial statements / financial information has been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of the above.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements / financial information of the subsidiaries referred to in Other Matters section above, we report, to the extent applicable 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 of the Consolidated Ind AS Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

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

(e) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors, and the reports of the statutory auditor of its subsidiaries, none of the directors of the Group Companies is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**" which is based on the auditors' reports of the Holding company and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

(g) 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, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

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

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group;

ii. The Holding Company and its subsidiaries did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020;

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

For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

sd/-
CA. R. Sreenivasan
Partner
Membership No.: 020566
UDIN: 20020566AAAAIP4794

Place: Kochi
Date: 7th September, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 1(f) under 'Report on other legal and regulatory requirements' of the Independent Auditors' Report of even date to the members of Muthoot Fincorp Ltd. on the Consolidated Ind AS Financial Statements as of and for the year ended March 31, 2020

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **Muthoot Fincorp Limited** (hereinafter referred to as "the Holding Company") and its subsidiary companies, which includes internal financial controls over financial reporting of the Company and its subsidiaries.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 internal financial controls over financial reporting of the Holding Company and its subsidiary companies, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies are sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary companies, are based solely on the corresponding reports of the auditors of such company.

Our opinion is not modified in respect of the above matter.

For Rangamani & Co.,
Chartered Accountants,
Firm Regn. No. – 003050 S

sd/-
CA. R. Sreenivasan
Partner
Membership No.: 020566
UDIN: 20020566AAAAIP4794

Place: Kochi
Date: 7th September, 2020

Muthoot Fincorp Limited

Consolidated Balance Sheet as at 31st March 2020

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Particulars	Note	As at 31st March 2020	As at 31st March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	5	1,50,001.61	95,902.14
Bank Balance other cash and cash equivalent	6	19,625.93	17,881.02
Receivables	7		
Trade Receivables		3,877.78	3,250.54
Loans	8	17,52,778.97	15,56,851.47
Investments	9	8,330.75	6,781.66
Other Financial assets	10	17,150.85	28,927.94
Non-financial Assets			
Current tax assets (Net)		4,547.02	1,990.13
Deferred tax asset (Net)	36	2,993.24	5,621.71
Investment Property	11	30,236.54	30,096.72
Property, Plant and Equipment	12	49,312.76	52,004.41
Capital work -in-progress	13	-	65.80
Intangible assets under development	14	87.44	2.95
Other Intangible assets	14	1,622.48	1,813.07
Right-of-use assets	15	51,375.66	-
Other non financial assets	16	32,096.26	36,419.66
Total assets		**21,24,037.28**	**18,37,609.22**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	17		
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		4.59	1.59
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		331.26	311.67
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		36.16	1.69
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		37,402.52	46,898.05
Debt Securities	18	1,09,054.21	54,008.85
Borrowings (other than debt securities)	19	13,28,899.71	11,29,466.69
Lease Liability	15	54,580.11	-
Subordinated Liabilities	20	2,62,660.24	2,75,517.96
Other Financial liabilities	21	54,973.87	59,762.50
Non-financial Liabilities			
Current tax liabilities (net)		287.56	3,686.28
Provisions	22	2,550.27	1,617.73
Deferred tax liabilities (net)	36	3,206.56	4,786.78
Other non-financial liabilities	23	4,747.48	2,643.77
Equity			
Equity share capital	24	19,370.56	19,370.56
Other equity	25	2,09,229.30	2,09,388.95
Equity attributable to equity holders of the parent		2,28,599.86	2,28,759.51
Non-controlling interest		36,702.88	30,146.15
Total Equity		2,65,302.74	2,58,905.66
Total Liabilities and Equity		**21,24,037.28**	**18,37,609.22**

See accompanying notes to the Financial Statements 1 to 4

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

sd/-
R. Sreenivasan
Partner
M.No.020566

Date: 07/09/2020
Place: Kochi

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

sd/-
Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

sd/-
Mathai T.D.
Company Secretary

Muthoot Fincorp Limited

Consolidated statement of Profit and Loss for the year ended 31st March 2020

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Particulars	Notes	For the year ended 31st March 2020	For the year ended 31st March 2019
Revenue from operations			
Interest income	26	3,15,656.19	2,93,225.92
Dividend income		27.29	18.88
Rental income		383.89	335.13
Fees and commission income		9,548.06	8,647.47
Net Gain on fair value changes	27	21,890.76	17,679.10
Net gain on derecognition of financial instruments under amortised cost category		21,233.33	8,426.04
Sale of Services		305.80	409.86
Others	28	6,445.95	4,632.10
Total Revenue from operations		**3,75,491.27**	**3,33,374.50**
Other Income	29	376.82	2,001.83
Total Income (I + II)		**3,75,868.09**	**3,35,376.33**
Expenses			
Finance costs	30	1,76,105.05	1,61,409.55
Fees and commission expenses		573.61	129.35
Impairment on financial instruments	31	36,171.91	5,818.12
Employee benefits expenses	32	72,927.18	61,596.71
Depreciation, amortization and impairment	33	22,335.22	7,548.46
Other expenses	34	32,460.93	45,915.66
Total Expenses		**3,40,573.90**	**2,82,417.85**
Profit before tax (III- IV)		**35,294.19**	**52,958.48**
Tax Expense:			
(1) Current tax	36	11,770.02	16,318.87
(2) Deferred tax charge / (credit)	36	(2,268.64)	(621.55)
Profit for the year (V-VI)		**25,792.81**	**37,261.16**
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit liabilities		(408.78)	14.47
Net gain / (loss) on equity instruments measured through other comprehensive income		(120.42)	(66.59)
(ii) Income tax relating to items that will not be reclassified to profit or loss		138.00	19.54
Subtotal (A)		-391.20	-32.58
(i) Items that will be reclassified to profit or loss			
Remeasurement of loan assets		593.62	4,342.87
(ii) Income tax relating to items that will be reclassified to profit or loss		(149.38)	(1,264.64)
Subtotal (B)		444.24	3,078.23
Other Comprehensive Income (A+B)		**53.04**	**3,045.65**
Total Comprehensive Income for the year (VII+VIII)		**25,845.85**	**40,306.81**
Profit for the year attributable to			
Equity holders of the parent		24,703.73	30,942.62
Non-controlling interest		1,089.08	6,318.54
Total Comprehensive Income for the year, net of tax			
Equity holders of the parent		24,683.27	33,064.91
Non-controlling interest		1,162.58	7,241.90
Earnings per equity share	35		
Basic (Rs.)		12.75	15.97
Diluted (Rs.)		12.75	15.97
See accompanying notes to the financial statements	1 to 4		

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

sd/-
R. Sreenivasan
Partner
M.No.020566

Date: 07/09/2020
Place: Kochi

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

sd/-
Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

sd/-
Mathai T.D.
Company Secretary

Muthoot Fincorp Limited

Consolidated cash flow statement for the year ended 31st March 2020

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 31 2019
A. Cash flow from operating activities		
Profit before tax	**35,294.19**	**52,958.48**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation on Property, plant and equipment	6,784.43	7,070.68
Depreciation on Right of Use Assets	15,026.95	-
Depreciation on intangibles	523.84	477.78
Dividend Income	(27.29)	(18.88)
Unrealised fair value adjustments	57.35	326.00
Profit on sale of investment	(43,061.02)	(26,364.55)
Impairment of loan assets	16,863.48	1,438.43
Bad debts written off	17,505.86	57.56
Impairment on assets held for sale	28.98	37.80
Impairment gain on other receivables	1.51	(20.74)
Adjustment towards effective interest rate in respect of borrowings	(1,800.96)	21.82
Fair Value adjustment on subordinate liabilities desugnated at FVTPL	-	(1,403.63)
Interest on lease liabilities	6,066.58	-
Impairment on Investments	1,207.44	-
Operating Profit Before Working Capital Changes	**54,471.34**	**34,580.75**
Adjustments for Working capital changes:		
Decrease/(Increase) in trade receivables	(627.24)	218.27
Increase in loans assets	(2,29,703.22)	(1,03,160.15)
Decrease in other financial assets	11,575.74	7,174.88
Decrease in other non financial assets	4,323.40	(1,046.39)
Increase/(Decrease) in trade and other payables	(9,438.47)	45,247.47
Decrease in other financial liabilities	(4,707.15)	(6,003.90)
Increase/ (Decrease) in other non financial liabilities	2,103.71	544.97
Increase in provisions	523.76	211.55
Operating proft before tax	**(1,71,478.13)**	**(22,232.55)**
Taxes paid	(17,627.60)	(13,662.64)
Net cash used in operating activities	**(1,89,105.73)**	**(35,895.19)**
B. Cash flow from Investing activities		
Sale of investment	40,097.74	26,238.46
Investment in property	(139.82)	(65.30)
Purchase of property, plant and equipment	(5,374.50)	(6,583.17)
Sale of PPE	1,347.49	612.77
Sale of intangibles	-	68.80
Purchase of intangibles	(417.73)	(418.89)
Increase in fixed deposit	(1,744.91)	(2,342.49)
Dividend income	27.29	18.88
Net cash used in Investing activities	**33,795.56**	**17,529.06**
C. Cash flow from Financing activities		
Issue of shares to Non Controlling Interest	-	24,996.61
Redemption of debt securities	55,615.21	(31,403.45)
Funds borrowed	2,00,712.20	56,748.70
(Decrease)/Increase in subordinated liability	(12,905.80)	(19,266.27)
Payment of lease liability	(17,770.71)	-
Payment of dividend	(16,346.56)	(2,335.23)
Issue of shares for ESOP	105.30	55.73
Net cash flows from financing activities	**2,09,409.64**	**28,796.09**
D Net increase in cash and cash equivalents	54,099.47	10,429.96
Net cash and Cash Equivalents at beginning of the year	95,902.14	85,472.18
Cash and cash equivalents at 31st March 2020 / 31st March 2019	**1,50,001.61**	**95,902.14**

See accompanying notes to the financial statements

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

sd/-
R. Sreenivasan
Partner
M.No.020566

Date: 07/09/2020
Place: Kochi

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

sd/-
Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

sd/-
Mathai T.D.
Company Secretary

Muthoot Fincorp Limited

Consolidated statement of changes in equity for the year ended 31st March 2020

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

A. Equity Share Capital

Equity shares of Rs. 10/- each issued, subscribed and fully paid

Particulars	No. of shares	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2018	**19,37,05,560**	**19,370.56**
Issued during the year	-	-
As at March 31, 2019	**19,37,05,560**	**19,370.56**
Issued during the year	-	-
As at March 31, 2020	**19,37,05,560**	**19,370.56**

B. Other Equity

Particulars	Reserves and Surplus								Other Comprehensive Income			Total attributable to equity holders of the parent	Total non-controlling interest	Total
	Securities Premium Reserve	Statutory Reserve (Pursuant to Section 45-IC of the RBI Act 1934)	Statutory Reserve (Pursuant to Section 29C of the NHB Act 1987)	Debenture Redemption Reserve	Retained Earnings	General Reserve	Treasury shares	Employee stock options outstanding	Equity Instruments through Other Comprehensive Income	Acturial valuation of gratuity Impact through Other Comprehensive Income	Loan assets through other comprehensive Income			
Balance as on 31st March 2018	**38,129.85**	**35,855.60**	**466.48**	**4,279.68**	**74,882.29**	**3.33**	**(395.72)**	**57.58**	**(241.16)**	**257.94**	**2,022.03**	**1,55,317.91**	**21,481.10**	**1,76,799.00**
Profit for the year	-	-	-	-	30,942.62	-	-	-	-	-	-	30,942.62	6,318.54	37,261.16
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	-	-	(43.34)	5.54	2,160.08	2,122.28	923.36	3,045.64
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes during the year in employee stock options outstanding	-	-	-	-	-	-	-	32.46	-	-	-	32.46	-	32.46
Proceeds on transfer during the year	-	-	-	-	-	(29.39)	52.66	-	-	-	-	23.27	-	23.27
Reversal of deferred tax	-	-	-	-	(216.23)	-	-	-	-	-	-	(216.23)	-	(216.23)
Write back from Debenture Redemption Reserve	-	-	-	(3,303.35)	3,303.35	-	-	-	-	-	-	-	-	-
Transfer to Reserves u/s. 45-IC of RBI Act, 1934	-	6,125.84	-	-	(6,125.84)	-	-	-	-	-	-	-	-	-
Transfer to Reserves u/s. 29-C of NHB Act, 1987	-	-	357.00	-	(357.00)	-	-	-	-	-	-	-	-	-
Earlier years adjustments	-	-	-	-	(71.59)	-	-	-	-	-	-	(71.59)	-	(71.59)
Effects of dilution in stake	-	-	-	-	23,573.46	-	-	-	-	-	-	23,573.46	(23,573.46)	-
Adjustments to NCI	-	-	-	-	-	-	-	-	-	-	-	-	24,996.61	24,996.61
Dividend Paid	-	-	-	-	(1,937.06)	-	-	-	-	-	-	(1,937.06)	-	(1,937.06)
Dividend Tax Paid	-	-	-	-	(398.17)	-	-	-	-	-	-	(398.17)	-	(398.17)
Balance as on 31st March 2019	**38,129.85**	**41,981.44**	**823.48**	**976.33**	**1,23,595.84**	**(26.06)**	**(343.06)**	**90.04**	**(284.50)**	**263.48**	**4,182.11**	**2,09,388.95**	**30,146.15**	**2,39,535.10**
Profit for the year	-	-	-	-	24,703.73	-	-	-	-	-	-	24,703.73	1,089.08	25,792.81
Other Comprehensive Income (net of taxes)	-	-	-	-	-	-	-	-	(85.51)	(217.53)	282.58	(20.45)	73.49	53.04
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes during the year in employee stock options outstanding	-	-	-	-	-	-	-	62.90	-	-	-	62.90	-	62.90
Proceeds on transfer during the year	-	-	-	-	-	23.58	-	-	-	-	-	23.58	-	23.58
Write back from Debenture Redemption Reserve	-	-	-	(976.33)	976.33	-	-	-	-	-	-	-	-	-
Transfer to Reserves u/s. 45-IC of RBI Act, 1934	-	6,432.65	-	-	(6,432.65)	-	-	-	-	-	-	-	-	-
Transfer to Reserves u/s. 29-C of NHB Act, 1987	-	-	442.89	-	(442.89)	-	-	-	-	-	-	-	-	-
Earlier years adjustments	-	-	-	-	(262.77)	-	343.06	-	-	-	-	80.29	-	80.29
Effects of dilution in stake	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to NCI	-	-	-	-	(5,397.37)	0.90	-	-	-	-	-	(5,396.47)	5,394.16	(2.31)
Deferred Tax – Prior Years	-	-	-	-	(1,394.72)	-	-	-	(1,871.96)	-	-	(3,266.68)	-	(3,266.68)
Dividend Paid	-	-	-	-	(13,559.39)	-	-	-	-	-	-	(13,559.39)	-	(13,559.39)
Dividend Tax Paid	-	-	-	-	(2,787.17)	-	-	-	-	-	-	(2,787.17)	-	(2,787.17)
Balance as on 31st March 2020	**38,129.85**	**48,414.09**	**1,266.37**	**-**	**1,18,998.94**	**(1.58)**	**-**	**152.94**	**(2,241.97)**	**45.95**	**4,464.70**	**2,09,229.30**	**36,702.88**	**2,45,932.18**

See accompanying notes to the Financial Statements

In terms of our report of even date attached
For Rangamani & Co.
Chartered Accountants
Firm Regn. No. – 003050 S

sd/-
R. Sreenivasan
Partner
M.No.020566

Date: 07/09/2020
Place: Kochi

For and on behalf of the Board of Directors,

sd/-
Thomas John Muthoot
Managing Director
DIN: 00011618

sd/-
Thomas George Muthoot
Director
DIN: 00011552

sd/-
Thomas Muthoot
Executive Director and
Chief Financial Officer
DIN: 00082099

sd/-
Mathai T.D.
Company Secretary

Significant Accounting Policies

1. Corporate Information

Muthoot Fincorp Limited, (the Company), is a Public Limited Company, incorporated on June 10, 1997 under the provisions of Companies Act, 1956. The Company is a Non-Deposit Accepting Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) and is classified as a Non- Deposit Taking Systematically Important Loan Company (NDSI).

Muthoot Fincorp Limited, the flagship company of the 133-year-old Muthoot Pappachan Group, together with its subsidiaries (collectively, the Group), provides a diverse mix of retail offerings catering to the various needs of its customers and is primarily engaged in business of Gold Loans through its branch network across India. The Group also offers SME Loans, Forex Services, Money Transfer Services and Wealth Management Services to its customers in its strive to be the most trusted financial service provider. The Company is engaged in real estate business to a very limited extent.

The Company has 3 subsidiaries, Muthoot Housing Finance Company Limited (or “MHFCL” or “Muthoot Housing”), Muthoot Pappachan Technologies Limited (or “MPT”) and Muthoot Microfin Limited (or “MML” or “Muthoot Microfin”) (formerly known as Pancharatna Securities Limited), which are incorporated in India.

Muthoot Housing Finance Company Limited (MHFCL) is a Housing Finance Company registered with the National Housing Bank (“NHB”) under Section 29 A of the National Housing Bank Act, 1987 and primarily engaged in housing finance activities. The company was incorporated on 05th March 2010, and received the Certificate of Registration from the NHB on 11th February 2011, enabling the company to carry on business as a Housing Finance Company without accepting Public Deposits. The Company received its Certificate of Commencement of Business on 1st June 2011.

Muthoot Pappachan Technologies Private Limited (MPT) was initially registered as a Private Limited Company on 16th November 2012. Later, it was converted to Muthoot Pappachan Technologies Limited on 5th July 2013. Based in the Technopark campus at Thiruvananthapuram, the company provides Consulting-led Integrated portfolio of Information Technology (IT) and IT enabled services to its clients. The company in short, aims at providing Software Solution as Service to its customers.

Muthoot Microfin Limited (MML) was incorporated as a Private Limited Company in the year 1992 under the erstwhile Companies Act, 1956. Effective from 18 March 1998, the Company was registered as a non-deposit accepting Non-Banking Financial Company (NBFC-ND) under the rules and regulations framed by the Reserve Bank of India. The company has obtained registration under the category of Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFI) w.e.f. 25 March 2015. Designed to promote entrepreneurship skills and inclusive growth among women, the company provides financial assistance to women engaged in small income generating activities under the Grameen model of lending and carries out skill development workshops and literacy classes for its clients. The company also uses its distribution channel to provide loans to members for purchase off productivity-enhancing products such as solar lamps, mobile phones and water purifiers.

2. Basis of preparation

2.1 Statement of Compliance

The consolidated financial statements (CFS) of the Group 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) and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI and National Housing Bank Guidelines/Regulations ('NHB directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI to the extent applicable."

The financial statements are prepared on a going concern basis, as the Management is satisfied that the Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption.

2.2 Presentation of financial Statements

The Group presents its Balance Sheet in order of liquidity. The Group prepares and presents its Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity in the format prescribed by Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows'.

The Group generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

2.3 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries, being the entities that it controls from the date control is gained. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity's returns. The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

These consolidated financial statements are prepared on the following basis in accordance with Ind AS 110 on "Consolidated Financial Statements" specified under Section 133 of the Act. Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of the Company	Country of incorporation	Consolidated as	% shareholding of MFL (Current Year)	% shareholding of MFL (Previous Year)
Muthoot Housing Finance Company Limited	India	Subsidiary	80.66%	80.58%
Muthoot Pappachan Technologies Limited	India	Subsidiary	60.00%	60.00%
Muthoot Microfin Limited	India	Subsidiary	63.61%	63.61%

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

ii) Non-controlling interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other component of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit and loss.

iv) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn up to the same reporting date i.e. 31 March 2020. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances. For additional information as required by Paragraph 2 of the General Instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013, refer Note 49.

2.4 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for following assets and liabilities which have been measured at fair value:

i) Investments in equity instruments at fair value through other comprehensive income (FVOCI)
ii) Financial assets and liabilities designated at fair value through profit or loss (FVTPL)
iii) Financial assets measured at fair value through other comprehensive income (FVOCI)
iv) Investments which are held for trading
v) Defined benefit plans.

2.5 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also functional currency of the Group and the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest lakhs, except when otherwise indicated.'

3. Significant accounting policies

3.1 Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

3.2 Recognition of revenue from sale of goods and services

Revenue (other than for financial instruments) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Revenue from contract with customer for rendering services is recognised at a point in time when performance obligation is satisfied.

3.2.1 Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

3.2.2 Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

3.2.3 Fees and commission income

Fees and commission income such as service charges, commission from fee-based business lines, service income etc. are recognised on point in time basis.

3.2.4 Miscellaneous Income

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection.

3.3 Financial instruments

A. Financial Asset

3.3.1 Initial recognition

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.

Loans are recognised when funds are transferred to the customers' account. Investments are recognised on the date when the Company becomes party to the contractual provisions. The Group recognises debt securities, deposits and borrowings when funds reach the Group.

3.3.2 Initial and subsequent measurement of financial instruments

The Group classifies its financial assets into the following measurement categories:

1. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI).
3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).
4. Equity instruments measured at fair value through other comprehensive income FVTOCI.

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets which are explained below:

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.
- The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group 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.

The SPPI test

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

3.3.3 Financial assets measured at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

3.3.4 Financial assets measured at fair value through other comprehensive income

A 'debt instrument' is measured at fair value through other comprehensive income if both the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and selling the assets and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

3.3.5 Financial Instrument measured at fair value through profit or loss

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVOCI criteria may be designated as at FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Group’s investment is classified as FVTPL, if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking.

Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

3.3.6 Equity instruments

The Group subsequently measures investment in equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments classified at FVOCI are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

B. Financial Liabilities

Initial recognition and measurement

All financial liabilities are initially recognised at fair value. Transaction cost that are directly attributable to the acquisition or the issue of financial liability, which are not at fair value through profit or loss, are adjusted to fair value at initial recognition.

Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

3.4 Derecognition of financial assets and liabilities

3.4.1 Financial Asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

a) The Group has transferred its contractual rights to receive cash flows from the financial asset

or

b) 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 a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group 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 (the 'eventual recipients'), when all of the following three conditions are met:

- The Group 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 Group cannot sell or pledge the original asset other than as security to the eventual recipients

- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset
  or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group 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 Group 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 Group's continuing involvement, in which case, the Group 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 Group has retained.

3.4.2 Financial Liability

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 de recognition 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.

3.5 Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all the following circumstances:

a. The normal course of business
b. The event of default
c. The event of insolvency or bankruptcy of the Group and/or its counter parties.

3.6 Impairment of financial assets

3.6.1 Overview of the Expected Credit Loss (ECL) principles

The Group has created provisions on all financial assets except for financial assets classified as FVTPL, based on the expected credit loss method.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of Lifetime ECL that represent the

ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into three stages as described below:

<u>For non-impaired financial instruments</u>

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Group compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Group recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities recognize 12 months of ECL.

<u>For impaired financial instruments</u>

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Group recognises lifetime ECL for impaired financial instruments.

3.6.2 The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Group uses historical information where available to determine PD. Considering the different products and schemes, the Group has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group 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 Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

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 it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

Collateral

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as gold, cash, securities, letters of credit/guarantees, stock, current asset etc. However, the fair value of collateral affects the calculation of ECLs. The fair value of the same is based on data provided by third party or management judgements.

Impairment of Trade receivables

The Group follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivables. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables.

3.7 Determination of fair value

The Group measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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 Group has access to at the measurement date. The Group 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. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

3.8 Foreign Currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate 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. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

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.

3.9 Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

3.10 Other income and expenses

All Other income and expense are recognized in the period they occur.

3.11 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, short-term deposits with an original maturity of three months or less and forex balances, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Group's cash management.

3.12 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

3.12.1 Depreciation

Tangible assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged based on a review by the management during the year and at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 or estimated useful lives estimated by the respective management based on technical evaluation. The holding company and one of its subsidiaries, Muthoot Microfin Limited follow the Straight Line Method for providing depreciation whereas the two other subsidiaries follow Written Down Value Method.

The estimated useful lives are as follows:

Particulars	Useful life
Buildings	60 years
Computer	3 years
Furniture and Fixtures	5 to 30 years
Plant and Equipment	5 to 20 years
Vehicles	5 to 8 years
Windmill	22 years
Office equipment	5 to 15 years
Electrical Equipment's	5 to 10 years

Leasehold improvements and assets held under finance leases are depreciated over the shorter of lease term or their useful life. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.13 Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses. Assets which are not ready for intended use are also shown under capital work-in-progress.

3.14 Intangible assets

The Group's intangible assets consist of computer software.

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised by the Group over a period of 3 years, except in case of Muthoot Pappachan Technologies Limited where the computer software is amortised over a period of 10 years or over the estimated useful lives.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.15 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

3.16 Impairment of non-financial assets

The Groups 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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. When the carrying amount of an asset or CGU 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 fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.17 Post-employment benefits

3.17.1 Defined contribution schemes

Contributions to the Employees Provident Fund Scheme maintained by the Central Government, Employee State Insurance Corporation (ESIC) etc. are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution scheme.

The Group has no obligation, other than the contribution payable under the schemes. The Group recognizes contribution payable to the provident fund scheme / ESIC as expenditure, when an employee renders the related service. If the contribution payable to the scheme / ESIC for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

3.17.2 Defined Benefit schemes

Gratuity

The Group provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Group. The Group accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Group makes contributions to a Gratuity Fund administered by the Life Insurance Corporation of India.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

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 (excluding amounts included in net interest on the net defined benefit liability), are recognized 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.

3.18 Share Based Payments

The Group has formulated an Employees Stock Option Scheme to be administered through respective Trusts for its subsidiaries MML and MHFCL. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in other equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the estimates of the number of options that are expected to vest based on the non-market vesting and service conditions are revised. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

3.19 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise 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 expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.20 Assets held for sale

Assets possessed against the settlement of loans are carried in the balance sheet at a value of outstanding principal loan amount or fair value of asset whichever is lower. In case the fair value of the asset acquired is lower than the outstanding principal loan amount; then the shortfall is to be provided for in the books of account in such financial year.

These assets are classified as ‘Assets held for sale’ under ‘Non-financial assets’ till the asset acquired is finally disposed. The outstanding overdue interest and other charges will be accounted on realization basis.

Further, if on disposal of the assets so acquired, the sale proceed is higher than the receivable amount (including outstanding loan, outstanding overdue interest, other charges and interest), then the Company will refund the excess amount to the borrowers.

3.21 Taxes

Income tax expense represents the sum of current tax and deferred tax.

3.21.1 Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from ‘profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Group operates and generates taxable income.

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). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.21.2 Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities are realised simultaneously.

3.21.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet

3.22 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 Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize 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 Group does not have any contingent assets in the financial statements.

3.23 Earnings Per Share

The Group 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.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.24 Dividends on ordinary shares

The Group recognises a liability to make distributions to equity holders of the Group when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.25 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Transition to Ind AS 116

The Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces single, on-balance sheet lease accounting model for leases.

The Grooup has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019, using modified retrospective approach and accordingly previous period information has not been reinstated.

Group as a lessee

The Groups lease asset class consists of building, equipment and vehicles. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has, at the date of transition, recognized a right-of use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term lease) and low value assets. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are recognized at cost, which comprises the present value of the lease liability as at the date of transition. Right-of-use assets are depreciated on a straight-line basis over the shorter of the balance lease term and useful life of the underlying asset. The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit on the lease or, if not readily determinable, using the incremental borrowing rates. Interest accrued on lease liability and lease payments made, are subsequently adjusted to the initial recognition of lease liability.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability. For leases that were classified as finance lease applying Ind AS 17, the carrying amount of the right-of-use asset and the lease liability at the date of transition to Ind AS 116 is the carrying amount of the lease asset and the lease liability on the transition date as measured applying Ind AS 17.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Rental Income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss.

3.26 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected. 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 recognized in the financial statements is included in the following notes:

4.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan 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.

4.3 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 various valuation techniques. 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.

4.4 Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.5 Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4.6 Lease Term

- The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.
- The determination of the incremental borrowing rate used to measure lease liabilities.

4.7 Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

4.8 Estimation of impairment allowance on financial assets amidst COVID-19 pandemic

Estimates and associated assumptions, especially for determining the impairment allowance for the Group's financial assets, are based on historical experience and other emerging factors on account of the pandemic which may also have an effect on the expected credit loss. The Group believes that the factors considered are reasonable under the current circumstances. The Group has used early indicators of moratorium and delayed repayment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to COVID pandemic situation in developing the estimates and assumptions to assess the expected credit losses on loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic.

4.9 Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31st March 2020	As at 31st March 2019
Cash on hand	3,788.95	8,798.40
Cheques on hand	-	4.03
Balances with Banks		
- in current accounts	38,368.92	21,715.31
- in deposit accounts having original maturity less than three months	1,07,824.03	64,784.43
Others		
- Forex Balance	17.32	533.26
- Balance with cash collection agents	2.39	-
Cheque in transit	-	66.71
Total	**1,50,001.61**	**95,902.14**

6 Bank Balance other than cash and cash equilvalents

Particulars	As at 31st March 2020	As at 31st March 2019
Deposit with original maturity for more than three months but less than twelve months	19,625.93	17,881.02
Total	**19,625.93**	**17,881.02**

7 Receivables

Particulars	As at 31st March 2020	As at 31st March 2019
(I) Trade Receivables		
Receivables considered good - Unsecured		
Receivables from Money Transfer business	406.35	1,160.57
Wind Mill income receivable	2,500.50	1,627.07
Other Trade Receivables	970.93	462.90
Sub-Total	**3,877.78**	**3,250.54**
Less: Allowances for Impairment Loss	**-**	**-**
Total Net receivable	**3,877.78**	**3,250.54**

Trade receivables are non-interest bearing and are short-term in nature. These consist of receivable from Government and other parties, and does not involve any credit risk.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

8 Loans

Particulars	As at 31st March 2020	As at 31st March 2019
Loans (at amortised cost)		
(A)		
Retail Loans	14,47,385.36	12,41,600.12
High Value Loans	35,879.33	36,162.49
Staff Loan	73.82	85.95
Housing loans & other loans	1,07,929.07	1,01,290.47
Total (A) - Gross	**15,91,267.58**	**13,79,139.03**
Less: Impairment loss allowance	(36,362.55)	(22,120.90)
Less: Additional Impairment loss allowance as per NHB	-	(717.65)
Total (A) - Net	**15,54,905.03**	**13,56,300.48**
(B)		
Secured loans	15,09,634.45	12,34,991.50
Unsecured Loans	81,633.13	1,44,147.53
Total (B) - Gross	**15,91,267.58**	**13,79,139.03**
Less : Impairment loss allowance	(36,362.55)	(22,838.55)
Total (B) - Net	**15,54,905.03**	**13,56,300.48**
(C) Loans in India		
i) Public Sector	-	-
ii) Others	15,91,267.58	13,79,139.03
Total (C) Gross	**15,91,267.58**	**13,79,139.03**
Less: Impairment Loss Allowance	(36,362.55)	(22,838.55)
Total (C) Net	**15,54,905.03**	**13,56,300.48**
Loans (at FVOCI)		
(A)		
Other Loans	2,04,524.94	2,03,311.65
Total (A) - Gross	**2,04,524.94**	**2,03,311.65**
Less: Impairment loss allowance	(6,651.00)	(2,760.66)
Total (A) - Net	**1,97,873.94**	**2,00,550.99**
(B)		
Secured loans	-	-
Unsecured Loans	2,04,524.94	2,03,311.65
Total (B) - Gross	**2,04,524.94**	**2,03,311.65**
Less : Impairment loss allowance	(6,651.00)	(2,760.66)
Total (B) - Net	**1,97,873.94**	**2,00,550.99**
(C) Loans in India		
i) Public Sector	-	-
ii) Others	2,04,524.94	2,03,311.65
Total (C) Gross	**2,04,524.94**	**2,03,311.65**
Less: Impairment Loss Allowance	(6,651.00)	(2,760.66)
Total (C) Net	**1,97,873.94**	**2,00,550.99**

Total Loans (Net)	**17,52,778.97**	**15,56,851.47**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Note 8 continued

Disclosures on Credit quality and analysis of ECL allowance of the company and its subsidiaries

Muthoot Fincorp Limited

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 44 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 44

Particulars	As at 31st March 2020				As at 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	13,34,171.24	-	-	**13,34,171.24**	10,66,256.10	-	-	**10,66,256.10**
Standard grade	31,924.57	-	-	**31,924.57**	50,326.70	-	-	**50,326.70**
Sub-standard grade	-	17,972.37	-	**17,972.37**	-	40,815.62	-	**40,815.62**
Past due but not impaired	-	2,270.25	-	**2,270.25**	-	18,307.51	-	**18,307.51**
Non- performing								**-**
Individually impaired	-	-	26,260.47	**26,260.47**	-	-	31,719.35	**31,719.35**
Total	**13,66,095.81**	**20,242.61**	**26,260.47**	**14,12,598.90**	**11,16,582.80**	**59,123.13**	**31,719.35**	**12,07,425.28**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activites is, as follows:

Particulars	As at 31st March 2020				As at 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	11,16,582.79	59,123.13	31,719.36	**12,07,425.28**	11,50,388.80	35,280.47	20,021.89	**12,05,691.16**
New assets originated or purchased	32,60,071.57	-	-	**32,60,071.57**	27,74,173.23	-	-	**27,74,173.23**
Assets derecognised or repaid (excluding write offs)	(27,04,741.41)	(2,27,709.02)	(1,17,536.53)	**(30,49,986.96)**	(24,77,300.97)	(1,89,556.10)	(1,05,582.04)	**(27,72,439.11)**
Assets written off during the period	-	-	(4,911.00)	**(4,911.00)**	-	-	-	**-**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 2	(1,88,871.79)	1,88,871.79	-	**-**	(2,13,491.84)	2,13,491.84	-	**-**
Transfers to Stage 3	(1,16,945.36)	(43.29)	1,16,988.65	**-**	(1,17,186.43)	(93.08)	1,17,279.51	**-**
Gross carrying amount closing balance	**13,66,095.80**	**20,242.61**	**26,260.48**	**14,12,598.90**	**11,16,582.79**	**59,123.13**	**31,719.36**	**12,07,425.28**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Note 8 continued

Reconciliation of ECL balance is given below:

Particulars	As at 31st March 2020				As at 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	2,566.53	215.10	17,587.72	**20,369.35**	3,409.00	93.96	14,227.50	**17,730.46**
New assets originated or purchased	10,457.56	-	-	**10,457.56**	6,364.21	-	-	**6,364.21**
Assets derecognised or repaid (excluding write offs)	(7,657.60)	(1,333.17)	(72,698.15)	**(81,688.92)**	(6,448.07)	(655.25)	(61,668.82)	**(68,772.14)**
Assets written off during the period	-	-	(4,911.00)	**(4,911.00)**	-	-	-	**-**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 2	(605.86)	605.86	-	**-**	(489.77)	489.77	-	**-**
Transfers to Stage 3	(375.13)	(0.29)	375.42	**-**	(268.84)	(0.34)	269.18	**-**
Impact on year end ECLs of exposures transferred between stages during the year	-	646.66	77,337.19	**77,983.84**	-	286.96	64,759.86	**65,046.82**
ECL allowance - closing balance	**4,385.50**	**134.16**	**17,691.18**	**22,210.84**	**2,566.53**	**215.10**	**17,587.72**	**20,369.35**

Muthoot Microfin Limited

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 44 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 44

Particulars	As at 31st March 2020				As at 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	-	-	-	**-**	-	-	-	**-**
Standard grade	2,51,339.40	3,134.70	-	**2,54,474.10**	2,58,314.18	9,587.19	-	**2,67,901.37**
Sub-standard grade	-	-	20,790.40	**20,790.40**	-	-	5,833.61	**5,833.61**
Past due but not impaired	-	-	-	**-**	-	-	-	**-**
Non- performing								
Individually impaired	-	-	-	**-**	-	-	-	**-**
Total	**2,51,339.40**	**3,134.70**	**20,790.40**	**2,75,264.50**	**2,58,314.18**	**9,587.19**	**5,833.61**	**2,73,734.98**

Muthoot Fincorp Limited

Notes to the Consolidated Financial Statements for the year ended 31st March 2020
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Note 8 continued

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activites is, as follows:

Particulars	As at 31st March 2020				As at 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**2,58,314.17**	**11,534.23**	**3,886.58**	**2,73,734.98**	**1,78,333.74**	**2,387.67**	**7,263.14**	**1,87,984.55**
New assets originated or purchased	3,76,425.70	5,681.80	25,458.10	**4,07,565.60**	4,55,846.96	-	-	**4,55,846.96**
Assets derecognised or repaid (excluding write offs)	(3,65,809.28)	(13,717.10)	(16,497.20)	**(3,96,023.58)**	(3,50,447.78)	(18,010.90)	(4,299.52)	**(3,72,758.20)**
Transfers to Stage 1	386.80	(367.90)	(18.90)	**-**	7.50	(6.83)	(0.67)	**-**
Transfers to Stage 2	(3,208.90)	3,500.90	(292.00)	**-**	(24,971.00)	24,971.84	(0.84)	**-**
Transfers to Stage 3	(15,362.90)	(961.60)	16,324.50	**-**	(4,798.12)	2,192.45	2,605.67	**-**
Amounts written off	-	-	(10,606.10)	(10,606.10)	-	-	(1,681.20)	**(1,681.20)**
Change in fair value of loan assets	593.60	-	-	**593.60**	4,342.87	-	-	**4,342.87**
Gross carrying amount closing	**2,51,339.19**	**5,670.33**	**18,254.98**	**2,75,264.50**	**2,58,314.17**	**11,534.23**	**3,886.58**	**2,73,734.98**

Reconciliation of ECL balance is given below:

Particulars	As at 31st March 2020				As at 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	633.77	605.60	2,570.43	**3,809.80**	21.10	0.17	2,579.55	**2,600.82**
New assets originated or purchased	4,251.91	35.90	2,685.60	**6,973.41**	1,199.26	-	-	**1,199.26**
Assets derecognised or repaid (excluding write offs)	(604.50)	(15.90)	(1,317.50)	**(1,937.90)**	(11.85)	-	(1,006.05)	**(1,017.90)**
Transfers to Stage 1	7.10	(0.80)	(6.30)	**-**	0.63	(0.26)	(0.37)	**-**
Transfers to Stage 2	(9.10)	13.20	(4.10)	**-**	(14.64)	108.62	(93.98)	**-**
Transfers to Stage 3	(43.80)	(2.30)	46.10	**-**	(589.19)	587.72	1.47	**-**
Impact on year end ECLs of exposures transferred between stages during the year	(5.40)	15.40	4,281.70	**4,291.70**	(0.62)	(90.66)	953.81	**862.53**
Changes to models and inputs using ECL calculation'	1,530.30	8.70	99.60	**1,638.60**	29.08	0.01	509.65	**538.74**
Amounts written off	-	-	(1,564.90)	**(1,564.90)**	-	-	(373.65)	**(373.65)**
Additional credit loss provision made by management	2,614.10	38.00	3,021.60	**5,673.70**	-	-	-	**-**
ECL allowance - closing balance	**8,374.38**	**697.80**	**9,812.23**	**18,884.41**	**633.77**	**605.60**	**2,570.43**	**3,809.80**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Note 8 continued

Muthoot Housing Finance Company Limited

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 44 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 44

Particulars	As at 31st March 2020				As at 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
High grade	93,040.57	-	-	**93,040.57**	82,366.88	-	-	**82,366.88**
Standard grade	2,238.31	-	-	**2,238.31**	5,590.80	-	-	**5,590.80**
Sub-standard grade	-	3,704.45	-	**3,704.45**	-	4,046.65	-	**4,046.65**
Past due but not impaired	-	5,481.19	-	**5,481.19**	-	5,353.43	-	**5,353.43**
Non- performing								
Individually impaired	-	-	3,464.60	**3,464.60**	-	-	3,932.66	**3,932.66**
Total	**95,278.88**	**9,185.64**	**3,464.60**	**1,07,929.12**	**87,957.68**	**9,400.08**	**3,932.66**	**1,01,290.42**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to receivables under financing activites is, as follows:

Particulars	As at 31st March 2020				As at 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	87,957.67	9,400.08	3,932.67	**1,01,290.42**	66,324.13	9,308.00	3,035.54	**78,667.67**
New assets originated or purchased	29,903.33	-	-	**29,903.33**	34,683.84	93.52	31.41	**34,808.77**
Assets derecognised or repaid (excluding write offs)	(20,546.63)	(1,317.84)	(1,400.16)	**(23,264.63)**	(9,787.43)	(1,745.26)	(653.33)	**(12,186.02)**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 2	(2,035.50)	2,035.50	-	**-**	(2,225.43)	2,225.43	-	**-**
Transfers to Stage 3	-	(932.09)	932.09	**-**	(1,037.44)	(481.61)	1,519.05	**-**
Gross carrying amount closing balance	**95,278.87**	**9,185.64**	**3,464.61**	**1,07,929.12**	**87,957.67**	**9,400.08**	**3,932.67**	**1,01,290.42**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Note 8 continued

Reconciliation of ECL balance is given below:

Particulars	As at 31st March 2020				As at 31st March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	116.79	159.39	426.23	**702.41**	74.50	131.25	263.01	**468.76**
New assets originated or purchased	191.76	263.88	999.97	**1,455.61**	47.15	1.57	3.34	**52.06**
Assets derecognised or repaid (excluding write offs)	(10.49)	(12.71)	(216.52)	**(239.72)**	(6.94)	(32.18)	(31.08)	**(70.20)**
Transfers to Stage 1	29.08	(29.08)	-	**-**	-	53.32	126.07	**179.39**
Transfers to Stage 2		28.81	(28.81)	**-**	1.80	-	64.89	**66.69**
Transfers to Stage 3	-	-	-	**-**	0.28	5.43	-	**5.71**
Impact on year end ECLs of exposures transferred between stages during the year	-	-	-	**-**				**-**
ECL allowance - closing balance	**327.14**	**410.29**	**1,180.87**	**1,918.30**	**116.79**	**159.39**	**426.23**	**702.41**

Transferred financial assets that are derecognised in their entirety but where the Group has continuing involvement

The Group has sold some loans and advances as a source of finance. As per terms of the deal, risk and reward has been transferred to the customer. Hence, as per the derecognition criteria of IND AS 109, including transfer of substantially all risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The table below summarises the carrying amount of the derecognised financial assets.

Under previous GAAP, retained interest receivable on loan assignment transactions were recognised over the period of such assigned loans. Under Ind AS, the gain arising on said transactions are recorded upfront by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values.

Particulars	As at 31st March 2020	As at 31st March 2019
Carrying amount of derecognised financial assets	3,98,083.66	3,37,256.11
Gain/(loss) from derecognition	42,861.75	26,364.55

Transferred financial assets that are not derecognised in their entirety

The Group uses securitisations as a source of finance and a means of risk transfer. The Group securitised its gold and mircofinance loans to different entities. These entities are not related to the Group. Also, the Group neither holds any equity or other interest nor controls them.

As per the terms of the agreement, the Group is exposed to first loss amounting to 6% - 7% (2% - 8% as at March 31, 2019) of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying gold and microfinance loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	As at 31st March 2020	As at 31st March 2019
Carrying amount of assets re - recognised due to non transfer of assets	-	31,934.46
Carrying amount of associated liabilities	-	31,934.46

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

9 Investments

Particulars	As at 31st March 2020	As at 31st March 2019
(i) At Amortized Cost / At Cost		
Debt securities (At Amortized Cost)		
Bonds		
St. Gregorious Medical Mission Bonds	300.00	300.00
Unlisted Debentures		
Investment Richa Lifespace Private Limited	612.50	612.50
Investment Diyug Construction Private Limited	282.85	282.85
Investment Richa Realtors Private Limited	1,300.00	1,300.00
Debt funds		
Investment in Strugence Debt Fund	1,000.00	1,000.00
Investment in BPEA India Credit - Trust II	930.00	610.00
Sub-total for investments at amortised cost / cost	**4,425.35**	**4,105.35**
(ii) At Fair Value through Profit or Loss		
Others - Quoted		
Investment in JM Financial India Fund II	121.80	84.60
Investments in Mutual Fund	2,630.89	-
Sub-total for investments at fair value through Profit or loss	**2,752.69**	**84.60**
(iii) At Fair Value through Other Comprehensive Income		
Equity instruments		
Others-Quoted		
Investment in Equity Shares (DP account with Motilal Oswal)	872.57	1,222.36
Others-Unquoted		
Investment in Muthoot Pappachan Chits Private Limited	5.23	4.38
Investment in Avenues India Private Limited	400.26	399.85
Investment in Fair Asset Technologies (P) Limited	702.76	457.93
Investment in Algiz Consultancy Services Private Limited	-	0.01
Others - Quoted		
Investment in PMS - Motilal Oswal	379.33	507.18
Sub-total for investments at fair value through other comprehensive income	**2,360.15**	**2,591.71**
Total Gross (A)	**9,538.19**	**6,781.66**
i) Investments outside India	-	-
ii) Investments in India	9,538.19	6,781.66
Total Gross (B)	**9,538.19**	**6,781.66**
Less : Allowance for impairment loss (C)	(1,207.44)	-
Total - Net D = (A) - (C)	**8,330.75**	**6,781.66**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

10 Other financial assets

Particulars	As at 31st March 2020	As at 31st March 2019
Security deposits	7,021.96	6,735.09
Interest accrued on fixed deposits with banks	28.31	97.44
Advance for financial assets	5,209.63	19,809.63
Deposits	107.02	97.48
Deposit with original maturity for more than twelve months	1,042.43	119.77
EIS receivable (net)	1,455.51	-
Other financial assets	2,285.99	2,068.53
Total	**17,150.85**	**28,927.94**

11 Investment property

Particulars	As at 31st March 2020	As at 31st March 2019
Inventory – Projects		
Opening Balance	30,096.71	30,031.42
Transferred from / (to) property, plant and equipment	-	-
Acquisitions	139.83	65.30
Closing balance	**30,236.54**	**30,096.72**
Depreciation and Impairment		
Opening balance	-	-
Charge for the year	-	-
Closing Balance	-	-
Net Block	**30,236.54**	**30,096.72**

11.1. Investment Property includes lien marked properties of Rs.13,577.41 as at 31st March 2020.

11.2. Fair Value of Investment Property as at March 31, 2020 - Rs.30,303.22.

Notes to the Consolidated Financial Statements for the year ended 31st March 2020
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

12 Property, plant and equipment

Particulars	Buildings	Computer	Furniture & Fixtures	Land	Plant & Equipment	Vehicles	Windmill	Office Equipment	Electrical Equipments	Leasehold Improvements	Equipment - Finance Lease	Total
As at 31st March 2018	**5,850.61**	**2,538.70**	**20,643.60**	**12,395.07**	**10,683.99**	**233.45**	**7,449.78**	**345.49**	**131.04**	**35.55**	**-**	**60,307.28**
Addition during the year	-	1,139.02	2,006.85	160.48	1,460.51	-	-	238.80	29.95	68.40	1,338.66	6,442.67
Disposals	-	(31.66)	(40.79)	-	(459.43)	-	-	(9.52)	(2.13)	(0.31)	-	(543.84)
As at 31st March 2019	**5,850.61**	**3,646.06**	**22,609.66**	**12,555.55**	**11,685.07**	**233.45**	**7,449.78**	**574.77**	**158.86**	**103.64**	**1,338.66**	**66,206.11**
Addition during the year	-	1,401.73	1,742.25	-	1,131.39	-	-	1,093.99	19.52	51.38	-	5,440.25
Disposals	-	(3.30)	(1.48)	-	-	-	-	(12.00)	(5.20)	(11.80)	(1,338.66)	(1,372.44)
As at 31st March 2020	**5,850.61**	**5,044.49**	**24,350.43**	**12,555.55**	**12,816.46**	**233.45**	**7,449.78**	**1,656.75**	**173.18**	**143.23**	**(0.00)**	**70,273.92**
Accumulated Depreciation:												
As at 31st March 2018	**98.91**	**900.67**	**4,042.32**	**-**	**1,425.59**	**59.83**	**511.74**	**65.56**	**20.76**	**11.41**	**-**	**7,136.79**
Charged for the year	98.91	941.35	3,822.82	-	1,500.59	59.57	511.74	99.61	19.43	16.43	0.23	7,070.68
Disposals	-	(0.10)	(0.07)	-	-	-	-	(4.86)	(0.55)	(0.19)	-	(5.77)
As at 31st March 2019	**197.82**	**1,841.92**	**7,865.07**	**-**	**2,926.18**	**119.40**	**1,023.48**	**160.31**	**39.64**	**27.65**	**0.23**	**14,201.70**
Charged for the year	99.18	1,071.45	3,263.56	-	1,578.61	59.29	513.15	154.94	18.99	25.41	-	6,784.58
Disposals	-	(1.03)	(0.87)	-	-	-	-	(10.98)	(1.39)	(10.63)	(0.23)	(25.12)
As at 31st March 2020	**297.00**	**2,912.35**	**11,127.76**	**-**	**4,504.79**	**178.69**	**1,536.63**	**304.27**	**57.24**	**42.43**	**(0.00)**	**20,961.16**
Net book value:												
As at 31st March 2019	**5,652.79**	**1,804.14**	**14,744.59**	**12,555.55**	**8,758.89**	**114.05**	**6,426.30**	**414.46**	**119.22**	**75.99**	**1,338.43**	**52,004.41**
As at 31st March 2020	**5,553.61**	**2,132.14**	**13,222.66**	**12,555.55**	**8,311.67**	**54.76**	**5,913.15**	**1,352.48**	**115.94**	**100.80**	**(0.00)**	**49,312.76**

13 Capital work - in - progress

Particulars	Amount
As at 31st March 2018	-
Addition during the year	65.80
Capitalised during the year	-
Disposals	-
As at 31st March 2019	**65.80**
Addition during the year	1,585.48
Capitalised during the year	(1,651.28)
Disposals	-
As at 31st March 2020	-

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

14 Intangible assets under development and other intangible assets

Particulars	Intangible assets under development	Computer Software
As at 31st March 2018	**71.75**	**2,240.74**
Addition during the year	2.95	**418.89**
Capitalised during the year	(71.75)	**-**
Disposals	-	**-**
As at 31st March 2019	**2.95**	**2,659.63**
Addition during the year	84.49	333.24
Capitalised during the year		
Disposals		
As at 31st March 2020	**87.44**	**2,992.87**
Accumulated Depreciation:		
As at 31st March 2018	**-**	**368.78**
Charged for the year	-	**477.78**
Disposals	-	**-**
As at 31st March 2019	**-**	**846.56**
Charged for the year	-	523.84
Disposals	-	
As at 31st March 2020	**-**	**1,370.40**
Net book value:		
As at 31st March 2019	**2.95**	**1,813.07**
As at 31st March 2020	**87.44**	**1,622.48**

15 Right-of-use assets

The Group operates its branch network predominantly through premises taken on lease at strategic locations identified by the management. Almost all lease arrangements are long term in nature and are non-cancellable from the point of view of the lessor, except for a few lease contracts. Other than such leasehold property, the Group has also undertaken lease arrangements for Safety Device Equipments and Vehicles, whose original lease tenures too are not short-term in nature. Effective April 1, 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Group recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at the amount equal to lease liability adjusted for any accrued lease payments previously recognised.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Particulars	As at 31st March 2020	As at 31st March 2019
Depreciation charge for Right-of-use assets		
Leasehold Property	14,013.67	-
Equipments	943.72	-
Vehicles	69.56	-
Interest expense on lease liabilities	6,066.58	-
Income from subleasing right-of-use assets	171.56	-
Total cash outflow for leases	17,770.71	-
Carrying amount of right-of-use assets		
Leasehold Property	50,927.50	-
Equipments	428.84	-
Vehicles	19.32	-
Lease Liability		
Leasehold Property	54,087.80	-
Equipments	470.08	-
Vehicles	22.23	-

15.2. The following is the summary of practical expedients elected on initial application:

(a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

(b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

(c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(d) Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.

(e) Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

15.3. The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows:

Particulars	As at 31st March 2020
Decrease in property, plant and equipment by	1,338.43
Increase in lease liability by	54,580.11
Increase in right of use asset by	51,375.66
Increase in deferred tax assets	132.35
Increase in finance cost by	6,066.58
Increase in depreciation by	15,026.95
Decrease in rent	(16,777.75)

15.4. The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	As at 31st March 2020
Short-term leases	352.81
Leases of low value assets	6.49
Variable lease payments	-

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

15.5. Carrying value of right-of-use assets at the end of the reporting period:

Particulars	As at 31st March 2020
Balance as at April 1, 2019	56,424.39
Additions	10,228.51
Deletions	(250.30)
Depreciation charge for the year	(15,026.95)
Balance as at March 31, 2020	51,375.66

15.6. Movement in lease liabilities:

Particulars	As at 31st March 2020
Balance as at April 1, 2019	56,424.39
Additions	9,859.85
Interest on lease liabilities	6,066.58
Payment of lease liabilities	(17,770.71)
Balance as at March 31, 2020	54,580.11

15.7. Maturity analysis of lease liabilities

Particulars	As at 31st March 2020
Less than one year	16,983.84
One to five years	37,598.56
More than five years	22,813.97
Total undiscounted lease liabilities as at March 31, 2020	77,396.37

16 Other non financial assets

Particulars	As at 31st March 2020	As at 31st March 2019
Prepaid expenses	1,936.54	2,439.55
Advance to Creditors	1,610.23	573.11
Advance for Property (refer note a)	23,790.54	28,790.54
Pre-Deposit Fee	440.72	501.60
GST / Service Tax Receivables	551.11	429.73
Other Receivable	2,693.94	2,714.43
Assets held for sale (refer note b)	770.59	931.69
Capital advances	302.59	39.01
Total	**32,096.26**	**36,419.66**

(a) Advance for Property as on March 31, 2020 consists of - ₹1,722.40 (P.Y. ₹1,722.40), ₹1,487.26 (P.Y. ₹1,487.26) and ₹20,580.88 (P.Y.₹25,580.88) advanced by the Company to its Directors and their relatives, M/s. MPG Hotels & Infrastructure Ventures Private Limited (a Company in which the Directors are interested) and M/s. Muthoot Estate Investments (a firm in which the Directors of the Company are partners) respectively for purchase of immovable property by the Company from them.

(b) Assets held for sale represents Assets acquired under satisfaction of debt by Muthoot Housing Finance Company Limited. The amounts are net of provision for impairment in value of ₹133.04 (P.Y. ₹104.06)

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

17 Payables

Particulars	As at 31st March 2020	As at 31st March 2019
(I) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	4.59	1.59
Total outstanding dues of creditors other than micro enterprises and small enterprise	331.26	311.67
(II) Other payables		
Total outstanding dues of micro enterprises and small enterprises	36.16	1.69
Total outstanding dues of creditors other than micro enterprises and small enterprise	37,402.52	46,898.05
Total	**37,774.53**	**47,213.00**

Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 :

Particulars	As at 31st March 2020	As at 31st March 2019
Principal amount remaining unpaid during the year	40.75	3.28
Interest due thereon	0.91	-
Interest remaining accrued and unpaid at the end of the year	-	-
Total interest accrued and remained unpaid at year end	41.66	3.28

18 Debt Securities (At Amortised Cost)

Particulars*	As at 31st March 2020	As at 31st March 2019
Secured Non-Convertible Debentures	23,088.90	34,162.60
Secured Non-Convertible Debentures- Listed	73,743.78	19,846.25
Secured Non-Convertible Debentures - Covered Bonds - Listed	12,221.53	-
Total	**1,09,054.21**	**54,008.85**
Debt securities in India	1,09,054.21	54,008.85
Debt securities outside India	-	-
Total	**1,09,054.21**	**54,008.85**

*Includes issue expenses amortised as per Effective Interest Rate (EIR)

Maturity Profile of Non-Convertible Debentures as on March 31st 2020:

Particulars	Amount
FY 2021-21	22,767.76
FY 2021-22	26,869.09
FY 2022-23	28,184.53
FY 2023-24	15,760.16
FY 2024-25	16,051.15
Adjustments on account of effective rate of interest	(578.47)
TOTAL	**1,09,054.21**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Secured debentures are secured in either of the following ways by the respective Company issuing the instrument:

Nature of security	Outstanding as at March 31st 2020	Outstanding as at March 31st 2019
Privately placed		
Secured by subservient charge on all current assets (both present and future) and immovable property of the Company	148.00	4,272.75
Exclusive charge over book debts equivalent to 100% of the loan and interest amount	21,449.06	23,908.81
Exclusive charge over book debts equivalent to 110% of the loan and interest amount	-	3,991.93
Hypothecation of Loan Receivables of the Company equivalent to 1.1 times of the amount outstanding	1,491.84	1,989.11
Public Issue - Listed		
Secured against charge on current assets, book debts, receivables (both present & future) and immovable property of the company	73,743.78	19,846.25
Covered Bonds - Listed		
Secured against a pool of gold loans amounting to a minimum cover of 1.15 times of the amount outstanding and immovable property of the company	12,221.53	-

19 Borrowings (other than debt securities) - At Amortised Cost

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Term loans		
(i) from banks	4,35,981.08	2,66,462.85
(ii) from other parties		
- financial institutions	1,13,363.19	1,15,475.27
(b) Finance lease obligations	-	1,315.82
(c) Loans repayable on demand		
(i) from banks (OD & CC)	7,79,155.35	7,13,878.20
(ii) from other parties	400.09	32,334.55
Total	**13,28,899.71**	**11,29,466.69**
Borrowings in India	13,28,899.71	11,29,466.69
Borrowings outside India	-	-

19.1. ₹87,371.55 which was grouped as Term Loan from Banks for the year ended March 31, 2019 has been regrouped to Term Loans from other parties in the current year comparative.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

a) Security details : Borrowings (other than debt securities) are secured in either of the following ways by the respective Company issuing the instrument:

Nature of the security	Outstanding as at 31st March 2020	Outstanding as at 31st March 2019
From Banks and Financial Institutions		
Hypothecation of Loan receivables, other current assets & specified fixed assets equivalent to security cover stipulated by respective banks (Guaranteed by promoter directors ₹189,011.55 (31st March 2019 : ₹78,231.62)	1,90,872.26	82,334.86
Hypothecation of Loan Receivables equivalent to security cover stipulated by respective banks (Guaranteed by promoter directors)	78,698.16	73,547.32
Cash margin of 2.50%	4,989.99	11,108.84
Cash margin of 5%	2,074.87	17,049.11
Cash margin of 10%	30,346.79	9,005.93
Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 2.5%	1,306.29	4,494.28
Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%	3,599.88	11,198.80
Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%	38,865.89	35,536.75
Exclusive charge over book debts equivalent to 106% of loan amount and Cash margin of 5%	1,013.25	-
Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 2.5%	-	-
Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 3%	12,644.95	-
Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	39,483.69	13,328.24
Exclusive charge over book debts equivalent to 111% of loan amount and Cash margin of 5%	25,191.60	-
Exclusive charge over book debts equivalent to 115% of loan amount and Cash margin of 5%	14,396.70	-
Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%	-	443.76
Exclusive charge over book debts equivalent to 100% of loan amount	13,804.18	1,950.72
Exclusive charge over book debts equivalent to 105% of loan amount	5,212.50	8,828.92
Exclusive charge over book debts equivalent to 110% of loan amount	65,910.42	1,01,788.65
Exclusive charge over book debts equivalent to 111% of loan amount	-	-
Exclusive charge over book debts equivalent to 112.74% of loan amount	9,350.00	-

Nature of the security	Outstanding as at 31st March 2020	Outstanding as at 31st March 2019
Finance lease obligations		
Hypothecation of motor car	1.75	3.06
From other parties		
Hypothecation of Loan Receivables of the Company equivalent to security cover stipulated by respective lender	11,580.68	43,256.50
Loans repayable on demand		
Hypothecation of Loan Receivables equivalent to security cover stipulated by respective banks (Guaranteed by promoter directors)	7,79,155.35	7,32,000.00

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

b) Terms of repayment

Secured loans from Banks

Name of Party	Outstanding as at 31st March 2020	Outstanding as at 31st March 2019	Terms of Repayment
Term Loan from Banks			
State Bank of India Car Loan	17.09	21.57	Repayable in balance 39 monthly instalments on diminishing value method
State Bank of India Car Loan	7.83	9.33	Repayable in balance 48 monthly instalments on diminishing value method
Yes Bank	14,216.84	15,272.28	Repayable in 20 instalments. 1.67% of loan amount for next 4 instalments, 4.5% of the loan for then 19 instalments & 4.48% of the loan for the last instalment.
Lakshmi Vilas Bank	3,750.00	8,750.00	Repayable in 3 equal quarterly instalments till 30-11-2020
Oriental Bank of Commerce	-	5,000.00	Repayable in 3 quarterly instalments of ₹1,666.67 each in Jun 19, Sep 19 & Dec 19
Oriental Bank of Commerce	10,000.00	-	Repayable in 6 quarterly instalments of ₹1,666.67 each in Dec 20, Mar 21, Jun 21, Sep 21, Dec 21, Mar 22
Punjab & Sind Bank	2,999.00	8,000.00	Repayable in 3 quarterly instalments of ₹1,000.00 each from Jul 20
Syndicate Bank	4,034.72	12,100.47	Repayable in 2 quarterly instalments of ₹2,000.00 each from June 2020
Syndicate Bank	5,046.00	9,077.97	Repayable in 5 quarterly instalments of ₹1,000
United Bank of India	-	5,000.00	Repayable in 2 quarterly instalments of ₹2,500.00 each
United Bank of India	-	10,000.00	Repayable in 4 quarterly instalments of ₹2,500.00 each from June 2019
AU Small Finance Bank	2,500.00	5,000.00	Repayable in 4 quarterly instalments of ₹625.00 each from May 20
UCO Bank	18,749.61	-	Repayable in 15 quarterly instalments of ₹1,250.00 each from Apr 20
UCO Bank	20,000.00	-	Repayable in 16 quarterly instalments of ₹1,250.00 each from May 20
Bank of Maharashtra	15,133.12	-	Repayable in 4 quarterly instalments of ₹3,750.00 each from Jul 20
CENTRAL BANK OF INDIA	29,999.76	-	Repayable in 10 quarterly instalments of ₹3,000.00 each from May 20
CENTRAL BANK OF INDIA	22,499.93	-	Repayable in 6 quarterly instalments of ₹3,750.00 each from Sep 20
Allahabad bank	20,000.08	-	Repayable in 6 quarterly instalments of ₹3,333.00 each from Aug 20
Bank of Baroda	10,057.57	-	Repayable in 10 quarterly instalments of ₹1,000.00 each from Jun 20
Oriental Bank of Commerce	10,000.00	-	Repayable in 6 quarterly instalments of ₹1,666.67 each in Jun 21, Sep 21, Dec 21, Mar 22, Jun 22, Sep 22
Andhra Bank	899.13	1,298.42	Repayable in 25 quarterly instalments after 9 months from the disbursement
Andhra Bank	4,165.27	4,720.20	Repayable in 36 equal quarterly instalments after 15 months from disbursement
AU Small Finance Bank Limited	1,625.00	2,125.00	Repayable in 20 quarterly instalments after 1 month from the date of full disbursement
Canara Bank	3,840.91	4,394.79	Repayable in 108 monthly instalments after 13 months from the disbursement
Canara Bank	5,000.01	-	Repayable in 48 monthly instalments after 13 months from the disbursement

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Name of Party	Outstanding as at 31st March 2020	Outstanding as at 31st March 2019	Terms of Repayment
Corporation Bank	355.09	641.39	Repayable in 84 monthly instalments after 1 month from the disbursement
Dhanlaxmi Bank	256.82	888.00	Repayable in 25 quarterly instalments after 9 months from the disbursement.
ICICI Bank Limited	982.14	1,339.29	Repayable in 28 quarterly instalments after 12 months from the disbursement
IDBI Bank	43.00	511.00	Repayable in 78 monthly instalments after 6 months from the disbursement
IDBI Bank	115.44	346.20	Repayable in 26 quarterly instalments after 6 months from the disbursement
IDBI Bank	879.36	982.80	Repayable in 58 quarterly instalments after 6 months from the disbursement
Indian Bank	9,637.93	7,000.00	Repayable in 29 quarterly instalment after a holiday period of 3 quarter
Karur Vysya Bank	2,083.34	2,361.11	Repayable in 36 equal quarterly instalments after 12 months from the disbursement
Lakshmi Vilas Bank	1,395.83	1,645.83	Repayable in 120 monthly instalments after 12 months from the disbursement
Punjab National Bank	3,185.74	3,749.73	Repayable in 36 equal quarterly instalments after 6 months from the disbursement
Punjab National Bank	7,310.05	7,500.00	Repayable in 40 equal quarterly instalments after 15 months from the disbursement
South Indian Bank	1,871.73	2,374.97	Repayable in 84 monthly instalments after 12 months from the disbursement
South Indian Bank	2,573.97	4,097.42	Repayable in 60 instalments from the disbursement
State Bank of India	2,482.29	3,299.58	Repayable in 27 quarterly instalments after 6 months from the disbursement
State Bank of India	3,589.94	3,999.24	Repayable in 36 quarterly instalments after 4 months from the disbursement
State Bank of India	5,499.98	-	Repayable in 35 quarterly instalments after 12 months from the disbursement
Syndicate Bank	2,222.22	2,500.00	Repayable in 36 equal quarterly instalments after 15 months from the disbursement
Union Bank of India	3,268.14	4,037.55	Repayable in 26 equal quarterly instalments after 6 months from the disbursement
Union Bank of India	2,000.00	-	Repayable in 24 equal quarterly instalments after 15 months from the disbursement
United Bank of India	2,151.91	2,430.56	Repayable in 36 equal quarterly instalments after 12 months from the disbursement
Bank of Baroda	248.82	749.42	Repayable in 20 quarterly instalments after 12 months from the disbursement
Bank of Baroda	1,664.51	1,944.29	Repayable in 36 quarterly instalments after 12 months from the disbursement
Bank of Baroda	1,866.18	2,145.54	Repayable in 36 quarterly instalments after 12 months from the disbursement
Yes Bank Limited	3,428.75	3,732.43	Repayable in 163 monthly instalments after 6 months from the disbursement
National Housing Bank	-	137.61	Repayable in 39 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank	366.61	539.57	Repayable in 47 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank	666.00	932.00	Repayable in 59 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank	90.31	111.99	Repayable in 27 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank	1,052.90	1,304.10	Repayable in 59 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank	1,422.60	-	Repayable in 59 quarterly instalments after quarter succeeding from the disbursement
National Housing Bank	822.80	-	Repayable in 27 quarterly instalments after quarter succeeding from the disbursement

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Name of Party	Outstanding as at 31st March 2020	Outstanding as at 31st March 2019	Terms of Repayment
ADC BANK	-	833.26	Repayable in 24 monthly installments on diminishing value method
ADC BANK	400.04	1,199.99	Repayable in 24 monthly installments on diminishing value method
ANDHRA BANK	1,363.64	3,181.82	Repayable in 33 monthly installments on diminishing value method
AXIS BANK	-	1,428.57	Repayable in 8 monthly installments on diminishing value method
AXIS BANK	714.28	3,571.43	Repayable in 7 quarterly installments on diminishing value method
AXIS BANK	2,625.00	-	Repayable in 8 quarterly installments on diminishing value method
AXIS BANK	5,000.00	-	Repayable in 8 quarterly installments on diminishing value method
BANDHAN BANK	-	-	Repayable in 7 quarterly installments on diminishing value method
BANDHAN BANK	-	2,142.85	Repayable in 7 quarterly installments on diminishing value method
BANDHAN BANK	9,142.61	15,999.99	Repayable in 7 quarterly installments on diminishing value method
BANK OF BARODA	14,500.03	-	Repayable in 30 monthly installments on diminishing value method
BANK OF INDIA	498.97	1,258.00	Repayable in 36 monthly installments on diminishing value method
DCB BANK	1,084.55	1,952.18	Repayable in 33 monthly installments on diminishing value method
DCB BANK	3,166.67	-	Repayable in 24 monthly installments on diminishing value method
DOHA BANK	2,013.89	2,900.00	Repayable in 36 monthly installments on diminishing value method
EQUITAS SMALL FINANCE BANK	1,351.77	3,857.96	Repayable in 24 monthly installments on diminishing value method
ICICI BANK	454.55	3,181.82	Repayable in 22 monthly installments on diminishing value method
ICICI BANK	1,363.64	4,090.91	Repayable in 22 monthly installments on diminishing value method
ICICI BANK	7,727.27	-	Repayable in 22 monthly installments on diminishing value method
ICICI BANK	5,000.00	-	Repayable in 22 monthly installments on diminishing value method
IDBI BANK	-	714.29	Repayable in 21 monthly installments on diminishing value method
IDFC BANK	-	1,642.86	Repayable in 21 monthly installments on diminishing value method
IDFC BANK	1,785.71	6,071.43	Repayable in 21 monthly installments on diminishing value method
INDUS IND BANK	-	4,090.91	Repayable in 22 monthly installments on diminishing value method
INDIAN BANK	25,245.23	-	Repayable in 24 monthly installments on diminishing value method
INDIAN BANK	19,352.98	-	Repayable in 24 monthly installments on diminishing value method
KOTAK MAHINDRA BANK	-	1,375.00	Repayable in 24 monthly installments on diminishing value method
KOTAK MAHINDRA BANK	4,000.00	6,000.00	Repayable in 24 monthly installments on diminishing value method
KOTAK MAHINDRA BANK	4,166.66	-	Repayable in 24 monthly installments on diminishing value method
LAKSHMI VILAS BANK	-	83.33	Repayable in 36 monthly installments on diminishing value method
LAKSHMI VILAS BANK	694.44	2,361.11	Repayable in 36 monthly installments on diminishing value method

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Name of Party	Outstanding as at 31st March 2020	Outstanding as at 31st March 2019	Terms of Repayment
LAKSHMI VILAS BANK	3,333.33	6,666.67	Repayable in 36 monthly installments on diminishing value method
ORIENTAL BANK OF COMMERCE	-	1,833.33	Repayable in 24 monthly installments on diminishing value method
STATE BANK OF INDIA	-	4,400.00	Repayable in 24 monthly installments on diminishing value method
STATE BANK OF INDIA	4,400.07	-	Repayable in 24 monthly installments on diminishing value method
STATE BANK OF INDIA	26,310.03	-	Repayable in 24 monthly installments on diminishing value method
SHINHAN BANK	-	1,145.83	Repayable in 24 monthly installments on diminishing value method
STATE BANK OF MAURITIUS	333.33	1,000.00	Repayable in 13 quarterly installments on diminishing value method
SYNDICATE BANK	-	2,000.00	Repayable in 10 quarterly installments on diminishing value method
SYNDICATE BANK	1,014.24	3,000.00	Repayable in 10 quarterly installments on diminishing value method
TAMILNADU MERCANTILE BANK	-	55.56	Repayable in 36 monthly installments on diminishing value method
UNION BANK OF INDIA	-	1,527.78	Repayable in 36 monthly installments on diminishing value method
UNION BANK OF INDIA	-	2,750.00	Repayable in 30 monthly installments on diminishing value method
UNION BANK OF INDIA	-	388.89	Repayable in 36 monthly installments on diminishing value method
UNION BANK OF INDIA	2,523.52	-	Repayable in 30 monthly installments on diminishing value method
UNION BANK OF INDIA	5,046.47	-	Repayable in 30 monthly installments on diminishing value method
UNITED BANK OF INDIA	-	190.00	Repayable in 11 quarterly installments on diminishing value method
UNITED BANK OF INDIA	750.00	1,750.00	Repayable in 10 quarterly installments on diminishing value method
VIJAYA BANK	-	499.99	Repayable in 30 monthly installments on diminishing value method
VIJAYA BANK	-	1,999.99	Repayable in 24 monthly installments on diminishing value method
WOORI BANK	1,000.00	2,333.33	Repayable in 36 monthly installments on diminishing value method
WOORI BANK	1,888.89	3,022.22	Repayable in 36 monthly installments on diminishing value method
YES BANK	-	625.00	Repayable in 24 monthly installments on diminishing value method
YES BANK	-	625.00	Repayable in 24 monthly installments on diminishing value method
YES BANK	-	1,400.00	Repayable in 24 monthly installments on diminishing value method
YES BANK	-	2,500.00	Repayable in 24 monthly installments on diminishing value method
FEDERAL BANK CAR LOAN	1.75	3.20	Repayable in 60 monthly installments on diminishing value method
STANDARD CHARTERED BANK	-	5,000.00	Repayable in 4 quarterly installments on diminishing value method
STANDARD CHARTERED BANK	1,250.00	-	Repayable in 1 yearly installments on diminishing value method
STANDARD CHARTERED BANK	2,500.00	-	Repayable in 1 yearly installments on diminishing value method
STANDARD CHARTERED BANK	5,000.00	-	Repayable in 4 quarterly installments on diminishing value method
UJJIVAN SMALL FINANCE BANK	1,309.53	2,500.00	Repayable in 21 monthly installments on diminishing value method

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Name of Party	Outstanding as at 31st March 2020	Outstanding as at 31st March 2019	Terms of Repayment
UJJIVAN SMALL FINANCE BANK	1,500.00	-	Repayable in 21 monthly installments on diminishing value method
Adjustments on account of effective rate of interest	(1,908.34)	(760.19)	
Term Loan from Others			
Name of Party	**Outstanding as at 31st March 2020**	**Outstanding as at 31st March 2019**	**Terms of Repayment**
Mahindra & Mahindra Financial Services Limited	2,692.72	4,270.15	Repayable in 18 equated monthly installments upto September 2021
Hinduja Housing Finance Company Limited	700.00	900.00	Repayable in 120 monthly instalments after 12 months from the disbursement
Hinduja Leyland Finance Limited	-	313.86	Repayable in 60 monthly instalments after 1 month from the disbursement
LIC Housing Finance Limited	9,556.59	7,800.00	Repayable in 108 monthly instalments after 12 months from the disbursement
Northern Arc Capital Limited	416.66	750.00	Repayable in 12 quarterly instalments
Northern Arc Capital Limited	250.00	416.67	Repayable in 12 quarterly instalments
Northern Arc Capital Limited	500.00	833.33	Repayable in 12 quarterly instalments
Northern Arc Capital Limited	250.00	416.67	Repayable in 12 quarterly instalments
MUDRA BANK	5,454.53	9,090.93	Repayable in 33 monthly installments on diminishing value method
MUDRA BANK	9,643.41	-	Repayable in 28 monthly installments on diminishing value method
NABARD REFINANCE	27,500.00	42,500.00	Repayable in 11 monthly installments on diminishing value method
NABARD REFINANCE	17,500.00	25,000.00	Repayable in 11 half yearly installments on diminishing value method
NABARD REFINANCE	9,350.00	-	Repayable in 11 half yearly installments on diminishing value method
SIDBI	-	2,012.00	Repayable in 30 monthly installments on diminishing value method
SIDBI	5,000.00	9,000.00	Repayable in 30 monthly installments on diminishing value method
SIDBI	20,000.00	-	Repayable in 30 monthly installments on diminishing value method
MAHINDRA AND MAHINDRA FINANCE	-	557.10	Repayable in 33 monthly installments on diminishing value method
MAHINDRA AND MAHINDRA FINANCE	-	784.50	Repayable in 30 monthly installments on diminishing value method
MAHINDRA AND MAHINDRA FINANCE	-	2,007.24	Repayable in 30 monthly installments on diminishing value method
NABKISAN FINANCE LIMITED	362.40	1,090.23	Repayable in 36 monthly installments on diminishing value method
MAANAVEEYA DEVELOPMENT & FINANCE PRIVATE LIMITED	2,333.33	3,500.00	Repayable in 3 annual installments on diminishing value method
TATA CAPITAL SERVICE	-	50.00	Repayable in 24 monthly installments on diminishing value method
HERO FINCORP	-	673.37	Repayable in 24 monthly installments on diminishing value method
HERO FINCORP	996.42	1,890.39	Repayable in 24 monthly installments on diminishing value method
HERO FINCORP	1,191.66	2,000.00	Repayable in 21 monthly installments on diminishing value method
Adjustments on account of effective rate of interest	(334.53)	(381.15)	

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

20 Subordinated Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
At amortised cost		
Subordinated Debt	2,30,519.14	2,43,423.24
Subordinated Debt - Listed	3,557.87	3,556.19
Unsecured Term Loan from Financial Institutions	2,492.77	2,489.27
Tier-I Capital - Perpetual Debt Instruments	26,090.46	26,049.26
Total	**2,62,660.24**	**2,75,517.96**
Borrowings in India	2,62,660.24	2,75,517.96
Borrowings outside India	-	-

(a) Subordinated Debt instruments are unsecured, subordinated to the claims of all other creditors with an initial maturity of minimum 5 years. Subordinated Debt aggregating to ₹10,000 (31st March 2019 : ₹10,000) are guaranteed by promoter directors (Mr. Thomas John Muthoot, Mr.Thomas George Muthoot and Mr. Thomas Muthoot) of the Company.

(b) Maturity Profile of Subordinated Debt, Subordinated Debt-Listed and Unsecured Term Loan

Particulars	Amount
FY 2020-21	33,161.19
FY 2021-22	64,655.59
FY 2022-23	39,234.58
FY 2023-24	47,895.99
FY 2024-25	25,994.84
FY 2025-26	9,303.59
FY 2026-27	10,327.01
FY 2027-28	5,999.28
Adjustments on account of effective rate of interest	(2.29)
TOTAL	**2,36,569.78**

(c) Unamortised Borrowing Cost on Unsecured Term Loan from Financial Institutions is ₹7.23 (31st March 2019: ₹10.73).

(d) Perpetual Debt Instruments are unsecured instruments, which have been issued as per RBI guidelines. Unamortised Borrowing Cost on Perpetual Debt Instruments is ₹309.54 (31st March 2019: ₹350.74).

(e) The percentage of PDI to the Tier I Capital of the Group as at March 31, 2020 is 13.08% (March 31, 2019 - 13.16%).

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

21 Other Financial Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Expenses Payable	1,506.48	2,061.66
Security deposits received	787.58	819.22
Unpaid matured debt and interest accrued thereon	1,180.40	2,253.54
Interest accrued but not due on borrowings	37,145.67	43,223.02
Payable to employees	1,272.09	1,336.14
Payables towards securitisation/assignment transactions	9,631.77	8,420.84
Others	3,449.88	1,648.08
Total	**54,973.87**	**59,762.50**

21.1. Impairment on Loan Commitments amounting to ₹7.96 as at March 31, 2019 which was grouped under Other Financial Liabilities in FY2019 has been regrouped to Provisions in the current year comparative.

21.2. Employee advances amounting to ₹380.41 as at March 31, 2019 which was grouped under Others above, in FY2019 has been regrouped to Other non financial liabilities in the current year comparative.

22 Provisions

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for employee benefits		
- Gratuity	2,127.75	1,184.17
- Provision for compensated absences	407.77	425.60
Impairment on Loan Commitments	14.75	7.96
Total	**2,550.27**	**1,617.73**

22.1. Impairment on Loan Commitments amounting to ₹7.96 as at March 31, 2019 which was grouped under Other Financial Liabilities in FY2019 has been regrouped to Provisions in the current year comparative.

23 Other Non-Financial Liabilities

Particulars	As at 31st March 2020	As at 31st March 2019
Statutory dues payable	3,855.77	2,073.00
Advance received from Customers	76.51	87.25
Income received in advance	24.39	100.74
Other non financial liabilities	790.81	382.78
Total	**4,747.48**	**2,643.77**

23.1. Employee advances amounting to ₹380.41 as at March 31, 2019 which was grouped under Others under Other Financial Liabilities, in FY2019 has been regrouped to Other non financial liabilities above, in the current year comparative.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

24 Equity share capital

(a) Authorised share capital :

Particulars	No. of Shares	Amount
At 1st April 2018	20,00,00,000	20,000.00
Add: Increased during the year	-	-
At 31st March 2019	20,00,00,000	20,000.00
Add: Increased during the year	-	-
At 31st March 2020	20,00,00,000	20,000.00

(b) Issued capital :

Particulars	No. of Shares	Amount
At 1st April 2018	19,38,00,800	19,380.08
Add: Increased during the year	-	-
At 31st March 2019	19,38,00,800	19,380.08
Add: Increased during the year	-	-
At 31st March 2020	19,38,00,800	19,380.08

(c) Subscribed and Fully Paid Up Capital

Particulars	No. of Shares	Amount
At 1st April 2018	19,37,05,560	19,370.56
Add: Increased during the year	-	-
At 31st March 2019	19,37,05,560	19,370.56
Add: Increased during the year	-	-
At 31st March 2020	19,37,05,560	19,370.56

(d) Terms/ rights attached to equity shares :

The Group has only one class of shares namely equity shares having a face value of Rs.10. Each holder of equity share is entitled to one vote per share. All shares rank pari passu with regard to dividend and repayment of capital. In the event of liquidation of Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Group, after distribution of all preferential amounts.

(e) Shareholder's having more than 5% equity shareholding in the Group

Particulars	As at 31st March 2020	As at 31st March 2019
	No. of shares and % of holding	
Mr. Thomas John Muthoot	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%
Mr. Thomas George Muthoot	5,08,43,764 - 26.25%	5,08,43,764 - 26.25%
Mr. Thomas Muthoot	5,08,43,769 - 26.25%	5,08,43,769 - 26.25%
Ms. Preethi John Muthoot	1,35,25,989 - 6.98%	1,35,25,989 - 6.98%
Ms. Nina George	1,35,25,961 - 6.98%	1,35,25,961 - 6.98%
Ms. Remy Thomas	1,35,25,988 - 6.98%	1,35,25,988 - 6.98%

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

25 Other Equity

Particulars	As at 31st March 2020	As at 31st March 2019
Securities Premium	38,129.85	38,129.85
Statutory Reserve (Pursuant to Section 45-IC of the RBI Act 1934)	48,414.09	41,981.44
Statutory Reserve (Pursuant to Section 29C of the NHB Act 1987)	1,266.37	823.48
Debenture Redemption Reserve	-	976.33
Retained Earnings	1,18,998.96	1,23,595.84
General Reserve	(1.58)	(26.06)
Treasury shares	-	(343.06)
Employee stock options outstanding	152.94	90.04
Other Comprehensive income	2,268.67	4,161.09
Total	**2,09,229.30**	**2,09,388.95**

25.1. Nature and purpose of reserve

Securities Premium

Securities premium is used to record the premium on issue of shares. This can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory Reserve

Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934 and Section 29C of the National Housing Bank Act, 1987 read with Section 36(1)(viii) of the Income Tax Act, 1961 . Accordingly, an amount representing 20% of Profit for the period is transferred to the Reserve for the year.

Debenture Redemption Reserve

The Companies (Share Capital and Debentures) Rules, 2014 was amended vide Notification F. No. 01/04/2013-CL-V-Part-III dated 16th August, 2019, by which listed NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act was no longer required to maintain the Debenture Redemption Reserve specified under the said Rules. Hence, the requirement of maintaining the Debenture Redemption Reserve no longer exists, and the balance in the Debenture Redemption Reserve has been written back to Retained Earnings.

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Loan assets through other comprehensive income

The Company recognises changes in the fair value of loan assets held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI debt investments reserve within equity. The company transfers amounts from this reserve to the statement of profit and loss when the loan assets are sold. Any impairment loss on such loans are reclassified immediately to the statement of profit and loss.

Treasury shares

Treasury shares represents Company's own equity shares held by Employee welfare trust.

General reserve

Represents the profits or losses made by the Employee Welfare Trust on account of issue or sale of treasury stock.

Notes to the Consolidated Financial Statements for the year ended 31st March 2020
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Retained Earnings

This Reserve represents the cumulative profits of the Group. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

26 Interest Income

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
On Financial Assets measured at Amortised Cost		
Interest on Loans	2,85,516.70	2,54,755.39
Interest Income from Investments	-	220.64
Interest on Deposit with Banks	1,891.74	1,610.69
Other Interest Income	440.84	112.41
On Financial Assets measured at fair value through other comprehensive income		
Interest on Loans	19,194.58	34,911.38
Other Interest Income	8,612.33	1,615.41
Total	**3,15,656.19**	**2,93,225.92**

27 Net gain on fair value changes

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
(i) On trading portfolio		
- Investments	262.34	(259.41)
(ii) On financial instruments designated at fair value through profit or loss	-	-
(iii) Gain on sale of loans at fair value through other comprehensive income	21,628.42	17,938.51
Total Net gain/(loss) on fair value changes	**21,890.76**	**17,679.10**
Fair Value changes:		
- Realised	21,827.69	17,938.51
- Unrealised	63.07	(259.41)
Total	**21,890.76**	**17,679.10**

28 Others

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Income from Money transfer	1,398.91	927.47
Income From Forex Operations	262.87	276.42
Income From Power Generation	996.20	1,076.44
Income from Investment	2,561.70	1,551.50
Income from Software support service	244.56	292.74
Other financial services	283.69	246.47
Other income	698.02	261.06
Total	**6,445.95**	**4,632.10**

28.1. ₹1,525.49 which was grouped as Profit on sale of financial assets carried at fair value through profit or loss under Other Income for the year ended March 31, 2019, has been regrouped to Income from Investment in the current year comparative.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

29 Other Income

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Net gain on debt instrument designated at fair value through profit or loss	-	1,403.63
Net gain on conversion of debt instrument to equity	-	461.85
Non-operating income	376.82	136.35
Total	**376.82**	**2,001.83**

29.1. ₹1,525.49 which was grouped as Profit on sale of financial assets carried at fair value through profit or loss under Other Income for the year ended March 31, 2019, has been regrouped to Income from Investment in the current year comparative.

30 Finance Costs

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Interest on borrowings	1,28,473.16	1,16,011.26
Interest on debt securities	12,711.45	14,642.92
Interest on lease liabilities	6,066.58	-
Interest on subordinate liablities	24,120.53	27,101.25
Other charges	4,733.33	3,654.12
Total	**1,76,105.05**	**1,61,409.55**

31 Impairment of Financial Instruments

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
At Amortised Cost		
Loans- at amortised cost	17,450.32	5,778.96
Impairment on loan commitments	6.78	2.34
Impairment on other receivables	1.51	(20.74)
Loans written off	17,505.86	57.56
Investments- at Amortised Cost	1,207.44	-
Total	**36,171.91**	**5,818.12**

31.1. Badebts write off amounting to ₹57.56, which was grouped under Other Expenses for the year ended March 31, 2019, has been regrouped to Impairment of Financial Instruments in the current year comparative.

32 Employee Benefits

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Salaries and Wages	64,126.44	53,654.76
Contributions to Provident and Other Funds	3,896.39	3,589.35
Incentives	2,184.78	1,421.26
Bonus & Exgratia	1,159.42	1,311.37
Gratuity & Leave encashment	407.50	-
Share based payments	60.72	170.12
Staff Welfare Expenses	1,091.93	1,449.85
Total	**72,927.18**	**61,596.71**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

33 Depreciation expense

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Depreciation of Tangible Assets	6,784.43	7,070.68
Depreciation of Right of Use Assets	15,026.95	-
Amortization of Intangible Assets	523.84	477.78
Total	**22,335.22**	**7,548.46**

34 Other Expenses

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Advertisement and publicity	2,939.16	4,507.43
AMC Charges	88.52	72.60
Auditor's fees and expenses	109.81	119.55
Communication costs	3,359.13	3,631.92
Director's fees, allowances and expenses	152.60	154.78
Donations & CSR Expenses	637.16	722.84
Impairment on assets held for sale	28.98	37.80
Insurance	387.52	592.88
Legal & Professional Charges	4,008.76	2,622.60
Office Expenses	89.36	82.90
Other Expenditure	1,354.26	801.38
Printing and Stationery	1,212.46	1,212.83
Rent, taxes and energy costs	6,063.71	21,181.04
Repairs and maintainence	2,948.95	2,342.24
Security Charges	3,833.21	3,718.51
Software Licence and Subscription charges	134.07	21.31
Software Development Expenses	150.13	168.99
Travelling and Conveyance	4,946.89	3,911.30
Water Charges	16.25	12.76
Total	**32,460.93**	**45,915.66**

34.1. Badebts write off amounting to ₹ 57.56, which was grouped under Other Expenses for the year ended March 31, 2019, has been regrouped to Impairment of Financial Instruments in the current year comparative.

(a) Auditors Remuneration

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
As auditor		
Statutory Audit fees	66.30	52.46
Limited review fees	16.25	-
Tax Audit fees	8.50	8.66
For other services		
Certification and other matters	13.42	53.43
For reimbursement of expenses		
Out of pocket expenses	2.76	0.41
Total	**107.23**	**114.96**

Above figures are exclusive of GST/Service Tax

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

(b) CSR Expenditure

As required under Section 135 of the Companies Act, 2013, the Group was required to spend ₹725.03 in the reporting year in pursuance of its Corporate Social Responsibility Policy, being two per cent of the average net profits of the company made during the three immediately preceding financial years. The Group has during the year, spent a total of ₹489.09 towards CSR expenditure. However, the accumulated shortfall in the amount spent over prior years in comparison with the Companies Act requirement, stands at ₹386.36 as on 31st March, 2020. The said shortfall is expected to be utilized in the subsequent years, as was partially utilized in the current reporting period.

(c) Donations made by the Group include political contributions amounting to ₹0.10 during the year ended 31st March 2020 (Year ended 31st March 2019 : ₹ 0.25)

35 Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Parent Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Parent Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Net profit attributable to ordinary equity holders of the parent	24,703.73	30,942.62
Weighted average number of equity shares for basic earnings per share	19,37,05,560	19,37,05,560
Effect of dilution	-	-
Weighted average number of equity shares for diluted earnings per share	19,37,05,560	19,37,05,560
Earnings per share		
Basic earnings per share (Rs.)	12.75	15.97
Diluted earnings per share (Rs.)	12.75	15.97

36 Income Tax

The components of income tax expense for the year ended March 31st 2020 and year ended March 31st 2019 are:

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Current tax	11,770.02	16,318.87
Deferred tax relating to origination and reversal of temporary differences	(2,268.64)	(621.55)
Income tax expense reported in statement of profit and loss	**9,501.38**	**15,697.32**
OCI Section		
Deferred tax related to items recognised in OCI during the period:		
Net gain / (loss) on equity instruments measured through other comprehensive income	35.12	23.29
Remeasurement of loan assets	(149.38)	(1,264.64)
Remeasurement of the defined benefit liabilities	102.88	(3.75)
Income tax charged to OCI	**(11.38)**	**(1,245.10)**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Income Tax (contd...)

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differ from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31st 2020 and year ended March 31st 2019 is as follows:

Particulars	For the Year Ended 31st March 2020	For the Year Ended 31st March 2019
Accounting profit before tax	35,294.19	52,958.48
At India's statutory income tax rate of 25.168%* (2019: 34.944%)	**8,882.84**	**18,505.81**
Tax effects of adjustments		
Non deductible items	949.36	324.54
Exempted Income	(5.67)	(6.60)
Deduction under Chapter VIA of the Income Tax Act	-	(279.56)
Adjustment on account of different tax rates	(625.55)	(1,092.96)
Opening balance of DTA due to change in tax rate	83.70	-
Tax impact of previous years	139.57	(135.27)
Tax on income which are taxed on different rates	0.82	(1,700.21)
Others	76.32	81.57
Income tax expense reported in the statement of profit or loss	**9,501.38**	**15,697.32**
Effective Income Tax Rate	**26.92%**	**29.64%**

Movement in deferred tax assets/(liabilities)

Particulars	As on 31st March 2018	Recognised in Statement of Profit and Loss	Recognised in Statement of other comprehensive income	Adjusted to Retained Earnings / Other Comprehensive Income	As at 31st March 2019
Deductible temporary difference on account of depreciation and amortisation	1,114.58	690.20	-	-	1,804.78
Bonus disallowed due to non-payment	185.00	74.23	-	-	259.23
Provision for employee benefits	195.16	46.89	9.35	-	251.40
Provision for Investment Rate Fluctuation	57.48	-	-	-	57.48
Expected credit loss provision on financial assets	2,604.32	555.87	-	-	3,160.19
Financial assets measured at amortised cost	1,076.81	339.08	-	-	1,415.89
Fair Valuation of Financial Assets	116.01	73.28	23.27	-	212.56
Financial liabilities measured at amortised cost	(199.23)	(35.32)	-	-	(234.55)
Direct assignment transactions	(3,492.60)	(1,075.76)	(1,264.64)	-	(5,833.00)
Securitisation transactions	19.30	(19.30)	-	-	0.00
Special reserve	(137.44)	(72.77)	-	-	(210.21)
Other items giving rise to temporary differences	58.06	35.56	(13.08)	-	80.54
Minimum Alternate tax credit entitlement	91.58	-	-	-	91.58
Carry Forward Losses and Unabsorbed Depreciation	27.04	9.59	-	-	36.63
Reversal of Previous Years	(41.39)	-	-	(216.23)	(257.62)
Round Off Adjustment	0.01	-	-	-	0.03
Total	**1,674.69**	**621.55**	**(1,245.10)**	**(216.23)**	**834.93**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Income Tax (contd...)

Particulars	As at 31st March 2019	Recognised in Statement of Profit and Loss	Recognised in Statement of other comprehensive income	Adjusted to Retained Earnings / Other Comprehensive Income	As at 31st March 2020
Deductible temporary difference on account of depreciation and amortisation	1,804.78	405.95	-	-	2,210.73
Bonus disallowed due to non-payment	259.23	63.32	-	-	322.55
Provision for employee benefits	251.40	117.59	33.18	-	402.17
Provision for Investment Rate Fluctuation	57.48	-	-	-	57.48
Expected credit loss provision on financial assets	3,160.19	3,690.03	-	-	6,850.22
Financial assets measured at amortised cost	1,415.89	50.32	-	-	1,466.21
Fair Valuation of Financial Assets	212.56	-	34.91	-	247.47
Financial liabilities measured at amortised cost	(234.55)	(51.51)	-	-	(286.06)
Direct assignment transactions	(5,833.00)	(1,731.14)	(149.38)	-	(7,713.52)
Securitisation transactions	-	-	-	-	-
Special reserve	(210.21)	(57.81)	-	-	(268.02)
EIS receivable	-	(366.70)	-	-	(366.70)
Fair value of future lease obligations in accordance with Ind AS 116	-	132.35	-	-	132.35

Movement in deferred tax assets/(liabilities) contd.

Other items giving rise to temporary differences	80.54	22.12	69.90	-	172.57
Minimum Alternate tax credit entitlement	91.58	-	-	-	91.58
Carry Forward Losses and Unabsorbed Depreciation	36.63	(5.89)	-	(3.92)	26.83
Reversal of Previous Years	(257.62)	-	-	(0.05)	(257.67)
Reversal on account of Tax rate change	-	-	-	(3,266.63)	(3,266.63)
Round Off Adjustment	0.03	-	-	-	0.09
Total	**834.93**	**2,268.64**	**(11.38)**	**(3,270.59)**	**-178.35**
Mat Credit Utilisation					(34.97)
Total	**834.93**	**2,268.64**	**(11.38)**	**(3,270.59)**	**-213.32**

37 Retirement Benefit Plan

Defined Contribution Plan

The Group makes contributions to Provident Fund & Employee State Insurance which are defined contribution plans for qualifying employees. The amounts recognized for the aforesaid contributions in the statement of profit and loss are shown below:

Particulars	As at 31st March 2020	As at 31st March 2019
Contributions to Provident Fund	2,699.68	2,180.47
Contributions to Employee State Insurance	1,161.89	1,383.30
Defined Contribution Plan	**3,861.57**	**3,563.77**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Defined Benefit Plan

The Group has a defined benifit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on leaving the service of the Group at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Particulars	As at 31st March 2020	As at 31st March 2019
Present value of funded obligations	3,088.29	2,289.49
Fair value of planned assets	960.47	1,105.32
Defined Benefit obligation/(asset)	**2,127.82**	**1,184.17**

Post employment defined benefit plan

Net benefit expense recognised in statement of profit and loss	As at 31st March, 2020	As at 31st March, 2019
Current service cost	563.10	445.24
Net Interest on net defined benefit liablity/ (asset)	94.14	77.40
Net benefit expense	**657.24**	**522.64**

Balance Sheet

Details of changes in present value of defined benefit obligations as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Defined benefit obligation at the beginning of the year	2,289.49	1,986.38
Current service cost	563.11	445.24
Interest cost on benefit obligations	179.28	149.23
Actuarial (Gain) / Loss on Total Liabilities	375.82	(54.38)
Benefits paid	(319.41)	(236.98)
Net actuarial (gain)/loss recognized in the year	-	-
Benefit obligation at the end of the year	**3,088.29**	**2,289.49**

Details of changes fair value of plan assets are as follows: -

Particulars	As at 31st March 2020	As at 31st March 2019
Fair value of plan assets at the beginning of the year	1,105.32	953.84
Actual Return on Plan Assets	52.22	31.94
Employer contributions	119.30	355.37
Benefits paid	(316.31)	(235.83)
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	-	-
Fair value of plan assets as at the end of the year	**960.53**	**1,105.32**

Remeasurement gain/ (loss) in other comprehensive income (OCI)	As at 31st March 2020	As at 31st March 2019
Actuarial gain/(loss) on obligation	-	(14.47)
Actuarial changes arising from changes in financial assumptions	231.62	-
Experience adjustments	144.20	-
Return on Plan assets, excluding amount included in net interest on the net defined benefit liablity/(asset)	32.95	-
Actuarial (gain) / loss (through OCI)	**408.78**	**(14.47)**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

Particulars	As at 31st March 2020	As at 31st March 2019
Salary Growth Rate	0 % to 10%	3% to 10%
Discount Rate	5.21 % to 7%	6.53% to 8%
Withdrawal Rate	5 % to 20%	5% to 20%
Mortality	100% of IALM 2006-2008	100% of IALM 2006-2008
Interest rate on net DBO	5.21 % to 7%	6.53% to 8%
Expected average remaining working life	2 Yrs to 33.55Yrs	1 to 33.95

Investments quoted in active markets:

Particulars	As at 31st March 2020	As at 31st March 2019
Equity instruments	-	-
Debt instruments	-	-
Real estate	-	-
Derivatives	-	-
Investment Funds with Insurance Group	100.00%	100.00%
Of which, Unit Linked	-	-
Of which, Traditional/ Non-Unit Linked	100.00%	100.00%
Asset-backed securities	-	-
Structured debt	-	-
Cash and cash equivalents	-	-
Total	100.00%	100.00%

A quantitative sensitivity analysis for significant assumptions as at March 31, 2020 and March 31, 2019 are as shown below:

Assumptions	Sensitivity Level	As at 31st March 2020	As at 31st March 2019
Discount Rate	Increase by 1%	2,065.53	2,109.79
Discount Rate	Decrease by 1%	2,469.31	2,444.25
Further Salary Increase	Increase by 1%	2,476.18	2,455.89
Further Salary Increase	Decrease by 1%	2,057.10	2,097.40
Employee turnover	Increase by 1%	2,324.91	2,317.72
Employee turnover	Decrease by 1%	2,165.84	2,201.60
Mortality Rate	Increase in expected lifetime by 1 year	2,244.15	1,887.68
Mortality Rate	Increase in expected lifetime by 3 years	2,231.72	1,876.50

1. The weighted average duration of the defined benefit obligation as at 31st March 2020 is 5 to 10 years (2018: 4 to 10 years).

2. Gratuity liability is funded through a Gratuity Fund managed by Life Insurance Corporation of India Ltd.

3. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

4. The principal assumptions used in determining leave encashment obligations for the Company's plans are shown below:

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

38. Maturity analysis of assets and liabilities

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	1,50,001.61	-	1,50,001.61	95,902.14	-	95,902.14
Bank Balance other than above	1,374.15	18,251.79	19,625.93	6,611.40	11,269.62	17,881.02
Trade receivables	3,877.78	-	3,877.78	3,250.54	-	3,250.54
Loans	14,61,897.08	2,90,881.88	17,52,778.97	13,37,408.33	2,19,443.14	15,56,851.47
Investments	4,870.69	3,460.06	8,330.75	3,417.71	3,363.95	6,781.66
Other financial assets	4,419.61	12,731.24	17,150.85	3,908.44	25,019.50	28,927.94
Non-financial Assets						
Current tax assets (net)	4,547.02	-	4,547.02	336.62	1,653.51	1,990.13
Deferred tax assets (net)	-	2,993.24	2,993.24	-	5,621.71	5,621.71
Investment Property	-	30,236.54	30,236.54	-	30,096.72	30,096.72
Property, plant and equipment	-	49,312.76	49,312.76	-	52,004.41	52,004.41
Capital work-in-progress	-	-	-	-	65.80	65.80
Intangible assets under development	-	87.44	87.44	-	2.95	2.95
Other intangible assets	-	1,622.48	1,622.48	-	1,813.07	1,813.07
Right-of-use assets	9,774.40	41,601.26	51,375.66	-	-	-
Other non financial assets	6,544.86	25,551.40	32,096.26	34,468.18	1,951.48	36,419.66
Total assets	**16,47,307.20**	**4,76,730.08**	**21,24,037.28**	**14,85,303.35**	**3,52,305.87**	**18,37,609.22**
Liabilities						
Financial Liabilities						
Trade payables	335.84	-	335.84	313.26	-	313.26
Other Payables	37,438.68	-	37,438.68	46,899.74	-	46,899.74
Debt Securities	22,665.53	86,388.68	1,09,054.21	30,688.92	23,319.93	54,008.85
Borrowings (other than debt security)	8,40,350.67	4,88,549.04	13,28,899.71	9,19,391.91	2,10,074.78	11,29,466.69
Lease Liability	14,425.62	40,154.49	54,580.11	-	-	-
Subordinated Liabilities	33,160.22	2,29,500.02	2,62,660.24	38,822.21	2,36,695.75	2,75,517.96
Other Financial liabilities	36,039.25	18,934.62	54,973.87	33,972.27	25,790.24	59,762.51
Non-financial Liabilities						
Current tax liabilities (net)	287.56	-	287.56	3,686.03	0.25	3,686.28
Provisions	185.70	2,364.57	2,550.27	197.41	1,420.32	1,617.73
Deferred tax liabilities (net)	-	3,206.56	3,206.56	-	4,786.78	4,786.78
Other non-financial liabilities	4,747.48	-	4,747.48	2,643.77	-	2,643.77
Total Liabilities	**9,89,636.55**	**8,69,097.98**	**18,58,734.53**	**10,76,615.51**	**5,02,088.05**	**15,78,703.56**
Net	**6,57,670.65**	**(3,92,367.90)**	**2,65,302.75**	**4,08,687.84**	**(1,49,782.18)**	**2,58,905.66**

39. Contingent Liabilities (to the extent not provided for)

Particulars	As at 31st March 2020	As at 31st March 2019
(i) Contingent Liabilities		
Claims against the Company not acknowledged as debt		
(i) Income Tax Demands	6,327.34	6,065.85
(ii) Service Tax Demands	3,600.90	3,600.86
(iii) Value Added Tax Demands	1,432.70	2,294.21
(iv) Bank Guarantees	92.09	204.50
(v) Cash Margin on Securitisation	2,258.62	3,891.32

(vi) Some of the branches of the Company had received notices under the Kerala Money Lenders Act, 1958, for registration. The Company has challenged the same and currently the matter is before the Hon'ble Supreme Court. The Hon'ble Supreme Court has granted an interim stay till the disposal of the appeal. Pending the resolution of the same, no adjustments have been made in the financial statements for the required license fee and Security deposits.

(vii) The Company has filed a Writ Petition before the Honourable High Court of Madras on 30th July, 2019 challenging the Order passed by the Income Tax Settlement Commission, Chennai Bench abating the proceedings before it relating to the Settlement Application filed by the Company dated December 17, 2017 ("Settlement Application"); and praying for stay on proceedings initiated by the Joint Commissioner of Income Tax (OSD), Central Circle, Thiruvananthapuram post abatement of proceedings by the Settlement Commission. The tax and interest due on the issues forming part of the Settlement Application totaled to ₹7,406 lakh. The Settlement Application related to notices received under Section 147 of the Income Tax Act, as per which the income chargeable to tax for the Financial Years 2011-12 to 2016-17 of MFL had escaped assessment, and Section 153A of the Income Tax Act, as per which MFL was required to prepare true and correct return of which MFL was assessable for the Assessment Years 2011-2012 to 2016-2017. The proceedings before the High Court of Madras is currently pending.

(viii) Other commitments

Loan commitment in respect of partly disbursed loans is INR 4,633.89 (31 March 2019 : INR 4,718.92).

40. Related Party Disclosures

Names of Related parties with whom transaction has taken place

(A) Subsidiaries

Muthoot Microfin Limited
Muthoot Housing Finance Company Limited
Muthoot Pappachan Technologies Private Limited

(B) Key Management Personnel	Designation
Thomas John Muthoot	Managing Director
Thomas George Muthoot	Director
Thomas Muthoot	Wholetime Director Cum Chief Financial Officer
Preethi John Muthoot	Additional Director
Kurian Peter Arattukulam	Director
Ramakrishna Pillai Kamalasanan Nair	Director
Vikraman Ampalakkat	Director
Thuruthiyil Devassia Mathai	Company Secretary

(C) Enterprises owned or significantly influenced by key management personnel or their relatives

MPG Hotels and Infrastructure Ventures Private Limited
Muthoot Automotive (India) Private Limited
Muthoot Automobile Solutions Private Limited
Muthoot Capital Services Limited
Muthoot Hotels Private Limited
Muthoot Infrastructure Private Limited
Muthoot Motors Private Limited
Muthoot Pappachan Medicare Private Limited
Muthoot Risk Insurance and Broking Services Private Limited
Muthoot Pappachan Chits (India) Private Limited
Muthoot Exim Private Limited
Muthoot Kuries Private Limited
MPG Security Group Private Limited
Muthoot Pappachan Centre Of Excellence In Sports
Muthoot Estate Investments
Muthoot Motors (Cochin)
Muthoot Pappachan Foundation
M-Liga Sports Excellence Private Limited

(D) Relatives of Key Management Personnel

Janamma Thomas
Nina George
Thomas M John
Suzannah Muthoot
Hannah Muthoot
Tina Suzanne George
Ritu Elizabeth George
Shweta Ann George

Notes to the Consolidated Financial Statements for the year ended 31st March 2020
(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Related Party transactions during the year:

Particulars	Key Management Personnel & Directors		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Revenue						
Auction of Gold Ornaments	-	-	-	-	1,918.82	857.88
Commission Received	-	-	-	-	1,229.81	1,279.41
Employee Secondment Fee received	-	-	-	-	-	11.43
Processing Fee received	15.00	15.00	-	-	0.75	0.38
Rent received	-	-	-	-	304.87	260.81
Revenue from Travel Services	-	-	-	-	6.54	73.31
Interest accrued on loans & advances	2,386.26	2,388.00	-	-	16.10	33.39
Professional Charges-IT support	-	-	-	-	632.62	292.74
Expense						
Commission Paid	132.00	132.00	-	-	3.43	4.02
Interest paid	398.55	654.09	42.04	-	334.64	302.50
Hotel Service payments	-	-	-	-	54.41	55.56
Professional & Consultancy Charges	-	-	-	-	1,773.55	1,925.97
Purchase of Gold Coins	-	-	-	-	13.23	5.30
Reimbursement of Expenses	-	(0.50)	-	-	(12.72)	(34.61)
Rent paid	165.13	162.19	-	-	13.50	14.72
Purchase of Used Assets	-	-	-	-	-	57.42
Remuneration Paid	2,200.04	1,744.85	18.90	12.82	-	-
Sitting Fee paid	8.00	8.75	-	1.25	-	-
CSR Expenditure	-	-	-	-	178.00	124.00
Asset						
Advance for CSR Activities	-	-	-	-	285.11	555.90
ICD advanced	-	-	-	-	-	5,000.00
ICD repaid	-	-	-	-	-	(5,000.00)
Loans Advanced	19,900.00	-	-	-	300.00	100.00
Loan repayments received	(19,900.00)	-	-	-	(125.26)	(121.99)
Refund received against advance for property	-	-	-	-	(19,600.00)	(2,113.75)

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Related Party transactions during the year:

Particulars	Key Management Personnel & Directors		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Liability						
Advance received towards Owners share	-	-	-	-	210.13	198.70
ICD accepted	-	-	-	-	7,500.00	23,000.00
ICD repaid	-	-	-	-	(7,500.00)	(23,000.00)
Investment in Debt Instruments	-	-	307.00	1.70	-	-
Security Deposit Accepted	-	-	-	-	0.55	-
Security Deposit Repaid	-	-	-	-	(3.73)	0.60
Loan Availed	-	500.00	-	-	-	1,000.00
Loan Repaid	-	(500.00)	-	-	-	(1,000.00)

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	Key Management Personnel & Directors		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Asset						
Advance for CSR Activities	-	-	-	-	30.40	8.91
Advance for Property/Shares	1,588.53	1,588.53	133.87	133.87	27,277.77	46,877.77
Advance received towards Owners share	-	-	-	-	210.13	46.43
Commission Receivable	-	-	-	-	229.23	323.34
Expense Reimbursements Receivable	-	-	-	-	2.84	18.08
Interest on Loan Receivable	61.55	19.63	-	-	1.15	0.50
Loans Advanced	19,900.00	19,900.00	-	-	239.64	64.90
Other Receivable	-	-	-	-	-	0.59
Rent Receivable	-	-	-	-	34.51	46.31
Travel Service Receivables	-	-	-	-	8.32	16.71
Security Deposit advanced	-	3.60	-	-	-	-
Debtors	-	-	-	-	36.10	9.17

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	Key Management Personnel & Directors		Relatives of Key Management Personnel		Entities over which Key Management Personnel and their relatives are able to exercise significant influence	
	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019	Year Ended 31st March 2020	Year Ended 31st March 2019
Liability						
Collection balance payable	-	-	-	-	6.36	34.18
Commission Payable	78.27	15.88	-	-	-	-
Interest Payable	174.72	131.51	8.76	1.23	0.25	0.84
Rent Payable	5.90	-	-	-	-	-
Remuneration Payable	5.63	27.47	-	-	-	-
Investment in Debt Instruments	-	-	313.47	4.25	-	1.70
PDI issued	20.00	4,800.00	-	-	-	-
Professional & Consultancy Charges payable	-	-	-	-	4.23	85.26
Security Deposit received	3.59	-	-	-	56.85	45.03
Loan outstanding	400.09	400.09	-	-	-	-
Expense Payable	-	-	-	-	2.37	0.74

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Particulars	Year Ended 31st March 2020	Year Ended 31st March 2019
Short–term employee benefits	2,208.04	1,753.60
Post-employment benefits	-	-
Total compensation paid to key managerial personnel	**2,208.04**	**1,753.60**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

41. Fair Value Measurement

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 observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair Value Hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31st March 2020:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in JM Financial India Fund II	121.80	-	-	121.80
Investments in Mutual Fund	2,630.89	-	-	2,630.89

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Pappachan Chits Private Limited	-	5.23	-	5.23
Investment in Avenues India Private Limited	-	400.26	-	400.26
Investment in Fair Asset Technologies (P) Limited	-	702.76	-	702.76
Investment in Algiz Consultancy Services Private Limited	-	-	-	-
Investment in Equity Shares (DP account with Motilal Oswal)	872.57	-	-	872.57
Investment in PMS - Motilal Oswal	379.33	-	-	379.33
Loans	-	-	1,97,873.94	1,97,873.94

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31st March 2019:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in JM Financial India Fund II	84.60	-	-	84.60

Particulars	At FVTOCI			
	Level-1	Level-2	Level-3	Total
Investment in Muthoot Pappachan Chits Private Limited	-	4.38	-	4.38
Investment in Avenues India Private Limited	-	399.85	-	399.85
Investment in Fair Asset Technologies (P) Limited	-	457.93	-	457.93
Investment in Algiz Consultancy Services Private Limited	-	0.01	-	0.01
Investment in Equity Shares (DP account with Motilal Oswal)	1,222.36	-	-	1,222.36
Investment in PMS - Motilal Oswal	507.18	-	-	507.18
Loans	-	-	2,00,550.99	2,00,550.99

The fair value of financial instruments as referred to in note 'A' above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Fair Value Measurement (contd...)

Fair value technique

Investments at fair value

The equity instruments which are actively traded on public stock exchanges with readily available active prices on a regular basis are classified as Level 1. Units held in mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions are generally Level 1. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured as per fair valuation report and valued on a case-by-case has been classified as Level 2.

Investment at fair value through profit and loss

For investment at fair value through profit and loss, valuation are done using quoted prices from active markets or on published Net Asset Values of the investment at the measurement date.

Loan assets carried at fair value through other comprehensive income

Loan receivables valuation is carried out for two portfolios segregated on the basis of repayment frequency – monthly and weekly. The valuation of each portfolio is done by discounting the aggregate future cash flows with risk-adjusted discounting rate for the remaining portfolio tenor.

Following inputs have been used to calculate the fair value of loans receivables:

(i) Future cash flows: Include principal receivable, interest receivable and tenor information based on the repayment schedule agreed with the borrowers.

(ii) Risk-adjusted discount rate:

This rate has been arrived using the cost of funds approach.
The following inputs have been used:

(i) Cost of funds
(ii) Credit spread of borrowers
(iii) Servicing Cost of a financial asset
(iv) Discount rate

Loan portfolio	Fair valuation as at March 31, 2020	Fair valuation as at March 31, 2019
Monthly	1,16,118.49	1,25,354.19
Weekly	87,900.43	73,271.75
Total	**2,04,018.92**	**1,98,625.94**

Fair value measurement sensitivity to significant unobservable inputs as at the end of each reporting period is as follows:

Particulars	As at 31st March 2020	As at 31st March 2019
Impact on fair value if change in risk adjusted discount rate		
- Impact due to increase of 0.50 %	(1,279.69)	(839.37)
- Impact due to decrease of 0.50 %	1,289.72	844.74
Impact on fair value if change in probability of default (PD)		
- Impact due to increase of 0.50 %	(437.40)	(378.38)
- Impact due to decrease of 0.50 %	438.50	379.47
Impact on fair value if change in loss given default (LGD)		
- Impact due to increase of 0.50 %	(83.97)	(8.30)
- Impact due to decrease of 0.50 %	84.01	8.30

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Fair Value Measurement (contd...)

Reconciliation

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

Particulars	As at 31st March 2020		As at 31st March 2019	
	Loan assets	Preference Shares other than those that qualify as Equity	Loan assets	Preference Shares other than those that qualify as Equity
Opening balance	1,98,626.01	-	1,16,536.15	26,862.10
Loan originated / Preference shares issued	3,48,476.29	-	1,87,053.50	-
Sales/derecognition	(2,82,773.73)	-	(57,460.24)	-
Total gain and losses			-	-
in profit and loss	-	-	4,342.90	(1,403.63)
in OCI	593.62	-	-	-
Settlements / conversion	(60,903.20)	-	(51,846.30)	(25,458.47)
Closing balance	**2,04,018.99**	**-**	**1,98,626.01**	**-**

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	Level	Carrying Value		Fair Value	
		As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Financial assets					
Cash and cash equivalents	1	1,50,001.61	95,902.14	1,50,001.61	95,902.14
Bank Balance other than above	1	19,625.93	17,881.02	19,625.93	17,881.02
Trade receivables	3	3,877.78	3,250.54	3,877.78	3,250.54
Loans	3	17,52,778.97	15,56,851.47	17,52,778.97	15,56,851.47
Investments - at amortised cost	3	8,330.75	6,781.66	8,330.75	6,781.66
Other Financial assets	3	17,150.85	28,927.94	17,150.85	28,927.94
Financial assets		**19,51,765.89**	**17,09,594.77**	**19,51,765.89**	**17,09,594.77**
Financial Liabilities					
Payable	3	37,774.53	47,213.00	37,774.53	47,213.00
Debt securities	3	1,09,054.21	54,008.85	1,09,054.21	54,008.85
Borrowings (other than debt securities)	3	13,28,899.71	11,29,466.69	13,28,899.71	11,29,466.69
Lease Liabilities		54,580.11	-	54,580.11	-
Subordinated liabilities	3	2,62,660.24	2,75,517.96	2,62,660.24	2,75,517.96
Other financial liabilities	3	54,973.87	59,762.50	54,973.87	59,762.50
Financial Liabilities		**18,47,942.67**	**15,65,969.00**	**18,47,942.67**	**15,65,969.00**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Fair Value Measurement (contd...)

Valuation techniques

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of financial assets held-to-maturity are estimated using a effective interest rate model based on contractual cash flows using actual yields.

Financial liability at amortised cost

The fair values of financial liability held-to-maturity are estimated using a effective interest rate model based on contractual cash flows using actual yields.

42 Segment Reporting

The Board of Directors and the Managing Director of the company together constitute the Chief Operating Decision Maker ("CODM"). Operating segment are components of the Group whose operating results are regularly reviewed by the CODM to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available..

The Group is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating Segments".

43 Change in liabilities arising from financing activities

Particulars	As at 31st March, 2019	Cash Flows	Changes in fair value (gain)/loss	Ind AS 116 - Lease Liabilities	Others	As at 31st March, 2020
Debt Securities	54,008.85	55,615.21	-	-	(569.85)	1,09,054.21
Borrowings other than debt securities	11,29,466.69	2,00,712.20	-	-	(1,279.18)	13,28,899.71
Lease Liabilities	-	(17,770.71)	-	72,350.82	-	54,580.11
Subordinated Liabilities	2,75,517.96	(12,905.80)	-	-	48.08	2,62,660.24
Total liabilities from financing activities	**14,58,993.50**	**2,25,650.91**	**-**	**72,350.82**	**(1,800.96)**	**17,55,194.27**

Particulars	As at 1st April, 2018	Cash Flows	Changes in fair value (gain)/loss	Ind AS 116 - Lease Liabilities	Others	As at 31st March, 2019
Debt Securities	85,412.30	(31,403.45)	-	-	-	54,008.85
Borrowings (other than debt securities)	10,72,696.17	56,748.70	-	-	21.82	11,29,466.69
Subordinated Liabilities	2,96,187.86	(19,266.27)	(1,403.63)	-	-	2,75,517.96
Total liabilities from financing activities	**14,54,296.33**	**6,078.98**	**(1,403.63)**	**-**	**21.82**	**14,58,993.50**

44 Risk Management

The Group's principal financial liabilities comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include loans, investments, cash and cash equivalents, trade receivables and other receivables that derive directly from its operations.

As a financial lending institution, Group is exposed to various risks that are related to lending business and operating environment. The principal objective in Group 's risk management processes is to measure and monitor the various risks that Group is subject to and to follow policies and procedures to address such risks.

The Groups Risk Management Committee (RMC) comprise of the Board of directors constituted in accordance with the RBI rules. The RMC has overall responsibility for overseeing the implementation of the Risk Management Policy. The committee meets on a quarterly basis to review the risk management practices and working of the risk management department. The committee is chaired by an Independent Director. Risk Management Department periodically places its report to the committee for review. The committee's suggestions for improving the risk management practices are implemented by the Risk Management Department.

The Group has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis. The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically adressed through mitigating actions on a continuing basis.

The major type of risk Group faces in business are credit risk, liquidity risk, market risk and operational risk.

I) Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's major income generating activity is gold loan, housing loan, microfinance loan personal loans and others.

The Group addressess credit risk through following major processess:

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques
- Structured and standardised credit approval process
- Verification of credit history from credit bureau agencies, personal verification of customers business and residence
- Technical and Legal Verification
- Comprehensive credit risk assessment and cash flow analysis

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.

A) Impairment Assessment

The Group's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies.

Definition of default and care

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Rating	Loans Days past due (DPD)	Stages
High grade	Not yet due	Stage I
Standard grade	1-30 DPD	Stage I
Sub-standard grade	31-60 DPD	Stage II
Past due but not impaired	61-89 DPD	Stage II
Individually impaired	90 DPD or More	Stage III

Exposure at Default (EAD)

The outstanding balance as at the reporting date is considered as EAD by the Group.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Group uses historical information where available to determine PD. Considering the different products and schemes, the Group has bifurcated its loan portfolio into various pools. PD is calculated using Incremental 90 day DPD approach considering fresh slippage using historical information.

Based on its review of macro-economic developments and economic outlook, the Group has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at 31st March 2020 and 31st March 2019.

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group expects to receive.

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Significant Increase in credit risk

The internal rating model evaluates the loans on an ongoing basis. The rating model also assesses if there has been a significant increase in credit risk since the previously assigned risk grade. One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

II) Liquidity risk

Asset Liability Management (ALM)

Liquidity risk refers to the risk that the Group 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 Group consistently generates sufficient cash flows from operating and financial 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, capital & retail markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

The table below shows the maturity pattern of the assets and liabilities:

Maturity pattern of assets and liabilities as on 31st March 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	1,47,267.00	1,435.30	1,169.11	-	130.21	-	-	-	**1,50,001.61**
Bank Balance other than (a) above	47.89	116.62	104.67	169.85	935.11	18,119.76	132.03	-	**19,625.93**
Receivables	3,812.07	34.10	31.61	-	-	-	-	-	**3,877.78**
Loans	40,786.47	1,100.88	1,46,989.42	4,54,166.67	8,18,853.64	1,91,654.42	24,471.68	74,755.79	**17,52,778.97**
Investments	2,239.80	5.25	2,625.64	-	-	421.80	1,930.00	1,108.25	**8,330.75**
Other Financial assets	1,886.11	154.91	246.20	799.75	1,332.65	10,878.54	824.00	1,028.70	**17,150.85**
Total	**1,96,039.34**	**2,847.06**	**1,51,166.65**	**4,55,136.27**	**8,21,251.61**	**2,21,074.52**	**27,357.71**	**76,892.74**	**19,51,765.89**
Payables	256.88	78.96	-	-	-	-	-	-	**335.84**
Other Payables	37,112.35	22.25	-	-	304.08	-	-	-	**37,438.68**
Debt Securities	-	-	124.32	124.32	22,416.89	54,540.32	31,848.36	-	**1,09,054.21**
Borrowings (other than Debt Securities)	9,674.45	30,859.52	28,578.14	2,25,920.21	5,45,318.35	3,93,428.55	69,479.67	25,640.82	**13,28,899.71**
Subordinated Liabilities	992.82	3,454.59	4,786.61	6,583.47	17,342.73	1,03,888.85	73,829.14	51,782.03	**2,62,660.24**
Other Financial liabilities	19,229.04	1,979.36	2,471.21	4,224.36	8,135.28	10,042.29	5,050.95	3,841.37	**54,973.87**
Total	**67,265.54**	**36,394.69**	**35,960.28**	**2,36,852.37**	**5,93,517.33**	**5,61,900.01**	**1,80,208.13**	**81,264.22**	**17,93,362.55**

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

Maturity pattern of assets and liabilities as on 31st March 2019:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	34,798.96	60,324.27	778.90	-	-	-	-	-	95,902.14
Bank Balance other than (a) above	22.91	-	100.00	2,635.01	3,853.47	11,269.62	-	-	17,881.02
Receivables	3,013.28	123.05	45.93	4.30	63.98	-	-	-	3,250.54
Loans	1,76,002.75	64,268.06	76,361.16	2,93,442.12	7,27,334.25	1,56,741.92	19,009.85	43,691.37	15,56,851.47
Investments	2,709.38	-	283.33	195.83	229.16	807.18	1,610.00	946.77	6,781.66
Other Financial assets	3,167.90	18.28	25.70	69.96	626.59	23,127.08	1,392.14	500.28	28,927.94
Total	**2,19,715.18**	**1,24,733.67**	**77,595.02**	**2,96,347.22**	**7,32,107.46**	**1,91,945.80**	**22,011.99**	**45,138.42**	**17,09,594.77**
Payables	161.91	151.35	-	-	-	-	-	-	313.26
Other Payables	46,350.52	-	-	549.22	-	-	-	-	46,899.74
Debt Securities	1,553.28	20,086.60	1,072.32	368.16	7,608.56	15,256.92	8,063.01	-	54,008.85
Borrowings (other than Debt Securities)	52,834.39	18,797.63	47,593.92	2,32,204.86	5,67,961.11	1,46,655.16	33,548.30	29,871.33	11,29,466.69
Subordinated Liabilities	3,407.85	3,006.86	4,536.73	23,264.30	4,606.47	97,731.56	84,556.30	54,407.89	2,75,517.96
Other Financial liabilities	5,333.44	16,150.88	1,882.24	9,524.22	1,081.50	16,808.92	6,788.58	2,192.72	59,762.50
Total	**1,09,641.38**	**58,193.32**	**55,085.21**	**2,65,910.75**	**5,81,257.63**	**2,76,452.56**	**1,32,956.19**	**86,471.94**	**15,65,969.00**

III) Market risk

Market Risk is the risk that the fair value or the 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 and other market changes. The Group is exposed to two types of market risk as follows:

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. The Group is 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 Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings, debt securities and subordinate laibilities are as follows:

Particulars	31st March 2020	31st March 2019
On Borrowings		
1% increase	(12,291.83)	(11,010.81)
1% decrease	12,291.83	11,010.81

Particulars	31st March 2020	31st March 2019
On Debt Securities		
1% increase	815.32	697.11
1% decrease	(815.32)	(697.11)

Particulars	31st March 2020	31st March 2019
On Subordinate Liabilities		
1% increase	2,690.89	2,858.53
1% decrease	(2,690.89)	(2,858.53)

Price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in level of equity indices and individual stocks. The trading and non-trading equity price risk exposure arises from equity securities classified at FVTPl and FVOCI respectively".

A 10% increase/(decrease) in the equity price (traded and non-traded) would have the impact as follows:

Particulars	Increase/ (Decrease) in percentage	Sensitivity of profit or loss	Sensitivity of Other Comprehensive Income
As at March 31, 2020	10/(10)	275.27 / (275.27)	235.92 / (235.92)
As at March 31, 2019	10/(10)	8.46 / (8.46)	259.07 / (259.07)

Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

45 Impact of Covid-19

The Covid-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activities across the world. The Government of India too has imposed lockdowns starting from March 24, 2020. The Indian economy is impacted and would continue to be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on the Companys financial statements, including credit quality and provisions, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels.

The Group has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are fall due. Such an assessment has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs, current status and outcome Company's lenders to extend moratorium and other financial support from banks and other agencies determining the Company's liquidity position over the next 12 months. Based on the sensitivity analysis conducted on stress scenarios, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future. The Group would continue to focus on maintaining adequate capital and ensuring liquidity at all points in time.

In assessing the recoverability of loans, receivables, intangible assets and investments, the Group has considered internal and external sources of information, including regulatory guidelines, credit reports, economic forecasts and industry reports. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Group. The Group has recorded a management overlay allowance of Rs.8,167.51 lakhs in its Expected Credit Loss provision to reflect, among other things, an increased risk of deterioration in macro-economic factors by this pandemic based on the information available at this time.

Pursuant to Reserve Bank of India circulars DOR. No. BP.BC.47/21.04.048/2019-20 (COVID-19 – Regulatory Package), and DOR. No. BP.BC.71/21.04.048/2019-20 (COVID-19 - Regulatory Package) dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has granted moratorium to its borrowers based on its Board approved policy. For such accounts, where the moratorium is granted, the asset /stage-wise classification shall remain standstill during the moratorium period. (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification).

46 Disclosures under the Listing Agreement for Debt Securities

(i) Debenture Trustees:

Trustees for Public Issue
SBICAP Trustee Company Limited
Apeejay House, 6th Floor
3, Dinshaw Wachha Road
Churchagte, Mumbai -400020
Tel : 022-4302 5555
Fax : 022-22040465
Email : corporate@sbicaptrustee.com

Trustees for Perpetual Debt Instrument
Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited)
The IL&FS Financial Centre,
Plot C- 22, G Block, Bandra Kurla Complex,
Bandra(E), Mumbai 400051
Tel +91 22 2659 3535
Fax +91 22 26533297
Email: mumbai@vistra.com

Trustees for Listed Private Placement & Public Issue
Catalyst Trusteeship Limited
Office No. GDA House, Plot No 85, Bhusari Colony (Right), Paud Road,
Pune – 411 038, Maharashtra
Office: +91 20 2528 0081
Fax: +91 20 2528 0275
Email: dt@ctltrustee.com

(ii)Security:

1. Privately Placed Secured Debentures are secured by subservient charge on all current assets of the Company, both present and future.

2. Covered Bond issued by the Company in the nature of secured, redeemable, listed non-convertible debentures on a private placement basis is secured by way of first ranking pari passu charge by way of mortgage over, all the right, title and interest of the Company in all that piece and parcel of the vacant land measuring an extent of Cents 28 (Hec.0.11.34) in the Tirunelveli District, Panagudi, Sub-Registrar Office, Pazhavoor Panchayat, Pazhavoor Village, Ayan Punja Survey No. 1490 measuring an extent of South portion of Cents 28 (Hec.0.11.34) and is covered by receivables against a pool of gold loans originated by the Company amounting to a minimum cover of 1.15x on the Non-Convertible Debenture amount outstanding.

3. Debentures issued by way of public issue are secured as follows:

- Public Issue allotment on 05/11/2015: Mortgage of the immovable property of the Company admeasuring 54 cents situated at Survey No. 764/6A, Arulvaimozhy village, Thovala taluk, Kanyakumari district, Tamil Nadu, and a first ranking pari passu charge on all current assets, book debts and receivables (both present and future) of the company in favour of Debenture Trustee.

- Public Issue allotment on 25/10/2019: Exclusive mortgage and first charge over the immovable property admeasuring 5.19 cents situated at Survey No: 537, Samugarengapuram Village, Radhapuram Taluk, Tirunelveli District, Tamilnadu and a subservient charge on certain loan receivables (both present and future) of the company in favour of Debenture Trustee.

- Public Issue allotment on 07/02/2020: Subservient charge with existing secured creditors, on certain loan receivables (both present and future) of the Company in favour of Debenture Trustee.

(Amount in Rs. Lakhs, except share data and unless otherwise stated)

(iii) Utilisation of Funds raised by way of Public Issue of Debt Securities:

The Company has utilised the Net Proceeds raised by way of Public Issue of Debt Securities, in accordance with the Objects of such issue of debt securities. As at March 31, 2020, no portion of such proceeds remain unutilized.

(iv) Others:

Particulars	At 31st March, 2020	At 31st March, 2019
Loans & advances in the nature of loans to subsidiaries	1,365.00	1,365.00
Loans & advances in the nature of loans to associates	Nil	Nil
Loans & advances in the nature of loans where there is-		
(i) no repayment schedule or repayment beyond seven years	Nil	Nil
(ii) no interest or interest below section 186 of the Companies Act	Nil	Nil
Loans & advances in the nature of loans to other firms/companies in which directors are interested	239.64	64.90

47 There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013.

48 Business combinations and acquisition of non-controlling interests

Muthoot Housing Finance Company Limited

During the year, the company subscribed to 58,14,000 equity shares in Muthoot Housing Finance Company Limited for a consideration of ₹ 2,500.02. As at 31st March 2020, the total share holding in Muthoot Housing Finance Company Limited is 5,93,48,840 equity shares (31st March 2019: 53,534,840 equity shares) representing 80.66% (31st March 2018: 80.58%) of their total equity share capital.

49 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities as at 31st March 2020		Share in profit or loss for the year ended 31st March 2020		Share in other comprehensive income for the year ended 31st March 2020	
	As a % of consolidated net assets	Amount	As a % of consolidated profit/loss	Amount	As a % of consolidated other comprehensive income	Amount
Parent						
Muthoot Fincorp Limited	111.36%	2,95,438.09	84.94%	21,907.51	(11,854.33%)	(6,287.53)
Subsidiaries						
Indian						
1. Muthoot Microfin Limited	21.68%	57,512.60	4.49%	1,158.12	283.50%	150.37
2. Muthoot Housing Finance Company Limited	6.04%	16,021.33	6.43%	1,658.95	(42.80%)	(22.70)
3. Muthoot Pappachan Technologies Limited	0.00	1,112.09	0.16%	41.20	(19.98%)	(10.60)
Non-controlling interests in all subsidiaries						
Indian subsidiaries	13.83%	36,702.88	4.22%	1,089.08	138.56%	73.49
Other Adjustment / Consol adjustment	(53.33%)	(1,41,484.26)	(0.24%)	(62.06)	11595.05%	6,150.01*
Total		**2,65,302.74**		**25,792.81**		53.04

* This relates to the Fair Valuation loss (net of tax) of equity investment in subsidiary - Muthoot Microfin Limited

Corporate Social Responsibility (CSR)

Muthoot Pappachan Foundation effectively implements its CSR activities pan India actively engaging staff members of the Companies of Muthoot Pappachan Group (MPG), benefiting larger communities. The flagship project 'Smile Please' providing free comprehensive cleft surgeries to kids and youngsters of India have touched the prestigious number of 2084 safe surgeries reaching out to 12 states creating cleft related awareness among about 11 lakh people. Muthoot Pappachan Foundation (MPF) is facilitating the planning and implementation of the CSR initiatives of Companies in MPG.

The following key CSR initiatives were undertaken during the year:

Health

a) Smile Please

Smile Please, the free comprehensive cleft surgery programme is the flagship CSR project of Muthoot Fincorp Ltd (MFL), through which it is extending support to children and youngsters with congenital cleft issues.

Mithalben (7 years) from Dahod District, Gujarat - our 2000th patient to receive surgery

Smile Please Missions during FY 2019-20

Month	Location	Surgery Target	Surgery Done	Patients Medically Screened
August 15-21, 2019	Kolkata	50	**60**	**103**
September 20-26, 2019	Gulbarga	50	**57**	**78**
November 22 -28, 2019	Vizianagram	50	**67**	**91**
January 18-24, 2020	Vadodara	50	**56**	**110**
February 22-28, 2020	Puducherry	50	**58**	**96**
March 20-26, 2020	Maharashtra	50	**Mission postponed due to COVID-19**	
Target for the year 2019-2020		**300**	**298**	**478**

During the FY 2019-20, Smile Please Missions were implemented in 6 states in which MFL supported 3 Missions (Kolkata, Gulbarga and Vizianagaram) and provided surgeries for 184 patients from deserving backgrounds.

Kolkata Mission Volunteers

Gulbarga Mission Volunteers

Vizianagaram Mission Volunteers

Completion of 2000 surgeries at Vadodara, Jan 2020

Total surgeries accomplished as part of the Smile Please project across 12 states are 2084 as of Mar 2020.

b) JMMA Holistic Centre

JMMA Holistic Centre was started in 2012 at Cherukolepuzha, Ayroor, Pathanamthittta, Kerala on the Banks of river Pampa to commemorate Rev. Dr. Yuhanoon Marthoma Metropolitan and Dr. Mathews Mar Athanasius Episcopa to fulfil their vision and dream by undertaking various projects for the aged, sick and needy around. The palliative care has become a need of the region reaching out to several sick and bedridden people, unable to go to hospitals due to unaffordable increase in medical expenses.

The vision of the Holistic Centre is to comfort and support the lonely, the sick and the desolate and to extend them possible medical, physical and mental care.

The activities that are implemented through the Center are Home Care, Pakalveedu, Distribution of Food Provision Kit, Oruneramannam (One time Food), Food Distribution at Hospital, Medical Equipments Assistance, Mobile Medical Unit, Ambulance Medical Care, Mobile Lab Unit, Care and Support to Dialysis Patients and Roogi Sneha Sangamam.

MFL through its CSR arm extended financial assistance for the Care and Support programme for Dialysis Patients - support is extended to patients who are undergoing dialysis. Financial assistance to the tune of ₹ 3000 per month is provided to each patient for the purchase of medicine and kit.

c) Treatment Support:

MPF has always been an open door for patients with ailments struggling to continue their treatment due to financial crisis. Requests are received through Muthoot Blue offices and branches, reference from hospitals and social forums and from stake holders.

The process of treatment support financial aid involves few steps such as field verification, document verification and presentation and review of each request in the treatment support committee. The committee prioritise in providing psychological support and continued follow up to patients along with financial aid for their treatment. Most of the patients, out of 47, who received the aid were having chronic diseases like Renal and Cardiac ailments.

d) "Muthoot Life Blood Directory" the first of its kind Blood Directory initiative organised by a Corporate entity has now a strength of 61,153 registered donors. 4652 patients were supported with blood in emergency, adding on to Country's voluntary blood pool.

Education

a) Jayamatha Orphanage/ Boys Home (Charitable Society) was started in 1954 by Franciscan Missionary Brothers in the district of Trivandrum, Kerala. Ever since its origin, the centre has supported many poor children to accomplish their dream education and good carrier to contribute their maximum to the society. Passionate and dedicated service of this Organization has been recognized by the Government and the Society. The inmates, most of whom have difficult family background and poor financial stability enjoy 'feel at home' at the centre. MFL supports this Organisation.

For the FY 2019 -20 MPF supported 5 boys of Jayamatha Orphanage for their academic, psychological, and extra-curricular growth

Case Study : Rinu M (Studying in standard VI)

Rinu hails from a traditional fishermen family from the coastal village of Punthura, Trivandrum. He has two sisters and his parents are divorced. Very many crisis shadowed his childhood and his mother never thought she could send her children to school. The women managed to get a shelter at her sister's family temporarily with children, whose family also faced similar issues and couldn't afford everyone.

The orphanage brought light into their life as the little boy got admission there in 2013. He is very good in studies and always moves with a sweet smile on his face with a strong determination to become an earning member to take care of his family.

His elder and younger sisters are doing schooling in 8^{th} and 4^{th} standard respectively at Govt School, Poonthura. He is keen on his studies and happy with the supports from Jayamatha Orphanage.

b) Muthoot Pappachan Academy for Skills Development, functioning at Cochin, has trained 20 candidates from BPL category, and placed 17 of them in reputed Companies during the FY 2019-20. Through the Skills Academy, MFL has invested in education and livelihood as it is the need of the hour is to identify deserving youngsters enabling them in employability and making them ready to contribute through their careers.

c) Financial supports were extended by MFL for students from deserving backgrounds to continue their academic pursuits.

Environment

The Suchitha SWM machinery is an innovative solid waste management system donated by MFL to Cotton Hill School, Trivandrum in the year 2016. This plant is successful in transforming food waste collected in school into dry manure within a span of 2 hours. This unique system stands as an ideal waste management system among schools. It could also enable an environmental outlook among children by promoting vegetable cultivation with this manure. During the current year MFL supported for the installation of a mechanized drier to increase the quantity of waste handled in the system.

Livelihood

Muthoot Pappachan Centre for Excellence in Sports, a Section 8 – Non-Profit company was established and started functioning based at Cochin. All the sports initiatives supported through CSR for providing training for budding sports talents from deserving backgrounds are coordinated through the Division. The programmes organised by the sports division are as follows:.

i) Muthoot Football Academy - The aim of the initiative is to encourage and train youngsters who have the passion and skills for football and scout for young football talent from the country, at an age in which they can be molded and trained to become some of the finest footballers in India. Located in Kochi, the Academy brings international coaching and training facilities through a curriculum prepared by Foreign Coaches.

Muthoot Football Academy went through a robust talent identification process which catered for 3 districts, Calicut, Kochi and Trivandrum with the final selection at Kochi.

The academy now has 42 boys plus coaching staff and inhouse staff. The programme is unique as it puts vital emphasis on high-quality education apart from professional football training, good nutrition, healthcare, life skills and training for a career in sports.

ii) Abhaya, Started as a home for destitute women (Athani) and a day-care centre for the mentally ill, has expanded to care for drug addicts at 'Bodhi', house discarded children of socially rejected women at 'Abhaya Bala', and provide free accommodation at 'Mitra', where women who have once again found their feet live, paying just expenses. Abhaya has become a commune that encloses the complexities and accommodates the ugly dregs of society - an attempt to replace the ugliness with compassion and hope. Now there are 2 projects for rehabilitating the mentally ill patients - Sradhabhavanam and Karma. MFL during the current year has supported Abhaya towards the welfare of the inmates of these Centres.

PAPPACHAN muthoot

MUTHOOT FINCORP LIMITED

CIN: U65929KL1997PLC011518

Registered Office: Muthoot Centre, Punnen Road, Trivandrum – 695 039
Tel: +91 471- 2331427 Fax: +91 471 2331560,
Email : cs@muthoot.com | website: www.muthootfincorp.com

ATTENDANCE SLIP

TWENTY THIRD ANNUAL GENERAL MEETING ON 3rd OCTOBER 2020

Regd. DP ID / Client ID No :………………………………………

No: of Shares held...

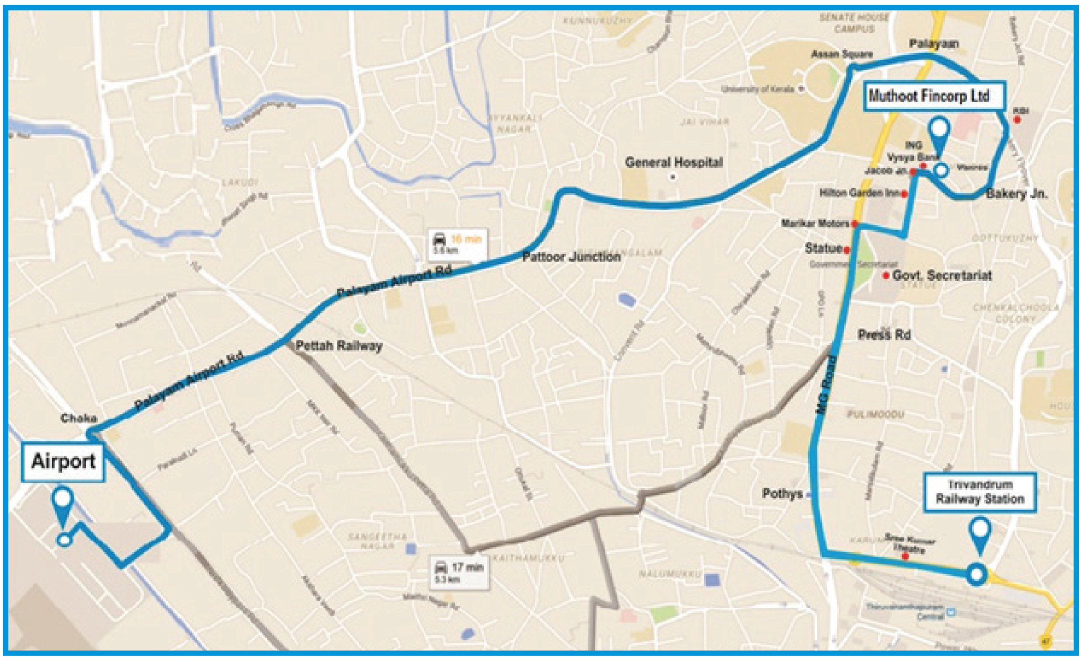
I certify that I am the registered Shareholder / Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the 23rd Annual General Meeting of the Company at the Registered Office of the Company at Muthoot Centre, Punnen Road, Trivandrum – 695 039, at 11.00 AM on Saturday the 3rd day of October, 2020.

…………………………………………………	…………………………………………………
Name of the Member / Proxy **(IN BLOCK LETTERS)**	Signature of the Member / Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

ROUTE MAP TO THE VENUE



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Form No. MGT-11

PROXY FORM

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Venue of the meeting	:	Muthoot Fincorp Ltd, Muthoot Centre, Punnen Road, Trivandrum – 695 039
Date & Time	:	3rd October 2020 at 11.00 am
Name of the Member(s)	:	
Registered Address	:	
E-mail ID	:	
Folio No./ Client ID	:	
DP ID	:	

I/We, being the Member(s) of .... equity shares of Rs.10 each of Muthoot Fincorp Limited, hereby appoint:

1. Name:......................................	2. Name:................................	3 Name: ....
E-mail Id:	E-mail Id:	E-mail Id: ....
Address:	Address:	Address: ....
Signature:................................	Signature:............................	Signature:..........................
or failing him/her	or failing him/her	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held at 11.00 AM on Saturday the 3rd Day of October 2020 at the Registered Office of the Company at Muthoot Centre, Punnen Road, Trivandrum-695039 and at any adjournment(s) thereof, in respect of the resolutions, as indicated below:

Sl. No.	Particulars
	ORDINARY BUSINESS:
1.	To receive, consider and adopt the Audited Standalone and Consolidated Balance Sheet as at 31st March 2020 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2.	To appoint a Director in place of Ms.Preethi John Muthoot (DIN: 00483799) Director of the Company retiring by rotation and being eligible, offers herself for re-appointment.

Signature of Shareholder........................ Signature of Proxy holder(s). ....

AFFIX
Revenue
Stamp of
Re. 1

Signed this .... day of 2020

Note:

1. ***This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.***
2. ***A Proxy need not be a Member of the Company.***

#MuthootBlue


#MuthootBlue
Gold Loan
Small Business Loan
Two-wheeler and used car loan*
Affordable Housing Loan*#
Money Transfer and Remittance
General, Health and Life Insurance*
Swarnavarsham* - Buy Gold on EMI
Forex#
Chits*#
*Products offered by other Muthoot Pappachan Group Companies
#Available at select branches.
*T&C Apply
PAPPACHAN
muthoot
FINCORP
Jab zindagi badalni ho