

EMPOWERING WOMEN TO BUILD THE FUTURE!



CONTENTS

01-24

CORPORATE REVIEW

Achieving the next milestone	04
Growth in a glance	06
Managing Director's Statement	10
CEO's Statement	12
Accolades	14
ESG Approach	16
Corporate Information	22



25-47

STATUTORY REPORTS

Director's Report	25
Report on Corporate Governance	41

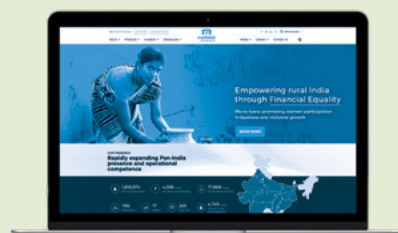
48-128

FINANCIAL STATEMENTS

Independent Auditor's Report	48
Balance Sheet	56
Statement of Profit and Loss	57
Cash Flow Statement	58
Statement of Changes in Equity	60
Notes Forming Part of Financial Statements	62



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

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.

#PurposeMuthootBlue

To transform the life of the common man by improving their financial well-being

V I S I O N

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

M I S S I O N

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.

V A L U E S

We are committed to truth, transparency and fair dealing.



CULTURE CODES



HONESTY



EMPOWERMENT



**FRESH THINKING &
CONTINUOUS
RENEWAL**



HUMILITY



AGILITY



INCLUSION



EMPATHY



OWNERSHIP



WORK-LIFE BALANCE

OUR CORE VALUES



INTEGRITY

COLLABORATION

EXCELLENCE

[#MuthootBlue](#)



MUTHOOT PAPPACHAN
Founder
1927-2004

“The real progress of a country is in the transformation of the life of its common man”



ACHIEVING THE NEXT MILESTONE

2010



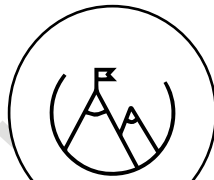
- Muthoot Pappachan Group starts microfinance business as a division of the flagship company Muthoot Fincorp Ltd.

2017



- Total employees crossed 5000 mark.

2013



- Microfinance division crosses ₹1000 crore disbursement
- 2000 employees
- 6 lakhs active customers

2014



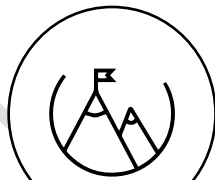
- Emerged No. 1 Microfinance NBFC in Kerala
- Emerges as one of the top 10 MFIs in India as per MFIN
- Reached ₹1000 crore AUM
- Crossed 3000 employees

2016

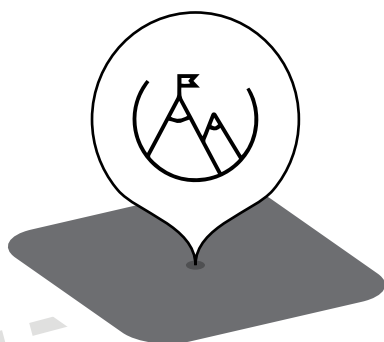


- Raised upto ₹130 crores in private equity from the US based fund Creation Investments Capital Management

2015



- Receives NBFC-MFI license from RBI
- Hives off microfinance division into a company "Muthoot Microfin Limited"

2018

- Wins the Golden Peacock Award 2018 for Business Excellence
- Received the highest grading in Capacity Assessment and Code of Assessment of M1C1 by CRISIL
- Wins MFIN Award in 'Microfinance Plus Activities' category
- Wins "Finance Company of the Year - India" award at the ABF Retail Banking Awards 2018
- Awarded 'Best NBFC' by CIMSME
- Muthoot Microfin certified Great Place To Work
- Economic Times recognised Muthoot Microfin by conferring Champions of Rural Markets Award

2019

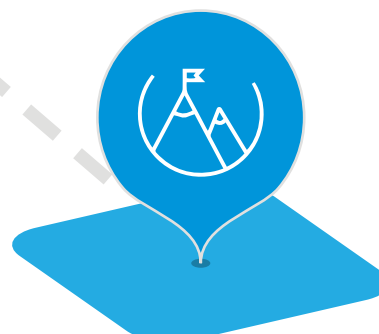
- Portfolio surpassed ₹ 4,000 crores
- Crossed 600 branches
- Muthoot Microfin CFO, Praveen T selected to Annual CFO100 Roll of Honour
- Crosses ₹10,000 crore total disbursement
- Muthoot Microfin signs MoU with water.org
- Muthoot Microfin certified best place to work in industry
- Muthoot Microfin signs MoU with Indian Bank to jointly lend to the MSME borrowers
- Wins 'Golden Peacock' Global Award for Corporate Governance Excellence

2020

- Wins 'Microfinance Company of the Year - 2019' award by Dhanam Business Magazine
- Launches Customer App - Muthoot Mahila Mitra
- Launches new website

2021

- Secures \$50 million private equity investment from Greater Pacific Capital
- Received special honours from Great Place to Work Institute
- Crosses 800 branches

2022

- Started offering digital healthcare to customers through e-clinics
- Crossed 2 million active customers
- Crossed ₹6,000 crores Asset Under Management
- Crossed 8,000 employees

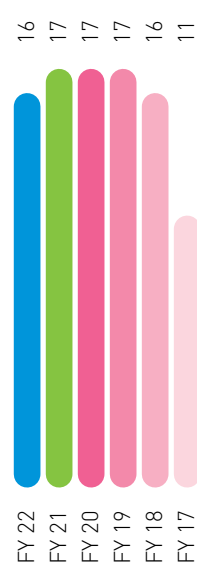
GROWTH IN A GLANCE

Operations Growth

Branches



States



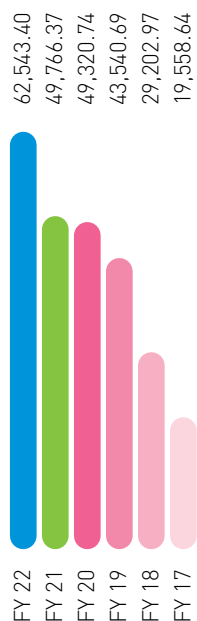
Districts

(in Nos.)



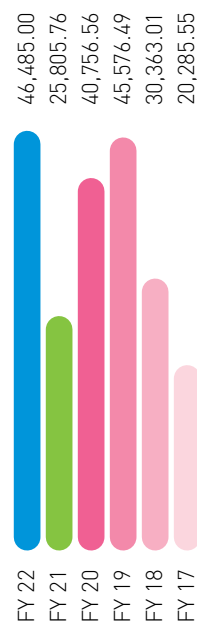
AUM

(in Millions)



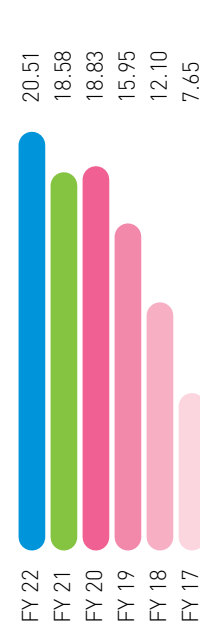
Disbursements

(in Millions)



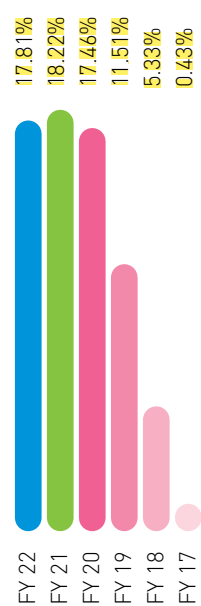
Active Borrowers

(in Millions)

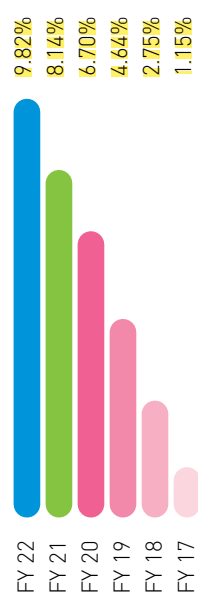


Zone-wise Portfolio Exposure

North (%)



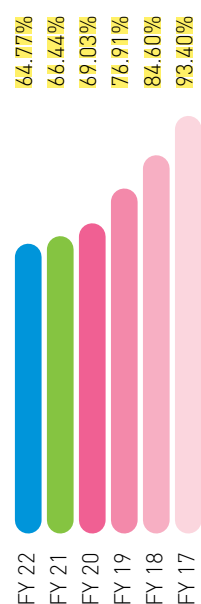
East (%)



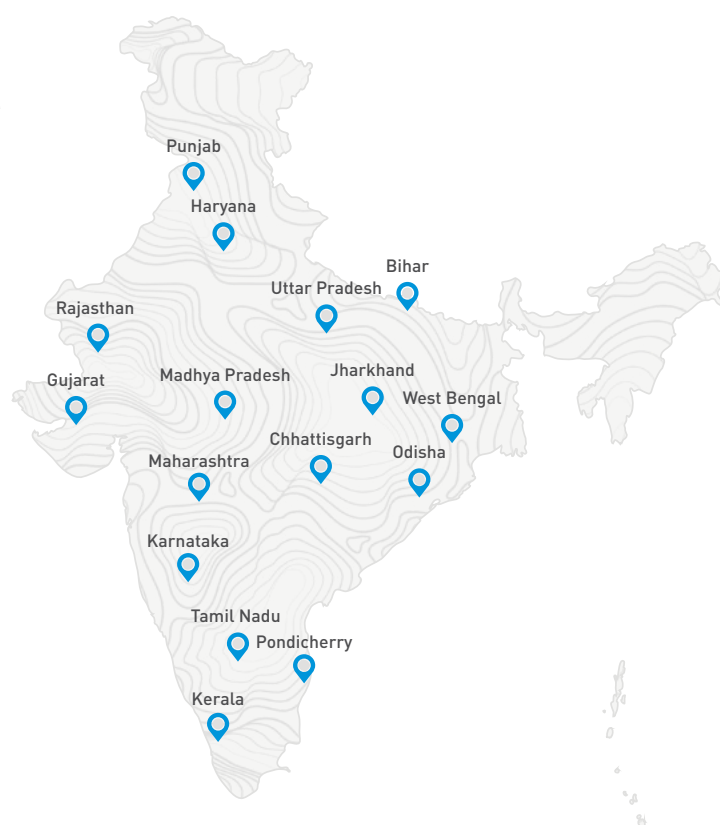
West (%)



South (%)

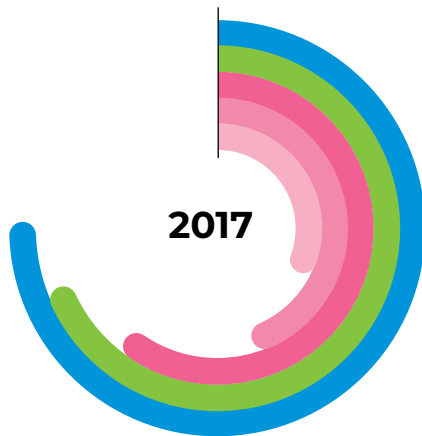


Presence

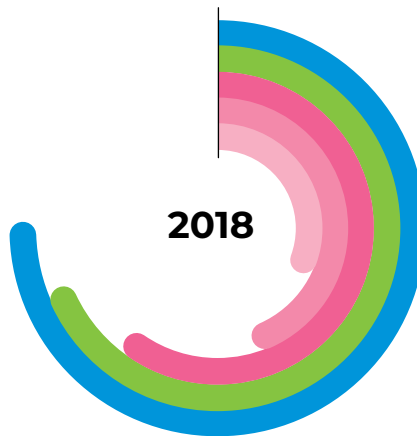


GROWTH IN A GLANCE

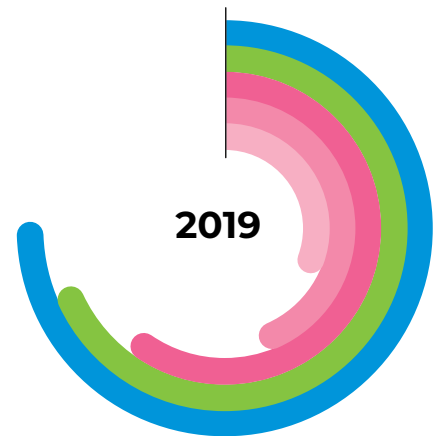
District-Wise Portfolio Exposure (%)



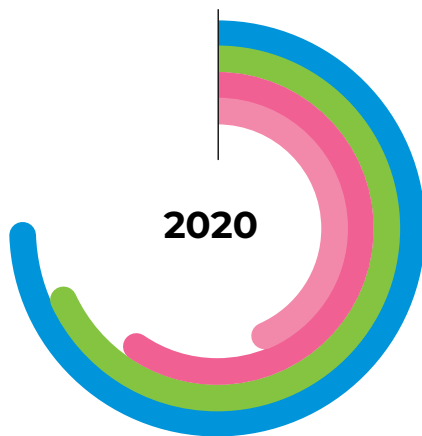
● < 0.5 %	70.71
● 0.5% - 1.0%	7.86
● 1.0% - 3.0%	14.29
● 3.0% - 5.0%	3.57
● > 5.0%	3.57



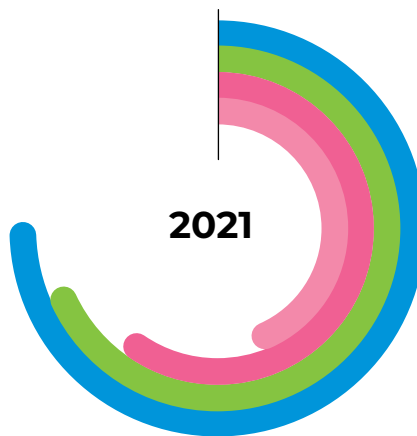
● < 0.5 %	71.43
● 0.5% - 1.0%	11.31
● 1.0% - 3.0%	13.69
● 3.0% - 5.0%	2.98
● > 5.0%	0.60



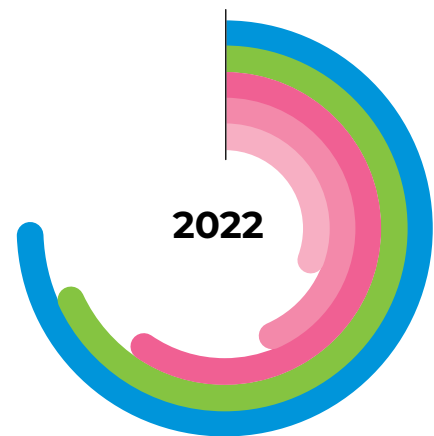
● < 0.5 %	79.26
● 0.5% - 1.0%	8.29
● 1.0% - 3.0%	10.14
● 3.0% - 5.0%	1.84
● > 5.0%	0.46



● > 0.5 %	79.84
● 0.5% - 1.0%	9.05
● 1.0% - 3.0%	9.05
● 3.0% - 5.0%	2.06



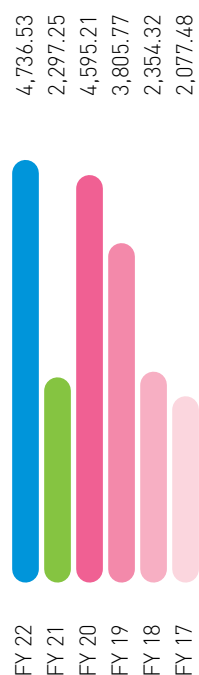
● > 0.5 %	81.78
● 0.5% - 1.0%	6.88
● 1.0% - 3.0%	9.72
● 3.0% - 5.0%	1.62



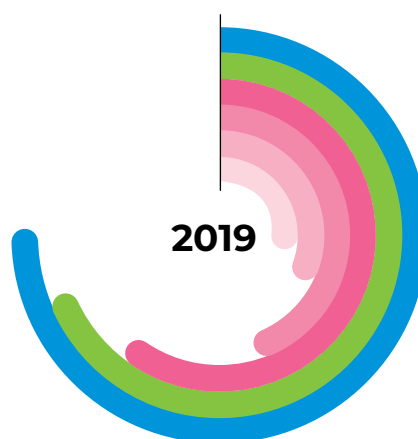
● < 0.5 %	82.56
● 0.5% - 1.0%	8.54
● 1.0% - 3.0%	8.19
● 3.0% - 5.0%	0.36
● > 5.0%	0.36

Graphs not to scale

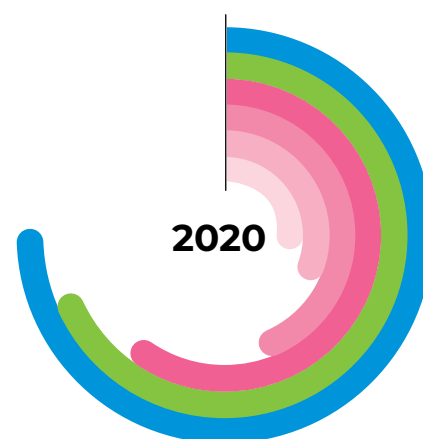
Funds Raised (in Crs.)



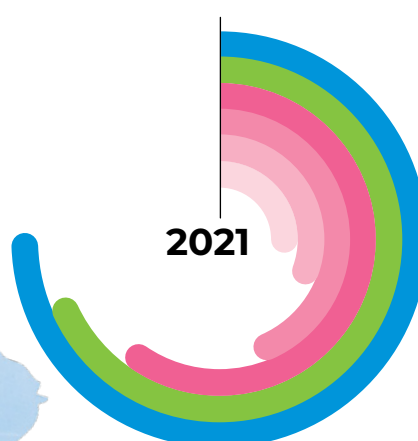
Institution Mix (%)



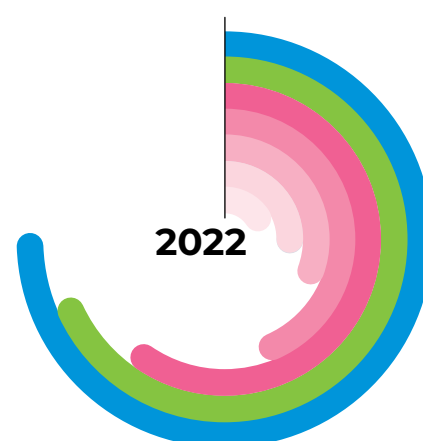
Public Sector Banks	9.31
Private Sector Banks	33.44
Foreign Banks	7.69
NBFC	5.33
SFB	2.96
DFIs	41.27



Public Sector Banks	33.97
Private Sector Banks	17.63
Foreign Banks	4.80
NBFC	2.43
SFB	1.42
DFIs	39.74



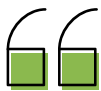
Public Sector Banks	33.66
Private Sector Banks	11.89
Foreign Banks	8.47
NBFC	0.55
SFB	2.72
DFI's	42.72



Public Sector Banks	18.72
Private Sector Banks	24.24
Foreign Banks	6.62
NBFC	10.41
SFB	2.89
DFI's	27.04
MLD	10.08



MANAGING DIRECTOR'S STATEMENT



Digitalization is another major area where your company will be investing to fully leverage on the high potential of technology. We already disburse 100 percent of the loans through banks; our next digitalization campaigns would focus on taking maximum repayments through digital means. ”

As Muthoot Pappachan Group's primary touch point to the 'bottom of pyramid' communities, your company imbibes the soul of the Group's 'purpose', which is "To transform the life of the common man by improving their financial well-being". It, therefore, gives me immense pleasure and satisfaction to announce that your company has crossed 2 million active customer base in the financial year 2021-22. In other words, our efforts are now directly influencing 2 million households get out of poverty and live a better life.

Since the beginning of this venture, nothing has impacted us more than the "Covid-19" pandemic. The financial year 2021-22 was a recovery period for your company. Apart from the first quarter of FY 2021-22, in the rest of the financial year, your company did a great job in rebounding from the damage caused by the pandemic over the last 2 years.

Subsequently, your company emerged stronger this financial year with 572% rise in net profit at ₹ 474 million. The company disbursed loans worth ₹ 46,485 million, an 80% growth over the previous year's disbursements of ₹ 25,806 million. The company's Asset Under Management rose to ₹ 62,543 million from ₹ 49,766 million in the previous financial year, a growth of 26% year on year. Revenue of the company also surged from ₹ 6,963 million to ₹ 8,429 million in the financial year, an increase of 21%. We also continued to expand our operations by opening 150 new branches during the financial year, taking the overall branch tally to 905 as on March 31, 2022. We are also planning massive expansion in the northern states with a projected opening of 500 more branches in the next 3 years.

It was the prudent risk management system, effective collection mechanism

and management strategies which helped us overcome the last two difficult years. Even though, microfinance offers unsecured loans, the loyalty of our customers has been extraordinary. Even during the tough times, most of our customers continued their regular repayments and manifested financial discipline.

In the period under review, your company received \$ 50 million equity investment from Greater Pacific Capital. The investors did thorough due diligence and was impressed by the growth prospects, management strength and corporate governance of the organisation.

Your company embraces the Environmental, Social and Governance (ESG) metrics as the central themes for measuring the sustainability and positive impact of our business. As these criteria help us to better determine the futuristic goals of our business, the organisation strives hard to positively impact the ESG aspects through its operations and societal interactions. During the period, in appreciation of our efforts towards facilitating water supply and proper sanitation, your company was recognised by Water.Org and Sa-Dhan at the Sa-Dhan National Conference 2021.

Your company's Community Outreach Activities were also impacted by the pandemic. However, the situation opened up more spaces for us to serve people cornered by the pandemic. We consider the efforts as an obligation to the people and is one of the means by which we fulfil the objectives of our business. During the period, your company facilitated vaccination of thousands of people from the disadvantaged communities, distributed more than 10,000 face masks, hygiene kits and food kits to vulnerable people across our operating states.

With an aim to offer accessible & affordable digital healthcare facilities to our customers from the remote, rural parts of India, your company started operating 100 e-clinics in our branches. These e-clinics provide professional medical consultation at a nominal enrolment cost. It is a simple and easy approach to get medical treatment that is affordable, quick and reaches out to rural areas.

Microfinance industry has entered a new era with the release of new regulations by the Reserve Bank of India. The new regulations have opened up the market, and liberalising of pricing cap will encourage financial inclusion. Earlier, MFIs were reluctant to operate in difficult territories where cost of operation and risk is high, particularly due to their inability to price loans as per their risks and costs. Now, in the new pricing regime, a risk-based pricing can be followed, which will allow MFIs to explore some new territories and provide much needed credit to unserved and underserved communities.

Your company has ensured full compliance with all the statutory regulations mandated by the 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 believe, your company is still in the fast growth phase and will generate enormous value for all stakeholders. I suppose the worst is behind us, the harsh recent past has already emphasized the importance of prudent risk management practises and your company has strengthened this vertical with the appointment of a new Chief Risk Officer.

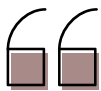
The real strength of an organisation is the efficiency and loyalty of a credible management. Our core management team has proven efficiency and long vintage with the company. Your company's management has been successful in navigating through all the turmoil this industry went through in the recent past. I am cautiously optimistic that the next few years are going to be of extensive growth and expansion of your company.

Digitalization is another major area where your company will be investing to fully leverage on the high potential of technology. We already disburse 100 percent of the loans through banks; our next digitalization campaigns would focus on taking maximum repayments through digital means. This will also empower our customers to be a part of the larger digital India campaign by the government of India.

Before signing of, I would like to express my sincere gratitude to all the employees and management for their commitment and professionalism. And, to all our stakeholders, board members, investors, bankers, and our 2 million customer base of women entrepreneurs for guiding and being loyal to us. I expect, in the new era of microfinance, the industry will move from a period of resilience to a period of divergent growth, and your company will be at the forefront of that growth story.

Thomas Muthoot
Managing Director

CEO'S STATEMENT



The ground-breaking policy changes have unleashed the growth potential of microfinance industry. The major impetus for the industry growth would be the freedom of lenders to go for risk-based pricing and raising the household income threshold, which will help MFIs to reach out to many more households.

FY 2021-'22 was a year of getting back to normalcy, even though in the beginning of the FY we faced a devastating second wave of Covid-19 across India, thereafter, most things got back to normal. Your company successfully overcame yet another financial year impacted by the 'Covid-19' pandemic with resounding results despite the tough challenges faced by the industry. The experience and learnings from the previous years helped us to be prepared and be agile to move forward with a proper plan and target for the FY 2021-22.

We remained resilient and determined and continued to render vital financial services to the most vulnerable segments of the bottom of the pyramid population in rural and semi urban India. It is a great feeling to have made significant contributions to the revival of the rural economy and contribute towards the country's overall economic growth and development goals.

In the FY 2021-'22, your company undertook many new initiatives and, in the process, crossed two remarkable operational milestones. First one being crossing the major milestone of serving 2 million households (active live loans) and second being crossing ₹ 6,000 crore AUM. Having always focused on catering to the lifecycle needs of the Bottom of Pyramid households, your company continued to offer multitude of services in the form of JLG loans, Swarnavarsham savings option, life insurance, health insurance and the latest family healthcare e-clinic facility, which is offered to our 2 million customers through our branch network. I am happy to notify that your company has opened 100 such e-clinics in FY22 and we are likely to open 500 more such e-clinics in FY23. I am convinced that healthcare offering will go a long way in building a deeper and sustainable relationship with our clients.

Most importantly, it gives me immense pleasure to inform you that, in the most difficult environment, your company has

successfully raised its largest private equity round of \$50 million from London based, renowned PE firm Greater Pacific Capital (GPC). This is the largest PE investment in MFI space since the covid broke, considering the uncertain market condition, this is a huge vote of confidence towards the sector and to your company. This is a reflection of confidence and belief that investors have in resilient and progressive nature of your company. As a consequence of this capital raise, Muthoot Microfin Ltd had capital adequacy of 28.75% at the end of FY22. The whole capital raise of \$50 million comes as primary capital infusion and it will be utilised to grow microfinance business, expand our reach and product offerings.

During the FY 2021-22, your company disbursed loans worth ₹ 46,485 million to the low-income households of rural India, an 80% increase from the previous year's disbursements of ₹ 25,806 million. Your Company's Asset Under Management rose to ₹ 62,543 million compared from ₹ 49,766 million in the previous fiscal. Revenue of the company also climbed 21% to ₹ 8,429 million in the period. And subsequently, the net profit of the company rose 6 folds to ₹ 474 million from the ₹ 71 million in the previous fiscal.

It must be noted that, the first quarter of the financial year was almost washed out by the pandemic, so most of the business and recovery happened from the second quarter. As on March 31, 2022, your company has more than 2 million women entrepreneurs as active customers, served through 905 branches spread over 15 states and a union territory.

Meantime, a revolutionary transformation occurred in the industry, which was the introduction of new RBI guidelines for microfinance lenders. The ground-breaking policy changes have unleashed the growth potential of microfinance industry. The major impetus for the industry growth would be the freedom of lenders to go for risk-based pricing and raising the household income threshold, which

will help MFIs to reach out to many more households. The new liberalized regulation will give your company ample scope to innovate and scale the business multi fold in the medium term. I believe this reformation would create a new era of the microfinance business, and your company is well positioned to take advantage and emerge leader in this space.

This year also your company received several awards and accreditations. CRISIL awarded highest grading of M1C1 to Muthoot Microfin for the fourth consecutive year. Your company received special honours from Great Place To Work Institute recognising the organisation's commitment to being a Great Place To Work, which is the result of our employee friendly policies and practises.

Learning from the bygone two tough financial years, your company has decided to go aggressive on digitalisation. Our customer App "Mahila Mitra" has already crossed 8.5 lac downloads. And, we have targeted to collect at least 50% of the repayments through digital modes in the medium term. Your company has launched full fledged campaigns towards educating our customers and loan officers on the benefits of digitalization.

Further, we have firm growth plans set for the coming 3 years. By 2025, we will double our portfolio and will open 500 more branches. We will be hiring around 5000 new employees in the next 3 years.

Muthoot Microfin is an organisation fully aligned with the government's vision for financial inclusion and has designed our products in this regard. Your company sees a bright future for the microfinance sector in India in the wake of new policy guidelines and on the fact that large sections of the country, especially in the rural areas, are still underserved with the financial service offerings. Muthoot Microfin, with its vibrant team along with continuing investments in technology and innovations, is in a strong position to be the industry leader in the coming years.

Our growth in the coming years would be based on four pillars of sustainability, which are:

- Sustainable and consistent AUM growth
- Portfolio quality
- On time repayments
- Digitisation in all spheres of our operations

These four pillars of growth will take us into the new era of lending and help us build a best-in-class microfinance company offering differentiated financial services to our customers, matching to their rapidly changing household needs.

In the next financial year (2022-23), the biggest challenges we may face would be another wave of the pandemic, the rising inflation and thereof quantitative tightening of the central bank. However, I foresee these only as medium-term challenges and the macro-economic scenario will eventually be in the favour of continued economic growth and development.

I would like to take this opportunity to appreciate the Government of India and Reserve Bank of India for rolling out the new microfinance regulations. I am sure, the reformations were introduced because the government recognises the crucial role played by microfinance industry in the realm of financial inclusion and women empowerment.

To conclude, I would say that this has been a fantastic year for the company considering the setbacks this industry faced in the last two financial years due to the pandemic. I am very much grateful to all our loyal customers and our resilient, and brave employees, who stood by us through the thick and thin. I extend my wholehearted gratitude to all our Board of Directors, management, investors, bankers, stakeholders, partners, and patrons for their relentless support in this long journey of financial inclusion drive.

Sadaf Sayeed
Chief Executive Officer

ACCOLADES



Great Place to Work
Certification



Special Honour
from GPTW Institute



Best Young Business Leader
Award for Mr Sadaf Sayeed



CEO of the Year
Award for Mr Sadaf Sayeed



Special Honour
for HR Head Mr Subhransu Pattanayak



Water Supply & Sanitation
Award



Digital Transformation
Award



Distinguished NBFC
Award for Corporate Communications

GIVING WINGS TO WOMEN ENTREPRENEURS FOR BUILDING A BETTER INDIA



ESG APPROACH

We are dedicated to building a successful company that is focused on upholding our social and environmental responsibilities. Through responsible financing, we hope to significantly improve our bottom line as well as on the Environment, Social responsibility, and Governance parameters. Our financial lending is based on the corporate governance structure required to uphold legal obligations and promote Sustainable Development Goals (SDGs).



ENVIRONMENT

Curtailling emissions

As per Micro Energy Credits (MEC), we have empowered 5,25,597 households with clean energy and have empowered 2,522,865 individuals and helped reduce emissions. For the purpose of enhancing and expanding our renewable energy programme, we are investing carbon monies. This is a small step toward lowering carbon emissions, tackling global warming, and enhancing air quality.

5,25,597
HOUSEHOLDS

Empowered with clean energy

365,418 TONS
OF CO₂

Reduction in emission

Reducing urban pollution by creating rural employment

With rural presence across the nation, we are generating jobs and reducing migration & urban infrastructure stress. Nearly 70% of our financial services are used for agricultural and related sectors, further boosting rural employment.

70%

Agriculture-related financial services



Promoting waste management & Paperless Operations

In order to decrease and safely dispose of E-waste, we have put in place a number of programmes, including a buy-back policy. We have a digital system in place to process loans. Energy-saving practices were implemented, like using LED lighting in all offices.

Our goal is to achieve 100% paperless operations in the medium term.

Clean water and Sanitation

We offer sanitation loans to customers in line with Government of India's Swachh Bharat initiative and to promote sanitation in rural villages of India; and further, to motivate our customers and their family to use proper sanitation facilities, which will lead to improved productivity and socio-economic wellbeing of the population. This facility is used to renovate existing toilet or to add new facilities like improved water connection in the toilet.

Promoting clean energy usage

We offer finance for purchase of solar lanterns, build sanitation facilities and purchase bicycles as they are extremely safe and are good for the environment.

Further, Muthoot Pappachan Group has established wind farms in Tamil Nadu as early as 1993 and with its manifold farms and the Group has put plans in place to double the wind power generation capacity.

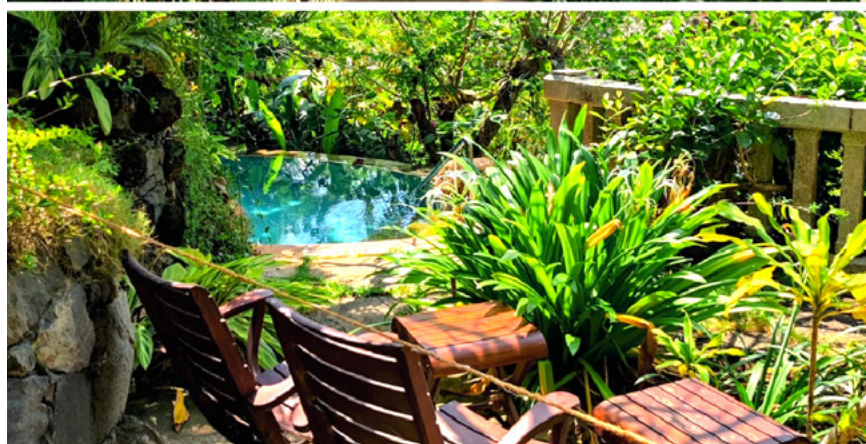
Muthoot Pappachan Group has..

₹125 CRORES

Investment in wind farm

25 MW

Installed wind capacity



Forest Garden at Muthoot Hotels Property

Urban Forestation through Garden Forest

Muthoot Pappachan Group has developed a Garden Forest at the 'Taj Green Cove Resort & Spa, Kovalam' as part of our decarbonization initiatives. This property is owned by Muthoot Hotels and run by Taj Hotels. Numerous flora, including trees, shrubs, vines, and creepers, both native and imported, are planted and safeguarded with scientific care.

SDGs aligned



ESG APPROACH CONTD...



SOCIAL

Women empowerment & Financial Inclusion

We are dedicated to financial inclusion and women's empowerment. We have a customer base of more than 2 million women business owners from isolated rural areas of the nation. We provide skill development training to help rural women obtain employment or launch their own businesses with minimal capital.

Promotes entrepreneurship among rural women

2 MILLION

entrepreneurs as active customers

Skill Development and Financial Literacy

We offer skill development training to rural women to help them find jobs or start their own ventures with minimum capital. Further, offers financial literacy and insurance coverage for rural households.

Affordable medical facility

For the advantage of our clients, we have opened more than 100 e-clinics at our branches in outlying areas. These online clinics offer expert medical advice for a low enrollment fee.

We provide specialised training on digital platforms for expanding businesses as well as training on digital payments as part of our efforts to support rural development.

100

e-clinics established



Employees

We are a people-oriented business and have embraced fair employment practices to foster a welcoming and inclusive workplace. By placing a strong emphasis on learning, skill development, teamwork, and employee involvement policies, our enabling environment helps our employees to develop and flourish.

8,000+

Employees

Employee Benefits & Wellbeing

In addition to the legally required benefits, we provide the best pay in the industry, monthly incentives, yearly bonuses, upskilling training programmes, paid leaves, and much more. To defend each employee's

rights, we have put in place employee protection policies. Continuous employee engagement events are held to maintain workers' spirits and mental well-being.

1000+

Employee engagement programs and initiatives.

GREAT PLACE TO WORK CERTIFIED

Recognised among

BEST 30 BFSI

companies in India by GPTW Institute.

Employee health and safety

To build a safe working atmosphere for our employees, we have created an occupational health and safety policy and promotes safety practices. We have installed smoke alarms and fire extinguishers in every branch as part of its emergency response and have given safety training to our employees.

Employee training and development

We offer a range of training programmes based on employee needs and have a structured training & development policy. To guarantee an equitable opportunity for all, a diversity policy has also been put in place.

5613

Training programmes conducted in the FY

Community outreach activities

We have executed several community outreach activities starting from free breast cancer testing for rural women to relief activities during natural calamities and pandemics.

10,000

Beneficiaries

Covid relief activities

During the pandemic, we facilitated vaccination of more than 1000 individuals, and delivered about 10,000 relief kits to poor households. Numerous medical camps were hosted all around the country. More than 10,000 facemasks and sanitary products were supplied. A variety of blood donation camps held throughout the time period collecting more than 100 units of blood. More than 10,000 people from remote rural parts of the country benefited directly and indirectly from all of these activities..

10,000

Relief kits donated

Making communities sustainable by creating career and business opportunities. Muthoot Microfin has grown to 900+ Branches pan India with 8000+ employees. Created remarkable career/business opportunities by uplifting a major segment of the people from the bottom of the social pyramid.

Community & Corporate Social Responsibility (CSR)

Armed with a commitment to society, the Muthoot Pappachan Foundation (MPF), a Public Charitable Trust - the CSR arm of Muthoot Pappachan Group (MPG) has touched thousands of lives through its diverse programs. It tackles issues affecting the communities in which its businesses operate. Our primary aim is to build a portfolio of CSR activities that are in line with our core strengths as a business and our various business units. Such CSR initiatives of MPG revolve around the theme 'HEEL', covering 'Health, Education, Environment and Livelihood'.

The Foundation is a crucial part of the MPG's corporate sustainability mandate, and provides a mechanism from which to engage both internal and external stakeholders, whilst implementing a

variety of different programs at the grassroots level.

This engagement is integral to everything we do and our programs ensure a meaningful 'hands on' engagement for the employees of the MPG.

We aim to generate: Social returns together with financial returns, while imbuing the organization's ethos and value systems.

Aiding businesses

Muthoot Pappachan Group's campaign, #RestartIndia, aims to help small businesses recover from the lockdown and pandemic by providing advice and support. Many thousands of small enterprises were helped by the programme.

SDGs aligned



ESG APPROACH CONTD...



GOVERNANCE

We are committed to upholding the highest governance standards in the way our business is conducted. We support a culture of responsibility, openness, and moral behaviour. The Code of Conduct and Ethics, Compensation Policy, and other policies, codes, and processes are all included in our corporate governance framework. Our goal is to contribute responsibly to the development of the country.

We have a long-term strategic & sustainable vision.

Board diversity

We have a diverse and highly experienced Board of Directors capable of taking independent and objective decisions. We promote equal participation of Independent and Women directors on the board. The board remains in effective control of the affairs of the company.

Transparency

As a responsible organization, we foster trust and open communication with all our stakeholders. We regularly conduct independent audits and practice transparent financial reporting.

We ensure Auditor independence and transparency.

Apart from statutory external audits and investor due diligence, our internal audit team generated

3,298

Audit reports





Meeting stakeholder expectations

Emphasis on shareholder rights.

We regularly engage with our stakeholders and help address their concerns. We conduct regular performance and compensation reviews for all our employees and place emphasis on upholding shareholders' rights.

Customer Care

We operate in a highly regulated environment with an excellent compliance track record. Follows transparent financial reporting and has implemented various business ethics policies at the company, including a whistle blower policy.

Gives utmost importance to customer relationships with dedicated grievance mechanism to address all customer queries. We protect customer data and maintains a policy of data privacy & security.

Partnerships

We have entered into effective partnerships with agencies like Water.

Org, MEC and others for promoting sustainability, water & sanitation and clean energy programs.

SDGs aligned



Muthoot Microfin offers customized financial services and enable digital solutions that support the financial needs of underprivileged women entrepreneurs from remote rural settings of India. Providing skill training and financial literacy to such women has enabled underprivileged individuals to gain remarkable knowledge and skill.

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. Akshaya Prasad

Non-Executive Director



Mr. Kenneth Dan Vander Weele

Non-Executive Director



Mr. Alok Prasad

Independent Director



Mrs. Bhama Krishnamurthy

Independent Director



Mrs. Pushpy B Muricken

Independent Director



Mr. T S Vijayan

Independent Director

KEY MANAGEMENT PERSONNEL



Mr. Sadaf Sayeed

Chief Executive Officer



Mr. Udeesh Ullas

Chief Operating Officer



Mr. Subhransu Pattnayak

Executive Vice President –
HR & Products



Mr. Praveen T

Chief Financial Officer



Ms. Neethu Ajay

Company Secretary and Compliance
Officer

CORPORATE INFORMATION CONTD...

Statutory Auditors

M/s. Sharp & Tannan

802 Lloyds Chambers,
Dr. Ambedkar Road,
Opp. Ambedkar Bhavan, Pune 411 011

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 Bahrain and Kuwait
- Bank of Maharashtra
- Blue Orchard
- Canara Bank
- Capri Global Capital Limited
- Catholic Syrian Bank
- Credit Saison India
- DCB Bank Limited
- Dhanlaxmi Bank Ltd
- Doha Bank
- Equitas SFB
- Federal bank Ltd
- HDFC Bank Ltd
- ICICI Bank
- IDBI
- IDFC Bank
- IFMR Capital
- Indian bank
- Indian Overseas Bank
- J M Finance
- 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
- Nabsamruddhi Finance Limited
- Piramel Capital and Housing Finance Limited
- 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 30th Annual Report along with the Audited Financial Statements of your Company for the year ended 31st March 2022.

1. Financial Highlights

Particulars	Amount in Millions	
	31.03.2022	31.03.2021
Revenue from operations	8,325.06	6,841.67
Other Income	104.35	121.14
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	4,256.61	3,272.17
Less: Depreciation/ Amortisation/ Impairment	207.84	188.33
Profit /loss before Finance Costs, Exceptional items and Tax Expense	4,048.77	3,083.83
Less: Finance Costs	3,401.55	2,993.28
Profit /loss before Exceptional items and Tax Expense	647.21	90.55
Add/(less): Exceptional items	-	-
Profit /loss before Tax Expense	647.21	90.55
Less: Tax Expense (Current & Deferred)	173.23	20.00
Profit /loss for the year (1)	473.98	70.54
Total Comprehensive Income/loss (2)	323.25	(243.64)
Total comprehensive income/(loss) for the year (1+2)	797.23	(173.10)
Add: Balance of profit /loss for earlier years	2,070.53	2,255.67
Add: Consolidation of ESOP Trust	15.88	3.65
Less: Adjustment on account of consolidation of ESOP trust	1.24	1.58
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Reserves	94.80	14.11
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Balance carried forward	2,787.60	2,070.53

2. State of affairs of the Company

As of March 31, 2022, the Company had 20.51 lakh active customers spread across 905 branches, with a gross loan portfolio of ₹ 6,238.12 crore as compared to ₹ 4,946.88 crore in Financial Year 2020-21.

The net worth of the Company as on March 31, 2022 was ₹ 1,336.58 crore and capital adequacy as on March 31, 2022 was 28.75%, well in excess of the mandated 15%.

During the year, the Company's revenue from operations and other income was ₹ 842.94 crore with a net profit with other comprehensive income of ₹ 79.72 crore. The funding source for the Company was through private placement of Non-Convertible Debentures ("NCDs") and borrowings from banks/ financial institutions by way of Term Loans, PTCs, and CPs as summarized below.

(₹ in Crore)

Financial Year	Privately placed NCDs	Term Loans	CP	PTC	Others	Total
2021-22	635.40	2,897.17	49.68	413.04	25	4,020.29

Your Company's Operational Highlights for the financial year ended 31.03.2022 are as follows:

Particulars	Amount in Millions	
	31-03-2022	31-03-2021
Number of Branches	905	755
Amount disbursed	4,644.65	2,580.57
Number of active loans	27,17,521	22,75,214
Total Assets under management including securitized and assigned portfolio (Gross Loan Portfolio)	6,238.12	4,946.88
BC Portfolio (Managed for Yes Bank)	1.02	1.11
BC Portfolio (Managed for SIDBI)	3.56	4.30
MSGB (Managed for MFL)	25.06	24.61

Dividend

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

3. 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.

4. Amount transferred to Reserves

The Company proposes to transfer ₹ 9.48 crore to the statutory reserve out of the amount available for appropriation and an amount of ₹ 278.76 crore is proposed to be retained in the profit and loss account.

5. Share Capital

The issued, subscribed and paid-up Share Capital of the Company as on 31st March, 2022 was ₹ 133.33 crore comprising of:

Sl. No.	Type of share capital	Number of shares	Face value (₹)	Aggregate value (₹)
1.	Equity shares (Fully paid up)	11,41,70,602	10	₹ 114,17,06,020.00
2.	Preference Shares (Fully paid up)	1,91,61,733	10	₹ 19,16,17,330.00

During the year under review, the Company has issued 100 equity shares ₹ 10/- each and 1,91,61,733 Compulsorily Convertible Cumulative Participating Preference Shares of ₹ 10/- each at a premium of ₹ 184.86 per share to M/s. Greater Pacific Capital WIV Ltd, Cayman Islands by way of private placement.

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 any class of the share capital of the company during the financial year.

As on 31st March, 2022, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

Employee Stock Option Plan (ESOP)

Stock Options are granted to eligible employees and KMPs of the Company pursuant to the Muthoot Microfin Employee Stock Option Plan 2016 ("ESOP 2016") as decided by the Nomination & Remuneration Committee.

The details of the Employee Stock Option Plan as per Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are as follows:

Particulars	Employee Stock Option Plan 2016		
	Pool-1	Pool-2	Pool-3
1 Options granted	6,65,000	2,99,000	4,79,864
2 Options vested	6,65,000	2,54,750	Nil
3 Options exercised	4,98,750	1,15,000	Nil
4 The total number of shares arising as a result of exercise of options	4,98,750	1,15,000	Nil

Amount in ₹

Particulars	Employee Stock Option Plan 2016		
	Pool-1	Pool-2	Pool-3
5 Options lapsed	Nil	44,250	Nil
6 The exercise price	14.00	67.00	77.20
7 Variation of terms of options	Exercise period has been extended from one year from the date of vesting to the liquidity event as defined under the ESOP Plan 2016		Nil
8 Money realized by exercise of options	69,82,500	77,05,000	Nil
9 Total number of options in force	1,66,250	1,39,750	4,79,864
10 Employee wise details of options granted to:			
a) Key Managerial Personnel*	5,55,000	40,000	1,56,864
b) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year:			
Mr. Udeesh Ullas	1,00,000	45,000	10,000
Mr. Subhansu Pattanayak	35,000	10,000	35,000
c) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;			

*Note: key managerial personnel have been considered as per the Companies Act, 2013 only.

Debentures, bonds or any non-convertible securities

Non-convertible Debentures:

Your Company has issued Listed, Secured, Non-convertible Debentures aggregating ₹425.00 crore as on the reporting date.

Amount in ₹

Series	MML-5	MML-6	MML-8	MML-9
a. Date of issue of the securities	24-08-2017	09-11-2019	08-11-2020	08-10-2020
b. Date of allotment of Securities	18-09-2017	27-11-2019	18-11-2020	25-11-2020
c. Number of securities	750	700	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	Private Placement
e. Brief details of the debt restructuring pursuant to which the securities are issued	NA	NA	NA	NA
f. Issue price	10,00,000	10,00,000	10,00,000	10,00,000
g. Coupon rate	11.00%	11.40	10.50%	11.40%
h. Maturity date	18-09-2023	27-11-2024	18-05-2022	25-05-2024
i. Amount raised (In ₹ crore)	75	70	40	45

Amount in ₹

Series	MLD-1	MLD-2	MLD-3	MLD-4	MLD-5
a. Date of issue of the securities	03-06-2021	07-07-2021	15-12-2021	15-12-2021	21-03-2022
b. Date of allotment of Securities	16-06-2021	16-06-2021	28-12-2021	12-01-2022	26-03-2022
c. Number of securities	750	500	1,154	1,000	650
d. Whether the issue of the securities was by way of preferential allotment, private placement or public issue	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement
e. Brief details of the debt restructuring pursuant to which the securities are issued	NA	NA	NA	NA	NA
f. Issue price	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000
g. Coupon rate	10.25%	10.50%	10.60%	10.40%	
h. Maturity date	15-12-2022	15-07-2023	31-03-2024	11-10-2023	25-09-2023
i. Amount raised (in ₹ crore)	75	50	115.4	100	65

6. Capital Adequacy

The Capital Adequacy Ratio was 28.75 % as on 31st March 2022. The Net Owned Funds (NOF) as on that date was ₹ 1,133.66 crore. The minimum capital adequacy requirement stipulated for your Company by the Reserve Bank of India is 15%.

7. 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>.

Since the requirement of Extract of Annual Return in form MGT-9 to be attached with the Board's report was taken down from the provisions of section 134, section 92, and Rule 12 of the Companies (Management and Administration) Rules, 2014 it is not forming part of this report.

8. 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 - I which forms part of this report.

9. Achievements

During the Financial Year, your company has won several awards and accolades during the year under review. Select few awards/ recognition are listed hereunder:

- Mr. Sadaf Sayeed, CEO, Muthoot Microfin adjudged as the 'Best Young Business Leader of the year' at Dare2Dream Awards 2021 presented by TV9 and powered by SAP India.
- Mr. Sadaf Sayeed has also won the 'CEO of the Year' award at CMO Asia's 7th National Awards held at Mumbai on 27th August.
- Muthoot Microfin is recognised as the 'Great Place to Work' for 3rd consecutive year. GPTW Institute bestowed a special honour to the Company recognizing the organisation's commitment to being a Great Place to Work. The recognition was granted for striving to build and sustain a High-Trust, High-Performance culture.
- Great Place To Work Institute® has awarded a special honour to our HR Head, Mr. Subhransu Pattanayak for

his "Commitment for Creating a Great Place to Work" at Muthoot Microfin.

- The Company has won 'Water Supply & Sanitation Award' instituted by Water.org and Sa-Dhan - among the large MFI category - at the Sa-Dhan National Conference 2021.
- Company also received the 'Game Changer' award at the CIO100 Awards, instituted by IDG (International Data Group).
- The IT department of the Company has won the 'Best Digital Transformation Initiative' Award' at Quantic India's 3rd Annual BFSI Excellence Awards 2021.
- Muthoot Microfin received the 'CIO1000 Asia Conclave Award' organised by Enterprise IT.
- Mr. Gopinath S (DVP-IT) has won the 'IDC Industry Innovation Award' for Innovation in Omini Experience category for project Telerios.
- Muthoot Microfin won 2nd prize at the Distinguished 'NBFC Award 2021' instituted by Banking Frontiers for its Corporate Communications initiatives.

10. Particulars of Loans, Guarantees or Investments

The Company, being a non-banking financial company registered with the RBI and engaged in the business of giving loans, is exempt from complying with the provisions of section 186 of the Act in respect of loans and guarantees. The particulars of investment in the securities of other body corporate is disclosed in note no. 37 to the financial statement. The Company has not given any guarantees or security on behalf of a third party during the financial year.

11. Change in Nature of Business, If any:

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

12. 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 affects 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.

13. Revision of financial statement or the Report

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

14. Directors and Key Managerial Personnel

Directors

As on the 31st day of March 2022, the Board of your Company consist of Ten Directors. Their details are as follows:

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

Change in Composition of the Board of Directors

During the year under review, Mr. Akshaya Prasad (DIN: 02028253) was appointed as a Non-executive Director of the Company at the Extra Ordinary General Meeting held on 06th December 2021 pursuant to the Share Subscription Agreement entered into by and between the Company, Promoters and the Investors.

Change in the composition of Board of Directors after the end of the financial year and up to the date of this Report.

The term of Mr. Alok Prasad, Independent Director of the Company (DIN: 00080225) has ended on 10th May 2022 and accordingly, considering his expertise in the field of Microfinance and his experience in the financial sector, the Board of Directors at its meeting held on 10th May, 2022 has appointed Mr. Alok Prasad as Additional Director (Non-executive and Independent) to hold office till the conclusion of the next Annual General Meeting where his re-appointment as an Independent Director for a further term of five years may be considered by the Members.

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.

Woman Director

In terms of the provisions of Section 149 of the Act and Regulation 17(1)(a) of Listing Regulations, the Company needs to have at least one-woman director on the Board. The Company has Ms. Bhama Krishnamurthy and Ms. Pushpy B Muricken as Independent Woman Directors on the Board.

Directors Retire by Rotation

In compliance of the provisions of Section 152 of the Companies Act, 2013 Mr. Thomas George Muthoot (DIN: 00011552) 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.

Nomination & Remuneration Policy

The Policy on Nomination and Remuneration sets out the criteria for determining qualifications, positive attributes and independence of Directors. It also lays down criteria for determining qualifications, positive attributes of KMPs and senior management and other matters provided under Section 178(3) of the Act. The Nomination and Remuneration Policy of the Company as approved and adopted by the Board is available on the website of the Company at: www.muthootmicrofin.com.

15. Board Meeting

During the Financial Year 2021-22, our Board has met eight (8) times and the meetings were held on 03rd June 2021, 11th September 2021, 28th October 2021, 08th November 2021, 06th December 2021, 13th December 2021, 10th February 2022 and 28th March 2022. 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 are given in the Corporate Governance Report appended as ANNEXURE -IV.

16. 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.

17. 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.

18. 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.

19. Annual Evaluation of Board, Committees and Individual Directors

The meeting of the Board of Directors held on 28th March, 2022 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.

20. Subsidiary Company, Joint Ventures and Associate Companies

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

21. Deposit

During the financial year, your Company has not accepted any deposits from the public within the meaning of 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.

22. 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	NA
	b) Chief Executive Officer	34.77%
	c) Chief Financial Officer	37.63%
	d) Company Secretary	17.53%
3	Percentage increase in the median remuneration of employees in the financial year	0%
4	Number of permanent employees on the rolls of the Company	8,335
5	Average percentage increase in the salaries of employees of the Company in the last financial year	6.53%
6	The Company has a remuneration policy and the remuneration is as per the remuneration policy of the company	Yes

SL No.	Particulars	Details
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

23. Directors' Responsibility Statement

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

- In the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- 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 2022 and of the profit and loss of the Company for that period.
- 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;
- The Directors had prepared the annual accounts on a going concern basis.
- 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.

24. 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.

25. 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.

26. Statutory Auditors

In accordance with Section 139(8) of the Companies Act, 2013, the shareholders of the Company at the Extra Ordinary General Meeting held on 03rd December 2021 have appointed

M/s. Sharp & Tannan Associates, Chartered Accountants, (ICAI Firm Registration Number 109983W), as Statutory Auditors of the Company in casual vacancy for a period up to the conclusion of the 30th Annual General Meeting. The term of the Auditor 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 a further term of four years. 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 your Directors are proposing the re-appointment of M/s. Sharp & Tannan Associates, Chartered Accountants as Statutory Auditors at the ensuing AGM for a further term of two years in compliance with the RBI guidelines.

27. 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 2021-22. The Secretarial Audit Report for the Financial Year 2021-22 does not contain any qualification, reservation, adverse remark or disclaimer and the same is appended to this Report as ANNEXURE - II

28. 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 2021-22, 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.

29. 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).

30. Credit Rating

The Credit Rating of different instruments of the Company as on March 31, 2021 is mentioned under note 51 of the Financial Statements under RBI disclosures.

Credit Rating Agency	Instrument	Rating as on March 31, 2021
CRISIL	Organization grading	MIC1
	Bank Lines	A Stable
	Non-convertible debentures	A Stable
	Commercial paper	A1
	Principal Protected Market Linked Debenture	PPMLD A r/Stable
India Rating and Research Pvt. Ltd.	Non-convertible debentures	A Stable
	Bank Lines	A Stable

31. Details of Frauds reported by auditors

There was no frauds identified /reported by the auditors of the Company which warrants reporting under sub section 20 of Section 143 of the Companies Act, 2013 to the Central Government or the Audit Committee of the Company other than those frauds already identified by the Internal Audit Department of the Company.

32. Risk Management

As a NBFC- MFI focusing on unorganized and under serviced sector, risk management is an integral part of our business. Your Company has a Board approved comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework, established system and adequate controls for identification, assessment, measurement, reporting, mitigating and/or managing the risks. The processes, policies and procedures are periodically reviewed by the Risk Management Committee and the Board of Directors. Regular review, stress testing and scenario analysis of portfolios, self-assessments of controls and monitoring of key risk indicators enhances the effectiveness of risk management framework in your Company. Risk Management Committee evaluates and monitors Credit, Operational, IT, Financial, Regulatory, Market and Reputational risks and its all-associated risks.

Your Company's internal control systems, organizational structure, processes, policies, and code of conduct together form a robust mechanism of internal controls that govern efficient functioning of the business, and the existing risk management measures are being regularly upgraded to ensure risk avoidance and risk mitigation. There are no risks which in the opinion of the Board threaten the existence of your Company.

33. Corporate Social Responsibility

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

The 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 2021-22 is given in the ANNEXURE - III 'Annual Report on CSR activities'.

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

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

Foreign Exchange earnings & Outgo:

Foreign Exchange Earnings - Nil

Foreign Exchange Outgo - Nil

35. Vigil Mechanism

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013. All Directors, employees and stakeholders can raise their concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Company Secretary & Compliance Officer of the Company or Chief Executive Officer. The policy provides for adequate safeguard against victimization.

Any incidents that are reported are investigated and suitable action taken in line with the whistle blower policy. The Whistle Blower Policy is also available on your Company's

website. (Web-link: <https://www.muthootmicrofin.com/wp-content/uploads/Whistle-Blower-Policy.pdf>).

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

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

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

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

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

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at

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

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

39. Compliance

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

40. Acknowledgment

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

For and on behalf of the Board

Trivandrum
10.05.2022

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

ANNEXURE I

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 2021-22 which were not at arm's length basis.

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

a) With Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot (Promoters)
2.	Nature of contracts/arrangements/transaction	Licensing of Trade Mark
3.	Duration of the contracts/ arrangements/ transaction	10 Years
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	A supplemental agreement to the existing trademark agreement for using the trade mark "Blue is belief" (the trade mark).
5.	Date of approval by the Board	11.09.2021
6.	Amount paid as advances, if any	NIL

b) With Muthoot Exim Private Limited

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Exim Private Limited (Promoter Group Company)
2.	Nature of contracts/arrangements/transaction	Offering eSwarna Digital Gold Savings Scheme by Muthoot Exim Pvt. Ltd. to the customers of Muthoot Microfin Ltd.
3.	Duration of the contracts/ arrangements/ transaction	Five years from 09.11.2021
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Muthoot Microfin shall allow Muthoot Exim to use their branch network, website, mobile application, other infrastructure facilities and man power of MML to facilitate and offer 'eSwarna Digital Gold Savings Scheme" offered by Muthoot Exim. Service commission charged by Muthoot Microfin will be 0.5% of the Monthly Transaction Value.
5.	Date of approval by the Board	08.11.2021
6.	Amount paid as advances, if any	NIL

c) With Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot (Promoters)
2.	Nature of contracts/arrangements/transaction	Licensing of Trade Mark
3.	Duration of the contracts/ arrangements/ transaction	10 Years

Sl. No	Particulars	Details
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Supplementary agreement to the original trade mark licensing agreement dated 10th February, 2017 to include the logo of Muthoot Microfin Limited to the ambit of the said agreement in addition to the logo of Muthoot Pappachan Group. No further payment/consideration is involved other than that as agreed in the original agreement.
5.	Date of approval by the Board	08.11.2021
6.	Amount paid as advances, if any	NIL

d) With Muthoot Fincorp Limited

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited
2.	Nature of contracts/arrangements/transaction	Cash Management Services
3.	Duration of the contracts/ arrangements/ transaction	5 Years
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Renewal of Service Level Agreement for a further term of 5 years for cash management services. There is no change in other terms and conditions.
5.	Date of approval by the Board	28.10.2021
6.	Amount paid as advances, if any	NIL

e) With Muthoot Fincorp Limited

Sl. No	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited
2.	Nature of contracts/arrangements/transaction	acquire customers, appraise loans and collect repayment of Muthoot Small and Growing Business Loans (hereinafter referred to as "MSGB") on behalf of MFL
3.	Duration of the contracts/ arrangements/ transaction	5 Years
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Renewal of Service Level Agreement for a further term of 5 years for MSGB. There is no change in other terms and conditions.
5.	Date of approval by the Board	28.10.2021
6.	Amount paid as advances, if any	NIL

For and on behalf of the Board

Trivandrum
10.05.2022Thomas George Muthoot
Director
(DIN 00011552)Thomas Muthoot
Managing Director
(DIN 00082099)

ANNEXURE II

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2022

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

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

We, SEP & Associates, Company Secretaries, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Muthoot Microfin Limited [CIN: U65190MH1992PLC066228] (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2022 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 31.03.2022 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 there under.

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

- (i) Secretarial Standards 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 Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

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

We 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 dissenting member's 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 issue of shares/ debentures/ sweat equity, Redemption/ buy-back of securities, Merger/amalgamation/ reconstruction, Foreign technical collaborations.

For **SEP & Associates**
Company Secretaries
(ICSI Unique Code: P2019KE75600)

Place: Kochi
Date: 10.05.2022

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

ANNEXURE - III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

For achieving the CSR objectives through the implementation of meaningful and sustainable CSR programs, 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:

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

2. The Composition of the CSR Committee:

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:

Sl. No.	Financial Years	Net Profit as per section 198 (Rupees)
1.	Ending 31st March, 2019	2,70,25,17,084.00
2.	Ending 31st March, 2020	19,69,83,107
3.	Ending 31st March, 2021	90548581.03
	Average Net Profit	99,75,73,724.87

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 1,99,51,474
 (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): ₹ 1,99,51,474

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
1,99,51,474.50	NA**	--	--	--	--

** The Company has identified an ongoing Project for which ₹ 1,50,00,000 allocated during the Financial Year. The entire amount was transferred to the implementing Agency Muthoot Pappachan Foundation on 13.12.2021 and the same was utilized during the financial year 2021-22.

- (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 135(6)** (Rs.)	Mode of Implementation 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	1,50,00,000	1,50,00,000	-	No	Muthoot Pappachan Foundation	CSR00003932

**The Company has identified an ongoing Project for which ₹ 1,50,00,000 allocated for the Financial Year 2021-22. The entire amount was transferred to the implementing Agency Muthoot Pappachan Foundation on 13.12.2021 and was fully utilized during financial year 2021-22.

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	Smile Please Project	Promoting health care including preventive health care	Yes	Vadodara and Pondicherry	47,09,474	No	Muthoot Pappachan Foundation	CSR00003932
2	House Construction	disaster management, including relief, rehabilitation and reconstruction activities	Yes		2,17,000	No	Muthoot Pappachan Foundation	CSR00003932
3	Sayed Maheen Abobakekaer (Naushad) Sahaya Nidhi Samaharam	promoting education among children	Yes	Thiruvalla	25,000	Yes	-	-

- (d) Amount spent in Administrative Overheads: ₹ Nil
- (e) Amount spent on Impact Assessment, if applicable: Not Applicable
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 1,99,51,474
- (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)	1,99,51,474
2	Total amount spent for the Financial Year	1,99,51,474
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

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): NA.

For and on behalf of the Board

Trivandrum
10.05.2022

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

ANNEXURE - IV

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 issued 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 2022 is detailed below:

Category	No. of Directors	Percentage to total No. of Directors
Executive Directors	1	10%
Non- Executive Independent Directors	4	40%

Category	No. of Directors	Percentage to total No. of Directors
Other Non-Executive Directors	5	50%
Total	10	100%

The list of Directors of the Company as of 31st March 2022 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.	Akshaya Prasad	02028253	Director
7.	Thai Salas Vijayan	00043959	Independent Director
8.	Alok Prasad	00080225	Independent Director
9.	Bhama Krishnamurthy	02196839	Independent Director
10.	Pushpy B Muricken	03431198	Independent Director

- b. In Compliance with Section 165 of the Companies Act, 2013 ('the Act'), no Director of the Company holds the office of Director in more than 20 companies including the limit of maximum of 10 public limited companies.
- c. During the financial year 2021-22, the Board of Directors of the Company, met 8 eight 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.	03.06.2021	9	9	100
2.	11.09.2021	9	9	100
3.	28-10-2021	9	9	100
4.	08-11-2021	9	9	100
5.	06-12-2021	10	10	100
6.	13-12-2021	10	10	100
7.	10-02-2022	10	10	100
8.	28-03-2022	10	10	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	Designation	
Mrs. Pushpy B Muricken	Independent	Chairperson
Mrs. Bhama Krishnamurthy	Independent	Member
Mr. Alok Prasad	Independent	Member
Mr. Thai Salas Vijayan	Independent	Member
Mr. Thomas Muthoot	Executive	Member
Mr. Kenneth Dan Vander Weele	Non-Executive	Member
Mr. Akshaya Prasad	Non-Executive	Member

During the year 2021-22 the Audit Committee met Five (5) times on 02.06.2021, 10.09.2021, 08.11.2021 13.12.2021 and 09.02.2022.

- 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	Designation	
Mr. T S Vijayan	Independent	Chairman
Mrs. Bhama Krishnamurthy	Independent	Member
Mr. Alok Prasad	Independent	Member
Mr. Thomas Muthoot John	Non-Executive	Member
Mr. Kenneth Dan Vander Weele	Non-Executive	Member
Mr. Akshaya Prasad	Non-Executive	Member

During the year 2021-22 the Nomination and Remuneration Committee met four (4) times on 02.06.2021, 08.11.2021, 06.12.2021 and 28.03.2022.

- 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	Designation	
Mr. Thomas Muthoot	Executive Director	Member
Mr. Thomas George Muthoot	Non-Executive	Member
Mr. Thomas John Muthoot	Non-Executive	Member
Mr. Alok Prasad	Independent	Member

During the year 2021-22 the CSR Committee met one time on 07.09.2021.

- 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	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	Member
2.	Mr. Thomas George Muthoot	Non-Executive Director	Member
3.	Mr. Thomas Muthoot	Executive Director	Member
4.	Mr. Sadaf Sayeed	Chief Executive Officer	Member

- 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	Member
2.	Mr. Thomas George Muthoot	Non-Executive Director	Member
3.	Mr. Thomas Muthoot	Executive Director	Member
4.	Mr. Alok Prasad	Independent Director	Member
5.	Mr. Sadaf Sayeed	Chief Executive Officer	Member

- 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 subdelegate 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	Member
2.	Mr. Thomas Muthoot	Managing Director	Member
3.	Mr. Sadaf Sayeed	Chief Executive Officer	Member
4.	Mr. Praveen T	Chief Financial Officer	Member

- h. Debenture Issue and Allotment Committee:** The Company has constituted a Debenture Issue and Allotment Committee to determine and approve and to exercise all the powers of the Board deemed necessary or desirable in connection with the Issue and allotment of Debentures. The terms of references are as follows:

- Identifying the select group of persons to whom Debentures on Private Placement will be made;
- Determining the number of tranches / series in which the Debentures on Private Placement shall be raised;
- Appoint debenture trustee to act for and on behalf of the holders of the Debentures on Private Placement under each tranche / series;
- Finalizing the terms and conditions upon which each tranche / series of the Debentures on Private Placement shall be issued;
- Procure rating for the Debentures on Private Placement under each tranche / series from an accredited rating agency;
- Determining the security to be provided in relation to each tranche / series the Debentures on Private Placement as determined from time to time;
- Authorising persons to execute/ caused to be executed / issue the information memorandum, debenture trust deed, debenture trustee agreement and the security documents such as the deed of hypothecation, mortgage deed and the relevant power(s) of attorney to be entered into between the Company and the debenture trustee, and such other documents as may be required to be entered into in relation to each tranche / series the Debentures on Private Placement and authorizing affixing of common seal; and

h. Allotment of the Debentures on Private Placement.”

The Committee is comprised of:

Sl. No	Name of Members	Designation	
1.	Mr. Thomas John Muthoot	Non-Executive Director	Member
2.	Mr. Thomas George Muthoot	Non-Executive Director	Member
3.	Mr. Thomas Muthoot	Executive Director	Member

i. **IT Strategy Committee:** The Company has an 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 are 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	Group CIO

III. REMUNERATION TO DIRECTORS:

No remuneration was paid to any Directors during the financial year 2021-22 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 the 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 2022**

Name of shareholder	Equity Shares	Preference Shares	Share Holding percentage (Converted Basis)
Thomas John Muthoot	63,28,806	-	4.75
Thomas George Muthoot	63,27,160	-	4.75
Thomas Muthoot	63,50,459	-	4.76
Preethi John	27,02,867	-	2.03
Nina George	27,04,513	-	2.03
Remmy Thomas	26,81,214	-	2.01
Muthoot Fincorp Limited	7,26,25,449	-	54.46
Creation Investments India, LLC	1,30,06,778	-	9.76
Greater Pacific Capital WIV Ltd.	100	1,91,61,733	14.37
ESOP Trust	8,01,864	-	0.6
ESOP Holders	6,41,392	-	0.48
Total	11,41,70,602	1,91,61,733	100.00

a. Registrar and Transfer Agent

The Company has appointed KFIN Technologies Private Limited as its Registrar and Transfer Agent.

KFIN Technologies Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500032

Email: einward.ris@kfintech.com

Phone No: 040-67162222

Fax No: 040-2300115

b. 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

For and on behalf of the Board

Trivandrum
10.05.2022

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

Independent Auditor's Report

To the members of **Muthoot Microfin Limited**

Report on the audit of the standalone financial statements

Opinion

We have audited the accompanying standalone financial statements of Muthoot Microfin Limited (hereinafter referred as "the Company"), which comprise the balance sheet as at 31 March 2022, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in

India, of the state of affairs (financial position) of the Company as at 31 March 2022, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred as "SAs") 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 standalone financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone 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 on the standalone financial statements.

Key audit matters

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

Key Audit Matters	How our audit addressed the key audit matters
<p>Impairment of loans to customers:</p> <p>As at 31 March 2022, the Company has reported total gross loan assets of INR 46,197.26 million (March 2021: INR 35,045.78 million) against which an impairment loss of INR 2,207.74 million (March 2021: INR 2,091.21 million) has been recorded.</p> <p>The calculation of impairment losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans. The key areas where we identified greater levels of management judgement and therefore, increase level of audit focus in the Company's estimation of ECL's are:</p> <ul style="list-style-type: none"> • Staging of loans and determining the criteria for a significant increase in credit risk. • Model estimations – the most significant judgement aspects are determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD") • Determining macro-economic factors impacting credit quality of receivables • Additional considerations on account of COVID-19 	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Review of the Company's accounting policies for impairment of loan assets in terms of accounting principles laid down in Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued from time to time. • Understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation so as to evaluate the reasonableness of the Management estimates. • 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 ECL model, including assumptions and underlying computation. • Performed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures;

Key Audit Matters	How our audit addressed the key audit matters
<p>ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecast of future economic conditions which could impact the credit quality of the Company's loans and advances. In view of such high degree of Management's judgement involved in estimation of ECL, it is a key audit matter.</p>	<ul style="list-style-type: none"> Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
<p>IT systems and controls:</p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>Accordingly, we identified IT systems and controls over financial reporting as a key audit matter for the Company.</p>	<ul style="list-style-type: none"> We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. Review of internal reports and samples used for testing of IT related general controls We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. We tested requests of changes to systems for approval and authorization. We also tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

Information other than the standalone financial statements and auditor's report thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the Board's report and management discussion and analysis included in the annual report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Managements and Board of Directors responsibilities for the standalone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Company's Management and Board of Directors are 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.

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

Auditor's responsibilities for the audit of the standalone financial statements

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

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

- A. Identify and assess the risks of material misstatement of the standalone 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.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 standalone 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.
- E. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act and based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - g) 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.
 - h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigation which would impact its financial position as at 31 March 2022.
- ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses as at 31 March 2022.
- 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 2022.
- iv. Reporting on rule 11(e):
 - (a) The Management has represented that, to the best of its knowledge and belief, as stated in note no. 50(xiv) no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the

note no. 50(xv), no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. During the previous year, the Company has not declared/paid dividend. Accordingly, reporting under section 123 of the Act is not applicable.

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration no. 109983W

by the hand of

Tirtharaj Khot

Partner

Membership no.(F) 037457

UDIN: 22037457AJOJLL6197

Pune, 10 May 2022

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading, "Report on Other Legal and Regulatory Requirements" of our report on even date)

(i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company is maintained proper records showing full particulars of intangible assets.

(b) During the year, the Property, Plant and Equipment were physically verified by the Management, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.

(c) The company does not hold any immovable properties. Accordingly, reporting under paragraph 3(i)(c) of the Order is not applicable.

(d) During the year, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or Intangible Assets. Accordingly, reporting under paragraph 3(i)(d) of the Order is not applicable.

(e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, reporting under paragraph 3(i)(e) is not applicable.

(ii) (a) the Company does not hold any inventory as it is primarily engaged in lending activities. Accordingly, reporting under paragraph 3(ii)(a) of the Order is not applicable.

(b) During the year, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions. Accordingly, reporting under paragraph 3(ii)(b) of the Order is not applicable.

(iii) The Company is a non-deposit taking non-banking financial company ("NBFC") registered with the Reserve Bank of India ("RBI").

During the year, the Company has neither made investments in, nor provided guarantee / security to companies, firms, limited liability partnerships and other parties. During the year, in the ordinary course of its business, the Company has granted loans and advances in the nature of loans, unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such investments, guarantees / security and loans and advances:

(a) As the principal business of the Company is to give loans, the paragraph 3(iii)(a) of the Order is not applicable to the Company;

(b) The company has not made investments, or provided guarantees / security. The terms and conditions of the grant of all loans and advances in the nature of loans in the normal course of business are not prejudicial to the interest of the Company;

(c) In respect of loans and advances in the nature of loans granted during the year in the ordinary course of business, the schedule of repayment of principal and payment of interest have been stipulated and the repayment of loan and receipts of interest are generally regular except there were cases which were not repaid / paid when they were due or were repaid / paid with a delay. Such loans have been accounted for in accordance with the Company's policy on asset classification and provisioning as described in note 1(xiii) to the standalone financial statements.

Having regard to the voluminous nature of loan transactions, it is not practicable to furnish party-wise details of irregularities in this report. However, such details are available with the Company. For details of total loans and advances which were overdue as of March 31, 2022, refer note 42 to the standalone financial statements.

(d) The following amounts are overdue for more than ninety days from any other parties to whom loan has been granted. The Company has taken reasonable steps for recovery of the overdue amount of principal and interest.

(Amount in Rs)

Number of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue
4,47,068	1,64,26,91,892	43,68,66,067	2,07,95,57,959

(e) The provisions of paragraph 3(iii)(e) of the Order are not applicable to the Company as its principal business is to give loans.

(f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment.

(iv) The Company has not advanced loans or made investments in or provided guarantees or security to parties covered by section 185 and 186 of the Companies Act, 2013. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable.

(v) The Company is a non-banking finance company and consequently is exempt from provisions of section 73 or any other relevant provisions of the Companies Act. Accordingly, reporting under paragraph 3(v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013, for the business activities carried out by the Company. Accordingly, reporting under paragraph 3 (vi) of the Order is not applicable.

(vii) In respect of statutory dues:

- (a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax (GST), employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, any other statutory dues, as applicable, except for provident fund, to the appropriate authorities. According to the information and explanations given to us and based on verification carried out by us on test basis, there are arrears of statutory dues outstanding as on the last day of the financial year concerned for a period of more than six months from the date, they became payable.

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Employees Provident Fund Act, 1952	Provident Fund	3,76,718	FY 2017-18 to FY 2020-21	Various due dates	Unpaid

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of income tax, sales tax, service tax, GST, duty of customs, duty of excise, value added taxes etc.as at 31st March 2022, which have not been deposited.
- (viii) There are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.
- (c) The term loans availed by the Company during the year, were applied by the Company for the purposes for which the loans were obtained.
- (d) According to the information and explanations given to us and based on verification carried out by us, funds raised on short term basis have not been utilised for long term purposes.
- (e) The Company does not have subsidiary, associate, or joint venture. Accordingly, reporting on paragraph 3(ix)(e) of the Order is not applicable.
- (f) The Company does not have subsidiary, associate, or joint venture. Accordingly, reporting on paragraph 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised monies by way of Initial Public Offer or Further Public Offer (including debt instruments) during the year.
- (b) In our opinion and according to the information and explanations given to us, the company has utilized funds raised by way of preferential allotment or private placement of shares for the purposes for which they were raised.
- (xi) (a) Except for cases aggregating to Rs. 7.61 million which largely pertains to cheating, forgery, misappropriation and criminal breach of trust, we have neither come across any instance of fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported.
- (b) No report under section 143(12) of the Companies Act, 2013 has been filed during the year by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) No whistle-blower complaints were received during the year by the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 ("RBI Act") and it has obtained the registration.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the RBI as the Company has been registered throughout the year.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting on paragraph 3(xvi)(c) of the Order is not applicable.
- (d) As informed to us, the Group does not have CIC. Accordingly, reporting on paragraph 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) During the year, the predecessor auditors resigned as statutory auditors of the Company. The predecessor statutory auditors have confirmed to us that they were not aware of reasons as to why we should not accept the statutory audit engagements of the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report, that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in

Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of section 135 of the said Act. Accordingly, reporting under paragraph 3(xx) (a) of the Order is not applicable for the year.

(b) There is no unspent amount towards Corporate Social Responsibility (CSR) in respect of ongoing projects requiring a transfer to a special account in compliance with sub-section (6) of section 135 of the Act. Accordingly, reporting on para 3(xx)(b) of the order is not applicable.

(xxi) The Company does not have subsidiary, associate or joint venture hence is not required to prepare consolidated financial statements. Accordingly, reporting on paragraph 3(xxi) of the Order is not applicable

For **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration no. 109983W
by the hand of

Tirtharaj Khot
Partner

Membership no.(F) 037457
UDIN: 22037457AJOJLL6197
Pune, 10 May 2022

Annexure B to the Independent Auditor's Report

Referred to in paragraph 2 (F) under the heading, "Report on other legal and regulatory requirements" of our report on even date:

Report on the Internal Financial Controls [under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")]

Opinion

We have audited the internal financial controls over financial reporting of Muthoot Microfin Limited (hereinafter referred as "the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (hereinafter referred as "the guidance note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

Managements and Board of Directors responsibility for internal financial controls

The Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating

the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

For **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration no. 109983W
by the hand of

Tirtharaj Khot
Partner

Membership no.(F) 037457
UDIN: 22037457AJOL6197
Pune, 10 May 2022

Balance Sheet

as at March 31, 2022

(All amounts in INR millions, unless stated otherwise)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Financial assets			
Cash and cash equivalents	2	7,057.01	5,190.76
Bank balances other than cash and cash equivalents	3	2,940.89	2,259.03
Receivables			
Other receivables	4	159.32	92.92
Loans	5	43,989.52	32,954.57
Investments	6	0.45	0.45
Other financial assets	7	33.68	23.85
		54,180.87	40,521.58
Non-financial assets			
Current tax assets (net)	8	395.45	94.15
Deferred tax asset (net)	18	47.75	100.35
Property, plant and equipment	9	420.45	398.44
Right-of-use assets	10	791.19	700.16
Other intangible assets	11	0.84	1.25
Other non-financial assets	12	76.77	36.81
		1,732.45	1,331.16
Total Assets		55,913.32	41,852.74
Liabilities and Equity			
Liabilities			
Financial liabilities			
Payables			
Other payables			
total outstanding dues to micro, small and medium enterprises	13	-	-
total outstanding dues to creditors other than micro, small and medium enterprises	13	73.12	27.09
Debt securities	14	6,746.27	4,524.69
Borrowings (other than debt securities)	15	32,969.85	25,382.26
Subordinated liabilities	16	249.97	249.63
Lease liability	10	913.96	779.89
Other financial liabilities	17	1,493.74	1,904.97
		42,446.92	32,868.53
Non Financial liabilities			
Provisions	19	49.38	46.38
Other non financial liabilities	20	51.22	38.93
		100.60	85.31
Equity			
Equity Share capital	21	1,333.33	1,141.71
Other equity	22	12,032.46	7,757.19
		13,365.79	8,898.90
Total Liabilities and Equity		55,913.32	41,852.74
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 **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner
Membership No.: (F) 037457
Place: Pune

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

Thomas Muthoot
Managing Director
DIN: 00082099
Place: Thiruvananthapuram

Thomas John Muthoot
Director
DIN: 00011618
Place: Thiruvananthapuram

Praveen T
Chief Financial Officer
Place: Thiruvananthapuram

Thomas George Muthoot
Director
DIN: 00011552
Place: Thiruvananthapuram

Neethu Ajay
Company Secretary
Place: Thiruvananthapuram

Date: 10 May 2022

Statement of Profit and Loss

for the year ended March 31, 2022

(All amounts in INR millions, unless stated otherwise)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations			
Interest income	23	7,065.75	6,209.76
Fees and commission income	24	61.59	32.11
Net gain on fair value changes	25	1,130.79	427.33
Income on investments	26	58.29	169.95
Sale of services		8.64	2.52
Total revenue from operations		8,325.06	6,841.67
Other income	27	104.35	121.14
Total income		8,429.41	6,962.81
Expenses			
Finance costs	28	3,401.55	2,993.28
Fees and commission expenses	29	178.49	97.36
Impairment on financial instruments	30	1,111.53	1,314.15
Employee benefits expenses	31	2,370.81	1,868.81
Depreciation and amortisation expense	32	207.84	188.33
Other expenses	33	511.98	410.33
Total expenses		7,782.20	6,872.26
Profit before exceptional items and tax		647.21	90.55
Exceptional items		-	-
Profit before tax		647.21	90.55
Tax expense			
Current tax	35	224.05	347.29
Deferred tax	35	(56.14)	(317.72)
Tax relating to prior years		5.32	(9.56)
Profit for the year (A)		473.98	70.54
Other Comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset		(17.14)	(8.14)
Income tax relating to the above		4.31	2.05
Items that will be reclassified to profit and loss			
Remeasurement of loan assets		449.13	(317.46)
Income tax relating to the above		(113.05)	79.91
Other comprehensive income/(loss) for the year, net of tax (B)		323.25	(243.64)
Total comprehensive income/(loss) for the year (A+B)		797.23	(173.10)
Earning per equity share (face value of ₹ 10 each)	34		
Basic (₹)		4.15	0.62
Diluted (₹)		3.97	0.62
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 **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration No.: 109983W

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

Tirtharaj Khot
Partner
Membership No.: (F) 037457
Place: Pune

Thomas Muthoot
Managing Director
DIN: 00082099
Place: Thiruvananthapuram

Thomas John Muthoot
Director
DIN: 00011618
Place: Thiruvananthapuram

Thomas George Muthoot
Director
DIN: 00011552
Place: Thiruvananthapuram

Praveen T
Chief Financial Officer
Place: Thiruvananthapuram

Neethu Ajay
Company Secretary
Place: Thiruvananthapuram

Date: 10 May 2022

Cash Flow Statement

for the year ended March 31, 2022

(All amounts in INR millions, unless stated otherwise)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flows from operating activities		
Profit before tax	647.21	90.55
Adjustments		
Depreciation and amortisation	207.84	188.33
(Gain)/loss on sale of tangible assets	0.21	(0.18)
Provision for employee benefits	36.93	38.26
Impairment on financial instruments	1,111.53	1,314.15
Income from Investments	(58.29)	(169.95)
Interest income on security deposits	(3.23)	(2.15)
Gain on termination of lease	(4.50)	(1.96)
Gain on sale of loan asset through direct assignment	(1,130.79)	(427.33)
Adjustments towards effective interest rate in respect of loan assets	93.37	32.05
Adjustments towards effective interest rate in respect of debt securities, borrowings and subordinate liabilities	(137.53)	1.68
Share based payments	9.04	3.65
Adjustment on account of consolidation of ESOP trust	(1.24)	(1.58)
Finance cost on leases	96.74	80.82
Operating cash flow before working capital changes	867.31	1,146.34
Working capital changes		
Increase in loans	(10,659.93)	(8,552.88)
(Increase)/decrease in other receivables	(66.39)	17.53
(Increase)/decrease in other financial assets	(10.95)	0.06
(Increase)/Decrease in other non financial assets	(32.42)	6.32
Increase/(Decrease) in other payables	46.04	(9.72)
Increase/(Decrease) in other financial liabilities	(411.23)	453.00
Decrease in provisions	(51.07)	(50.90)
Increase in other non financial liabilities	12.29	3.04
Cash used in operating activities	(10,306.36)	(6,987.21)
Income taxes paid (net)	(530.67)	(52.34)
Net cash used in operating activities	(10,837.02)	(7,039.55)
Cash flows from investing activities		
Purchase of tangible assets (including capital advances, capital creditors and capital work in progress) and intangible assets	(114.26)	(79.69)
Investment in term deposits with banks (net)	(681.86)	(469.50)
Investment in equity instruments	-	(0.45)
Proceeds from sale of tangible assets	(0.21)	0.18
Profit on sale of investments	58.29	169.95
Net cash used in investing activities	(738.03)	(379.51)
Cash flows from financing activities		
Proceeds from issue of equity shares	0.02	-
Proceeds from issue of preference shares	3,733.86	-
Share issue expenses	(78.86)	-
Proceeds from borrowings	23,837.50	9,239.30
Proceeds from debt securities	5,019.44	2,390.50
Proceeds from securitisation arrangement	4,857.22	4,835.70
Repayment of borrowings	(15,872.29)	(15,158.54)
Repayment of debt securities	(2,709.11)	-
Repayment of securitisation arrangement	(5,185.72)	(365.54)
Repayment of Subordinated Liabilities	-	-
Proceeds from treasury shares	6.79	-
Payment of lease liabilities	(167.56)	(144.52)
Net cash generated from financing activities	13,441.30	796.90

Cash Flow Statement

for the year ended March 31, 2022

(All amounts in INR millions, unless stated otherwise)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net (decrease)/increase in cash and cash equivalents	1,866.25	(6,622.16)
Cash and cash equivalents as at the beginning of the year	5,190.76	11,812.92
Cash and cash equivalents as at the end of the year	7,057.01	5,190.76
Operational cash flows from interest		
Interest paid	3,261.03	2,891.11
Interest received	6,488.46	4,661.67

* The Statement of Cash Flows has been presented using indirect method as per the requirements of Ind AS 7 - Statement of Cash Flows

Summary of Significant Accounting Policies (Refer note 1)

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 **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration No.: 109983W

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

Tirtharaj Khot
Partner
Membership No.: (F) 037457
Place: Pune

Thomas Muthoot
Managing Director
DIN: 00082099
Place: Thiruvananthapuram

Thomas John Muthoot
Director
DIN: 00011618
Place: Thiruvananthapuram

Thomas George Muthoot
Director
DIN: 00011552
Place: Thiruvananthapuram

Praveen T
Chief Financial Officer
Place: Thiruvananthapuram

Neethu Ajay
Company Secretary
Place: Thiruvananthapuram

Date: 10 May 2022

Statement of Changes in Equity

for the year ended March 31, 2022

(All amounts in INR millions, unless stated otherwise)

A Equity share capital

Particulars	Balance as at April 1, 2020	Change in equity share capital during the year	Balance as at March 31, 2021	Change in equity share capital during the year	Balance as at March 31, 2022
Equity shares of ₹ 10 each, issued, subscribed and fully paid up	1,141.71	-	1,141.71	0.00	1,141.71

B Preference Share Capital

Particulars	Balance as at April 1, 2020	Change in preference share capital during the year	Balance as at March 31, 2021	Change in preference share capital during the year	Balance as at March 31, 2022
Compulsorily Convertible Preference Shares of ₹ 10 each, issued, subscribed and fully paid up	-	-	-	191.62	191.62

C 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, 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)	-	-
Changes during the year in employee stock options outstanding	-	-	-	-	3.65	-	-	3.65
Proceeds on transfer during the year	-	-	-	5.08	(5.08)	-	-	-
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
Profit for the year	-	-	-	-	-	473.98	-	473.98
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	94.80	-	-	-	(94.80)	-	-
Provision for proposed dividend	-	-	-	-	-	(0.00)	-	(0.00)
Provision for tax on proposed dividend	-	-	-	-	-	(0.00)	-	(0.00)
Transfer during the year	-	-	-	-	-	-	-	-
Changes during the year in employee stock options outstanding	-	-	-	-	9.04	-	-	9.04

Statement of Changes in Equity

for the year ended March 31, 2022

(All amounts in INR millions, unless stated otherwise)

C Other equity (Contd.)

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	
Proceeds on transfer during the year	-	-	6.79	6.47	(6.47)	-	-	6.79
Adjustment on account of consolidation of ESOP trust	-	-	-	(1.24)	-	-	-	(1.24)
Premium on issue of Equity shares	0.02	-	-	-	-	-	-	0.02
Premium on issue of Compulsorily Convertible Preference Shares	3,542.24	-	-	-	-	-	-	3,542.24
Share issue expenses	(78.86)	-	-	-	-	-	-	(78.86)
Other comprehensive income	-	-	-	-	-	(17.14)	449.13	431.99
Income tax relating to items of other comprehensive income	-	-	-	-	-	4.31	(113.05)	(108.73)
Balance as at March 31, 2022	8,452.14	792.72	(25.40)	8.48	12.23	2,099.37	692.92	12,032.46

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

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

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration No.: 109983W

For and on behalf of the Board of Directors of

Muthoot Microfin Limited

Tirtharaj Khot

Partner

Membership No.: (F) 037457

Place: Pune

Thomas Muthoot

Managing Director

DIN: 00082099

Place: Thiruvananthapuram

Thomas John Muthoot

Director

DIN: 00011618

Place: Thiruvananthapuram

Thomas George Muthoot

Director

DIN: 00011552

Place: Thiruvananthapuram

Praveen T

Chief Financial Officer

Place: Thiruvananthapuram

Neethu Ajay

Company Secretary

Place: Thiruvananthapuram

Date: 10 May 2022

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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 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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

expenses acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work-in-progress.

ii. Intangible assets

Recognition and initial measurement

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

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

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

iii. Revenue recognition

Interest and processing fee income on loans

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

Income from assignment transactions

Income from assignment transactions i.e., present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

Commission income

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

Dividend income

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

Miscellaneous income

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

iv. Borrowing costs

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

v. Taxation

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

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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 estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed after one year from the Balance Sheet date is estimated 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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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:

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

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the

product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

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

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

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

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

Adjustment in Stages due to COVID19 Impact

The RBI allowed lending institutions 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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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.

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;

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost

is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

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

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

De-recognition of financial assets

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

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.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

First loss default guarantee

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

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

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

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

Offsetting of financial instruments

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

xiv Earnings per share

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

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

xv. Segment reporting

The Company identifies segments on the basis of the internal organization and management structure. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment

liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

xvi. Foreign currency

Functional and presentation currency

Items included in the financial 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.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

The Company monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Evaluation of indicators for impairment of assets

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

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 Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

2 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash in hand	46.81	0.47
Balances with banks in current account	4,891.79	3,051.76
Balance with cash collection agents	47.33	37.28
Term deposits for original maturity of 3 months or less with scheduled banks	2,071.08	2,101.25
	7,057.01	5,190.76

- (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, 2022	As at March 31, 2021
Term deposits with bank	2,940.89	2,259.03
	2,940.89	2,259.03

- (i) There are no repatriation restrictions with respect to bank balances other than cash and cash equivalents as at the end of the reporting year and prior years.
- (ii) The Company earns a fixed rate of interest on these term deposits
- (iii) Term deposits amounting to INR 2,911.19 millions (March 31, 2021: INR 2,245.45 millions) are held as pledged against borrowings and other commitments.

4 Other receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good (refer note 47)	159.32	92.92
	159.32	92.92

5 Loans

Particulars	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Term loans (refer note 5.1)	23,299.23	23,105.82
Employee loans (refer note 5.3)	0.89	14.15
	23,300.11	23,119.97
At fair value through other comprehensive income		
Term loans (refer note 5.2)	20,689.41	9,834.60
	20,689.41	9,834.60
	43,989.52	32,954.57

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

5.1 Term loans (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Term loans		
(i) Joint liability group loans	24,499.49	24,554.35
(ii) Individual loans	446.62	343.12
(ii) Corporate loans	45.00	12.85
Total (gross)	24,991.11	24,910.32
Less: Allowance for impairment loss for loan assets	1,691.88	1,804.50
Total (net)	23,299.23	23,105.82
Secured by tangible assets	446.62	343.12
Unsecured	24,544.49	24,567.20
Total (gross)	24,991.11	24,910.32
Less: Allowance for impairment loss for loan assets	1,691.88	1,804.50
Total (net)	23,299.23	23,105.82
Loans in India		
Public sector	-	-
Individuals	24,946.11	24,897.47
Corporate loans	45.00	12.85
Total (gross)	24,991.11	24,910.32
Less: Allowance for impairment loss for loan assets	1,691.88	1,804.50
Total (net)	23,299.23	23,105.82

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

Particulars	As at March 31, 2022	As at March 31, 2021
Term loans	21,205.27	10,121.31
Total (gross)	21,205.27	10,121.31
Less: Allowance for impairment loss for loan assets	515.86	286.71
Total (net)	20,689.41	9,834.60
Secured by tangible assets	-	-
Unsecured	21,205.27	10,121.31
Total (gross)	21,205.27	10,121.31
Less: Allowance for impairment loss for loan assets	515.86	286.71
Total (net)	20,689.41	9,834.60
Loans in India		
Public sector	-	-
Individuals	21,205.27	10,121.31
Total (gross)	21,205.27	10,121.31
Less: Allowance for impairment loss for loan assets	515.86	286.71
Total (net)	20,689.41	9,834.60

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

5.3 Employee loans (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Employee loans	0.89	14.15
Total (gross)	0.89	14.15
Less: Allowance for impairment loss for employee loans	-	-
Total (net)	0.89	14.15
(i) Key managerial personnel	-	-
(ii) Other employees	0.89	14.15
Total (gross)	0.89	14.15
Less: Allowance for impairment loss for employee loans	-	-
Total (net)	0.89	14.15

(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, 2022	As at March 31, 2021
Investments at Carrying value		
Investment in Equity shares	0.45	0.45
Total (gross)	0.45	0.45
Less: Allowance for impairment loss	-	-
Total (net)	0.45	0.45
Investments in India	0.45	0.45
Investments outside India	-	-
	0.45	0.45

7 Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Security deposits (unsecured, considered good)	30.46	23.46
(ii) Employee advances	3.21	0.39
	33.68	23.85

8 Current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income tax (net of provision for taxation of INR 224.05 Million)	395.45	94.15
	395.45	94.15

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

9 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equipments	Vehicles	Electrical fittings	Total
Gross block						
Balance as at April 1, 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
Additions	19.89	39.89	45.70	-	1.87	107.34
Disposals	(0.21)	-	(2.14)	-	(0.62)	(2.98)
Balance as at March 31, 2022	97.59	323.20	245.88	0.77	13.65	681.08
Accumulated depreciation						
Balance as at April 1, 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
Charge for the year	15.82	28.34	39.21	0.09	1.24	84.71
Reversal on disposal of assets	(0.18)	-	(1.85)	-	(0.33)	(2.37)
Balance as at March 31, 2022	69.13	89.41	96.55	0.52	5.01	260.63
Net block						
Balance as at March 31, 2021	24.42	222.24	143.13	0.33	8.30	398.44
Balance as at March 31, 2022	28.46	233.79	149.32	0.24	8.64	420.45

Vehicles amounting to INR 0.24million (March 31, 2021 : INR 0.33 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, 2022	Year ended March 31, 2021
Property, plant and equipment owned	420.45	398.44
Right-of-use assets	791.19	700.16
	1,211.64	1,098.60

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance as at April 1, 2021	700.16	720.50
Additions	239.91	103.17
Deletions	(45.43)	(14.22)
Deletion of Accumulated Depreciation	19.26	-
Depreciation charge for the year	(122.71)	(109.29)
Balance as at March 31, 2022	791.19	700.16

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

10 Right-of-use assets and lease liabilities (Contd.)

(iii) Movement in lease liabilities

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Balance as at April 1, 2021	779.89	758.18
Additions	235.55	101.19
Deletions	(30.67)	(15.78)
Interest on lease liabilities	96.74	80.82
Payment of lease liabilities	(167.56)	(144.52)
Balance as at March 31, 2022	913.96	779.89

(iv) Maturity analysis of lease liabilities

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Less than one year	195.58	155.92
One to five years	762.17	628.26
More than five years	374.74	353.04
Total undiscounted lease liabilities as at March 31, 2022	1,332.49	1,137.22
Current	741.18	148.02
Non Current	172.78	631.87
Lease liabilities included in the statement of financial position	913.96	779.89

(v) Amounts recognised in profit and loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on lease liabilities (refer note 28)	96.74	80.82
Expenses relating to short term leases	-	-
Expenses relating to cancellable leases	-	-
Depreciation of right-of-use assets (refer note 32)	122.71	109.29
	219.45	190.11

(vi) Amounts recognised in the statement of cash flows

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total cash outflow for leases	167.56	144.52

11 Intangible assets

Particulars	Software
Gross block	
Balance as at April 1, 2020	3.13
Additions	-
Disposals	-
Balance as at March 31, 2021	3.13
Additions	-
Disposals	-
Balance as at March 31, 2022	3.13

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

11 Intangible assets (Contd.)

Particulars	Software
Accumulated depreciation	
Balance as at April 1, 2020	1.31
Charge for the year	0.57
Reversal on disposal of assets	-
Balance as at March 31, 2021	1.88
Charge for the year	0.41
Reversal on disposal of assets	-
Balance as at March 31, 2022	2.29
Net block	
Balance as at March 31, 2021	1.25
Balance as at March 31, 2022	0.84

12 Other non-financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Capital advances	9.23	1.69
Balance with government authorities	32.68	18.01
Prepaid expenses	18.53	12.84
Advances	16.33	4.27
	76.77	36.81

13 Other payables

Particulars	As at March 31, 2022	As at March 31, 2021
Dues to micro enterprises and small enterprises (refer note (i) below)	-	-
Dues to creditors other than micro enterprises and small enterprises	73.12	27.09
	73.12	27.09

- (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, 2022	As at March 31, 2021
(i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	-	-
(ii) Interest due thereon remaining unpaid	-	-
(ii) 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	-	-
(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	-	-

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

13 Other payables (Contd.)

(ii) Ageing of trade payables

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 year	2-3 year	More than 3 year	
(i) MSME	-	-	-	-	-
(ii) Others	73.12	-	-	-	73.12
(iii) Disputed dues MSME	-	-	-	-	-
(iv) Disputed dues Others	-	-	-	-	-

14 Debt Securities

Particulars	As at March 31, 2022	As at March 31, 2021
Secured (at amortised cost)		
Redeemable non-convertible debentures (refer note 38)	6,249.44	4,234.19
	6,249.44	4,234.19
Unsecured (at amortised cost)		
Commercial paper (refer note 38)	496.83	290.50
	496.83	290.50
	6,746.27	4,524.69
Borrowings in India	6,746.27	4,524.69
Borrowings outside India	-	-
	6,746.27	4,524.69

(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, 2022	As at March 31, 2021
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks (refer note 38)	16,481.93	11,848.61
- From financial institutions (refer note 38)	11,687.60	8,196.14
- Borrowings under securitisation arrangement (refer note 38)	4,121.09	4,458.92
Term loans (Unsecured)		
- From financial institutions	679.23	878.59
	32,969.85	25,382.26
Borrowings in India	32,969.85	25,382.26
Borrowings outside India	-	-
	32,969.85	25,382.26

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

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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

16 Subordinated liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Unsecured term loan		
- From financial institutions (refer note 38)	249.97	249.63
	249.97	249.63
Subordinated liabilities in India	249.97	249.63
Subordinated liabilities outside India	-	-
	249.97	249.63

17 Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	299.75	255.97
Employee related payable	152.41	108.66
Payables towards securitisation/assignment transactions	109.62	1,142.95
Others	931.96	397.39
	1,493.74	1,904.97

18 Deferred tax assets / (liabilities) (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Tax effect of items constituting deferred tax liabilities:		
Direct assignment transactions	(566.69)	(446.92)
Adoption of EIR for borrowing cost	(59.60)	(24.98)
Tax effect of items constituting deferred tax assets:		
Provision for expected credit loss	498.92	464.57
Adoption of EIR for loan assets	81.04	57.54
Adoption of Ind AS 116	33.78	22.67
Others	60.30	27.47
	47.75	100.35

Movement in above mentioned deferred tax assets / (liabilities)

Particulars	As at April 1, 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2021	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2022
Tax effect of items constituting deferred tax assets / (liabilities)							
Provision for expected credit loss	422.06	42.51	-	464.57	34.35	-	498.92
Adoption of EIR for loan assets	49.47	8.07	-	57.54	23.50	-	81.04
Direct assignment transactions	(771.35)	244.52	79.91	(446.92)	(6.73)	(113.05)	(566.69)
Adoption of EIR for borrowing cost	(25.41)	0.43	-	(24.98)	(34.61)	-	(59.60)
Adoption of Ind AS 116	12.23	10.44	-	22.67	11.11	-	33.78
Others	13.68	11.74	2.05	27.47	28.52	4.31	60.30
	(299.32)	317.70	81.96	100.35	56.13	(108.73)	47.75

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

19 Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity (refer note 36)	37.42	30.33
Compensated absences (refer note 36)	11.96	16.05
	49.38	46.38

20 Other non-financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	51.22	38.93
	51.22	38.93

21 Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital		
150,000,000 Equity shares of ₹ 10 each (March 31, 2021: 150,000,000)	1,500.00	1,500.00
50,000,000 Compulsorily convertible preference shares of ₹ 10 each (March 31, 2021: 50,000,000)	500.00	500.00
	2,000.00	2,000.00
Issued, subscribed and fully paid up share capital		
114,170,602 Equity shares of ₹ 10 each (March 31, 2021: 114,170,502)	1,141.71	1,141.71
19,161,733 Compulsorily Convertible Preference Shares of ₹ 10 each (March 31, 2021: Nil)	191.62	-
	1,333.33	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 year

Particulars	As at March 31, 2022		As at March 31, 2021	
	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	114,170,502	1,141.71	114,170,502	1,141.71
Add: Issued during the year	100	0.00	-	-
Balance at the end of the year	114,170,602	1,141.71	114,170,502	1,141.71

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

21 Equity share capital (Contd.)

(iii) Rights, preferences and restrictions attached to compulsorily convertible preference shares:

The company has issued Compulsorily Convertible Preference Shares (CCPS) having a par value of ₹ 10 per share during the financial year. Each holder of CCPS is entitled to vote be one vote per Equity Share on an As Converted Basis (with the Share Capital being calculated on an As Converted Basis). The holders of the CCPS shall be entitled to receive on their respective CCPS, a cumulative dividend at the rate of 0.001% (zero point zero zero one per-cent) of the face value of each CCPS per annum. The Company shall convert all the CCPS into Equity Shares if at any time the Company proposes to undertake a Qualified IPO.

(iv) Reconciliation of compulsorily convertible preference shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
Preference share capital of Rs. 10 each fully paid up				
Balance at the beginning of the year	-	-	-	-
Add: Issued during the year	19,161,733	191.62	-	-
Balance at the end of the year	19,161,733	191.62	-	-

(v) Shares held by the holding company

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	72,625,449	54.47%	72,625,449	63.61%

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	72,625,449	54.47%	72,625,449	63.61%
Creation Investments India LLC	13,006,778	9.76%	13,006,778	11.39%
Greater Pacific Capital WIV Ltd.	19,161,833	14.37%	-	0.00%
Thomas Muthoot	6,350,459	4.76%	6,350,459	5.56%
Thomas George Muthoot	6,327,160	4.75%	6,327,160	5.54%
Thomas John Muthoot	6,328,806	4.75%	6,328,806	5.54%

(vii) Shareholding of promoters as at balance sheet date:

Particulars	No. of shares	% of Total Shares	% Change during the year
Muthoot Fincorp Ltd	72,625,449	54.47%	-9.15%
Thomas John Muthoot	6,328,806	4.75%	-0.79%
Thomas George Muthoot	6,327,160	4.75%	-0.79%
Thomas Muthoot	6,350,459	4.76%	-0.80%
Preethi John	2,702,867	2.03%	-0.34%
Nina George	2,704,513	2.03%	-0.34%
Remmy Thomas	2,681,214	2.01%	-0.34%
	99,720,468	74.79%	-12.55%

* The Company have issued 100 equity shares and 191,61,733 Compulsory Convertible Preference Shares (CCPS) (Both fully Paid up) during the Financial Year 2021-22 and the % of shareholding of promoters is computed on 'as converted basis'

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

21 Equity share capital (Contd.)

(viii) The Company has neither allotted any shares fully paid up pursuant to any contract without payment being received in cash, nor issued any fully paid up bonus shares and there has been no buy-back of shares in the current year and five years immediately preceding the balance sheet date.

(ix) Refer note 43 for disclosures related to capital management of the company.

22 Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Securities premium	8,452.14	4,988.74
Reserve fund u/s 45-IC of RBI Act 1934	792.72	697.92
Employee stock options outstanding	12.23	9.66
Loan assets through other comprehensive income	692.92	356.83
Retained earnings	2,099.37	1,732.98
Treasury shares	(25.40)	(32.19)
General reserve	8.48	3.25
	12,032.46	7,757.19

Nature and purpose of reserves

Securities premium reserve

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

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

The company creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount of equal to/more than twenty per cent of its net profit of the year, before declaration of dividend. Accordingly, during the year, the Company has transferred an amount of INR 94.80 million (March 31, 2021: INR 14.11 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 comprehensive income

The Company recognises changes in the fair value of loan assets held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI debt investments reserve within equity. The company transfers amounts from this reserve to the statement of profit and loss when the loan assets are sold. Any impairment loss on such loans are reclassified immediately to the statement of profit and loss.

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.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

23 Interest income

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
On financial assets measured at amortised cost		
Interest on loan assets	6,178.70	5,660.27
Interest income on deposits from banks	125.97	153.98
	6,304.67	5,814.25
On financial assets measured at fair value through other comprehensive income		
Interest on loan assets	761.08	395.51
	761.08	395.51
	7,065.75	6,209.76

24 Fees and commission income

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Fee income recognised over a certain period of time (refer note 47)	61.59	32.11
Fee income that are recognised at point in time (refer note 47)	-	-
	61.59	32.11

25 Net gain on fair value changes

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Gain on sale of loans at fair value through other comprehensive income	1,130.79	427.33
Fair value changes		
Realised	1,130.79	427.33
Unrealised	-	-
	1,130.79	427.33

26 Income from investments

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Income from investments	58.29	169.95
	58.29	169.95

27 Other income

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Interest income on security deposits	3.23	2.15
Bad debt recovered	71.17	101.27
Miscellaneous income	29.95	17.72
	104.35	121.14

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

28 Finance costs

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
On financial liabilities measured at amortised cost		
Interest on borrowings	2,639.77	2,498.05
Interest on debt securities	630.41	379.78
Interest on subordinated liabilities	34.63	34.63
Interest cost on lease liabilities (refer note 10)	96.74	80.82
	3,401.55	2,993.28

29 Fees and commission expenses

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Fees and commission expenses	178.49	97.36
	178.49	97.36

30 Impairment on financial instruments

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Loans		
Write off	737.80	983.09
Waive off	263.04	128.28
Provision for impairment on loan assets	110.69	202.78
	1,111.53	1,314.15

31 Employee benefits expenses

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Salaries and wages	2,115.03	1,661.33
Contribution to provident and other funds	186.28	147.97
Share based payments	9.04	3.65
Gratuity and compensated absence	36.93	38.26
Staff welfare expenses	23.53	17.60
	2,370.81	1,868.81

32 Depreciation and amortisation

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Depreciation (refer note 9)	84.72	78.47
Depreciation on right-of-use assets (refer note 10)	122.71	109.29
Amortisation (refer note 11)	0.41	0.57
	207.84	188.33

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

33 Other expenses

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Rent	10.21	11.28
Rates and taxes	5.53	3.75
Repairs and maintenance - others	6.81	3.93
Communication expenses	47.50	33.58
Printing and stationery	20.55	12.36
Marketing expenses	10.24	11.92
Auditors' remuneration		
Statutory audit	4.36	3.82
Limited review	1.53	1.31
Tax audit	0.55	0.44
Other certifications	0.33	0.33
Reimbursement of expenses	0.22	0.11
Legal and professional charges	57.23	74.49
Traveling and conveyance	217.35	101.49
Software support charges	40.92	54.66
Power and fuel	17.86	16.74
Office expenses	25.36	19.48
Corporate social responsibility expenses*	19.95	26.95
Miscellaneous expenses	25.48	33.69
	511.98	410.33

*Corporate social responsibility expenses

(a) Gross amount required to be spent by the Company during the year ended March 31, 2022 is INR 19.95 million (March 31, 2021 INR 26.95 million).

(b) Amount spent during the year :

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
(i) Construction/ acquisition of any asset		
In cash	-	-
Yet to be paid	-	-
	-	-
(ii) On purpose other than (i) above		
In cash	19.95	38.49
Yet to be paid	-	-
	19.95	38.49
	19.95	38.49

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

34 Earnings per share (basic and diluted)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Net profit for the year	473.98	70.54
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	119.28	114.17
Par value per share	10.00	10.00
Earnings per share - Basic	4.15	0.62
Earnings per share - Diluted	3.97	0.62

35 Tax expense

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Current tax	224.05	347.29
Deferred tax	(56.14)	(317.72)
	167.91	29.57

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, 2022	For the Year Ended March 31, 2021
Profit before tax	647.21	90.55
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	162.89	22.79
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax on expense not eligible for deduction	5.02	6.78
Tax effect of change in tax rate	-	-
Deferred tax liability relating to earlier years	-	-
Impact of different tax rate on certain items	-	-
Others	-	-
Total income tax expense	167.91	29.57

36 Employee benefit obligations

Particulars	As at March 31, 2022	As at March 31, 2021
Defined benefit plans		
Gratuity	37.42	30.33
Leave encashment	11.96	16.05

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 Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

36 Employee benefit obligations (Contd.)

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

Particulars	As at March 31, 2022	As at March 31, 2021
Current service cost	23.28	20.14
Interest cost (net)	1.72	2.15
Actuarial loss recognised during the year	17.14	8.14
Amount recognised in total comprehensive income	42.14	30.43

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

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligation as at the beginning of the year	102.25	76.92
Current service cost	23.28	20.14
Interest cost	5.88	4.35
Benefits paid	(8.80)	(7.68)
Actuarial loss	17.61	8.52
Present value of defined benefit obligation as at the end of the year	140.22	102.25

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

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets at the beginning of the year	71.92	38.78
Expected return on plan assets	4.16	2.20
Contributions by employer	35.05	38.24
Benefits paid	(8.80)	(7.68)
Actuarial gain	0.47	0.38
Fair value of plan assets at the end of the year	102.80	71.92

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

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of funded obligation as at the end of the year	140.22	102.25
Fair value of plan assets as at the end of the period funded status	102.80	71.92
Funded net liability recognized in balance sheet	37.42	30.33

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

Particulars	As at March 31, 2022	As at March 31, 2021
Actuarial gain on assets	(0.47)	(0.38)
Actuarial (gain)/loss on liabilities		
Actuarial loss from change in demographic assumption	(3.60)	7.17
Actuarial (gain)/loss from change in financial assumption	(2.15)	(0.44)
Actuarial loss from experience adjustment	23.36	1.79
Total Actuarial loss on liabilities	17.61	8.52
Total actuarial loss	17.14	8.14

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

36 Employee benefit obligations (Contd.)

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

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	6.19%	5.79%
Rate of increase in compensation levels	7.00%	7.00%
Attrition rate		
Field employees	33.58%	29.28%
Other than field employees	21.49%	19.80%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	32.86	33.08

Notes to actuarial assumptions:

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

(viii) Sensitivity analysis for gratuity liability

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of obligation at the end of the year	140.22	102.25
(a) Impact of change in discount rate		
- Impact due to increase of 0.50%	(2.25)	(1.93)
- Impact due to decrease of 0.50%	2.34	2.01
(b) Impact of change in salary increase		
- Impact due to increase of 1%	4.50	3.89
- Impact due to decrease of 1%	(4.28)	(3.67)
(c) Impact of change in attrition rate		
- Impact due to increase of 5%	(4.83)	(5.12)
- Impact due to decrease of 5%	5.49	6.03

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 Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

36 Employee benefit obligations (Contd.)

(ix) Maturity profile of defined benefit obligation

Particulars	As at March 31, 2022	As at March 31, 2021
Within next 12 months	26.20	15.29
Between 1-5 years	86.10	59.91
Beyond 5 years	65.31	57.22
	177.60	132.43

(x) Category of plan assets

Particulars	As at March 31, 2022	As at March 31, 2021
Fund managed by insurer	102.80	71.92

(xi) The Company expects to contribute INR 33.59 millions (previous year INR 27.42 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	As at March 31, 2022	As at March 31, 2021
Current service cost	9.62	9.28
Interest cost (net)	0.80	0.82
Actuarial loss recognised during the year	1.45	5.87
Amount recognised in total comprehensive income	11.88	15.97

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

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligation as at the beginning of the year	50.60	33.99
Current service cost	9.62	9.28
Interest cost	2.96	2.18
Benefits paid	(0.53)	(0.72)
Actuarial loss	1.36	5.87
Present value of defined benefit obligation as at the end of the year	64.02	50.60

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

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets at the beginning of the Year	34.55	21.24
Expected return on plan assets	2.16	1.36
Contributions by employer	15.97	12.67
Benefits paid	(0.53)	(0.72)
Actuarial gain	(0.09)	0.00
Fair value of plan assets at the end of the Year	52.06	34.55

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

36 Employee benefit obligations (Contd.)

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

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of funded obligation as at the end of the year	64.02	50.60
Fair value of plan assets as at the end of the period funded status	52.06	34.55
Funded net liability recognized in balance sheet	11.96	16.05

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

Particulars	As at March 31, 2022	As at March 31, 2021
Actuarial gain on assets	0.09	(0.00)
Actuarial (gain) / loss on liabilities		
Actuarial loss/(gain) from change in demographic assumption	(2.09)	2.55
Actuarial loss from change in financial assumption	(0.48)	0.13
Actuarial loss from experience adjustment	3.92	3.19
Total Actuarial loss on liabilities	1.36	5.87
Total actuarial loss	1.45	5.87

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

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	6.63%	6.25%
Rate of increase in compensation levels	7.00%	7.00%
Attrition rate		
Field employees	35.58%	29.28%
Other than field employees	21.49%	19.80%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	31.68	32.28

Notes to actuarial assumptions:

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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

36 Employee benefit obligations (Contd.)

(viii) Sensitivity analysis for compensated absence liability

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Impact of change in discount rate		
Present value of obligation at the end of the year	64.02	50.60
- Impact due to increase of 0.50 %	(0.56)	(0.47)
- Impact due to decrease of 0.50 %	0.57	0.48
(b) Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of 1 %	1.14	0.96
- Impact due to decrease of 1 %	(1.11)	(0.94)
(c) Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of 5 %	(3.16)	(2.81)
- Impact due to decrease of 5 %	3.83	3.43

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	As at March 31, 2022	As at March 31, 2021
Within next 12 months	28.23	20.97
Between 1-5 years	38.01	30.37
Beyond 5 years	6.76	6.19
Total	73.00	57.54

(x) Category of plan assets

Particulars	As at March 31, 2022	As at March 31, 2021
Fund managed by insurer	52.06	34.55

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

37 Related parties disclosures

Names of related parties

Nature of relationship	Name of the party
Holding Company	Muthoot Fincorp Limited
Entities in which KMP are able to exercise control or have significant influence	Muthoot Exim Private Limited
Fellow subsidiary	Muthoot Pappachan Foundation
Common directorship	Muthoot Pappachan Technologies Limited
Key Management Personnel (KMP)	The Thinking Machine Media Private Limited
	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
	Akshaya Prasad, 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, 2022	Year ended March 31, 2021
Cash management charges*	Muthoot Fincorp Limited	34.11	20.28
Commission income*	Muthoot Fincorp Limited	2.87	22.25
Commission income*	Muthoot Exim Private Limited	3.56	1.09
Software support charges*	Muthoot Pappachan Technologies Limited	12.88	30.24
Rent expenses*	Muthoot Fincorp Limited	3.15	3.62
Rent expenses*	Thomas Muthoot	2.69	2.55
Rent expenses*	Thomas George Muthoot	3.17	3.03
Rent expenses*	Thomas John Muthoot	1.16	1.11
Rental deposits given/(refunded)	Muthoot Fincorp Limited	0.13	0.72
CSR expenditure	Muthoot Pappachan Foundation	19.93	34.99
Travel expenses	Muthoot Fincorp Limited	0.35	0.33
Trade mark Fees	Thomas George Muthoot	0.20	-
Trade mark Fees	Thomas John Muthoot	0.20	-
Trade mark Fees	Thomas Muthoot	0.20	-
Sitting fees	Pushpy B Muricken	0.66	0.49
Sitting fees	T S Vijayan	0.63	0.46
Sitting fees	Alok Prasad	0.78	0.49
Sitting fees	Bhama Krishnamurthy	0.78	0.56
Remuneration	Sadaf Sayeed	43.17	18.31
Remuneration	Praveen T	4.17	3.05
Remuneration	Neethu Ajay	1.62	1.22
Investment made in Equity Instruments	The Thinking Machine Media Private Limited	-	0.45

*excluding taxes"

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

37 Related parties disclosures (Contd.)

Balance at the end of the year

Nature	Name of the party	Year ended March 31, 2022	Year ended March 31, 2021
Cash management charges and Commission payable	Muthoot Fincorp Limited	3.69	1.29
Other receivable (commission income)	Muthoot Fincorp Limited	0.03	2.89
Other receivable (commission income)	Muthoot Exim Private Limited	0.47	0.27
Software support charges payable	Muthoot Pappachan Technologies Limited	-	-
Rent payable	Muthoot Fincorp Limited	0.29	0.29
Rent payable	Thomas Muthoot	0.25	0.24
Rent payable	Thomas George Muthoot	0.29	0.29
Rent payable	Thomas John Muthoot	0.10	0.10
Rental deposit	Muthoot Fincorp Limited	0.79	0.82
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
Travel charges payable	Muthoot Fincorp Limited	-	0.12
Trade mark Fees	Thomas George Muthoot	0.04	-
Trade mark Fees	Thomas John Muthoot	0.04	-
Trade mark Fees	Thomas Muthoot	0.04	-
Investment in equity instruments	The Thinking Machine Media Private Limited	0.45	0.45

Key management personnel remuneration includes the following expenses:

Nature	Year ended March 31, 2022	Year ended March 31, 2021
Short-term employee benefits (current)	48.29	22.54
Post-employment benefits	0.67	0.04
	48.95	22.58

Notes Forming Part of Financial Statements

for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

Debt securities		Nature of the security	Outstanding as at	
S No.	Repayment terms		March 31, 2022	March 31, 2021
1	Principal: Bullet repayment, Interest: Half-yearly	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	-	699.26
2	Principal: Bullet repayment, Interest: Half-yearly	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	749.39	748.98
3	Principal: Bullet repayment, Interest: Half-yearly	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	699.07	698.72
4	Principal: Bullet repayment, Interest: Half-yearly	Exclusive charge over book debts equivalent to 115% of loan and interest amount.	-	993.70
5	Principal: Bullet repayment, Interest: Half-yearly	Exclusive charge over book debts equivalent to 115% of loan and interest amount.	-	246.00
6	Principal: Bullet repayment, Interest: Half-yearly	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	450.00	450.00
7	Principal: Bullet repayment, Interest: Half-yearly	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	399.72	397.53
8	Principal: Bullet repayment, Interest: Bullet repayment	Unsecured	-	290.50
9	Principal: Bullet repayment, Interest: Bullet repayment	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	737.27	-
10	Principal: Bullet repayment, Interest: Bullet repayment	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	489.45	-
11	Principal: Bullet repayment, Interest: Bullet repayment	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	1,120.91	-
12	Principal: Bullet repayment, Interest: Bullet repayment	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	972.47	-
13	Principal: Bullet repayment, Interest: Bullet repayment	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	631.16	-
14	Principal: Bullet repayment, Interest: Bullet repayment	Unsecured	248.64	-
15	Principal: Bullet repayment, Interest: Bullet repayment	Unsecured	248.19	-
			6,746.27	4,524.69

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

Subordinated liabilities		Nature of the security	Interest rate p.a	Principal repayment month	Interest commencement month	Repayment terms	Outstanding as at	
S No.	Repayment terms						March 31, 2022	March 31, 2021
1	Principal: Bullet repayment Interest: Monthly	Unsecured	13.75%	Apr-22	Aug-16		249.97	249.63
							249.97	249.63

Borrowings (other than debt securities) - from banks								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2022	March 31, 2021
1	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
2	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
3	Quarterly	7	228.57	Aug-19	Fixed	11%	Exclusive charge over book debts equivalent to 110%	-	228.51
4	Quarterly	12	29.00	May-21	Variable	MCLR + 4.00%	Cash margin of 5%, Exclusive charge over book debts equivalent to 117%	233.24	348.27
5	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%.	349.41	946.01
6	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
7	Monthly	33	7.23	Oct-18	Variable	MCLR + 1.40%	Exclusive charge over book debts equivalent to 100% of loan amount.	-	57.83
8	Monthly	24	16.67	Nov-19	Variable	MCLR+1.91%	Exclusive charge over book debts equivalent to 100% of loan amount.	-	199.81
9	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%.	8.06	104.42
10	Monthly	21	4.76	Mar-21	Fixed	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount	38.06	95.05

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2022	March 31, 2021
11	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
12	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
13	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
14	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
15	Monthly	24	23.30	May-21	Fixed	11%	Exclusive charge over book debts equivalent to 110%	232.45	495.99
16	Half Yearly	5	100.00	Dec-21	Variable	MCLR + 0.60%	Exclusive charge over book debts equivalent to 110%	397.25	494.05
17	Monthly	24	25.00	Apr-19	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	-	24.99
18	Monthly	24	20.83	Dec-19	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	-	166.57
19	Monthly	24	29.17	Mar-21	Fixed	10.50%	Exclusive charge over book debts equivalent to 110% of loan amount	320.38	668.97
20	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
21	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
22	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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

Borrowings (other than debt securities) - from banks								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2022	March 31, 2021
23	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%.	1,325.07	1,981.20
24	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%.	49.95	141.30
25	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%.	149.81	332.34
26	Monthly	36	9.44	Dec-18	Variable	MCLR + 1.75%	Exclusive charge over book debts equivalent to 105% of loan amount	-	75.45
27	Monthly	60	0.01	Jul-16	Variable	Base Rate+0.00%	Hypothecation of motor car	-	0.03
28	Quarterly	4	125.00	Aug-20	Variable	MCLR + Applicable margin	Cash margin of 5%.	-	124.87
29	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
30	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
31	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
32	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
33	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
34	Monthly	21	71.14	May-20	Variable	Base rate + 4.90%	Exclusive charge over book debts equivalent to 110% of loan amount	-	71.27

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2022
35	Bullet payment	1	187.50	Jun-22	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	187.50
36	Monthly	24	10.42	Jul-21	Variable	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin of 5%	155.54
37	Monthly	36	12.44	Sep-21	Variable	EBMR + 7.4%	Exclusive charge over book debts equivalent to 110% of loan amount	313.68
38	Monthly	32	15.63	Jan-22	Variable	MCLR + 1%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin of 5%	449.60
39	Monthly	36	27.80	Oct-21	Variable	MCLR + 1.25%	Exclusive charge over book debts equivalent to 110% of loan amount	824.21
40	Monthly	24	11.67	Oct-21	Variable	MCLR + 2.1%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	207.04
41	Monthly	33	60.61	Jan-22	Variable	MCLR + 1.2%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 5%	1,807.40
42	Monthly	36	27.78	Oct-21	Variable	MCLR + 2%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 5%	829.48
43	Bullet payment	1	62.50	Oct-22	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	62.50
44	Quarterly	8	100.00	Feb-22	Variable	8.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	698.58
45	Bullet payment	1	200.00	Nov-22	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	200.00
46	Monthly	24	12.92	Jan-22	Variable	MCLR +2.1%	Exclusive charge over book debts equivalent to 105% of loan amount	267.09

Notes Forming Part of Financial Statements

for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2022
47	Quarterly	7	178.57	Jul-22	Variable	BB-EBR + 2.56%	Exclusive charge over book debts equivalent to 105% of loan amount	1,244.67
48	Quarterly	7	107.14	Sep-22	Variable	BB-EBR + 2.56%	Exclusive charge over book debts equivalent to 105% of loan amount	746.30
49	Monthly	22	68.18	Mar-22	Variable	MCLR +3.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 5%	1,424.41
50	Monthly	24	20.90	Feb-22	Variable	Repo rate + 6.25%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 5%	455.05
51	Half Yearly	5	100.00	Nov-22	Variable	MCLR + 0.85%	Exclusive charge over book debts equivalent to 110% of loan amount	498.08
52	Monthly	24	20.83	Mar-22	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 100% of loan amount	475.89
53	Bullet payment	1	412.50	Jan-23	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	412.50
54	Monthly	24	20.83	Jul-22	Variable	RRLR + 350 bps	Exclusive charge over book debts equivalent to 100% of loan amount	498.61
55	Monthly	30	50.00	Sep-22	Variable	9.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	497.05
56	Monthly	23	31.25	Jun-22	Fixed	10.50%	Exclusive charge over book debts equivalent to 110% of loan amount	748.06
57	Bullet payment	1	375.00	Apr-22	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	375.00

Notes Forming Part of Financial Statements

for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

Borrowings (other than debt securities) - from financial institutions								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2022	March 31, 2021
58	Quarterly	12	33.34	Jun-21	Fixed	11%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	266.14	398.92
59	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%.	186.74	433.51
60	Monthly	33	30.30	Jan-19	Variable	Interest + Spread	Cash margin of 10%.	-	181.50
61	Monthly	28	35.72/35.56	Mar-20	Variable	Interest + Spread	Exclusive charge over book debts equivalent to 100% of loan amount	106.91	533.11
62	Monthly	11	750.00	Jan-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	399.55	1,248.79
63	Half Yearly	11	375.00	Jul-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	249.73	999.18
64	Half Yearly	11	7.50	Jan-20	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 112.74% of loan amount	275.00	605.00
65	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%	510.00	1,700.00
66	Monthly	30	33.33	Jan-19	Fixed	12%	Cash margin of 2.50%.	-	99.96
67	Monthly	30	66.66	Sep-20	Fixed	12%	Cash margin of 10.00%.	732.81	1,531.01
68	Monthly	24	47.31	Jan-21	Variable	FBLR - 1.3%	Unsecured	402.81	878.59
69	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%	114.25	198.91
70	Quarterly	12	12.50	Jun-21	Fixed	12%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	99.78	149.61
71	Annually	36	35.00	Jun-19	Fixed	12%	Exclusive charge over book debts equivalent to 105% of loan amount	-	116.64
72	Monthly	24	18.923	Aug-21	Variable	FBLR - 1.3%	Unsecured	276.42	-
73	Monthly	24	10.42	Sep-21	Variable	CGCL LTRR +/- applicable margin	Exclusive charge over book debts equivalent to 115% of loan amount	176.71	-

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated otherwise)

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

Borrowings (other than debt securities) - from financial institutions								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2022	March 31, 2021
74	Annually	2	1400 & 600	Jul-22	Fixed	7% & 9.25%	Exclusive charge over book debts equivalent to 113% of loan amount and Cash margin of 10%.	2,000.00	-
75	Quarterly	8	43.75	Feb-22	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	304.90	-
76	Monthly	24	16.67	Feb-22	Variable	MAS PLR - 5.15%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	365.08	-
77	Monthly	36	4.26	May-22	Fixed	11.10%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	129.38	-
78	Monthly	36	4.92	May-22	Fixed	11.10%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	149.28	-
79	Monthly	36	0.66	May-22	Fixed	11.10%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	19.90	-
80	Monthly	10	100.00	May-22	Variable	Repo Rtaa + 2%	Exclusive charge over book debts equivalent to 110% of loan amount	999.02	-
81	Monthly	30	33.33	Aug-22	Variable	Repo Rtaa + 6%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash Margin 10%	1,000.00	-
82	Monthly	33	60.60	Jun-22	Fixed	5.15%	Exclusive charge over book debts equivalent to 100% of loan amount	1,979.83	-
83	Quarterly	8	18.75	May-22	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	149.23	-
84	Quarterly	12	25.00	Jun-22	Fixed	11.40%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	299.22	-
85	Monthly	12	88.62	May-22	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	995.07	-
86	Quarterly	12	25.00	Jun-22	Fixed	11.00%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	179.07	-

Notes Forming Part of Financial Statements

for the year ended March 31, 2022

(All amounts in INR 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.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2022	March 31, 2021		
87	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%.	107.60	764.15		
88	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%.	34.51	366.70		
89	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%.	103.96	511.67		
90	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%.	77.82	520.08		
91	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%.	536.16	2,296.32		
92	Monthly	17	Based on Actual collection	Jul-21	Fixed	9.15%	Exclusive charge over book debts equivalent to 108.70% of loan amount and Cash margin of 12%.	235.94	-		
93	Monthly	21	Based on Actual collection	Sep-21	Fixed	9.60%	Exclusive charge over book debts equivalent to 111.11% of loan amount and Cash margin of 10%.	666.26	-		
94	Monthly	18	Based on Actual collection	Nov-21	Fixed	9.15%	Exclusive charge over book debts equivalent to 108.68% of loan amount and Cash margin of 12%.	295.97	-		
95	Monthly	17	Based on Actual collection	Nov-21	Fixed	9.20%	Exclusive charge over book debts equivalent to 111.21% of loan amount and Cash margin of 10%.	355.83	-		
96	Monthly	19	Based on Actual collection	Jan-22	Fixed	9.15%	Exclusive charge over book debts equivalent to 108.70% of loan amount and Cash margin of 12%.	335.76	-		
97	Monthly	20	Based on Actual collection	Jan-22	Fixed	9.15%	Exclusive charge over book debts equivalent to 108.70% of loan amount and Cash margin of 12%.	504.71	-		
98	Monthly	18	Based on Actual collection	Feb-22	Fixed	9.50%	Exclusive charge over book debts equivalent to 111.12% of loan amount and Cash margin of 10%.	866.58	-		
								32,969.85	25,382.27		
								39,966.09	30,156.58		

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

39 Assets pledged as security

The carrying amounts of assets pledged as security are:

Particulars	As at March 31, 2022	As at March 31, 2021
Financial assets		
First charge		
Loans	35,017.39	28,648.61
Term deposits with bank	2,939.80	2,245.45
Second charge	-	-
Total financial assets pledged as security	37,957.19	30,894.06
Non financial assets		
First charge		
Vehicles	0.24	0.33
Total non financial assets pledged as security	0.24	0.33
Total assets pledged as security	37,957.43	30,894.39

40 Contingent liabilities and commitments

Credit enhancements provided by the Company towards securitisation transactions aggregate to INR 2,025.34 million (March 31, 2021: INR 932.71 million).

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, 2022	As at March 31, 2021
Financial assets measured at fair value			
Loans	5	20,689.41	9,834.60
Investments	6	0.45	0.45
Financial assets measured at amortised cost			
Cash and cash equivalents	2	7,057.01	5,190.76
Bank balances other than cash and cash equivalents	3	2,940.89	2,259.03
Other receivables	4	159.32	92.92
Loans	5	23,300.11	23,119.97
Other financial assets	7	33.68	23.85
Total		54,180.87	40,521.58
Financial liabilities measured at amortised cost			
Other payables	13	73.12	27.09
Debt securities	14	6,746.27	4,524.69
Borrowings (other than debt securities)	15	32,969.85	25,382.26
Subordinated liabilities	16	249.97	249.63
Lease liabilities	10	913.96	779.89
Other financial liabilities	17	1,493.74	1,904.97
Total		42,446.92	32,868.53

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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, 2022	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans	-	-	20,689.41	20,689.41

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

B.3 Valuation techniques

B.3A Loan assets carried at fair value through other comprehensive income

Loan receivables valuation is carried out for two portfolios segregated on the basis of repayment frequency – monthly and weekly. The valuation of each portfolio is done by discounting the aggregate future cash flows with risk-adjusted discounting rate for the remaining portfolio tenor.

Following inputs have been used to calculate the fair value of loans receivables:

- (i) Future cash flows: Include principal receivable, interest receivable and tenor information based on the repayment schedule agreed with the borrowers. Inputs include:
- (ii) Risk-adjusted discount rate:

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

The following inputs have been used:

- (i) Cost of funds
- (ii) Credit spread of borrowers
- (iii) Servicing cost of a financial asset
- (iv) Discount rate

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

41 Financial instruments and Fair value disclosures (Contd.)

Loan portfolio	Fair valuation as at March 31, 2022	Fair valuation as at March 31, 2021
Monthly	14,633.07	6,499.66
Weekly	6,593.81	3,384.84
Total	21,226.88	9,884.50

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

Particulars	March 31, 2022	March 31, 2021
Impact on fair value if change in risk adjusted discount rate		
- Impact due to increase of 0.50 %	(91.60)	(40.65)
- Impact due to decrease of 0.50 %	92.20	40.89
Impact on fair value if change in probability of default (PD)		
- Impact due to increase of 0.50 %	(31.60)	(13.58)
- Impact due to decrease of 0.50 %	31.70	13.61
Impact on fair value if change in loss given default (LGD)		
- Impact due to increase of 0.50 %	(8.90)	(4.13)
- Impact due to decrease of 0.50 %	8.90	4.14

B.4 Reconciliation

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

Particulars	March 31, 2022	March 31, 2021
	Loan assets	Loan assets
Opening balance	9,884.50	20,401.89
Loan originated	20,655.89	5,469.12
Sales/derecognition	(3,265.60)	(7,659.94)
Total gain and losses		
in profit and loss	-	-
in OCI	449.13	(317.46)
Settlements / conversion	(6,497.05)	(8,009.11)
Closing balance	21,226.87	9,884.50

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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

41 Financial instruments and Fair value disclosures (Contd.)

- (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.

A.1 Credit risk management

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

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

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

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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

42 Financial risk management (Contd.)

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

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Low credit risk on financial reporting date		
Cash and cash equivalents	7,057.01	5,190.76
Bank balances other than cash and cash equivalents	2,940.89	2,259.03
Other receivables	159.32	92.92
Loans*	40,665.01	30,890.18
Other financial assets	33.68	23.85
(ii) Moderate credit risk		
Identified loans*	2,642.24	1,566.51
(iii) High credit risk		
Identified loans*	2,890.01	2,589.09

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

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

Cash and cash equivalents and bank deposits

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

Other receivables

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

Other financial assets measured at amortised cost

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

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

As at March 31, 2022	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	7,057.01	-	-	7,057.01
Bank balances other than above	2,940.89	-	-	2,940.89
Other receivables	159.32	-	-	159.32
Other financial assets	33.68	-	-	33.68

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

42 Financial risk management (Contd.)

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

As at 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

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

(ii) Management of concentration risk:

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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

42 Financial risk management (Contd.)

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:

(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 significant financial difficulty of the borrower, borrower deceased or breach of any financial covenants by the borrower etc

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

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

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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

42 Financial risk management (Contd.)

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, 2022				As at March 31, 2021			
	ECL Staging				ECL Staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Category 1*	22,524.80	2,093.50	1,451.77	26,070.07	17,782.55	961.01	1,166.22	19,909.78
Category 2#	18,140.21	548.74	1,438.24	20,127.19	13,107.63	605.50	1,422.87	15,136.00
Gross carrying amount	40,665.01	2,642.24	2,890.01	46,197.26	30,890.18	1,566.51	2,589.09	35,045.78
Loss allowance	580.94	39.08	1,587.72	2,207.74	551.40	31.27	1,508.54	2,091.21
Carrying amount	40,084.07	2,603.16	1,302.29	43,989.52	30,338.78	1,535.24	1,080.55	32,954.57

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

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

A.6.1 Credit enhancements

The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. The Company has evaluated that the analysis of forward-looking information reveal that the scenario applicable to the Company is "Base Case Scenario" which assumes that the 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:

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

42 Financial risk management (Contd.)

A.7 Loss allowance

Gross amount	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
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)	(0.00)
Transfers to Stage 2	(1,547.03)	1,547.58	(0.55)	(0.00)
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

Gross amount	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at April 1, 2021	30,890.18	1,566.51	2,589.09	35,045.78
New assets originated	45,796.29	238.04	54.45	46,088.78
Assets derecognised or repaid (excluding write offs)	(33,308.97)	(668.49)	(671.18)	(34,648.64)
Transfers to Stage 1	466.06	(461.51)	(4.55)	-
Transfers to Stage 2	(2,566.96)	2,570.84	(3.87)	-
Transfers to Stage 3	(1,060.71)	(603.15)	1,663.87	-
Amounts written off	-	-	(737.80)	(737.80)
Change in fair value of loan assets	449.13	-	-	449.13
Balance as at March 31, 2022	40,665.01	2,642.24	2,890.01	46,197.26

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

Loss allowance	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at April 1, 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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

42 Financial risk management (Contd.)

A.7 Loss allowance

Loss allowance	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at April 1, 2021	551.40	31.27	1,135.71	1,718.38
New assets originated	452.73	3.10	16.66	472.49
Assets derecognised or repaid (excluding write offs)	(206.17)	(0.01)	(132.34)	(338.53)
Transfers to Stage 1	3.50	(7.78)	(1.09)	(5.38)
Transfers to Stage 2	(46.91)	27.17	(0.80)	(20.54)
Transfers to Stage 3	(17.93)	(15.64)	435.11	401.55
Changes to models and inputs used for ECL calculation	(155.67)	0.96	99.30	(55.42)
Amounts written off	-	-	(350.95)	(350.95)
Balance as at March 31, 2022	580.94	39.08	1,201.61	1,821.62
Additional credit loss provided by Management*	-	-	386.12	386.12
Provision as per books	580.94	39.08	1,587.72	2,207.74

* 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.

Particulars	As at March 31, 2022	As at March 31, 2021
Gross carrying amount of loans	46,197.26	35,045.78
Concentration by industry		
Agriculture	6,113.43	7,453.70
Animal husbandry	15,471.59	7,808.14
Manufacturing (Including MSME)	1,338.64	1,918.63
Services	6,325.26	11,087.97
Trading (Including MSME)	12,348.04	5,424.71
Consumption	247.97	151.42
Education	4,352.33	1,201.21
	46,197.26	35,045.78
Concentration by Geography		
Loans disbursed in Kerala and Tamil Nadu	26,070.07	19,909.78
Loans disbursed outside Kerala and Tamil Nadu	20,127.19	15,136.00
Gross Carrying Amount	46,197.26	35,045.78

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, 2022 was INR 737.80 million (March 31, 2021 INR 983.09 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.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

42 Financial risk management (Contd.)

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 386.12 million (previous year: INR 372.83 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, 2022 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.

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, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	71.62	1.51	-	-	73.12
Debt securities	955.47	108.71	1,218.83	5,687.26	-	7,970.27
Borrowings (other than debt securities)	1,147.06	4,223.03	18,157.89	12,822.79	-	36,350.77
Subordinated liabilities	252.92	-	-	-	-	252.92
Lease liabilities	-	48.89	146.68	762.17	374.74	1,332.48
Other financial liabilities	299.75	1,194.00	-	-	-	1,493.74
Total	2,655.20	5,646.25	19,524.91	19,272.22	374.74	47,473.31

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

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

42 Financial risk management (Contd.)

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, 2022, 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, 2022	March 31, 2021
Debt securities		
Variable rate	-	-
Fixed rate	6,746.27	4,524.69
Borrowings (other than debt securities)		
Variable rate	19,580.94	11,509.87
Fixed rate	13,388.91	13,872.39
Subordinated liabilities		
Variable rate	-	-
Fixed rate	249.97	249.63

Sensitivity

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

Particulars	March 31, 2022	March 31, 2021
Interest sensitivity*		
Interest rates – increase by 50 basis points	(97.90)	(57.55)
Interest rates – decrease by 50 basis points	97.90	57.55

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.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

43 Capital management (Contd.)

A Debt equity ratio

Particulars	March 31, 2022	March 31, 2021
Debt securities	6,746.27	4,524.69
Borrowings (other than debt securities)	32,969.85	25,382.26
Subordinated liabilities	249.97	249.63
Total borrowings	39,966.09	30,156.58
Less:		
Cash and cash equivalents	7,057.01	5,190.76
Bank balances other than cash and cash equivalents	2,940.89	2,259.03
	9,997.89	7,449.79
Net debt	29,968.20	22,706.79
Equity share capital	1,333.33	1,141.71
Other equity	12,032.46	7,757.19
Total equity	13,365.79	8,898.90
Net debt to equity ratio/gearing ratio	2.24	2.55

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, February 22, 2018 and November 9, 2021
Date of Board Meeting, where ESOP was approved	December 5, 2016
Date of Committee Meeting where grant of options were approved	December 5, 2016, February 22, 2018 and November 8, 2021
No. of options granted	1,443,864 (Including 28,250 options lapsed due to resignation of employees). Total ESOP 2016 is 1,415,614 shares.
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	Vested Options can be exercised by the employees by giving in writing on or prior to a Liquidity event (Liquidity event means (a) Strategic Sale (b) Listing of shares on on any recognized stock exchange in India; and (c) Any other event, which the Board may designate as a Liquidity Event
Pricing Formula	The market price was in accordance with the valuation of a registered valuer.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

44 Share based payments (Contd.)

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

Particulars	Grant – 1 of ESOP 2016		Grant – 2 of ESOP 2016		Grant – 2 of ESOP 2016	
No. of options granted	665,000		299,000		479,864	
Date of grant of options	December 5, 2016		February 22, 2018		November 9, 2021	
No. of employee to whom such options were granted	4		62		37	
Exercise Price*	14.00	14.00	67.00	67.00	77.20	-
Financial year	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
No. of employees who have exercised the option	4	4	35	52	-	-
No. of options exercised	166,250	166,250	48,250	66,750	-	-

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

Summary of options granted under the plan:

Internal rating grade	As at March 31, 2022		As at March 31, 2021	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding options at the beginning of the year	564,750	35.63	564,750	35.63
Granted during the year	479,864	77.20	-	-
Forfeited during the year	44,250	66.69	-	-
Exercised during the year	214,500	25.85	-	-
Expired/lapsed during the year	-	-	-	-
Outstanding options at the end of the year	785,864	61.96	564,750	35.63
Shares Not Granted Under ESOP Plan at the end of the year	16,000	-	451,614	-
Number of equity shares of INR 10 each fully paid up to be issued on exercise of option	801,864		1,016,364	
Exercisable at the end of the year	306,000		461,750	

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, 2022	Share options March 31, 2021
05-Dec-16	04-Jun-21	14.00	166,250	332,500
22-Feb-18	22-Feb-22	67.00	139,750	232,250
09-Nov-21	08-Nov-25	77.20	479,864	-
Total			785,864	564,750
Weighted average remaining contractual life of options outstanding at the end of the year (in years)			2.20	2.18

The Company has INR 39.95 millions (March 31, 2021: 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.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

46 Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2022, the Company has sold some loans and advances measured at fair value through other comprehensive income as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risks and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's balance sheet.

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

The gross carrying value of the loan assets derecognised during the year ended March 31, 2022 amounts to INR 16,391.08 millions (March 31, 2021: INR 7,659.93 millions) and the gain from derecognition during the year ended March 31, 2022 amounts to INR 1,130.79 millions (March 31, 2021: INR 427.33 millions).

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.

Particulars	As at 31 March 2022	As at 31 March 2021
Carrying value and fair value of securitised assets	3,849.71	4,100.35
Carrying value and fair value of associated liabilities	4,130.42	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:

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Type of service		
Commission income	61.59	32.11
	61.59	32.11
Geographical markets		
India	61.59	32.11
Outside India	-	-
	61.59	32.11
Timing of revenue recognition		
Services transferred over time	61.59	32.11
Services transferred at a point in time	-	-
	61.59	32.11

Contract balances

Particulars	As at 31 March 2022	As at 31 March 2021
Other receivables	8.90	4.70
	8.90	4.70

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the year ended March 31, 2022 an amount of Nil (March 31, 2021: Nil) was recognised as provision for expected credit losses on other receivable.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

47 Revenue from contracts with customers (Contd.)

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

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Revenue as per contract	61.59	32.11
Adjustments	-	-
Revenue from contract with customers	61.59	32.11

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, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	7,057.01	-	7,057.01	5,190.76	-	5,190.76
Bank balances other than cash and cash equivalents	1,865.40	1,075.49	2,940.89	1,088.84	1,170.19	2,259.03
Receivables						
Other receivables	125.47	33.85	159.32	92.92	-	92.92
Loans	28,601.19	15,388.33	43,989.52	21,922.70	11,031.87	32,954.57
Investments	-	0.45	0.45	-	0.45	0.45
Other financial assets	5.79	27.89	33.68	0.85	23.00	23.85
Non-financial assets						
Current tax assets (net)	-	395.45	395.45	-	94.15	94.15

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

48 Maturity analysis of assets and liabilities (Contd.)

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, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Deferred tax asset (net)	-	47.75	47.75	-	100.35	100.35
Property, plant and equipment	-	420.45	420.45	-	398.44	398.44
Right of use assets	656.64	134.55	791.19	-	700.16	700.16
Other intangible assets	-	0.84	0.84	-	1.25	1.25
Other non-financial assets	76.77	-	76.77	36.81	-	36.81
Total	38,388.26	17,525.04	55,913.32	28,332.88	13,519.86	41,852.74
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	73.12	-	73.12	27.09	-	27.09
Debt securities	2,074.44	4,671.83	6,746.27	2,226.51	2,298.18	4,524.69
Borrowings (other than debt securities)	20,694.74	12,275.10	32,969.85	18,052.63	7,329.63	25,382.25
Subordinated liabilities	249.97	-	249.97	-	249.63	249.63
Lease liability	741.18	172.78	913.96	148.02	631.87	779.89
Other financial liabilities	1,493.74	-	1,493.74	1,904.97	-	1,904.97
Non financial liabilities						
Deferred tax liability (net)	-	-	-	-	-	-
Provisions	-	49.38	49.38	-	46.38	46.38
Other non financial liabilities	51.22	-	51.22	38.93	-	38.93
Total	25,378.42	17,169.09	42,547.52	22,398.15	10,555.69	32,953.84

49 Reconciliation of liabilities from financing activities

Particulars	Cash flow			Non-cash				As at March 31, 2022
	As at April 1, 2021	Additions	Payment	Interest Expense	Additions to lease liabilities	Deletions to lease liabilities	Upfront fees and amortisation	
Debt securities	4,524.69	5,019.44	(2,709.11)	-	-	-	(88.75)	6,746.27
Borrowings	25,382.26	28,694.72	(21,058.00)	-	-	-	(49.13)	32,969.84
Subordinated liabilities	249.63	-	-	-	-	-	0.35	249.98
Lease liabilities	779.89	-	(167.56)	96.74	235.55	(30.67)	-	913.96
Total liabilities from financial activities	30,936.47	33,714.16	(23,927.89)	96.74	235.55	(30.67)	(137.53)	40,886.84

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

49 Reconciliation of liabilities from financing activities (Contd.)

Particulars	Cash flow			Non-cash				As at March 31, 2021
	As at April 1, 2020	Additions	Payment	Interest Expense	Additions to lease liabilities	Deletions to lease liabilities	Upfront fees and amortisation	
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	(15,668.59)	80.82	101.19	(15.78)	1.66	30,936.47

50 Additional Regulatory information as per MCA notification dated March 24, 2021

- (i) The Company doesn't have any immovable property whose title deeds are not held in the name of the Company.
- (ii) Investments made by the Company is carried at amortized cost in the financials
- (iii) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) during the FY 2021-22
- (iv) The Company has not revalued its intangible assets during the FY 2021-22
- (v) The Company has not given any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are a) repayable on demand; or b) without specifying any terms or period of repayment.
- (vi) Capital Work in Progress & Intangible Assets under Development are nil for current year & Previous year
- (vii) The company doesn't hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder and no proceedings have been initiated or pending against the company for the same.
- (viii) Quarterly returns or statements of current assets filed by the Company with banks or financial institutions in connection with the borrowings from them are in agreement with the books of accounts.
- (ix) The Company has not made any default in repayment of its financial obligations and is not declared wilful defaulter by any bank or financial Institution or other lender.
- (x) The company doesn't have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956
- (xi) There is no charges or satisfaction to be registered with ROC beyond the statutory period.
- (xii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (xiii) Company has not traded/invested in crypto currency or virtual currency for the current financial year and previous year
- (xiv) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (xv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

50 Additional Regulatory information as per MCA notification dated March 24, 2021 (Contd.)

(xvi) Liquidity Coverage Ratio:-

Particulars	Unweighted Value	Weighted Value
High Quality Liquid Assets		
Cash in hand	46.81	46.81
Balances with banks in current account	4,891.79	4,891.79
Balance with cash collection agents	47.33	47.33
Term deposits for original maturity of 3 months or less with scheduled banks	2,071.08	2,071.08
	7,057.01	7,057.01
Cash Outflow		
Deposits	-	-
Unsecured retail funding	2,501.34	2,876.54
Secured retail funding	135.05	155.31
Outflows related to derivative exposures and other collateral requirements	-	-
Outflows related to loss of funding on debt products	-	-
Credit and liquidity facilities	-	-
Other contractual funding obligations	1,787.68	2,055.83
Other contingent funding obligations	-	-
	4,424.07	5,087.68
Cash Inflows		
Unsecured Lending	2,023.84	1,517.88
Inflows from fully performing exposures	-	-
Other cash inflows	-	-
	2,023.84	1,517.88
75% of Stressed Outflows		3,815.76
Total Net Cash Outflows		3,569.80
Liquidity Coverage Ratio		197.69%

51 Additional disclosures as required by the Reserve Bank of India

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

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

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	28.75%	22.55%
CRAR – Tier I capital (%)	28.38%	21.80%
CRAR – Tier II capital (%)	0.38%	0.75%
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 2022 : INR 0.45 million (March 31, 2021: INR 0.45 Million).

(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 2022 (March 31, 2021: Nil).

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

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

Particulars	As at March 31, 2022	As at March 31, 2021
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)	12	5
Total amount of securitised assets as per books of the SPVs sponsored as on the date of the balance sheet	10,685.97	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)	1,032.29	430.92
Others (credit enhancement)	993.05	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		

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

Particulars	As at March 31, 2022	As at March 31, 2021
i) Total number of loan assets securitized during the year (Nos)	179,293	183,426
ii) Book value of loan assets securitized during the year	5,348.48	5,337.49
iii) Sale consideration received during the year	4,857.22	4,835.70
iv) Credit enhancement provided during the year		
- Principal subordination	491.26	501.79
- Cash collateral	586.99	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.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

(vi) Details of assignment transactions undertaken:-

Particulars	As at March 31, 2022	As at March 31, 2021
i) Total number of loans assets assigned during the year (Nos)	527,134	268,949
ii) Book value of loan assets assigned during the year including MRR	16,391.08	7,659.93
iii) Sale consideration received during the year	14,104.09	6,061.82

(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 2022 (31 March 2021: Nil)

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

As at 31 March 2022

Particulars	1 Day to 30/31 (One Month)	Over one to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
Liabilities									
Borrowings	1,787.68	2,025.82	1,702.67	6,681.27	10,743.47	17,262.02	-	-	40,202.93
Assets									
Advances	2,023.84	2,229.92	2,245.55	7,121.59	12,915.55	15,687.52	665.17	-	42,889.14
Deposits	2,103.33	-	79.77	539.14	1,185.98	1,059.41	15.00	-	4,982.63

As at 31 March 2021

Particulars	1 Day to 30/31 (One Month)	Over one to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
Liabilities									
Borrowings	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

*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.

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

(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:-

Particulars	Rating agency	Date of rating	Valid upto	Rating assigned	Borrowing limit
Bank Loan Rating	CRISIL	23-Mar-22	Refer note below	CRISIL A / Stable (Reaffirmed)	35,000.00
Bank Loan Rating	India Rating & Research	18-Nov-21	Refer note below	IND A Stable (upgraded)	2,000.00
MFI rating	CRISIL	26-Jul-21	26-Jul-22	MIC1	Not applicable
NCD	India Rating & Research	18-Nov-21	Refer note below	IND A Stable	750.00
NCD	CRISIL	23-Mar-22	Refer note below	A/Stable (Reaffirmed)	1,000.00
NCD	CRISIL	23-Mar-22	Refer note below	A/Stable (Reaffirmed)	750.00
NCD	CRISIL	23-Mar-22	Refer note below	A/Stable (Reaffirmed)	400.00
NCD	CRISIL	23-Mar-22	Refer note below	A/Stable (Reaffirmed)	700.00
NCD	CRISIL	23-Mar-22	Refer note below	A/Stable (Reaffirmed)	700.00
NCD	CRISIL	23-Mar-22	Refer note below	A/Stable (Reaffirmed)	3,000.00
NCD	CRISIL	23-Mar-22	Refer note below	A/Stable (Reaffirmed)	650.00
NCD-MLD	CRISIL	23-Mar-22	Refer note below	CRISIL PPMLD A r / Stable (Reaffirmed)	1,250.00
NCD-MLD	CRISIL	23-Mar-22	Refer note below	CRISIL PPMLD A r / Stable (Reaffirmed)	1,000.00
NCD-MLD	CRISIL	23-Mar-22	Refer note below	CRISIL PPMLD A r / Stable (Reaffirmed)	1,500.00
NCD-MLD	CRISIL	23-Mar-22	Refer note below	CRISIL PPMLD A r / Stable (Reaffirmed)	1,000.00
NCD-MLD	CRISIL	23-Mar-22	Refer note below	CRISIL PPMLD A r / Stable (Reaffirmed)	750.00
Commercial paper	CRISIL	23-Mar-22	23-Sep-22	A1 (Reaffirmed)	500.00

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

(xvi) Provisions and contingencies:-

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Break up of 'Provisions for loan losses and write-offs' shown under the head expenditure in statement of profit and loss		
Provision towards NPA*	73.34	468.47
Provision made towards income tax	224.05	347.29
Provision for gratuity	42.17	30.40
Provision for compensated absences	11.89	16.00
Provision towards standard assets	37.35	(265.69)

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Concentration of Advances		
Total Advances to twenty largest borrowers	48.53	58.22
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.10%	0.22%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	47.53	16.13
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.11%	0.05%
Concentration of NPAs		
Total Exposure to top four NPA accounts	0.62	0.30

(xviii) Sector-wise NPAs:-

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sector	Percentage of NPAs to total advance to that sector	
Agriculture and allied activities	4.49%	6.55%
Animal husbandry	5.00%	4.78%
Manufacturing	17.21%	4.54%
Services	15.10%	7.34%
Trading	2.77%	6.03%
Consumption	13.10%	41.93%
Education	6.49%	36.34%

(xix) Movement of Stage 3 assets:-

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net stage 3 assets to net advances (%)	2.96%	2.15%
Movement of stage 3 assets (gross)		
Opening balance	2,589.09	2,079.04
Additions during the year	1,718.32	1,787.99
Reductions during the year	(1,417.39)	(1,277.94)
Closing balance	2,890.01	2,589.09
Movement of net stage 3 assets		
Opening balance	1,080.55	1,038.96
Additions during the year	1,167.25	1,024.81
Reductions during the year	(945.51)	(983.22)
Closing balance	1,302.29	1,080.55
Movement of provisions for stage 3 assets		
Opening balance	1,508.54	1,040.08
Addition during the year	551.06	763.18
Reduction/ write off during the year	(471.89)	(294.72)
Closing balance	1,587.72	1,508.54

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

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

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=(3-4)	6	7=(4-6)
Performing Assets						
Standard	Stage 1	40,665.01	580.94	40,084.07	185.65	395.29
	Stage 2	2,642.24	39.08	2,603.16	96.67	(57.59)
Subtotal		43,307.26	620.02	42,687.24	282.33	337.69
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,589.52	619.10	970.43	553.27	65.83
Doubtful - up to 1 year	Stage 3	1,172.81	879.48	293.33	1,026.45	(146.98)
1 to 3 years	Stage 3	127.21	88.84	38.37	126.68	(37.84)
More than 3 years	Stage 3	0.47	0.30	0.17	0.47	(0.17)
Subtotal for doubtful		2,890.01	1,587.72	1,302.29	1,706.88	(119.16)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2,890.01	1,587.72	1,302.29	1,706.88	(119.16)
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	40,665.01	580.94	40,084.07	185.65	395.29
	Stage 2	2,642.24	39.08	2,603.16	96.67	(57.59)
	Stage 3	2,890.01	1,587.72	1,302.29	1,706.88	(119.17)
	Total	46,197.26	2,207.74	43,989.53	1,989.21	218.53

(xxi) Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated May 5, 2021 (Resolution Framework 2.0) are given below:

Particulars	As at March 31, 2022	As at March 31, 2021
a) Number of accounts where resolution plan has been implemented under this window	194,824	-
b) Exposure to accounts mentioned at (a) before implementation of the plan	4,506.81	-
c) Active number of accounts where the resolution plan is implemented	173,019	-
d) Exposure to accounts mentioned at (c) on the reporting date	3,862.65	-
e) Increase in provisions on account of the implementation of the resolution plan	268.91	-

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

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

Particulars	As at March 31, 2022	As at March 31, 2021
Average Interest (a)	18.83%	20.25%
Average effective cost of borrowing (b)	9.97%	10.62%
Net Interest margin (a-b)	8.86%	9.63%

- (i) The above computation is in accordance with the requirements of Paragraph 56(v) of Chapter IX of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the Master Direction') issued by the Reserve Bank of India read with the FAQs issued by RBI on October 12, 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:
- Fair value changes recognised through other comprehensive income
 - Income from assignment transactions i.e., present value of excess interest spread
 - 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 IndAS 109 excluding loan processing fee collected from customers, in accordance with para 56 (vi) of the RBI Master Directions.

(xxiii) Instances of fraud:-

Particulars	As at March 31, 2022				As at March 31, 2021			
	Less than 1 lakh	1 lakh to 5 lakh	5 lakh to 25 Lakh	More than 25 Lakh	Less than 1 lakh	1 lakh to 5 lakh	5 lakh to 25 Lakh	More than 25 Lakh
Nature of fraud (cash embezzlement)								
A) Persons involved								
Staff								
No. of accounts	-	853	245	402	-	461	712	-
Amount	-	2.60	1.32	3.69	-	0.91	3.26	-
B) Type of fraud								
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Misappropriation and criminal breach of trust								
No. of accounts	-	853	245	402	-	461	712	-
Amount	-	2.60	1.32	3.69	-	0.91	3.26	-
Cheating and forgery	-	-	-	-	-	-	-	-

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

(xxiv) Public disclosure on Liquidity Risk as on March 31, 2022 pursuant to RBI notification RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies:-

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

Particulars	As at March 31, 2022	As at March 31, 2021
Number of significant counterparties	29	22
Amount	37,647.75	28,832.59
% of total deposits	-	-
% of total liabilities	94.20%	95.61%

(b) Top 20 large deposits and 10 borrowings

Particulars	Outstanding Amount as at March 31, 2022	% of total
Top 20 large deposits	-	-
Top 10 large borrowings	22,674.41	56.73%

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

(c) Funding concentration based on significant instrument/product

Particulars	Amount as at March 31, 2022	% of total liabilities
Term Loan	28,848.75	72.18%
Securitisation	4,121.09	10.31%
Non-convertible debentures	6,249.44	15.64%
Commercial paper	496.83	1.24%
Tier II	249.97	0.63%
Total	39,966.10	100.00%

Particulars	Amount as at March 31, 2021	% of total liabilities
Term Loan	20,923.35	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%

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

(d) Stock ratios

Particulars	March 31, 2022			
	Amount	% of public fund	% of total liabilities*	% of total assets
Commercial paper	496.83	1.24%	1.17%	0.89%
Non-convertible debentures	6,249.44	15.64%	14.69%	11.18%

Particulars	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%

*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.

(xxv) Customer complaints:-

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) Number of complaints pending at the beginning of the year (Nos)	-	-
b) Number of complaint received during the year (Nos)	428	215
c) Number of complaint redressed during the year (Nos)	425	215
d) Number of complaint pending at the end of the year (Nos)	3	-

(xxvi) Details of S.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.

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

Particulars	As at March 31, 2022	As at March 31, 2021
Gold Loans granted against collateral of gold jewellery (principal portion)	989.10	556.79
Total assets of the Company	55,913.32	41,852.74
Percentage of Gold Loans to Total Assets	1.77%	1.33%

Notes Forming Part of Financial Statements for the year ended March 31, 2022

(All amounts in INR millions, unless stated other wise)

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

For **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration No.: 109983W

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

Tirtharaj Khot
Partner
Membership No.: (F) 037457
Place: Pune

Thomas Muthoot
Managing Director
DIN: 00082099
Place: Thiruvananthapuram

Thomas John Muthoot
Director
DIN: 00011618
Place: Thiruvananthapuram

Thomas George Muthoot
Director
DIN: 00011552
Place: Thiruvananthapuram

Date: 10 May 2022

Praveen T
Chief Financial Officer
Place: Thiruvananthapuram

Neethu Ajay
Company Secretary
Place: Thiruvananthapuram



Muthoot Microfin Limited

Admin. Off.: 5th Floor, Muthoot Towers, M.G. Road, Emakulam - 682 035.

Regd. Off.: 13th Floor, Parinee Crescenzo,
Bandra Kurla Complex Bandra East, Mumbai, Maharashtra – 400051.

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