Muthoot Pappachan
Blue is Belief

#MuthootBlue

Muthoot Pappachan MICROFIN

Encouraging Entrepreneurship Among Women

ANNUAL REPORT 2020-21

#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

Contents

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

Scan this QR code to see the online version of the Annual Report

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.

PAPPACHAN muthoot MICROFIN

Core Values

INTEGRITY | COLLABORATION | EXCELLENCE

Culture Codes

Humility Empowerment Ownership Inclusion

Honesty Empathy Agility Fresh Thinking & Continuous Renewal Work-Life Balance

Accolades

INDIAN ACHIEVERS' AWARD 2020-21
for Emerging Company

INDIAN ACHIEVERS' AWARD
for CEO

FLAME AWARD
for Financial Inclusion Campaigns

NATIONAL ENTERPRISE TECH CONNECT 2021 AWARD -
for best use of Technology

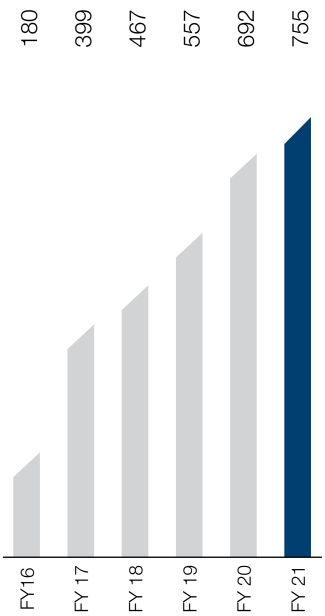
RETAINS GREAT PLACE TO WORK
Certification

TOP 30 BEST BFSI
workplaces in India

Growth in a Glance

Operations Growth

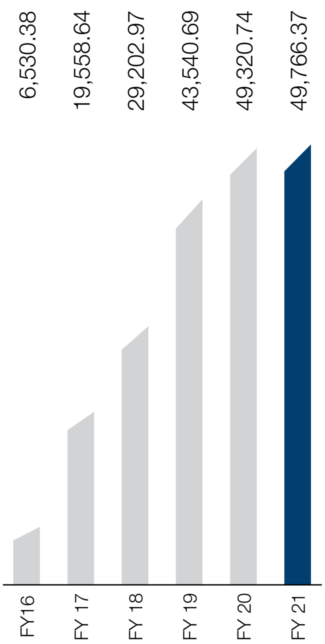
Branches



States

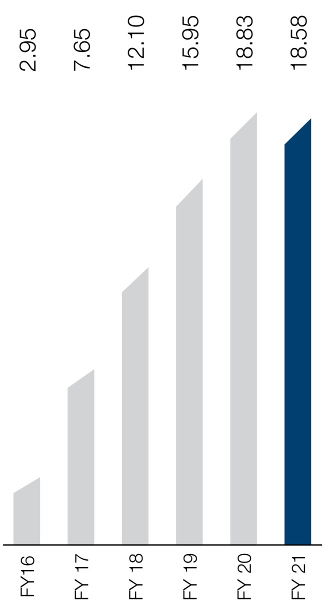
Districts

AUM (in Millions)



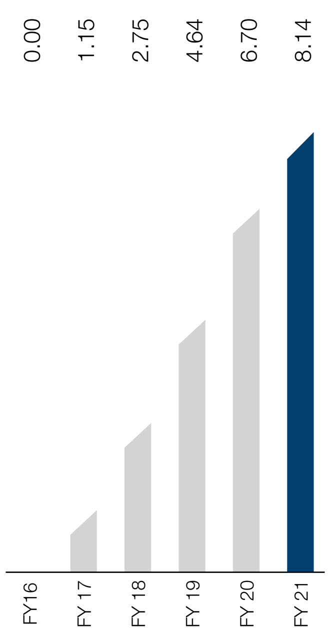
Disbursements (in Millions)

Active Borrowers (in lakhs)



Zone-wise portfolio exposure

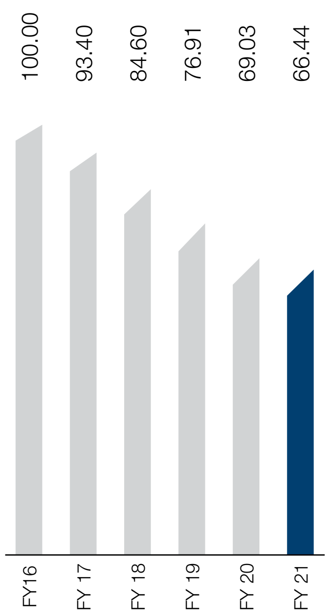
East (%)



West (%)

North (%)

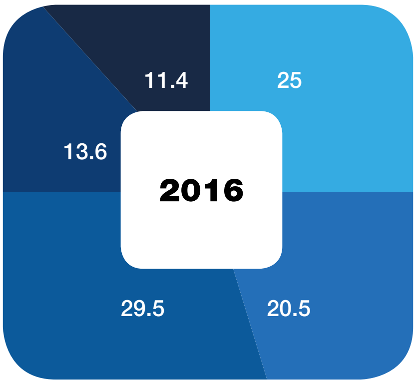
South (%)



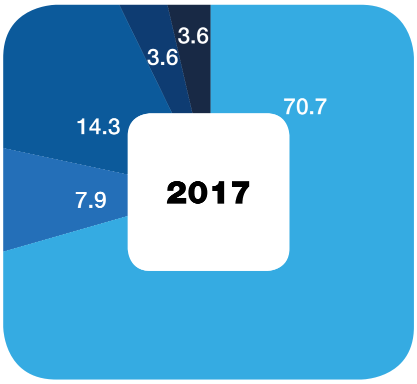
Growth in a Glance

District-wise portfolio exposure

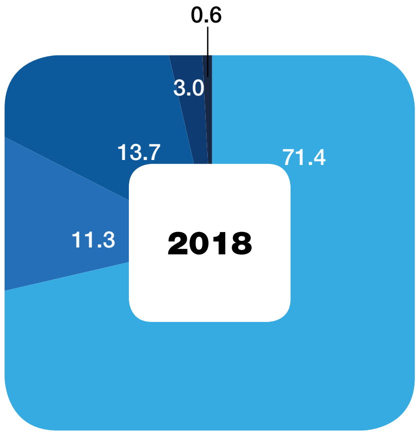
(in %)



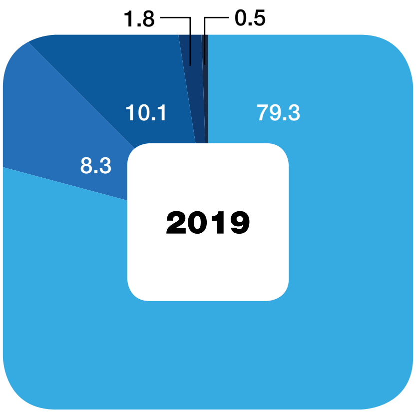
■	<0.5%	25.0
■	0.5% - 1.0%	20.5
■	1.0%-3.0%	29.5
■	3.0%-5.0%	13.6
■	>5.0%	11.4



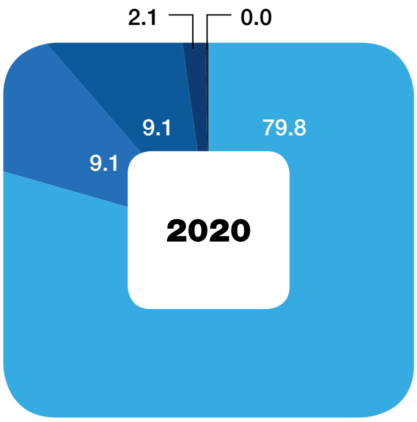
■	<0.5%	70.7
■	0.5% - 1.0%	7.9
■	1.0%-3.0%	14.3
■	3.0%-5.0%	3.6
■	>5.0%	3.6



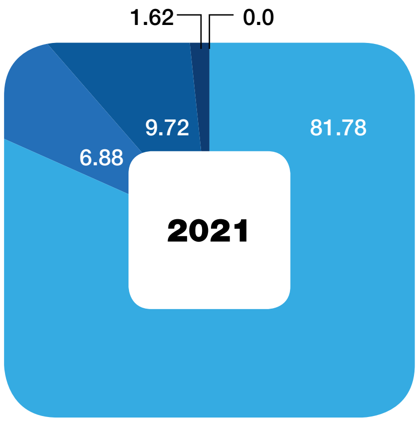
■	<0.5%	71.4
■	0.5% - 1.0%	11.3
■	1.0%-3.0%	13.7
■	3.0%-5.0%	3.0
■	>5.0%	0.6



■	<0.5%	79.3
■	0.5% - 1.0%	8.3
■	1.0%-3.0%	10.1
■	3.0%-5.0%	1.8
■	>5.0%	0.5



■	<0.5%	79.8
■	0.5% - 1.0%	9.1
■	1.0%-3.0%	9.1
■	3.0%-5.0%	2.1
■	>5.0%	0.0



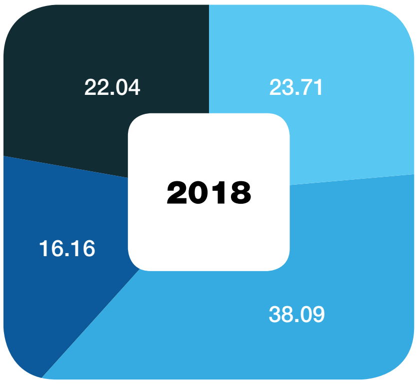
■	<0.5%	81.78
■	0.5% - 1.0%	6.88
■	1.0%-3.0%	9.72
■	3.0%-5.0%	1.62
■	>5.0%	0.0

Funds Raised

(in Crs)

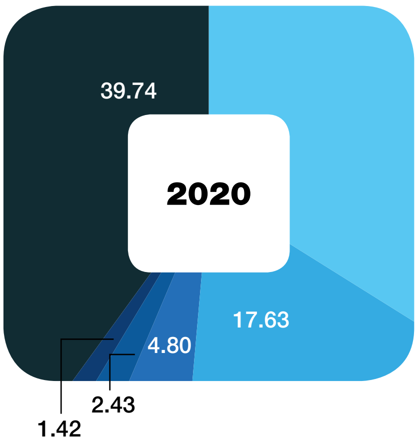
Institution Mix

(in %)

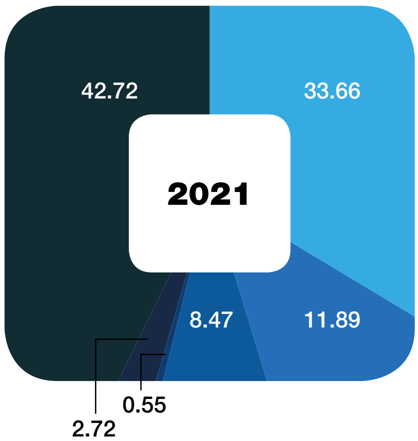


	Public Sector Banks	23.71
	Private Sector Banks	38.09
	Foreign Banks	0.00
	NBFC	16.16
	SFB	0.00
	DFI's	22.04

	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



	Public Sector Banks	33.66
	Private Sector Banks	11.89
	Foreign Banks	8.47
	NBFC	0.55
	SFB	2.72
	DFI's	42.72

Managing Director's Statement

For nearly a century, very few events have redefined so dramatically the way we live and work, as the present global pandemic has done. We have adapted well to the situation despite many challenges to cope with the macroeconomic situation. Inspite of the social and business headwinds, the level of coordination and communication undertaken by your company to maintain the highest levels of customer service while keeping employees safe, is truly commendable.

Your company has always demonstrated its ability to remain aligned with macro trends by looking forward to finding meaningful solutions to new challenges. We owe our resilient performance in FY 2020-21 to this approach.

I would like to place on record, my assurance that even in these uncertain times, your company has been taking all measures not just to navigate our business but also to take care of employees, assets, stakeholders, and customers in a sustainable manner. Working in an employee friendly organisation, our employees are passionate about making a measurable impact in everything they do. Along with this passion, our unique culture and innovative approach also helped us deliver good results during this fiscal.

Despite the increasingly challenging environment due to Covid-19 pandemic, we have been able to continue our growth story, however, as we adopted a cautious approach, a slowdown was inevitable. During the FY 2020-21, your company disbursed loans worth ₹ 25,805.76 million to the low-income households of rural India, a 35.29% decline over the previous year's disbursements of ₹ 40,756.56 million. Your Company's Asset Under Management witnessed a marginal increase to ₹ 49,766.37 million compared to ₹ 49,320.74 million in the previous fiscal. Revenue of the company declined 19.67% to ₹ 6,962.82 million in the Financial Year.

As on March 31, 2021, your company had more than 1.8 million women entrepreneurs as active customers; and our services are rendered at the doorsteps of these customers through 755 branches spread over 17 states.

In the aforementioned period, all our efforts enabled us to register a decent growth performance despite an overall tough operating environment throughout the fiscal, not to mention the complete closure of business for most part of the first quarter of FY21. Your organisation offered a moratorium on loan repayment to eligible customers, by following the measures announced by the Government and the RBI. We remained in touch with our customers during the period and all the borrowers have shown sincere commitment towards repayment of their loans.

Further, for fostering a culture of pride, trust, reliability, teamwork and credibility amongst employees, 'Great Place To Work Institute' renewed the Great Place To Work certification of your company and also recognised the organisation amongst 'India's Best 30 Workplaces in BFSI 2021'.

The present pandemic scenario poses a few challenges; however, I can assure you that we are able to sustain our core values and are equipped to take the organisation to a new level. As always, your company has already established platforms, insights and expertise that could surpass any future challenges. We are building a stronger, more resilient organization whose purpose is to understand customer needs through data, analytics, and cognitive technologies.

> **We introduced a slew of technological interventions during the period including the launch of a specially designed mobile application for the benefit of our customers, called Mahila Mitra**

We introduced a slew of technological interventions during the period including the launch of a specially designed mobile application for the benefit of our customers, called Mahila Mitra; and other customer centric utilities as a part of digital transformation and to encourage our customers to use digital means for repayments. By adopting mobile applications and online payment options for customers, we intend to make your company a technologically advanced microfinance institution which is capable of introducing a digital revolution in financial transactions amongst India's rural population.

Your company's commitment to the society continued unabated last fiscal as we organised several programs to support communities affected by pandemic and other natural calamities. Apart from covid-19 related grocery kit, face mask and medicine distribution programs, we organised disaster relief activities benefitting thousands of people living in the rural sectors.

Despite the many challenges the sector and the economy faced in the Financial Year, Government of India supported the economy and microfinance industry with various stimulus packages and policy changes. The government ensured flow of funds to rural sectors and recognised MFIs role in reaching out to the remote rural communities of India and addressing their financial needs.

Your company 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.

I am sure the industry will make a comeback from recent setbacks and continue to play a key role in financing the aspirations of the rural sectors of the country. I extend my gratitude to all our stakeholders including board members, investors, employees, bankers, and our base of women entrepreneurs for guiding and supporting us all through this great endeavour.

I would like to emphasise that Muthoot Pappachan Group's purpose is to "transform the lives of the common man through their financial well-being" and therefore your company would follow the highest degree of ethical standards and corporate governance to ensure fair treatment of its customers.

Thomas Muthoot
Managing Director

CEO's Statement

Microfinance institutions including your company would provide necessary funding in rural India which will become the engine of growth for Indian economy.

Financial year 2020-2021 presented us with many unprecedented challenges, the world faced its worst health crisis in the form of COVID19. The impact of this crisis was widespread, it was first of its kind HEF event effecting health, economic and financial well-being of the entire world. The global pandemic forced the world to take unprecedented measures, in response India also went into a sudden lockdown. This was the most extreme and unprecedented event that happened in recent history of India.

As we close a Financial Year of unprecedented challenges in the form of Covid-19 health emergency and related lockdowns, I am grateful to say that we managed the challenges well and came out with minimal damage to our portfolio and our human resources. We had no casualties related to Covid infection in the Financial Year and we were also successful in ensuring job security and full and timely payment of compensation to all our employees throughout the trying times.

I can surely say that it was the grit, courage and determination shown by our employees and management that helped negotiate this difficult time and focus on the health and safety of all employees, as well as business continuity, customer support, and communications.

Your company took several proactive steps in the interest of safety and welfare of its employees. Your company created awareness among employees about Covid-19 and put in place protocols for their safety, all these measures contributed to building and maintaining high trust culture in the organisation.

Consequently, your company was recognised amongst the 30 best workplaces in India, along with Great Place To Work certification renewal by GPTW Institute. The accolades your company received during FY 2020-21 demonstrate our ability to add significant value to the business.

In the period, CRISIL reaffirmed its highest Comprehensive Microfinance Grading of 'M1C1' to your company for the third consecutive year, signifying the organisation's highest capacity to manage operations in a sustainable manner and good performance on the Code of Conduct dimensions.

The Financial Year 2020-'21 was the toughest one as far as business growth, employee safety and customer care were concerned. Despite the increasingly challenging environment due to Covid-19 pandemic, we have been able to continue our growth story, we adopted a cautious approach and hence, the slowdown was inevitable. During the FY 2020-21, your company disbursed loans worth ₹ 25,805.76 million to the low-income households of rural India, a 35.29% decline over the previous year's disbursements of ₹ 40,756.56 million. Your Company's Asset Under Management remained more or less stable at ₹ 49,766.37 million compared to ₹ 49,320.74 million in the previous fiscal. Revenue of the company declined 19.67% to ₹ 6,962.82 million in the Financial Year.

As on March 31, 2021, your company has more than 1.8 million women entrepreneurs as active customers; and our services are rendered at the doorsteps of these customers through 755 branches spread over 17 states and union territory.

Government of India has come forward with several support schemes for MFIs. RBI has even published a consultative paper with a couple of revolutionary policy changes in the industry. These moves can be well read as the policy makers' consensus in recognising MFIs as integral part of financial ecosystem to provide necessary credit flow to the remote rural sectors of India. This highly positive approach of the regulators and policy makers will help the MFIs play a crucial role in restarting India once the pandemic woes are over.

Your company has adequate capital and strong relationship with banks and other funders to ensure ample liquidity for smooth operations. We have a very healthy asset liability management practice too. We continue to carry sufficient liquidity to meet our short term and long term commitments. Your company has positive ALM up to 12 to 18 month period on cumulative cash flow basis. RBI and Govt of India's liquidity push with several schemes like TLTRO, Special Liquidity facility, PCGS scheme have helped us to raise adequate capital as and when needed. With sufficient liquidity on tap and CRAR of 22.55% your company is well positioned to service its obligations and record robust growth in coming days. We will continue to expand our operations by opening new branches in the FY 2021-'22, meanwhile cautiously analysing how the economy and rural sectors are reacting to the post pandemic scenario. We continue to monitor the evolving situation closely with a cautious but optimistic approach in the new Financial Year as well.

One of the key initiatives your company has taken during this year is digital transformation of its operations. With this initiative, from very physical documentation oriented operations we aim to achieve paperless operations very soon. During the year, we launched state of the art inhouse developed software TELERIOS and Serene Pro. Launch of these two software has eased the field operations considerably. Along with these software we have also launched a customer App called "Mahila Mitra", in order to establish direct connect with our customers. This App has empowered our customers to communicate directly with the company. With the App, customers can check their loans status, register grievance or request for loan top-up. The customer can also use this App to pay loan instalments digitally, we hope to see large volume of our collection to come via digital mode in the near future.

For the 2021-22 fiscal, your company anticipates substantial growth in business. We believe that microfinance industry will play a crucial role in the recovery of the economy. Microfinance institutions including your company would provide necessary funding in rural India which will become the engine of growth for Indian economy. Current policy regime is acting as a catalyst and enabler for microfinance institutions to reach every corner of the country. Various govt guarantee schemes have encouraged banks to provide funding to MFIs. In the coming days well capitalised, well managed, technologically advance, strong promoter backed, large NBFC-MFIs like ours will gain market shares and will grow from strength to strength.

Now that Covid-19 vaccines are available abundantly and GoI is vaccinating Indian population for free, I am sure we will achieve herd immunity very soon. I hope the stress on our economy will fade away soon and we will be able to bring it back to normalcy by the end of 2021.

Meantime, the management is doing everything possible to make your company a technology driven microfinance entity leveraging smartphone adoption among customers and data analytics to deliver best in class customer services. As always, we have taken steps to understand the evolving needs of the customers in this arena too.

Finally, I would like to extend my gratitude to our promoters, investors, lenders, management, employees, and all other stakeholders for their relentless pursuit of excellence throughout the years and for their patience and perseverance through the tough times we faced during the recent adversity.

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 Pattnayak
Vice President – HR & Products

Statutory Auditors

M/s. Walker Chandiok & 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: Office No. 604, 6th floor,
Windsor, C.S.T. Road, Kalina,
Santacruz (East), Mumbai - 400098

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 Behrain and Kuwait
Bank of Maharashtra
Blue Orchard
Canara Bank
Capri Global Capital Limited
Catholic Syrian Bank
DCB Bank Limited
Dhanlaxmi Bank Ltd
Doha Bank
Federal bank Ltd
HDFC Bank Ltd
ICICI Bank
IDBI
IDFC Bank
IFMR Capital
Indian bank
Jana SFB
Karnataka Bank
Kotak Mahindra Bank
Lakshmi Vilas Bank
Manaveeya Development and Finance Private Limited
MAS Financial Services
Northern Arc Capital Limited
MUDRA
NABARD
Nabkissan
Nabfins
Punjab National Bank
State Bank of India
Standard Chartered Bank
South Indian Bank
SIDBI
Union Bank of India
Ujjivan SFB
Utkarsh 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 29th Annual Report along with the Audited Financial Statements of your Company for the year ended 31st March 2021.

1. Financial Highlights

Amount in Millions

Particulars	31.03.2021	31.03.2020
Revenue from operations	6,841.67	8,602.15
Other Income	121.14	65.18
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	3,272.16	3,240.80
Less: Depreciation/ Amortisation/ Impairment	188.33	137.09
Profit /loss before Finance Costs, Exceptional items and Tax Expense	3,083.83	3,103.71
Less: Finance Costs	2,993.28	2,906.73
Profit /loss before Exceptional items and Tax Expense	90.55	196.98
Add/(less): Exceptional items	–	–
Profit /loss before Tax Expense	90.55	196.98
Less: Tax Expense (Current & Deferred)	20.01	14.92
Profit /loss for the year (1)	70.54	182.06
Total Comprehensive Income/loss (2)	(243.64)	23.63
Total (1+2)	(173.10)	205.69
Balance of profit /loss for earlier years	2,257.74	2,107.74
Less: Transfer to Debenture Redemption Reserve	–	–
Less: Transfer to Reserves	14.11	36.41
Less: Dividend paid on Equity Shares	–	–
Less: Dividend paid on Preference Shares	–	–
Less: Dividend Distribution Tax	–	–
Balance carried forward	2,070.53	2,277.02

2. State of affairs of the Company

As of March 31, 2021, the Company had 18.53 Lakhs active customers spread across 755 branches, with a gross loan portfolio of Rs.4,946.88 Crores as compared to Rs.4,707.28 Crores in Financial Year 2019-20.

The net worth of the Company as on March 31, 2021 was Rs.889.89 Crores and capital adequacy as on March 31, 2021 was 22.55%, well in excess of the mandated 15%.

During the year, the Company's revenue from operations and other income was Rs. 696.28 Crores with a net loss with other comprehensive income of Rs.(17.30) Crores. 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.

Amount in Crores

Financial Year	Privately placed NCDs	Term Loans	Others	Total
2020-21	425.00	2,575.59	25	3,025.59

Your Company's Operational Highlights for the financial year ended 31.03.2021 are as follows:

Amount in Crores

Particulars	March 2021	March 2020
Number of Branches	755	692
Amount disbursed	2,580.57	4,075.61
Number of active loans	22,75,214	18,82,676
Total Assets under management including securitized and assigned portfolio (Gross Loan Portfolio)	4,946.88	4,707.28
BC Portfolio (Managed for Yes Bank)	1.11	2.18
OLA Loans	–	18.56
Consumer Durables Loan	0.03	0.03
MSGB (Managed for MFL)	24.61	122.35
Disbursement under SIDBI PRAYAAS Scheme	4.30	6.96

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 Rs. 1.41 Crore to the statutory reserve out of the amount available for appropriation and an amount of Rs. 207.05 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, 2021 was Rs. 114.17 Crores, comprising of 11,41,70,502 Equity Shares of the face value of Rs. 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, 2021, 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 options. 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:

Year	Options Granted	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	31.03.2021
	Number of options granted and outstanding at the beginning of the year	5,64,750
	No of Options granted during the year	Nil
	Planned Vesting (ESOP Pool 1 & Pool 2)	2,41,000
	Lapsed due to Resignation	13,500

SL. No.	Particulars	31.03.2021
	Number of options vested during the year	2,27,500
	Number of options exercised during the year	2,14,500
	Number of shares arising as a result of exercise of options	The transfer was not yet completed due to DP Change
	Maximum term of options granted	4 years
	Number of options lapsed (Not Claimed by Subsequent Resignation or other reason)	18,000
	Variation of terms of options	None
	Total number of options in force at the end of the year.	5,64,750

** The Company has extended exercise period to 1 year

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 Listed, Secured, Non-convertible Debentures aggregating ₹ 425.00 Crores as on the reporting date.

	Series	MML-1	MML-5	MML-6
a.	Date of issue of the securities			
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	70,00,00,000	75,00,00,000	70,00,00,000

	Series	MML-7	MML-8	MML-9
a.	Date of issue of the securities			
b.	Date of allotment of securities	12-08-2020	18-11-2020	25-11-2020
c.	Number of securities	1,250	400	450
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	9.50%	10.50%	11.40%
h.	Maturity date	11-02-2022	18-05-2022	25-05-2024
i.	Amount raised	1,25,00,00,000	40,00,00,000	45,00,00,000

7. Capital Adequacy

The Capital Adequacy Ratio was 22.55% as on 31st March 2021. The Net Owned Funds (NOF) as on that date was Rs. 725.30 Crores. The minimum capital adequacy requirement stipulated for your Company by Reserve Bank of India is 15%.

8. 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, 2021, in Form No. MGT-9, is annexed herewith as ANNEXURE - 1 and forms part of this report.

9. 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.

10. Achievements

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

- **Muthoot Microfin amongst best BFSI workplaces in India**

  Muthoot Microfin Ltd has been recognized among the top 30 Best places to work in Banking, financial services and insurance (BFSI) Industry in India by the 'Great Place to Work® Institute. This year, 100 organizations in the BFSI sector undertook this assessment. Based on a rigorous evaluation, the Great Place To Work® institute selected Muthoot Microfin among the top 30 organizations. The company excelled both on people practices designed for employees and the employee feedback on creating a High Trust Culture. The achievement acknowledges the organisation's commitment to foster a culture of pride, trust, reliability, teamwork, and credibility amongst its employees.

- **Muthoot Microfin retains Great Place To Work certification**

  Muthoot Microfin has been certified as a Great Place to Work® again by the Great Place To Work® Institute. The recognition is awarded for maintaining a high-trust, high-performance culture in the organisation. Following the Great Place to Work® certification initially in September 2018, the company was also recognised as one among the best Workplace in microfinance industry in 2019.

- **Muthoot Microfin has won the National Enterprise Tech Connect 2021 award for Best Use of Technology in the financial services category**

  The Award recognises Muthoot Microfin's efforts in accelerating digital transformation to emerge stronger after the Covid-19 crisis and preparations for any such disruptions in the future. National Enterprise Tech Connect is India's unique tech connect platform for the enterprise sector in India.

- **Muthoot Microfin won the Emerging Company award at Indian Achievers' Awards 2020-'21.**

  The platform honours businesses that have achieved outstanding success in their respective realms and for inspiring social contributions. The awards are given across 16 categories and multiple business areas, such as IT, human resource, etc. The award was presented virtually due to the ongoing COVID-19 scenario. Indian Achievers' Awards is organized and hosted by Indian Achievers' Forum.

Link: https://www.iafindia.com/muthoot-microfin-limited/

- **Muthoot Microfin CEO, Mr Sadaf Sayeed wins Indian Achiever Award at Indian Achievers' Awards 2020-'21.**

  The award was bestowed recognising outstanding professional achievements of Mr Sadaf Sayeed. The award was presented virtually due to the ongoing COVID-19 scenario. Indian Achievers' Awards is organized and hosted by Indian Achievers' Forum. Indian Achievers' Forum has a strong credential of more than 20 years in felicitating outstanding achievements at National and International platforms.

  Link: https://www.iafindia.com/mr-sadaf-sayeed/

- **Muthoot Microfin wins Flame Awards for Financial Inclusion campaigns**

  Muthoot Microfin has won the Silver Metal at the 'Flame Awards Asia 2020', recognising the organisation's Financial Inclusion campaigns in India's rural sectors. Flame Awards Asia is hosted by the Rural Marketing Association of India (RMAI). The award honours the best and exemplary work in marketing and communication practices in rural markets of India. Flame Awards is also one of the coveted and exclusive rural marketing awards platforms in the Indian subcontinent.

11. 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.

12. Change in Nature of Business, If any:

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

13. 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."

14. Revision of financial statement or the Report

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

15. Directors and Key Managerial Personnel

Directors

As on 31st day of March 2021, 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
Ms. Bhama Krishnamurthy	Independent Woman Director	Non-Executive

There was no change in the composition of Board of Directors during the reporting period or after the end of the financial year and up to the date of this 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 Muthoot John, Director (DIN 07557585) 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.

16. Board Meeting

During the Financial Year 2020-21, our Board has met 5 times and the meetings were held on 19th June 2020, 04th August 2020, 23rd September 2020, 10th November 2020, and 04th February 2021. 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.

17. 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 stakeholder's 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.

18. 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.

19. 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.

20. Annual Evaluation of Board, Committees and Individual Directors

The meeting of the Board of Directors held on 04th February, 2021 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:

a. Composition of Board/committees

b. Appropriateness of its size, experience and expertise.

c. Effective participation, integrity and credibility

d. Ability to handle conflict collectively, Interpersonal skills, and willingness to address issues proactively

e. Performance against set goals

f. Adequacy of terms of reference to serve the purpose

Due to the Covid-19 precautions, your Board of Directors have conducted these evaluations through electronic mode by distributing electronic evaluation forms to the Directors.

21. Subsidiary Company, Joint Ventures and Associate Companies

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

22. 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.

23. 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 Executive Officer	-57.77%
	c) Chief Financial Officer	-7.80%
	d) Company Secretary	-5.49%
3	Percentage increase in the median remuneration of employees in the financial year	00.00%
4	Number of permanent employees on the rolls of the Company	6961
5	Average percentage increase in the salaries of employees of the Company in the last financial year	2.06%
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

24. 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 2021 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.

25. 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.

26. 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.

27. Statutory Auditors

In accordance with Section 139 of the Companies Act, 2013, M/s. Walker Chandiok & Co LLP., Chartered Accountants, (FRN 001076N), were appointed by the shareholders of the Company at the 24th 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. The term of the Auditors will expire at the ensuing Annual General Meeting. As per Section 139 of the Companies Act 2013, they are eligible to be re-appointed for the further consecutive term. However, the Reserve Bank of India vide Circular Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 has issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) which provides that in order to protect the independence of the auditors/audit firms, Entities will have to appoint the Statutory Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. Hence the Company cannot consider the re-appointment of Walker Chandiok & Co LLP as Statutory Auditors for further term. RBI has directed that since these guidelines shall be implemented for the first time from FY 2021-22 by all Entities, they shall have the flexibility to adopt these guidelines from H2 (second half) of FY 2021-22 in order to ensure that there is no disruption.

As per the regulation, One audit firm can concurrently take up statutory audit of a maximum eight NBFCs during a particular year, subject to compliance with required eligibility criteria and other conditions for each Entity and within overall ceiling prescribed by any other statutes or rules.

Your Company is in the process of identifying suitable audit firms to be appointed as the Statutory Auditors in compliance with the above RBI regulation.

28. 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 has appointed M/s. SEP Associates, Company Secretaries, Kochi to conduct the Secretarial Audit of the Company for the Financial Year 2020-21. The Secretarial Audit Report for the Financial Year 2020-21 is appended to this Report as ANNEXURE III. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

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

The Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2020-21, is disclosed in the Financial Statements forming part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditor in their Report for the year under review.

30. 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).

31. 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.

32. 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 2020-21 is given in the ANNEXURE – IV 'Annual Report on CSR activities'.

33. 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 – Nil

34. 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)

35. 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.

36. 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.

37. 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

38. 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.

39. 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	**Thomas Muthoot**
Kochi	Director	Managing Director
03.06.2021	(DIN 00011552)	(DIN 00082099)

ANNEXURE 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2021

[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. Ph: (022) 6149 1635

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						0			
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) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (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
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**

IV. SHARE HOLDING PATTERN (Contd..)

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the share-holding 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.	Remmy Thomas	26,81,214	2.35	0	26,81,214	2.35	0	0
Total		**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		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.	At the end of the year	There is no change in promoter's shareholding during the year.					

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

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
				Nil			
	At the end of the year					**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.	**Subhransu 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**

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
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.

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	0.237		
		Transfer of Equity Shares *	6,250			
		At the end of the year			2,77,033	0.242
5	Praveen T	At the beginning of the year	16,247	0.014		
		Transfer of Equity Shares *	1,250			
		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	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**
Change in Indebtedness during the financial year				
Addition	15,451.19	1,000	Nil	16,451.19
Reduction (Repayments made)	(15,407.57)	(102.26)	Nil	15,509.83
Change in fair valuation	10.98	(9.59)	Nil	1.39
Net Change Indebtedness				
At the end of the financial year				
i. Principal Amount	29,018.81	1,137.43	Nil	30,156.58
ii. Imst due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not paid	253.56	2.41	Nil	255.97
Total (i + ii + iii)	**29,272.37**	**1,139.84**	**Nil**	**30,412.21**

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.	11,54,980	1,74,27,321	26,80,344	2,12,62,645
	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	0	0	0
	- as % of profit				
	- others, specify…				
5.	Others, please specify: Bonus	32,399	10,00,000	2,48,180	12,80,579
Total		**11,87,379**	**1,84,27,321**	**29,28,524**	**2,25,43,224**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: No Penalties, punishments and compounding of offences were imposed on the Company during the financial year 2020-21.

There were no material penalties, punishments and compounding of offences for the year ended 31st March 2021.

For and on behalf of the Board

Kochi
03.06.2021

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 2020-21 which were not at arm's length basis.

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

   a) Muthoot Fincorp Limited.

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited (MFL) Holding Company
2.	Nature of contracts/arrangements/transaction	Cross Selling Gold Loan Product
3.	Duration of the contracts/ arrangements/ transaction	Continuing
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	The Company will support the Holding Company to source customers for its gold loan product.
5.	Date of approval by the Board	19.06.2020
6.	Amount paid as advances, if any	NIL

   b) Muthoot Fincorp Limited.

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited (MFL) Holding Company
2.	Nature of contracts/arrangements/transaction	Customer due diligence and KYC
3.	Duration of the contracts/ arrangements/ transaction	Continuing
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	MFL will support the Company to do the gold appraisal, custody of gold, Auctioning of gold, customer due diligence etc for the gold loan product offered by the Company.
5.	Date of approval by the Board	19.06.2020
6.	Amount paid as advances, if any	NIL

c) Muthoot Fincorp Limited.

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited (MFL) Holding Company
2.	Nature of contracts/arrangements/transaction	Execution of Addendum to Service Level Agreement
3.	Duration of the contracts/ arrangements/ transaction	Continuing
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	For reducing the commission to 0.25% from the existing 0.50% for the cash management services offered by MFL..
5.	Date of approval by the Board	19.06.2020
6.	Amount paid as advances, if any	NIL

d) Muthoot EXIM Private Limited.

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot EXIM Private Limited (EXIM) Group Company
2.	Nature of contracts/arrangements/transaction	Swarnavarsham Gold saving scheme
3.	Duration of the contracts/ arrangements/ transaction	Continuing
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	For offering gold saving product to the customers of the Company in tie up with EXIM..
5.	Date of approval by the Board	23.09.2020
6.	Amount paid as advances, if any	NIL

e) Thomas John Muthoot.

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Thomas John Muthoot Director
2.	Nature of contracts/arrangements/transaction	Lease Agreement
3.	Duration of the contracts/ arrangements/ transaction	Continuing
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	For taking on lease the office premises owned by Thomas John Muthoot for opening branch.
5.	Date of approval by the Board	19.06.2020
6.	Amount paid as advances, if any	NIL

f) The Thinking Machine Media Private Limited.

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	The Thinking Machine Media Private Limited (TTMMPL) Group Company
2.	Nature of contracts/arrangements/transaction	Investment in shares
3.	Duration of the contracts/ arrangements/ transaction	Continuing
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Invested Rs. 4,50,000 in TTMMPL consisting of 45,000 equity shares of Rs. 10 each.
5.	Date of approval by the Board	10.11.2020
6.	Amount paid as advances, if any	NIL

For and on behalf of the Board

	Thomas George Muthoot	**Thomas Muthoot**
Kochi	Director	Managing Director
03.06.2021	(DIN 00011552)	(DIN 00082099)

ANNEXURE - III

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31.03.2021

[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 **Muthoot Microfin Limited [CIN: U65190MH1992PLCO66228]** (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 31.03.2021 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 31.03.2021 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.

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.

For **SEP & Associates**
UDIN: F003050C000410391
Company Secretaries
(ICSI Unique Code: P2019KE075600)

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

Place: Kochi
Date: 02.06.2021

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 2021 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**
UDIN: F003050C000410391
Company Secretaries
(ICSI Unique Code: P2019KE075600)

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

Place: Kochi
Date: 02.06.2021

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:

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:

a) build a framework of CSR activities with a philanthropic approach in line with business unit objectives, which also benefits the organization at large;

b) shape sustainability for the organization by 'Engaging the Community';

c) build a corporate brand through CSR; and

d) 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".

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Thomas Muthoot	Managing Director	1	1
2	Mr. Thomas George Muthoot	Non- Executive Director	1	1
3	Mr. Thomas John Muthoot	Non- Executive Director	1	1
4	Mr. Alok Prasad	Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. -

https://muthootmicrofin.com/wp-content/uploads/2020/04/CSR-Policy.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). –

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

NIL

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

S. No	Financial Years	Net Profit as per section 198 (Rupees)
1.	Ending 31st March, 2018	1,14,23,42,382.00
2.	Ending 31st March, 2019	2,70,25,17,084.00
3.	Ending 31st March, 2020	19,69,83,107
	Average Net Profit	1,34,72,80,858

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 2,69,45,618

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: Not applicable

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 2,69,45,618 (The Company has also earmarked unspent CSR obligation of FY 19-20 amounting to Rs. 1,15,44,389 as CSR obligation of FY 20-21).

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (Rs.)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
3,84,90,007	NA**	--	--	--	--

** The Company has identified an ongoing Project for which Rs. 3,07,32,055 allocated for the said project. The entire amount was transferred to the implementing Agency Muthoot Pappachan Foundation on 30.03.2021.

(b) Details of CSR amount spent against ongoing projects for the financial year:

Sl No	Name of Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the Project 1. District 2. State	Project Duration	Amount allocated for the project (Rs.)	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section (Rs.)	Mode of Imple-mentation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
										Name	CSR registration number
1	Sports Infrastructure Project	(vii) Training to promote rural sports, nationally recognized sports, paralympic sports and olympic sports	Yes	Palakkad	3 years	3,07,32,055	NIL	3,07,32,055	No	Muthoot Pappachan Foundation	CSR00003932

** The Company has identified an ongoing Project for which Rs. 3,07,32,055 allocated for the said project. The entire amount was transferred to the implementing Agency Muthoot Pappachan Foundation on 30.03.2021.

Note: The project mentioned at sr. no. 1 has been approved before 22 January 2021 i.e. the date when the Companies (Corporate Social Responsibility Policy) Amendment, Rules, 2021 came into force. The amended rules restrict the duration of ongoing project to three years excluding the financial year in which it was commenced. Accordingly, the Company will review the terms of the aforesaid project including duration to ensure that the duration of the aforesaid project will be maximum up to 31 March 2024, i.e., up to three financial years excluding the financial year 2020-21 in which it is considered as ongoing project within the meaning of the amended rules.

(C) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl No	Name of Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project	Amount spent in the current financial Year (Rs.)	Mode of Implementation Direct (Yes/No	Mode of Implementation – Through Implementing Agency	
							Name	CSR registration number
1	PM cares for Covid relief	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	NA	NA	35,00,000	Yes	NA	NA**
2	COVID-19 Response Activities	Promoting health care including preventive health care	Yes	Ernakulam	35,67,343	No	Muthoot Pappachan Foundation	NA**
3	Nutrition Support Program (Part of Smile Please mission)	promoting health care including preventive health care	Yes	Karnataka	2,22,276	No	Muthoot Pappachan Foundation	NA**
4	Blue Butterflies (Pediatric Cancer- treatment preparedness support)	promoting health care including preventive health care	Yes	Kerala	4,24,000	No	Muthoot Pappachan Foundation	NA**
5	Field Support Activity – Construction of House for Flood Victims	Disaster management, including relief, rehabilitation and reconstruction activities	Yes	Kozhencherry, Kerala	2,57,952	No	Muthoot Pappachan Foundation	NA**

*Not applicable for FY 2020-21

(d) Amount spent in Administrative Overheads: Rs. 2,43,000

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 3,84,90,007

(g) Excess amount for set off, if any: NIL

Sl No.	Particulars	Amount (Rs.)
1	Two percent of average net profit of the company as per Section 135(5)	2,69,45,618 (We have also included the unspent CSR obligation of FY 19-20 amounting to Rs. 1,15,44,389 as CSR obligation of FY 20-21 and considering the same the total expenditure is 3,84,90,007)
2	Total amount spent for the Financial Year	3,84,90,007*
3	Excess amount spent for the financial year [(ii)-(i)]	NIL**
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

**we have transferred an amount of Rs. 3,07,32,055 to Muthoot Pappachan Foundation for Sports Academy Project, which is an ongoing project.

**Considering that excess CSR expenditure has been done against the unspent CSR obligation of FY 2019-20 and hence no set-off available as the same pertains to period before the set-off related amendment in CSR Rules

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

Not Applicable as this table becomes relevant for the period post amendment in CSR Rules

10. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Not Applicable

11. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

– Not Applicable

(a) Date of creation or acquisition of the capital asset(s):

(b) Amount of CSR spent for creation or acquisition of capital asset:

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

12. Specify the reasons, in case, the Company has failed to spend two per cent of the average net profit as per Section 135(5):

The Company is executing multi-year Ongoing Project i.e., Sports Infrastructure Project through implementing Agency Muthoot Pappachan Foundation. Due to such Ongoing project and plan of spending funds in multi years, the Company was not able to spend two per cent of the average net profit as per Section 135(5) in the current financial year. In respect of Unspent CSR funds, the Company has parked the Budgeted amount in the corpus account maintained by Muthoot Pappachan Foundation.

For and on behalf of the Board

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

Kochi
03.06.2021

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 2021 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 2021 is as follows:

Sl. No	Name of the Director	DIN	Designation
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 2020-21, the Board of Directors of the Company, met 5 (Five) times. The details of the meetings are as follows:.

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.	19.06.2020	9	9	100
2.	04.08.2020	9	7	77.78
3.	23.09.2020	9	9	100
4.	10.11.2020	9	9	100
5.	04.02.2021	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 2020-21 the Audit Committee met 4 (Four) time on 18.06.2020, 22.09.2020, 10.11.2020, 03. 02.2021

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 2020-21 the Nomination and Remuneration Committee met 2 (two) time on 18.06.2020, 03.02.2021.

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 2020-21 the CSR Committee met one time on 22.09.2020

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 2020-21 the Committee met 4 (four) time on 25.05.2020, 29.07.2020, 22.10.2020 and 30.01.2021.

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

During the year 2020-21 the Committee met 2 (two) time on 25.05.2020 and, 03.01.2021.

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:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. 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;
5. 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 2020-21 other than sitting fees paid to Independent Director.

IV. 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.

V. 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 2021**

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

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

Kochi
03.06.2021

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 2021, the Statement of Profit and Loss (including Other Comprehensive Loss), 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 2021, and its loss (including other comprehensive loss), 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 52 to the accompanying financial statements which describes the uncertainties relating to the effects of COVID-19 pandemic outbreak on the Company's operations, the extent of which is significantly dependent on future developments, as they evolve. 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 matters	How our audit addressed the key audit matters
A. Recognition of interest income (Refer note 23 of the accompanying financial statements) Revenue of the company consists primarily of interest income charged on loan assets. Total interest income recognised in the financial year 2020-21 amounts to INR 6,209.76 million (2019-20 INR 6,083.91 million). 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. Considering the volume of transactions and materiality of amounts involved, significant auditor attention is required to test accuracy of interest income recognised during the period, we have identified recognition of interest income as a key audit matter.	Our audit work included, but was not restricted to, the following procedures: • 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 recomputation 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 matters	How our audit addressed the key audit matters
	• 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 recomputation 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.
B. Computation of impairment losses on loan assets and implementation of COVID-19 relief measures. (Refer notes 1(ix), 5 and 42A of the accompanying financial statements for related disclosures) As at 31 March 2021, the Company has reported total gross loan assets of INR 35,045.78 million (March 2020: INR 27,526.45 million) against which an impairment loss of INR 2,091.21 million (March 2020: INR 1,888.44 million) has been recorded. 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: • 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. 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: • 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. These parameters are derived from the Company's internally developed statistical models, other historical data and macro-economic factors.	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: • 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 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.

Key audit matters	How our audit addressed the key audit matters
COVID-19 During the current year, the Company has also implemented the "COVID-19 Regulatory Package-Asset Classification and Provisioning" announced by the Reserve Bank of India ('the RBI') on 27 March 2020, 17 April 2020 and 23 May 2020 (''collectively referred to as ''COVID-19 regulatory package"), which has been considered by the management in identification and provisioning of loan assets for impairment. Considering the significance of the above matter to the financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19, 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 determined as a key audit matter. We also draw attention to note 52 to the accompanying financial statements, which describes the uncertainties relating to the effects of COVID-19 pandemic outbreak and the consequential impact on the appropriateness of the impairment provision recognised towards the loan asset outstanding as at 31 March 2021.	• 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 RBI and tested, on sample basis, the compliance with respect to asset classification and provisioning norms as per such directions. • With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and evaluated the underlying assumptions used for such estimate basis our understanding of the risk profiles of the customers of the Company. • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 42 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards.
C. Financial instruments measured at fair value (Refer notes 1(xiii), 5 and 41 of the accompanying financial statements for related disclosures) The financial statements of the Company include financial assets valued at fair value. Total financial assets measured at fair value as at 31 March 2021 is INR 9,834.60 million (March 2020: INR 19,787.39 million). Impact of the same on other comprehensive income for the year ended 31 March 2021 is INR (237.55) million (2019-20: INR 44.42 million) (net of tax). 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. 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 2021, financial assets worth INR 9,884.50 million (March 2020: INR 20,401.89 million) are valued using level 3 valuation model, discounted cash flow method. 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.	Our audit work included, but was not limited to, the following procedures: • Obtained an understanding of the management process for: - 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.

Key audit matters	How our audit addressed the key audit matters
	• 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 41 "Financial instruments and fair value disclosure", in accordance with the applicable accounting standards.
D. Migration to new loan management system During the year ended 31 March 2021, the Company has migrated to a new loan management system 'SerenePro' (except for accrual module) from the erstwhile system (Legacy) for its operations. Post such implementation, the Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness, and validity of data that is processed by the applications and is ultimately used for financial reporting. Such significant system change increases the risk to the internal financial controls environment. We have focused on this migration due to the inherent risk of error and impact such an error may have on the Company's financial accounting and reporting process. Hence, considering the significance of the activity and the volume of the loan portfolio involved in the migration process we have determined this to be a key audit matter for current year audit.	We included specialized IT auditors as part of our audit team to perform audit procedures which included, but were not limited to the following: • Obtained an understanding of the Company's migration process carried out during the current year ended 31 March 2021. • Evaluated the controls established by the management for the migration activity to ensure the activity has been completed appropriately. • Assessed, among other things, the quality of controls in place during the implementation of the new loan management system; the rigor of the user acceptance testing conducted by the users of the system; and the configuration of relevant automated application controls. • Evaluated the design and tested the operating effectiveness of key automated and IT dependent manual controls both before and after the migration, including IT general controls. • Verified that the pre-migration and post migration reports were approved by the respective authorized personnel from the Operations and Finance teams, along with the personnel from conversion team. • Verified that the conversion reports are preserved after authentication as a permanent record for future reference. • Verified, on a test basis, that the balances and loan IDs have been appropriately transferred from 'Legacy' (erstwhile system) to 'SerenePro' (new system) to ensure the accuracy and completeness of data migration activity. • Obtained the exception reports generated during data migration procedure and ensured that the exceptions, if any, have been rectified and necessary sign off was obtained by the management. • We also performed substantive audit procedures including review of reconciliations between the two systems performed by the management to ensure the accuracy and completeness of data migration activity.

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 loss, 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 are disqualified as on 31 March 2021 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 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 3 June 2021 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 2021;

        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 2021;

        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 2021; 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: 21206229AAAABV2266

Place: Kochi
Date: 3 June 2021

Balance Sheet as at March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Financial assets			
Cash and cash equivalents	2	5,190.76	11,812.92
Bank balances other than cash and cash equivalents	3	2,259.03	1,789.53
Receivables			
Other receivables	4	92.92	110.45
Loans	5	32,954.57	25,638.01
Investments	6	0.45	-
Other financial assets	7	23.85	23.32
		40,521.58	**39,374.23**
Non-financial assets			
Current tax assets (net)	8	94.15	379.52
Deferred tax asset (net)	18	100.35	-
Property, plant and equipment	9	398.44	368.67
Right-of-use assets	10	700.16	720.50
Other intangible assets	11	1.25	1.82
Other non-financial assets	12	36.81	71.71
		1,331.16	**1,542.22**
Total		**41,852.74**	**40,916.45**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Payables			
Other payables			
total outstanding dues of creditors other than micro enterprises and small enterprises	13	27.09	36.81
Debt securities	14	4,524.69	2,144.91
Borrowings (other than debt securities)	15	25,382.26	26,819.31
Subordinated liabilities	16	249.63	249.28
Lease liability	10	779.89	758.18
Other financial liabilities	17	1,904.97	1,451.93
		32,868.53	**31,460.42**
Non Financial liabilities			
Deferred tax liability (net)	18	-	299.32
Provisions	19	46.38	50.89
Other non financial liabilities	20	38.93	35.89
		85.31	**386.10**
Equity			
Equity share capital	21	1,141.71	1,141.71
Other equity	22	7,757.19	7,928.22
		8,898.90	**9,069.93**
Total		**41,852.74**	**40,916.45**
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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
Place: Kochi

Date: 3 June 2021

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

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

Statement of Profit and Loss for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations			
Interest income	23	6,209.76	6,083.91
Fees and commission income	24	32.11	94.79
Net gain on fair value changes	25	427.33	2,162.84
Income on investments	26	169.95	256.17
Sale of services		2.52	4.44
Total revenue from operations		**6,841.67**	**8,602.15**
Other income	27	121.14	65.18
Total income		**6,962.81**	**8,667.33**
Expenses			
Finance costs	28	2,993.28	2,906.73
Fees and commission expenses	29	97.36	144.25
Impairment on financial instruments	30	1,314.15	2,720.09
Employee benefits expenses	31	1,868.81	1,969.19
Depreciation and amortisation expense	32	188.33	137.09
Other expenses	33	410.33	593.01
Total expenses		**6,872.26**	**8,470.36**
Profit before tax		**90.55**	**196.97**
Tax expense			
Current tax	35	347.29	186.33
Deferred tax	35	(317.72)	(169.55)
Tax relating to prior years		(9.56)	(1.87)
Profit for the year (A)		70.54	182.06
Other Comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset		(8.14)	(27.78)
Income tax relating to the above		2.05	6.99
Items that will be reclassified to profit and loss			
Remeasurement of loan assets		(317.46)	59.36
Income tax relating to the above		79.91	(14.94)
Other comprehensive income/(loss) for the year, net of tax (B)		**(243.64)**	**23.63**
Total comprehensive income/(loss) for the year (A+B)		**(173.10)**	**205.69**
Earning per equity share (face value of ₹ 10 each)	34		
Basic (₹)		0.62	1.59
Diluted (₹)		0.62	1.59
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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
Place: Kochi

Date: 3 June 2021

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

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

Cash Flow Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from operating activities		
Profit before tax	**90.55**	**196.97**
Adjustments		
Depreciation and amortisation	188.33	137.09
(Gain)/loss on sale of tangible assets	(0.18)	0.14
Provision for employee benefits	38.26	34.58
Impairment on financial instruments	1,314.15	2,720.09
Profit on sale of financial assets carried at fair value through profit or loss	(169.95)	(256.17)
Interest income on security deposits	(2.15)	(0.75)
Gain on termination of lease	(1.96)	-
Gain on sale of loan asset through direct assignment	(427.33)	(2,162.84)
Adjustments towards effective interest rate in respect of loan assets	32.05	(8.07)
Adjustments towards effective interest rate in respect of debt securities, borrowings and subordinate liabilities	1.68	(32.67)
Share based payments	3.65	1.85
Adjustment on account of consolidation of ESOP trust	(1.58)	2.37
Finance cost on leases	80.82	69.80
Operating profit before working capital changes	**1,146.34**	**702.39**
Working capital changes		
(Increase)/decrease in loans	(8,552.88)	864.69
(Increase)/decrease in other receivables	17.53	(72.24)
(Increase)/decrease in other financial assets	0.06	(22.88)
Decrease in other non financial assets	6.32	32.46
Decrease in other payables	(9.72)	(24.51)
Increase in other financial liabilities	453.00	52.50
Decrease in provisions	(50.90)	(20.50)
Increase in other non financial liabilities	3.04	29.18
Cash used in operating activities	**(6,987.21)**	**1,541.09**
Income taxes paid (net)	(52.34)	(398.64)
Net cash (used in)/generated from operating activities	**(7,039.55)**	**1,142.45**
Cash flows from investing activities		
Purchase of tangible assets (including capital advances, capital creditors and capital work in progress) and intangible assests	(79.69)	(231.35)
Investment in term deposits with banks (net)	(469.50)	(680.34)
Investment in equity instruments	(0.45)	-
Proceeds from sale of tangible assets	0.18	0.57
Profit on sale of investments	169.95	256.17
Net cash used in investing activities	**(379.51)**	**(654.95)**
Cash flows from financing activities		
Proceeds from borrowings	9,239.30	19,525.00
Proceeds from debt securities	2,390.50	700.00
Proceeds from securitisation arrangement	4,835.70	-
Repayment of borrowings	(15,158.54)	(14,141.54)
Repayment of debt securities	-	(1,350.00)
Repayment of securitisation arrangement	(365.54)	-
Proceeds from treasury shares	-	2.12
Payment of lease liabilities	(144.52)	(110.26)
Net cash generated from financing activities	**796.90**	**4,625.32**

Cash Flow Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net (decrease)/increase in cash and cash equivalents	(6,622.16)	5,112.82
Cash and cash equivalents as at the beginning of the year	11,812.92	6,700.10
Cash and cash equivalents as at the end of the year	**5,190.76**	**11,812.92**
Operational cash flows from interest		
Interest paid	2,891.11	2,845.78
Interest received	4,661.67	4,160.11
Summary of Significant Accounting Policies		

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

This is the cash flow statement referred to in our report of even date.

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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
Place: Kochi

Date: 3 June 2021

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

Thomas Muthoot
Managing Director
DIN: 00082099
Place: Kochi

Thomas John Muthoot
Director
DIN: 00011618
Place: Thiruvananthapuram

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Director
DIN: 00011552
Place: Kochi

Praveen T
Chief Financial Officer
Place: Kochi

Neethu Ajay
Company Secretary
Place: Kochi

Statement of Changes in Equity for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

A Equity share capital

Particulars	Balance as at April 1, 2019	Change in equity share capital during the year	Balance as at March 31, 2020	Change in equity share capital during the year	Balance as at March 31, 2021
Equity shares of 10 each, issued, subscribed and fully paid up	1,141.71	-	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, 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	-	-	-	-	2.12
Adjustment on account of consolidation of ESOP trust	-	-	-	2.37	-	-	-	2.37
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**
Profit for the year	-	-	-	-	-	70.54	-	70.54
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	14.11	-	-	-	(14.11)	-	-
Transfer during the year	-	-	-	5.08	(5.08)	-	-	-
Changes during the year in employee stock options outstanding	-	-	-	-	3.65	-	-	3.65
Proceeds on transfer during the year	-	-	-	-	-	-	-	-
Adjustment on account of consolidation of ESOP trust	-	-	-	(1.58)	-	-	-	(1.58)
Other comprehensive income	-	-	-	-	-	(8.14)	(317.46)	(325.60)
Income tax relating to items of other comprehensive income	-	-	-	-	-	2.05	79.91	81.96
Balance as at March 31, 2021	**4,988.74**	**697.92**	**(32.19)**	**3.25**	**9.66**	**1,732.98**	**356.83**	**7,757.19**

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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
Place: Kochi

Date: 3 June 2021

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

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

Notes to Financial Statement for the year ended March 31, 2021

(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. The Company has uniformly applied the accounting policies for all the periods presented in this financial statements.

(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 policies.

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, except where newly issued accounting standard is initially adopted.

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. All other repair and maintenance costs are recognised in statement of profit and loss.

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

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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.

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

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 benefit 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

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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 availed after one year from the Balance Sheet date is estimated on 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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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.

Adjustment in Stages due to COVID19 Impact

The RBI allowed lending instituitions to offer moratorium to its borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020 vide RBI Circulars DOR. No. BP.BC.47/21.04.048/2019-20 dated March 27,2020 and DOR.No. BP.BC.71/21.04.048/2019-20 (COVID-19 - Regulatory package) dated May 23, 2020.

Further, pursuant to the clarification issued by RBI vide Circular DOR. No. BP.BC.63/21.04.048/2019-20 dated. April 17,2020, RBI also allowed to exclude the moratorium period from the number of days past due in respect of accounts classified as standard as on February 29, 2020, for the purpose of asset classification under the IRACP norms.

Accordingly, the Company offered moratorium to its customers in accordance with the above said circulars of RBI and for such accounts, where the moratorium was granted, the asset / stage-wise classification remained stand still during the moratorium period. (i.e., the number of days past due excluded the moratorium period for the purposes of asset / stage-wise classification).

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 impairment on financial instrument on 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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

Contingent liability is disclosed for:

a) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or

b) 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

Company as a lessee

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.

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:

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) 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:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

b) 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.

Non-derivative financial liabilities

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:

a) The amount of loss allowance (calculated as described in policy for impairment of financial assets)

b) 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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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 statement 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 (INR), 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

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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.

Classification of leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

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:

a) Determining criteria for significant increase in credit risk;

b) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

c) 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, 2021

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, 2021.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

2 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash in hand	0.47	0.24
Balances with banks in current account	3,051.76	1,309.27
Balance with cash collection agents	37.28	0.24
Term deposits for original maturity of 3 months or less with scheduled banks	2,101.25	10,503.17
	5,190.76	**11,812.92**

(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 days 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, 2021	As at March 31, 2020
Term deposits with bank	2,259.03	1,789.53
	2,259.03	**1,789.53**

(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 amouting to INR 2,245.45 millions (March 31, 2020: INR 1,789.53 millions) are held as pledged against borrowings and other commitements.

4 Other receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good (refer note 47)	92.92	110.45
	92.92	**110.45**

5 Loans

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Term loans (refer note 5.1)	23,105.82	5,848.76
Employee loans (refer note 5.3)	14.15	1.86
	23,119.97	**5,850.62**
At fair value through other comprehensive income		
Term loans (refer note 5.2)	9,834.60	19,787.39
	9,834.60	**19,787.39**
	32,954.57	**25,638.01**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

5.1 Term loans (at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans		
(i) Joint liability group loans	24,554.35	6,828.03
(ii) Individual loans	343.12	185.10
(iii) Corporate loans	12.85	58.97
Total (gross)	**24,910.32**	**7,072.10**
Less: Allowance for impairment loss for loan assets	1,804.50	1,223.34
Total (net)	**23,105.82**	**5,848.76**
Secured by tangible assets	343.12	185.10
Unsecured	24,567.20	6,887.00
Total (gross)	**24,910.32**	**7,072.10**
Less: Allowance for impairment loss for loan assets	1,804.50	1,223.34
Total (net)	**23,105.82**	**5,848.76**
Loans in India		
Public sector	-	-
Individuals	24,897.47	7,013.13
Corporate loans	12.85	58.97
Total (gross)	**24,910.32**	**7,072.10**
Less: Allowance for impairment loss for loan assets	1,804.50	1,223.34
Total (net)	**23,105.82**	**5,848.76**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Term loans	10,121.31	20,452.49
Total (gross)	**10,121.31**	**20,452.49**
Less: Allowance for impairment loss for loan assets	286.71	665.10
Total (net)	**9,834.60**	**19,787.39**
Secured by tangible assets	-	-
Unsecured	10,121.31	20,452.49
Total (gross)	**10,121.31**	**20,452.49**
Less: Allowance for impairment loss for loan assets	286.71	665.10
Total (net)	**9,834.60**	**19,787.39**
Loans in India		
Public sector	-	-
Individuals	10,121.31	20,452.49
Total (gross)	**10,121.31**	**20,452.49**
Less:Allowance for impairment loss for loan assets	286.71	665.10
Total (net)	**9,834.60**	**19,787.39**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

5.3 Employee loans (at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Employee loans	14.15	1.86
Total (gross)	**14.15**	**1.86**
Less: Allowance for impairment loss for employee loans	-	-
Total (net)	**14.15**	**1.86**
(i) Key managerial personnel	-	-
(ii) Other employees	14.15	1.86
Total (gross)	**14.15**	**1.86**
Less: Allowance for impairment loss for employee loans	-	-
Total (net)	**14.15**	**1.86**

(i) Refer note 42 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 39 for loans pledged as security .

6 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Investments at fair value through other comprehensive income		
(i) Investment in equity instruments	0.45	-
Total (gross)	**0.45**	**-**
Less: Allowance for impairment loss	-	-
Total (net)	**0.45**	**-**
Investments in India	0.45	-
Investments outside India	-	-
	0.45	**-**

7 Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Security deposits (unsecured, considered good)	23.46	22.63
(ii) Employee advances	0.39	0.69
	23.85	**23.32**

8 Current tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax (net of provision for taxation of INR 524.06 millions (March 31,2020: INR 186.33 millions))	94.15	379.52
	94.15	**379.52**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

9 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equiments	Vehicles	Electrical fittings	Total
Gross block						
Balance as at April 1, 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**
Additions	3.02	49.63	55.99	-	0.37	109.01
Disposals	(0.76)	(0.02)	(1.35)	-	(0.53)	(2.66)
Balance as at March 31, 2021	**77.91**	**283.31**	**202.32**	**0.77**	**12.41**	**576.72**
Accumulated depreciation						
Balance as at April 1, 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**
Charge for the year	17.99	24.42	34.71	0.09	1.26	78.47
Reversal on disposal of assets	(0.41)	(0.02)	(1.22)	-	(0.24)	(1.89)
Balance as at March 31, 2021	**53.49**	**61.07**	**59.19**	**0.43**	**4.10**	**178.28**
Net block						
Balance as at March 31, 2020	**39.74**	**197.03**	**121.98**	**0.43**	**9.49**	**368.67**
Balance as at March 31, 2021	**24.42**	**222.24**	**143.13**	**0.34**	**8.31**	**398.44**

*Vehicles amounting to INR 0.77 million (March 31, 2020: INR 0.77 million) have been pledged as security. Refer note 39.

10 Right-of-use assets and lease liabilities

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Property, plany and equipment owned	398.44	368.67
Right-of-use assets	700.16	720.50
	1,098.60	**1,089.17**

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance as at March 31, 2020	720.50	572.08
Additions	103.17	263.43
Deletions	(14.22)	(25.03)
Depreciation charge for the year	(109.29)	(89.98)
Balance as at March 31, 2021	**700.16**	**720.50**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

10 Right-of-use assets and lease liabilities

(iii) Movement in lease liabilities

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance as at March 31, 2020	**758.18**	**572.08**
Additions	101.19	226.56
Deletions	(15.78)	-
Interest on lease liabilities	80.82	69.80
Payment of lease liabilities	(144.52)	(110.26)
Balance as at March 31, 2021	**779.89**	**758.18**

(iv) Maturity analysis of lease liabilities

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Less than one year	155.92	139.49
One to five years	628.26	585.79
More than five years	353.04	422.90
Total undiscounted lease liabilities as at March 31, 2021	**1,137.22**	**1,148.18**
Current	148.02	131.77
Non Current	631.87	626.41
Lease liabilities included in the statement of financial position	**779.89**	**758.18**

(v) Amounts recognised in profit and loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on lease liabilities (refer note 28)	80.82	69.80
Expenses relating to short term leases (refer note 33)	-	15.77
Expenses relating to cancellable leases (refer note 33)	-	4.24
Depreciation of right-of-use assets (refer note 32)	109.29	89.98
	190.11	**179.79**

(vi) Amounts recognised in the statement of cash flows

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total cash outflow for leases	144.52	110.26

11 Intangible assets

Particulars	Software
Gross block	
Balance as at April 1, 2019	**2.31**
Additions	0.82
Disposals	-
Balance as at March 31, 2020	**3.13**
Additions	-
Disposals	-
Balance as at March 31, 2021	**3.13**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

11 Intangible assets

Particulars	Software
Accumulated depreciation	
Balance as at April 1, 2019	**0.75**
Charge for the year	0.56
Reversal on disposal of assets	-
Balance as at March 31, 2020	**1.31**
Charge for the year	0.57
Reversal on disposal of assets	-
Balance as at March 31, 2021	**1.88**
Net block	
Balance as at March 31, 2020	**1.82**
Balance as at March 31, 2021	**1.25**

12 Other non-financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Capital advances	1.69	30.26
Balance with government authorities	18.01	14.38
Prepaid expenses	12.84	13.08
Advances	4.27	13.99
	36.81	**71.71**

13 Other payables

Particulars	As at March 31, 2021	As at March 31, 2020
Dues to micro enterprises and small enterprises (refer note (i) below)	-	-
Dues to creditors other than micro enterprises and small enterprises	27.09	36.81
	27.09	**36.81**

(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, 2021	As at March 31, 2020
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Developme.nt Act, 2006)	-	-
ii) Interest due thereon remaining unpaid	-	-
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.	-	-
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	-	-

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

13 Other payables (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
v) Interest accrued and remaining unpaid	-	-
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	-	-

14 Debt securities

Particulars	As at March 31, 2021	As at March 31, 2020
Secured (at amortised cost)		
Redeemable non-convertible debentures (refer note 38)	4,234.19	2,144.91
	4,234.19	**2,144.91**
Unsecured (at amortised cost)		
Commercial paper (refer note 38)	290.50	-
	290.50	**-**
	4,524.69	**2,144.91**
Borrowings in India	4,524.69	2,144.91
Borrowings outside India	-	-
	4,524.69	**2,144.91**

(i) Refer note 38 for interest rates, repayment terms and nature of security of debt securities.

15 Borrowings (other than debt securities)

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks (refer note 38)	11,848.61	16,909.85
- From financial institutions (refer note 38)	8,196.14	9,909.46
- Borrowings under securitisation arrangement (refer note 38)	4,458.92	-
Term loans (Unsecured)		
- From financial institutions	878.59	-
	25,382.26	**26,819.31**
Borrowings in India	25,382.26	26,819.31
Borrowings outside India	-	-
	25,382.26	**26,819.31**

(i) Refer note 38 for interest rates, repayment terms and nature of security of borrowings.

(ii) Refer note 39 for details of assest pledged.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

16 Subordinated liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Unsecured term loan		
- From financial institutions (refer note 38)	249.63	249.28
	249.63	**249.28**
Subordinated liabilities in India	249.63	249.28
Subordinated liabilities outside India	-	-
	249.63	**249.28**

17 Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on borrowings	255.97	234.62
Employee related payable	108.66	127.21
Payables towards securitisation/assignment transactions	1,142.95	963.18
Others	397.39	126.92
	1,904.97	**1,451.93**

18 Deferred tax assets / (liabilities) (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax effect of items constituting deferred tax liabilities:		
Direct assignment transactions	(446.92)	(771.35)
Adoption of EIR for borrowing cost	(24.98)	(25.41)
Tax effect of items constituting deferred tax assets:		
Provision for expected credit loss	464.57	422.06
Adoption of EIR for loan assets	57.54	49.47
Adoption of Ind AS 116	22.67	12.23
Others	27.47	13.68
	100.35	**(299.32)**

Movement in above mentioned deferred tax assets / (liabilities)

Particulars	As at April 1, 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2021
Tax effect of items constituting deferred tax assets / (liabilities)							
Provision for expected credit loss	78.64	343.42	-	422.06	42.51	-	464.57
Adoption of EIR for loan assets	59.45	(9.98)	-	49.47	8.07	-	57.54
Direct assignment transactions	(583.30)	(173.11)	(14.94)	(771.35)	244.52	79.91	(446.92)
Adoption of EIR for borrowing cost	(19.89)	(5.52)	-	(25.41)	0.43	-	(24.98)
Adoption of Ind AS 116	-	12.23	-	12.23	10.44	-	22.67
Others	4.18	2.51	6.99	13.68	11.74	2.05	27.47
	(460.92)	**169.55**	**(7.95)**	**(299.32)**	**317.72**	**81.96**	**100.35**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

19 Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (refer note 36)	30.33	38.14
Compensated absences (refer note 36)	16.05	12.75
	46.38	**50.89**

20 Other non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Income received in advance	-	2.44
Statutory dues payable	38.93	33.41
Others	-	0.04
	38.93	**35.89**

21 Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised share capital		
150,000,000 Equity shares of 10 each (March 31, 2020: 150,000,000)	1,500.00	1,500.00
50,000,000 Compulsorily convertible preference shares of 10 each (March 31, 2020: 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, 2020: 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

Particulars	As at March 31, 2021		As at March 31, 2020	
	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	11,41,70,502	1,141.71
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**11,41,70,502**	**1,141.71**	**11,41,70,502**	**1,141.71**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

21 Equity share capital (Contd..)

(iii) Shares held by the holding company

Particulars	As at March 31, 2021		As at March 31, 2020	
	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:

Particulars	As at March 31, 2021		As at March 31, 2020	
	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 43 for disclosures related to capital management of the company.

22 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium	4,988.74	4,988.74
Reserve fund u/s 45-IC of RBI Act 1934	697.92	683.81
Employee stock options outstanding	9.66	11.09
Loan assets through other comprehensive income	356.83	594.38
Retained earnings	1,732.98	1,682.64
Treasury shares	(32.19)	(32.19)
General reserve	3.25	(0.25)
	7,757.19	**7,928.22**

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 INR 14.11 million (March 31, 2020: INR 36.41 million)

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Loan assets through other comprehensiveincome

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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

22 Other equity (Contd..)

Retained earnings

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

Treasury shares

Treasury shares represents company's own equity shares held by employee welfare trust.

General reserve

Represents the profits or losses made by the employee welfare trust on account of issue or sale of treasury stock.

23 Interest income

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
On financial assets measured at amortised cost		
Interest on loan assets	5,660.27	3,162.48
Interest income on deposits from banks	153.98	140.74
	5,814.25	**3,303.22**
On financial assets measured at fair value through other comprehensive income		
Interest on loan assets	395.51	2,780.69
	395.51	**2,780.69**
	6,209.76	**6,083.91**

24 Fees and commission income

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Fee income recognised over a certain period of time (refer note 47)	32.11	46.47
Fee income that are recognised at point in time (refer note 47)	-	48.32
	32.11	**94.79**

25 Net gain on fair value changes

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Gain on sale of loans at fair value through other comprehensive income	427.33	2,162.84
Fair value changes		
Realsied	427.33	2,162.84
Unrealised	-	-
	427.33	**2,162.84**

26 Income from investments

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Income from investments	169.95	256.17
	169.95	**256.17**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

27 Other income

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Interest income on security deposits	2.15	0.75
Bad debt recovered	101.27	42.45
Miscellaneous income	17.72	21.98
	121.14	**65.18**

28 Finance costs

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
On financial liabilities measured at amortised cost		
Interest on borrowings	2,498.05	2,476.47
Interest on debt securities	379.78	325.80
Interest on subordinated liabilities	34.63	34.66
Interest cost on lease liabilities (refer note 10)	80.82	69.80
	2,993.28	**2,906.73**

29 Fees and commission expenses

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Commission for disbursement and collection	97.36	144.25
	97.36	**144.25**

30 Impairment on financial instruments

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Loans		
Write off	983.09	1,060.61
Waive off	128.28	152.02
Provision for impairment on loan assets	202.78	1,507.46
	1,314.15	**2,720.09**

31 Employee benefits expenses

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Salaries and wages	1,661.33	1,766.81
Contribution to provident and other funds	147.97	147.22
Share based payments	3.65	1.85
Gratuity and compensated absence	38.26	34.58
Staff welfare expenses	17.60	18.73
	1,868.81	**1,969.19**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

32 Depreciation and amortisation

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Depreciation (refer note 9)	78.47	46.55
Depreciation on right-of-use assets (refer note 10)	109.29	89.98
Amortisation (refer note 11)	0.57	0.56
	188.33	**137.09**

33 Other expenses

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Rent	11.28	20.01
Rates and taxes	3.75	3.32
Repairs and maintenance - others	3.93	4.63
Communication expenses	33.58	33.49
Printing and stationery	12.36	19.04
Marketing expenses	11.92	21.82
Auditors' remuneration		
Statutory audit	3.82	3.82
Limited review	1.31	1.31
Tax audit	0.44	0.44
Other certifications	0.33	0.33
Reimbursement of expenses	0.11	0.22
Legal and professional charges	90.04	101.80
Traveling and conveyance	101.49	233.30
Software support charges	39.11	38.45
Power and fuel	16.74	14.94
Office expenses	19.48	21.20
Corporate social responsibility expenses*	26.95	29.45
Miscellaneous expenses	33.69	45.44
	410.33	**593.01**

***Corporate social responsibility expenses**

(a) Gross amount required to be spent by the Company during the year ended March 31, 2021 is INR 26.95 million (March 31, 2020 INR 29.45 million).

(b) Amount spent during the year :

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
(i) Construction/ acquisition of any asset		
In cash	-	-
Yet to be paid	-	-
	-	**-**
(ii) On purpose other than (i) above		
In cash	38.49	17.91
Yet to be paid	-	11.54
	38.49	**29.45**
	38.49	**29.45**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

34 Earnings per share (basic and diluted)

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Net profit for the year	70.54	182.06
Weighted-average number of equity shares for basic EPS	114.17	114.17
Weighted-average number of equity shares adjusted for the effect of dilution	114.17	114.17
Par value per share	10.00	10.00
Earnings per share - Basic	0.62	1.59
Earnings per share - Diluted	0.62	1.59

35 Tax expense

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Current tax	347.29	186.33
Deferred tax	(317.72)	(169.55)
	29.57	**16.78**

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:

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Profit before tax	90.55	196.97
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	**22.79**	**49.58**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax on expense not eligible for deduction	6.78	7.41
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	-	-
Others	-	6.91
Total income tax expense	**29.57**	**16.78**

36 Employee benefit obligations

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit plans		
Gratuity	30.33	38.14
Leave encashment	16.05	12.75

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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

36 Employee benefit obligations (Contd..)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Current service cost	20.14	15.38
Interest cost (net)	2.15	0.20
Actuarial loss recognised during the year	8.14	27.78
Amount recognised in total comprehensive income	**30.43**	**43.36**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligation as at the beginning of the year	76.92	37.03
Current service cost	20.14	15.38
Interest cost	4.35	2.61
Benefits paid	(7.68)	(6.56)
Actuarial loss	8.52	28.46
Present value of defined benefit obligation as at the end of the year	**102.25**	**76.92**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets at the beginning of the year	38.78	34.25
Expected return on plan assets	2.20	2.41
Contributions by employer	38.24	8.00
Benefits paid	(7.68)	(6.56)
Actuarial gain	0.38	0.68
Fair value of plan assets at the end of the year	**71.92**	**38.78**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of funded obligation as at the end of the year	102.25	76.92
Fair value of plan assets as at the end of the period funded status	71.92	38.78
Funded net liability recognized in balance sheet	**30.33**	**38.14**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Actuarial gain on assets	(0.38)	(0.68)
Actuarial (gain)/loss on liabilities		
Actuarial loss from change in demographic assumption	7.17	2.07
Actuarial (gain)/loss from change in financial assumption	(0.44)	2.35
Actuarial loss from experience adjustment	1.79	24.04
Total Actuarial loss on liabilities	8.52	28.46
Total actuarial loss	**8.14**	**27.78**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

36 Employee benefit obligations (Contd..)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	5.79%	5.66%
Rate of increase in compensation levels	7.00%	7.00%
Attrition rate		
Field employees	29.28%	40.94%
Other than field employees	19.80%	19.22%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	33.08	33.55

Notes to actuarial assumptions:

(a) Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.

(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 gratuity liability

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation at the end of the year	102.25	76.92
a) Impact of change in discount rate		
- Impact due to increase of 0.50%	(1.93)	(1.41)
- Impact due to decrease of 0.50%	2.01	1.47
b) Impact of change in salary increase		
- Impact due to increase of 1%	3.89	2.81
- Impact due to decrease of 1%	(3.67)	(2.65)
c) Impact of change in attrition rate		
- Impact due to increase of 5%	(5.12)	(4.06)
- Impact due to decrease of 5%	6.03	4.90

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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

36 Employee benefit obligations (Contd..)

(ix) Maturity profile of defined benefit obligation

Particulars	As at March 31, 2021	As at March 31, 2020
Within next 12 months	15.29	13.04
Between 1-5 years	59.91	45.09
Beyond 5 years	57.22	40.49
	132.42	**98.62**

(x) Category of plan assets

Particulars	As at March 31, 2021	As at March 31, 2020
Fund managed by insurer	71.92	38.78

(xi) The Company expects to contribute INR 27.42 millions (previous year INR 19.42 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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	9.28	9.05
Interest cost (net)	0.82	0.46
Actuarial loss recognised during the year	5.87	9.49
Amount recognised in total comprehensive income	**15.97**	**19.00**

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Present value of defined benefit obligation as at the beginning of the year	33.99	14.25
Current service cost	9.28	9.05
Interest cost	2.18	1.04
Benefits paid	(0.72)	(0.09)
Actuarial loss	5.87	9.74
Present value of defined benefit obligation as at the end of the year	**50.60**	**33.99**

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Fair value of plan assets at the beginning of the Year	21.24	8.00
Expected return on plan assets	1.36	0.58
Contributions by employer	12.67	12.50
Benefits paid	(0.72)	(0.09)
Actuarial gain	-	0.25
Fair value of plan assets at the end of the year	**34.55**	**21.24**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

36 Employee benefit obligations (Contd..)

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Present value of funded obligation as at the end of the year	50.60	33.99
Fair value of plan assets as at the end of the period funded status	34.55	21.24
Funded net liability recognized in balance sheet	**16.05**	**12.75**

(vi) Actuarial gain/(loss) recognised in the statement of profit and loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial gain on assets	-	(0.25)
Actuarial (gain) / loss on liabilities		
Actuarial loss/(gain) from change in demographic assumption	2.55	(2.08)
Actuarial loss from change in financial assumption	0.13	5.95
Actuarial loss from experience adjustment	3.19	5.87
Total Actuarial loss on liabilities	**5.87**	**9.74**
Total actuarial loss	**5.87**	**9.49**

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	6.25%	6.41%
Rate of increase in compensation levels	7.00%	7.00%
Attrition rate		
Field employees	29.28%	40.94%
Other than field employees	19.80%	19.22%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	32.28	32.54

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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

36 Employee benefit obligations (Contd..)

(viii) Sensitivity analysis for compensated absence liability

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Impact of change in discount rate		
Present value of obligation at the end of the year	50.60	34.00
- Impact due to increase of 0.50 %	(0.47)	(0.30)
- Impact due to decrease of 0.50 %	0.48	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 %	0.96	0.61
- Impact due to decrease of 1 %	(0.94)	(0.59)
c) Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of 5 %	(2.81)	(1.39)
- Impact due to decrease of 5 %	3.43	1.70

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Within next 12 months	20.97	15.25
Between 1-5 years	30.37	19.51
Beyond 5 years	6.19	3.77
Total	**57.53**	**38.53**

(x) Category of plan assets

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Fund managed by insurer	34.55	21.24

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

37 Related parties disclosures

Names of related parties

Particulars	Name of the party
Holding Company	Muthoot Fincorp Limited
Entities in which KMP are able to exercise control or have significant influence	Muthoot Exim Private Limited
	Muthoot Pappachan Foundation
Fellow subsidiary	Muthoot Pappachan Technologies Limited
Common directorship	The Thinking Machine Media Private Limited
Key Management Personnel (KMP)	Thomas Muthoot, Managing Director
	Thomas John Muthoot, Director
	Thomas George Muthoot, Director
	Thomas Muthoot John, Director
	Kenneth Dan Vander Weele, Director
	T S Vijayan, Independent Director
	Alok Prasad, Independent Director
	Bhama Krishnamurthy, Independent Director
	Pushpy B Muricken, Independent 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, 2021	Year ended March 31, 2020
Cash management charges*	Muthoot Fincorp Limited	20.28	86.89
Commission income*	Muthoot Fincorp Limited	22.25	57.70
Commission income*	Muthoot Exim Private Limited	1.09	-
Software support charges*	Muthoot Pappachan Technologies Limited	30.24	32.62
Rent expenses*	Muthoot Fincorp Limited	3.62	3.15
Rent expenses*	Thomas Muthoot	2.55	2.42
Rent expenses*	Thomas George Muthoot	3.03	2.89
Rent expenses*	Thomas John Muthoot	1.11	1.07
Rental deposits given/(refunded)	Muthoot Fincorp Limited	0.72	(0.03)
CSR expenditure	Muthoot Pappachan Foundation	34.99	15.10
Travel expenses	Muthoot Fincorp Limited	0.33	4.60
Employee contribution for flood relief	Muthoot Pappachan Foundation	-	2.70
Sitting fees	Pushpy B Muricken	0.49	0.59
Sitting fees	T S Vijayan	0.46	0.52
Sitting fees	Alok Prasad	0.49	0.62
Sitting fees	Bhama Krishnamurthy	0.56	0.72
Remuneration	Sadaf Sayeed	18.31	23.88
Remuneration	Praveen T	3.05	3.89
Remuneration	Neethu Ajay	1.22	1.43
Investment in equity instruments	The Thinking Machine Media Private Limited	0.45	-

*excluding taxes

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

37 Related parties disclosures

Transactions with related parties

Nature	Name of the party	Year ended March 31, 2021	Year ended March 31, 2020
Cash management charges payable	Muthoot Fincorp Limited	1.29	5.91
Other receivable (commission income)	Muthoot Fincorp Limited	2.89	25.95
Other receivable (commission income)	Muthoot Exim Private Limited	0.27	-
Rent payable	Muthoot Fincorp Limited	0.29	0.27
Rent payable	Thomas Muthoot	0.24	0.22
Rent payable	Thomas George Muthoot	0.29	0.27
Rent payable	Thomas John Muthoot	0.10	0.10
Travel charges payable	Muthoot Fincorp Limited	0.12	-
Rental deposit	Muthoot Fincorp Limited	0.82	1.54
Rental deposit	Thomas Muthoot	0.18	0.18
Rental deposit	Thomas George Muthoot	0.10	0.10
Rental deposit	Thomas John Muthoot	0.08	0.08
Investment in equity instruments	The Thinking Machine Media Private Limited	0.45	-

Key management personnel remuneration includes the following expenses:

Nature	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefits (current)	22.54	25.44
Post-employment benefits	0.04	2.88
	22.58	**28.32**

38 Details of terms & conditions of debt securities, borrowings and subordinated liabilities

Debt securities							Outstanding as at	
S No.	Bank/financial institution	Repayment terms	Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	March 31, 2021	March 31, 2020
1	Blue Orchard	Principal: Bullet repayment, Interest: Half-yearly	Apr-17	Oct-21	12.30%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	699.26	697.97
2	Blue Orchard	Principal: Bullet repayment, Interest: Half-yearly	Mar-18	Sep-23	11.90%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	748.98	748.56
3	Blue Orchard	Principal: Bullet repayment, Interest: Half-yearly	May-20	Nov-24	12.06%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	698.72	698.38
4	Indian bank	Principal: Bullet repayment, Interest: Half-yearly	Feb-21	Feb-22	9.50%	Exclusive charge over book debts equivalent to 115% of loan and interest amount.	993.70	-
5	PNB	Principal: Bullet repayment, Interest: Half-yearly	Feb-21	Feb-22	9.50%	Exclusive charge over book debts equivalent to 115% of loan and interest amount.	246.00	-
6	Blue Orchard	Principal: Bullet repayment, Interest: Half-yearly	May-21	Nov'23 and May'24	12.06%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	450.00	-
7	UBI	Principal: Bullet repayment, Interest: Half-yearly	May-21	May-22	10.50%	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	397.53	-
8	Northern Arc Money Market Alpha Trust	Principal: Bullet repayment, Interest: Bullet repayment	Jul-21	Jul-21	9.95%	Unsecured	290.50	-
							4,524.69	**2,144.91**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

38 Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Subordinated liabilities							Outstanding as at	
S No.	Bank/Financial Institution	Repayment terms	Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	March 31, 2021	March 31, 2020
1	IFMR Capital-Tier II	"Principal: Bullet repayment Interest: Monthly"	Aug-16	Apr-22	13.75%	Unsecured	249.63	249.28
							249.63	**249.28**

Borrowings (other than debt securities) - from banks									Outstanding as at	
S No.	Bank	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2021	March 31, 2020
1	ADCB	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
2	Andhra Bank	Monthly	33	15.15	Apr-18	Variable	MCLR + 2.85%	Cash margin of 5%.	-	136.12
3	Axis Bank	Quarterly	7	71.43	Mar-18	Variable	MCLR + 2.10%	Cash margin of 5%.	-	71.37
4	Axis Bank	Quarterly	8	43.75	Dec-18	Variable	MCLR + 2.75%	Exclusive charge over book debts equivalent to 110% of loan amountCash margin of 5%.	87.34	261.41
5	Axis Bank	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%.	249.13	496.85
6	Bandhan Bank	Quarterly	7	228.57	Aug-19	Fixed	11%	Exclusive charge over book debts equivalent to 110%	228.51	913.03
7	Bank of Bahrain and Kuwait	Quarterly	12	29.00	May-21	Variable	MCLR + 4.00.%	Cash margin of 5%, Exclusive charge over book debts equivalent to 117%	348.27	-
8	Bank of Baroda	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%.	946.01	1,439.67

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

38 Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks									Outstanding as at	
S No.	Bank	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2021	March 31, 2020
9	Bank of India	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%.	11.82	49.84
10	DCB 2	Monthly	33	7.23	Oct-18	Variable	MCLR + 1.40%	Exclusive charge over book debts equivalent to 100% of loan amount.	57.83	108.40
11	DCB 3	Monthly	24	16.67	Nov-19	Variable	MCLR+1.91%	Exclusive charge over book debts equivalent to 100% of loan amount.	199.81	316.02
12	DOHA Bank	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%.	104.42	200.24
13	EQUITAS	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
14	HDFC	Monthly	21	4.76	Mar-21	Fixed	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount	95.05	-
15	ICICI	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
16	ICICI II	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
17	ICICI III	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%.	272.27	768.43
18	ICICI IV	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%.	271.75	496.06
19	IDFC II	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

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

38 Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks									Outstanding as at	
S No.	Bank	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2021	March 31, 2020
20	Indian Bank 1	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%.	999.16	2,519.16
21	Indian Bank 2	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%.	915.63	1,930.81
22	Jana SFB	Monthly	24	23.30	May-21	Fixed	11%	Exclusive charge over book debts equivalent to 110%	495.99	-
23	Karnataka Bank	Half Yearly	5	100.00	Dec-21	Variable	MCLR + 0.60%	Exclusive charge over book debts equivalent to 110%	494.05	-
24	KOTAK II	Monthly	24	25.00	Apr-19	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	24.99	399.60
25	KOTAK III	Monthly	24	20.83	Dec-19	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	166.57	416.10
26	KOTAK IV	Monthly	24	29.17	Mar-21	Fixed	10.50%	Exclusive charge over book debts equivalent to 110% of loan amount	668.97	-
27	Lakshmi Vilas Bank	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
28	Lakshmi Vilas Bank	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%.	142.95	332.71
29	SBI 3	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%.	67.94	437.62
30	SBI 4	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%.	1,149.92	2,608.02
31	SBI 5	Quarterly	12	166.70	Apr-21	Variable	MCLR + 3%	Exclusive charge over book debts equivalent to 133% of loan amount and Cash margin of 5%.	1,981.20	-

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

38 Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks									Outstanding as at	
S No.	Bank	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2021	March 31, 2020
32	State Bank of Mauritius	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
33	Syndicate Bank	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
34	Union Bank of India	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%.	141.30	251.33
35	Union Bank of India	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%.	332.34	502.28
36	United Bank of India	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
37	Woori Bank	Monthly	36	11.11	Jan-18	Variable	MCLR + 1.20%	Exclusive charge over book debts equivalent to 105% of loan amount	-	99.93
38	Woori Bank	Monthly	36	9.44	Dec-18	Variable	MCLR + 1.75%	Exclusive charge over book debts equivalent to 105% of loan amount	75.45	188.25
39	Federal Car loan	Monthly	60	0.01	Jul-16	Variable	Base Rate+0.00%	Hypothecation of motor car	0.03	0.18
40	SCB I -2	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
41	3SCB I -3	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
42	SCB II	Quarterly	4	125.00	Aug-20	Variable	MCLR + Applicable margin	Cash margin of 5%.	124.87	497.56

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

38 Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks									Outstanding as at	
S No.	Bank	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2021	March 31, 2020
43	SCB III	Quarterly	4	62.50	Jun-21	Variable	MCLR + Applicable margin	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	248.77	-
44	SCB I -4	Yearly	1	200.00	Oct-21	Variable	MCLR + Applicable margin	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	200.00	-
45	SCB I -5	Yearly	1	175.00	Nov-21	Variable	MCLR + Applicable margin	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	175.00	-
46	SCB I -6	Yearly	1	125.00	Dec-21	Variable	MCLR + Applicable margin	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	125.00	-
47	SCB I -7	Yearly	1	375.00	Mar-22	Variable	MCLR + Applicable margin	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	375.00	-
48	UJJIVAN	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
49	UJJIVAN II	Monthly	21	7.14	May-20	Variable	Base rate + 4.90%	Exclusive charge over book debts equivalent to 110% of loan amount	71.27	149.28
50	OIKO	Quarterly	12	33.34	Jun-21	Fixed	11%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	398.92	-
51	Mas Financial Services Ltd	Monthly	24	20.83	Jan-21	Variable	Mas PLR - 4.7%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	433.51	-
52	MUDRA	Monthly	33	30.30	Jan-19	Variable	Interest + Spread	Cash margin of 10%.	181.50	542.43
53	MUDRA II	Monthly	28	35.72/35.56	Mar-20	Variable	Interest + Spread	Exclusive charge over book debts equivalent to 100% of loan amount	533.11	956.00

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

38 Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks									Outstanding as at	
S No.	Bank	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2021	March 31, 2020
54	NABARD Refinance	Monthly	11	750.00	Jan-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	1,248.79	2,746.59
55	NABARD Refinance	Half Yearly	11	375.00	Jul-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	999.18	1,748.04
56	NABARD Refinance	Half Yearly	11	7.50	Jan-20	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 112.74% of loan amount	605.00	935.00
57	NABARD Refinance	Yearly	2	1,190.00	Dec-21	Fixed	7.05%	Exclusive charge over book debts equivalent to 112% of loan amount and Cash Margin of 10%	1,700.00	-
58	SIDBI	Monthly	30	33.33	Jan-19	Fixed	12%	Cash margin of 2.50%.	99.96	499.00
59	SIDBI	Monthly	30	66.66	Sep-20	Fixed	12%	Cash margin of 10.00%.	1,531.01	1,994.69
60	Northern Arc	Monthly	24	47.31	Jan-21	Variable	FBLR - 1.3%	Unsecured	878.59	-
61	Nabfin-2	Monthly	24	9.31	May-21	Fixed	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	198.91	-
62	NABKISAN	Monthly	36	18.18	Jan-18	Fixed	12%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	36.22
63	NABKISAN II	Quarterly	12	12.50	Jun-21	Fixed	12%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	149.61	-
64	OIKO	Annually	36	35.00	Jun-19	Fixed	12%	Exclusive charge over book debts equivalent to 105% of loan amount	116.64	233.07
65	HERO FINCORP	Monthly	24	6.90	Jul-18	Fixed	11%	Exclusive charge over book debts equivalent to 110% of loan amount	-	99.50
66	Hero Fincorp	Monthly	21	9.52	Jul-19	Variable	MCLR - 1.35%	Exclusive charge over book debts equivalent to 110% of loan amount	-	118.92

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

38 Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - under securitisation arrangements									Outstanding as at	
S No.	Bank/ financial institution	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2021	March 31, 2020
67	CSB Bella	Monthly	18	Based on Actual collection	Jan-21	Fixed	9.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 8%.	764.15	-
68	Federal Eaton	Monthly	24	Based on Actual collection	Jan-21	Fixed	9.25% and 12%	Exclusive charge over book debts equivalent to 108.30% of loan amount and Cash margin of 10%.	366.70	-
69	ICICI Sahana	Monthly	15	Based on Actual collection	Apr-21	Fixed	9.00%	Exclusive charge over book debts equivalent to 108.0% of loan amount and Cash margin of 10%.	511.67	-
70	DCB Macfarland	Monthly	15	Based on Actual collection	Apr-21	Fixed	8.75% and 12%	Exclusive charge over book debts equivalent to 108.0% of loan amount and Cash margin of 8%.	520.08	-
71	IDFC Vikramaditya	Monthly	17	Based on Actual collection	Apr-21	Fixed	9.25%	Exclusive charge over book debts equivalent to 110.0% of loan amount and Cash margin of 7.25%.	2,296.32	-
	Total								**30,156.58**	**29,213.49**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

39 Assets pledged as security

The carrying amounts of assets pledged as security are:

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets		
First charge		
Loans	28,648.61	21,176.98
Term deposits with bank	2,245.45	1,789.53
Second charge	-	-
Total financial assets pledged as security	**30,894.06**	**22,966.51**
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	**30,894.83**	**22,967.28**

40 Contingent liabilities and commitments

Credit enhancements provided by the Company towards securitisation transactions aggregate to INR 932.71 million (March 31, 2020: Nil).

41 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, 2021	As at March 31, 2020
Financial assets measured at fair value			
Loans	5	9,834.60	19,787.39
Investments	6	0.45	-
Financial assets measured at amortised cost			
Cash and cash equivalents	2	5,190.76	11,812.92
Bank balances other than cash and cash equivalents	3	2,259.03	1,789.53
Other receivables	4	92.92	110.45
Loans	5	23,119.97	5,850.62
Other financial assets	7	23.85	23.32
Total		**40,521.58**	**39,374.23**
Financial liabilities measured at amortised cost			
Other payables	13	27.09	36.81
Debt securities	14	4,524.69	2,144.91
Borrowings (other than debt securities)	15	25,382.26	26,819.31
Subordinated liabilities	16	249.63	249.28
Lease liabilities	10	779.89	758.18
Other financial liabilities	**17**	**1,904.97**	**1,451.93**
Total		**32,868.53**	**31,460.42**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

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.

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, 2021	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans	-	-	9,834.60	**9,834.60**

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**

B.3 Valuation techniques

B.3 A 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:

This rate has been arrived using the cost of funds approach.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

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, 2021	Fair valuation as at March, 2020
Monthly	6,499.66	11,611.85
Weekly	3,384.84	8,790.04
Total	**9,884.50**	**20,401.89**

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

	March 31, 2021	March 31, 2020
Impact on fair value if change in risk adjusted discount rate		
- Impact due to increase of 0.50 %	(40.65)	(127.97)
- Impact due to decrease of 0.50 %	40.89	128.97
Impact on fair value if change in probability of default (PD)		
- Impact due to increase of 0.50 %	(13.58)	(43.74)
- Impact due to decrease of 0.50 %	13.61	43.85
Impact on fair value if change in loss given default (LGD)		
- Impact due to increase of 0.50 %	(4.13)	(8.40)
- Impact due to decrease of 0.50 %	4.14	8.40

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:

	March 31, 2021	March 31, 2020
	Loan assets	Loan assets
Opening balance	20,401.89	19,862.59
Loan originated	5,469.12	34,847.63
Sales/derecognition	(7,659.94)	(28,277.37)
Total gain and losses	-	-
in profit and loss	-	-
in OCI	(317.46)	59.36
Settlements / conversion	(8,009.11)	(6,090.32)
Closing balance	**9,884.50**	**20,401.89**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

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

42 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	Ageing analysis	Bank deposits, diversification of asset base, and credit limits.
Liquidity risk	Payables, debt securities, borrowings, subordinated 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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

42 Financial risk management (Contd..)

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:

Risk	Exposure arising from	Management
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.

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

	As at March 31, 2021	As at March 31, 2020
(i) Low credit risk on financial reporting date		
Cash and cash equivalents	5,190.76	11,812.92
Bank balances other than cash and cash equivalents	2,259.03	1,789.53
Other receivables	92.92	110.45
Loans*	30,890.18	25,133.94
Other financial assets	23.85	23.32
(ii) Moderate credit risk		
Identified loans*	1,566.51	313.47
(iii) High credit risk		
Identified loans*	2,589.09	2,079.04

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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

42 Financial risk management (Contd..)

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

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, 2021	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	5,190.76	-	-	5,190.76
Bank balances other than above	2,259.03	-	-	2,259.03
Other receivables	92.92	-	-	92.92
Other financial assets	23.85	-	-	23.85

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 above	1,789.53	-	-	1,789.53
Other receivables	110.45	-	-	110.45
Other financial assets	23.32	-	-	23.32

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 INR 75,000 in the first cycle and INR 1,25,000 in subsequent cycles;

- Total indebtedness of the borrower does not exceed INR 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 critieria 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 out of target segments, loans are only disbursed to those people

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

42 Financial risk management (Contd..)

who meet the set criterion - both finanical 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 indebtness, 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.

- 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:

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

42 Financial risk management (Contd..)

(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 unlikeliness of the borrower to repay the loan which include instances like the signficant 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.

A.6 Credit risk exposure

Internal rating grade	As at March 31, 2021				As at March 31, 2020			
	ECL Staging				ECL Staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Category 1*	17,782.55	961.01	1,166.22	19,909.78	14,531.47	153.07	984.02	15,668.56
Category 2#	13,107.63	605.50	1,422.87	15,136.00	10,602.47	160.40	1,095.02	11,857.89
Gross carrying amount	**30,890.18**	**1,566.51**	**2,589.09**	**35,045.78**	**25,133.94**	**313.47**	**2,079.04**	**27,526.45**
Loss allowance	551.40	31.27	1,508.54	2,091.21	837.44	10.92	1,040.08	1,888.44
Carrying amount	**30,338.78**	**1,535.24**	**1,080.55**	**32,954.57**	**24,296.50**	**302.55**	**1,038.96**	**25,638.01**

*The company catagorises loans disbursed to Kerala and Tamil Nadu under category 1.

#The company catagorises loans disbursed to other than Kerala and Tamil Nadu under category 2.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

42 Financial risk management (Contd..)

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 that 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 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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**

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at April 1, 2020	**25,133.94**	**313.47**	**2,079.04**	**27,526.45**
New assets originated	26,415.67	68.89	11.99	**26,496.55**
Assets derecognised or repaid (excluding write offs)	(17,318.68)	(63.56)	(294.21)	**(17,676.45)**
Transfers to Stage 1	6.78	(6.69)	(0.09)	**-**
Transfers to Stage 2	(1,547.03)	1,547.58	(0.55)	**-**
Transfers to Stage 3	(1,482.82)	(293.18)	1,776.00	**-**
Amounts written off	-	-	(983.09)	**(983.09)**
Change in fair value of loan assets	(317.68)	-	-	**(317.68)**
Balance as at March 31, 2021	**30,890.18**	**1,566.51**	**2,589.09**	**35,045.78**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

42 Financial risk management (Contd..)

A.7 Loss allowance (Contd..)

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 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
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**

Loss allowance	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at April 1, 2020	**576.03**	**7.12**	**737.92**	**1,321.07**
New assets originated	373.65	1.60	1.51	**376.76**
Assets derecognised or repaid (excluding write offs)	(231.26)	-7.63	(28.42)	**(267.31)**
Transfers to Stage 1	0.10	-0.23	(0.06)	**(0.19)**
Transfers to Stage 2	(34.89)	35.67	(0.43)	**0.35**
Transfers to Stage 3	(33.69)	-5.16	676.56	**637.71**
Changes to models and inputs used for ECL calculation	(98.54)	-0.10	85.11	**(13.53)**
Amounts written off	-	-	(336.48)	**(336.48)**
Balance as at March 31, 2021	**551.40**	**31.27**	**1,135.71**	**1,718.38**
Additional credit loss provided by Management*	-	-	372.83	**372.83**
Provision as per books	**551.40**	**31.27**	**1,508.54**	**2,091.21**

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

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.

Industry	As at March 31, 2021	As at March 31, 2020
Gross carrying amount of loans	**35,045.78**	**27,526.45**
Concentration by industry		
Agriculture	7,453.70	5,589.95
Animal husbandry	7,808.14	5,487.78
Manufacturing (Including MSME)	1,918.63	1,268.04
Services	11,087.97	9,020.83

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

42 Financial risk management (Contd..)

A.8 Concentration of credit risk

Industry	As at March 31, 2021	As at March 31, 2020
Trading (Including MSME)	5,424.71	3,870.33
Consumption	151.42	222.87
Education	1,201.21	2,066.65
	35,045.78	**27,526.45**
Concentration by Geography		
Loans disbursed in Kerala and Tamil Nadu	19,909.78	15,668.56
Loans disbursed outside Kerala and Tamil Nadu	15,136.00	11,857.89
Gross Carrying Amount	**35,045.78**	**27,526.45**

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, 2021 was INR 983.09 million (March 31, 2020 INR 1,060.61 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 COVID19.

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 INR 372.83 million (previous year: INR 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, 2021 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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

42 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, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	27.09	-	-	-	27.09
Debt securities	39.91	41.17	2,576.61	2,740.52	-	5,398.21
Borrowings (other than debt securities)	1,716.37	1,569.23	16,514.14	7,877.57	-	27,677.31
Subordinated liabilities	2.83	2.83	28.63	252.92	-	287.21
Lease liabilities	-	25.99	129.93	628.26	353.04	1,137.22
Other financial liabilities	255.97	1,649.00	-	-	-	1,904.97
Total	**2,015.08**	**3,315.31**	**19,249.31**	**11,499.27**	**353.04**	**36,432.01**

March 31, 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	36.81	-	-	-	36.81
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	1,217.31	-	-	-	1,451.93
Total	**1,253.63**	**2,265.14**	**15,788.26**	**16,356.51**	**422.90**	**36,086.44**

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, 2021, 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.

Interest rate risk exposure

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

Particulars	March 31, 2021	March 31, 2020
Debt securities		
Variable rate	-	-
Fixed rate	4,524.69	2,144.91
Borrowings (other than debt securities)		
Variable rate	11,509.87	20,550.12
Fixed rate	13,872.39	6,269.20
Subordinated liabilities		
Variable rate	-	-
Fixed rate	249.63	249.28

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

42 Financial risk management (Contd..)

Sensitivity

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

Particulars	March 31, 2021	March 31, 2020
Interest sensitivity*		
Interest rates – increase by 50 basis points	(57.55)	(102.75)
Interest rates – decrease by 50 basis points	57.55	102.75

**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.

43 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, 2021	March 31, 2020
Debt securities	4,524.69	2,144.91
Borrowings (other than debt securities)	25,382.26	26,819.31
Subordinated liabilities	249.63	249.28
Total borrowings	**30,156.58**	**29,213.50**
Less:		
Cash and cash equivalents	5,190.76	11,812.92
Bank balances other than cash and cash equivalents	2,259.03	1,789.53
	7,449.79	**13,602.45**
Net debt	**22,706.79**	**15,611.05**
Equity share capital	1,141.71	1,141.71
Other equity	7,757.19	7,928.22
Total equity	**8,898.90**	**9,069.93**
Net debt to equity ratio/gearing ratio	**2.55**	**1.72**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

44 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 1,415,614
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		62	
Exercise Price*	14.00	14.00	67.00	67.00
Financial year	2019-20	2020-21	2019-20	2020-21
No. of employees who have exercised the option	-	-	52.00	-
No. of options exercised	-	-	66,750.00	-

*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, 2021		As at March 31, 2020	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding options at the beginning of the year	5,64,750	35.63	6,31,500	38.95
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	66,750	67.00
Expired/lapsed during the year	-	-	-	-
Outstanding options at the end of the year	5,64,750	35.63	5,64,750	35.63
Exercisable at the end of the year	-	-	-	-
Number of equity shares of INR 10 each fully paid up to be issued on exercise of option	5,64,750	35.63	5,64,750	35.63

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

44 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 INR	Share options March 31, 2021	Share options March 31, 2020
05-Dec-16	04-Jun-21	14.00	3,32,500	3,32,500
22-Feb-18	22-Feb-22	67.00	2,32,250	2,32,250
Total			5,64,750	5,64,750
Weighted average remaining contractual life of options outstanding at the end of the year (in years)			2.18	3.15

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	June 4, 2021
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 are shares listed on the National Stock Exchange of India Limited.

No options were granted during the year and previous year

The Company has INR 39.95 millions (March 31, 2020: INR 39.95 millions) recoverable from Muthoot Welfare Trust pursuant to ESOP schemes.

45 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.

46 Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2021, the Company has sold some loans and advances measured at 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, 2021 amounts to INR 7659.93 millions (March 31, 2020: INR 28,277.37 millions) and the gain from derecognition during the year ended March 31, 2021 amounts to INR 427.33 millions (March 31, 2020: INR 2,162.84 millions)

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

46 Transfer of financial assets (Contd..)

Transferred financial assets that are not derecognised in their entirety

In the course of its micro finance or lending activity, the company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

Securitisation	March 31, 2021	March 31, 2020
Carrying value and fair value of securitised assets	4,100.35	-
Carrying value and fair value of associated liabilities	4,470.12	-

47 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:

Securitisation	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Type of service		
Commission income	32.11	94.79
	32.11	**94.79**
Geographical markets		
India	32.11	94.79
Outside India	-	-
	32.11	**94.79**
Timing of revenue recognition		
Services transferred over time	32.11	46.47
Services transferred at a point in time	-	48.32
	32.11	**94.79**

Contract balances

Securitisation	As at March 31, 2021	As at March 31, 2020
Other receivables	92.92	110.45
	92.92	110.45

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the year ended March 31, 2021 an amount of Nil (March 31, 2020: Nil) was recognised as provision for expected credit losses on other receivable as most of the balance constitute balance from Holding Company.

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

Securitisation	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Revenue as per contract	32.11	94.79
Adjustments	-	-
Revenue from contract with customers	**32.11**	**94.79**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

47 Revenue from contracts with customers

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.

(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.

48 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:

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	5,190.76	-	5,190.76	11,812.92	-	11,812.92
Bank balances other than cash and cash equivalents	1,088.84	1,170.19	2,259.03	-	1,789.53	1,789.53
Receivables			-			-
Other receivables	92.92	-	92.92	110.45	-	110.45
Loans	21,922.70	11,031.87	32,954.57	9,187.23	16,450.78	25,638.01
Investments	-	0.45	0.45			
Other financial assets	0.85	23.00	23.85	0.69	22.63	23.32
Non-financial assets						
Current tax assets (net)	-	94.15	94.15	-	379.52	379.52
Deferred tax asset (net)	-	100.35	100.35			
Property, plant and equipment	-	398.44	398.44	-	368.67	368.67
Right of use assets	-	700.16	700.16	89.98	630.52	720.50
Other intangible assets	-	1.25	1.25	-	1.82	1.82
Other non-financial assets	36.81	-	36.81	71.71	-	71.71
Total	**28,332.88**	**13,519.86**	**41,852.74**	**21,272.98**	**19,643.47**	**40,916.45**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

48 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial liabilities						
Payables						
Other payables						
total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
total outstanding dues to creditors other than micro enterprises and small enterprises	27.09	-	27.09	36.81	-	36.81
Debt securities	2,226.51	2,298.18	4,524.69	-	2,144.91	2,144.91
Borrowings (other than debt securities)	18,052.63	7,329.63	25,382.26	15,080.54	11,738.77	26,819.31
Subordinated liabilities	-	249.63	249.63	-	249.28	249.28
Lease liability	148.02	631.87	779.89	131.78	626.40	758.18
Other financial liabilities	1,904.97	-	1,904.97	1,451.93	-	1,451.93
Non financial liabilities						
Deferred tax liability (net)	-	-	-	-	299.32	299.32
Provisions	-	46.38	46.38	-	50.89	50.89
Other non financial liabilities	38.93	-	38.93	35.89	-	35.89
Total	**22,398.15**	**10,555.69**	**32,953.84**	**16,736.95**	**15,109.57**	**31,846.52**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

49 Reconciliation of liabilities from financing activities

		Cash flow		Non-cash						
	As at April 1, 2020	Additions	Payment	Interest Expense	Ind AS 116 Adoption	Additions to lease liabilities	Deletions to lease liabilities	Upfront fees and amortisation	Change in fair value	As at March 31, 2021
Debt securities	2,144.91	2,390.50	-	-	-	-	-	(10.72)	-	4,524.69
Borrowings	26,819.31	14,075.00	(15,524.08)	-	-	-	-	12.03	-	25,382.26
Subordinated liabilities	249.28	-	-	-	-	-	-	0.35	-	249.63
Lease liabilities	758.18	-	(144.52)	80.82	-	101.19	(15.78)	-	-	779.89
Total liabilities from financial activities	**29,971.68**	**16,465.50**	**(15,668.60)**	**80.82**	**-**	**101.19**	**(15.78)**	**1.66**	**-**	**30,936.47**

		Cash flow		Non-cash						
	As at April 1, 2019	Additions	Payment	Interest Expense	Ind AS 116 Adoption	Additions to lease liabilities	Deletions to lease liabilities	Upfront fees and amortisation	Change in fair value	As at April 1, 2020
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**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

50 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 October 17, 2016) are as under:-

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

Securitisation	As at March 31, 2021	As at March 31, 2020
CRAR (%)	22.55%	29.09%
CRAR – Tier I capital (%)	21.80%	27.44%
CRAR – Tier II capital (%)	0.75%	1.65%
Amount of subordinated debt raised during the year included in Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

(ii) Investments

The Investment of the company as on March, 31 2021 : INR 0.45 million (March31, 2020: 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 March, 31 2021 (March 31, 2020: Nil).

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

	As at March 31, 2021	As at March 31, 2020
SPVs relating to outstanding securitisation transactions		
Number of SPVs sponsored by the NBFC for securitisation transactions as on the date of the balance sheet (Nos)	5	-
Total amount of securitised assets as per books of the SPVs sponsored as on the date of the balance sheet	5,337.49	
Total amount of exposures retained by the NBFC to comply with minimum retention requirement ('MRR')		
Off-balance sheet exposures		
First loss	-	-
Others	-	-
On-balance sheet exposures		
First loss (cash collateral)	430.92	-
Others (credit enhancement)	501.79	-
Amount of exposures to securitisation transactions other than MRR		
Off-balance sheet exposures		
Exposure to own securitizations		
First loss	-	-
Others	-	-
Exposure to third party securitisations		
First loss	-	-
Others	-	-
On-balance sheet exposures	-	-
Exposure to own securitizations	-	-
First loss (cash collateral)	-	-
Others	-	-
Exposure to third party securitisations	-	-
First loss		
Others		

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

50 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.

Securitisation	As at March 31, 2021	As at March 31, 2020
i) Total number of loan assets securitized during the year (Nos)	1,83,426	-
ii) Book value of loans assets securitized during the year	5,337.49	-
iii) Sale consideration received during the year	4,835.70	-
iv) Credit enhancement provided during the year	-	-
- Principal subordination	501.79	
- Cash collateral	430.92	

(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:-

Securitisation	As at March 31, 2021	As at March 31, 2020
i) Total number of loans assets assigned during the year (Nos)	2,68,949	9,50,932
ii) Book value of loan assets assigned during the year including MRR	7,659.93	28,277.37
iii) Sale consideration received during the year	6,061.82	25,727.08

(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 12 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 2021 (31 March 2020: Nil)

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

50 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 31 March 2021	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	1,528.53	1,388.03	1,514.37	5,391.48	10,534.29	8,880.19	1,019.00	-	30,255.89
Assets									
Advances	1,588.86	1,623.92	1,646.40	5,123.94	9,105.02	10,842.17	977.34	-	30,907.65
Deposits	2,159.98	45.19	126.54	193.52	620.57	1,142.65	27.54	-	4,315.99

As at 31 March 2020	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

*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 are not considered here.

(xv) During the year, the Company's various instruments were rated, the details of these ratings for the year ended March 2021 are as under:-

	1 Day to 30/31 (One Month)	Over one to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Total
Bank Loan Rating	CRISIL	17-Mar-21	Refer note below	CRISIL A / Stable (Reaffirmed)	35,000.00
Bank Loan Rating	India Rating & Research	19-Nov-20	Refer note below	IND A - Stable	2,000.00
MFI rating	CRISIL	01-Aug-20	01-Aug-21	M1C1	Not applicable
NCD	India Rating & Research	19-Nov-20	Refer note below	IND A - Stable	750.00
NCD	CRISIL	06-Nov-20	Refer note below	A/Stable	700.00
NCD	CRISIL	06-Nov-20	Refer note below	A/Stable	700.00
NCD	CRISIL	06-Nov-20	Refer note below	A/Stable	3,000.00
NCD	CRISIL	06-Nov-20	Refer note below	A/Stable	400.00
NCD	CRISIL	06-Nov-20	Refer note below	A/Stable	650.00
NCD	CRISIL	06-Nov-20	Refer note below	A/Stable	750.00
Commercial paper	CRISIL	17-Mar-21	16-Apr-21	A1	500.00

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

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

(xvi) Provisions and contingencies:-

Securitisation	Year ended March 31, 2021	Year ended March 31, 2020
Break up of 'Provisions for loan losses and write-offs' shown under the head expenditure in statement of profit and loss		
Provision towards NPA	468.47	724.18
Provision made towards income tax	347.29	186.33
Provision for gratuity	30.40	43.36
Provision for compensated absences	16.00	19.00
Provision towards standard assets	(265.69)	783.28

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

Securitisation	Year ended March 31, 2021	Year ended March 31, 2020
Concentration of Advances		
Total Advances to twenty largest borrowers	58.22	101.28
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.22%	0.25%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	16.13	57.32
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.05%	0.22%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.30	0.24

(xviii) Sector-wise NPAs:-

Securitisation	Year ended March 31, 2021	Year ended March 31, 2020
Sector	Percentage of NPAs to total advance to that sector	
Agriculture and allied activities	6.55%	9.70%
Animal husbandry	4.78%	6.60%
Manufacturing	4.54%	5.04%
Services	7.34%	7.63%
Trading	6.03%	7.25%
Consumption	41.93%	19.05%
Education	36.34%	4.84%

(xix) Movement of Stage 3 assets:-

	Year ended March 31, 2021	Year ended March 31, 2020
Net stage 3 assets to net advances (%)	**2.15%**	**4.05%**
Movement of stage 3 assets (gross)		
Opening balance	2,079.04	642.20
Additions during the year	1,787.99	4,178.26
Reductions during the year	(1,277.94)	(2,741.42)
Closing balance	**2,589.09**	**2,079.04**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

(xix) Movement of Stage 3 assets:- (Contd..)

	Year ended March 31, 2021	Year ended March 31, 2020
Movement of net stage 3 assets		
Opening balance	1,038.96	326.30
Additions during the year	1,024.81	3,164.80
Reductions during the year	(983.22)	(2,452.14)
Closing balance	**1,080.55**	**1,038.96**
Movement of provisions for stage 3 assets (excluding provisions on standard assets)		
Opening balance	1,040.08	315.90
Addition during the year	763.18	1,013.46
Reduction/ write off during the year	(294.72)	(289.28)
Closing balance	**1,508.54**	**1,040.08**

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

	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	30,890.18	551.40	30,338.78	0.08	551.32
	Stage 2	1,566.51	31.27	1,535.24	0.03	31.24
Subtotal		**32,456.69**	**582.67**	**31,874.02**	**0.11**	**582.56**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,652.16	1,200.97	451.19	300.55	900.42
Doubtful - up to 1 year	Stage 3	857.47	282.16	575.31	784.28	(502.12)
1 to 3 years	Stage 3	79.45	25.41	54.04	93.83	(68.42)
More than 3 years	Stage 3	0.01	-	0.01	0.01	(0.01)
Subtotal for doubtful		**2,589.09**	**1,508.54**	**1,080.55**	**1,178.67**	**329.87**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,589.09**	**1,508.54**	**1,080.55**	**1,178.67**	**329.87**
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**	**30,890.18**	**551.40**	**30,338.78**	**0.08**	**551.32**
	Stage 2	**1,566.51**	**31.27**	**1,535.24**	**0.03**	**31.24**
	Stage 3	**2,589.09**	**1,508.54**	**1,080.55**	**1,178.67**	**329.87**
	Total	**35,045.78**	**2,091.21**	**32,954.57**	**1,178.78**	**912.43**

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

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

Securitisation	As at March 31, 2021	As at March 31, 2020
a) Respective amount in overdue categories, where the moratorium was extended	328.10	519.50
b) Respective amount where asset classification benefits is exxtended*	174.11	155.07
c) Provisions made during the Q4 FY 2020 and Q1FY 2021	7.75	7.75
d) Provision adjusted during the respective accounting periods against slippages and the residual provisions	-	-

*These accounts are classified as NPA as on 31 Mach 2021

(xxi) b The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (Scheme), as per the eligibility criteria and other aspects specified therein and irrespective of whether the moratorium was availed or not. Further, pursuant to the judgment of the Honourable Supreme Court of India on March 23, 2021 in the matter of Small Scale Industrial Manufacturers Association Vs. Union of India & Others and the guidelines issued by RBI vide circular No.: DOR.STR.REC.4/21.04.A4512021-22 dated April 7, 2021, all lending institutions are required to refund / adjust the interest on interest / compound interest / penal interest charged to the borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020 and shall disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ending March 31, 2021. However, as the Company adopts, simple interest methodology, in charging interest to its borrowers, the above mentioned guidelines and disclosure requirements are not applicable to the Company.

(xxii) Information on Net Interest Margin ("NIM") :-

	As at March 31, 2021	As at March 31, 2020
Average Interest (a)	20.25%	18.53%
Average effective cost of borrowing (b)	10.62%	10.82%
Net Interest margin (a-b)	9.63%	7.71%

(i) The above computation is in accordance with the requirements of Paragraph 56 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 12 October 2017.

(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:

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 is computed for all micro finance loans (qualifying assets) as per Ind AS 109 excluding loan processing fee collected from customers, in accordance with para 56 (vi) of the RBI Master Directions.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

(xxiii) Instances of fraud:-

	As at March 31, 2021			As at March 31, 2020		
	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
Nature of fraud (cash embezzlement)						
A) Persons involved						
Staff						
No. of accounts	-	461	712	-	-	-
Amount	-	0.91	3.26	-	-	-
B) Type of fraud						
Unauthorised credit facility extended	-	-	-	-	-	-
Misappropriation and criminal breach of trust						
No. of accounts	-	461	712	-	-	-
Amount	-	0.91	3.26	-	-	-
Cheating and forgery	-	-	-	-	-	-

(xxiv) Public disclosure on Liquidity Risk as on March 31, 2021 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)

	As at March 31, 2021	As at March 31, 2020
Number of significant counterparties	22	15
Amount	28,832.59	26,959.03
% of total deposits	-	-
% of total liabilities	95.61%	92.28%

(b) Top 20 large deposits and 10 borrowings

	Outstanding Amount as at March 31, 2021	% of total
Top 20 large deposits	-	-
Top 10 large borrowings	21,853.82	72.47%

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

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

(xxiv) Public disclosure on Liquidity Risk as on March 31, 2021 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:- (Contd..)

(c) Funding concentration based on significant instrument/product

	Amount as at March 31, 2021	% of total liabilities
Term Loan	20,923.34	69.38%
Securitisation	4,458.92	14.79%
Non-convertible debentures	4,234.19	14.04%
Commercial paper	290.50	0.96%
Tier II	249.63	0.83%
Total	**30,156.58**	**100.00%**

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

(d) Stock ratios

	As at March 31, 2021			
	Amount	% of public fund	% of total liabilities*	% of total assets
Commercial paper	290.50	0.96%	0.88%	0.69%
Non-convertible debentures	4,234.19	14.04%	12.85%	10.12%

	March 31, 2020			
	Amount	% of public fund	% of total liabilities*	% of total assets
Commercial paper	-	-	-	-
Non-convertible debentures	2,144.91	7.34%	6.74%	5.24%

*Total liabilities has been computed as sum of all liabilities as per balance sheet.

(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.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

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

(xxv) Customer complaints:-

	Year ended March 31, 2021	Year ended March 31, 2020
a) Number of complaints pending at the beginning of the year (Nos)	-	-
b) Number of complaint received during the year (Nos)	215	120
c) Number of complaint redressed during the year (Nos)	215	120
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.

51 Percentage of loans granted against collateral of gold jewellery to total assets

	As at March 31, 2021	As at March 31, 2020
Gold Loans granted against collateral of gold jewellery (principal portion)	556.79	-
Total assets of the Company	41,852.74	40,916.45
Percentage of Gold Loans to Total Assets	1.33%	0.00%

52 Impact of COVID-19

The outbreak of COVID-19 pandemic continues to have a significant impact and volatility in the global and domestic economies resulting in decrease in economic activities. Increase in infection rate and various lockdowns / movement restrictions announced by the Central Government and various State Governments in India and the outbreak of current “second wave” of the pandemic may further slowdown the economic activity. The extent to which the same may impact the Company's operations and financial position remain uncertain and is dependent on several factors including measures initiated by the Government to mitigate the impact as well as regulatory measures notified by the Reserve Bank of India ("RBI"). There is stress on collection of dues from customers, however the Company is closely monitoring the collection efficiency and will undertake additional steps if the efficiency levels breach the current level. The Company’s management continues to closely monitor the day-to-day operations, business, and liquidity position as well as adequacy of capital.

Further, pursuant to RBI 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 27 March 2020 and 23 May 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 August 2020, the Company granted moratorium to all its borrowers in accordance with its Board approved policy. For such accounts, where the moratorium was granted, the asset / stage-wise classification remained stand still during the moratorium period. (i.e., the number of days past due excluded the moratorium period for the purposes of asset / stage-wise classification). RBI has issued directions DOR.No. BP.BC/3/21.04.048/2020-21 on resolution framework Covid-19 – related stress dated 6 August 2020 and in accordance therewith, the Company has not done any restructuring on the loans.

Notes to Financial Statement for the year ended March 31, 2021

(All amounts in ₹ millions, unless stated otherwise)

52 Impact of COVID-19 (Contd..)

Considering the widespread impact of COVID-19 pandemic, the Company has estimated and recognised sufficient provision for expected credit loss as on 31 March 2021, based on the information available now to reflect, among other things, the deterioration in the macro economic factors. These estimates are based on 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 has sufficient funds and sanctioned credit facilities which are adequate to fulfil its obligations as and when these become due in the foreseeable future.

53 Previous year's figures have been regrouped and reclassified, wherever necessary to conform to current year's presentation / classification.

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

Krishnakumar Ananthasivan
Partner
Membership No.: 206229
Place: Kochi

Date: 3 June 2021

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

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

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