

GIVING WINGS TO WOMEN'S ENTREPRENEURIAL DREAMS

ANNUAL
REPORT
2019-20





#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

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Annual Report



For additional information
about the company, log on to
www.muthootmicrofin.com

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Forward looking statement

Some information in this report may contain forward-looking statements. We have based these forward looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forwardlooking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forwardlooking statements and assumed facts or bases and actual results can be material, depending on the circumstances.



VISION

To be the most innovative and successful financial institution serving life cycle needs of the underserved.



MISSION

To be the number one microfinance company by 2025, managing best portfolio quality, highest level of customer satisfaction and highest wallet share among our customers.



VALUES

We are committed to truth, transparency and fair dealing.

Integrity and Quality

We provide sound advice and adopt the finest practices keeping the welfare of our customers in mind. Total customer satisfaction and growth are our objectives. Every member of the Group is responsible for upholding our principles in the workplace. We rigorously adhere to applicable laws, rules, regulations, codes and standards of good business practices.

Social Responsibility

We promote sustainable development, responsibility towards the environment and upliftment of local communities in areas we operate. We identify and promote local talent. We believe in respecting the individual and encourage continuous learning.

Our People

We believe that people are our strength. Fostering teamwork, nurturing creativity, encouraging hard work, dedication, commitment and rewarding excellence are key elements of our human resource initiatives.

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.

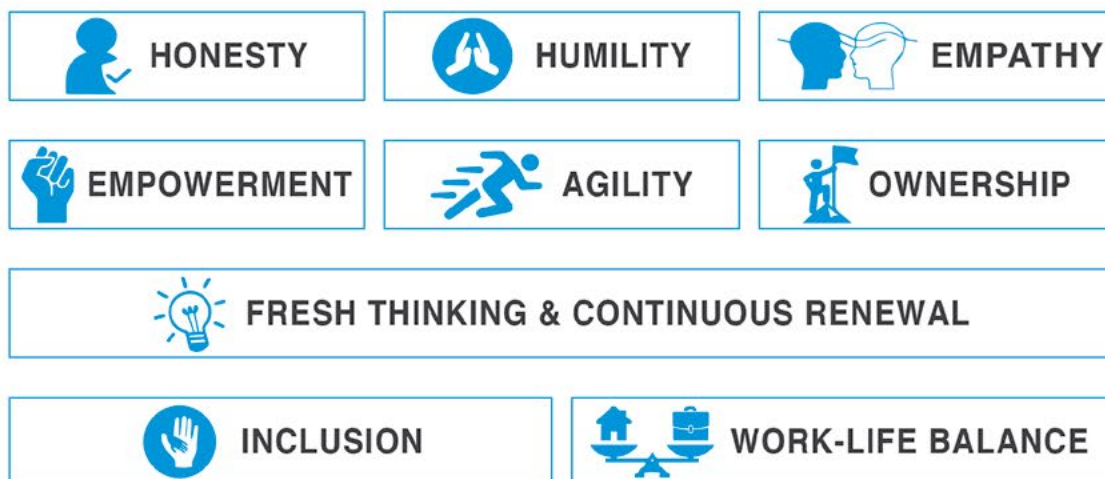


CORE VALUES



INTEGRITY | **C**OLLABORATION | **E**XCELLENCE

CULTURE CODES



ACCOLADES



Best place to work in Industry certification by the Great Place To Work institute.



Golden Peacock Global Award for Excellence in Corporate Governance – 2019



Microfinance Company of the Year 2019 by Dhanam Business Magazine



North India Best Employer Brand Award - 2019 by the Employer Branding Institute



Brand Excellence Award by ABP News



Asia's Best Employer Brand by Asia Pacific HRM Congress



Top Organisation with Innovative HR Practices by Asia Pacific HRM Congress



NBFC CEO of the Year award to Mr Sadaf Sayeed at India NBFC Summit & Awards 2019



Flame Awards for rural marketing initiatives



Asia's Most Promising Brands at Ideasfest 2019

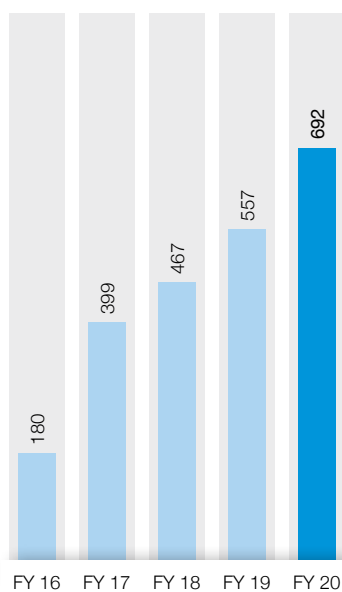


India's Most Trusted CEOs Award at Ideasfest 2019

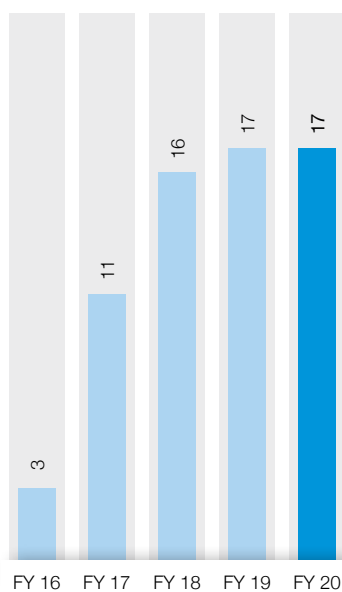
GROWTH IN A GLANCE

Operations Growth

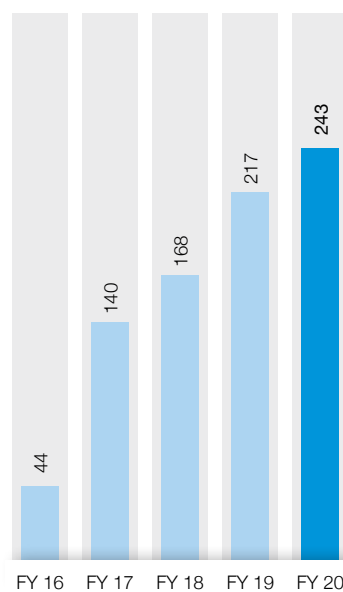
Branches



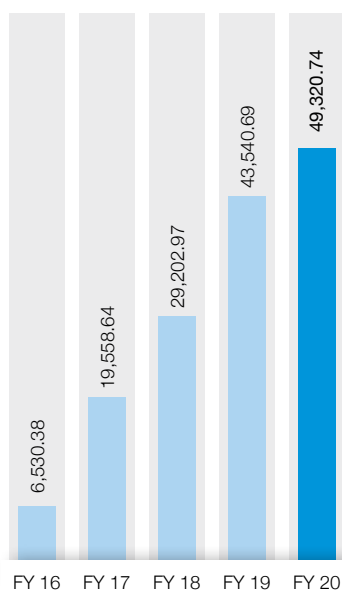
State



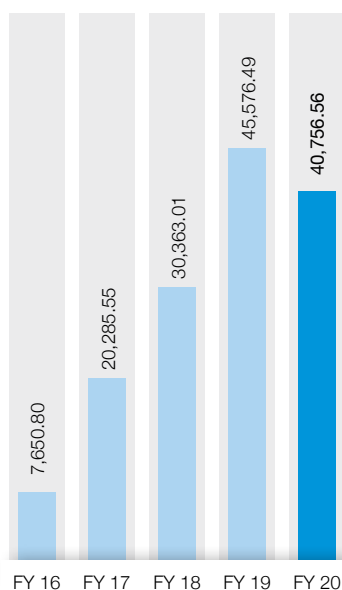
District



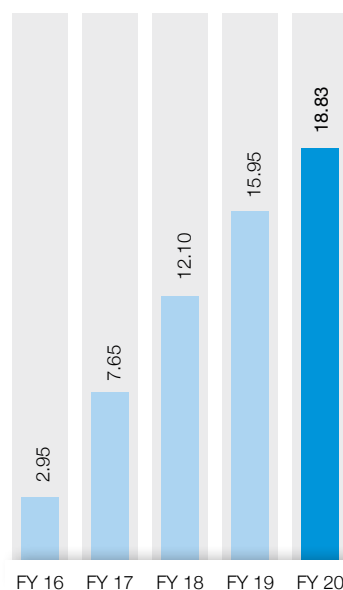
AUM (in Millions)



Disbursements (in Millions)

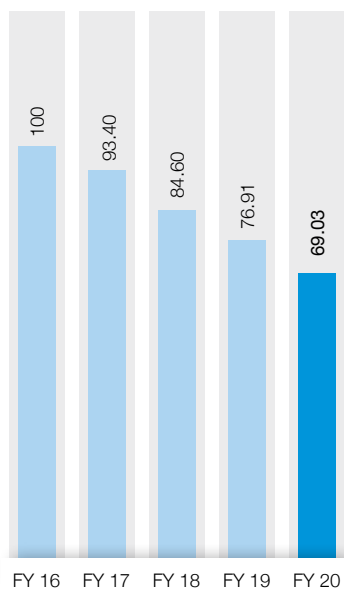


Active Borrowers (in lakhs)

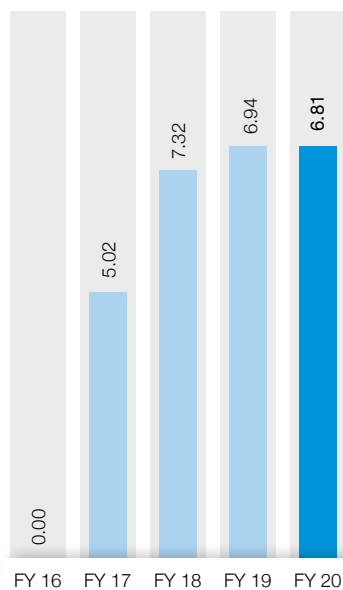


Zone-wise Portfolio Exposure

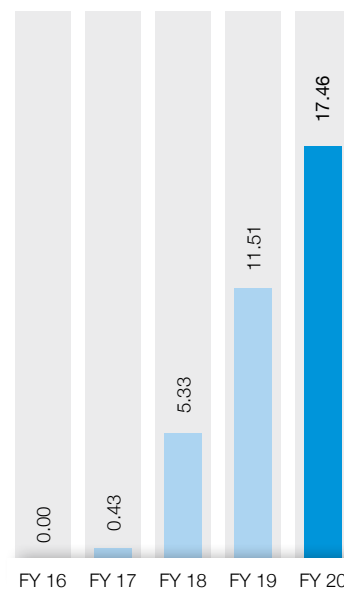
South (%)



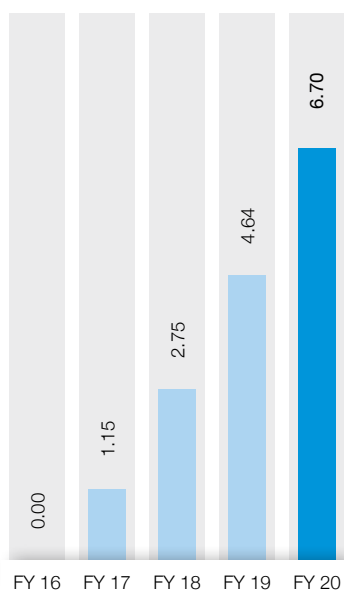
West (%)



North (%)

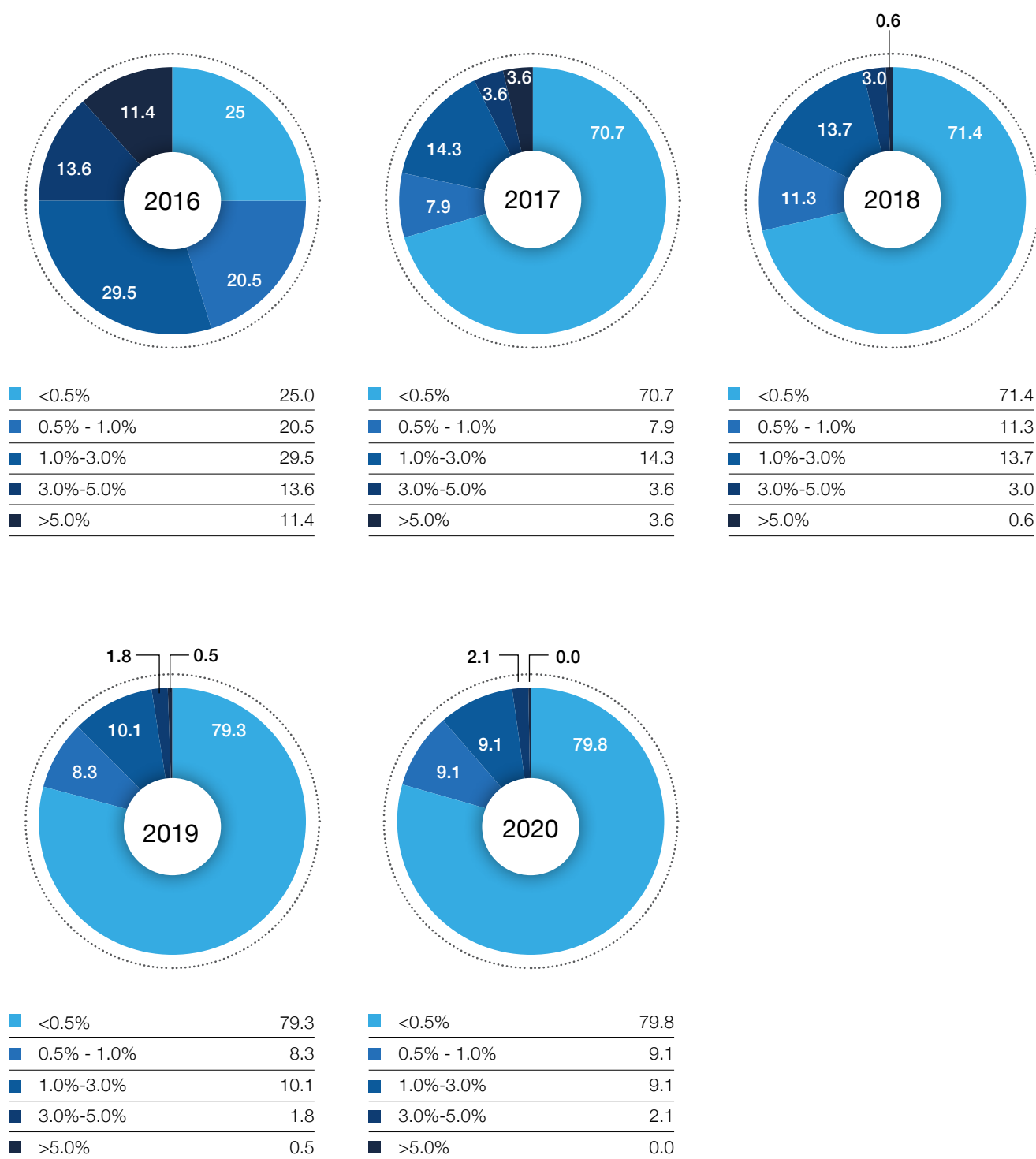


East (%)



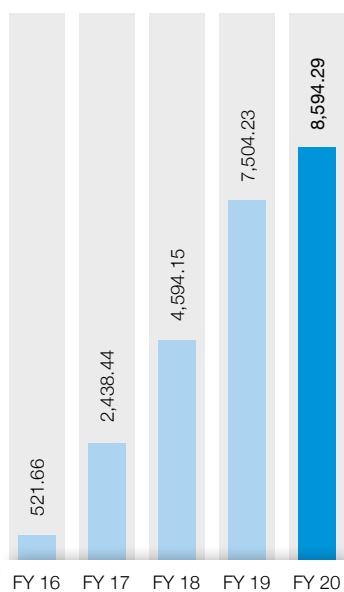
GROWTH IN A GLANCE

District-wise Portfolio Exposure

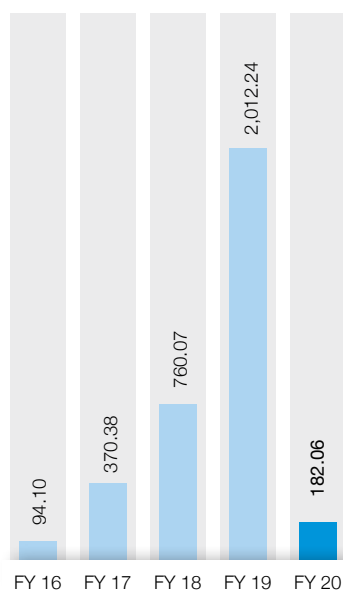


Financial Pointers

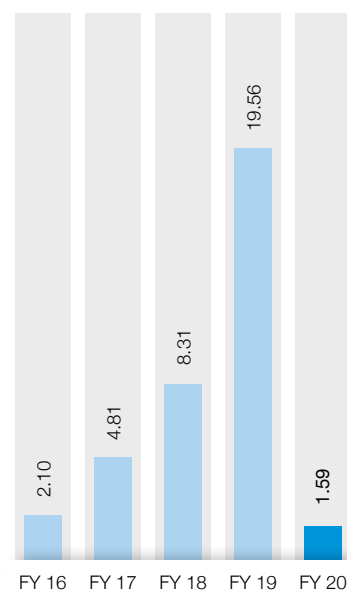
Revenue (in Million)



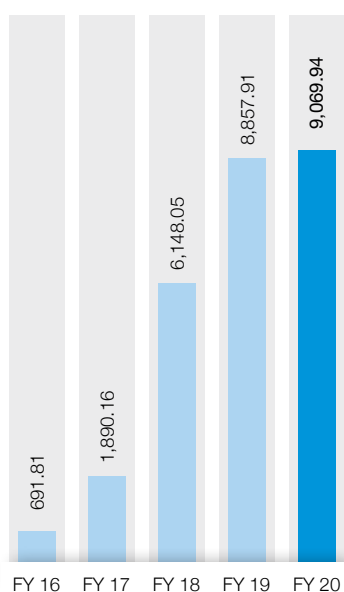
PAT (in Million)



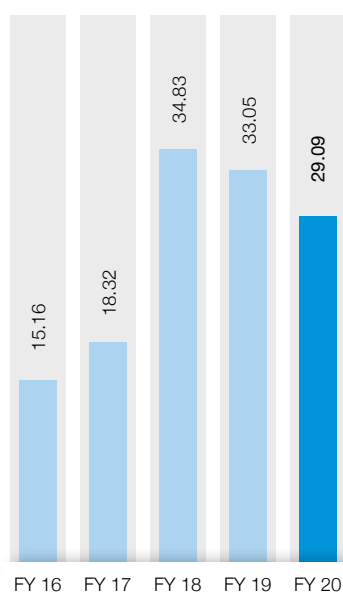
EPS (Diluted)



Net Worth (in Millions)



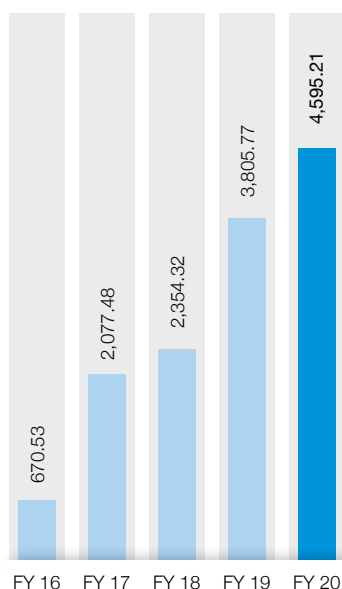
CAR (in %)



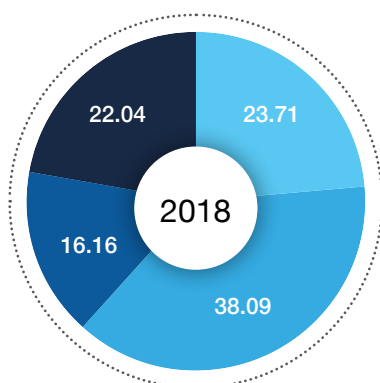
GROWTH IN A GLANCE

Funds Raised

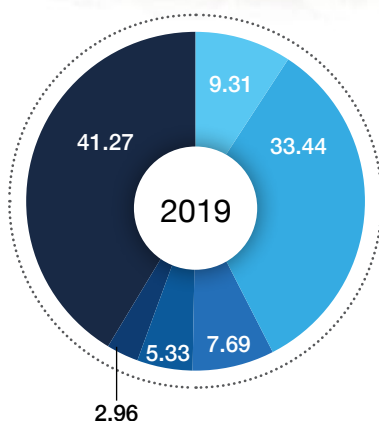
(in Crs)



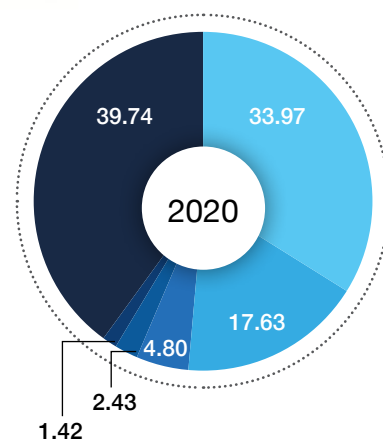
Institution Mix



Public Sector Banks	23.71
Private Sector Banks	38.09
Foreign Banks	0.00
NBFC	16.16
SFB	0.00
DFI's	22.04



Public Sector Banks	9.31
Private Sector Banks	33.44
Foreign Banks	7.69
NBFC	5.33
SFB	2.96
DFI's	41.27



Public Sector Banks	33.97
Private Sector Banks	17.63
Foreign Banks	4.80
NBFC	2.43
SFB	1.42
DFI's	39.74

MANAGING DIRECTOR'S STATEMENT



“
Your company
remains conscious
of our responsibility
towards the society
and is committed to
helping individuals
and communities
achieve progress.
”

As we close yet another successful and eventful Financial Year, I would like to take this opportunity to thank all my fellow Muthootians for their continued hard work and commitment. Good business strategies adopted by the management and excellent customer service implemented by the field staff allowed your company to put up a decent

show in a very challenging Financial Year. I am confident that with a strong balance sheet, good cash flow and our emphasis on capital efficiency, we have continued to perform well despite the unprecedented challenges that took place by the end of FY 2019-20. For finer details of our operational and financial performance, I invite you to read this Annual Report in detail.

I strongly believe that making financial services available to the disadvantaged sections of society is one of the most efficient ways to alleviate poverty from our nation. Being one of Muthoot Pappachan Group's primary touch points to the 'bottom of pyramid' communities, Muthoot Microfin has been committed to this mission and created value and delivered strong growth year over year.

MANAGING DIRECTOR'S STATEMENT

However, the Financial Year 2019-20 was a testing year as the economy in general faced a few unprecedented challenges. There was a looming slowdown in the economy and the spread of COVID-19 by the end of the fiscal brought the economic activities to a grinding halt. The microfinance industry faced repayment stress during the Financial Year due to some political scenarios as well. Due to all the factors put together, your company's management was forced to slow down the pace of growth in order to focus on the quality of portfolio.

As a result, your company is reporting a lower than expected financial results for the Financial Year ended March 2020. In the period under review, Muthoot Microfin disbursed loans worth ₹ 40756.56 million to the low-income households of India, a 11 % decline over the previous year's disbursements of ₹ 45576.49 million. Your Company's Asset Under Management rose to ₹ 49320.74 million from ₹ 43540.69 million in the previous fiscal, a growth of 13 % year on year. Revenue of the company increased from ₹ 7504.23 million to ₹ 8594.28 million in the financial year, an increase of 15%. As on March 31, 2020, your company has 18,82,686 women entrepreneurs as active customers; and our services are rendered at the doorsteps of these customers through 692 branches in 17 states.

As and when the economy shows signs of recovery post the COVID-19 related lockdowns, microfinance industry is expected to play a key role in financing the aspirations of the rural sector of the country. With your company's widespread presence across the rural sectors of the country along with strong operational structure and rich human resources, your company is well poised to chart sustained growth. In the Financial Year 2020-21 your company will penetrate deeper into underserved geographies and to borrowers in the bottom of the economic pyramid, adding to the consistently growing customer base of the organisation.

It is notable that the Government of India is playing a significant role in channelling credit flow to the underserved sectors, but we further expect the Government to take pro-active steps towards enhancing aggregate rural demand, rural supply chains and education. (MUDRA) Yojana, loan co-origination and private sector investments are very positive step towards this. Further, the government's initiative to empower women by providing them easy access to credit, assistance in starting their own business and financial literacy programmes are in line with our own business objectives; and as an institution working towards the same objectives, your company is expected to benefit from these Government initiatives.

Your company remains conscious of our responsibility towards the society and is committed to helping individuals and communities achieve progress. As one of India's leading microfinance institutions, we believe that our long-term success depends on the progress of the communities we serve and protection of the environment we live in. In the period, your company conducted several community outreach activities like health camps, skill training, market linkage, financial literacy, environment care and disaster relief activities benefitting thousands of people living in the rural sectors. Hundreds of our employees volunteered in our immediate response to natural calamities in many parts of the nation and engaged in other societal campaigns organised by your company.

Your company has ensured full compliance with all the statutory regulations mandated by Ministry of Corporate Affairs, Reserve Bank of India and other regulators; and has not compromised in ensuring the highest levels of ethical standards, professional integrity and corporate governance.

In the wake of COVID-19, it has become quintessential, even for a social enterprise like us to make a digital transformation. We will bring about some significant

technological advancements in the FY 2020-21. Our next phase of growth shall have more focus on embedding technology in all aspects of our operations and credit assessment. We will further encourage our customers to use digital means of transactions. We are looking forward to a technology driven tomorrow.

Further, in the FY 2020-21, we shall look at developing more new partnerships so that your company can reduce the cost of funds and shall explore new venues for expansion of operations.

Before signing off, I extend my gratitude to all our stakeholders including board members, investors, employees, technology partners and our base of women entrepreneurs for guiding and supporting us all through this great endeavour.

Thomas Muthoot
Managing Director

CEO'S STATEMENT

Financial Year 2019-20 was a year of review and consolidation for your company. It was also a year of paving foundation for the long-term growth. After having four years of consistent growth and expansion, in the FY 2019-20, we revisited our strategies, policies and operational structure to ensure highest level of quality of our portfolio. The management understands that it is crucial to maintain a fine balance between growth and quality for long term sustainability. Your company remains committed to the philosophy of sustainable growth.

During the year, your company received several accolades too. Great Place to Work institute certified Muthoot Microfin as one among the best places to work in microfinance industry, this was following the Great Place to Work certification in the last FY. CRISIL reaffirmed the highest comprehensive microfinance grading of M1C1. And a few other illustrious awards recognising various functions of your company.

For FY 2019-20, the company disbursed loans worth ₹ 40756.56 million, a marginal and calibrated decline of 11% over the previous year's disbursements of ₹ 45576.49 million. However, the Asset Under Management rose to ₹ 49320.74 million from ₹ 43540.69 million in the previous fiscal, a growth of 13% year on year. Revenue of the company also surged from ₹ 7504.23 million to ₹ 8594.28 million from the previous fiscal, an increase of 15%.

In the Financial Year 2019-20, your company opened 135 new branches, taking the overall branch tally to 692 as on March 31, 2020. The active customer base also increased from 1.59 million to 1.88 million. The idea of opening new branches is to acquire more fresh customers and to expand in markets which has lesser microfinance penetration especially in northern India. This is in line with our diversification and concentration risk management strategy.

The year end came with a news of spreading global pandemic COVID-19.



The magnitude of this crisis is huge, it has affected every country, every business, and every household. This may be the biggest challenge that the world has faced in recent past, because of this pandemic, all companies will face a challenging FY 20-21. In the absence of a vaccine, most countries adopted practice of social distancing via lockdown. Considering the global health crisis Government of India also imposed 2 months lockdown due of the spread of COVID-19. This lockdown will have a big impact on the economy and growth of our business in the coming Financial Year. The key would be to maintain liquidity and self-sufficiency in the short run.

Banking and Financial services regulator RBI also stepped in, as a response to the GoI announcement of 2 months

lockdown, RBI announced 6 months moratorium on all repayment, starting from 1st of March till 31st August 2020. The moratorium was announced in order to provide relief to all borrowers affected due to COVID-19. Implementing RBI instruction, your company offered moratorium to all borrowers (except NPA). We have remained in touch with our borrowers and all the borrowers have shown sincere commitment towards repayment of their loans.

Your company continues to have strong financials, as a prudent step to maintain sufficient liquidity, borrowing committee has decided to draw sanctions and execute DA transactions. As a result, your company carries a healthy liquidity of ₹1100 crores on its balance sheet. This liquidity would be sufficient for meeting all

CEO'S STATEMENT

“ We will continue to play to our areas of strength, which are ample liquidity, best customer service, advanced technological platforms, and will aggressively develop and deploy new products and services to address our customers' emerging needs. ”

our obligations and operational expenses. Your company has very healthy Asset liability management practice, we do not have any short-term borrowings, we borrow either through Term loans, NCD or Direct assignments. All of these funding is either coterminous to the tenor of the loan or 3 to 5 years of tenor. Our ALM statements show that we have no cumulative mismatch for current FY. The capital adequacy remains very healthy 32%. We have prudently created sufficient buffer as COVID provisions. Several Govt schemes to pump liquidity in the sector coupled with MML's strong relationship with banks, other financial institutions have ensured enough flow of funds to continue throughout the lockdown period. This is also a reflection of trust of all funders and stakeholders upon us and on our operational competence.

As things improve we believe that microfinance industry will play a major role in the revival of India's rural economy by funding the bottom of pyramid sections and the unorganised sector post the lockdown. Your company enjoys advantageous position having adequate capital, wide geographical reach and well-established operations to capitalize on this opportunity.

As we move into this post COVID era, in the new decade, use of technology would be a key feature of last mile delivery. Your company has also embarked on the journey of becoming a technology driven microfinance operator. We are going through a complete digital transformation, in future your company would be a

technology driven, digital microfinance company, leveraging on all aspects of technology to provide customised services to its microfinance customers. The organisation will leverage on internet penetration, smartphone adoption among customers and data analytics to deliver best in class services. Towards this technological transition, we have already rolled out - 1) An advanced new software - totally integrated and made in-house 2) Mahila Mitra Customer App – for an advanced digital customer interaction & experience 3) Digital Collection System integrating all UPI based payment channels and internet banking.

Meanwhile, our exceptional capability to service customers and a product basket covering lifecycle needs will enable us to ensure highest wallet share among our customers. Also, we will continue to improve on the structural foundation we have laid over the years for growth, among which are deployment of effective business strategies, branch expansion, strict adherence to government regulations and improved processes and policies for effective customer service delivery.

In the years ahead, we are also expecting increased competition. However, with innovative strategy & products, necessary investments and technological advancement to deliver on the needs of new and existing customers, we could face any challenges that come our way.

Without a doubt we will continue to play to our areas of strength, which are ample liquidity, best customer service,

advanced technological platforms, and will aggressively develop and deploy new products and services to address our customers' emerging needs.

In the Financial Year 2019-20, our economy witnessed a brief slowdown and the COVID-19 situation aggravated the crisis. However, the management is very positive towards the measures taken by the Government of India. Through the measures, the government has already shown its focus on reviving rural economy, and I believe the government will introduce further measures to boost the sector benefitting micro and small enterprises. Your company will have the opportunity here to cater to the credit starved segments post the COVID-19 lockdown, to help them restart their micro/small enterprises and get back on track.

I am looking forward to FY 2020-21 with excitement and hope. I hope, with all global scientists working together to find a vaccine, we will come up with an effective COVID-19 solution soon. I am hopeful that as soon as the vaccine is developed and distributed sufficiently, all the stress on our economy will fade away and human lives will be saved. I take this opportunity to extend my gratitude to our promoters, investors, management, employees, and all other stakeholders for handholding and guiding us in the difficult times.

Sadaf Sayeed
Chief Executive Officer

CORPORATE INFORMATION

Board of Directors

Mr. Thomas Muthoot
Managing Director

Mr. Thomas John Muthoot
Non-Executive Director

Mr. Thomas George Muthoot
Non-Executive Director

Mr. Thomas Muthoot John
Non-Executive Director

Mr. Kenneth Dan Vander Weele
Non-Executive Director

Mr. Alok Prasad
Independent Director

Mrs. Pushpy B Muricken
Independent Director

Mrs. Bhama Krishnamurthy
Independent Director

Mr. T S Vijayan
Independent Director

Key Management Personnel

Mr. Sadaf Sayeed
Chief Executive Officer

Mr. Praveen T
Chief Financial Officer

Ms. Neethu Ajay
Company Secretary and Compliance Officer

Mr. Udeesh Ullas
Executive Vice President – Operations

Mr. Subhransu Pattanayak
Vice President – HR & Products

Statutory Auditors

M/s. Walker Chandio & Co., LLP
6th Floor, Modayil Centre point,
Warriam road junction, M.G.Road, Kochi,
Kerala - 682016

Secretarial Auditor

SEP&Associates
Company Secretaries,Building No.CC
43/2695-A, Karya Parambil Lane, SRM
Road, Kochi, Kerala - 682018

Internal Auditors

KPMG.,
30/1366D1, 3rd Floor, Syama Business
Center, NH Bypass Road, Vyttila,
Kochi 682019

Debenture Trustees

Catalyst Trusteeship Limited
Reg Office :GDA House, First Floor,
Plot No. 85, S. No. 94 & 95, Bhusari
Colony (Right), Kothrud Pune,
Maharashtra – 411038

Registrar & Transfer Agent

KFin Technologies Private Limited
Selenium Building, Tower-B, Plot No 31
& 32, Financial District,Nanakramguda,
Serilingampally, Hyderabad, Telangana,
India - 500 032.

Our Financiers

AXIS Bank Ltd
Bandhan Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Blue Orchard
Canara Bank
DCB Bank Limited
Dhanlaxmi Bank Ltd
Doha Bank
Equitas SFB
Federal bank Ltd

HDFC Bank Ltd

Hero Fincorp

ICICI Bank

IDFC Bank

IFMR Capital

Indian bank

Kotak Mahindra Bank

Lakshmi Vilas Bank

Manaveeya Development and Finance
Private Limited

MUDRA

NABARD

Punjab National Bank

State Bank of India

State Bank (Mauritius) Ltd

South Indian Bank

SIDBI

State Bank of Mauritius

Union Bank of India

Ujjivan SFB

Woori Bank

Registered Office

13th Floor,Parinee Crescenzo,
Bandra Kurla Complex, Bandra East
Mumbai – 400051
Ph: +91 22-62728544
Email: info@muthootmicrofin.com
Website: www.muthootmicrofin.com

Administrative Office

5th Floor, Muthoot Towers,
M.G Road, Kochi 682035
Ph: +91 484 4277500
Email: info@muthootmicrofin.com
Website: www.muthootmicrofin.com

DIRECTORS' REPORT

To the Members of **Muthoot Microfin Limited**,

Your directors are pleased to present the 28th Annual Report along with the Audited Financial Statements of your Company for the year ended 31st March 2020.

1. Financial Highlights

Particulars	Amount in Millions	
	31.03.2020	31.03.2019
Revenue from operations	8,529.11	7,295.63
Other Income	65.18	208.60
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	3,240.80	5,073.22
Less: Depreciation/ Amortisation/ Impairment	137.09	29.65
Profit /loss before Finance Costs, Exceptional items and Tax Expense	3,103.71	5,043.57
Less: Finance Costs	2,906.73	2,338.37
Profit /loss before Exceptional items and Tax Expense	196.98	2,705.20
Add/(less): Exceptional items	-	-
Profit /loss before Tax Expense	196.98	2,705.20
Less: Tax Expense (Current & Deferred)	14.92	692.95
Profit /loss for the year (1)	182.06	2,012.25
Total Comprehensive Income/loss (2)	23.63	311.01
Total (1+2)	205.69	2,323.26
Balance of profit /loss for earlier years	2,107.74	186.93
Less: Transfer to Debenture Redemption Reserve	0	0
Less: Transfer to Reserves	36.41	402.45
Less: Dividend paid on Equity Shares	0	0
Less: Dividend paid on Preference Shares	0	0
Less: Dividend Distribution Tax	0	0
Balance carried forward	2,277.02	2,107.74

2. State of affairs of the Company

As of March 31, 2020, the Company had 18,82,676 active customers spread across 692 branches in 17 states of India, with a gross loan portfolio of ₹4,707.28 crore as compared to ₹4,167.90 crore in FY19.

The net worth of the Company as on March 31, 2020 was ₹ 906.99 crore and capital adequacy as on March 31, 2020 was 29.09%, well in excess of the mandated 15%.

During the year, the Company's revenue from operations and other income was ₹ 859.42 crore with a net profit with other comprehensive income of ₹ 20.56 crore. The funding source for the Company was through private placement of Non-Convertible Debentures ("NCDs") and borrowings from banks/ financial institutions by way of term loans as summarized below.

Financial Year	Amount in Crores			
	Privately placed NCDs	Term Loans	Others	Total
2019-20	215.00	2,691.44	25	2,931.44

Your Company's Operational Highlights for the financial year ended 31.03.2020 are as follows:

Amount in Crores

Particulars	March 2020	March 2019
Number of Branches	692	557
Amount disbursed	4,075.61	4,557.65
Number of active loans	18,82,676	18,80,823
Total Assets under management including securitized and assigned portfolio (Gross Loan Portfolio)	4,707.28	4,167.90
BC Portfolio (Managed for Yes Bank)	2.18	8.68
OLA Loans	18.56	25.28
Consumer Durables Loan	0.03	0.04
MSGB (Managed for MFL)	122.35	174.73
Disbursement under SIDBI PRAYAAS Scheme	6.96	-

Key issues impacted the performance of the Company during the year:

i. Flood in key states:

The 2019 Indian floods were a series of floods that affected over thirteen states in July - September 2019, due to incessant rains. About a million people were displaced. Karnataka and Maharashtra were the most severely affected states. It was the heaviest monsoon in the last 25 years.

- Kerala: Nine northern districts are worst affected. Over one hundred thousand people were evacuated.
- Gujarat: Central and South Gujarat were worst affected. Vadodara city was flooded.
- Karnataka: North, coastal and Malnad districts were worst affected.
- Maharashtra: The floods in six districts of Maharashtra affected over 4.24 hundred thousand people. About 4,00,000 people were evacuated.
- Odisha: Odisha was flooded by heavy rains in the first week of August. About 1,30,000 people in 1,012 villages and 5 cities in 9 districts were affected. More than 2,000 houses were damaged.

ii. COVID-19 Global Pandemic

The Covid-19 pandemic has had a wide scale impact on our customers impacting their income generating activity. The rapid outbreak of the pandemic presents an alarming health crisis that the world is grappling with. In addition to the human impact, there is also a significant commercial impact being felt globally.

It would be highly difficult to speculate the short term economic impact. However, in every crisis lies an opportunity. As per many analysts, the MFI industry is hopeful of bouncing back as the stakeholders feel there will be pent-up demand for loans after the lockdown restrictions are lifted. It is easier for small and micro – enterprises in unorganised and informal sectors to resume operations quicker than the formal organised sectors. MFIs can step in to provide the needed credit.

The Country is facing a severe economic slowdown and at this point, we are working on overhauling our short term strategies to efficiently ride out this COVID situation.

- The Company has implemented cashless collection models such as BBPS, UPI, QR Pay, E-NACH etc, which reduce the client interaction.
- Majority of the Company's clients are engaged in the activity of agriculture, animal husbandry etc are not impacted during the lockdown and their income generating activity is in continuation.
- The company provides financial assistance through micro loans such as income generating loans to women engaged in small business. Majority of our customers will restart their business to once the lockdown has been lifted. Some have already started functioning in the areas where lockdown has been partially lifted.
- Large scale support from Central as well as State Government has been provided in the form of food, essentials and income support to minimise the economic burden on the affected communities. Most of these benefits are allocated to lower income group and hence all our microfinance customers have benefitted from the same
- As an organisation, Muthoot Microfin has enough liquidity to tide over any risk arising out of Covid – 19 lockdown situation. Our strong relationship with banks, funders and stakeholders has ensured ample flow of funds to continue our functions without impacting the operations – substantiating the trust of all stakeholders upon the organisation and on our operational competence.

Liquidity position

The Company is carrying liquidity of ₹ 1,181.29 Crores free fund as on 31st March 2020 kept in different short- and medium-term instruments with banks. Against this, debt obligation due for servicing over the 6 months until September 2020, aggregates to ₹ 844.60 Crores. This liquidity position will ensure the Company to tide over COVID 19 lockdown situation even for an extended period. In addition, the company has unutilised term loan of ₹ 125 million and securitisation lines of ₹ 8.8 billion as on March 31, 2020.

Impact on Profitability

Considering the widespread impact of COVID-19 pandemic, the Company has estimated and recognised an additional allowance of ₹ 56.73 crores

in its provision for expected credit loss. The Company will continue to monitor any material changes to future economic conditions.

The Strategic Initiatives taken by the Company during the period are:

- Migrated to new in-house software
 - Moved from a traditional pen and paper based sourcing to mobility based solution with state of the art technology. The new mobility based solution have tremendously helped us in real time credit check and get into geo-tagging of all our customers and centers thereby supporting better customer tracking and location.
 - Controls in terms of geo-fencing and distance of customers house from Centre are captured to ensure adherence of policies
 - Data capturing has become real-time; removing all kind of redundancy in the process including all forms of duplication of work.
 - Data validation is also a key component of the new system deployed
- Move to digital collection
 - With COVID 19, presenting us with the opportunity to convert a part of collection into digital collection through BBPS.
 - Customer APK launched for helping customers with their loan details, collection payment and lead generation etc.
- Revamped the credit process in line with the current requirement.
 - We moved from decentralized credit to centralized credit as the reliance on field credit was replaced by way of automation and digitization.
 - This has led to cost optimization and renewed focus on system intelligence.

3. Dividend

No dividend has been declared by the Company during the year.

4. Transfer to Investor Education and Protection Fund

During the period, the Company does not have any amount due to be credited to the Investor Education and Protection Fund as provided in the provisions of Section 125 of the Companies Act, 2013.

5. Amount transferred to Reserves

The Company proposes to transfer ₹ 3.64 Crores to the statutory reserve out of the amount available for appropriation and an amount of ₹ 227.70 Crores is proposed to be retained in the profit and loss account.

6. Share Capital

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2020 was ₹ 114.17 Crores, comprising of 11,41,70,502 Equity Shares of the face value of ₹ 10 each, fully paid-up.

There was no change in the authorised, issued, subscribed and paid-up share capital during the year;

There was no reclassification or sub-division of the authorised share capital, reduction of share capital, buy back of shares, change in the capital structure resulting from restructuring, or change in voting rights in respect of the share capital of the company during the year.

As on 31st March, 2020, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

Employee Stock Options

Pursuant to resolution passed by the Shareholders and Board Resolution dated December 05, 2016, the Company approved the ESOP 2016 and granted 6,65,000 Options. Further pursuant to resolution passed by the Board on February 22, 2017 additional grants were approved under the ESOP 2016 amounting to 2,99,000. Accordingly, the total options granted under ESOP 2016 were increased to 9,64,000 options.

In accordance with the ESOP 2016 each option on exercise would be eligible for one Equity Share on payment of exercise price. As on March 31, 2020, out of the 9,64,000 options granted under ESOP-2016, 3,99,250 options has been exercised.

The vesting period for the options granted under ESOP 2016 is for a period of four years as under:

Particulars	Options Granted	Amount in Millions			
		Year 1	Year 2	Year 3	Year 4
ESOP 2016 (Pool 1)	6,65,000	25%	25%	25%	25%
ESOP 2016 (Pool 2)	2,99,000	25%	25%	25%	25%

Disclosures as required under Section 62 of the Companies Act, 2013 (to be read with Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014

Sl. No.	Particulars	31.03.2020
	Number of options granted and outstanding at the beginning of the year	6,31,500
	No of Options granted during the year	Nil
	Number of Options vested during the year	74,750
	Number of options exercised during the year	66,750
	Number of shares arising as a result of exercise of options	66,750
	Money realized by exercise of options;	Nil
	Maximum term of Options granted	4 years
	Number of Options lapsed	8,000
	Variation of terms of options	None
	Total number of options in force at the end of the year.	5,56,750

Employee wise details of options granted:

i. Key Managerial Personnel

Name of Employee	No. of options granted	No. of options vested	No. of options exercised	% of total options
Sadaf Sayeed	5,25,000	2,56,250	2,56,250	54.46
Praveen T	35,000	16,250	16,250	3.63
Neethu Ajay	10,000	2,500	2,500	1.04

ii. Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year

Name of Employee	No. of options granted	No. of options vested	No. of options exercised	% of total options
Udeesh Ullas*	1,00,000	50,000	50,000	15.03%
Subhransu Pattnayak*	35,000	17,500	17,500	5.26%

* ESOP granted on 05.12.2016 (ESOP Pool 1)

iii. Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

None

Debentures, bonds or any non-convertible securities

Non-convertible Debentures:

Your Company has issued Non-convertible Debentures aggregating ₹ 215.00 crore.

Series	MML-I (Restructured)	MML-V	MML-VI
a. Date of issue of the securities	18.10.2016	11.09.2017	20.11.2019
b. Date of allotment of Securities	28.10.2016	18.09.2017	27.11.2019
c. Number of securities	700	750	700
d. Whether the issue of the securities was by way of preferential allotment, private placement or public issue	Private Placement	Private Placement	Private Placement
e. Brief details of the debt restructuring pursuant to which the securities are issued	NA	NA	NA
f. Issue price	₹ 10,00,000/-	₹ 10,00,000/-	₹ 10,00,000/-
g. Coupon rate	11.50 %	11.00 %	11.40 %
h. Maturity date	28.10.2021	18.09.2023	27.11.2024
i. Amount raised	₹ 70 crore	₹ 75 crore	₹ 70 crore

7. Capital Adequacy

The Capital Adequacy Ratio was 29.09% as on 31st March 2020. The Net Owned Funds (NOF) as on that date was ₹ 677.65 crore. The minimum capital adequacy requirement stipulated for your Company by Reserve Bank of India is 15%.

8. Credit Rating

The Company has obtained credit ratings from CRISIL and India Ratings for its borrowings and Non-Convertible Debentures. The prevailing ratings are as under:

Instruments/security	Credit Rating Agency	Rating as on 31.03.2020	Date of rating	Revision in the dating	Reason for downward revision if any.
1 Bank Facilities	CRISIL	A Stable	12.12.2019	No revision	NA
2 Bank Facilities	India Ratings	A-	12.12.2019	No revision	NA
3 Non-Convertible Debentures	CRISIL	A Stable	18.11.2019	No revision	NA
4 Non-Convertible Debentures	CRISIL	A Stable	18.11.2019	No revision	NA
5 Non-Convertible Debentures	CRISIL	A Stable	18.11.2019	No revision	NA
6 Non-Convertible Debentures	India Ratings	A-	12.12.2019	No revision	NA
7 Commercial Paper	CRISIL	A1	18.11.2019	No revision	NA

9. Annual Return

Pursuant to sub-section 3(a) of Section 134 of the Companies Act, 2013 a copy of the Annual Return is placed on the website of the Company. The web-link is: <https://www.muthootmicrofin.com/annual-report>.

Further, Under Sub section (3) of Section 92 of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st March, 2020, in Form No. MGT-9, is annexed herewith as ANNEXURE - 1 and forms part of this report.

10. Related Party Transaction

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year under review, your Company had not entered into any contract/ arrangement/transaction with Related Parties which could be considered material in accordance with the Policy on Related Party Transactions. The particular of Contracts or Arrangements made with related parties pursuant to Section 188 of the Companies Act, 2013 in the prescribed Form AOC-2 is appended as ANNEXURE - II which forms part of this report.

11. Achievements

Your Company won several awards and accolades during the year under review. Select few awards/ recognition are enumerated hereunder:

- Muthoot Microfin has won the prestigious "Microfinance Company of the Year 2019" Award instituted by Dhanam Business Magazine.
- Muthoot Microfin has won the 'North India Best Employer Brand Award 2019' organized by the Employer Branding Institute.
- Muthoot Microfin has won the Brand Excellence Award at the 9th edition of 'BFSI Awards 2019' presented by ABP News.
- Muthoot Microfin Limited has won the coveted 'Golden Peacock Global Award for Excellence in Corporate Governance – 2019' (Special Commendation)
- Muthoot Microfin has won Asia's Best Employer Brand Awards at the 2019 Asia Pacific HRM Congress
- Muthoot Microfin has won Top Organisations with Innovative HR Practices at the 2019 Asia Pacific HRM Congress
- Mr. Sadaf Sayeed, CEO of Muthoot Microfin has won the NBFC CEO of the Year award at the "India NBFC Summit & Awards 2019"
- Certified best place to work in Industry by the Great Place to Work institute.
- Muthoot Microfin has won the silver medal at Flame Awards Asia 2019

12. Particulars of Loans, Guarantees or Investments

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013 and Rules made thereunder. Details on the loans given under the provisions

of this section are given in the financial statement. The Company has neither given any guarantees or security on behalf of a third party nor made any investment in the securities of any other body corporate.

13. Change in Nature of Business, If any:

There was no changes during the year in the nature of business carried on by the company.

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

There have been no material changes and commitments, which affect the financial position of the company which

have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

15. Revision of financial statement or the Report

The Company has not revised its Financial Statement or Board's Report during the financial year.

16. Directors and Key Managerial Personnel

Directors

As on 31st day of March 2020, the Board of your Company consist of Nine (9) Directors consisting of four (4) Independent Directors, Four (4) Non-Executive Directors and One (1) Executive Director.

Name of Director	Designation	Category
Mr. Thomas Muthoot	Managing Director	Executive
Mr. Thomas John Muthoot	Director	Non-Executive
Mr. Thomas George Muthoot	Director	Non-Executive
Mr. Thomas Muthoot John	Director	Non-Executive
Mr. Kenneth Dan Vander Weele	Director	Non-Executive
Mr. Alok Prasad	Independent Director	Non-Executive
Mrs. Pushpy B Muricken	Independent Woman Director	Non-Executive
Mr. Thai Salas Vijayan	Independent Director	Non-Executive
Mrs. Bhama Krishnamurthy	Independent Woman Director	Non-Executive

Following changes made in the composition of board of directors during the year under review.

Resignation

Mr. Amitvikram Talgeri, Independent director has resigned from the Board with effect from 01st April 2019 due to his pre-occupancy.

There is no change in composition of Board/Key Managerial Personal after the end of the financial year and up to the date of the Report.

Key Managerial Persons

NAME	DESIGNATION
Thomas Muthoot	Managing Director
Sadaf Sayeed	Chief Executive Officer
Praveen T	Chief Financial Officer
Neethu Ajay	Company Secretary

There have not been any changes in the key managerial personnel during the year. Detailed Corporate Governance Report as a part of this Annual Report is enclosed.

Directors Retire by Rotation

In compliance of the provisions of Section 152 of the Companies Act, 2013 Mr. Thomas John Muthoot, Director (DIN 00011618) is retiring by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

Declaration by Independent Directors and statement on compliance of code of conduct

The Company has received necessary declarations with respect to independence from all the independent directors in compliance of Section 149 (7) of the Companies Act, 2013

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013 and the Code of Conduct for Directors and senior management personnel formulated by the Company.

The Ministry of Corporate Affairs vide its General Circular No. 11/2020 dated 24th March 2020 has waived the requirement of holding the meeting of Independent Directors as per Para VII (1) of Schedule IV of the Companies Act 2013 for the Financial Year 2019-20 in view of the COVID-19 threat. Hence the Meeting of Independent Directors has not been held for the Financial Year 2019-20.

17. Board Meeting

During the Financial Year 2019-20, our Board has met 6 times and the meetings of our Board of Directors were held on 29th April 2019, 14th May 2019, 07th August 2019, 09th November 2019, 13th November 2019 and 10th February 2020. The requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended. The details of the meetings have been enclosed in the Corporate Governance Report, which forms part of this report.

18. Committees of Board

The Company has various Committees which have been constituted as a part of good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes. The Committees of the Board are: the audit committee, the nomination and remuneration committee, the borrowing committee, the corporate social responsibility committee, the stakeholders relationship committee, the IT strategy committee, the asset liability management committee, and the risk management committee. The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

19. Recommendations of Audit Committee

There was no instance during the year where the Board had not accepted the recommendations of Audit Committee requiring disclosure pursuant to Section 177(8) of the Companies Act, 2013.

20. Company's policy on directors' appointment and remuneration

The Company, pursuant to the provisions of Section 178 of the Companies Act, 2013, has formulated and adopted a policy on directors' appointment and remuneration

including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 which is available on the website of the Company.

21. Annual Evaluation of Board, Committees and Individual Directors

The meeting of the Board of Directors held on 10th February, 2020 has conducted an evaluation of its own performance and that of its committees and individual directors.

The evaluation process is done through collecting feedbacks from each of the Directors /committee members about the Board/committee's performance and also feedback about each of the other directors. The feedbacks are collected through structured questionnaires. The Board then evaluated all the feedback received and expressed their satisfaction.

Aspects covered in the feedback inter alia are:

- Composition of Board/committees
- Appropriateness of its size, experience and expertise.
- Effective participation, integrity and credibility
- Ability to handle conflict collectively, Interpersonal skills, and willingness to address issues proactively
- Performance against set goals
- Adequacy of terms of reference to serve the purpose

22. Subsidiary Company, Joint Ventures and Associate Companies

The Company does not have any subsidiary, Joint venture or Associate Company.

23. Deposit

During the financial year, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or any deposits within the meaning of Section 73 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Therefore the disclosures required under Rule 8(5)(v) of Companies (Accounts) Rules, 2014 and Rule 2(1)(c) of Companies (Acceptance of Deposits) Rules, 2014 are not applicable.

24. Remuneration Details of Directors, KMPs and Employees:

Details of managerial remuneration pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is mentioned below:

SL No.	Particulars	Details
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	NA. Other than sitting fees to Independent Director, No remuneration was paid to the Directors of the Company.
2	The percentage increase in remuneration of:	
	a) Managing Director	0
	b) Chief Financial Officer	8.10%
	c) Chief Executive Officer	68.12%
	d) Company Secretary	25.09%
3	Percentage increase in the median remuneration of employees in the financial year	53.51%
4	Number of permanent employees on the rolls of the Company	7,265
5	Average percentage increase in the salaries of employees of the Company in the last financial year	37.74%
6	The Company has a remuneration policy and the remuneration is as per the remuneration policy of the company	Yes
7	the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	NA
8	No. of the employee draws salary prescribed in Rule 2 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	Nil

25. Directors' Responsibility Statement

In terms of Section 134 (5) of the Companies Act 2013, the Directors would like to state that:

- i) In the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2020 and of the profit and loss of the Company for that period.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors had prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating

effectively.

26. Adequacy of Internal Audit and Financial Controls

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the financial statements and financial reporting as also functioning of other operations. These controls and processes are driven through various policies and procedures.

27. Fair Practices Code

RBI had been issuing revised Fair Practices code guidelines from time to time and Your Company has adhered to all of them without any compromise. The Fair Practices Code, Code of Conduct, and Grievance Redressal Mechanism have been displayed prominently in all the branches of the Company.

28. Auditors

In accordance with Section 139 of the Companies Act, 2013, M/s. Walker Chandio & Co LLP., Chartered Accountants, (FRN 001076N), were appointed by the shareholders of

the Company at the Annual General Meeting held on 07th July 2016, as Statutory Auditors for a period of 5 years to hold office until the conclusion of the 29th Annual General Meeting of the Company.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending Section 139 of the Companies Act, 2013 and the applicable Rules, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence the Company has not proposed ratification of appointment of M/s. Walker Chandio & Co LLP, Chartered Accountants, at the ensuing AGM.

29. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors in their meeting held on 15th May, 2019 has appointed M/s. SEP Associates, Company Secretaries, Kochi to conduct the Secretarial Audit of the Company for the Financial Year 2019-20. The Secretarial Audit Report for the Financial Year 2019-20 is appended to this Report as ANNEXURE III. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

30. Explanation or Comments on Qualifications, Reservations or Adverse Remarks or Disclaimers made by the Statutory Auditor / Secretarial Auditor in their Reports

There are no qualifications reservations or adverse remarks made by the statutory auditors /secretarial auditors in their respective report. Further, No fraud by the Company or on the Company by its officers or employees has been noticed or reported by the auditors during the period.

31. Compliance with Secretarial Standards

During the Financial year, the Company has complied with the provisions of applicable Secretarial Standards viz. Secretarial Standard on meetings of The Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2).

32. Risk Management

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimisation procedures being followed by the Company and steps taken by

it to mitigate these risks. Our management systems, organisational structures, processes, standards, and code of conduct together form the system of internal controls that govern how we conduct the business and manage associated risks. There are no risks which in the opinion of the Board threaten the existence of your Company. The Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives.

33. Corporate Social Responsibility

In compliance with Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee (CSR Committee) in the year 2015 and the composition and function thereof are mentioned in the Corporate Governance Report. The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the website of the Company.

Company's CSR initiatives are implemented through the Muthoot Pappachan Foundation (MPF), a Public Charitable Trust - the CSR arm of Muthoot Pappachan Group (MPG). MPF tackles issues affecting the communities in which our businesses operate. Such CSR initiatives of MPG revolve around the theme 'HEEL', covering 'Health, Education, Environment and Livelihood'. Detailed information report on the CSR policy and the CSR initiatives undertaken during the FY 2019-20 is given in the ANNEXURE – IV 'Annual Report on CSR activities'.

34. Technology Absorption, Conservation of Energy, Foreign Exchange Earnings and Outgo:

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are not applicable to your Company. However, your Company has been taking steps at all times for conservation of energy.

Foreign Exchange earnings & Outgo

Foreign Exchange Earnings - Nil

Foreign Exchange Outgo – ₹ 9,92,587/-

35. Vigil Mechanism

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013. All Directors, employees and stakeholders can raise their concerns regarding any

discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Company Secretary & Compliance Officer of the Company or Chief Executive Officer. The policy provides for adequate safeguard against victimization.

Any incidents that are reported are investigated and suitable action taken in line with the whistle blower policy. The Whistle Blower Policy is also available on your Company's website. (Web-link: <https://www.muthootmicrofin.com/wp-content/uploads/Whistle-Blower-Policy.pdf>)

36. Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

There was no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

37. Corporate Insolvency Resolution Process initiated under The Insolvency And Bankruptcy Code, 2016 (IBC)

There were no application filed for corporate insolvency resolution process, by any financial or operational creditor of the Company or by the company itself under the IBC before the NCLT.

38. Disclosure as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its

locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has constituted the Prevention of Sexual Harassment Committee to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed of during the year:

- (a) Number of complaints pending at the beginning of the year: Nil
- (b) Number of complaints received during the year: Nil
- (c) Number of complaints disposed off during the year: Nil
- (d) Number of cases pending at the end of the year: Nil

39. Compliance

The Company is registered with RBI as a NBFC-MFI. The Company has complied with and continues to comply with all applicable Laws, Rules, Circulars, Regulations, etc. including Directions of RBI for NBFC-MFIs and it doesn't carry on any activities other than those specifically permitted by RBI for NBFC-MFIs.

40. Acknowledgment

Your Directors wish to place on record their appreciation for the assistance, co-operation and guidance received by the Company from the Central Government, the State Government, the Reserve Bank of India, the Registrar of Companies, Mumbai and other Regulatory Authorities and Bankers during the year under review and look forward to their continued support. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Employees of the Company.

For and on behalf of the Board

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

Kochi
19.06.2020

ANNEXURE I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN As on the financial year ended on 31.03.2020

[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:

1. CIN	U65190MH1992PLC066228
2. Registration Date	06.04.1992
3. Name of the Company	MUTHOOT MICROFIN LIMITED
4. Category/Sub-Category of the Company	Public Limited Company/Limited by Shares
5. Address of the Registered office and contact details	13th Floor, Parinee Crescenzo, Bandra Kurla, Complex, Bandra East, Mumbai – 400 051 Ph No. +22 - 62728544
6. Address of the Administrative office and contact details	5th Floor, Muthoot Towers, M.G Road, Kochi 682035 Ph No. +484 4277500
7. Whether listed company (Yes / No):	No. The Non-Convertible Debentures of the Company are listed in Bombay Stock Exchange (BSE)
8. Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana, India - 500 032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SL No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Microfinance Lending	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: -

SL No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	Muthoot Fincorp Limited Muthoot Center, Punnen Road, Trivandrum - 695034	U65929KL1997PLC011518	Holding	63.61	2(46)

IV. SHARE HOLDING PATTERN

(Equity/Preference Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters										
1. Indian										
a)	Individual/ HUF	2,70,95,019	0	2,70,95,019	23.73	2,70,95,019	0	2,70,95,019	23.73	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 Corporate	7,26,25,449	0	7,26,25,449	63.61	7,26,25,449	0	7,26,25,449	63.61	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)		9,97,20,468	0	9,97,20,468	87.34	9,97,20,468	0	9,97,20,468	87.34	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 Corporate	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 Shareholding of Promoter A= A (1) + A(2)		9,97,20,468	0	9,97,20,468	87.34	9,97,20,468	0	9,97,20,468	87.34	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)	FIs	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 (specify)									
Sub-total B (1)		0	0	0	0	0	0	0	0	0
2. Non- Institutions										
a)	Bodies Corporate									
i.	Indian	0	0	0	0	0	0	0	0	0
ii.	Overseas	1,30,06,778	0	1,30,06,778	11.39	1,30,06,778	0	1,30,06,778	11.39	0
b)	Individuals									
i.	Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	54,250	0	54,250	0.05	NA
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3,60,142	0	3,60,142	0.32	3,72,642	0	3,72,642	0.33	3

IV. SHARE HOLDING PATTERN (Contd..)

(Equity/Preference Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding (Contd..)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c) Others (specify)	0	0	0	0	0	0	0	0	0
Employee Welfare Trust	10,83,114	0	10,83,114	0.95	10,16,364	0	10,16,364	0.89	-6
Sub-total B (2)	1,44,50,034	0	1,44,50,034		1,44,50,034	0	1,44,50,034		0
Total Public Shareholding B = B (1) + B (2)	1,44,50,034	0	1,44,50,034		1,44,22,392	0	1,44,50,034		0
C. Shares held by custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	11,41,70,502	0	11,41,70,502	100	11,41,70,502	0	11,41,70,502	100	0

ii. Shareholding of Promoters

Sl. No. Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change in the shareholding during the year
	No. of shares	% of total shares	% of shares pledged/encumbered to total shares	No. of shares	% of total shares	% of shares pledged/encumbered to total shares	
1. Muthoot Fincorp Limited	7,26,25,449	63.61	0	7,26,25,449	63.61	0	0
2. Thomas Muthoot	63,50,459	5.56	0	63,50,459	5.56	0	0
3. Thomas George Muthoot	63,27,160	5.54	0	63,27,160	5.54	0	0
4. Thomas John Muthoot	63,28,806	5.54	0	63,28,806	5.54	0	0
5. Nina George	27,04,513	2.37	0	27,04,513	2.37	0	0
6. Preethi John	27,02,867	2.37	0	27,02,867	2.37	0	0
7. Remy Thomas	26,81,214	2.35	0	26,81,214	2.35	0	0
	9,97,20,468	87.34	0	9,97,20,468	87.34	0	0

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

Sl. No. Name & Type of Transaction	Shareholding at the beginning of the year		No. of Shares held at the end of the year		No. of Shares held at the end of the year	
	No. of Shares	% of total shares of the Company	Date of transaction	No. of Shares	No. of shares	% of total shares of the Company
1. At the end of the year	There is no change in promoter's shareholding during the year.					

IV. SHARE HOLDING PATTERN (Contd...)

iv. Shareholding pattern of Top Ten Shareholders (other than Directors and Promoters): (Contd..)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date of transaction	No. of Shares	No. of shares	% of total shares of the Company
1.	Creation Investments India LLC.	1,30,06,778	11.39			1,30,06,778	11.39
	At the end of the year				Nil	1,30,06,778	11.39
2.	MML Employee Welfare Trust	10,83,114	0.95			10,83,114	0.95
	Transfer to ESOP holders *			30-05-2019	66,750		
	At the end of the year					10,16,364	0.89
3.	Sadaf Sayeed	2,70,783	0.237			2,77,033	0.24
	Transfer of equity shares. *			30-05-2019	6,250		
	At the end of the year					2,77,033	0.24
4.	Udeesh Ullas	54,157	0.047			56,657	0.05
	Transfer of equity shares. *			30-05-2019	2,500		
	At the end of the year					56,657	0.05
5.	Subhramsu Pattnayak	18,955	0.017			21,455	0.019
	Transfer of equity shares. *			30-05-2019	2,500		
	At the end of the year					21,455	0.019
6.	Praveen T	16,247	0.014			17,497	0.015
	Transfer of equity shares. *			30-05-2019	1,250		
	At the end of the year					17,497	0.015
7.	Neethu Ajay	-	-			2,500	0.002
	Transfer of equity shares. *			30-05-2019	2,500		
	At the end of the year					2,500	0.002
8.	Dileep Kumar Pathak	-	-			2,500	0.002
	Transfer of equity shares. *			30-05-2019	2,500		
	At the end of the year					2,500	0.002
9.	Vadla Srinivas	-	-			2,500	0.002
	Transfer of equity shares. *			30-05-2019	2,500		
	At the end of the year					2,500	0.002
10.	Radhakrishna V Eale	-	-			2,500	0.002
	Transfer of equity shares. *			30-05-2019	2,500		
	At the end of the year					2,500	0.002

* Transfer of equity shares from MML Employee Welfare Trust under ESOP Plan 2016.

IV. SHARE HOLDING PATTERN (Contd...)

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name & Type of Transaction	Shareholding of each Directors and KMP	Shareholding		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 Muthoot	At the beginning of the year	63,50,459	5.56		
		At the end of the year			63,50,459	5.56
2	Thomas George Muthoot	At the beginning of the year	63,27,160	5.54		
		At the end of the year			63,27,160	5.54
3	Thomas John Muthoot	At the beginning of the year	63,28,806	5.54		
		At the end of the year			63,28,806	5.54
4	Sadaf Sayeed	At the beginning of the year	2,70,783			
		Transfer of Equity Shares *	6,250	0.237		
		At the end of the year			2,77,033	0.242
5	Praveen T	At the beginning of the year	16,247			
		Transfer of Equity Shares *	1,250	0.014		
		At the end of the year			17,497	0.015
6	Neethu Ajay	At the beginning of the year	-			
		Transfer of Equity Shares *	2,500	-		
		At the end of the year			2,500	0.002

* Transfer of equity shares from MML Employee Welfare Trust under ESOP Plan 2016.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment (in Millions)

Particulars	Secured Loans/ NCDs excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	24,263.77	248.93	NIL	24,512.70
ii. Interest due but not paid	NIL	NIL	NIL	NIL
iii. Interest accrued but not paid	243.47	NIL	NIL	243.47
Total (i + ii + iii)	24,507.24	248.93	NIL	24,756.17
Change in Indebtedness during the financial year				
Addition	19,525.00	Nil	Nil	19,525.00
Reduction (Repayments made)	14,494.37	Nil	Nil	14,494.37
Change in fair valuation	(330.19)	0.34	Nil	(329.85)
Net Change Indebtedness	28,845.07	0.34	Nil	28,845.41
At the end of the financial year				
i. Principal Amount	28,964.21	249.28	Nil	29,213.49
ii. Interest due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not paid	234.44	0.18	Nil	2,34.62
Total (i + ii + iii)	29,198.65	249.46	Nil	29,448.11

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/ or Manager – NIL

B. Remuneration of Directors – NIL

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CS	CEO	CFO	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	11,78,160	2,30,00,000	29,78,160	2,71,56,320
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option				
3	Sweat Equity				
4	Commission	0	2,00,00,000	0	2,00,00,000
	- as % of profit				
	- others, specify...				
5	Others, please specify : Bonus	78,180	6,36,967	1,98,180	9,13,327
Total		12,56,340	4,36,36,967	31,76,340	4,80,69,647

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: No Penalties, punishments and compounding of offences were imposed on the Company during the financial year 2019-20.

There were no material penalties, punishments and compounding of offences for the year ended 31st March 2020.

For and on behalf of the Board

Kochi
19.06.2020

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

ANNEXURE II

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 transaction 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 into by the Company during the financial year 2019-20 which were not at arm's length basis.

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

a) Purchase of 'Microsoft Office 365 Software Licenses' from Muthoot Pappachan Technologies Limited.

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Pappachan Technologies Limited (MPT) Group Company
2.	Nature of contracts/arrangements/transaction	Purchase of Software License
3.	Duration of the contracts/ arrangements/ transaction	One time transaction
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	MPT has purchased Office 365 licenses in bulk quantity at a reduced price and offered to the Company at reduced price of ₹26,15,688/-
5.	Date of approval by the Board	09.11.2019
6.	Amount paid as advances, if any	NIL

For and on behalf of the Board

Kochi
19.06.2020

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

ANNEXURE - III

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 Microfin Limited,
13th Floor, Parinee Crescenzo
Bandra Kurla Complex,
Bandra East, Mumbai 400051

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 Muthoot Microfin Limited [CIN: U65190MH1992PLC066228] (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) 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.
- (v) 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-Micro Finance Institutions' (NBFC-MFIs) –Directions;
 - e. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
 - f. Guidelines for Asset-Liability Management (ALM) system in Non-Banking Financial Companies;

- g. Frauds- Future Approach towards monitoring of Frauds in Non-Banking Financial Companies and Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
- h. Know Your Customer (KYC) Guidelines- Anti Money Laundering Standards and Know Your Customer (KYC) Direction, 2016;
- i. Fair Practices Code;
- J. Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015;
- k. Regulation of excessive interest charged by NBFCs;
- l. Miscellaneous Instructions to all Non-Banking Financial Companies and Miscellaneous Instructions to NBFC-ND-SI;
- m. Revised Regulatory Framework for NBFC;
- n. 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.

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

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

P. SIVAKUMAR
Managing Partner
CP. No. 2210 M. No. 3050

Place: Kochi
Date: 18.06.2020

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 audit period there were no public/right/preferential issue of shares/debentures/sweat equity, buy back of securities, merger / amalgamation / reconstruction, etc. or foreign technical collaborations.

UDIN: F003050B000351761

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To
The Members
Muthoot Microfin Limited,
13th Floor, Parinee Crescenzo
Bandra Kurla Complex,
Bandra East, Mumbai 400051

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: F003050B000351761

P. SIVAKUMAR
Managing Partner
CP. No. 2210 M. No. 3050

ANNEXURE - IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

For achieving the CSR objectives through the implementation of meaningful and sustainable CSR programmes, Muthoot Microfin Limited (the Company) will annually contribute up to two percent of the average profits for the last three years towards CSR activities

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken are given in CSR policy are as below:

The CSR Policy of the Company is designed to portray its commitment to be a responsible corporate citizen and presents the strategies and methods for undertaking social programs for well-being and sustainable development of the local community in which it operates. Each CSR activity of the Company is channelized through Muthoot Pappachan Foundation (MPF), a Public Charitable Trust formed in the year 2003 as the CSR arm of the Muthoot Pappachan Group to facilitate CSR activities for the entire Group and all its business verticals. The CSR programs of MPF is bound by the theme HEEL: Health, Education, Environment, and Livelihood.

The objectives of CSR Policy of the Company are to:

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

2. The Composition of the CSR Committee:

- Mr. Thomas Muthoot
- Mr. Thomas George Muthoot
- Mr. Thomas John Muthoot
- Mr. Alok Prasad

3. Average net profit of the company for last three financial years:

S. No	Financial Years	Net Profit as per section 198 (₹)
1.	Ending 31st March, 2017	57,22,11,658.00
2.	Ending 31st March, 2018	1,14,23,42,382.00
3.	Ending 31st March, 2019	2,70,25,17,084.00
	Average Net Profit	1,47,23,57,042.00

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

₹ 2,94,47,141/-

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: ₹ 2,94,47,141/-

(b) Amount unspent, if any: ₹ 1,15,44,389/-

5. Details of CSR spent during the financial year. (Contd..)

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

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget - project or programme wise)	Amount spent on the project or programme:	Cumulative expenditure up to the reporting period	Amount Spent: direct or through implementing agency
1.	Cleft Surgery Mission (Smile Please) The free comprehensive cleft surgery programme through which we are extending support to children and youngsters with congenital cleft issues	Promoting health care including preventive health care	Pan India	₹ 1,51,00,000/-	Direct expenditure on projects / programmes: ₹ 39,21,381/- Overheads: ₹ 7,31,000/- Amount transferred to MPF and pending utilization: ₹ 4,47,619/-	₹ 97,56,093/-	Through implementing agency [Muthoot Pappachan Foundation (MPF)]
2.	Flood Rehabilitation Project	Disaster Management, including relief, rehabilitation and reconstruction activities	Kerala		Expenditure on projects or programmes: ₹ 1,00,00,000/- Overheads	₹ 2,00,00,000/-	Through implementing agency [Muthoot Pappachan Foundation (MPF)]
3.	Contribution to The Tiny Seed. The Tiny Seed is a Kerala based non-profit organization dedicated to changing the lives of children by making their schools better places of learning	Promoting education, including special education and employment enhancing vocation skills	NA	NA	₹ 1,00,000/-	₹ 1,00,000/-	As donation
4.	Contribution to Sree Chitra Tirunal Institute For Medical Sciences & Technology for flood relief.	Promoting health care/relief, rehabilitation and reconstruction activities.	Thiruvananthapuram, India	NA	₹ 27,02,752/-	₹ 27,02,752/-	As donation

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Your Company endeavored to meet the budgeted expenditure by contributing in various eligible CSR activities and has committed to incur expenditure for CSR initiatives in the coming years through structured events or programs and projects. Your Company has taken steps in the right direction and going forward is committed to actively engage with the Trusts/partners to identify suitable events or projects and programs and incur expenditure in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, in compliance with CSR objectives and Policy of the Company:

The Company has taken a confirmation from the CSR Committee that the implementation and monitoring of CSR Policy are in compliance with the CSR objectives and CSR Policy of the Company.

For and on behalf of the Board

Kochi
19.06.2020

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

ANNEXURE - V

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to standards to achieve the objects of the Company, enhancing shareholder/investor value and discharging of social responsibility. The Company does not view Corporate Governance principles as set of binding obligations, but believes in using it as a framework to be followed in spirit.

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner

Muthoot Microfin Limited is committed to maintaining a high standard of corporate governance in complying with Master Circular on Non-Banking Financial Companies – Corporate

Governance (Reserve Bank) Directions, 2015 issue by RBI on July 3, 2015.

I. Composition of the Board

- a. The composition of the board of directors of the Company as on 31st March 2020 is detailed below:

Category	No. of Directors	Percentage to total No. of Directors
Executive Directors	1	11%
Non- Executive Independent Directors	4	44.5%
Other Non- Executive Directors	4	44.5%
Total	9	100%

The list of Directors of the Company as of 31st March 2020 is as follows:

Sl. No	Name of the Director	DIN	Attendance
1.	Thomas Muthoot	00082099	Managing Director
2.	Thomas George Muthoot	00011552	Director
3.	Thomas John Muthoot	00011618	Director
4.	Thomas Muthoot John	07557585	Director
5.	Kenneth Dan Vander Weele	02545813	Director
6.	Thai Salas Vijayan	00043959	Independent Director
7.	Alok Prasad	00080225	Independent Director
8.	Bhama Krishnamurthy	02196839	Independent Director
9.	Pushpy B Muricken	03431198	Independent Director

- b. In Compliance with Section 165 of the Companies Act, 2013 ('the Act'), no Director of the Company hold the office of Director in more than 20 companies including the limit of maximum of 10 public limited companies.
- c. During the financial year 2019-20, the Board of Directors of the Company, met 6 (Six) times. The details of the meetings are as follow.

Sl. No	Date of The Meeting	Total Number of Directors Associated as on the Date of Meeting	Attendance	
			Number of Directors Attended	% of Attendance
1.	29.04.2019	9	8	88.9%
2.	14.05.2019	9	9	100%
3.	07.08.2019	9	9	100%
4.	09.11.2019	9	9	100%
5.	13.11.2019	9	9	100%
6.	10.02.2020	9	9	100%

II. COMMITTEES OF BOARD

- a. Audit Committee:** The constitution of this Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), as amended.

The details of its terms of reference as approved by the Board of Directors of the Company are given below:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
2. Recommending to the Board the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of the Company and the fixation of audit fee;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, as amended;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed Offer by the Company;
8. Approval or any subsequent modifications of transactions of the Company with related parties;
9. Scrutinizing of inter-corporate loans and investments;
10. Valuing of undertakings or assets of the Company, wherever it is necessary;
11. Evaluating of internal financial controls and risk management systems;
12. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances
13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussing with internal auditors on any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
17. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. Reviewing the functioning of the whistle blower mechanism;
20. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee."

Powers of the Audit Committee

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary; and
5. To have full access to information contained in the records of the Company.

Mandatory review by Audit Committee:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and
6. Statement of deviations in terms of the SEBI Listing Regulations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32 (1) of the SEBI Listing Regulations; and
 - (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32 (7) of the SEBI Listing Regulations.

The Audit Committee consists of following Directors:

Name of Director	Nature of Directorship	Designation
Mrs. Pushpy B Muricken	Independent	Chairperson
Mrs. Bhama Krishnamurthy	Independent	Member
Mr. Alok Prasad	Independent	Member
Mr. Kenneth Dan Vander Weele	Non-Executive	Member
Mr. Thomas Muthoot	Executive	Member

During the year 2019-20 the Audit Committee met 6 (Six) time on 29.04.2019, 14.05.2019, 07.08.2019, 09.11.2019, 13.11.2019 and 10.02.2020.

b. Nomination and Remuneration Committee (NRC):

This Committee is constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Company has a Board approved Nomination and Remuneration Policy in place. The policy is placed in the website of the Company. Web Link: <https://www.muthootfincorp.com/policy/>

The terms of reference of the Nomination and Remuneration Committee include the following:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulating of criteria for evaluation of the independent directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
5. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Recommending to the Board, all remuneration, in whatever form, payable to senior management;
7. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
8. Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

9. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
10. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee; and
11. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, including the following:
 - (a) administering employee stock option schemes, employee stock purchase schemes, stock appreciation rights schemes, general employee benefits scheme and retirement benefit schemes (the “Schemes”);
 - (b) delegating the administration and superintendence of the Schemes to any trust set up with respect to the Schemes;
 - (c) formulating detailed terms and conditions for the Schemes including provisions specified by the board of directors of the Company in this regard;
 - (d) determining the eligibility of employees to participate under the Schemes;
 - (e) granting options to eligible employees and determining the date of grant;
 - (f) determining the number of options to be granted to an employee;
 - (g) determining the exercise price under the Schemes; and
 - (h) construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Schemes, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Schemes; and
12. Framing suitable policies and systems to ensure that there is no violation of securities laws, the Company, its employees or trust set up with respect to the Schemes, if any, of any applicable laws in India or overseas, including: the Securities and Exchange Board of India (Prohibition of Insider Trading)

Regulations, 2015, as amended; and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

The Nomination and Remuneration Committee is comprised of:

Name of Director	Nature of Directorship	Designation
Mr. T S Vijayan	Independent	Chairman
Mrs. Bhama Krishnamurthy	Independent	Member
Mr. Kenneth Dan Vander Weele	Non-Executive	Member
Mr. Thomas Muthoot John	Non-Executive	Member

During the year 2019-20 the Nomination and Remuneration Committee met 4 (Four) time on 29.04.2019, 07.08.2019, 09.11.2019 and 10.02.2020.

c. Corporate Social Responsibility Committee (CSR):

This Committee is constituted in compliance with the provisions of Section 135 of the Companies Act, 2013. The Company has a Board approved Corporate Social Responsibility Policy in place.

The terms of reference of the CSR Committee is in accordance with Section 135 (3) of the Companies Act, 2013 and is as under:

- Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend to the Board the amount of expenditure to be incurred on the CSR activities referred to in (i) above; and
- Monitor the CSR policy of the Company from time to time.

The CSR Committee is comprised of:

Name of Director	Nature of Directorship
Mr. Thomas Muthoot	Executive Director
Mr. Thomas George Muthoot	Non-Executive
Mr. Thomas John Muthoot	Non-Executive
Mr. Alok Prasad	Independent

During the year 2019-20 the CSR Committee met one time on 07.08.2019

d. Stakeholders Relationship Committee: This Committee is constituted in compliance with the provisions of Section 178(5) the Companies Act, 2013 and Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

1. Resolving the grievances of the securities holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates any other documents or information to be sent to the Company to its shareholders, general meetings etc.;
2. Reviewing measures taken to exercise of voting rights by shareholders;
3. Reviewing adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
4. Reviewing the various measures and initiatives taken by the Company for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company; and
5. Carrying out any other function as prescribed under the Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law."

The Stakeholders Relationship Committee is comprised of:

Name of Director	Nature of Directorship	Designation
Mr. Thomas John Muthoot	Non-Executive	Chairman
Mr. Thomas Muthoot	Executive Director	Member
Mr. Alok Prasad	Independent	Member
Mr. Sadaf Sayeed	CEO	Member
Mr. Praveen T	CFO	Member

e. Asset Liability Management Committee (ALCO): The Company has constituted an Asset Liability Management Committee in terms of RBI Circular DNBR (PD) CC.No.053/03.10.119/2015-16 July 03, 2015. The Company has a Board approved Asset Liability Management Policy in place. ALCO is vested

with the responsibilities of monitoring the risk and to make suitable strategies to control it. The terms of reference are as below:

- Addressing concerns regarding asset liability mismatches;
- Achieving optimal return on capital employed while maintaining acceptable levels of risk relating to liquidity;
- Addressing concerns regarding interest rate risk exposure; and
- Review the periodical returns submitted to RBI every year;
- Monitor and review the cost of funds and the net interest margin;
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

The ALCO is comprised of:

Sl. No	Name of Members	Designation
1.	Mr. Thomas John Muthoot	Non-Executive Director
2.	Mr. Thomas George Muthoot	Non-Executive Director
3.	Mr. Thomas Muthoot	Executive Director
4.	Mr. Sadaf Sayeed	Chief Executive Officer

During the year 2019-20 the CSR Committee met 2 (two) time on 15.07.2019 and 12.01.2020.

f. Risk Management Committee: This Committee is constituted in compliance with the provisions of the Companies Act, 2013 and RBI Circular DNBR (PD) CC.No.053/03.10.119/2015-16 July 01, 2015. The Company has a Board approved Risk Management Policy in place.

The terms of reference are as below:

- To monitor and review the risk management plan;
- To review operational risk
- To take strategic actions to mitigate the risk associated with the nature of the business;
- To appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy;

The Risk Management is comprised of:

Sl. No	Name of Members	Designation
1.	Mr. Thomas John Muthoot	Non-Executive Director
2.	Mr. Thomas George Muthoot	Non-Executive Director
3.	Mr. Thomas Muthoot	Executive Director
4.	Mr. Sadaf Sayeed	Chief Executive Officer

- g. Borrowing Committee:** The Company has a Borrowing Committee to exercise all powers to borrow moneys (otherwise than by issue of debentures) and taking necessary actions connected therewith. The terms of reference are as below:

- To borrow any amounts within the limit of Borrowing Powers of the Company
- To assign/ sell the loan portfolio of the Company to any Banks/ Financial Institution
- To open branches in the name of the Company
- To open and operate Bank accounts
- To sub delegate its powers to the officers/ representatives of the Company

The Borrowing Committee is comprised of:

Sl. No	Name of Members	Designation
1.	Mr. Thomas John Muthoot	Non-Executive Director
2.	Mr. Sadaf Sayeed	Chief Executive Officer
3.	Mr. Praveen T	Chief Financial Officer

- h. IT Strategy Committee:** The Company has a IT Strategy Committee in compliance with Master Direction No DNBS. PPD. No. 04/66.15.001/2016-17 dated June

08, 2017 issued by Reserve Bank of India to carry out review and amendment of the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. The terms of reference re as below:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- 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;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls

The IT Strategy Committee is comprised of:

Sl. No	Name of Members	Designation
1.	Mrs. Pushpy B Muricken	Independent Director
2.	Mr. Thomas Muthoot	Managing Director
3.	Mr. Jayakrishnan P	CIO

III. REMUNERATION TO DIRECTORS:

No remuneration was paid to any Directors during the financial year 2019-20 other than sitting fees paid to Independent Director.

IV. GENERAL BODY MEETING:

During the year ended 31st March 2020, only one General Meeting were held and the details are given below:

Sl. No	Name of Members	Designation	Name of Members	Designation
1	24.06.2019	Annual General Meeting	10.00 AM	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra – 400051.

V. RELATED PARTY TRANSACTIONS:

All transactions or arrangements with related parties referred to in Section 188 (1) of the Act, entered into during the year were on arm's length basis or were in ordinary course of business.

VI. GENERAL SHAREHOLDER INFORMATION

- a. Company Registration Details:** The Company is registered in the state of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is U65190MH1992PLC066228. The Company being NBFC-MFI is registered with Reserve Bank of India (Certificate of Registration Number: 13.00365).
- b. Financial Calendar:** The financial calendar of the Company is from 1st April to 31st March.
- c. Dividend details:** NIL
- d. Shareholding pattern of the Company as on 31st March 2020**

Name of shareholder	Total Equity Shares	Share Holding percentage
Thomas Muthoot	63,50,459	5.56%
Thomas George Muthoot	63,27,160	5.54%
Thomas John Muthoot	63,28,806	5.54%
Nina George	27,04,513	2.37%
Preethi John	27,02,867	2.37%
Remy Thomas	26,81,214	2.35%
Muthoot Fincorp Limited	7,26,25,449	63.61%
ESOP Trust	10,16,364	0.89%
ESOP Holders	4,26,892	0.37%
Creation Investments	1,30,06,778	11.39%
Total	11,41,70,502	100.00%

e. Address for Correspondence:

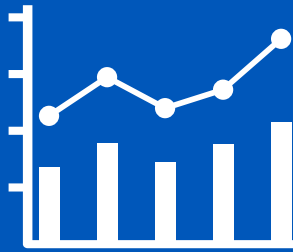
- Administrative Office:** 5th Floor, Muthoot Towers, M.G Road, Kochi 682035
- Registered Office:** 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400051
- CIN:** U65190MH1992PLC066228

For and on behalf of the Board

Kochi
19.06.2020

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of **Muthoot Microfin Limited**

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Muthoot Microfin Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are

independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to note 50 to the accompanying financial statements, which describes the uncertainty relating to the effects of the COVID-19 pandemic outbreak on the Company's operations. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>(a) Recognition of interest income (Refer note 22 of the accompanying financial statements)</p> <p>Revenue of the company consists primarily of interest income charged on loan assets. Total interest income recognised in the financial year 2019-20 amounts to ₹ 6010.87 million (2018-19 ₹ 5180.28 million).</p> <p>Such interest income is manually computed by the management on the reporting date and recorded on the basis of actual money collected from the customers as adjusted in the general ledger with the interest accrued or interest received in advance.</p>	<p>Our audit work included, but was not restricted to, the following procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of management's process for recognizing interest income, interest accrued and interest collected in advance. • Evaluated the design and tested the operating effectiveness of key controls around above mentioned process. • Evaluated the accounting policy for recognition of interest income in accordance with applicable accounting standards. • Obtained management working of re-computation of interest income earned during the year and reconciled the summary totals with the financial statements to ensure completeness of the underlying data on which interest income is recomputed by the management.

Key audit matter	How our audit addressed the key audit matter
<p>Considering the volume of transactions and materiality of amounts involved, significant auditor attention required to test accuracy of interest income recognised during the period, we have identified recognition of interest income as a key audit matter</p>	<ul style="list-style-type: none"> • Tested the mathematical accuracy of management working obtained as above. • On a sample basis, tested the interest income earned during the year by inspection of the approved loan documents, collection during the year and an independent re-computation of the amount of interest income recognized during the year • Performed substantive analytical procedures such as ratio analysis between the interest income and outstanding loan portfolio during the year. • Ensured appropriateness and adequacy of disclosures of the interest income in the accompanying financial statements in accordance with the applicable accounting standards.
<p>(b) Computation of impairment losses on loan assets (Refer notes 1(ix), 5 and 41A of the accompanying financial statements for related disclosures)</p> <p>As at 31 March 2020, the Company has reported total gross loan assets of ₹ 27,526.45 million (March 2019: ₹27,373.49 million) against which an impairment loss of ₹1,888.44 million (March 2019: ₹ 380.98 million) has been recorded.</p> <p>The calculation of impairment losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which have a material impact on reported profits. The Company has applied a three stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows:</p> <ul style="list-style-type: none"> • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days. <p>The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL requires:</p> <ul style="list-style-type: none"> • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • techniques used to determine probability of default, loss given default and exposure at default. 	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Evaluated the Company's accounting policies for estimation of expected credit loss on loans in accordance with Ind AS 109, Financial Instruments. • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Assessed and tested the design and operating effectiveness of key manual and automated controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals. • Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers. • Evaluated the appropriateness of the determination of significant increase in credit risk and the basis for classification of various exposures into various stages by the management in accordance with the relevant accounting standards. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages by evaluating management's assessment of parameters such as probability of default (PD) or loss given default (LGD), including the adjustments made to such estimates on account of COVID-19 impact. • Obtained the approved policy of board of directors to understand the relief measures sanctioned to various class of borrowers in accordance with the directions given by Reserve Bank of India and tested, on sample basis, the compliance with respect to asset classification and provisioning norms as per such directions.

Key audit matter	How our audit addressed the key audit matter
<p>These parameters are derived from the Company's internally developed statistical models, other historical data and macro-economic factors including impact of COVID-19 pandemic which has added to the complexity of determination of aforesaid parameters.</p> <p>Considering the significance of the above matter to the financial statements, degree of estimation uncertainty involved and significant management judgments involved, this area required significant auditor attention to test such complex accounting estimates and hence, has been identified as a key audit matter.</p> <p>We also draw attention to note 50 to the accompanying financial statements regarding uncertainties arising out of COVID-19 pandemic and the consequential impact on the appropriateness of impairment losses recognized towards loan assets outstanding as on 31 March 2020.</p>	<ul style="list-style-type: none"> Performed an assessment of critical assumptions used by the management for estimation of allowance for expected credit losses as at 31 March 2020 including the impact of COVID-19 pandemic and the related moratorium facility availed by certain customers on such assumptions. Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically. Assessed the appropriateness and adequacy of the related presentation and disclosures of note 41 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards.
<p>(c) Financial assets measured at fair value (Refer notes 1(xiii), 5 and 40 of the accompanying financial statements for related disclosures)</p> <p>The financial statements of the Company include financial assets valued at fair value. Total financial assets measured at fair value as at 31 March 2020 is ₹ 19,787.39 million (March 2019: ₹ 20,055.10 million). Impact of the same on other comprehensive income for the year ended 31 March 2020 is ₹ 44.42 million (2018-19: ₹ 307.83 million) (net of tax).</p> <p>The fair value of company's financial assets is determined by the management with the help of valuation experts, using various valuation techniques which involve the exercise of judgement by the management in for assumptions and inputs involved.</p> <p>Estimation uncertainty has been determined to be high for those financial assets where significant valuation inputs are unobservable (i.e., level 3 instruments). As at 31 March 2020, financial assets worth ₹ 20,401.89 million (March 2019: ₹ 19,862.59 million) are valued using level 3 valuation model, discounted cash flow method.</p> <p>Considering the significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the future cash flows which are used in the fair valuation methodology adopted, we have determined fair valuation of financial assets as a key audit matter.</p>	<p>Our audit work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> Obtained an understanding of the management process for: <ul style="list-style-type: none"> assessment of accounting treatment for such transactions in accordance with the requirements of Ind AS 109, Financial Instruments identification of financial assets subject to fair valuation measurement (assignable loan assets having no delinquency) determining the input data and models used for valuation Evaluated the design and tested the operating effectiveness of the key manual and automated controls over the accuracy of the key inputs and assumptions considered for valuation of financial assets. Assessed the valuation specialist's qualification and expertise and reviewed their terms of engagement to determine whether there were any matters that may have imposed scope limitations upon their work. Obtained the valuation reports of management valuation specialists for the fair value of financial assets. Involved auditor's expert to test appropriateness of methodology adopted, key assumptions used in the valuation of loan receivables such as risk-free rate of return, credit spread of the borrowings etc. Assessed the reliability and completeness of underlying data used for the valuation. Traced the management projections of cash flows pertaining to the financial assets to approved business plans, repayment schedules of loans, etc. Tested the mathematical accuracy of the valuation workings. Obtained specific representation from the management with respect to identification of assignable financial assets carried at fair value, including impact of COVID-19 on such identification. Assessed the appropriateness and adequacy of the related disclosures in note 40 "Financial instruments", in accordance with the applicable accounting standards.

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

7. 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 Financial Statements

8. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions

may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
13. 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.
14. 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
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
18. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, 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 purpose of our audit of the accompanying financial statements
 - 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 financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 19 June 2020 as per Annexure II expressed unmodified opinion; and
- 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2020;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan

Partner

Membership No.: 206229

UDIN: 20206229AAAABL1804

Place : Kochi

Date : 19 June 2020

Annexure I to the Independent Auditor's Report of even date to the members of Muthoot Microfin Limited on the financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
 - (b) There are no dues in respect of income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle / surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the company.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan

Partner

Membership No.: 206229

UDIN: 20206229AAAABL1804

Place: Kochi

Date : 19 June 2020

Annexure II to the Independent Auditor's Report of even date to the members of Muthoot Microfin Limited on the financial statements for the year ended 31 March 2020

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Muthoot Microfin Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial

Reporting ('the Guidance Note') issued by the ICAI. 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.
5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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

Annexure II to the Independent Auditor's Report of even date to the members of Muthoot Microfin Limited on the financial statements for the year ended 31 March 2020 (Contd..)

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 with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 ICAI

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan

Partner

Membership No.: 206229

UDIN: 20206229AAAABL1804

Place: Kochi

Date : 19 June 2020

BALANCE SHEET

as at March 31, 2020

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Financial assets			
Cash and cash equivalents	2	11,812.92	6,700.10
Bank balances other than cash and cash equivalents	3	1,789.53	1,109.19
Receivables			
Other receivables	4	110.45	38.21
Loans	5	25,638.01	26,992.51
Other financial assets	6	23.32	19.67
		39,374.23	34,859.68
Non-financial assets			
Current tax assets (net)		379.52	165.35
Property, plant and equipment	7	368.67	205.18
Right-of-use assets	8	720.50	-
Capital work-in-progress	9	-	6.58
Other intangible assets	10	1.82	1.56
Other non-financial assets	11	57.35	63.45
		1,527.86	442.12
Total		40,902.09	35,301.80
Liabilities and equity			
Liabilities			
Financial liabilities			
Payables			
Other payables			
Total outstanding dues of micro enterprises and small enterprises	12	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	12	30.41	54.92
Debt securities	13	2,144.91	2,790.07
Borrowings (other than debt securities)	14	26,819.31	21,473.70
Subordinated liabilities	15	249.28	248.93
Lease liabilities	8	758.18	-
Other financial liabilities	16	1,379.94	1,335.59
		31,382.03	25,903.21
Non-financial liabilities			
Deferred tax liabilities (net)	17	299.32	460.92
Provisions	18	50.89	9.03
Other non-financial liabilities	19	99.92	70.74
		450.13	540.69
Equity			
Equity share capital	20	1,141.71	1,141.71
Other equity	21	7,928.22	7,716.19
		9,069.93	8,857.90
Total		40,902.09	35,301.80
Summary of Significant Accounting Policies	1		

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

This is the balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of

Muthoot Microfin Limited

Krishnakumar Ananthasivan

Partner

Membership No.: 206229

Thomas Muthoot

Managing Director

DIN: 00082099

Place: Kochi

Thomas John Muthoot

Director

DIN: 00011618

Place: Thiruvananthapuram

Thomas George Muthoot

Director

DIN: 00011552

Place: Kochi

Praveen T

Chief Financial Officer

Place: Kochi

Neethu Ajay

Company Secretary

Place: Kochi

Place: Kochi

Date: 19 June 2020

STATEMENT OF PROFIT AND LOSS

(All amounts in ₹ millions, unless stated otherwise)

for the year ended March 31, 2020

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations			
Interest income	22	6,010.87	5,180.28
Fees and commission income	23	94.79	166.28
Net gain on fair value changes	24	2,162.84	1,793.85
Income from investments	25	256.17	152.55
Sale of services		4.44	2.67
Total revenue from operations		8,529.11	7,295.63
Other income	26	65.18	208.60
Total income		8,594.29	7,504.23
Expenses			
Finance costs	27	2,906.73	2,338.37
Fees and commission expenses	28	144.25	137.25
Impairment on financial instruments	29	2,647.04	283.50
Employee benefits expenses	30	1,969.19	1,470.12
Depreciation and amortisation expense	31	137.09	29.65
Other expenses	32	593.01	540.14
Total expenses		8,397.31	4,799.03
Profit before tax		196.98	2,705.20
Tax expense			
Current tax	34	186.33	612.60
Deferred tax	34	(169.55)	80.35
Tax relating to prior years		(1.86)	-
Profit for the year (A)		182.06	2,012.25
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset		(27.78)	4.49
Income tax relating to the above		6.99	(1.31)
Items that will be reclassified to profit and loss			
Remeasurement of loan assets		59.36	434.29
Income tax relating to the above		(14.94)	(126.46)
Other comprehensive income for the year, net of tax (B)		23.63	311.01
Total comprehensive income for the year (A+B)		205.69	2,323.26
Earnings per equity share (face value of ₹ 10 each)	33		
Basic (₹)		1.59	19.43
Diluted (₹)		1.59	19.43
Summary of Significant Accounting Policies	1		

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

This is the statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of

Muthoot Microfin Limited

Krishnakumar Ananthasivan

Partner

Membership No.: 206229

Thomas Muthoot

Managing Director

DIN: 00082099

Place: Kochi

Thomas John Muthoot

Director

DIN: 00011618

Place: Thiruvananthapuram

Thomas George Muthoot

Director

DIN: 00011552

Place: Kochi

Praveen T

Chief Financial Officer

Place: Kochi

Neethu Ajay

Company Secretary

Place: Kochi

Place: Kochi

Date: 19 June 2020

CASH FLOW STATEMENT

for the year ended March 31, 2020

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from operating activities			
Profit before tax		196.98	2,705.20
Adjustments			
Depreciation and amortisation		137.09	29.65
Loss on sale of tangible assets		0.14	0.08
Provision for employee benefits		34.58	12.52
Impairment on financial instruments		2,647.04	283.50
Net gain on debt instrument designated at fair value through profit or loss		-	(140.36)
Net gain on conversion of debt instrument to equity		-	(46.19)
Profit on sale of financial assets carried at fair value through profit or loss		(256.17)	(152.55)
Interest income on security deposits		(0.75)	(1.17)
Gain on sale of loan asset through direct assignment		(2,162.84)	(1,793.85)
Adjustments towards effective interest rate in respect of loan assets		(8.07)	70.67
Adjustments towards effective interest rate in respect of debt securities, borrowings and subordinate liabilities		(32.67)	1.13
Share based payments		1.85	3.25
Finance cost on leases		69.80	-
Operating profit before working capital changes		626.98	971.88
Working capital changes			
(Increase)/decrease in loans		937.73	(6,580.17)
Increase in other receivables		(72.24)	(2.38)
Increase in other financial assets		(22.88)	(6.73)
(Increase)/decrease in other non financial assets		32.46	(35.66)
Increase/(decrease) in other payables		(24.51)	1.82
Increase in other financial liabilities		52.50	331.17
Decrease in provisions		(20.50)	(5.51)
Increase/(decrease) in other non financial liabilities		29.18	(0.33)
Cash used in operating activities		1,538.72	(5,325.91)
Income taxes paid (net)		(398.64)	(692.16)
Net cash used in operating activities		1,140.08	(6,018.07)
Cash flows from investing activities			
Purchase of tangible assets (including capital advances, capital creditors and capital work in progress) and intangible assets		(231.35)	(110.08)
Investment in term deposits with banks (net)		(680.34)	(104.76)
Proceeds from sale of tangible assets		0.57	0.20
Profit on sale of investments		256.17	152.55
Net cash used in investing activities		(654.95)	(62.09)
Cash flows from financing activities			
Proceeds from borrowings		19,525.00	16,878.60
Proceeds from debt securities		700.00	-
Repayment of borrowings		(14,141.54)	(9,812.82)
Repayment of debt securities		(1,350.00)	-
Proceeds from treasury shares		4.49	2.32
Payment of lease liabilities		(110.26)	-
Net cash generated from financing activities		4,627.69	7,068.10

CASH FLOW STATEMENT

for the year ended March 31, 2020
(All amounts in ₹ millions, unless stated otherwise)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Net increase in cash and cash equivalents		5,112.82	987.94
Cash and cash equivalents as at the beginning of the year		6,700.10	5,712.16
Cash and cash equivalents as at the end of the year		11,812.92	6,700.10
Operational cash flows from interest			
Interest paid		2,845.78	2,235.61
Interest received		4,160.11	4,452.79
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements.
This is the statement of cash flow referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Thomas Muthoot
Managing Director
DIN: 00082099
Place: Kochi

Thomas John Muthoot
Director
DIN: 00011618
Place: Thiruvananthapuram

Thomas George Muthoot
Director
DIN: 00011552
Place: Kochi

Praveen T
Chief Financial Officer
Place: Kochi

Neethu Ajay
Company Secretary
Place: Kochi

Place: Kochi
Date: 19 June 2020

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2020

(All amounts in ₹ millions, unless stated otherwise)

A Equity share capital

Particulars	Balance as at April 1, 2018	Change in equity share capital during the year	Balance as at March 31, 2019	Change in equity share capital during the year	Balance as at March 31, 2020
Equity shares of ₹ 10 each, issued, subscribed and fully paid up	1,028.78	112.93	1,141.71	-	1,141.71

B Other equity

Particulars	Reserves and surplus						Other Comprehensive Income	Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Treasury shares	General reserves	Employee stock options outstanding	Retained earnings	Loan assets through other comprehensive income	
Balance as at April 1, 2018	2,602.00	244.95	(39.57)	0.32	5.99	(55.20)	242.13	3,000.62
Profit for the year	-	-	-	-	-	2,012.25	-	2,012.25
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	402.45	-	-	-	(402.45)	-	-
Conversion of convertible preference shares	2,386.74	-	-	-	-	-	-	2,386.74
Changes during the year in employee stock options outstanding	-	-	-	-	3.25	-	-	3.25
Proceeds on transfer during the year	-	-	5.26	(2.94)	-	-	-	2.32
Other comprehensive income/(loss)	-	-	-	-	-	4.49	434.29	438.78
Income tax to items of other comprehensive income/(loss)	-	-	-	-	-	(1.31)	(126.46)	(127.77)
Balance as at March 31, 2019	4,988.74	647.40	(34.31)	(2.62)	9.24	1,557.78	549.96	7,716.19
Profit for the year	-	-	-	-	-	182.06	-	182.06
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	36.41	-	-	-	(36.41)	-	-
Changes during the year in employee stock options outstanding	-	-	-	-	1.85	-	-	1.85
Proceeds on transfer during the year	-	-	2.12	2.37	-	-	-	4.49
Other comprehensive income	-	-	-	-	-	(27.78)	59.36	31.58
Income tax relating to items of other comprehensive income	-	-	-	-	-	6.99	(14.94)	(7.95)
Balance as at March 31, 2020	4,988.74	683.81	(32.19)	(0.25)	11.09	1,682.64	594.38	7,928.22

This is the statement of changes in equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of

Muthoot Microfin Limited

Krishnakumar Ananthasivan

Partner

Membership No.: 206229

Thomas Muthoot

Managing Director

DIN: 00082099

Place: Kochi

Thomas John Muthoot

Director

DIN: 00011618

Place: Thiruvananthapuram

Thomas George Muthoot

Director

DIN: 00011552

Place: Kochi

Praveen T

Chief Financial Officer

Place: Kochi

Neethu Ajay

Company Secretary

Place: Kochi

Place: Kochi

Date: 19 June 2020

NOTES TO FINANCIAL STATEMENT

for the year ended March 31, 2020

(All amounts in ₹ millions, unless stated otherwise)

1. Summary of significant accounting policies and other explanatory information

a) Company overview

Muthoot Microfin Limited (the 'Company') was incorporated as a private limited company in the year 1992 under the erstwhile Companies Act, 1956. Effective 18 March 1998, the Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') and is registered as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with the Reserve Bank of India ("RBI"), w.e.f. 25 March 2015. The Company's non-convertible debentures are listed on the Bombay Stock Exchange ('BSE').

The operations of the Company are based on the Grameen model of lending. It is designed to promote entrepreneurship among women and inclusive growth. The Company provides financial assistance through micro loans to women engaged in small income generating activities.

b) Basis of preparation

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act, and other applicable guidelines issued by the Reserve Bank of India ('RBI'). The Company has uniformly applied the accounting policies for all the periods presented in this financial statements.

The financial statements of the Company for the year ended March 31, 2020 were approved for issue in accordance with the resolution of the Board of Directors on June 19, 2020.

(ii) Historical cost convention

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for

certain financial assets and financial liabilities, share based payments which are measured at fair values, and employee benefit plans which are measured using actuarial valuation, as explained in relevant accounting.

c) Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, unless otherwise stated.

i. Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

Subsequent measurement (depreciation method, useful lives and residual value)

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognised

Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work-in-progress.

ii. Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent measurement (amortisation method, useful lives and residual value)

Intangible assets are amortised on a straight line basis over the expected useful life from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

iii. Revenue recognition

Interest and processing fee income on loans

Interest and processing fee income is recorded on accrual basis using the effective interest rate (EIR) method. Additional interest/overdue interest/penal charges, if any, are recognised only when it is reasonable certain that the ultimate collection will be made.

Income from assignment transactions

Income from assignment transactions i.e., present value of excess interest spread is recognised

when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

Commission income

Income from business correspondent services is recognised as and when the services are rendered as per agreed terms and conditions of the contract. A receivable is recognised when the services are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

Dividend income

Dividend income is recognised at the time when the right to receive is established by the reporting date.

Miscellaneous income

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection.

iv. Borrowing costs

Borrowing costs that are directly attributable to the acquisition and / or construction of a qualifying asset, till the time such qualifying assets become ready for its intended use sale, are capitalised. Borrowing costs consists of interest and other cost that the Company incurred in connection with the borrowing of funds. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

v. Taxation

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current 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 assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

vi. Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined Contribution plans

The Company has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of Profit and Loss.

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees, where in the employee will receive on retirement is defined by reference to employee's length of service and last drawn salary. Under the defined benefit plan, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed after one year from the Balance Sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

vii. Share based payments

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. 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 entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

viii. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Compensation for impairment

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are recognised in statement of profit and loss when the compensation becomes receivable.

ix. Impairment of financial assets

Loan assets

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised as below:

- a) Stage 1 (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- b) Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment

- c) Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at reporting date

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) - LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) - EAD is based on the amounts the Company expects to be owed at the time of default. For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to the statement of profit and loss.

x. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents includes bank overdrafts, if that are repayable on demand and form an integral part of the Company's cash management

xi. Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

xii. Leases

The Company has adopted Ind AS 116 from April 1, 2019. As permitted by the standard, comparative figures have not been restated and these are presented in accordance with the Company's previous policies. Both the new and the previous accounting policies are described below.

Policy adopted for leases from 1 April 2019

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, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception. The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments, including payments which are substantively fixed;
- b) variable lease payments that depend on a rate, initially measured using the rate as at the commencement.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

As permitted by Ind AS 116, the Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Policy adopted for leases before 1 April 2019

Company as a lessee

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Operating leases

Leases in which the lessor does not transfer substantially all the risks and rewards of ownership of an asset to the lessee are classified as operating leases. Lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs.

Changes in significant accounting policies

The Company has applied Ind AS 116 "Leases" from April 1, 2019. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is to be recognized in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 has not been restated i.e. it is presented, as previously reported, under earlier standard, Leases and related interpretations. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

The Company has made the following adjustments in the presentation of financial statements as a result of the adoption of IND AS 116 at 1 April 2019:

- a) Right-of-use assets and lease liabilities are presented separately in the Company's financial statements.
- b) Accrued lease payments, which were previously included in financial liabilities are now included in lease liabilities.
- c) Cash payments under operating leases, which were classified within operating activities in the statement of cash flows under earlier standard, are now classified within financing activities, except for short-term leases and leases of low-value assets.

Impacts on transition

At transition, for leases that were operating leases under earlier standard, lease liabilities are recognized and measured at the present value of the remaining lease payments, discounted at the incremental borrowing rates as at 1 April 2019. The Company elected to measure the right-of-use assets under these operating leases at an amount equal to the lease liability, adjusted by the amounts of any prepaid or accrued lease payments relating to that lease. The increases (decreases) in relevant statement of financial position items on transition is mentioned in the note 8. Under the transition methods chosen, there is no effect on equity from the initial application of IND AS 116 at the transition date.

xiii. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets

Subsequent measurement

- i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost if both the following conditions are met:
 - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

- ii. **Financial assets carried at fair value through other comprehensive income** – a financial asset is measured at fair value, with changes in fair value being carried to other comprehensive income, if both the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Compulsorily convertible preference shares – Subsequent measurement

Subsequent to initial recognition, compulsorily convertible preference shares, are measured at fair value, with changes in fair value being recognised in the Statement of Profit and Loss. This is because they are convertible in variable number of equity shares, and the investors of such instruments also have a put option on them, written by the Company.

Other financial liabilities - Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities, except compulsorily convertible preference shares, are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

First loss default guarantee

First loss default guarantee contracts are contracts that require the Company to make specified payments to reimburse the bank and financial institution for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks and financial institutions, for whom the Company acts as 'Business Correspondent'.

These contracts are initially measured at fair value and subsequently measure at higher of:

- The amount of loss allowance (calculated as described in policy for impairment of financial assets)
- Maximum amount payable as on the reporting date to the respective bank/financial institution which is based on the amount of loans overdue for more than 90 days.

Further, the maximum liability is restricted to the cash outflow agreed in the contract.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xiv. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xv. Segment reporting

The Company identifies segments on the basis of the internal organization and management structure. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

xvi. Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

xvii. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Business model assessment - The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular 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 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.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Leases – The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain

to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Significant estimates

Useful lives of depreciable / amortisable assets –

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) –

Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

xviii. Implementation of Indian Accounting Standards by RBI

The RBI issued Circular DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dt. March 13, 2020, which require Non-Banking Financial Companies (NBFCs) covered by Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 to comply with the respective circular while preparing the financial statements from financial year 2019-20 onwards.

xix. Standards issued and effective from April 1, 2020

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

2 Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash in hand	0.24	1.71
Balances with banks in current account	1,309.27	767.48
Balance with cash collection agents	0.24	-
Term deposits with original maturity of 3 months or less	10,503.17	5,930.91
	11,812.92	6,700.10

- (i) There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting year and prior years.
- (ii) Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Company, and to earn interest at the respective short-term deposit rates
- (iii) The Company has not taken bank overdraft, therefore the cash and cash equivalents for cash flow statement is same as for cash and cash equivalents.

3 Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Term deposits with bank	1,789.53	1,109.19
	1,789.53	1,109.19

- (i) There are no repatriation restrictions with respect to bank balances other than cash and cash equivalents as at the end of the reporting year and prior years.
- (ii) The Company earns a fixed rate of interest on these term deposits.
- (iii) Term deposits amounting to ₹ 1,789.53 millions (March 31, 2019: ₹ 1,109.19 millions) are held as pledged against borrowings and other commitments.

4 Other receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good (refer note 46)	110.45	38.21
	110.45	38.21

5 Loans

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Term loans (refer note 5.1)	5,848.76	6,935.15
Employee loans (refer note 5.3)	1.86	2.26
	5,850.62	6,937.41
At fair value through other comprehensive income		
Term loans (refer note 5.2)	19,787.39	20,055.10
	19,787.39	20,055.10
	25,638.01	26,992.51

5.1 Term loans (at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans		
(i) Joint liability group loans	6,828.03	6,643.25
(ii) Individual loans	185.10	396.81
(iii) Corporate loans	58.97	-
Total (gross)	7,072.10	7,040.06
Less: Allowance for impairment loss for loan assets	1,223.34	104.91
Total (net)	5,848.76	6,935.15
Secured by tangible assets	185.10	396.81
Unsecured	6,887.00	6,643.25
Total (gross)	7,072.10	7,040.06
Less: Allowance for impairment loss for loan assets	1,223.34	104.91
Total (net)	5,848.76	6,935.15
Loans in India		
Public sector	-	-
Individuals	7,013.13	7,040.06
Corporate Loans	58.97	-
Total (gross)	7,072.10	7,040.06
Less: Allowance for impairment loss for loan assets	1,223.34	104.91
Total (net)	5,848.76	6,935.15

5.2 Term loans (at fair value through other comprehensive income)

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans		
(i) Joint liability group loans	20,452.49	20,331.17
Total (gross)	20,452.49	20,331.17
Less: Allowance for impairment loss for loan assets	665.10	276.07
Total (net)	19,787.39	20,055.10
Secured by tangible assets	-	-
Unsecured	20,452.49	20,331.17
Total (gross)	20,452.49	20,331.17
Less: Allowance for impairment loss for loan assets	665.10	276.07
Total (net)	19,787.39	20,055.10
Loans in India		
Public sector	-	-
Individuals	20,452.49	20,331.17
Total (gross)	20,452.49	20,331.17
Less: Allowance for impairment loss for loan assets	665.10	276.07
Total (net)	19,787.39	20,055.10

5.3 Employee loans (at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Employee loans	1.86	2.26
Total (gross)	1.86	2.26
Less: Allowance for impairment loss for employee loans	-	-
Total (net)	1.86	2.26
(i) Key managerial personnel	-	-
(ii) Other employees	1.86	2.26
Total (gross)	1.86	2.26

- (i) Refer note 41 for expected credit loss related disclosures on loan assets.
- (ii) All loans given to employees are without any security of assets or guarantee.
- (iii) Refer note 38 for loans pledged as security.

6 Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Security deposits (unsecured, considered good)	22.63	17.89
(ii) Employee advances	0.69	1.78
	23.32	19.67

7 Property, plant and equipment

Particulars	Computer and Accessories	Furniture and Fixtures	Office Equipments	Vehicles	Electrical Fittings	Total
Gross Carrying Value						
Balance as at April 1, 2018	25.32	91.96	32.03	0.77	8.60	158.68
Additions	20.58	63.69	16.68	-	2.85	103.80
Disposals	(0.03)	-	(0.57)	-	(0.21)	(0.81)
Balance as at March 31, 2019	45.87	155.65	48.14	0.77	11.24	261.67
Additions	30.11	78.05	100.74	-	1.85	210.75
Disposals	(0.33)	-	(1.20)	-	(0.52)	(2.05)
Balance as at March 31, 2020	75.65	233.70	147.68	0.77	12.57	470.37
Accumulated depreciation						
Balance as at April 1, 2018	10.51	7.81	8.13	0.16	1.05	27.66
Charge for the year	9.31	11.34	7.58	0.09	1.04	29.36
Reversal on disposal of assets	-	-	(0.48)	-	(0.05)	(0.53)
Balance as at March 31, 2019	19.82	19.15	15.23	0.25	2.04	56.49
Charge for the year	16.19	17.52	11.57	0.09	1.18	46.55
Reversal on disposal of assets	(0.10)	-	(1.10)	-	(0.14)	(1.34)
Balance as at March 31, 2020	35.91	36.67	25.70	0.34	3.08	101.70
Net block						
Balance as at March 31, 2019	26.05	136.50	32.91	0.52	9.20	205.18
Balance as at March 31, 2020	39.74	197.03	121.98	0.43	9.49	368.67

*Vehicles amounting to ₹ 0.77 million (March 31, 2019: ₹ 0.77 million) have been pledged as security. Refer note 38.

8 Right-of-use assets and Lease liabilities

The Company's lease asset primarily consist of leases for buildings for branch offices having various lease terms. 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 incremental borrowing rate as on the date of transition and has measured right of use asset an amount equal to lease liability adjusted for any related prepaid and accrued lease payments previously recognised.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- 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
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- 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.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

8 Right-of-use assets and Lease liabilities (Contd..)

Particulars	Amount
Lease commitments as on March 31, 2019	872.04
Leases with remaining lease term of less than 12 months	(5.56)
Operating lease liabilities before discounting as on April 1, 2019	866.48
Discounting impact (using incremental borrowing rate)	(294.40)
Lease liabilities as on April 1, 2019	572.08
Current lease liability	96.56
Non current lease liabilities	475.52
Right-of-use assets and lease liabilities of ₹ 572.08 millions have been recognised as on April 1, 2019.	

The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows:-

Particulars	Year ended March 31, 2020
Increase in lease liability by	758.18
Increase in right of use by	720.50
Increase in deferred tax assets	12.23
Increase in finance cost by	69.80
Increase in depreciation by	89.98
Decrease in rent	(111.18)

Additional disclosure as Lessee

(i) Property, plant and equipment comprises owned and leased assets that do not meet the definition of investment property

Particulars	As on 31 March, 2020
Property, plant and equipment owned	368.67
Right-of-use assets	720.50
Total	1,089.17

(ii) Carrying value of right-of-use assets at the end of the reporting period

Particulars	As on 31 March, 2020
Balance as at April 1, 2019	572.08
Additions	263.43
Deletions	(25.03)
Depreciation charge for the year	(89.98)
Balance as at March 31, 2020	720.50

(iii) Movement in lease liabilities

Particulars	Year ended 31 March, 2020
Balance as at April 1, 2019	572.08
Additions	226.56
Interest on lease liabilities	69.80
Payment of lease liabilities	(110.26)
Balance as at March 31, 2020	758.18

8 Right-of-use assets and Lease liabilities (Contd..)

(iv) Maturity analysis of lease liabilities

Particulars	As on 31 March, 2020
Less than one year	139.49
One to five years	585.79
More than five years	422.90
Total undiscounted lease liabilities as at 31 March 2020	1,148.18
Current	131.78
Non Current	626.40
Lease liabilities included in the statement of financial position	758.18

(v) Amounts recognised in profit and loss

Particulars	Year ended 31 March, 2020
Interest on lease liabilities (refer note 27)	69.80
Expenses relating to short term leases (refer note 32)	15.77
Expenses relating to cancellable leases (refer note 32)	4.24
Depreciation of right-of-use assets (refer note 31)	89.98
	179.79

(vi) Amounts recognised in the statement of cash flows

Particulars	Year ended 31 March, 2020
Total cash outflow for leases	110.26

(vi) The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 11%

9 Capital work-in-progress

Particulars	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress	-	6.58
	-	6.58

Movement in capital work in progress:

Particulars	Amount
Capital work in progress as at April 1, 2018	-
Additions during the year	6.58
Capitalisation during the year	-
Capital work in progress as at March 31, 2019	6.58
Additions during the year	158.55
Capitalisation during the year	(165.13)
Capital work in progress as at March 31, 2020	-

10 Other intangible assets

Particulars	Software
Gross Block	
Balance as at April 1, 2018	1.35
Additions	0.96
Disposals	-
Balance as at March 31, 2019	2.31
Additions	0.82
Disposals	-
Balance as at March 31, 2020	3.13
Accumulated amortisation	
Balance as at April 1, 2018	0.46
Charge for the year	0.29
Reversal on disposal of assets	-
Balance as at March 31, 2019	0.75
Charge for the year	0.56
Reversal on disposal of assets	-
Balance as at March 31, 2020	1.31
Net block	
Balance as at March 31, 2019	1.56
Balance as at March 31, 2020	1.82

11 Other non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Capital advances	30.26	3.90
Prepaid expenses	13.10	59.55
Advances to vendors	13.99	-
	57.35	63.45

12 Other payables

Particulars	As at March 31, 2020	As at March 31, 2019
Dues to micro enterprises and small enterprises (refer note (i) below)	-	-
Dues to creditors other than micro enterprises and small enterprises	30.41	54.92
	30.41	54.92

- (i) Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

Particulars	As at March 31, 2020	As at March 31, 2019
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	Nil	Nil
ii) Interest due thereon remaining unpaid	Nil	Nil
iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	Nil	Nil

12 Other payables (Contd..)

Particulars	As at March 31, 2020	As at March 31, 2019
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
v) Interest accrued and remaining unpaid	Nil	Nil
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	Nil	Nil

13 Debt securities

Particulars	As at March 31, 2020	As at March 31, 2019
Secured (at amortised cost)		
Redeemable non-convertible debentures	2,144.91	2,790.07
	2,144.91	2,790.07
Borrowings in India	2,144.91	2,790.07
Borrowings outside India	-	-
	2,144.91	2,790.07

(i) Refer note 37 for interest rates, repayment terms and nature of security of debt securities.

14 Borrowings (other than debt securities)

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks	16,909.85	11,484.57
- From financial institutions	9,909.46	9,989.13
	26,819.31	21,473.70
Borrowings in India	26,819.31	21,473.70
Borrowings outside India	-	-
	26,819.31	21,473.70

(i) Refer note 37 for interest rates, repayment terms and nature of security of borrowings.

(ii) Refer note 38 for details of assets pledged.

15 Subordinated liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Unsecured Term Loan		
-From financial institutions	249.28	248.93
	249.28	248.93
Subordinated liabilities in India	249.28	248.93
Subordinated liabilities outside India	-	-
	249.28	248.93

(i) Refer note 37 for interest rates, repayment terms and nature of security of subordinated liabilities

16 Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	234.62	243.47
Expenses payable	6.16	15.03
Employee related payable	127.21	133.13
Payables towards securitisation/assignment transactions	963.18	842.08
Others	48.77	101.88
	1,379.94	1,335.59

17 Deferred tax liabilities (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax effect of items constituting deferred tax liabilities:		
Direct assignment transactions	(771.35)	(583.30)
Adoption of EIR for borrowing cost	(25.41)	(19.89)
Tax effect of items constituting deferred tax assets:		
Provision for expected credit loss	422.06	78.64
Adoption of EIR for loan assets	49.47	59.45
Adoption of Ind AS 116	12.23	-
Others	13.68	4.18
Total Deferred tax (liabilities) (net)	(299.32)	(460.92)

Movement in above mentioned deferred tax assets and (liabilities)

Particulars	As at March 31, 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	As on March 31, 2020
Tax effect of items constituting deferred tax assets and (liabilities)							
Provision for expected credit loss	68.78	9.86	-	78.64	343.42	-	422.06
Adoption of EIR for Loan assets	46.65	12.80	-	59.45	(9.98)	-	49.47
Direct assignment transactions	(349.26)	(107.58)	(126.46)	(583.30)	(173.11)	(14.94)	(771.35)
Securitisation transactions	1.93	(1.93)	-	-	-	-	-
Adoption of EIR for Borrowing Cost	(24.26)	4.37	-	(19.89)	(5.52)	-	(25.41)
Adoption of Ind AS 116	-	-	-	-	12.23	-	12.23
Others	3.36	2.13	(1.31)	4.18	2.51	6.99	13.68
	(252.80)	(80.35)	(127.77)	(460.92)	169.55	(7.95)	(299.32)

18 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Gratuity (refer note 35)	38.14	2.78
Compensated absences (refer note 35)	12.75	6.25
	50.89	9.03

19 Other non financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Income received in advance	2.44	10.07
Statutory dues payable	18.86	22.63
Others	78.62	38.04
	99.92	70.74

20 Equity share capital

	As at March 31, 2020	As at March 31, 2019
Authorised share capital		
150,000,000 Equity shares of ₹ 10 each (March 31, 2019: 150,000,000)	1,500.00	1,500.00
50,000,000 Compulsorily Convertible Preference shares of ₹ 10 each (March 31, 2019: 50,000,000)	500.00	500.00
	2,000.00	2,000.00
Issued, subscribed and fully paid up share capital		
114,170,502 Equity shares of ₹ 10 each (March 31, 2019: 114,170,502)	1,141.71	1,141.71
	1,141.71	1,141.71

(i) Rights, preferences and restrictions attached to equity shares:

The Company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the period

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity share capital of Rs. 10 each fully paid up				
Balance at the beginning of the year	11,41,70,502	1,141.71	10,28,78,211	1,028.78
Add: Issued during the year	-	-	1,12,92,291	112.93
Balance at the end of the year	11,41,70,502	1,141.71	11,41,70,502	1,141.71

(iii) Shares held by the holding company

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	7,26,25,449	63.61%	7,26,25,449	63.61%

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	7,26,25,449	63.61%	7,26,25,449	63.61%
Creation Investments India LLC	1,30,06,778	11.39%	1,30,06,778	11.39%
Thomas Muthoot	63,50,459	5.56%	63,50,459	5.56%
Thomas George Muthoot	63,27,160	5.54%	63,27,160	5.54%
Thomas John Muthoot	63,28,806	5.54%	63,28,806	5.54%

(v) The Company has neither issued any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

(vi) Refer Note 42 for disclosures related to capital management of the company

21 Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium	4,988.74	4,988.74
Reserve fund u/s 45-IC of RBI Act 1934	683.81	647.40
Treasury shares	(32.19)	(34.31)
General reserve	(0.25)	(2.62)
Employee stock options outstanding	11.09	9.24
Retained earnings	1,682.64	1,557.78
Loan assets through other comprehensive income	594.38	549.96
	7,928.22	7,716.19

Nature and purpose of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Reserve Fund u/s 45-IC of RBI Act 1934

The Company creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount of equal to/more than twenty per cent of its net profit of the year, before declaration of dividend. Accordingly, during the year, the Company has transferred an amount of ₹ 36.42 million (March 31, 2019: ₹ 402.45 million)

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.

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.

Retained earnings

All the profits or losses made by the Company are transferred to retained earnings from statement of profit and loss.

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.

22 Interest income

	Year Ended March 31, 2020	Year Ended March 31, 2019
On financial assets measured at amortised cost		
Interest on loan assets	3,089.44	1,429.29
Interest income on deposits from banks	140.74	89.62
Excess interest spread on securitisation	-	8.69
	3,230.18	1,527.60

22 Interest income (Contd..)

	Year Ended March 31, 2020	Year Ended March 31, 2019
On financial assets measured at fair value through other comprehensive income		
Interest on loan assets	1,919.46	3,491.14
Excess interest spread on direct assignment	861.23	161.54
	2,780.69	3,652.68
	6,010.87	5,180.28

23 Fees and commission income

	Year Ended March 31, 2020	Year Ended March 31, 2019
Fee income recognised over a certain period of time (refer note 46)	46.47	66.80
Fee income that are recognised at point in time (refer note 46)	48.32	99.48
	94.79	166.28

24 Net gain on fair value changes

	Year Ended March 31, 2020	Year Ended March 31, 2019
Gain on sale of loans at fair value through other comprehensive income	2,162.84	1,793.85
	2,162.84	1,793.85
Fair value changes		
Realised	2,162.84	1,793.85
Unrealised	-	-
	2,162.84	1,793.85

25 Income from investments

	Year Ended March 31, 2020	Year Ended March 31, 2019
Income from investments	256.17	152.55
	256.17	152.55

26 Other income

	Year Ended March 31, 2020	Year Ended March 31, 2019
Net gain on debt instrument designated at fair value through profit or loss	-	140.36
Net gain on conversion of debt instrument to equity	-	46.19
Interest income on security deposits	0.75	1.17
Miscellaneous income	64.43	20.88
	65.18	208.60

27 Finance costs

	Year Ended March 31, 2020	Year Ended March 31, 2019
On financial liabilities measured at amortised cost		
Interest on borrowings	2,491.07	1,971.64
Interest on debt securities	311.20	332.36
Interest on subordinated liabilities	34.66	34.37
Interest on lease liabilities (refer note 8)	69.80	-
	2,906.73	2,338.37

28 Fees and commission expenses

	Year Ended March 31, 2020	Year Ended March 31, 2019
Commission for disbursement and collection	144.25	137.25
	144.25	137.25

29 Impairment on financial instruments

	Year Ended March 31, 2020	Year Ended March 31, 2019
Loans		
Write off	1,139.58	168.12
Provision for impairment on loan assets	1,507.46	115.38
	2,647.04	283.50

Refer note 41 for expected credit loss related disclosures on loan assets

30 Employee benefits expenses

	Year Ended March 31, 2020	Year Ended March 31, 2019
Salaries and wages	1,766.81	1,316.88
Contribution to provident and other funds	147.22	110.75
Share based payments	1.85	3.25
Gratuity and compensated absence	34.58	17.01
Staff welfare expenses	18.73	22.23
	1,969.19	1,470.12

31 Depreciation and amortization expense

	Year Ended March 31, 2020	Year Ended March 31, 2019
Depreciation (refer note 7)	46.55	29.36
Depreciation on right-of-use assets (refer note 8)	89.98	-
Amortisation (refer note 10)	0.56	0.29
	137.09	29.65

32 Other expenses

	Year Ended March 31, 2020	Year Ended March 31, 2019
Traveling and conveyance	233.30	141.31
Rent	20.01	107.35
Legal and professional charges	97.75	68.10
Printing and stationery	19.04	33.32
Software support charges	32.70	32.70
Communication expenses	33.49	31.06
Rates and taxes	3.32	20.37
Power and fuel	14.94	12.57
Marketing expenses	19.30	-
Office expenses	18.89	16.77
Corporate social responsibility expenses*	29.45	12.40

32 Other expenses (Contd..)

	Year Ended March 31, 2020	Year Ended March 31, 2019
Auditors' remuneration		
Statutory audit	3.82	2.62
Limited review	1.31	0.76
Tax audit	0.44	0.49
Other certifications	0.33	4.90
Reimbursement of expenses	0.22	0.30
Repairs and maintenance - others	4.63	4.96
Miscellaneous expenses	60.07	50.16
	593.01	540.14

*Corporate social responsibility expenses

(a) Gross Amount required to be spent by the Company during the year ended March 31, 2020 is ₹ 29.45 million (March 31, 2019 ₹ 12.40 million).

(b) Amount spent during the year

	Year Ended March 31, 2020	Year Ended March 31, 2019
(i) Construction/ acquisition of any asset		
In cash	-	-
Yet to be paid	-	-
	-	-
(ii) On purpose other than (i) above		
In cash	15.10	12.40
Yet to be paid	14.35	-
	29.45	12.40
	29.45	12.40

33 Earnings per equity share (basic and diluted)

	Year Ended March 31, 2020	Year Ended March 31, 2019
Net profit for the year	182.06	2,012.25
Weighted-average number of equity shares for basic EPS	114.17	103.56
Weighted-average number of equity shares adjusted for the effect of dilution	114.17	103.56
Par value per share	10.00	10.00
Earnings per equity share - Basic	1.59	19.43
Earnings per equity share - Diluted	1.59	19.43

34 Tax expense

	Year Ended March 31, 2020	Year Ended March 31, 2019
Current tax	186.33	612.60
Deferred tax	(169.55)	80.35
	16.78	692.95

34 Tax expense (Contd..)

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	Year Ended March 31, 2020	Year Ended March 31, 2019
Profit before tax	196.98	2,705.20
Statutory income tax rate	25.17%	29.12%
Expected income tax expense	49.58	787.76
	Year Ended March 31, 2020	Year Ended March 31, 2019
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax effect of permanent difference on Fair value change of preference shares	-	(54.32)
Tax on expense not eligible for deduction	7.41	3.61
Tax effect of change in tax rate	(62.56)	-
Deferred tax liability relating to earlier years	15.44	-
Impact of different tax rate on certain items	-	(53.79)
Others	6.91	9.69
Total income tax expense	16.78	692.95

35 Employee benefit obligations

Particulars	As at March 31, 2020	As at March 31, 2019
Defined benefit plans		
Gratuity	38.14	2.78
Leave encashment	12.75	6.25

A. Gratuity

- (i) The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

(ii) Amount recognised in the statement of profit and loss

	Year Ended March 31, 2020	Year Ended March 31, 2019
Current service cost	15.38	9.12
Interest cost (net)	0.20	0.26
Actuarial loss/(gain) recognised during the year	27.78	(4.49)
Amount recognised in total comprehensive income	43.36	4.89

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

	Year Ended March 31, 2020	Year Ended March 31, 2019
Present value of defined benefit obligation as at the beginning of the year	37.03	32.96
Current service cost	15.38	9.12
Interest cost	2.61	2.45
Benefits paid	(6.56)	(2.34)
Actuarial (gain)/loss	28.46	(5.16)
Present value of defined benefit obligation as at the end of the year	76.92	37.03

35 Employee benefit obligations (Contd..)

(iv) Movement in the plan assets recognised in the balance sheet

	Year Ended March 31, 2020	Year Ended March 31, 2019
Fair value of plan assets at the beginning of the period	34.25	28.91
Expected return on plan assets	2.41	2.19
Contributions by employer	8.00	5.50
Benefits paid	(6.56)	(1.68)
Actuarial gain/(loss)	0.68	(0.67)
Fair value of plan assets at the end of the period	38.78	34.25

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

	As at March 31, 2020	As at March 31, 2019
Present value of funded obligation as at the end of the year	76.92	37.03
Fair value of plan assets as at the end of the period funded status	38.78	34.25
Funded net liability recognized in balance sheet	38.14	2.78

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

	As at March 31, 2020	As at March 31, 2019
Actuarial loss/ (gain) on assets	(0.68)	0.67
Actuarial (gain) / loss on liabilities		
Actuarial (gain) / loss from change in demographic assumption	2.07	(10.17)
Actuarial loss from change in financial assumption	2.35	1.24
Actuarial loss from experience adjustment	24.04	3.77
Total Actuarial (gain) / loss on liabilities	28.46	(5.16)
Total actuarial (gain)/loss	27.78	(4.49)

(vii) Actuarial assumptions used for determination of the liability of the Company:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Discount rate	5.66%	7.05%
Rate of increase in compensation levels	7.00%	7.00%
Attrition rate		
Field employees	40.94%	35.66%
Other than field employees	19.22%	35.66%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	33.55	33.95

Notes to actuarial assumptions:

- Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.
- These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.
- The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

35 Employee benefit obligations (Contd..)**(viii) Sensitivity analysis for gratuity liability**

	As at March 31, 2020	As at March 31, 2019
Present value of obligation at the end of the year	76.92	37.03
a) Impact of change in discount rate		
- Impact due to increase of 0.50 %	(1.41)	(0.47)
- Impact due to decrease of 0.50 %	1.47	0.48
b) Impact of change in salary increase		
- Impact due to increase of 1 %	2.81	0.97
- Impact due to decrease of 1 %	(2.65)	(0.93)
c) Impact of change in attrition rate		
- Impact due to increase of 5 %	(4.06)	(2.61)
- Impact due to decrease of 5 %	4.90	2.90

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

(ix) Maturity profile of defined benefit obligation

Description	As at March 31, 2020	As at March 31, 2019
Within next 12 months	13.04	6.59
Between 1-5 years	45.09	27.19
Beyond 5 years	40.49	11.62
Total	98.62	45.40

(x) Category of plan assets

Description	As at March 31, 2020	As at March 31, 2019
Fund managed by insurer	38.78	34.25

(xi) The Company expects to contribute ₹ 20.81 millions (previous year ₹ 12.37 millions) to its gratuity plan for the next year.

B. Compensated absence

(i) The Company provides encashment of compensated absence based on the approved Company policy. Employees whose service is permanent will be eligible for privilege of compensated absence on calendar year basis, and it is mandatory that a minimum of 5 leaves need to be taken in an year.

(ii) Amount recognised in the statement of profit and loss

	Year Ended March 31, 2020	Year Ended March 31, 2019
Current service cost	9.05	3.93
Interest cost (net)	0.46	0.35
Actuarial loss/(gain) recognised during the year	9.49	1.84
Amount recognised in total comprehensive income	19.00	6.12

35 Employee benefit obligations (Contd..)

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

	Year Ended March 31, 2020	Year Ended March 31, 2019
Present value of defined benefit obligation as at the beginning of the year	14.25	8.16
Current service cost	9.05	3.93
Interest cost	1.04	0.62
Benefits paid	(0.09)	(0.19)
Actuarial (gain)/loss	9.74	1.73
Present value of defined benefit obligation as at the end of the year	33.99	14.25

(iv) Movement in the plan assets recognised in the balance sheet

	Year Ended March 31, 2020	Year Ended March 31, 2019
Fair value of plan assets at the beginning of the period	8.00	3.54
Expected return on plan assets	0.58	0.27
Contributions by employer	12.50	4.50
Benefits paid	(0.09)	(0.19)
Actuarial gain/(loss)	0.25	(0.12)
Fair value of plan assets at the end of the period	21.24	8.00

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

	Year Ended March 31, 2020	Year Ended March 31, 2019
Present value of funded obligation as at the end of the year	33.99	14.25
Fair value of plan assets as at the end of the period funded status	21.24	8.00
Funded net liability recognized in balance sheet	12.75	6.25

(vi) Actuarial (gain) / loss recognised in other comprehensive income:

	As at March 31, 2020	As at March 31, 2019
Actuarial loss / (gain) on assets	(0.25)	0.11
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	(2.08)	-
Actuarial loss from change in financial assumption	5.95	0.17
Actuarial loss from experience adjustment	5.87	1.55
Total Actuarial (gain) / loss on liabilities	9.74	1.72
Total actuarial (gain) / loss	9.49	1.83

(vii) Actuarial assumptions used for determination of the liability of the Company:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Discount rate	6.41%	7.30%
Rate of increase in compensation levels	7.00%	7.00%
Attrition rate		
Field employees	40.94%	20.00%
Other than field employees	19.22%	20.00%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	32.54	32.92

35 Employee benefit obligations (Contd..)**Notes to actuarial assumptions:**

- (a) Encashment of compensated absence is payable to the employees on death or resignation or on retirement at the attainment of superannuation age, and it is not applicable on termination and unserved notice period of an employee.
- (b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.
- (c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.
- (d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(viii) Sensitivity analysis for compensated absence liability

	As at March 31, 2020	As at March 31, 2019
a) Impact of change in discount rate		
Present value of obligation at the end of the year	34.00	14.25
- Impact due to increase of 0.50 %	(0.30)	(0.29)
- Impact due to decrease of 0.50 %	0.30	0.30
b) Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of 1 %	0.61	0.61
- Impact due to decrease of 1 %	(0.59)	(0.57)
c) Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of 5 %	(1.39)	(0.04)
- Impact due to decrease of 5 %	1.70	0.07

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

(ix) Maturity profile of defined benefit obligation

Description	As at March 31, 2020	As at March 31, 2019
Within next 12 months	15.25	3.00
Between 1-5 years	19.51	8.23
Beyond 5 years	3.77	9.35
Total	38.53	20.58

(x) Category of plan assets

Description	As at March 31, 2020	As at March 31, 2019
Fund managed by insurer	20.74	8.00

36 Related parties disclosures

Names of related parties

Nature of relationship	Name of the party
Holding Company	Muthoot Fincorp Limited
Entities in which KMP are able to exercise control or have significant influence	Muthoot Pappachan Technologies Limited
	Muthoot Pappachan Foundation
Key Management personnel (KMP)	Thomas George Muthoot, Director
	Thomas John Muthoot, Director
	Thomas Muthoot, Managing director
	Sadaf Sayeed, Chief Executive Officer
	Praveen.T, Chief Financial Officer
	Neethu Ajay, Company Secretary

Transactions with related parties

Nature	Name of the party	Year ended March 31, 2020	Year ended March 31, 2019
Cash management charges*	Muthoot Fincorp Limited	86.89	124.32
Commission income*	Muthoot Fincorp Limited	57.70	97.55
Software support charges*	Muthoot Pappachan Technologies Limited	32.62	32.18
Rent expenses*	Muthoot Fincorp Limited	3.15	3.96
	Thomas George Muthoot	2.89	1.20
	Thomas John Muthoot	1.07	0.59
	Thomas Muthoot	2.42	1.13
Rental deposits given/(refunded)	Muthoot Fincorp Limited	(0.03)	0.13
CSR expenditure	Muthoot Pappachan Foundation	15.10	12.40
Travel expenses	Muthoot Fincorp Limited	4.60	5.77
Employee Contribution for Flood Relief	Muthoot Pappachan Foundation	2.70	-
Remuneration	Sadaf Sayeed	23.88	7.64
	Praveen T	3.18	2.94
	Neethu Ajay	1.26	1.00

*excluding taxes

Balance at the end of the year

Nature	Name of the party	As at March 31, 2020	As at March 31, 2019
Other payable (Cash management charges)	Muthoot Fincorp Limited	5.91	17.91
Other receivable (Commission income)	Muthoot Fincorp Limited	25.95	13.43
Rent payable	Muthoot Fincorp Limited	0.27	0.67
	Thomas Muthoot	0.22	-
	Thomas George Muthoot	0.27	-
	Thomas John Muthoot	0.10	-
Travel charges payable	Muthoot Fincorp Limited	-	2.36
Rental deposit	Thomas George Muthoot	0.10	0.10
	Thomas John Muthoot	0.08	0.08
	Thomas Muthoot	0.18	0.18
	Muthoot Fincorp Limited	1.54	1.57

Key management personnel remuneration includes the following expenses:

Name	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits (current)	25.44	10.58
Post-employment benefits	2.88	1.00
	28.32	11.58

37 Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities

Debt securities		Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	Outstanding as at	
S No.	Repayment terms					March 31, 2020	March 31, 2019
1	Principal: Bullet repayment Interest: Annual	Nov-16	Nov-19	12.00%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	-	249.48
2	Principal: Bullet repayment Interest: Half-year	Oct-16	Sep-21	12.30%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	697.97	1,393.26
3	Principal: Bullet repayment Interest: Quarterly	Dec-16	Dec-19	12.00%	Exclusive charge over book debts equivalent to 110% of loan amount.	-	399.19
4	Principal: Bullet repayment Interest: Quarterly	Mar-18	Aug-23	11.63%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	748.56	748.14
5	Principal: Bullet repayment Interest: Quarterly	Sep-19	Nov-24	11.40%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	698.38	
						2,144.91	2,790.07

Borrowings (other than debt securities)								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2020	March 31, 2019
1	Monthly	24	10.42	Dec-17	Variable	MCLR + 2.90%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	83.23
2	Monthly	24	6.67	Oct-18	Variable	MCLR + 0.80%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	39.93	119.60
3	Monthly	33	15.15	Apr-18	Variable	MCLR + 2.85%	Cash margin of 5%.	136.12	317.31
4	Monthly	8	71.43	Jun-16	Variable	MCLR + 2.25%	Cash margin of 5%.	-	142.58
5	Quarterly	7	71.43	Mar-18	Variable	MCLR + 2.10%	Cash margin of 5%.	71.37	356.07
6	Quarterly	8	43.75	Dec-18	Variable	MCLR + 2.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	261.41	-
7	Quarterly	8	62.50	Jun-20	Variable	MCLR + 3.00%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	496.85	-
8	Quarterly	21	71.43	Apr-18	Fixed	11%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 2.50%.	-	214.17
9	Quarterly	7	228.57	Aug-19	Fixed	11%	Exclusive charge over book debts equivalent to 110%	913.03	1595.88
10	Monthly	30	50.00	Mar-20	Variable	MCLR+2.35%	Exclusive charge over book debts equivalent to 115% of loan amount and Cash margin of 5%.	1,439.67	-
11	Monthly	36	6.90	Oct-17	Variable	MCLR + 2.50%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	49.84	125.64
12	Monthly	33	7.23	Oct-18	Variable	MCLR + 1.40%	Exclusive charge over book debts equivalent to 100% of loan amount.	108.40	195.07
13	Monthly	24	16.67	Nov-19	Variable	MCLR+1.91%	Exclusive charge over book debts equivalent to 100% of loan amount.	316.02	-
14	Monthly	36	8.06	May-19	Variable	MCLR + 155 bps	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	200.24	287.44
15	Monthly	24	19.20	Oct-18	Variable	T-bill + 4.42%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	135.08	385.09
16	Monthly	22	22.73	Aug-18	Variable	MCLR + 2.05%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	45.43	317.27

37 Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities (Contd..)

Borrowings (other than debt securities)								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2020	March 31, 2019
17	Monthly	22	22.73	Dec-18	Variable	MCLR + 2.05%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	136.16	407.57
18	Monthly	22	45.45	Nov-19	Variable	MCLR+2.60%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 3%.	768.43	-
19	Monthly	22	22.73	Jun-20	Variable	MCLR+2.60%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 3%.	496.06	-
20	Monthly	21	23.81	Oct-17	Variable	MCLR + 2.70%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	71.41
21	Monthly	21	14.29	Feb-18 / Mar-18	Variable	MCLR + 2.65%	Cash margin of 5%.	-	164.12
22	Monthly	21	35.71	Dec-18	Variable	MCLR + 2.10%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	178.40	606.00
23	Monthly	22	45.45	Mar-18	Variable	MCLR + 3.30%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	408.39
24	Monthly	24	125.00	Jan-20	Variable	MCLR+2.55%	Exclusive charge over book debts equivalent to 111% of loan amount and Cash margin of 5%.	2,519.16	-
25	Monthly	24	83.33	Mar-20	Variable	MCLR+2.65%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	1,930.81	-
26	Monthly	24	12.50	Mar-18	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	-	136.91
27	Monthly	24	25.00	Apr-19	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	399.60	598.95
28	Monthly	24	20.83	Dec-19	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	416.10	-
29	Monthly	36	4.17	Jun-16	Variable	Base Rate + 1.70%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	8.33
30	Monthly	36	13.89	Sep-17	Variable	Base Rate + 1.55%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	69.37	235.63
31	Monthly	36	27.78	Apr-18	Variable	MCLR + 1.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	332.71	664.77
32	Monthly	33	30.30	Jan-19	Variable	Interest + Spread	Cash margin of 10%.	542.43	900.59
33	Monthly	28	35.72/35.56	Mar-20	Variable	Interest + Spread	Exclusive charge over book debts equivalent to 100% of loan amount	956.00	-
34	Monthly	11	750.00	Jan-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	2,746.59	4,242.82
35	Half Yearly	11	375.00	Jul-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	1,748.04	2,496.28
36	Half Yearly	11	7.50	Jan-20	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 112.74% of loan amount	935.00	-
37	Monthly	24	16.67	Sep-17	Variable	MCLR + 3.00%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	183.04
38	Monthly	24	40.00	Jan-18	Variable	MCLR + 2.55%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	438.86
39	Monthly	24	0.84	May-19	Variable	MCLR + 2.25%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	437.62	-
40	Monthly	24	0.72	Dec-19	Variable	MCLR + 2.20%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	2,608.02	-
41	Monthly	24	10.42	Apr-18	Variable	MCLR + 1.50%	Exclusive charge over book debts equivalent to 110% of loan amount	-	114.43

37 Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities (Contd..)

Borrowings (other than debt securities)								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2020	March 31, 2019
42	Monthly	30	16.60	Oct-17	Fixed	11.65%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 2.50%.	-	200.75
43	Monthly	30	33.33	Jan-19	Fixed	11.95%	Cash margin of 2.50%.	499.00	896.71
44	Monthly	30	66.66	Sep-19	Fixed	11.50%	Cash margin of 10.00%.	1,994.69	-
45	Quarterly	36	16.67	Dec-17	Variable	MCLR + 1.85%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	33.30	99.77
46	Quarterly	30	50.00	Oct-17	Variable	MCLR + 1.95%	Exclusive charge over book debts equivalent to 111% of loan amount	-	199.72
47	Quarterly	30	50.00	Jun-18	Variable	MCLR + 1.95%	Exclusive charge over book debts equivalent to 106 % of loan amount and Cash margin of 5%.	101.33	299.27
48	Monthly	36	2.78	Jun-16	Variable	Base Rate + 2.25%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	-	5.55
49	Monthly	36	13.89	Mar-17	Variable	MCLR + 2.90%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	152.36
50	Monthly	30	25.00	Sep-17	Variable	MCLR + 2.65% + 0.10%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	-	273.59
51	Monthly	36	5.56	Nov-16	Variable	Base Rate + 2.50%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	38.82
52	Monthly	30	8.33	Apr-20	Variable	MCLR+2.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	251.33	-
53	Monthly	30	16.67	Jul-20	Variable	MCLR+2.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	502.28	-
54	Quarterly	33	9.00	Dec-16	Variable	MCLR + 3.05%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	19.00
55	Quarterly	30	25.00	Aug-18	Variable	MCLR + 3.05%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	74.95	174.77
56	Monthly	30	16.67	Jan-17	Variable	Base rate + 2.15%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	49.99
57	Monthly	24	16.67	Oct-17	Variable	MCLR + 2.85%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	199.87
58	Monthly	36	11.11	Jan-18	Variable	MCLR + 1.20%	Exclusive charge over book debts equivalent to 105% of loan amount	99.93	232.96
59	Monthly	36	9.44	Dec-18	Variable	MCLR + 1.75%	Exclusive charge over book debts equivalent to 105% of loan amount	188.25	300.61
60	Monthly	24	10.42	Oct-17	Variable	MCLR + 2.45%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	-	62.42
61	Monthly	24	4.17	Jul-18	Variable	MCLR + 1.20%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	-	61.63
62	Monthly	24	11.67	Apr-18	Variable	MCLR + 1.20%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	-	139.94
63	Monthly	24	20.83	Apr-18	Variable	MCLR + 1.20%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	-	249.89
64	Monthly	33	7.51	Oct-16	Fixed	11.75%	Exclusive charge over book debts equivalent to 110% of loan amount	-	55.64
65	Monthly	30	7.29	Oct-16	Fixed	11.75%	Exclusive charge over book debts equivalent to 110% of loan amount	-	78.35
66	Monthly	30	20.89	Dec-17	Fixed	11.25%	Exclusive charge over book debts equivalent to 110% of loan amount	-	200.30

37 Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities (Contd..)

Borrowings (other than debt securities)								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2020	March 31, 2019
67	Monthly	36	18.18	Aug-17	Fixed	11.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	36.22	108.78
68	Annually	36	35.00	Jun-18	Fixed	11.70%	Exclusive charge over book debts equivalent to 105% of loan amount	233.07	349.32
69	Monthly	24	5.00	Oct-16	Variable	LTLR - 5.65%	Exclusive charge over book debts equivalent to 110% of loan amount	-	5.00
70	Monthly	24	7.82	Oct-16	Fixed	14.00%	Exclusive charge over book debts equivalent to 110% of loan amount	-	67.23
71	Monthly	24	6.90	Feb-18	Fixed	10.90%	Exclusive charge over book debts equivalent to 110% of loan amount	99.50	188.45
72	Monthly	60	0.01	Jul-16	Variable	Base Rate	Hypothecation of motor car	0.18	0.31
73	Quarterly	4	125.00	May-19	Variable	MCLR + 2.1%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	497.68
74	Yearly	1	125.00	Jul-20	Variable	MCLR + Applicable margin	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	125.00	-
75	Yearly	1	250.00	Feb-21	Variable	MCLR + Applicable margin	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	250.00	-
76	Quarterly	4	125.00	Feb-20	Variable	MCLR + Applicable margin	Cash margin of 10%.	497.56	-
77	Monthly	21	11.90	Jun-19	Variable	Base rate + 3.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 2.5%.	130.63	248.68
78	Monthly	21	7.14	May-20	Variable	Base rate + 4.90%	Exclusive charge over book debts equivalent to 110% of loan amount	149.28	-
79	Monthly	21	9.52	Jul-19	Variable	MCLR - 1.35%	Exclusive charge over book debts equivalent to 110% of loan amount	118.89	198.89
								26,819.31	21,473.70

Subordinated liabilities						Outstanding as at	
S No.	Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security		March 31, 2020	March 31, 2019
1	Principal: Bullet repayment Interest: Monthly	Aug-16	13.75%	Unsecured		249.28	248.93
						249.28	248.93

38 Assets pledged as security

The carrying amounts of assets pledged as security are:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
First charge		
Loans	21,176.98	20,591.30
Term deposits with bank	1,789.53	1,109.19
Total financial assets pledged as security	22,966.51	21,700.49
Non financial assets		
First charge		
Vehicles	0.77	0.77
Total non financial assets pledged as security	0.77	0.77
Total assets pledged as security	22,967.28	21,701.26

39 Contingent liabilities and commitments

There are no contingent liability and commitments as on March 31, 2020 (March 31, 2019: Nil)

40 Financial instruments and Fair value disclosures

Financial instruments

A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

Particulars	Notes to schedule	As at March 31, 2019	As at March 31, 2018
Financial assets measured at fair value			
Loans	5	19,787.39	20,055.10
Financial assets measured at amortised cost			
Cash and cash equivalents	2	11,812.92	6,700.10
Bank balances other than cash and cash equivalents	3	1,789.53	1,109.19
Other receivables	4	110.45	38.21
Loans	5	5,850.62	6,937.41
Other financial assets	6	23.32	19.67
Total		39,374.23	34,859.68
Financial liabilities measured at amortised cost			
Other payables	12	30.41	54.92
Debt securities	13	2,144.91	2,790.07
Borrowings (other than debt securities)	14	26,819.31	21,473.70
Subordinated liabilities	15	249.28	248.93
Lease liabilities	8	758.18	-
Other financial liabilities	16	1,379.94	1,335.59
Total		31,382.03	25,903.21

B Fair values hierarchy

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).

B.1 Valuation framework

Loan assets carried at fair value through other comprehensive income are categorized in Level 3 of the fair value hierarchy.

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure the quality and adequacy of the fair valuation. In order to arrive at the fair value of the above instruments, the Company obtains independent valuations. The valuation techniques and specific considerations for level 3 inputs are explained in detail below. The objective of the valuation techniques is to arrive at a fair value that reflects the price that would be received to sell the asset or paid to transfer the liability in the market at any given measurement date.

The fair valuation of the financial instruments and its ongoing measurement for financial reporting purposes is ultimately the responsibility of the finance team which reports to the Chief Financial Officer. The team ensures that final reported fair value figures are in compliance with Ind AS and will propose adjustments wherever required. When relying on third-party sources, the team is also responsible for understanding the valuation methodologies and sources of inputs and verifying their suitability for Ind AS reporting requirements.

40 Financial instruments and Fair value disclosures (Contd..)

B.2 Financial assets and liabilities measured at fair value - recurring fair value measurements

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	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans	-	-	19,787.39	19,787.39
As at March 31, 2019	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans	-	-	20,055.10	20,055.10

B.3 Valuation techniques

B.3A 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. Inputs include:

(ii) Risk-adjusted discount rate:

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	11,611.85	12,535.42
Weekly	8,790.04	7,327.17
Total	20,401.89	19,862.59

Fair value measurement sensitivity to significant unobservable inputs as at the end of each reporting period is as follows:

Particulars	March 31, 2020	March 31, 2019
Impact on fair value if change in risk adjusted discount rate		
- Impact due to increase of 0.50 %	(127.97)	(83.94)
- Impact due to decrease of 0.50 %	128.97	84.47
Impact on fair value if change in probability of default (PD)		
- Impact due to increase of 0.50 %	(43.74)	(37.84)
- Impact due to decrease of 0.50 %	43.85	37.95
Impact on fair value if change in loss given default (LGD)		
- Impact due to increase of 0.50 %	(8.40)	(0.83)
- Impact due to decrease of 0.50 %	8.40	0.83

40 Financial instruments and Fair value disclosures (Contd..)

B.4 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	March 31, 2020		March 31, 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	19,862.59	-	11,653.61	2,686.21
Loan originated / Preference shares issued	34,847.63	-	36,027.78	-
Sales/derecognition	(28,277.37)	-	(23,068.46)	-
Total gain and losses				
in profit and loss	-	-	-	(140.36)
in OCI	59.36	-	434.29	-
Settlements / conversion	(6,090.32)	-	(5,184.63)	(2,545.85)
Closing balance	20,401.89	-	19,862.59	-

B.5 Fair value of instruments measured at amortised cost

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- (i) The management assessed that fair values of the following financial instruments to be approximate their respective carrying amounts, largely due to the short-term maturities of these instruments:

Cash and cash equivalents

Bank balances other than cash and cash equivalents

Other receivables

Other payables

Other financial assets and liabilities

- (ii) Majority of the Company's borrowings are at a variable rate interest and hence their carrying values represent best estimate of their fair value as these are subject to changes in underlying interest rate indices.

- (iii) The management assessed that fair values arrived by using the prevailing interest rates at the end of the reporting periods to be approximate their respective carrying amounts in case of the following financial instruments-

Loans

Lease liabilities

Debt Securities

Subordinated liabilities

41 Financial risk management

Introduction and risk profile

The Company has operations in India. The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, receivables, loans, financial assets measured at amortised cost	Expected loss analysis	Bank deposits, diversification of asset base, and credit limits.
Liquidity risk	Payables, debt securities, borrowings, subordinated liabilities, lease liabilities and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - interest rate	Debt securities, borrowings, subordinated liabilities at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors

A Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, other receivables, loan assets, other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

A.1 Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

The Company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, other receivables, loans and other financial assets	12 month expected credit loss
Moderate credit risk	Identified loans	Life time expected credit loss or 12 month expected credit loss
High credit risk	Identified loans	Life time expected credit loss fully provided for

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a borrower declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made subsequently are recognized in the statement of profit and loss.

41 Financial risk management (Contd..)

A.2 Financial assets that expose the entity to credit risk

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Low credit risk on financial reporting date		
Cash and cash equivalents	11,812.92	6,700.10
Bank balances other than cash and cash equivalents	1,789.53	1,109.19
Other receivables	110.45	38.21
Loans*	25,133.94	25,831.43
Other financial assets	23.32	19.67
(ii) Moderate credit risk		
Identified loans*	313.47	899.86
(iii) High credit risk		
Identified loans*	2,079.04	642.20

* These represent gross carrying values of financial assets, without deduction for expected credit losses

A.3 Management of credit risk for financial assets other than loans

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is considered to be very low as the Company only deals with high rated banks. The risk is also managed by diversifying bank deposits and accounts in different banks across the country.

Other receivables

The Company faces very less credit risk under this category as most of the transactions are with Holding Company. Contracts with third parties from which commission is receivable are only entered with highly rated organisations.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes advances to employees and security deposits. Credit risk related to these financial assets is managed by monitoring the recoverability of such amounts continuously.

A.4 Expected credit losses for financial assets other than loans

March 31, 2020	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	11,812.92	-	-	11,812.92
Bank balances other than cash and cash equivalents	1,789.53	-	-	1,789.53
Other receivables	110.45	-	-	110.45
Other financial assets	23.32	-	-	23.32

March 31, 2019	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	6,700.10	-	-	6,700.10
Bank balances other than cash and cash equivalents	1,109.19	-	-	1,109.19
Other receivables	38.21	-	-	38.21
Other financial assets	19.67	-	-	19.67

41 Financial risk management (Contd..)

A.5 Management of credit risk for loans

Credit risk on loans is the single largest risk of the Company's business, and therefore the Company has developed several processes and controls to manage it. The Company is engaged in the business of providing micro finance facilities to women having limited source of income, savings and credit histories repayable in weekly, fortnightly or monthly instalments.

The Company duly complies with the RBI guidelines ('Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs - Directions) with regards to disbursement of loans namely:

- Loan amount does not exceed ₹ 75,000 in the first cycle and ₹ 1,25,000 in subsequent cycles;
- Total indebtedness of the borrower does not exceed ₹ 1,25,000

The credit risk on loans can be further bifurcated into the following elements:

- (i) Credit default risk
- (ii) Concentration risk

(i) Management of credit default risk:

Credit default risk is the risk of loss arising from a debtor being unlikely to pay the loan obligations in full or the debtor is more than 90 days past due on any material credit obligation. The Company majorly manages this risk by following "joint liability mechanism" wherein the loans are disbursed to borrowers who form a part of an informal joint liability group ("JLG"), generally comprising of four to ten members. Each member of the JLG provide a joint and several guarantees for all the loans obtained by each member of the group.

In addition to this, there is set criteria followed by the Company to process the loan applications. Loans are generally disbursed to the identified target segments which include economically active married women having regular cash flow engaged in the business of small shops, vegetable vendors, animal husbandry business, tailoring business and other self-managed business. Out of the people identified from target segments, loans are only disbursed to those people who meet the set criteria - both financial and non-financial as defined in the risk management policy of the Company. Some of the criteria include - annual income, per capita income, repayment capacity, multiple borrowings, age, group composition, health conditions, employment and economic activity etc. Some of the segments identified as non-target segments are not eligible for a loan. Such segments include - persons with large indebtedness, low credit history, wine shop owners, political leaders, police & lawyers and people whose immediate family members are persons engaged in the business of running finance & chit funds etc.

(ii) Management of concentration risk:

Concentration risk is the risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations. It may arise in the form of single name concentration or industry concentration. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentration risks are controlled and managed accordingly.

A.5.1 Credit risk measurement - Expected credit loss measurement

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below::

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".

ECL for depending on the stage of financial instrument:

- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months.

41 Financial risk management (Contd..)

- Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

A.5.2 Criteria for significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria are met.

(i) Quantitative criteria

The remaining lifetime probability of default at the reporting date has increased, compared to the residual lifetime probability of default expected at the reporting date when the exposure was first recognized. The Company considers loan assets as Stage 2 when the default in repayment is within the range of 30 to 90 days.

(ii) Qualitative criteria

If other qualitative aspects indicate that there could be a delay/default in the repayment of the loans, the Company assumes that there is significant increase in risk and loan is moved to stage 2.

The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

A.5.3 Criteria for default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets the following criteria:

(i) Quantitative criteria

The Company considers loan assets as Stage 3 when the default in repayment has moved beyond 90 days.

(ii) Qualitative criteria

The Company considers factors that indicate unlikelihood of the borrower to repay the loan which include instances like the significant financial difficulty of the borrower, borrower deceased or breach of any financial covenants by the borrower etc.

A.5.4 Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of security or other credit support.

Probability of default (PD) computation model

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio

Loss given default (LGD) computation model

The loss rate is the likely loss intensity in case a borrower defaults. It provides an estimation of the exposure that cannot be recovered in the event of a default and thereby captures the severity of the loss. The loss rate is computed by factoring the main drivers for losses (e.g. joint group liability mechanism, historical recoveries trends etc.) and arriving at the replacement cost.

41 Financial risk management (Contd..)

A.6 Credit risk exposure

Internal rating grade	As at March 31, 2020				As at March 31, 2019			
	ECL Staging				ECL Staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Category 1*	14,531.47	153.07	984.02	15,668.56	17,374.22	470.03	212.34	18,056.59
Category 2#	10,602.47	160.40	1,095.02	11,857.89	8,457.21	429.83	429.86	9,316.90
Gross carrying amount	25,133.94	313.47	2,079.04	27,526.45	25,831.43	899.86	642.20	27,373.49
Loss allowance	837.44	10.92	1,040.08	1,888.44	63.38	1.70	315.90	380.98
Carrying amount	24,296.50	302.55	1,038.96	25,638.01	25,768.05	898.16	326.30	26,992.51

* The company categorises loans disbursed in states of Kerala and Tamil Nadu under category 1.

The company categorises loans disbursed in states other than Kerala and Tamil Nadu under category 2.

A.6.1 Credit enhancements

The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. The Company has evaluated that the analysis of forward-looking information reveal that the scenario applicable to the Company is "Base Case Scenario" which assumes that the Macroeconomic conditions are normal and is similar to previous periods. In this case normal credit rating and corresponding PD & LGD is considered for ECL computation. The Company reviews the joint group guarantee details on a periodic basis.

A.7 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL.
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following table further explains changes in the gross carrying amount of the Loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Gross amount	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at April 1, 2018	17,833.39	238.76	726.31	18,798.46
New assets originated	42,934.52	2,396.60	253.56	45,584.68
Assets derecognised or repaid (excluding write offs)	(35,044.77)	(1,801.09)	(429.95)	(37,275.81)
Transfers to Stage 1	0.75	(0.68)	(0.07)	-
Transfers to Stage 2	(100.48)	100.57	(0.09)	-
Transfers to Stage 3	(226.26)	(34.30)	260.56	-
Amounts written off	-	-	(168.12)	(168.12)
Change in fair value of loan assets	434.28	-	-	434.28
Balance as at March 31, 2019	25,831.43	899.86	642.20	27,373.49

41 Financial risk management (Contd..)

Gross amount	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at April 1, 2019	25,831.43	899.86	642.20	27,373.49
New assets originated	37,642.57	568.18	2,545.81	40,756.56
Assets derecognised or repaid (excluding write offs)	(36,580.92)	(1,371.71)	(1,649.72)	(39,602.35)
Transfers to Stage 1	38.68	(36.79)	(1.89)	-
Transfers to Stage 2	(320.89)	350.09	(29.20)	-
Transfers to Stage 3	(1,536.29)	(96.16)	1,632.45	-
Amounts written off	-	-	(1,060.61)	(1,060.61)
Change in fair value of loan assets	59.36	-	-	59.36
Balance as at March 31, 2020	25,133.94	313.47	2,079.04	27,526.45

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loss allowance	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at April 1, 2018	2.11	0.02	257.95	260.08
New assets originated	59.61	1.46	58.85	119.92
Assets derecognised or repaid (excluding write offs)	(1.18)	-	(100.59)	(101.77)
Transfers to Stage 1*	-	(0.03)	(0.04)	(0.07)
Transfers to Stage 2*	-	0.33	(9.40)	(9.07)
Transfers to Stage 3	(0.07)	(0.08)	95.53	95.38
Changes to models and inputs used for ECL calculation *	2.91	-	50.97	53.88
Amounts written off	-	-	(37.37)	(37.37)
Balance as at March 31, 2019	63.38	1.70	315.90	380.98

* The amounts are below rounding off criteria and hence appearing as Nil

Loss allowance	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at April 1, 2019	63.38	1.70	315.90	380.98
New assets originated	425.19	3.59	268.56	697.34
Assets derecognised or repaid (excluding write offs)	(60.45)	(1.59)	(131.75)	(193.79)
Transfers to Stage 1*	0.17	(0.08)	(0.63)	(0.54)
Transfers to Stage 2*	(0.91)	2.86	(0.41)	1.54
Transfers to Stage 3	(4.38)	(0.23)	432.78	428.17
Changes to models and inputs used for ECL calculation	153.03	0.87	9.96	163.86
Amounts written off	-	-	(156.49)	(156.49)
Balance as at March 31, 2020	576.03	7.12	737.92	1,321.07
Additional Credit loss provided by Management*	261.41	3.80	302.16	567.37
Provision as per Books	837.44	10.92	1,040.08	1,888.44

* Management has given additional provision for increase in the delinquency situation due to COVID-19

41 Financial risk management (Contd..)

A.8 Concentration of credit risk

The Company monitors concentration of credit risk by type of industry in which the borrower operates, further bifurcated into type of borrower, whether state or private.

Particulars	As at March 31, 2019	As at March 31, 2018
Gross carrying amount of loans	27,526.45	27,373.49
Concentration by industry		
Agriculture	5,589.95	1,933.21
Animal husbandry	5,487.78	7,291.73
Manufacturing (Including MSME)	1,268.04	3,592.28
Services	9,020.83	8,834.64
Trading (Including MSME)	3,870.33	2,927.59
Consumption	222.87	327.35
Education	2,066.65	2,466.69
	27,526.45	27,373.49
Concentration by Geography		
Loans disbursed in Kerala and Tamil Nadu	15,668.56	18,056.59
Loans disbursed outside Kerala and Tamil Nadu	11,857.89	9,316.90
Gross Carrying Amount	27,526.45	27,373.49

A.9 Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:

- Ceasing enforcement activity
- Where the Company's recovery method is foreclosing and there is no reasonable expectation of recovery in full.
- Receivable is overdue for more than a year

The Company may write off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended March 31, 2020 was ₹1,139.58 million (March 31, 2019 ₹ 168.12 million). The Company still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

A.10 Credit Risk impact assessment of COVID-19

The Company has used the principles of prudence in applying judgments, estimates and possible forward looking scenarios to assess and provide for the impact of the COVID-19 pandemic on the financial statements specifically while assessing the expected credit loss on financial assets by applying the customer profiling within salaried and self-employed portfolio and management overlays, approved by its Board of Directors. This has resulted in an additional provision of ₹ 567.37 million against financial assets.

This impact is consistent with the outcomes from the base case scenario modelling that was performed by the Company. The base case scenario was modelled based on the facts and circumstances existing at March 31, 2020 and forecasts of future economic conditions and supportable information that was available at that date and includes significant management judgement.

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

41 Financial risk management (Contd..)

B.1 Maturities of financial liabilities

The tables below analyse the Company financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

March 31, 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	30.41	-	-	-	30.41
Debt securities	19.90	20.57	201.83	2,692.74	-	2,935.04
Borrowings (other than debt securities)	996.38	964.60	15,441.24	12,790.78	-	30,193.00
Subordinated liabilities	2.73	2.83	28.72	287.20	-	321.48
Lease liabilities	-	23.02	116.47	585.79	422.90	1,148.18
Other financial liabilities	234.62	1,145.32	-	-	-	1,379.94
Total	1,253.63	2,186.75	15,788.26	16,356.51	422.90	36,008.05

March 31, 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	54.92	-	-	-	54.92
Debt securities	42.93	42.70	886.00	2,783.31	-	3,754.94
Borrowings (other than debt securities)	997.72	1,078.40	11,709.67	10,306.58	-	24,092.37
Subordinated liabilities	3.01	2.73	28.91	321.48	-	356.13
Other financial liabilities	205.43	1,130.16	-	-	-	1,335.59
Total	1,249.09	2,308.91	12,624.58	13,411.37	-	29,593.95

B.2 Mitigation of liquidity risk due to COVID-19

Moratorium received on the lenders

The RBI has permitted to grant a moratorium of six months on payment of all instalments falling due between March 1, 2020 and August 31, 2020 based on the provision as per RBI Circular No. BP.BC.47/21.04.048/2019-20 dt. March 27, 2020 and BP.BC.71/21.04.048/2019-20 dt May 23, 2020. The Company has applied for and obtained moratorium from various lenders with benefit listed below :

No of Institutions offered Moratorium	Amount of outstanding	Amount of benefit offered
11	4,645.05	844.60

C Market risk - Interest rate risk

C.1 Liabilities

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. At March 31, 2020, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits all pay fixed interest rates.

41 Financial risk management (Contd..)

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	March 31, 2020	March 31, 2019
Debt securities		
Variable rate	-	-
Fixed rate	2,144.91	2,790.07
Borrowings (other than debt securities)		
Variable rate	23,043.80	17,511.09
Fixed rate	3,775.51	3,962.61
Subordinated liabilities		
Variable rate	-	-
Fixed rate	249.28	248.93

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

Particulars	March 31, 2020	March 31, 2019
Interest sensitivity*		
Interest rates – increase by 0.50% basis points 0.50%	(115.22)	(87.56)
Interest rates – decrease by 0.50% basis points 0.50%	115.22	87.56

* Holding all other variables constant

C.1.2 Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

42 Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

A Debt equity ratio

Particulars	March 31, 2020	March 31, 2019
Debt securities	2,144.91	2,790.07
Borrowings (other than debt securities)	26,819.31	21,473.70
Subordinated liabilities	249.28	248.93
Total borrowings	29,213.50	24,512.70
Less:		
Cash and cash equivalents	11,812.92	6,700.10
Bank balances other than cash and cash equivalents	1,789.53	1,109.19
	13,602.45	7,809.29
Net debt	15,611.05	16,703.41
Equity share capital	1,141.71	1,141.71
Other equity	7,928.22	7,716.19
Total equity	9,069.93	8,857.90
Net debt to equity ratio/gearing ratio	1.72	1.89

43 Share based payments

The Company has implemented an Employee Stock Option Plan called as Muthoot Microfin Employee Stock Option Plan 2016 ("ESOP 2016"). The objective is to reward employees for their association with the Company, their performance as well as to attract, retain and motivate employees to contribute to the growth and profitability of the Company.

Details of ESOP trust and plan:

ESOP trust	ESOP 2016
Date of grant	December 5, 2016 and February 22, 2018
Date of Board Meeting, where ESOP was approved	December 5, 2016
Date of Committee Meeting where grant of options were approved	December 5, 2016 and February 22, 2018
No. of options granted	964,000 out of 1,237,500
Method of settlement	Equity
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.
Vesting period	"Option will be vested at the End of year 1 : 25% from the grant of option End of year 2 : 25% from the grant of option End of year 3 : 25% from the grant of option End of year 4 : 25% from the grant of option"
Exercise period	From the date of vesting of options and expire not later than 1 months from the vesting date of each grant of options
Pricing Formula	The market price was in accordance with the valuation of a registered valuer.

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOP 2016		Grant – 2 of ESOP 2016	
No. of options granted	6,65,000		2,99,000	
Date of grant of options	December 5, 2016		February 22, 2018	
No. of employee to whom such options were granted	4		61	
Exercise Price*	14.00	14.00	67.00	67.00
Financial year	2018-19	2019-20	2018-19	2019-20
No. of employees who have exercised the option	4.00	-	-	52.00
No. of options exercised	1,66,250	-	-	66,750

*Based on the valuation of a registered valuer. As per ESOP 2016, exercise price shall be equal to the fair market value as on the date of grant of options

Summary of options granted under the plan:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding options at the beginning of the year	6,31,500	38.95	7,97,750	33.75
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	66,750	67.00	1,66,250	14.00
Expired/lapsed during the year	-	-	-	-
Outstanding options at the end of the year	5,64,750	35.63	6,31,500	38.95
Exercisable at the end of the year	-	-	-	-
Number of equity shares of ₹ 10 each fully paid up to be issued on exercise of option	5,64,750	35.63	6,31,500	38.95

43 Share based payments (Contd..)

Share options outstanding at the end of the year having the following expiry date and exercise price:

Grant Date	Expiry date	Exercise price ₹	Share options March 31, 2020	Share options March 31, 2019
05-Dec-16	05-Dec-20	14.00	3,32,500	3,32,500
22-Feb-18	22-Feb-22	67.00	2,32,250	2,99,000
Total			5,64,750	6,31,500
Weighted average remaining contractual life of options outstanding at the end of the year (in years)			3.15	4.23

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Grant Date	February 22, 2018	December 5, 2016
Vesting period	4 years	4 years
Exercise price	67.00	14.00
Expected volatility (%)*	49.98%	56.49%
Expected option life (in years)	6.25	6.25
Expiry date	February 22, 2022	December 5, 2020
Share price at grant date	66.69	18.50
Expected dividends yield	-	-
Risk free interest rate	7.58%	6.29%

*The expected volatility was determined based on historical volatility data of a comparable company whose shares are listed on the National Stock Exchange of India Limited.

No options were granted during the year and previous year

The Company has ₹39.95 millions (March 31, 2019: ₹ 39.95 millions) recoverable from Muthoot Welfare Trust pursuant to ESOP schemes.

44 Operating segments

The company is primarily engaged in business of micro finance and the business activity falls within one operating segment, as this is how the chief operating decision maker of the Company looks at the operations. All activities of the Company revolve around the main business. Hence the disclosure requirement of Indian Accounting Standard 108 of "Segment Reporting" is not considered applicable.

45 Transfer of financial assets

During the year ended March 31, 2020, the Company has sold some loans and advances measured at fair value through other comprehensive income as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risks and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's balance sheet.

The Company has assessed the business model under Ind AS 109 "Financial Instruments" and consequently the financial assets are measured at fair value through other comprehensive income.

The gross carrying value of the loan assets derecognised during the year ended March 31, 2020 amounts to ₹ 28,277.37 millions (March 31, 2019: ₹ 23,068.46 millions) and the gain from derecognition during the year ended March 31, 2020 amounts to ₹ 2,162.84 millions (March 31, 2019: ₹ 1,793.85 millions).

46 Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

	Year Ended March 31, 2020	Year Ended March 31, 2019
Type of service		
Commission income	94.79	166.28
	94.79	166.28
Geographical markets		
India	94.79	166.28
Outside India	-	-
	94.79	166.28
Timing of revenue recognition		
Services transferred over time	46.47	66.80
Services transferred at a point in time	48.32	99.48
	94.79	166.28

Contract balances

Particulars	As at March 31, 2019	As at March 31, 2018
Other receivables	110.45	38.21
	110.45	38.21

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the year ended March 31, 2020 an amount of Nil (March 31, 2019: Nil) was recognised as provision for expected credit losses on other receivable as most of the balance constitute balance from Holding Company and other highly rated organisations.

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue as per contract	94.79	166.28
Adjustments	-	-
Revenue from contract with customers	94.79	166.28

Revenue recognition for contract with customers - Commission income:

The Contract with customers through which the Company earns a commission income includes the following promises:

- (i) Sourcing of loans
- (ii) Servicing of loans

Both these promises are separable from each other and do not involve significant integration. Therefore, these promises constitute separate performance obligations

No allocation of the consideration between both the promises was required as the management believes that the contracted price are close to the standalone fair value of these services.

Revenue recognition for both the promises:

- (i) **Sourcing of loans:** The consideration for this service is arrived based on an agreed percentage/fee on the loans disbursed during the year. Revenue for sourcing of loans shall be recognized as and when the loans are disbursed. The revenue therefore, for this service, shall be recognized based on the disbursements actually made during each year.

46 Revenue from contracts with customers (Contd..)

- (ii) **Servicing of loans:** The consideration for this service is arrived based on an agreed percentage on the actual collections during the year. The Company receives servicing commission only on actual collections. Revenue for servicing of loans shall be recognized over a period of time, as the customer benefits from the services as and when it is delivered by the Company. However, since the Company has a right to consideration from a customer in an amount that corresponds directly with the value of service provided to date, applying the practical expedient available under the standard, the Company shall recognise revenue for the amount to which it has a right to invoice.

47 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:

	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	11,812.92	-	11,812.92	6,700.10	-	6,700.10
Bank balances other than cash and cash equivalents	-	1,789.53	1,789.53	-	1,109.19	1,109.19
Receivables						
Other receivables	110.45	-	110.45	38.21	-	38.21
Loans	9,187.23	16,450.78	25,638.01	16,855.41	10,137.10	26,992.51
Other financial assets	0.69	22.63	23.32	3.39	16.28	19.67
Non-financial assets						
Current tax assets (net)	-	379.52	379.52	-	165.35	165.35
Property, plant and equipment	-	368.67	368.67	-	205.18	205.18
Right of use assets	89.98	630.52	720.50	-	-	-
Capital work-in-progress	-	-	-	-	6.58	6.58
Other intangible assets	-	1.82	1.82	-	1.56	1.56
Other non-financial assets	57.35	-	57.35	45.01	18.44	63.45
Total	21,258.62	19,643.47	40,902.09	23,642.12	11,659.68	35,301.80
Liabilities						
Financial liabilities						
Payables						
Other payables						
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	30.41	-	30.41	54.92	-	54.92
Debt securities	-	2,144.91	2,144.91	645.67	2,144.40	2,790.07
Borrowings (other than debt securities)	15,080.54	11,738.77	26,819.31	12,101.50	9,372.20	21,473.70
Subordinated liabilities	-	249.28	249.28	-	248.93	248.93
Lease liability	131.78	626.40	758.18	-	-	-
Other financial liabilities	1,379.94	-	1,379.94	1,335.59	-	1,335.59
Non-financial liabilities						
Deferred tax liability (net)	-	299.32	299.32	-	460.92	460.92
Provisions	-	50.89	50.89	-	9.03	9.03
Other non-financial liabilities	99.92	-	99.92	70.74	-	70.74
Total	16,722.59	15,109.57	31,832.16	14,208.42	12,235.48	26,443.90

48 Reconciliation of liabilities from financing activities

Particulars	As at April 1, 2019	Cash flow		Non-cash					As at March 31, 2020
		Additions	Payment	Conversion into equity	Ind AS 116 Adoption	Additions to lease liabilities	Upfront fees and amortisation	Change in fair value	
Debt securities	2,790.07	700.00	(1,350.00)	-	-	-	4.84	-	2,144.91
Borrowings	21,473.70	19,525.00	(14,141.54)	-	-	-	(37.85)	-	26,819.31
Subordinated liabilities	248.93	-	-	-	-	-	0.35	-	249.28
Lease liabilities	-	-	(110.26)	-	572.08	296.36	-	-	758.18
Total liabilities from financial activities	24,512.70	20,225.00	(15,601.80)	-	572.08	296.36	(32.66)	-	29,971.68

Particulars	As at April 1, 2018	Cash flow		Non-cash					As at March 31, 2019
		Additions	Payment	Conversion into equity	Ind AS 116 Adoption	Additions to lease liabilities	Upfront fees and amortisation	Change in fair value	
Debt securities	2,785.22	-	-	-	-	-	4.85	-	2,790.07
Borrowings	14,412.45	16,878.60	(9,812.82)	-	-	-	(4.53)	-	21,473.70
Subordinated liabilities	2,934.35	-	-	(2,499.67)	-	-	0.80	(186.55)	248.93
Total liabilities from financial activities	20,132.02	16,878.60	(9,812.82)	(2,499.67)	-	-	1.12	(186.55)	24,512.70

49 Additional disclosures as required by the Reserve Bank of India

(A) Disclosure as per Master Direction DNBR.PD.008/03.10.119/2016-17 (updated as on February 23, 2018) are as under:-

(i) Capital to Risk Assets Ratio ("CRAR"):-

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR (%)	29.09%	33.05%
CRAR – Tier I capital (%)	27.44%	32.49%
CRAR – Tier II capital (%)	1.65%	0.56%
Amount of subordinated debt raised during the year included in Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

(ii) Investments

The Company does not have any investments as on 31 March 2020 (31 March 2019: Nil).

(iii) Derivatives

The Company has no transactions / exposure in derivatives in the current and previous years.

The Company has no unhedged foreign currency exposure as on 31 March 2020 (31 March 2019: Nil).

(iv) (a) Disclosures relating to securitisation:-

The Company has no outstanding securitisation transactions as on 31 March 2020 (31 March 2019: Nil)

49 Additional disclosures as required by the Reserve Bank of India (Contd..)

(iv) (b) Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006.

Particulars	As at March 31, 2020	As at March 31, 2019
i) Total number of loan assets securitized during the year (Nos)	-	-
ii) Book value of loans assets securitized during the year	-	-
iii) Sale consideration received during the year	-	-
iv) Credit enhancement provided during the year	-	-
- Principal subordination		
Cash collateral		
v) Unamortised interest spread as at year end	-	-
vi) Interest spread recognised in the statement of profit and loss during the year (including amortization of unamortised interest spread)	-	8.69

(v) Details of financial assets sold to securitization / reconstruction company for asset reconstruction:-

The Company has not sold any financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

(vi) Details of assignment transactions undertaken:

Particulars	As at March 31, 2020	As at March 31, 2019
i) Total number of loans assets assigned during the year (Nos)	9,50,932	9,64,567
ii) Book value of loan assets assigned during the year	25,727.08	21,179.56
iii) Sale consideration received during the year	25,727.08	21,179.56
iv) Interest spread recognised in the statement of profit and loss during the year (including amortization of unamortised interest spread)	-	-

(vii) Details of non-performing financial assets purchased/sold

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

(viii) Exposures:-

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

(ix) Details of financing of parent company products

The Company does not finance the products of the parent / holding company.

(x) Unsecured advances

Refer note 11 for details of unsecured advances.

(xi) Registration obtained from other financial sector regulators:-

The Company is not registered with any other financial sector regulators.

(xii) Disclosure of Penalties imposed by RBI & other regulators:-

No penalty has been imposed by RBI and other regulators during current and previous year.

(xiii) Draw down from reserves:-

There has been no draw down from reserve during the year ended 31 March 2020 (Previous year: ₹ Nil)

49 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

(xiv) Asset Liability Management Maturity pattern of certain items of assets and liabilities:-*

As at March 31, 2020

Particulars	1 Day to 30/31 (One Month)	Over one to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
Liabilities									
Borrowings	812.73	778.92	1,125.59	4,700.93	7,732.27	12,276.04	1,888.02	-	29,314.50
Assets									
Advances	-	-	5.49	177.72	6,338.05	15,792.47	1,045.26	-	23,358.99
Deposits	10,521.79	150.14	37.95	228.13	134.49	1,169.78	-	-	12,242.28

As at March 31, 2019

Particulars	1 Day to 30/31 (One Month)	Over one to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
Liabilities									
Borrowings	870.52	951.47	909.66	3,803.45	6,257.24	10,130.62	1,608.06	50.00	24,581.02
Assets									
Advances	1,239.19	1,278.57	1,278.33	3,861.68	7,564.33	10,106.09	-	-	25,328.19
Deposits	5,976.30	14.21	81.89	160.04	416.69	374.31	-	-	7,023.44

*Asset Liability Management pattern is disclosed in accordance with "Master Direction- Non Banking Financial Company- Non systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016" issued by Reserve Bank of India. The Company is to disclose expected fund inflows and outflows and hence fair valuation / amortisation adjustments made on account of adoption of Ind AS is not considered here.

(xv) During the year, the Company's various instruments were rated, the details of these ratings for the year ended March 2020 are as under:-

	Rating agency	Date of rating	Valid upto	Rating assigned	Borrowing limit
Bank Loan Rating	CRISIL	12-Dec-19	Refer note below	A/Stable	2,50,000.00
Bank Loan Rating	India Rating & Research	12-Dec-19	Refer note below	IND A -	20,000.00
Comprehensive MFI grading	CRISIL	04-Jun-19	03-Jun-20	M1C1	Not applicable
NCD	India Rating & Research	12-Dec-19	Refer note below	IND A -	750.00
NCD	CRISIL	18-Nov-19	Refer note below	A/Stable	700.00
NCD	CRISIL	18-Nov-19	Refer note below	A/Stable	700.00
NCD	CRISIL	18-Nov-19	Refer note below	A/Stable	650.00

Note: the rating is subject to annual surveillance till final repayment / redemption of related facilities.

(xvi) Provisions and contingencies:-

Break up of 'Provisions for loan losses and write-offs' shown under the head expenditure in statement of profit and loss	Year ended March 31, 2020	Year ended March 31, 2019
Provision towards NPA*	724.18	115.08
Provision made towards income tax	186.33	612.60
Provision for gratuity	43.36	4.23
Provision for compensated absences	19.00	8.29
Provision towards standard assets*	783.28	0.30

* Including provision for COVID-19 impact

49 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

(xvii) Concentration of advances, exposures and NPAs:-

Particulars	As at March 31, 2019	As at March 31, 2018
Concentration of Advances		
Total Advances to twenty largest borrowers	101.28	1.20
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.25%	0.00%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	57.32	1.20
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.22%	0.00%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.24	0.24

(xviii) Sector-wise NPAs:-

Particulars	As at March 31, 2019	As at March 31, 2018
Sector	Percentage of NPAs to total advance to that sector	
Agriculture and allied activities	9.70%	4.11%
Animal husbandry	6.60%	2.41%
Manufacturing	5.04%	15.29%
Services	7.63%	5.06%
Trading	7.25%	5.30%
Consumption	19.05%	0.00%
Education	4.84%	0.00%

(xix) Movement of Stage 3 assets:-

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net stage 3 assets to Net Advances (%)	4.05%	1.21%
Movement of stage 3 assets (Gross)		
Opening balance	642.20	726.31
Additions during the year	4,178.26	514.12
Reductions during the year	(2,741.42)	(598.23)
Closing balance	2,079.04	642.20
Movement of Net stage 3 assets		
Opening balance	326.30	468.36
Additions during the year	3,164.80	308.77
Reductions during the year	(2,452.14)	(450.83)
Closing balance	1,038.96	326.30
Movement of provisions for stage 3 assets (excluding provisions on standard assets)		
a) Opening balance	315.90	257.95
b) Addition during the year	1,013.46	205.35
c) Reduction/ write off during the year	(289.28)	(147.40)
d) Closing balance	1,040.08	315.90

49 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

xx) Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 :-

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=(3-4)	6	7=(4-6)
Performing Assets						
Standard	Stage 1	25,133.94	837.44	24,296.50	0.80	836.64
	Stage 2	313.47	10.92	302.55	0.03	10.89
Subtotal		25,447.41	848.36	24,599.05	0.83	847.53
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,078.88	1,040.03	1,038.85	589.69	450.34
Doubtful - up to 1 year	Stage 3	0.16	0.05	0.11	0.05	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		2,079.04	1,040.08	1,038.96	589.74	450.34
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2,079.04	1,040.08	1,038.96	589.74	450.34
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	25,133.94	837.44	24,296.50	0.80	836.64
	Stage 2	313.47	10.92	302.55	0.03	10.89
	Stage 3	2,079.04	1,040.08	1,038.96	589.74	450.34
	Total	27,526.45	1,888.44	25,638.01	590.57	1,297.87

(xxi) Additional disclosure for COVID-19 additional package- Asset Classification and Provisioning

Particulars	As at March 31, 2020
a) Respective amount in overdue, where the moratorium is extended (₹)	155.07
b) Respective amount where asset classification benefit is offered (₹)	155.07
c) Provision made during the Q4 FY 2020 (₹)	7.75
d) Provision adjusted during the respective accounting periods against slippages (₹)	-

(xxiv) Information on Net Interest Margin :-

Particulars	As at March 31, 2020	As at March 31, 2019
Average Interest (a)	18.53%	18.13%
Average effective cost of borrowing (b)	11.40%	9.65%
Net Interest margin (a-b)	7.13%	8.48%

- (i) The above computation is in accordance with the requirements of Paragraph 54(v) of Chapter IX of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the Master Direction') issued by the Reserve Bank of India read with the FAQs issued by RBI on October 14, 2016.
- (ii) Average loan outstanding determined for the purpose of calculating NIM is based on carrying value of loans under Ind AS, excluding effect of following:

49 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

- a. Fair value changes recognised through other comprehensive income
 - b. Income from assignment transactions i.e., present value of excess interest spread
 - c. Impairment allowance adjusted from the carrying value of loans in accordance with Ind AS 109
- (iii) Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 56 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS standalone financial statements.

(xxiii) Instances of fraud:-

Nature of fraud (cash embezzlement)	As at March 31, 2020			As at March 31, 2019		
	Less than 1 lakh	1 lakh to 5 lakh	5 lakh to 25 Lakh	Less than 1 lakh	1 lakh to 5 lakh	5 lakh to 25 Lakh
A) Persons involved						
Staff						
No. of accounts	-	-	-	-	-	95.00
Amount	-	-	-	-	-	3.54
B) Type of fraud						
Unauthorised credit facility extended	-	-	-	-	-	-
Misappropriation and criminal breach of trust						
No. of accounts	-	-	-	-	-	95.00
Amount	-	-	-	-	-	3.54
Cheating and forgery	-	-	-	-	-	-

(xxiv) Public disclosure on Liquidity Risk as on March 31, 2020 pursuant to RBI notification RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

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

Particulars	As at March 31, 2020
Number of Significant Counterparties	15
Amount	26,959.03
% of total deposits	-
% of total liabilities	92.28%

(b) Top 20 large deposits and 10 borrowings

Particulars	Outstanding Amount as at March 31, 2020	% of total
Top 20 large deposits	-	-
Top 10 large borrowings	23,733.60	81.24%

(c) Funding Concentration based on significant instrument/product

Particulars	Outstanding Amount as at March 31, 2020	% of total liabilities
Term Loan	26,819.31	91.81%
Non-convertible debentures	2,144.91	7.34%
Tier II	249.28	0.85%
Total	29,213.50	100.00%

49 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

(d) Stock ratios

Particulars	Amount	% of public fund	% of total liabilities*	% of total assets
Commercial paper	-	-	-	-
Non-convertible debentures	2,144.91	7.34%	6.74%	5.24%

(e) Institutional set-up for liquidity risk management

The Board has the overall responsibility for management of liquidity risk. The Company has a Risk management Committee responsible for evaluating the overall risks faced by the Company including liquidity risk. The Asset Liability Management Committee is also responsible for ensuring adherence to the risk tolerance and implementing the liquidity risk management strategy.

(xxv) Customer complaints:-

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Number of complaints pending at the beginning of the year (Nos)	-	-
b) Number of complaint received during the year (Nos)	120	311
c) Number of complaint redressed during the year (Nos)	120	311
d) Number of complaint pending at the end of the year (Nos)	-	-

(xxvi) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company did not exceed the limits prescribed for Single and Group Borrower during the current and previous year.

(xxvii) Overseas assets

The Company did not have any Joint Ventures and Subsidiaries abroad.

(xxviii) Off-balance sheet SPVs sponsored

There are no off-balance sheet SPVs sponsored which are required to be consolidated as per accounting norms as at end of current and previous year.

50 Impact of COVID-19

The SARS-CoV-2 virus responsible for COVID-19 pandemic (declared by the World Health Organization on March 11, 2020) continues to spread across the globe, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in the economic activities. On March 24, 2020, the Government of India announced a nation-wide lock down till April 14, 2020 to contain the spread of virus, which was further extended till May 31, 2020 through subsequent announcements. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities due to inability of employees to physically reach borrowers.

Further, pursuant to Reserve Bank of India circulars DOR. No. BP.BC.47/21.04.048/2019-20 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 in accordance with 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 pastdue shall exclude the moratorium period for the purposes of asset classification).

50 Impact of COVID-19 (Contd..)

Based on the relaxations granted in the lock down rules, a significant number of the branches of the Company are operational and the employees in these branches are permitted to work in accordance with the extant guidelines issued by the Ministry of Home Affairs, Government of India and respective state governments. There is a delay in collection of instalments from many customers and the Company expects collection of instalments to improve in the coming months due to relaxation of lockdown restrictions. The Company has sufficient funds and sanctioned credit facilities which are adequate to fulfil its obligations as and when these become due in the foreseeable future.

Considering the widespread impact of COVID-19 pandemic, the Company has estimated and recognised an additional allowance of ₹ 567.37 million in its provision for expected credit loss, based on the information available at this point in time to reflect, among other things, the deterioration in the macro economic factors. These estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic, including governmental and regulatory measures, on the business and financial metrics of the Company could be different from that estimated by the Company. The Company will continue to monitor any material changes to future economic conditions.

51 Previous year figures have been regrouped / reclassified wherever applicable.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan

Partner

Membership No.: 206229

Place: Kochi

Date: 19 June 2020

For and on behalf of the Board of Directors of

Muthoot Microfin Limited

Thomas Muthoot

Managing Director

DIN: 00082099

Place: Kochi

Praveen T

Chief Financial Officer

Place: Kochi

Thomas John Muthoot

Director

DIN: 00011618

Place: Thiruvananthapuram

Neethu Ajay

Company Secretary

Place: Kochi

Thomas George Muthoot

Director

DIN: 00011552

Place: Kochi

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Blue Soch is the belief that with hard work and determination one can move mountains. And, like the millions of Indians, all of us at Muthoot Microfin Ltd. believe in it too. It is this very belief that helps us empower our customers towards a better tomorrow. That is why, Blue is Belief.

We salute our customers, who with their grit, determination & self-belief were able to convert limitations into milestones!!

We are in the business of furthering human ambition!



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