Transforming
Your Dreams to Reality

ANNUAL REPORT 2020-21
MUTHOOT HOMEFIN (INDIA) LIMITED

Muthoot Homefin

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written or oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized although we believe we have been prudent in our assumptions. The achievements of the results are subject to risk, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind we undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

Our Promoters – The Muthoot Group*

The **Muthoot Group** was founded in 1887 by **Late Shri Ninan Mathai Muthoot** in the remote village of Kozhencherry in Kerala. Today, the Muthoot Group has established for itself a formidable reputation and has garnered the trust of millions of customers. The success of the Group has its roots in its concern for the society and unceasing acts of altruism, the commitment and hard work put in by its 40,000 strong workforce and the trust of its millions of loyal customers

Each day, we strive to keep our values and ethics intact to serve our customers with services of utmost quality, ensure a sustainable existence and rise up to contribute to the building of our nation

The Muthoot Group is home to 20 diversified business divisions and 5,330+ branches with a global presence across USA, UK, UAE, Central America, Sri Lanka and Nepal

Over the past 134 years, the Group has reached out to millions of underserved Indians leading to financial inclusion even in the most remote and rural areas of the country. Over the years, the Group has become a diversified business house with presence in financial services, plantations and estates, education, leisure and hospitality, healthcare, housing and infrastructure, information technology, wealth management, money remittance, forex, media, power generation, precious metal, securities, vehicle and asset finance and travel services among others. The Muthoot Group has not only grown exponentially but has also facilitated growth for a sizeable population of the country that falls in the underprivileged category

(* refers to entities promoted by Late Mr. M. G. George Muthoot, Mr. George Thomas Muthoot, Mr. George Jacob Muthoot and Mr. George Alexander Muthoot, operating under the brand name "The Muthoot Group")

Contents

CORPORATE OVERVIEW

2 Man with a golden heart
3 Delivering on evolving aspirations
4 Key Highlights
5 Key Performance Indicators
6 Presence of Muthoot Homefin
7 Board of Directors
10 Senior Management Team

STATUTORY REPORTS

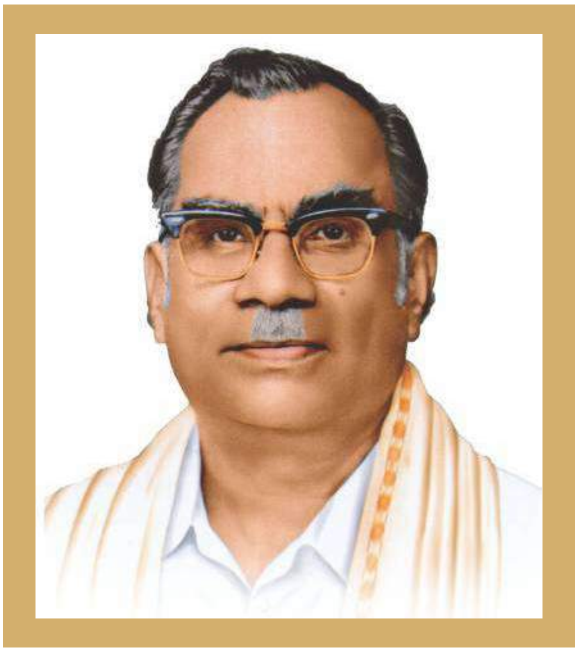
13 Report of The Board of Directors
20 Management Discussion and Analysis Report

FINANCIAL STATEMENTS

46 Balance Sheet
47 Statement of Profit & Loss
48 Cash Flow Statement
51 Notes to Accounts

Tribute to the Visionary

Our founder, **Shri M George Muthoot**, envisioned the prospects of affordable financial services in India long back in 1939. His deep business insight and strong vision helped transform India's gold loan business. Guided by his values, we have strengthened our reputation over the years and established ourselves as a trusted pan-India brand.



Unchanging values…
…..in changing times

"Let us not judge ourselves by the profit we make but by the trust and the confidence that people have in us. Let us cherish and nurture that trust and ensure that every person who deals with us, deals with the confidence that he will not be misguided but his interests will be carefully protected."

- Late Shri M. George Muthoot
Founder Chairman - Banking
(1911 - 1993)

Man with a golden heart

Late Shri M.G. George Muthoot
Group Chairman,
The Muthoot Group of Companies
(1949-2021)

Our visionary Chairman, Shri M.G. George Muthoot, passed away on March 5, 2021. He was one of the First Directors of Muthoot Homefin (India) Limited (MHIL) and had served on the Board of the Company till August 2019. He was instrumental in making Muthoot Finance Limited, Promoter of MHIL, a pan-India Company and the largest gold loan NBFC in India.

Shri M. G. George Muthoot, a graduate in Mechanical Engineering from Manipal Institute of Technology, attended various Executive Management Courses at the Harvard Business School. He joined the family business at a young age and assumed the position of Managing Director of the Muthoot Group in 1979. He took over as the Chairman of the Group in 1993. Under his strategic leadership, The Muthoot Group widened its scope of operations and turned into a business conglomerate comprising of 20 diversified business divisions with a widespread presence across India and overseas.

He was conferred with numerous national and international awards, including the 'AIMA Emerging Business Leader of the Year Award' by the Honourable Union Minister of Home Affairs - Shri Rajnath Singh and the 'Distinguished and Outstanding Alumnus of the Year Award' by the Manipal University to name a few. Some of the other awards include the Lifestyle Icon of the Year, Skoch Financial Inclusion Award, Golden Peacock Award for Excellence in Business Leadership, Corporate Governance, HR and CSR and the NRI Bharat Samman Award.

He also served as the National Executive Committee Member of FICCI and held the coveted position of Chairman in the Kerala State Council. He also served as the Lay Trustee of the Malankara Orthodox Syrian Church for a period of 10 years.

He was not only a successful businessman, but a committed philanthropist and community leader. His initiatives in the field of education, healthcare, and community welfare benefited millions of marginalized people across various spheres of life. His untimely demise is an irreparable loss to everyone who knew him, including his family, employees, stakeholders, the people of Kerala and the entire nation. He will live on in our memories as the '**Man with a Golden Heart**'.

CORE VALUES OF THE MUTHOOT GROUP

While at The Muthoot Group we believe in continuous progress and development, what has remained unchanged is our belief in the culture of trust.

We take pride in our strong foundation, which is deeply rooted in the following pillars:

Ethics

Our main aim is to put the needs of the customer first before anything else. We strive to provide you with the best quality of service under the Muthoot Brand Umbrella and we do the same with a smile.

Values

Accountability for all our operations and services and towards the society makes us a socially responsible and intelligent citizen. Our empire has grown leaps and bounds on the basis of these values. The times may change, but our values will remain unchanged.

Reliability

With an unblemished track record throughout the markets we serve; and across national as well as global boundaries, Muthoot Group values its commitment to customer-service.

Dependability

We do not judge ourselves by the profit we make but by the trust and confidence that people have shown in us for the past 130+ years. Over 7 million people have turned to us for help in their hour of need just because of this guiding principal of ours.

Trustworthiness

We pledge loyalty in our operations, fairness in our dealings and openness in our practices. At the Muthoot Group, we embrace policies and practices that fortify trust.

Integrity

The value is innate to a corruption-free atmosphere and an open work culture. We at the Muthoot Group therefore cultivate transparency as a work ethic.

Goodwill

Muthoot Group serves millions of customers across the country. With an unmatched goodwill, the Company shoulders the responsibility of providing its customers services of the highest quality.

Delivering on evolving aspirations

A growing economy with a huge aspirational population is creating more and more opportunities for us. At the same time, Government push for the affordable housing is quietly changing the rules of the game, widening the canvas for home buyers.

At Muthoot Homefin, we are expanding the scale and scope of the business at a time of interesting change. And the year gone by, saw us continue our rich tradition of value creation by implementing multiple initiatives.

During the year, we strengthened our position as one of the most preferred and trusted home loan players in the markets we serve.

Our role is to connect the dreams of New India with emerging opportunities, which will take the country to a new trajectory of growth.

Today, we are fast growing affordable housing finance company in terms of loan portfolio. As part of our core business, we provide home loans to Lower Middle Income (LMI) and Economically Weaker section (EWS).

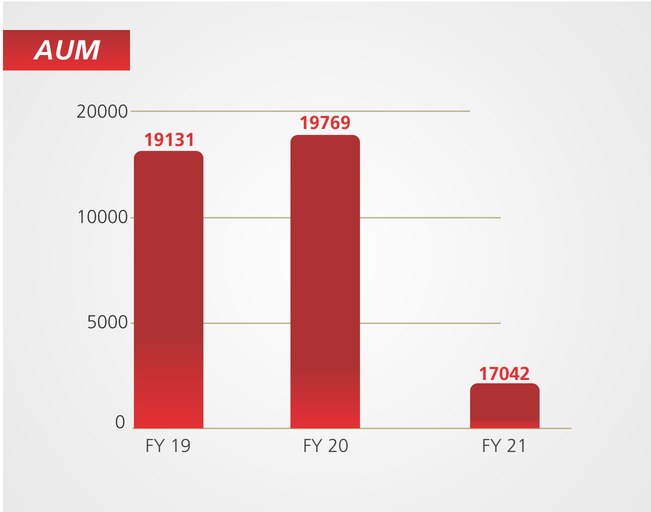
We primarily cater to home buyers who cannot access formal credit within a reasonable time, or for whom credit may not be available at all. We help our customers meet their dream of owning their own home.

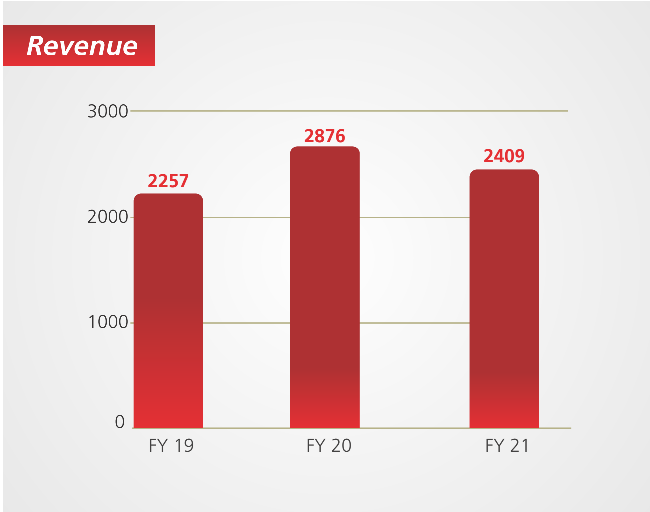
Key Highlights

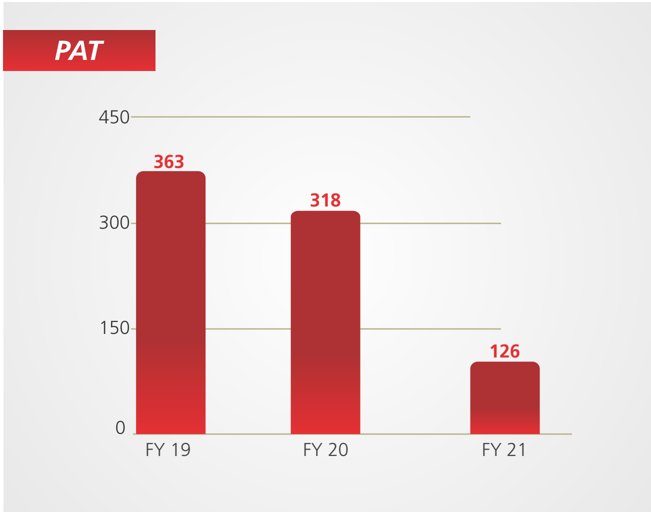
Loan Assets under Management ₹ 1,704 Crs	Loan Account 22765	Team Members 500+
Capital Adequacy Ratio 49.75%	No of locations 108	No of States/UT 16
Yield 12.51%	Borrowing Cost 9.10%	NIM 5.13%
PAT ₹ 12.55 Crs	Return on Assets (ROA) 0.75%	Return on Equity (ROE) 2.92%

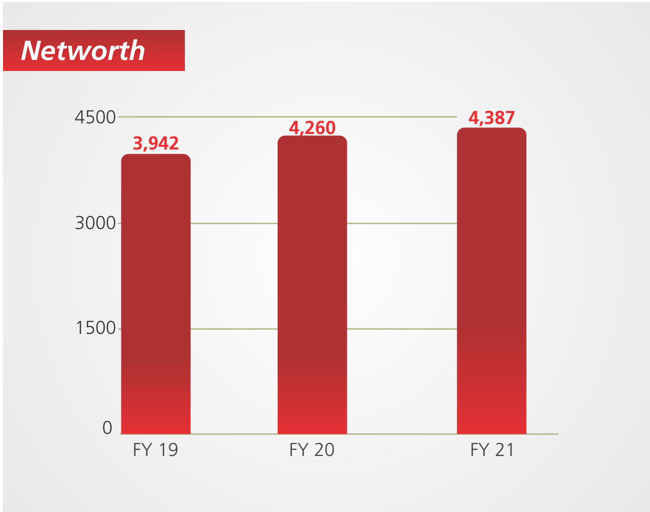
Key Performance Indicators

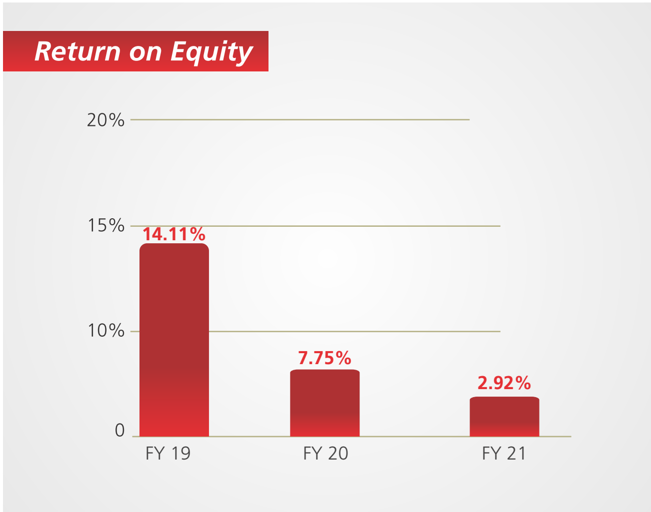
₹ in millions

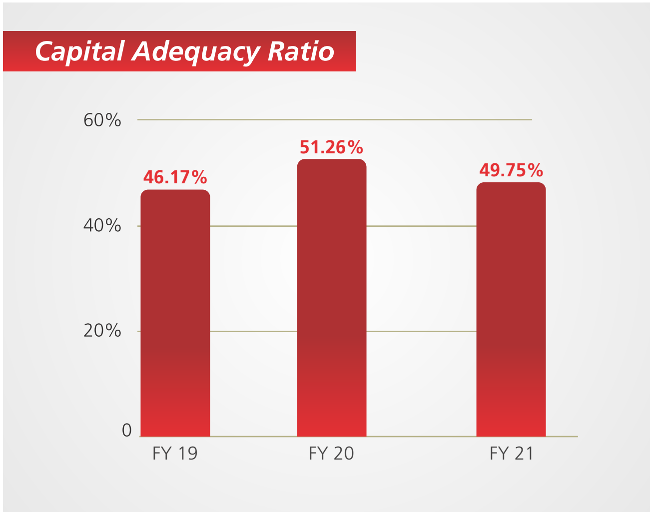






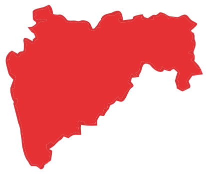






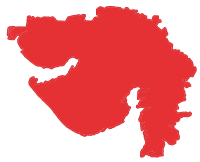
Assets under Management (AUM) Analysis

Maharashtra



Outstanding - ₹ 723.38 Crs.
No of Loan accounts - 8577
% Share - 42.45%

Gujarat



Outstanding - ₹ 415.09 Crs.
No of Loan accounts - 6467
% Share -24.36%

Rajasthan

Outstanding - ₹ 214.60 Crs.
No of Loan accounts - 3456
% Share - 12.59%

Madhya Pradesh

Outstanding - ₹ 142.66 Crs.
No of Loan accounts - 2008
% Share - 8.37%

Kerala

Outstanding - ₹ 26.01 Crs.
No of Loan accounts - 189
% Share - 1.53%

Karnataka

Outstanding - ₹ 36.99 Crs.
No of Loan accounts - 374
% Share - 2.17%

Uttar Pradesh

Outstanding - ₹ 23.51 Crs.
No of Loan accounts - 303
% Share - 1.38%

Andhra Pradesh

Outstanding - ₹ 20.80 Crs.
No of Loan accounts - 207
% Share - 1.22%

Haryana

Outstanding - ₹ 25.63 Crs.
No of Loan accounts - 386
% Share - 1.50%

Pondicherry

Outstanding - ₹ 4.36 Crs.
No of Loan accounts - 47
% Share - 0.26%

Telangana

Outstanding - ₹ 31.46 Crs.
No of Loan accounts - 264
% Share - 1.85%

Chandigarh

Outstanding - ₹ 8.67 Crs.
No of Loan accounts - 98
% Share - 0.51%

Punjab

Outstanding - ₹ 11.19 Crs.
No of Loan accounts - 179
% Share - 0.66%

Tamil Nadu

Outstanding - ₹ 15.19 Crs.
No of Loan accounts - 169
% Share - 0.89%

Delhi

Outstanding - ₹ 3.87 Crs.
No of Loan accounts - 30
% Share - 0.23%

Chattisgarh

Outstanding - ₹ 0.74 Crs.
No of Loan accounts - 11
% Share - 0.04%

Board of Directors

Mr. George Thomas Muthoot (Non-Executive Director)

- Businessman by profession
- 45+ years' experience in managing businesses operations in the field of financial services.
- Sustainable Leadership Award 2014 by the CSR Congress in the individual category

Mr. George Alexander Muthoot (Non-Executive Director)

- Qualified Chartered Accountant; ranked first in Kerala and 20th in India in 1978Bachelor's degree in Commerce with a gold medal from Kerala University
- 40+ years' experience in managing business in the field of financial services
- Served as Chairman of Kerala Non Banking Finance Companies' Welfare Association from 2004 – 2007
- Former Member Secretary of Finance Companies Association, Chennai.
- Currently, President of Association of Gold Loan Companies in India
- Active member of Confederation of Indian Industry (CII)
- 'CA Business Leader Award' under Financial Services Sector from the Institute of Chartered Accountants of India for 2013
- Times of India group Business Excellence Award in Customised Financial Services in March 2009

Mr. Eapen Alexander Muthoot (Whole Time Director)

- MBA from the Fuqua School of Business at Duke University, USA.,
- MSc. in International Political Economy from the London School of Economics, UK
- B.A Economics (Honours) from St. Xavier's College, Mumbai University.
- Currently heading the Housing Finance and Vehicle Finance verticals of The Muthoot Group, Eapen plans to expand and leverage the Group's brand and infrastructure into new product lines
- Director in CRIF High Mark Credit Information Services Private Limited, a RBI licensed credit information bureau
- Prior to joining Muthoot, worked with ICRA Limited, a leading credit rating agency in India.

Board of Directors

Mr. K R Bijimon (Non-Executive Director)

- Fellow Member of the Institute of Chartered Accountants of India
- Bachelor's Degree in Law (LLB), a Bachelor's Degree in Science (BSc) and a Master's Degree in Business Administration (MBA).
- Certified Associate of the Indian Institute of Bankers (CAIIB) and a Fellow Member of Certified Management Accountants (FCMA), Institute of Sri Lanka
- 25+ years' experience in the field of financial services
- Chief General Manager of Muthoot Finance Limited
- Chief Operating Officer for the global operations of Muthoot Group (and manages the Global Operations Division of the Muthoot Group (USA, UK, UAE, Hong Kong, Singapore and Sri Lanka).
- Presently, he also holds Directorship in companies like Belstar Microfinance Limited, Muthoot Money Limited, Muthoot Forex Ltd, Muthoot Securities Ltd, Muthoot Commodities Ltd and Asia Asset Finance PLC (Sri Lanka).

Mrs. Anna Alexander (Non-Executive Director)

- Bachelor's degree in Commerce.
- 20+ years' experience managing several financial service entities.

Mr. Jose Kurian (Independant Director)

- M. Tech. in Structural Engineering from Indian Institute of Technology, Delhi
- Post Graduate Diploma in Earthquake Engineering from the International Institute of Seismology and Earthquake Engineering, Japan.
- B. Tech. in Engineering, National Institute of Technology, Calicut, Kerala
- 45+ years' experience in Construction Project Management and Administration.
- Former President of the Indian Concrete Institute,
- Former Central Engineering Services officer belonging to the Central Public Works Department
- Currently working as Team Leader, CDM Smith India, Consultant to Govt. of Kerala for creating infrastructure for their Additional Skill Development Programme (ASAP).
- He has received the Lifetime Achievement Award 2016 from the Indian Concrete Institute, CIDC Viswakarma Public Officer Award 2011 and best paper medals from the Indian Roads Congress as well as the Indian Concrete Institute.

Board of Directors

Mr. V.C. James (Independent Director)

- Fellow member of the Institute of Chartered Accountants of India
- Bacherlor's degree in Chemistry from University of Kerala
- 38+ years' experience in the profession of Chartered Accountancy
- Former central council member of the Institute of Chartered Accountants of India
- Former Chairman of Souther India Chartered Accountants, Chennai
- Currently, he is a senior partner at M/s Sankar & Moorthy, a leading chartered accountants' firm in Cochin.

Mr. Jacob K. Varghese (Independent Director)

- Member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India
- 38+ years' experience in Indian and foreign taxation, auditing and indirect and direct tax laws and practicing in the name of J.K. Varghese & Co., Chartered Accountants in Mumbai from 1983
- He is a Board member and Treasurer of Haggai Institute-India
- Chairman of school managing committee of St. Mary's ICSE School, Koparkhairne, Navi Mumbai
- Trustee of Indira Institute of Business management, Sanpada, Navi Mumbai

Senior Management Team

Mr. Rajeev Khond (Chief Executive Officer)

Rajeev Khond has 36+ years' experience in banking. After joining SBI in 1985, he handled functions of IT, HR, Admin, Retail Banking, Home Loans, Operations, and Risk Management during his tenure. He was a Key Member of the founding team in SBI and Home Loan Business. His last assignment in SBI was General Manager Enterprise and Group Risk Management. He holds a Master's degree in Technology from Nagpur University and has done a Diploma in Industrial Management. He is a Certified Associate of the Indian Institute of Bankers and has undergone various Executive Training Courses at leading Management Schools like Harvard Business School, ISB-Hyderabad, and IIM-Ahmedabad. He was a guest faculty to NIBM-Pune and Center for Advanced Financial Research and Learning (CAFRAL).

Mr. Pandurang Kadam (Chief Financial Officer)

Pandurang Kadam is a Chartered Accountant having 12+ years' diversified experience with expertise in Finance. In his role as a Chief Financial Officer, he is responsible for fund raising, Finance and Accounts. Prior to joining MHIL, he was the Chief Financial Officer at India Home Loan Limited. He has also worked with the organisations such as IndoStar Capital Finance Limited, Karvy Financial Services and Anand Rathi Group.

Mr. Vikram Rooprai (Head –Sales)

Vikram Rooprai is a Retail Banking professional with a rich experience of 17+ years in Retail Asset Business, specifically in NBFC, Housing Finance & Mortgage Industry. He has expertise in Mortgage Business with hands on experience in Sales, Product and Risk Management with segment –specific and area-specific strategy. His experience in setting up the franchise and managing the sales activities with profitable responsibility has won him many accolades from companies like ICICI, ABN AMRO NV Bank, GEMoney, Fullerton India Credit Company Ltd., Reliance Capital Ltd., India Infoline Ltd. and Capri Global Housing Finance Ltd.

Mr. Prasad Bendre (Head - Operations & Collections)

Prasad Bendre is B.Com graduate and has done Diploma in Financial Management and Business Administration. He has done Management Development Programme from IIM (A). He possesses over 22 years of experience in Operations, Credit and Collections. Before joining MHIL, he was with Manappurram Home Finance, DHFL and IDBI Home Finance.

Senior Management Team

Mr. Dhananjay Munshi (Head -Credit)

Dhananjay is a Mechanical Engineer and holds a Masters degree in marketing management from Mumbai University. He has work experience of 15+ years in mortgage industry with overall exposure to all the mortgage departments. He has expertise in the affordable loans segment where he has developed processes and systems to enable a robust credit module. Prior to joining MHIL, Dhananjay was working with Capri Global capital Ltd as a National credit manager and was responsible for credit underwriting and Process management of Affordable home loans and small ticket Loan against Property.

Mr. Deepu Thankachan (Head - Internal Audit)

Deepu Thankachan joined MHIL in July 2017 as Head - Internal Audit. He was associated with Muthoot Finance since February 2010. He holds Master degree in Commerce and a MBA in Finance & Marketing.

Mrs. Jinu Mathen (Company Secretary)

Jinu Mathen, an Associate Member of the Institute of Company Secretaries of India (ICSI), is a Commerce Graduate, and holds a Master's Degree in Business Administration from Sikkim Manipal University. Prior to joining MHIL in December 2014, she started her secretarial profession at M/s. SVJS & Associates, a top-notch practising firm of Company Secretaries, having its headquarters in Kochi and operating across the country. She was part of the core team of proficient corporate professionals, handling compliances and audits at various levels including Corporate laws, Finance laws, Regulatory compliances etc.

Mr. Manish Mistry (Head -Risk Containment Unit)

Manish Mistry is a Commerce graduate with Executive MBA in Finance from University of Mumbai. He is a Retail Banking Professional with 12+ years of rich experience in RCU (Risk Containment Unit). His last assignment prior to joining MHIL was Essel Finance Business Loans Ltd; as FCU (Fraud Control Unit) Head for LAP (Loans Against Property) & Affordable Home Loans. He has also worked for companies like Capri Global Capital Ltd; Axis Bank and I Process Services India Pvt Ltd (For ICICI Bank)

Senior Management Team

Mr. Mrugesh Shukla (Head Corporate Legal)

Mrugesh Shukla is a Legal professional having rich experience of 14 years in Retail Asset Business, specifically in Banking NBFC & Housing Finance Mortgage Industry. He has expertise in Recovery and collection Legal with hands on experience in recovery of delinquent portfolio with effective use of Legal tools and strategies. His expertise in handling Legal portfolio and litigation has largely safeguard company interest to a large extent. It has caused major impact in company PL and market. He has worked with HDFC Bank, Indiabulls Housing Finance, DHFL and Mahindra Rural Housing Finance Ltd. And have won appreciation certificates from these companies for his outstanding achievements.

Mr. Praveen Kumar Singh (Head Collection)

Praveen Kumar Singh has an experience of 20 years specifically in NBFC, Housing Finance & Mortgage Industries. He has expertise in Housing finance and mortgage business with hands-on experience in Collection, Sales, Admin, Insurance, Recovery legal. He previously worked with institutions such as City Financial, Max Life and India Shelter Finance Corporation.

Ms. Gauri Joshi (Head- Business Legal)

Gauri Joshi has over 13 yrs of total experience in Legal Compliance. She has pursued her graduation from Mumbai University and holds a Masters degree in Law (Business Law) from Bharti Vidyapeeth Pune University. She was previously working with IIFL Home Finance Limited based at Mumbai where she was Heading Business Legal department. Prior to IIFL she has worked with HDFC bank and Shamrao Vithal Co- operative bank for Mumbai Location.

Mr. Anand Rajan (Head- Human Resource)

Anand Rajan holds a MBA Degree from Bharathiar University-Coimbatore. His previous stint was with Hinduja Leyland Finance. Anand carries with him total 15 years of rich experience. He has also worked for companies like Mahindra & Mahindra Finance, Sutherland Global Services, Safari Group & First American Corporation.

Report Of The Board Of Directors

Dear Members,

Your Directors are pleased to present the Tenth Annual Report of Muthoot Homefin (India) Limited (MHIL) and the Company's audited financial statement for the financial year ended March 31, 2021

Financial Summary

The financial performance of your Company for the year ended March 31, 2021 is summarized below

(₹in millions)

Particulars	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020
Revenue from Operations	2,366.77	2,847.54
Total income	2,408.65	2,876.00
Total Expenses	2,239.99	2,451.63
Profit Before Tax	168.66	424.37
Tax expenses	43.16	106.60
Profit After Tax	125.50	317.77
Gross NPA (%)	4.85%	1.93%
Net NPA (%)	3.43%	1.33%
Tier I Capital Adequacy Ratio (%)	49.14%	50.43%
Tier II Capital Adequacy Ratio (%)	0.61%	0.83%

Management Discussion and Analysis Report

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India for Housing Finance Companies, a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report **(Annexure 1)**

Dividend

With a view to conserving the resources of the Company and for building up its reserves and after considering the business plans of the Company for FY 2021-22, the Board of Directors do not recommend payment of dividend on Equity Shares for the year ended March 31, 2021

Transfer to Reserves

An amount of INR 25.10 million is transferred to the Special Reserve Fund for FY 2020-21, pursuant to Section 29C of the National Housing Bank Act, 1987. The statutory reserve balance as at March 31, 2021 is INR 318.69 million

State of affairs of the Company

Your company is a non-deposit taking housing finance company registered with the National Housing Bank ("NHB") and regulated & controlled by Reserve Bank of India (RBI) and supervised by NHB. The Company was incorporated on August 26, 2011 and is a wholly owned subsidiary of Muthoot Finance Limited ("MFL"), which is one of India's largest gold financing companies by loan portfolio.

MHIL is a retail affordable housing finance company primarily serving low and middle-income self-employed customers in semi-urban and rural areas in India. It offers customers home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units. As of March 31, 2021, a majority of the home loans disbursed were for single unit properties, almost all of which were to be occupied by the borrowers themselves. A majority of its customers had limited access to formal banking credit.

In spite of challenges posed by the COVID-19 pandemic, your Company earned a total revenue of INR 2,367 million from its operations. Total expenses were reduced from INR 2,452 million in FY 2020 to INR 2,240 million in FY 2021. The profit after tax stood at INR 126 million as on March 31, 2021. During the year, the quantum of loans disbursed was INR 1,010 million. Assets under Management as at March 31, 2021 amounted to INR 17,042 million as compared to INR 19,769 million in the previous year. The Gross NPA and Net NPA were 4.85% and at 3.43% respectively. The Net worth of the Company stood at INR 4,387 million compared to 4,260 million for FY 2020.

Resource Mobilisation

Your Company's Resource Planning Policy has been approved by the Board. The Company has obtained approval for borrowings vide special resolution passed by shareholders at their Annual General Meeting held on August 08, 2019, under section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and has authorised the Board of Directors to raise or borrow any sum or sums of money (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) not exceeding INR 50,000 million. Total borrowings as on March 31, 2021 was INR 11,831 million, as compared to INR 14,165 million as at March 31, 2020.

i) Secured Redeemable Non-Convertible Debentures (NCDs)

During the year under review your Company raised INR 250 million by way of issue of 25 Secured, Listed, Rated, Redeemable, NCDs of face value of INR 10,00,000 each, by way of private placement as per the applicable provisions the Companies Act, 2013 and relevant circulars issued by Securities and Exchange Board of India and National Housing Bank. The Company has listed the new NCDs and completed the allotment process within prescribed time-limit. As at March 31, 2021, your Company's outstanding secured NCDs amounted to INR 3,087.84 million

ii) Bank Finance

Bank Finance remains an important source of funding for your Company. Commercial Banks continued their support to your Company during financial year. As of March 31, 2021, borrowings from banks were INR 7,547 million as against INR 11,163 million in the previous year. Strong parentage is helping your company to raise funds at competitive rates.

iii) Refinance from National Housing Bank (NHB)

During the financial year, the Company availed INR 1,250 million from NHB which was sanctioned under the Refinance Schemes of NHB

iv) Direct Assignment

During the year under consideration your company raised INR 1,000 million by way of direct assignment transaction

Pradhan Mantri Awas Yojana (PMAY) Scheme

Your Company has executed Memorandum of Understanding (MOU) with NHB for availing benefits under the PMAY - Credit Linked Subsidy Scheme (CLSS). During the year 2020-21, your Company received subsidy of INR 1,103 million under PMAY CLSS Scheme. The subsidies received during the year were credited to the customer accounts and the equated monthly instalments were accordingly modified to that extent.

Regulatory Guidelines and Statutory Compliances

In June 2020, the RBI released draft framework for the regulation of HFCs. The Draft Framework proposed to bring HFCs under the regulatory umbrella of the RBI, putting it on a level playing field with other NBFCs. The RBI issued a master circular titled 'Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021' on February 17, 2021, which supersedes the previously issued directions by NHB and the RBI. The circular provides a consolidated regulatory framework applicable to HFCs.

The Company has complied with the applicable statutory provisions including inter alia the Companies Act, 2013 and Rules made thereunder, Income Tax Act, 1961, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Master Direction – Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 and various circulars, notifications, directions and guidelines issued by NHB / RBI from time to time and all other laws as may be applicable to the Company. Circulars and Notifications issued by regulators were also placed before the Board of Directors at regular intervals to update the Board members on compliance of the same. The Company has finalised its financial statements for the year under review as per the Accounting standards issued by Institute of Chartered Accountants of India. No Fines/Penalties has been levied by NHB / RBI during the year 2020-21.

Credit rating

During the year, CRISIL has upgraded Long term rating from AA (Positive) from AA+/Stable. ICRA and CARE have reaffirmed short term rating of A1+ to the Company.

Capital Adequacy Ratio

Your Company's Capital Adequacy Ratio as on March 31, 2021 stood at 49.75% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is above the regulatory minimum of 14%. Out of the above, Tier I capital was 49.14% and Tier II capital was 0.61%.

Share Capital

During the financial year, there was no change in the capital structure of the Company. The capital structure of the Company as on March 31, 2021:

	Aggregate value
Authorised share capital	
150,000,000 Equity Shares of face value ₹10 each	1,500,000,000
Issued, subscribed and paid up Equity Share capital	
119,155,843 Equity Shares of face value ₹10 each	1,191,558,430

Listing

The Secured Redeemable Non-Convertible Debentures of your Company are listed on BSE Limited. Your Company has paid required listing fee to the Stock Exchange. During the year under report, your Company has complied with various provisions, regulations and guidelines prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and other applicable listing obligations.

Debenture Trustee

MILESTONE TRUSTEESHIP SERVICES PRIVATE LIMITED

Co Wrks Worli, PS56, 3rd floor, Birla Centurion
Century Mills Compound, Pandurang Budhakar Marg
Worli, Mumbai – 400 030
Maharashtra, India
Tel: 91 22 6288 6119, +91 22 6288 6120
Email: compliance@milestonetrustee.in
Website: www.milestonetrustee.in

Annual return

The Ministry of Corporate Affairs (MCA) vide Companies (Amendment) Act, 2017 has amended the provisions of Section 92(3) of the Companies Act, 2013 effective from 28th August 2020. Accordingly, every company shall place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in the Board's report. The requirement of annexing extract of annual return in Form MGT – 9 has been done away with. In this regard, the Annual Return in Form MGT-7 for the financial year ended March 31, 2021, is available on the website of the Company at www.muthoothomefin.com/investors/annualreturn

Rating Agency	Type	As at March 31, 2021	As at March 31, 2020
CARE	Commercial Paper	CARE A1+	CARE A1+
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
CRISIL	Term Loan borrowings	CRISIL AA+/Stable	CRISIL AA (Positive)
CRISIL	Non-Convertible Debentures	CRISIL AA+/Stable	CRISIL AA (Positive)

Particulars of loans, guarantees or investments under section 186 of the companies act, 2013

Pursuant to Section 186(11)(a) of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Housing Finance Company are exempt from the applicability of provisions of Section 186 of the Act. As such the particulars of loans and guarantee have not been disclosed in this Report. The details of the Investments of the Company are furnished under Note 7 of Notes forming part of the Financial Statements for the year ended March 31, 2021

Particulars of contracts or arrangements with related parties

As mandated under the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the Board of Directors of your Company has formulated a policy on related party transactions, which is displayed on the web site of the Company at www.muthoothomefin.com/policies and forms part of this Annual Report **(Annexure 2).** This policy deals with review of the related party transactions and regulates all transactions between the Company and its Related Parties.

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 with the approval of the Audit Committee. A yearly update is also given to the Audit Committee and the Board of Directors on the related party transactions undertaken by the Company for their review and consideration. During the year, your Company has not entered into any material transactions exceeding the threshold limits as prescribed under Rule 15 sub rule (3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014. Form AOC-2, as required under Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, is annexed as part of this Board's Report **(Annexure 2A).**

Subsidiaries, Joint ventures and Associate companies

Your Company is a wholly owned subsidiary of M/s. Muthoot Finance Limited. No company has become or ceased to be your Company's subsidiary / joint venture / associate company during the year.

Corporate Governance

The Company has framed the internal guidelines on Corporate Governance in terms with the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Direction, 2021 which have been hosted on Company's website www.muthoothomefin.com. The Company is committed to achieving the highest standards of Corporate Governance and it aspires to benchmark itself with the best practices in this regard. The Board regularly reviews the Management's reports on statutory and regulatory compliances.

Board of Directors

The composition of your Board is in conformity with section 149 of the Companies Act. As on date of this Report, your Company has eight Directors including one woman Director, three Non-Executive Directors, three Independent Directors and one Executive Director.

During the financial year, Mr. Alexander George (holding DIN 00938073), Non-Executive Director, resigned from the Board of Directors on October 23, 2020 due to personal reasons. Mr. Jose Kurian (holding DIN 07258367), Independent Director, was re-appointed for a second term of 5 years with effect from 07.09.2020 by the members in the annual general meeting held on August 26, 2020

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. George Alexander Muthoot (holding DIN 00016787) and Mr. K. R. Bijimon (holding DIN 00023071) retires by rotation and being eligible offers themselves for re-appointment at the ensuing annual general meeting of the Company

Meetings of the Board

During the financial year, the Board of Directors met four times on 12.05.2020, 04.08.2020, 23.10.2020 and 02.02.2021

Committees of the Board:

i) **Audit Committee**
The Audit Committee was constituted on 21.01.2015 and last reconstituted on 02.08.2019. The members of the Audit Committee are Mr. Eapen Alexander (Whole time Director), Mr. Jose Kurian (Independent Director), Mr. V. C. James (Independent Director) and Mr. Jacob K. Varghese (Independent Director). During the financial year, the Audit Committee met four times on 12.05.2020, 04.08.2020, 23.10.2020 and 02.02.2021

ii) **Nomination and Remuneration Committee**
The Nomination and Remuneration Committee was constituted on 21.01.2015 and last reconstituted on 02.08.2019. The Committee comprises of Mr. K. R. Bijimon (Non - Executive Director), Mr. Jose Kurian (Independent Director), Mr. V. C. James (Independent Director) and Mr. Jacob K. Varghese (Independent Director). During the financial year, the Committee met twice on 12.05.2020 and 02.02.2021

iii) **Corporate Social Responsibility Committee**
The Corporate Social Responsibility Committee was constituted on 23.10.2017. The Committee comprises of Mr. Eapen Alexander (Whole time Director), Mr. Jose Kurian (Independent Director) and Mr. K.R. Bijimon (Non-Executive Director). During the financial year, Committee met once on 04.08.2020

iv) **Risk Management Committee**
The Risk Management Committee was constituted on 20.02.2016 and pursuant to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 dated February 09, 2017, was reconstituted as a committee of the Board on 23.10.2017. Due to the resignation of Mr. Alexander George (Non-Executive Director), the Committee was re-constituted on 23.10.2020 with Mr. Eapen Alexander (Whole time Director), Mr. George Alexander Muthoot (Non-Executive Director) and Mr. K. R. Bijimon (Non-executive Director) as the members of the Committee. During the financial year, the Committee met four times on 12.05.2020, 04.08.2020, 23.10.2020 and 02.02.2021

v) **Asset Liability Management Committee**
The Asset Liability Management Committee was constituted on 20.02.2016 and pursuant to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 dated February 09, 2017, was reconstituted as a committee of the Board on 23.10.2017. Due to the resignation of Mr. Alexander George (Non-Executive Director), the Committee was re-constituted on 23.10.2020 with Mr. Eapen Alexander (Whole time Director), Mr. George Alexander Muthoot (Non-Executive Director) and Mr. K. R. Bijimon (Non-executive Director) as the members of the Committee. During the financial year, the Committee met four times on 12.05.2020, 04.08.2020, 23.10.2020 and 02.02.2021

vi) Finance Committee

The Finance Committee was constituted on 02.01.2019 and was reconstituted on 20.09.2018. The members of the Committee are Mr. George Alexander Muthoot (Non-Executive Director), Mr. George Thomas Muthoot (Non-Executive Director), Mr. Eapen Alexander (Whole time Director) and Mr. K. R. Bijimon (Non-Executive Director). During the financial year, the Committee met nine times on 14.05.2020, 02.06.2020, 12.06.2020, 17.06.2020, 24.08.2020, 18.01.2021, 15.03.2021, 25.03.2021 and 27.03.2021

vii) Stakeholder Relationship Committee

The Stakeholder Relationship Committee was constituted on 13.05.2019. The Committee comprises of Mr. Jose Kurian (Independent Director), Mr. V. C. James (Independent Director) and Mr. Eapen Alexander (Whole time Director). During the financial year, the Committee met once on 23.10.2020

Statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the Independent Directors appointed during the year

The Independent Directors are selected as per the applicable provisions of the Companies Act, 2013, and are in terms of the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. The integrity, expertise and experience of the Independent Directors have been evaluated by the Nomination and Remuneration Committee and the Board of Directors at the time of appointment/re-appointment.

Declaration of independence from Independent Directors

Your Company has received from its independent directors, namely Mr. Jose Kurian, Mr. V. C. James and Mr. Jacob K. Varghese, a certificate stating their independence as prescribed under section 149(6) of the Companies Act, 2013.

Key Managerial Personnel

During the financial year, Mr. Eapen Alexander, Whole time director (holding DIN 03493601) resigned from the office of Key Managerial Personnel (KMP) with effect from August 04, 2020. Mr. Ramratthinam. S resigned from office of Chief Executive Officer and KMP of the Company with effect from February 02, 2021 and Mr. Vikram Rooprai was appointed as Interim Chief Executive Officer under section 203 of the Companies Act, 2013 with effect from February 05, 2021.

As on March 31, 2021, Mr. Vikram Rooprai (Interim Chief Executive Officer), Mr. Pandurang Kadam (Chief Financial Officer) and Mrs. Jinu Mathen (Company Secretary), were the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013.

Policy on appointment of Directors and Remuneration policy of the Company

Board of Directors of your Company, on recommendation of Nomination and Remuneration Committee, has formulated a policy for selection, appointment and remuneration of the directors, senior management personnel as required under Section 178(3) of Companies Act, 2013. The Policy is displayed on the website of the Company at www.muthoothomefin.com/policies

Terms of Reference of the Nomination and Remuneration Committee includes the following:

i. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with criteria as laid down and recommend to the Board their appointment and removal;

ii. Ensuring persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act.

iii. Ensuring that the proposed appointees have given their consent in writing to the Company;

iv. Reviewing and carrying out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;

v. Planning for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;

vi. Being responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

vii. Keeping under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place;

viii. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings;

ix. Determining and agreeing with the Board the framework for broad policies for criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board policies, relating to remuneration for the Directors, Key Managerial Personnel and other employees.

x. Reviewing the on-going appropriateness and relevance of the remuneration policy;

xi. Ensuring that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company;

xii. Ensuring that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act or such other acts, rules, regulations or guidelines are complied with.

xiii. Formulating ESOP plans and deciding on future grants; and

xiv. Formulating terms and conditions for a suitable employee stock option scheme and to decide on followings under employee stock option schemes of the Company:

   a) the quantum of option to be granted under ESOP Scheme(s) per employee and in aggregate;

   b) the condition under which option vested in employees may lapse in case of termination of employment for misconduct;

   c) the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;

d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;

e) the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

f) the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;

g) the grant, vest and exercise of option in case of employees who are on long leave;

h) the procedure for cashless exercise of options; and

i) any other matter, which may be relevant for administration of ESOP Scheme including allotment of shares pursuant to exercise of options from time to time

The Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria to be adopted at the time of appointment of directors and on a continuing basis, in terms with the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 20201 which is also displayed on the Company website at www.muthoothomefin.com/policies. The Company has received the 'Fit and Proper' declarations from all the Directors of the Company, which have been taken on record by the Nomination and Remuneration Committee

Evaluation of Directors, Board and Committees

Pursuant to the provisions of the Act and Rules made thereunder, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board. The Board performance was evaluated based on the feedback received from each Director about their views on the performance of the Board covering various criteria such as degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, Board culture and quality of relationship between the Board and the Management etc. Feedback was also taken from every director on his assessment of the performance of each of the other Directors. The Independent Directors shared their views amongst themselves evaluating the performance of the non-independent directors and performance of the Board as a whole. The Nomination and Remuneration Committee has also reviewed the performance of the individual directors based on their knowledge, level of preparation and effective participation in meetings, understanding of their roles as directors etc

Corporate Social Responsibility

The Company constituted a Corporate Social Responsibility Committee in compliance with the provisions of section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The details of CSR policy of the Company are available on the website of the Company at https://www.muthoothomefin.com/policies. During the year, your company was required to spend INR 9.03 million on CSR activities. The annual report as prescribed under the Companies (Corporate Social Responsibility Policy) Rules 2014 is annexed to this report as **Annexure 3.**

Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

Conservation of energy, Technology absorption and Foreign exchange earnings and outgo

Considering its nature of activities, the following disclosures are made as per the provisions of section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014:

- **Conservation of energy**

  The Company's operations call for nominal energy consumption cost and there are no major areas where conservation measures could be applied on. However, the Company is making continuous efforts to conserve energy and optimize energy consumption practicable by economizing the use of power.

- **Technology Absorption**

  The Company has always been using the latest technology available in the industry. Accordingly, efforts are made to maintain and develop the quality of the product to meet the expectation of market

- **Foreign Exchange Earnings & Outflow**

  There are no foreign exchange earnings or outgo during the period under review.

Risk Management

The details in respect of Risk Management is included in the Management Discussion and Analysis, which forms an integral part of this Annual Report.

Internal Financial Controls

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which forms an integral part of this Annual Report.

Material changes and commitments affecting 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 the report, in terms of Section 134(3)(l)

There are no material changes and commitments 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.

Details of frauds as per section 134(3)(ca), read with section 143(12) of the Companies Act, 2013

There were no fraud cases detected and required to be reported during the year under review as per section 134(3)(ca), read with section 143(12) of the Companies Act, 2013

Maintenance of cost records

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

Public deposits

Your Company has not accepted any deposits from the public as provided under Chapter V of the Act

Audit

a) Statutory Audit under Section 139

The Report given by the Statutory Auditors, M/s Rangamani & Co (Firm Registration No 003050S) on the financial statements of the Company for the year 2020-21 forms part of the Annual Report.

The Reserve Bank of India vide its Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ("RBI Circular"), has issued guidelines with respect to the appointment of Statutory Auditors in Non-Banking Financial Companies (NBFCs), including Housing Finance Companies (HFCs). The guidelines will be applicable to the NBFCs, including HFCs from financial year 2021-22 onwards in respect of appointment/ re-appointment of Statutory Auditors. Pursuant to the said guidelines, in order to protect the independence of the auditors, the Company has to appoint the Statutory Auditors for a continuous period of three years subject to the firm satisfying the eligibility norms each year.

The members of the Company had approved the re-appointment of M/s Rangamani & Co ("Existing Auditors") as Statutory Auditors of the Company in 8th Annual General Meeting ("AGM") held on August 08, 2019 for a period of three years till the conclusion of the 11th AGM of the Company. However, as the existing auditors do not satisfy the eligibility criteria prescribed under Paragraph 5 and Annex I of the RBI Circular, they have submitted their resignation requesting the members not to consider their reappointment in the ensuing AGM.

Accordingly, the Audit Committee and Board of Directors of your Company has identified M/s Kolath & Co, Chartered Accountants, (Firm Registration No. 008926S), to be appointed as the new Statutory Auditors of the Company. M/s Kolath & Co being eligible in terms of RBI Circular and applicable provisions of the Companies Act, 2013 have provided their consent and eligibility letter to act as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013, and RBI Circulars, vide their letter dated July 27, 2021. Therefore, the Board recommends the appointment of M/s Kolath & Co as the Statutory Auditors of the Company and the members are requested to appoint the Statutory Auditors at the ensuing annual general meeting for a term of 3 years effective from the conclusion of the ensuing AGM till the conclusion of the 13th AGM of the Company

b) Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s ABP & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the FY ended March 31, 2021. The Secretarial Audit Report forms part of the Annual Report **(Annexure 4)**

c) Explanations, or comments by the Board on qualification, reservation or adverse remark or disclaimer on audits for FY 2020-21

There are no qualifications, reservations or adverse remarks or disclaimer on audits under section 139 and section 204 of the Companies Act, 2013 except for the following observation in the Secretarial Audit Report

a. Minimum Number of shareholders reduced below the statutory limit for some period of time during the year under review and as per the information provided by the management, they have maintained minimum number of shareholders as on the date of this report.

Reply: Minimum Number of shareholders of the company was reduced below the statutory limit for some period of time consequent to the death of a registered shareholder and further transmission of his share to his nominee. We have maintained minimum number of shareholders required for a public company as on the date of this report

Disclosure pursuant to Part A of Schedule V of SEBI LODR

Disclosure pursuant to Part A of Schedule V read with Regulation 53(f) of SEBI LODR is attached as **Annexure 5** of this report.

Particulars of employees in receipt of remuneration above the limits and other applicable provisions of the Companies Act, 2013

Information required pursuant to section 197 of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company is attached as **Annexure 6**

Reporting on Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has in place policy against sexual harassment and the said policy seeks to protect women employees from sexual harassment at the place of work. The primary objective of the same is to safeguard the interest of female employees in the Company and also provides for punishment in case of false and malicious representations. The policy has been communicated to all the employees of the Company. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Vigil Mechanism

The Company has adopted a Whistle Blower Policy and established the necessary vigil mechanism for Directors and Employees to report genuine concerns about unethical behaviour, pursuant to the provisions of Section 177(9) and (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014. The vigil mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. It is hereby affirmed that no personnel of the Company has been denied access to the Audit Committee under the vigil mechanism. There were no complaints from the employees during the year 2020-21. The Whistle Blower Policy has been hosted on the Company's website at https://www.muthoothomefin.com/policies

Directors' Responsibility Statement

Your Directors state that:

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The directors had prepared the annual accounts on a going concern basis;

e. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

Acknowledgement

Your Board of directors would like to place on record their sincere gratitude to the Regulators, Reserve Bank of India, National Housing Bank, Registrar of Companies, Securities and Exchange Board of India, Ministry of Corporate Affairs, all Bankers to the Company, Central & State government departments, Tax Authorities, Debenture Trustees, Debenture holders, Registrars, other stake-holders, customers and all other business associates for their continued support during the year under report. The Directors would also like to thank the Bombay Stock Exchange Limited, National Securities Depository Limited and Central Depository Services (India) Limited and the Credit Rating Agencies for their support & co-operation.

Your Company and management team also express their sincere gratitude to the Holding Company, M/s Muthoot Finance Limited and other entities of Muthoot Group for their instinct support and co-operation.

Your Directors wish to acclaim the hard work and commitment of the employees at all levels who had contributed their might for improving the performance of the Company year by year.

For and on behalf of the Board of Directors

Place: Kochi Date: July 27, 2021	**Eapen Alexander** Whole-time Director	**George Alexander Muthoot** Director

Annexure 1

Management Discussion and Analysis

Muthoot Homefin (India) Limited was incorporated on August 26, 2011. The Company obtained the certificate of registration under the National Housing Bank ("NHB") as required under Section 29A of the NHB Act, 1987 on 19th May, 2014. We are currently the wholly owned subsidiary of Muthoot Finance Limited ("**MFL**"), which is one of India's largest gold financing companies by loan portfolio. Accordingly, we are a part of the group with a legacy of serving customers for over 130 years.

The Company is primarily engaged in the business of providing long term finance to construct, purchase, acquire, renovate, modify, extend, enlarge or repair any house, villa, flat, apartment on the terms and conditions as the company may deem fit.

INDIAN ECONOMY OVERVIEW AND MACROECONOIC OUTLOOK

One year into the COVID-19 pandemic, the accumulating human toll continues to raise concerns, even as growing vaccine coverage lifts sentiment. In the second half of fiscal 2021, global financial markets remained largely buoyant, fuelled by optimism around a speedy vaccine-led recovery. The COVID-19 induced disruptions aggravated the situation and the operating environment turned more challenging in FY 2020-21.

FY 2020-21 began on a very cautious note for the economy with country being in lockdown since March 2020. The economic fallout of the lockdown and the challenges posed by the uncertain behaviour of the COVID-19 pandemic was the top problem to solve for Central and state governments. These had an impact on the overall GDP of the country which was facing challenges even before the COVID-19 pandemic. The GDP growth for FY 2018-19 and FY 2019-20 was 6.15% and 4.2% respectively. As per National Statistical Office estimates released on February 26, 2021, the GDP for FY 2020-21 will see a degrowth of -8% due to the effect of the economic distress caused by the pandemic. A major point to note that from Q3 FY 2020-21 onwards, the economy had started to bounce back and showed a growth rate of 0.4% as compared to a sharp contraction of -24% and -7.5% for the first 2 quarters.

The second wave of the pandemic hit parts of India in March and by April 21 majority of the country had got covered under the same. This second wave has seen more positive cases across India and is expected to retreat only by June 2021. States have taken a number of measures to contain the spread of the virus including state-specific lockdown, night curfews, micro containment strategy, etc. The vaccination programme currently underway in the country provides some hope that going forward the country will be in a better position of fighting any new wave of the pandemic.

The Government and the RBI have announced a slew of measures aimed at alleviating the immediate economic distress as well as stimulate the resumption of economic activity, especially in the MSME sector. However, economic recovery is completely dependent on how the pandemic is contained and the early resumption of economic activities.

HOUSING FINANCE SECTOR

Even as India's housing finance sector enjoys a multi-year growth story on account of a growing population, increased aspirations, government incentives and stable real estate prices, there was a setback for a part of 2020-21 on account of the COVID-19 pandemic. There was a decline in non-bank credit growth, which commenced in the second half of fiscal 2019, continuing through fiscal 2020, accentuated first by the ongoing economic slowdown and thereafter by the pandemic. The COVID-19 induced slowdown affected the performance of Housing Finance Companies (HFCs), which were encountering slow growth as well as liability and asset quality-related challenges. ICRA estimated housing credit growth at 9-12% in FY 2020- 21 (lower than the last three years' CAGR of 16%), creditable in view of the lockdown across the first quarter of the last financial year and sluggish conditions thereafter. This validates the long-term health of the sector, whose relevance only increased at a time when individuals were expected to stay at home.

The affordable housing finance segment is the largest – and most challenging - within India's housing finance sector. India's typical affordable HFC customer lives in Tier-2 and Tier-3 cities, is new to the concept of credit, earns a low informal income, does not possess income documents and is usually self-employed. These realities warrant the use of specialized expertise in addition to what is used in conventional lending.

The portfolio growth in the affordable segment slowed as well but remained higher than HFCs although on a lower base, supported by robust demand and liquidity support from NHB, leading to a growth of 8% in 9M FY 2020- 21 following the growth of 18% in FY 2019-20. With the demand in this segment remaining intact, it is expected to continue growing at a faster pace than the overall industry (Source: ICRA).

Recent Developments in Housing Finance Industry

1. Stamp duty reduction: In FY21, several states such as Maharashtra, Karnataka and Delhi have reduced the stamp duty in order to boost housing sales. Looking at the long-term benefits, it is expected that other states of India will follow suit and reduce stamp duty rates, which will help in boosting demand and indirectly benefiting the housing finance sector.

2. Special re-finance facility: The RBI has declared a special re-finance facility for a total amount of INR 50,000 crore to All India Financial Institutions to facilitate fresh lending in FY22. Under this facility the National Bank for Agriculture and Rural Development (NABARD) is to receive INR 25,000 crore, National Housing Bank (NHB) INR 10,000 crore, and Small Industries Development Bank of India (SIDBI) INR 15,000 crore to meet the financing needs of housing finance companies (HFCs), regional rural banks, cooperative banks and microfinance companies that were affected by the lockdown.

3. Benefit to affordable home developers extended: For making more homes available under affordable housing, the benefits under Section 80-IBA of the Income Tax Act, 1961 has been extended for one more year, i.e. to the housing projects approved till 31st March 2022.

Challenges faced by HFCs

1. Sluggish demand: The HFCs witness sluggish demand in Q1FY21 which was offset by moderate demand in the rest of the financial year. But as the country is witnessing a growth in the number of COVID-19 cases from the beginning of FY22 following localised lockdowns and curfews, it is

expected that demand would remain muted till the situation improves on the back of rapid vaccination.

2. Rise in NPA: During FY21, based on the RBI regulations, the borrowers were given the option of extended moratorium, which was followed by freezing of Days Past Due (DPDs) till the end of February 2021. Hence, the actual performance of the loan books of HFCs will witness a rise in nonperforming asset and deterioration in asset quality as repayment capacity of the borrowers is impacted by the ongoing pandemic.

3. Lesser availability of funds: The availability of funds for HFCs would depend on how the HFCs are able to focus on collections, business processes and management of the overall asset quality. HFCs that are backed by larger reputed groups may not face problems in fundraising efforts in comparison to smaller, standalone HFCs, which have been impacted more by the pandemic and low availability of funds.

4. Rising repossessed assets: Stock of repossessed assets has increased due to lower saleability, delays in getting physical possession of properties due to lockdowns and curfew and voluntary surrenders by borrowers of housing property.

REGULATORY CHANGES

In June 2020, the RBI released draft framework for the regulation of HFCs. The Draft Framework proposed to bring HFCs under the regulatory umbrella of the RBI, putting it on a level playing field with other NBFCs. The RBI issued a master circular titled 'Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021' on February 17, 2021, which supersedes the previously issued directions by NHB and the RBI. The circular provides a consolidated regulatory framework applicable to HFCs.

1. To qualify as HFC, 60% of the total assets (net of intangible assets) should comprise of housing finance, of which at least 50% should be towards individual housing loans

2. HFCs to achieve CRAR of 15% by March 2022

3. Capital market exposure has been capped at 40% of the net worth for HFCs

4. HFCs to achieve minimum Net owned fund of INR 20 crore by March 31, 2023

SWOT ANALYSIS

Strengths:

- Strong Parentage - Muthoot Homefin (India) Limited (MHIL) is 100% subsidiary of Muthoot Finance Limited. Muthoot Finance Limited is the largest gold loan company in India, Perhaps in the world.

- Diversified Product Portfolio – MHIL offers various loan products under housing segment. The products basket covers individual housing loans for construction, purchase, extension, repairs and renovation, site purchase, composite loan, loans for rural housing, loans for urban housing etc.

- Key market presence - MHIL has a well-established base to exploit these opportunities with a good presence in tier 1 and tier 2 cities.

- Good asset quality – MHIL has maintained a good asset quality as compared to most of the other companies in the HFC sector. This has helped the company to maintain its pace of growth.

- Governance – Over the years MHIL has established a strong governance framework. Ethical business processes and transparency in operations has led to higher operational efficiency and business sustainability.

Weakness

- Regulatory restrictions – continuously evolving government regulations may impact operations.

- Portfolio concentration in the western part of India - A lot of concentration is on the western part of the country, as ~80% of the branches are located in this region. This leaves a lot of scope to expand branch network all over India.

Opportunities

- Increasing demand for houses in the suburbs of India- Due to increasing urban population and nuclear families demand for houses is increasing in the tier II and tier III cities.

- Smart Cities – Development of smart cities along with the population and governments trust on increasing smart cities in India will increase the demand for houses in India.

- "Housing for All" – Push by Government of India through PMAY-CLSS schemes.

Threats

- Rising Non-performing Assets (NPAs) – Rising Non – performing assets with the seasoning of the book is one of the treat to the organisation. Keeping the NPA's under control will be challenging.

- Competition from other HFC's and banks – Increase in the number of HFC's is making the lending environment competitive. Even banks are entering into the informal sector funding. MHIL will be in a disadvantaged position with regard to ROI compared to banks.

BUSINESS SEGMENT REVIEW

Lending operations

Muthoot Homefin (India) Limited (MHIL) is a retail affordable housing finance company primarily serving low and middle-income self-employed customers in semi-urban and rural areas in India. It offers customers home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units. As of March 31, 2021, a majority of the home loans disbursed were for single unit properties, almost all of which were to be occupied by the borrowers themselves. A majority of its customers had limited access to formal banking credit.

The company disbursed INR 1,010 million during the year as compared to INR 4,127 million during the previous year. Despite slowdown in real estate market in some parts of the country, stiff competition from Banks & HFCs, MHIL managed to deliver a fairly good performance. The Asset under Management (AUM) is INR 17,042 million as against AUM of INR 19,769 million in the previous year. During the year under consideration MHIL received subsidy of INR 1,100 million under PMAY CLSS Scheme. The customer profile continues to be dominated by the salaried and professional category, accounting for ~63% of the total portfolio. The average ticket size loan is ~INR 9.5 Lakhs

Marketing and distribution

MHIL continued to upgrade its marketing and distribution network across 16 states and union territories in India. The total number of outlets as on March 31, 2021 was 108 comprising 46 branches. In addition to the above outlets responsible for augmenting business, direct selling agents (DSA) are empanelled to source proposals/leads throughout the country. However the control over the credit appraisal of these proposals, vests with MHIL.

Funding Sources

Primarily Term loans, credit lines from banks, money market instruments like Commercial Papers (CPs) and Non-Convertible Debentures (NCD's) are the sources through which MHIL raises funds for its lending activities. Strong parentage is helping MHIL to raise funds at competitive rates. During the year borrowing cost come down from 9.48% to 9.1%.

The Company also runs a Direct Assignment programme whereby pools of Home Loans are sold to PSU and private sector banks, with the Company retaining minimum portion of the portfolio and continuing to act as the servicing agent. Direct Assignment is an important part of the overall borrowing strategy of the Company and we intend to use the same to deepen our relationship with our banking partners. This also helps to capital optimisation and helps in transfer of the credit risk as risk sharing between the bank purchasing the pool and the Company is pari passu in ratio of the pool transferred to bank and held back by the Company. As at March 31, 2021, the total outstanding loans assigned was INR 3001 million

During the year MHIL received refinance of INR 1,250 million from National Housing Bank. Further the company has reduced the reliance on commercial papers for fund raising. There are no Commercial papers issued during the year.

Credit Ratings as on March 31, 2021

Borrowings from Banks: Long term rating AA+/Stable for term loans by CRISIL. During the year under consideration CRISIL has upgraded the credit rating from AA /Positive to AA+/ Stable

Commercial Paper: A1+ rating by ICRA Ltd AND CARE

Non-Convertible Debentures (NCD): CRISIL has assigned rating of AA+/Stable for the NCD programme of MHIL. During the year under consideration CRISIL has upgraded the credit rating from AA /Positive to AA+/Stable

ASSET QUALITY

Risk assessment of the customers is made at the time of initial appraisal for the purpose of pricing and granting the loans. The company also makes a portfolio risk analysis at frequent intervals with its stringent review mechanism.

Due to pandemic and subsequent lockdowns during the year Gross NPA as on March 31, 2021 stood at 4.85% as against 1.93% as on March 31, 2020 of loan outstanding during the previous year. Special campaigns were conducted for all the branches with the active involvement of their staff.

Further MHIL has a dedicated team of collection managers which allows prompt and timely collections. MHIL has a planned to increase the collection team to arrest NPA.

PERFORMANCE OVERVIEW

1. AUM is INR 17,042 million as against INR 19,769 million in the previous year.
2. PAT INR 126 million as against INR 318 million in previous year
3. Gross NPA 4.85%; NNPA 3.43%.
4. ~63 % of the total loan book as of March 2021 comes from salaried and professional segment.
5. Capital Adequacy Ratio 49.94% shows MHIL is well capitalised
6. Comfortable Debt equity ratio of 2.70 gives lot of room for leverage
7. Cost to Income ratio 42.16%; ROA 0.75% ; ROE 2.92%

RISK MANAGEMENT

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor various elements of risk involved in the business and strengthen controls to mitigate risks. As mandated under the Directions issued by the National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017, the Company has constituted a Risk Management Committee, consisting of the Whole time Director and 2 Non-Executive Directors, which is responsible for putting in place a progressive risk management system, risk management policy and strategy to be followed by the Company.

The Company has to manage various risks such as credit risk, liquidity risk, interest rate risk and operational risk. The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks at regular intervals. Major risks identified by the businesses and functions and functions are systematically addressed through mitigating actions on a continuing basis.

The Company manages its credit risk through stricter credit norms in line with the business requirements and continues to follow the time tested practice of personally assessing every borrower, before committing credit exposure. This process ensures that the expertise in lending operations acquired by the Company over the past years is put to best use and acts to mitigate credit risks.

Successful mortgage lending calls for timely identification, careful assessment and effective management of the credit, operational, market (interest-rate and liquidity) and reputation risks. The Company has adopted efficient risk-management policies, systems and processes that seek to strike an appropriate balance between risk and returns. The Company has also introduced appropriate risk management measures, such as accessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, adoption of prudent loan/value ratio and analysis of the borrower's debt-service capacity in addition to in-house scrutiny of the legal documents, lending majorly against approved properties, risk-based loan pricing and property insurance. The Company has employed qualified personnel to value properties and track property price movements. A separate recovery vertical has been set up to monitor recovery of dues from the borrowers. The Recovery Team constantly follows up with the borrowers for the collection of outstanding dues.

The Company monitors its Asset Liability Mismatch on an on-going basis to mitigate the liquidity risk, while interest rate risks arising out of Maturity Mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. The Company also measures the interest rate risk by the Duration Gap Method.

Operational risks arising from inadequate internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored. The Senior Management Team regularly assesses the risks and takes appropriate measures to mitigate them. Process improvements and quality control are on-going activities and are built into the employees' training modules as well. The Company has well documented systems to ensure better control over transaction processing and regulatory compliance

HUMAN RESOURCES

Employees' contribution is vital to the Company's performance- both qualitative and quantitative. Accordingly, the Company's performance management system is used effectively to improve staff capabilities in areas such as leadership, team building, knowledge accessibility and productivity enhancement. In-house on-the-job coaching and enhanced training programmes in various other functional areas were conducted during the year to upgrade the skills of employees and achieve functional effectiveness.

In addition, executives were seconded to various external training programmes and seminars on risk management, regulatory know-your-customer guidelines, anti-money laundering and the fair practices code. These training programmes enabled the staff members to sharpen their knowledge in their areas of responsibility. New employees are put through an induction programme covering business requirements, Company's processes, regulatory prescriptions and contours of personality development. There are no material developments in the human resources/industrial relations front adversely affecting the Company's business. The number of permanent employees on the rolls of the Company as on 31st March 2021 was 299.

INTERNAL CONTROLS AND THEIR ADEQUACY

Your Company has a well-placed, proper, adequate and documented internal control system commensurate with the size and nature of its business. The primary objective of the internal control system is to ensure that all its assets are safeguarded and protected and to prevent any revenue leakage and losses to the Company. Such controls also enable reliable financial reporting.

The Company has an Audit and Inspection Department which conducts regular internal audits to examine the adequacy and compliance with policies, plans and statutory requirements. The Internal Audit Team directly reports to the Audit Committee of the Company. Significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

The Audit Committee oversees the functioning of the audit team and reviews the effectiveness of internal control at all levels apart from laying down constructive suggestions for improving the audit function in the Company. The present reporting structure ensures independence of the internal audit function and embodies best corporate governance practices.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

For and on behalf of the Board of Directors

Place: Kochi	**Eapen Alexander**	**George Alexander Muthoot**
Date: July 27, 2021	Whole-time Director	Director

Annexure 2

Related Party Transaction Policy

1. PREAMBLE

In terms of Section 188 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors (the "Board") of Muthoot Homefin (India) Limited (the "Company" or "MHIL"), have basis the recommendations of the Audit Committee Members framed and adopted the Related Party Transaction Policy ["Policy" or "this Policy"] with effect from 01st March 2016 which defines and lays down the procedures with regard to Related Party Transactions. This policy aims to regulate transactions between the Company and its Related Parties, based on the laws and regulations applicable to the Company.

2. OBJECTIVE

The objective of this Policy is to regulate transactions with related parties and ensure transparency between them. It sets out the materiality thresholds for related party transactions and the manner of dealing with such transactions in accordance with the provisions of Companies Act, 2013 and Rules made thereunder including any amendment(s)/ modification(s) thereof.

3. DEFINITIONS

"**Act**" means the Companies Act, 2013 and rules made thereunder and includes any amendment(s)/ modification(s) thereof.

"**Arm's Length Transaction**" means transaction between two related or affiliated parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

"**Audit Committee/Committee**" means Committee of Board of Directors of the Company constituted as per the provisions of the Companies Act, 2013.

"**Key Managerial Personnel**" (as defined in Section 2 (51) of the Companies Act, 2013), in relation to the Company, means –

I. Chief Executive Officer or the Managing Director or the Manager
II. Company Secretary
III. Whole Time Director
IV. Chief Financial Officer and
V. Such other officer as may be prescribed by the Government.

"**Policy**" means Related Party Transaction Policy.

"**Material Related Party Transaction(s)**" means transaction/ transactions with the related party to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company, as per the last audited financial statements of the company."

"**Related Party**" shall mean a related party as defined under sub-section (76) of Section 2 of the Companies Act, 2013 or under the applicable accounting standards

Section 2(76) of the Companies Act, 2013, as referred above, defines Related Party as —

i. A Director or his relative;
ii. A Key Managerial Personnel or his relative;
iii. A firm, in which a director, manager or his relative is a partner;
iv. A private company in which a director or manager or his relative is a member or director;
v. A public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
vi. Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; [Except advice, directions or instructions given in a professional capacity]
vii. Any person on whose advice, directions or instructions a director or manager is accustomed to act. [Except advice, directions or instructions given in a professional capacity]
viii. Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
ix. A director other than an Independent Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.

"**Relative**" as per section 2 (77) of the Companies Act, 2013, with reference to any person, shall be deemed to be relative of another, if he or she is related to another in the following manner, namely:-

i. Father, includes step-father.
ii. Mother, includes step-mother.
iii. Son, includes step-son
iv. Son's wife.
v. Daughter.
vi. Daughter's husband.
vii. Brother, includes step-brother.
viii. Sister, includes step-sister.
ix. Are members of a Hindu Undivided Family
x. They are Husband and wife.

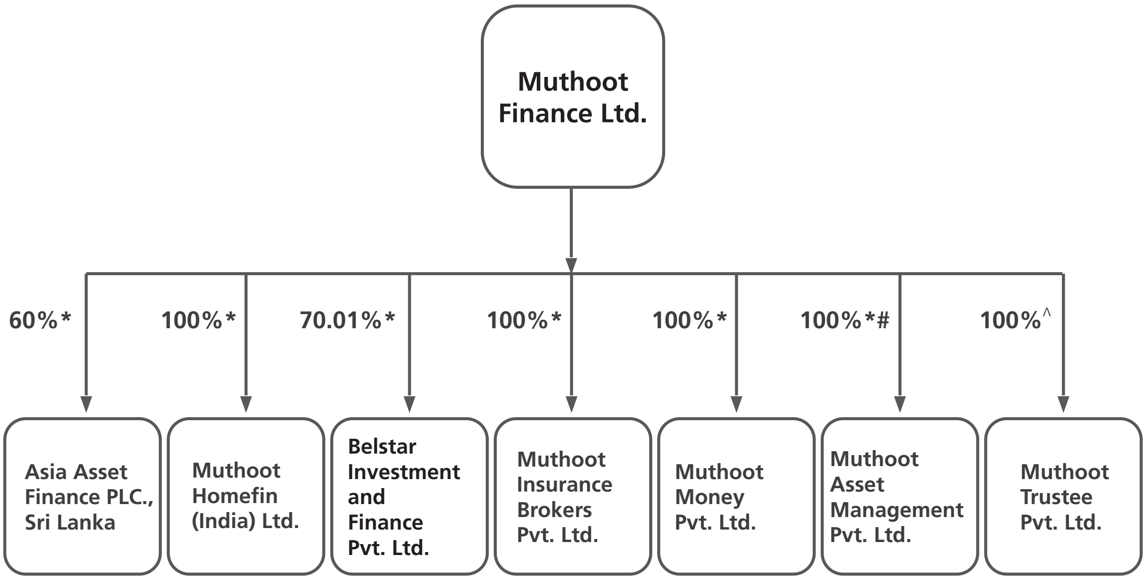
"**Related Party Transaction**" shall mean to include:

a. Transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract;
b. Contracts or arrangements entered into with related party for:
    i. Sale, purchase or supply of any goods or materials;
    ii. Selling or otherwise disposing of, or buying, property of any kind;
    iii. Leasing of property of any kind;
    iv. Availing or rendering of any services;
    v. Appointment of any agent for purchase or sale of goods, materials, services or property;
    vi. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
    vii. Underwriting the subscription of any securities or derivatives thereof, of the Company.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013

4. CORPORATE STRUCTURE

Set forth below is the corporate structure of our Promoter and its subsidiaries.



5. TERMS OF THE POLICY

5.1 All the Related Party Transactions proposed to be entered by the Company shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business. The Audit Committee shall recommend the Related Party Transaction(s) for the approval of Board of Directors/ Shareholders as per the terms of this policy and the applicable provisions of the Companies Act, 2013 or any amendment(s) / modification (s) thereto.

5.2 The Related Party Transactions entered into in the ordinary course of business and transacted at arms' length shall not require approval of the Board of Directors. However, all related party transactions to be entered by the Company shall require prior approval of the Audit Committee.

5.3 All the Material Related Party Transaction and Related Party Transactions as defined under Section 188 (1), exceeding the threshold limits prescribed under Rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, as detailed under Clause 4.4. below, shall require prior approval of the Audit Committee, Board of Directors and Shareholders of the Company by way of a resolution.

5.4 Transactions as prescribed under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/ contracts/ arrangements as follows:

a. Contracts or arrangements with respect to clauses (a) to (e) of Section 188 (1) of Companies Act, 2013 with criteria as mentioned below:

i. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;

ii. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;

iii. Leasing of property of any kind amounting to ten percent or more of the net worth of the company or ten percent or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;

iv. Availing or rendering of any services, direct or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013. These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

b. Contracts or arrangements with respect to Clause (f) of Section 188 (1) wherein a related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company is at a monthly remuneration exceeding two and a half lakh rupees.

c. Contracts or arrangements with respect to Clause (g) of Section 188 (1) wherein such related party receives a remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth.

6. PROCEDURES

a. Review and approval of Related Party Transactions by

Audit Committee Members

- Audit Committee shall review all the potential/proposed Related Party Transactions, to ensure that no conflict of interest exists and evaluate it from the perspective of Arms' Length Pricing.

- Any member of the Audit Committee who has an interest in the transaction under discussion shall abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chairperson of the Committee, participate in some or all of the Committee's discussions of the Related Party Transaction.

- Audit Committee shall have all the rights to call for information/documents in order to understand the scope of the proposed related party transactions and devise an effective control system for the verification of supporting documents. The Audit Committee shall be provided with the following information and details pertaining to each proposed related party transactions/ contracts -

  i. The name of the related party and nature of relationship;
  ii. The nature, duration of the transaction /contract or arrangement and particulars of the transaction/ contract or arrangement;
  iii. The material terms of the transaction/contract or arrangement including the value and / or the maximum amount for which the same is proposed to be entered into ;
  iv. Any advance paid or received for the transaction / contract or arrangement, if any;
  v. The manner of determining the pricing and other commercial terms, both included as part of transaction / contract and not considered as part of the same;
  vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered.
  vii. The rationale for not considering the relevant factors; and
  viii. Any other information relevant or important for the Audit/ Board to take a decision on the proposed transaction.

- The Audit Committee shall while reviewing the Related Party Transaction, consider all the relevant information/ facts submitted to it, including but not limited to the (a) Commercial or business reasonableness of the terms of the subject transaction so as to analyse that transaction is on an arms' length basis, benchmarking the same with the information and /or drawing reference to the information that may have a bearing on the arms' length analysis. eg: industry trends, certificate from an independent auditor, valuation reports, third party comparables, publications or quotations. etc. (b) availability and / or the opportunity cost of the alternate transactions (c) materiality and interest (direct/ indirect) of the related party in the subject transaction, (d) actual or apparent conflict of interest of the Related Party, (e) If the Related party is an Independent Director then the Audit Committee shall also consider the impact of the said Related Party Transaction on the Director's independence. Upon completion of its review of the transaction, the Audit Committee may determine whether to allow or disallow from entering into the Related Party Transaction. The Audit Committee shall also have the right to suggest any modification(s) in the proposed related party transaction. The Audit Committee, if considers it appropriate, can also propose modification/s in the approved related party transaction subsequently.

b. Omnibus Approval of Related Party Transactions

The Audit Committee may grant omnibus approval, pertaining to the transactions in the ordinary course of business, transactions for support service/ sharing of services with Associates Companies, Sub Lease of Office Premises or Office Sharing arrangement with Associate Companies or any other transactions or arrangements as it may deem appropriate, being proposed to be entered into on arms' length basis, subject to the following conditions.

i. The Audit Committee shall grant omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
ii. The Audit Committee shall satisfy itself in respect of the need for such omnibus approval and that such approval is in the interest of the company;
iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions or criteria's, as the Audit Committee may deem fit;
iv. However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ` 1 crore per transaction.
v. Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
vi. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

c. Review and approval of Related Party Transactions by Board of Directors.

- In case the Audit Committee determines that the Related Party Transaction requires the approval of the Board of Directors or Shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction to the Board of Directors for its approval alongwith all the relevant information/ documents pertaining to the same.

- The Board shall review the Related Party Transaction and recommendations of the Audit Committee, if any, and shall have the authority to call for such additional information as it may deem appropriate and may approve with or without modification(s) or reject the proposed related party transaction as per the terms of this policy and other applicable regulatory provisions.

- In case, the Board determines that the Related Party Transaction requires approval of the shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction to the shareholders for its approval alongwith all the relevant information/documents pertaining to the same, as per the appropriate regulatory provisions.

d. All Material related party transaction(s) to be entered into between the Company and its Wholly owned Subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the general meeting for approval, shall not require approval of the Shareholders.

e. Approval of the Audit Committee /Board of Directors shall be required in case of any subsequent amendment/ modification/renewal, in the terms of the earlier approved Related Party Transaction, as the case may be.

7. DISCLOSURES

Every Director of a Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into-

a. With a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or

b. With a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

- Each Director, Key Managerial Personnel shall be required to disclose to the Audit Committee any potential Related Party Transaction(s) proposed to be entered into by them or their relatives.
- The Related Party Transaction entered into with the related party/ies shall be disclosed in the Director's Report / Annual Report as per the disclosure requirement(s) of the Companies Act, 2013. Material Transactions exceeding the threshold limits as prescribed under Rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 shall be disclosed under "Details of material contracts or arrangements or transactions at arms' length" in Form no. AOC-2 as a part of the Directors Report, as prescribed under Companies Act, 2013.
- The particulars of all the Related Party Transaction entered into with the approval of the Audit Committee / Board of Directors / Shareholders shall be entered into the Register of Contracts or Arrangements in which Directors are interested, maintained by the Company as per the provisions of the Companies Act, 2013 and rules framed thereunder.
- All entities falling under the definition of related parties shall abstain from voting at the Board Meeting or at Annual General Meeting irrespective of whether the entity is a party to the particular transaction/ contract / arrangement or not.
- This Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report.
- Quarterly/periodical updates shall be provided to the Audit Committee members on the related party transactions entered by the Company.

8. RATIFICATION

If any contract or arrangement is entered into by a director or any other employee of the Company, without obtaining the consent of the Board or approval by a resolution in the general meeting as per the provisions of Section 188 (1) of the Companies Act, 2013 and if it is not ratified by the Board and/or by the shareholders at a meeting, as the case may be, within three monthsfrom the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it. However, the above provisions for ratification shall not apply to the Material Related Party Transactions.

9. AMENDMENTS

The Audit Committee shall periodically review, propose modifications/ amendments, if deemed necessary, to this policy which shall be subject to the approval of the Board of Directors. In the event of any conflict between the provisions of this Policy, Act or any other statutory enactments/rules/laws, the provisions of such Act or any other statutory enactments/rules/laws would prevail over this Policy.

For and on behalf of the Board of Directors

Place: Kochi
Date: July 27, 2021

Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

Annexure 2A

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

I	Details of contracts or arrangements or transactions not at arm's length basis	NIL
a	Name(s) of the related party and nature of relationship	
b	Nature of contracts/arrangements/transactions	
c	Duration of the contracts/arrangements/transactions	
d	Salient terms of the contracts or arrangements or transactions including the value, if any	
e	Justification for entering into such contracts or arrangements or transactions	
f	date(s) of approval by the Board	
g	Amount paid as advances, if any:	
h	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

II	Details of material contracts or arrangement or transactions at arm's length basis	NIL
a	Name(s) of the related party and nature of relationship	
b	Nature of contracts/arrangements/transactions	
c	Duration of the contracts/arrangements/transactions	
d	Salient terms of the contracts or arrangements or transactions including the value, if any	
e	Justification for entering into such contracts or arrangements or transactions	
f	date(s) of approval by the Board	
g	Amount paid as advances, if any:	

For and on behalf of the Board of Directors

Place: Kochi
Date: July 27, 2021

Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

Annexure 3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **Brief outline of the CSR Policy of the Company**
   CSR vision and policy of the Company is aimed to create a nationwide social impact by constantly giving back to the community by identifying and facilitating growth in areas which are less privileged. The Company focuses on Health awareness and education initiatives and is in process of expanding its CSR activities at pan India Level. Company will be undertaking CSR activities through Muthoot M George Foundation, a charity foundation for CSR activities of the Company. The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013.

2. **Composition of CSR Committee**

Sl No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR committees held during the year	Number of meetings of CSR Committees attended during the year
1	Eapen Alexander	Executive Director	1	1
2	K. R. Bijimon	Non-Executive Director	1	1
3	Jose Kurian	Independent Director	1	1

3. Web-link for disclosure of composition of CSR Committee, CSR Policy and CSR Projects approved by the Board - The prescribed details are available on the website of the Company at www.muthoothomefin.com/policies

4. 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 - **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**

Sl No	Financial Year	Amount available for set off from preceding financial years (in Rs)	Amount required to be set off
Not Applicable			

6. Average net profit of the Company as per Section 135(5) - **INR 451.46 million**

7. (a) Two percent of average net profit of the company as per section 135(5) – **INR 9.03 million**

   (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 – **NIL**

   (d) Total CSR obligation for the financial year (7a+7b-7c) - **INR 9.03 million**

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

Total amount Spent for the financial year (INR)	**Amount Unspent (in Rs)**				
	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 Fund	Amount	Date of transfer
90,29,276	NIL	NA	NA	NA	NA

(b) Details of CSR amount spent against **ongoing projects** for the financial year – **NIL**

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		Project duration	Amount allocated for the project (in Rs)	Amount spent in the current financial year (in Rs)	Amount transferred to unspent CSR account for the project as per section 135(6) (in Rs)	Mode of implementation- Direct (Yes / No)	Mode of implementation – through implementing agency	
				State	District						Name	CSR Registration Number
Not Applicable												

(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	Mode of implementation- Direct (Yes / No)	Mode of implementation - through implementing agency	
				State	District			Name	CSR Registration Number
1	Medical assistance – Poor patients' medical assistance	Item (i) Promoting healthcare	Yes	Kerala	All Kerala	42,89,558	No	Muthoot M. George Foundation	CSR00008030
2	Covid-19 PPE Kit supply	Item (i) Promoting healthcare including preventive healthcare	Yes	Kerala, Karnataka	Ernakulam, Bengaluru	91,705	No	Muthoot M. George Foundation	CSR00008030
3	Educational assistance - Scholarship to College Students	Item (ii) Promoting education	Yes	Kerala	All Kerala	44,36,600	No	Muthoot M. George Foundation	CSR00008030
4	Marriage Assistance - assisting widowed mothers to get their daughters married, thereby assuring the families a secured life.	Item (iii) Promoting gender equality & empowering women	Yes	Kerala	All Kerala	2,11,413	No	Muthoot M. George Foundation	CSR00008030

(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) – **INR 90,29,276**

(g) Excess amount for set off, if any

Sl No	Particulars	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	90,29,276
(ii)	Total amount spent for the financial year	90,29,276
(iii)	Excess amount spent for the financial year (ii – i)	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years (iii-iv)	0.00

9. (a) Details of unspent CSR amount for the preceding three financial years – **NIL**

Sl No	Preceding Financial year	Amount transferred to unspent CSR account for the project as per section 135(6) (in Rs)	Amount spent in the reporting financial year (in Rs)	Amount transferred to any fund specified under Schedule VII as per section 135(6) if any			Amount remaining to be spent in succeeding financial years (in Rs)
				Name of Fund	Amount (in Rs)	Date of Transfer	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) – **NIL**

Sl No	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the Project (in Rs)	Amount spent on the Project in the reporting financial year (in Rs)	Cumulative amount spent at the end of the reporting financial year (in Rs)	Status of the Project Completed / ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created / acquired through CSR spent in the financial year – **No capital asset was created / acquired for fiscal 2021 through CSR spent**

a) Date of creation or acquisition of the capital asset(s) – **Not applicable**

b) Amount of CSR spent for creation or acquisition of capital asset - **Not applicable**

c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, address etc - **Not applicable**

d) Provide details of the capital asset created or acquired (including complete address and location of the capital asset) - **Not applicable**

Specify the reason, if any, if the company has failed to spend two per cent of the average net profit as per section 135(5) - **Not applicable**

For and on behalf of the CSR Committee

Place: Kochi
Date: July 27, 2021

Eapen Alexander
Whole-time Director
Chairman, CSR Committee

K.R. Bijimon
Director
Member, CSR Committee

Annexure 4

Form No. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

(Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014)

To
The Members,
M/s. Muthoot Homefin (India) Limited
Muthoot Chambers, Kurians Tower, Banerji Road
Ernakulam North, Cochin – 682 018, Kerala

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Muthoot Homefin (India) Limited (CIN – U65922KL2011PLC029231) (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 M/s. Muthoot Homefin (India) Limited'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 **31st March, 2021** complied with the statutory provisions listed hereunder, wherever and to the extent applicable, 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 M/s. Muthoot Homefin (India) Limited for the above said financial year ended on **31st March, 2021**, according to the provisions of;

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 [SCRA] and the rules made thereunder

iii. Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the company during the audit period)

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

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the company during the audit period)

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

   f. 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;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company during the audit period)

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the company during the audit period), and

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

vi. The company has complied with the following specifically applicable laws, directions, circulars to the company, as confirmed by the management of the company:

   a. National housing Bank Act, 1987

   b. The Housing Finance companies (NHB) Directions, 2010

   c. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

   d. National Housing Bank Circulars, Notifications and Guidelines

   e. Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest [SARFAESI] Act, 2002

   f. Credit Information Companies (Regulation) Act, 2005

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

i. Secretarial Standards issued by the Institute of Company Secretaries of India with respect to board of directors and general meetings.

ii. Listing Agreement entered by the company with BSE Limited with respect to listing of Non-convertible Debentures.

We report that, during the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Guidelines, standards etc; mentioned above, subject to the following observation;

1. *Minimum Number of shareholders reduced below the statutory limit for some period of time during the year under review and as per the information provided by the management, they have maintained minimum number of shareholders as on the date of this report.*

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

As per the information given to us and duly certified by the management, 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 and recorded as part of the minutes. We did not find any dissenting directors views recoded in the minutes. The directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholding / directorships in other companies and interest in other entities.

We further report that, based on the information provided by the Company, its officers and authorised representatives during the conduct of the Audit, in our opinion, adequate systems, processes and control mechanism exist in the Company, commensurate with the size and operations of the company, to monitor and ensure Compliance with applicable general laws, rules, regulations and guidelines.

We further report that the following key corporate actions were held during the period under review;

Board of Directors in its meeting held on 12.05.2020 accorded its consent to issue non-convertible debentures to the extent of Rs. 800 Crores.

The Finance Committee of Directors of the company held on 17.06.2020 allotted 250 Secured Redeemable Non-Convertible Debentures of face value of Rs. 1,000,000/- each aggregating to Rs 25 Crores. These NCDs are listed in BSE Limited.

For **ABP & Associates**

Pradeep P.C
Company Secretary
FCS 5170 / CP 3905

Place: Ernakulam
Date: 19.07.2021

Unique Code Number - P2009KE019600
UDIN - F005170C000653939

This report is to be read with our letter of even date which is annexed hereto as **Annexure A** and forms an integral part of this report.

Annexure A

To
The Members,
M/s. Muthoot Homefin (India) Limited
Muthoot Chambers, Kurian Tower, Banerji Road
Ernakulam North, Cochin – 682 018, Kerala

Our report of even date is to be read along with this letter

1. Maintenance of Secretarial or other statutory records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. Due to the Lockdown imposed, due to COVID 19 pandemic, by Central / State Governments and the resulting travel restrictions, it was difficult for us to physically visit the Company and carry out the physical audit function. We have carried out the Audit Process using various techniques of Online Auditing and verified the records / documents / statements received by us through electronic media. We have also received Management Representation Letters where ever necessary and relied upon the same, wherever required. Using such techniques, we have ensured reasonable assurance that the information / record / statements provided to us are free from material misstatement and adhere to the relevant standards. We have carried out the Audit Process using Online Mode and subject to our disclosures as mentioned above. The audit evidence obtained by us is adequate to express our audit opinion.

For **ABP & Associates**

Pradeep P.C
Company Secretary
FCS 5170 / CP 3905

Place: Ernakulam
Date: 19.07.2021

Unique Code Number - P2009KE019600
UDIN - F005170C000653939

Annexure 5

Disclosure pursuant to Part A of Schedule V read with Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(₹ in millions)

Sl No	Loans and Advances in the nature of loans	Amount outstanding as at 31.03.2021	Maximum amount outstanding during the year
(A)	To Holding Company	NIL	NIL
(B)	From Holding Company	NIL	370
(C)	To Associates	NIL	NIL
(D)	To firms / companies in which directors are interested (other than (A) and (B) above)	NIL	600
(E)	Investment by the loanee in the shares of the Parent Company and Subsidiary Company when the Company has made a loan or advance in the nature of loan	NIL	NIL

For and on behalf of the Board of Directors

Place: Kochi
Date: July 27, 2021

Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

Annexure 6

A. INFORMATION REQUIRED PURSUANT TO SECTION 197 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year; The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Sl No	Name of Director and KMP	Designation	Percentage increase in remuneration during FY 21	Ratio of the remuneration of each director to the median remuneration of the employees of the company
1	Eapen Alexander	Whole time Director	(50%)	6:1
2	Jose Kurian	Independent Director	(8%)	1:2
3	V. C. James	Independent Director	(8%)	1:2
4	Jacob K. Varghese	Independent Director	54%	1:3
5	K. R. Bijimon	Non-Executive Director	(15%)	1:2
6	Ramratthinam. S	Chief Executive Officer	(17%)	35:1
7	Pandurang Kadam	Chief Financial Officer	(20%)	8:1
8	Jinu Mathen	Company Secretary	(14%)	2:1
9	Vikram Rooprai	Interim Chief Executive Officer	6%	14:1

2. The percentage increase in the median remuneration of employees in the financial year – **7.5%**

3. The number of permanent employees on the rolls of company as on 31.03.2021 - **299**

4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

5. **Average percentile increment in employees' salary is 6.9% for FY 2020-21 whereas the managerial salary increment was 6.5%.**

6. Affirmation that the remuneration is as per the remuneration policy of the company - **We affirm that remuneration is paid as per the remuneration policy of the Company**

B. INFORMATION REQUIRED PURSUANT TO SECTION 197 READ WITH RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name of employee	Ramratthinam S*
Designation	Chief Executive Officer
Remuneration received	12.53 millions
Nature of employment, whether contractual or otherwise;	Permanent
Qualifications and experience of the employee;	Bachelor's degree in science and more than 25+ years' experience in retail lending industry
Date of commencement of employment;	14th December 2015
Age of such employee;	52 years
The last employment held by such employee before joining the company;	DHFL
The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above;	NA
Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:	No

* Ramratthinam. S resigned from the office of Chief Executive Officer with effect from February 02, 2021

For and on behalf of the Board of Directors

Place: Kochi
Date: July 27, 2021

Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MUTHOOT HOMEFIN (INDIA) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Muthoot Homefin (India) Limited** ("the Company"), which comprise the Balance sheet as at 31st March 2021, and the Statement of Profit and Loss, Statement of changes in equity and Statement of Cash Flows for the year then ended, and notes to the 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 financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter – Effects of COVID-19

We draw attention to Note 41 to the financial statements, in accordance with Reserve Bank of India COVID-19 Regulatory Package, ageing of accounts opting for moratorium offered by the company. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Impairment of financial assets (expected credit loss)	
Ind AS 109 requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on the financial assets over their life, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets. In the process, a significant degree of judgement has been applied by the management in respect of grouping its loan portfolio under risk-based categories, staging of loans, estimation of expected loss, and estimation of losses in respect of those groups of loans which had no/minimal defaults in the past. Considering the significance of such provision to the overall financial statements and the degree of management's judgment, any error or misstatement in such estimate may give rise to a material misstatement of the Ind AS financial statements or omission of any disclosure required by the standards. Therefore, it is considered as a key audit matter.	Our audit procedures included considering the Company's accounting policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109. We have assessed the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets and their appropriateness for determining the probability-weighted default (PD) and loss-given default (LGD) rates. We have tested the operating effectiveness of the controls for staging of loans based on their past-due status. We also tested a sample of stage 1 and Stage 2 loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. We have performed sample testing of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. We have tested the arithmetical accuracy of computation of ECL provision performed by the Company. We have assessed that the assumptions used by the management for estimation of allowance for expected credit losses as at March 31, 2021 are presented and disclosed in the Ind AS financial statements.
De recognition of financial assets	

During the year, the Company has assigned loans amounting to ₹1000 million for managing its funding requirements and recorded a net income of ₹243.06 million and corresponding un-winding of excess interest spread receivable of ₹243.06 million. As per Ind AS 109, de-recognition of loans transferred by the Company through assignment is based on the 'risk and reward' model and a 'control' model. If de-recognition criteria are met, the financial assets transferred are de-recognized and difference between carrying value and consideration including the present value of interest payments that it would not give up (excess interest spread receivable) is recorded as income in the statement of profit and loss. There are assumptions made with respect to the remaining tenor of the financial assets assigned and other factors which could materially impact the fair valuation as well the excess interest spread. Accordingly, de-recognition of financial assets was considered as a key audit matter.	We have examined the terms of assignment agreements on a sample basis to evaluate whether the de-recognition criteria have been applied by the Company. We have assessed the significant estimates and judgements, including the discount rate and expected remaining life of the portfolio transferred used by the company for computation of excess interest receivable servicing asset and servicing liability. We have tested the arithmetical accuracy of computation of the excess interest spread receivable, servicing asset and servicing liability. We have assessed the disclosures included in the Ind AS financial statements with respect to de-recognition in accordance with the requirements of Ind AS 109 and Ind AS 107.
Impact of COVID-19	
On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be pandemic. We have identified the impact of, and uncertainty related to the COVID-19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of: Short and long term macroeconomic effect on business in the country and globally and its consequential and cascading negative impact on revenue and employment generation opportunities. Impact of the pandemic on the Company's customers and their ability to repay dues; and application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning.	Our audit procedures focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model; testing of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data; model calculations testing through re-performance where possible. We have checked the basis of collateral valuation in the determination of ECL provision; assessed the appropriateness of management rationale for determination of criteria for significant increase in credit risk considering both: adverse effects of COVID-19 and mitigants in the form of the RBI/ Government financial relief package; and corroborated through independent check and enquiries the reasonableness of management's assessment of grading the severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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.

Responsibility of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the Board of Director's is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Director's either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in 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, 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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards 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 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35A to the financial statement.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Rangamani & Co**
Chartered Accountants
(Firm Registration No.: 003050 S)

Jane P. Thomas
Partner
Membership No: 236744

Place: Kochi
Date: May 04, 2021
UDIN: 21236744AAAAAP9868

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Muthoot Homefin (India) Limited ('the Company')

(i) In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on the information and explanations given to us and on the verification of the relevant records, the title deeds for the immovable property are held in the name of the Company

(ii) The Company is a Housing Finance Company engaged in the business of providing loans and therefore does not hold any physical inventories. Accordingly, the provisions of clause 3 (ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to one body corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) To the best our knowledge and according to the information and explanation provided to us, the Company has not granted any loans, made investments or provided guaranteed under the provisions of Sections 185 and 186 of the Act.

(v) The Company has not accepted public deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3 (v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company and therefore, the provisions of the clause 3 (vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no material dues of Goods and Service Tax, duty of Customs, and which have not been deposited on account of any dispute other than those mentioned below:

Nature of dues	Amount (In Lakh Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax	2839.00	2018-19	Commissioner of Income Tax (Appeals) Kochi

(viii) According to the records of the Company examined by us and the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders, as applicable.

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the moneys raised by way of public offer of debt instruments and term loans for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examinations of the records of the Company, the

Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence reporting under clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Thus, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **Rangamani & Co**
Chartered Accountants
(Firm Registration No.: 003050 S)

Jane P. Thomas
Partner
Membership No: 236744

Place: Kochi
Date: May 04, 2021
UDIN: 21236744AAAAAP9868

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Muthoot Homefin (India) Limited ('the Company') as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 auditors' judgments, 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 financial statements for external purposes in accordance with generally accepted accounting principles .A company's internal financial control over financial reporting includes those policies and procedures that;(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Rangamani & Co**
Chartered Accountants
(Firm Registration No.: 003050 S)

Place: Kochi
Date: May 04, 2021
UDIN: 21236744AAAAAP9868

Jane P. Thomas
Partner
Membership No: 236744

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MUTHOOT HOMEFIN (INDIA) LIMITED

As required by The Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2021, we state that:

i. The company has obtained a certificate of registration under section 29A of the National Housing Bank Act, 1987, dated 19th May 2014 from National Housing Bank; and the company has complied with the Principal Business Criteria specified in Paragraph 4.1.17 of the Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021;

ii. The company has met the Net Owned Fund (NOF) requirement as prescribed under Section 29A of the National Housing Bank Act, 1987

iii. The company has complied with Section 29C of the National Housing Bank Act, 1987;

iv. According to the information and explanations given to us, the Board of Directors has passed a resolution for non-acceptance of any public deposits;

v. According to the information and explanations given to us, the company has not accepted any public deposits during the year;

vi. According to the information and explanations given to us, the total borrowings of the company are within the limits prescribed under paragraph 27.2 of the Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021;

vii. According to the information and explanations given to us, the company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021;

viii. According to the information and explanations given to us, the capital adequacy ratio as disclosed in the half-yearly statutory return submitted to NHB, as per the Housing Finance Companies (NHB) Directions, 2010, has been correctly determined by the company and such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) therein;

ix. The Company has furnished the half-yearly statutory return to NHB within the stipulated period as specified in the Housing Finance Companies (NHB) Directions, 2010;

x. The Company has furnished the quarterly statutory return on Statutory Liquid Assets to the NHB within the stipulated period as specified in the Housing Finance Companies (NHB) Directions, 2010;

xi. According to the information and explanations given to us, the company has complied with the requirements contained in the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 in respect of opening of new branches /offices or in the case of closure of existing branches/offices, as applicable;

xii. According to the information and explanations given to us, the company has complied with the provisions contained in paragraph 3.1.3, paragraph 3.1.4 and paragraph 18 of the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

For **Rangamani & Co**
Chartered Accountants
(Firm Registration No.: 003050 S)

Place: Kochi
Date: May 04, 2021
UDIN: 21236744AAAAAP9868

Jane P. Thomas
Partner
Membership No: 236744

(₹ in Millions)

Balance Sheet

as at March 31, 2021

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	5.1	552.22	661.86
b) Bank Balance other than above	5.2	131.25	-
c) Loans	6	13,767.19	17,257.71
d) Investments	7	524.31	222.02
e) Other financial assets	8	1,645.62	495.99
2 Non-financial assets			
a) Property, plant and equipment	9	54.76	77.96
b) Other intangible assets	10	4.04	5.72
c) Current tax assets (Net)		60.67	77.55
d) Other non financial assets	11	43.88	50.72
Total assets		**16,783.94**	**18,849.53**
II LIABILITIES AND EQUITY			
1 Financial Liabilities			
a) (I) Trade payable			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12	33.12	26.08
b) Debt securities	13	3,087.84	2,837.84
c) Borrowings (other than debt securities)	14	8,743.60	11,327.28
d) Other Financial Liabilities	15	382.20	276.10
2 Non-financial Liabilities			
a) Provisions	16	3.59	4.66
b) Deferred tax liabilities (Net)	30	141.44	111.03
c) Other non-financial liabilities	17	5.56	6.49
3 Equity			
a) Equity share capital	18	1,191.56	1,191.56
b) Other equity	19	3,195.03	3,068.49
Total liabilities and equity		**16,783.94**	**18,849.53**

Notes on accounts form part of financial statements
As per our Report of even date

For and on behalf of Board of Directors

For Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

George Alexander Muthoot
Director

Eapen Alexander
Whole Time Director

Jane P. Thomas
Partner
M. No. 236744

Pandurang Kadam
Chief Financial Officer

Jinu Mathen
Company Secretary

Place: Kochi
Date: May 04, 2021

(₹ in Millions)

Statement of Profit and Loss

for the year ended March 31, 2021

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations			
(i) Interest income	21	2,146.94	2,264.32
(ii) Sale of service		4.60	58.55
(iii) Net gain on derecognised (assigned) loans		205.29	512.53
(iv) Net gain on fair value changes	22	9.94	12.14
(I) Total Revenue from operations		**2,366.77**	**2,847.54**
(II) Other Income	23	41.88	28.46
(III) Total Income (I + II)		**2,408.65**	**2,876.00**
Expenses			
(i) Finance cost	24	1,224.62	1,414.46
(ii) Impairment of financial instruments and write Off	25	507.14	355.62
(iii) Employee benefit expenses	26	343.62	432.68
(iv) Depreciation, amortization and impairment	27	27.92	36.40
(v) Other expenses	28	136.69	212.47
(IV) Total Expenses (IV)		**2,239.99**	**2,451.63**
(V) Profit before exceptional items and tax (III - IV)		**168.66**	**424.37**
(VI) Exceptional items		**-**	**-**
(VII) Profit before tax (V- VI)		**168.66**	**424.37**
(VIII) Tax Expense:			
(1) Current tax	29	13.10	-
(2) Deferred tax	30	30.06	106.60
Net Tax Expense (VIII)		**43.16**	**106.60**
(IX) Profit for the period (VII-VIII)		**125.50**	**317.77**
(X) Other Comprehensive Income			
(i) Items that will not be classified to profit or loss			
(a) Remeasurements of the defined benefit plans		1.39	0.67
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.35)	(0.17)
Other Comprehensive Income (i + ii)		**1.04**	**0.50**
(XI) Total Comprehensive Income for the period (IX + X)		**126.54**	**318.27**
(XII) Paid-up Equity Share Capital (Face Value of Rs. 10/- Each)		1,191.56	1,191.56
(XIII) Other Equity excluding Revaluation Reserves		3,195.03	3,068.49
(XIV) Earnings per equity share (Face Value of Rs. 10/- Each)	31		
Basic (Rs.)		1.05	2.67
Diluted (Rs.)		1.05	2.67

Notes on accounts form part of financial statements
As per our Report of even date

For and on behalf of Board of Directors

For Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

George Alexander Muthoot
Director

Eapen Alexander
Whole Time Director

Jane P. Thomas
Partner
M. No. 236744

Pandurang Kadam
Chief Financial Officer

Jinu Mathen
Company Secretary

Place: Kochi
Date: May 04, 2021

(₹ in Millions)

Cash Flow Statement

for the year ended March 31, 2021

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from Operating Activities		
Profit before tax	168.66	424.37
Adjustments for:		
Depreciation, amortisation & impairment	27.92	36.40
Impairment on financial instruments and write Off	507.14	355.62
Interest Expenses	1,224.62	1,414.46
Net gain on derecognised (assigned) loans	(205.29)	(512.53)
Net gain on fair value changes	(9.94)	(12.14)
Loss on sale of Property, plant and equipment	1.85	0.08
Operating Profit Before Working Capital Changes	**1,714.96**	**1,706.26**
Working capital changes		
Bank balance other than cash and cash equivalents	(131.25)	-
Loans	2,983.38	1,261.21
Other financial asset	(1,003.06)	60.99
Other non financial asset	6.84	(23.02)
other financial liabilities and other non financial liabilities	26.11	(24.22)
Trade payables	7.04	14.18
Provision	0.32	2.26
Cash Generated from Operations	**3,604.34**	**2,997.66**
Interest Paid	(1,145.56)	(1,237.10)
Income Received on Assignment of Loans	58.72	36.42
Income tax paid	3.79	(72.71)
Net cash flows from/(used in) operating activities	**2,521.29**	**1,724.27**
B.Cash flow from Investing Activities		
Purchase of Property, plant and equipment/intangible assets	(5.08)	(39.73)
Sale of Property, plant and equipment	0.18	0.22
Purchase of Investments	(13,370.80)	(55,880.00)
Proceeds from Sale of Investments	13,064.94	55,892.14
Purchase of Security Receipt	-	(222.02)
Redemption of Security Receipt	13.51	-
Net cash flows from/(used in) investing activities	**(297.25)**	**(249.39)**
C.Cash flow from Financing activities		
Proceeds from issue of shares	-	-
Borrowings other than debt securities issued	(2,583.68)	(4,054.71)
Debt Securities Issued	250.00	2,837.84
Net cash flows from/(used in) financing activities	**(2,333.68)**	**(1,216.87)**
Net increase/(decrease) in cash and cash equivalents	(109.64)	258.01
Add: Cash and cash equivalents as at beginning of the year	661.86	403.85
Cash and cash equivalents as at the end of the year	**552.22**	**661.86**

(₹ in Millions)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Components of cash & cash equivalents		
Cash on hand	5.85	3.50
In current accounts	546.37	158.36
In Bank deposit with maturity of less than 3 months	-	500.00
Total	**552.22**	**661.86**

Notes on accounts form part of financial statements
As per our Report of even date

For and on behalf of Board of Directors

For Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

George Alexander Muthoot
Director

Eapen Alexander
Whole Time Director

Jane P. Thomas
Partner
M. No. 236744

Pandurang Kadam
Chief Financial Officer

Jinu Mathen
Company Secretary

Place: Kochi
Date: May 04, 2021

(₹ in Millions)

Statement of changes in Equity

as at March 31, 2021

a. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

Particulars	No	Rs.
As at April 1, 2019	11,91,55,843	1,191.56
Issued during the year	-	-
As at March 31, 2020	**11,91,55,843**	**1,191.56**
Issued during the year	-	-
As at March 31, 2021	**11,91,55,843**	**1,191.56**

b. Other Equity

Particulars	Reserves and Surplus				
	Statutory Reserve	Share Premium Account	Retained Earnings	Other comprehensive income	Total
Balance as at April 1, 2019	230.04	2,146.81	373.28	0.09	2,750.22
Transfer to/from retained earnings	63.55	-	(63.55)	-	-
Other Additions/ Deductions during the year	-	-	-	-	-
Premium received during the period	-	-	-	-	-
Profit (loss) for the period after income tax	-	-	317.77	-	317.77
Other Comprehensive Income for the year before income tax	-	-	-	0.67	0.67
Less: Income Tax	-	-	-	(0.17)	(0.17)
Balance as at March 31, 2020	**293.59**	**2,146.81**	**627.50**	**0.59**	**3,068.49**
Transfer to/from retained earnings	25.10	-	(25.10)	-	-
Other Additions/ Deductions during the year	-	-	-	-	-
Premium received during the period	-	-	-	-	-
Profit (loss) for the period after income tax	-	-	125.50	-	125.50
Other Comprehensive Income for the year before income tax	-	-	-	1.39	1.39
Less: Income Tax	-	-	-	(0.35)	(0.35)
Balance as at March 31, 2021	**318.69**	**2,146.81**	**727.90**	**1.63**	**3,195.03**

Notes on accounts form part of financial statements
As per our Report of even date

For and on behalf of Board of Directors

For Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

George Alexander Muthoot
Director

Eapen Alexander
Whole Time Director

Jane P. Thomas
Partner
M. No. 236744

Pandurang Kadam
Chief Financial Officer

Jinu Mathen
Company Secretary

Place: Kochi
Date: May 04, 2021

Notes on accounts

for the year ended March 31, 2021

1. Corporate Information

Muthoot Homefin (India) Limited was incorporated on 26 August 2011. The Corporate Identification Number (CIN) is U65922KL2011PLC029231. The Company obtained the certificate of registration under the National Housing Bank ("NHB") as required under Section 29A of the NHB Act, 1987 on 19th May, 2014.

The Company is a wholly owned subsidiary of Muthoot Finance Limited.

The registered office of the Company is at Muthoot Chambers, Kurian Towers, Banerji Road, Ernakulam North, Kochi – 682 018.

The Company is primarily engaged in the business of providing long term finance to construct, purchase, acquire, renovate, modify, extend, enlarge or repair any house, villa, flat, apartment on the terms and conditions as the company may deem fit.

2. Basis of preparation

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

2.2. Basis of measurement

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

i) fair value through other comprehensive income (FVOCI) instruments,

ii) derivative financial instruments,

iii) other financial assets held for trading,

iv) financial assets and liabilities designated at fair value through profit or loss (FVTPL)

2.3 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also its functional currency and all values are rounded to the nearest million, except when otherwise indicated.

3. Significant accounting policies

3.1. Recognition of interest income

1. The Company recognises Interest income by applying the effective interest rate to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

2. For purchased or originated credit-impaired financial assets, the Company applies the credit- adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

3. For other credit-impaired financial assets, the Company applies effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

4. The effective interest rate on a financial asset is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset .While estimating future cash receipts, factors like expected behaviour and life cycle of the financial asset, probable fluctuation in collateral value etc are considered which has an impact on the EIR.

5. While calculating the effective interest rate, the Company includes all fees or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

6. Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

3.2 Recognition of Dividend Income

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

3.3 Other Income and Charges

Other income and charges represents income earned from the activities incidental to the business and is recognised upon realisation.

3.4 Financial instruments

A. Financial Assets

3.4.1 Initial recognition and measurement

All financial assets are recognised initially at fair value when the parties become party to the contractual provisions of the financial asset. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

3.4.2 Subsequent measurement

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

1. Financial assets measured at amortised cost A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that

are solely payments of principal and interest on the principal amount outstanding.

2. Financial assets measured at fair value through other comprehensive income (FVTOCI).

   A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Financial assets measured at fair value through profit or loss (FVTPL)

   A financial asset which is not classified in any of the above categories are measured at FVTP.

3.4.3 Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the changes in fair value through other comprehensive income (FVTOCI)

B. Financial Liabilities

3.4.4 Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including book overdrafts.

3.4.5 Subsequent Measurement

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

3.5 Derecognition of financial assets and liabilities

3.5.1 Financial Asset

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition. A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.5.2 Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.6 Offsetting

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

a. The normal course of business

b. The event of default

c. The event of insolvency or bankruptcy of the Company and/or its counterparties

3.7 Impairment of financial assets

In accordance with IND AS 109 , the Company uses 'Expected Credit Loss' model (ECL) , for evaluating impairment of financial assets other than those measured at Fair value through profit and loss.

3.7.1 Overview of the Expected Credit Loss (ECL) model

Expected Credit Loss, at each reporting date, is measured through a loss allowance for a financial asset:

- At an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- At an amount equal to 12-month expected credit losses, if the credit risk on a financial instrument has not increased significantly since initial recognition.

Lifetime expected credit losses means expected credit losses that result from all possible default events over the expected life of a financial asset.

12- month expected credit losses means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses.

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

For non-impaired financial assets

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

- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognizing 12 months ECL provision.

For impaired financial assets:

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

3.7.2 Estimation of Expected Credit Loss

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

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

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, the PD/ default rates as stated by external reporting agencies is considered.

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

Loss Given Default – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

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

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral generally in the form of mortgages of Properties However, the fair value of collateral affects the calculation of ECLs. The collateral is majorly the property for which the loan is given. The fair value of the same is based on data provided by third party or management judgements.

Collateral repossessed - In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs - Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

3.8 Determination of fair value of Financial Instruments

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

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

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

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

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

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

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

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

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

Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

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

3.9 Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand and short- term deposits, as defined above.

3.10 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

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

3.10.1 Depreciation

Depreciation is calculated using written down value (WDV) method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013.

Leasehold Improvements are amortised in 10 years unless it has a shorter life. The estimated useful lives are as follows:

Particulars	Useful life
Furniture and fixture	10 years
Office equipment	5 years
Server and networking	6 years
Computer	3 years
Building	30 years

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

3.11 Intangible assets

The Company's intangible assets consist of computer software and website development.

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

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

Intangible assets comprising of software and website development are amortised on a WDV basis over a period of 5 years, unless it has a shorter useful life.

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

3.12 Impairment of non–financial assets: Property, Plant and Equipment and Intangible Assets

The Company's assesses, at each reporting date, whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of assets called Cash Generating Units (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount to determine the extent of impairment, if any.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

3.13 Employee Benefits Expenses

3.13.1 Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services

3.13.2 Post-Employment Benefits

A. Defined contribution schemes

All eligible employees of the company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the company contribute monthly at a stipulated percentage of the covered employee's salary. Contributions are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Statement of Profit & Loss at actuals. The company has no liability for future provident fund benefits other than its annual contribution.

B. Defined Benefit schemes

Gratuity

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

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

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

3.13.3 Provisions (other than employee benefits)

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

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.14 Taxes

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

3.14.1 Current Tax

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

The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.14.2 Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities used in the computation of taxable profit and their carrying amounts in the financial statements for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

i. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. 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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.15 Contingent Liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The company does not have any contingent assets in the financial statements.

3.16 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

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

3.17 Leases

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

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

4.1 Business Model Assessment

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

Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principle and interest ('the 'SPPI criterion')."

4.2 Effective Interest Rate (EIR) method

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

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

4.3 Impairment of loans portfolio

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

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

4.4 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.5 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.6 Other estimates

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

(₹ in Millions)

Notes to the financial statements

for the year ended March 31, 2021

Note 5.1: Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	5.85	3.50
Balances with Banks		
- in current accounts	546.37	158.36
Bank deposit with maturity of less than 3 months	-	500.00
Total	**552.22**	**661.86**

Note 5.2: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Bank deposit with maturity of more than 3 months and less than 12 months*	131.25	-
Total	**131.25**	**-**

*Fixed Deposit is under lien for Bank Guarantee purpose to the extent of Rs. 125 million.

Notes to the Financial Statements

for the year ended March 31, 2021

(₹ in Millions)

Note 6: Loans

Particulars	As at March 31, 2021				As at March 31, 2020			
	Amortised Cost	At Fair value			Amortised Cost	At Fair value		
		Through Other Comprehensive Income	Through profit or loss	Designated at fair vale through profit or loss		Through Other Comprehensive Income	Through profit or loss	Designated at fair vale through profit or loss
Housing Loans	12,615.29	-	-	-	15,658.19	-	-	-
Non Housing Loans	1,412.59	-	-	-	1,778.89	-	-	-
Total - Gross	**14,027.88**	**-**	**-**	**-**	**17,437.08**	**-**	**-**	**-**
Less : Impairment loss allowance	(260.69)	-	-	-	(179.37)	-	-	-
Total - Net	**13,767.19**				**17,257.71**			
Housing and Non Housing Loans								
I) Secured by tangible assets and intangible assets	14,027.88	-	-	-	17,437.08	-	-	-
II) Unsecured	-	-	-	-	-	-	-	-
i) Housing Loans	-	-	-	-	-	-	-	-
ii) Other Loan	-				-			
Total (I+II) - Gross	**14,027.88**	**-**	**-**	**-**	**17,437.08**	**-**	**-**	**-**
Less : Impairment loss allowance	(260.69)	-	-	-	(179.37)	-	-	-
Total (III) - Net	**13,767.19**	**-**	**-**	**-**	**17,257.71**	**-**	**-**	**-**
Housing and Non Housing Loans								
i) Public Sector	-	-	-	-	-	-	-	-
ii) Individuals	14,027.88	-	-	-	17,437.08	-	-	-
iii) Corporates	-	-	-	-	-	-	-	-
Total - Gross	**14,027.88**	**-**	**-**	**-**	**17,437.08**	**-**	**-**	**-**
Less: Impairment Loss Allowance	(260.69)	-	-	-	(179.37)	-	-	-
Total - Net	**13,767.19**	**-**	**-**	**-**	**17,257.71**	**-**	**-**	**-**

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

6.1 ECL provision is made as per NPA provision norms specified in Housing Finance Companies(NHB)Directions 2010 vide circular number NHB (ND)/DRS/REG/MC-01/2016 dated 01 July 2016 and in accordance with IND AS regulations.

6.2 The Company has assigned a pool of certain loans amounting to Rs. 1,000 million (PY: Rs. 2,500 million) by way of a direct assignment transaction. These loan assets have been de-recognised from the loan portfolio of the company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Company pays to assignee, on a monthly basis, the pro-rata collection amounts.

6.3 Non Housing Loan includes top-up loan given against residential housing property and loan against property.

6.4 The company is not granting any loans against gold jewellery as collateral.

6.5 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Non Housing Loan. The amount of insurance portion is Rs. 984.50 million (Mar 31,2020: Rs. 1,289.05 million) to meet the cost of the insurance premium to secure the borrower's life and thereby further secure the loan portfolio by way of risk mitigation method and to secure the Company's Housing Loan Portfolio against any eventuality.

6.6 In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

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

(₹ in Millions)

Credit Quality of Loan Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 38.

	As at March 31, 2021				As at March 31, 2020			
Particulars	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**
Internal rating grade								
Performing								
High grade	11,584.62	-	-	11,584.62	15,274.86	-	-	15,274.86
Standard grade	734.56	-	-	734.56	935.75		-	935.75
Sub-standard grade	-	674.52	-	674.52	-	520.85	-	520.85
Past due but not impaired	-	428.43	-	428.43	-	486.17	-	486.17
Non- performing								
Individually impaired	-	-	680.94	680.94	-	-	337.97	337.97
Total	**12,319.18**	**1,102.95**	**680.94**	**14,103.07**	**16,210.61**	**1,007.02**	**337.97**	**17,555.60**
Ind AS Adjustment	**-**	**-**	**-**	**(75.19)**	**-**	**-**	**-**	**(118.52)**
Gross Carrying Amount	**-**	**-**	**-**	**14,027.88**	**-**	**-**	**-**	**17,437.08**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances, as follows:

	As at March 31, 2021				As at March 31, 2020			
Particulars	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**
Gross carrying amount opening balance	16,210.61	1,007.02	337.97	17,555.60	18,038.26	985.80	145.25	19,169.31
New assets originated or purchased/further increase in existing assets	1,220.20	54.59	-	1,274.79	4,480.64	-	-	4,480.64
Assets derecognised or repaid (excluding write offs)	(4,247.82)	(13.99)	-	(4,261.81)	(5,612.67)	(61.27)	(112.76)	(5,786.70)
Transfers to Stage 1	278.13	(269.77)	(8.36)	-	-	-	-	-
Transfers to Stage 2	(772.13)	776.99	(4.86)	-	(72.58)	82.49	(9.91)	-
Transfers to Stage 3	(348.26)	(445.89)	794.15	-	(623.04)	-	623.04	-
Amounts written off	(21.55)	(6.00)	(437.96)	(465.51)	-	-	(307.65)	(307.65)
Gross carrying amount closing balance	**12,319.18**	**1,102.95**	**680.94**	**14,103.07**	**16,210.61**	**1,007.02**	**337.97**	**17,555.60**
Ind AS Adjustment	**-**	**-**	**-**	**(75.19)**	**-**	**-**	**-**	**(118.52)**
Gross Carrying Amount	**-**	**-**	**-**	**14,027.88**	**-**	**-**	**-**	**17,437.08**

Notes to the Financial Statements

for the year ended March 31, 2021

(₹ in Millions)

Reconciliation of ECL balance is given below:

	As at March 31, 2021				As at March 31, 2020			
Particulars	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**
ECL allowance - opening balance	12.98	5.53	39.98	58.49	11.15	4.21	20.13	35.49
ECL Remeasurements due to changes in EAD / assumptions	11.00	4.59	-	15.59	1.12	(3.41)	(11.13)	(13.42)
Transfers to Stage 1	(1.01)	(30.53)	(2.07)	(33.61)	-	-	-	-
Transfers to Stage 2	2.80	87.95	(1.20)	89.55	0.07	4.73	(1.01)	3.79
Transfers to Stage 3	1.26	(50.47)	196.74	147.53	0.64	-	63.20	63.84
Amounts written off	0.08	(0.68)	(108.51)	(109.11)	-	-	(31.21)	(31.21)
ECL allowance - closing balance	**27.11**	**16.39**	**124.94**	**168.44**	**12.98**	**5.53**	**39.98**	**58.49**

Note 7: Investments

	As at March 31, 2021				As at March 31, 2020			
Particulars	**Amortised Cost**	**At Fair value**			**Amortised Cost**	**At Fair value**		
		Through Other Comprehensive Income	**Through profit or loss**	**Designated at fair vale through profit or loss**		**Through Other Comprehensive Income**	**Through profit or loss**	**Designated at fair vale through profit or loss**
Security Receipts	-	-	208.51	-	-	-	222.02	-
Mutual Funds	-	-	315.80	-	-	-	-	-
Total Gross (A)	**-**	**-**	**524.31**	**-**	**-**	**-**	**222.02**	**-**
i) Overseas investments	-	-	-	-	-	-	-	-
ii) Investments in India	-	-	524.31	-	-	-	222.02	-
Total Gross (B)	**-**	**-**	**524.31**	**-**	**-**	**-**	**222.02**	**-**
Less : Allowance for impairment loss (C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total - Net (D) = (A) - (C)	**-**	**-**	**524.31**	**-**	**-**	**-**	**222.02**	**-**

(₹ in Millions)

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

7.1 Details of investment in security receipts are as follows:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Units	Amount	Units	Amount
Security Receipts	208505	208.51	222020	222.02
Total	-	**208.51**	-	**222.02**

7.2 Details of investment in mutual funds are as follows:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Mutual Fund	40597.35	45.18	-	-
Mirae Asset Mutual Fund	33331.71	35.14	-	-
Sundaram Mutual Fund	27518.47	30.12	-	-
DSP Mutual Fund	31836.65	35.09	-	-
SBI Mutual Fund	20920.01	70.12	-	-
ICICI Prudential Mutual Fund	631810.36	70.12	-	-
UTI Mutual Fund	10658.68	30.03	-	-
Total	-	**315.80**	-	-

Note 8: Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	14.26	13.98
Receivable on Assignment of Loans	622.68	476.11
Other financial assets	1,008.68	5.90
Total	**1,645.62**	**495.99**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 9: Property, plant and equipment

Particulars	Furniture & Fixtures	Leasehold Improvements	Computer	Office Equipment	Building	Servers and Networks	Total
Gross Carrying Amount:							
At April 1, 2019	12.01	49.07	30.86	17.86	-	3.19	112.99
Additions	2.41	19.67	2.84	7.28	2.49	0.90	35.59
Disposals	0.74	-	-	-	-	-	0.74
At March 31, 2020 (A)	**13.68**	**68.74**	**33.70**	**25.14**	**2.49**	**4.09**	**147.84**
Additions	0.99	1.91	0.01	1.00	-	0.01	3.92
Disposals	0.03	3.48	-	0.80	-	-	4.31
At March 31, 2021 (B)	**14.64**	**67.17**	**33.71**	**25.34**	**2.49**	**4.10**	**147.45**
Depreciation and impairment:							
At April 1, 2019	2.65	10.06	18.20	5.17	-	0.75	36.83
Disposals	0.44	-	-	-	-	-	0.44
Depreciation charge for the year	2.79	12.80	8.98	7.58	0.12	1.22	33.49
At March 31, 2020 (C)	**5.00**	**22.86**	**27.18**	**12.75**	**0.12**	**1.97**	**69.88**
Disposals	**0.01**	**1.71**	**-**	**0.56**	**-**	**-**	**2.28**
Depreciation charge for the year	2.42	12.05	3.76	5.80	0.22	0.84	25.09
At March 31, 2021 (D)	**7.41**	**33.20**	**30.94**	**17.99**	**0.34**	**2.81**	**92.69**
Net book value:							
At March 31, 2020 (A-C)	**8.68**	**45.88**	**6.52**	**12.39**	**2.37**	**2.12**	**77.96**
At March 31, 2021 (B-D)	**7.23**	**33.97**	**2.77**	**7.35**	**2.15**	**1.29**	**54.76**

The company has capital work in progress Rs.Nil (March 31, 2020 : Rs.Nil)

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 10: Other Intangible Assets

Particulars	Computer Software and Website Development
Gross Carrying Amount:	
At April 1, 2019	11.56
Additions	4.14
Disposals	-
At March 31, 2020 (A)	**15.70**
Additions	1.16
Disposals	-
At March 31, 2021 (B)	**16.86**
Depreciation and impairment:	
At April 1, 2019	7.07
Disposals	-
Depreciation charge for the year	2.91
At March 31, 2020 (C)	**9.98**
Disposals	-
Depreciation charge for the year	2.84
At March 31, 2021 (D)	**12.82**
Net book value:	
At March 31, 2020 (A-C)	**5.72**
At March 31, 2021 (B-D)	**4.04**

Note 11: Other Non-financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	29.72	41.88
Other receivable	4.36	4.87
Balance from government authorities	9.80	3.97
Total	**43.88**	**50.72**

Note 12: Trade Payables

Particulars	As at March 31, 2021	As at March 31, 2020
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	33.12	26.08
Total	**33.12**	**26.08**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 13: Debt Securities

Particulars	As at March 31, 2021			As at March 31, 2020		
	At amortised cost	At fair through profit or loss	Designated at fair value through profit or loss	At amortised cost	At fair through profit or loss	Designated at fair value through profit or loss
Secured Non-Convertible Debentures - Listed (Secured by way of pari passu charge over Book Debts of the company) (Refer note 13.1 & 13.2)	3,087.84	-	-	2,837.84	-	-
Total (A)	**3,087.84**	**-**	**-**	**2,837.84**	**-**	**-**
Debt securities in India	3,087.84	-	-	2,837.84	-	-
Debt securities outside India	-	-	-	-	-	-

13.1 Secured Redeemable Non-Convertible Debentures - Public Issue & Listed

The principal amount of outstanding Secured Redeemable Non-Convertible Listed Debentures raised through Public Issue stood at Rs. 2,837.84 millions (March 31, 2020: 2,837.84 millions).

ISIN	Date of allotment	Amount	Amount	Redemption period from the date of allotment	Interest Rate %
		As at March 31, 2021	As at March 31, 2020		
INE652X07019	13.05.2019	214.66	214.66	24 Months	9.25
INE652X07027	13.05.2019	356.83	356.83	38 Months	9.50
INE652X07035	13.05.2019	457.96	457.96	60 Months	9.75
INE652X07043	13.05.2019	295.74	295.74	24 Months	9.50
INE652X07050	13.05.2019	290.95	290.95	38 Months	9.75
INE652X07068	13.05.2019	420.59	420.59	60 Months	10.00
INE652X07076	13.05.2019	156.76	156.76	24 Months	NA
INE652X07084	13.05.2019	372.70	372.70	38 Months	NA
INE652X07092	13.05.2019	89.78	89.78	60 Months	NA
INE652X07100	13.05.2019	181.87	181.87	90 Months	NA
	Total	**2,837.84**	**2,837.84**		

13.2 Secured Redeemable Non-Convertible Debentures - Private Placement & Listed

The principal amount of outstanding Secured Redeemable Non-Convertible Listed Debentures privately placed stood at Rs. 250 millions (March 31, 2020: Nil).

ISIN	Date of allotment	Amount	Amount	Redemption period from the date of allotment	Interest Rate %
		As at March 31, 2021	As at March 31, 2020		
INE652X07118	17.06.2020	250.00	-	36 Months	8.50

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 14: Borrowings (other than debt securities)

Particulars	As at March 31, 2021			As at March 31, 2020		
	At amortised cost	At fair through profit or loss	Designated at fair value through profit or loss	At amortised cost	At fair through profit or loss	Designated at fair value through profit or loss
(a) Term loan						
(i) from banks	7,299.54	-	-	10,776.75	-	-
(Secured by way of pari passu charge over Book Debts of the company)						
(ii) from financial institutions (Secured by way of pari passu charge over Book Debts of the company)	233.26	-	-	366.50	-	-
(ii) from National Housing Bank (Secured by way of exclusive charge over Book Debts of the company	1,151.03	-	-	-	-	-
(b) Loans repayable on demand						
Book Overdraft	59.77	-	-	184.03	-	-
Total (A)	**8,743.60**	**-**	**-**	**11,327.28**	**-**	**-**
Borrowings in India	8,743.60	-	-	11,327.28	-	-
Borrowings outside India	-	-	-	-	-	-

Notes to the Financial Statements

for the year ended March 31, 2021

(₹ in Millions)

Terms of borrowings and repayment as at March 31, 2021

Original maturity of loan	Interest rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	Ind AS Adjustment	Amount
Term Loan from Banks																	
Quarterly repayment schedule	7%-9%	37	902.79	25	526.60	24	510.99	21	460.16	9	218.73	8	218.76	**124**	**2,838.03**		
Half yearly repayment schedule	7%-9%	12	530.73	12	558.20	12	558.60	8	454.53	6	391.08	6	283.33	**56**	**2,776.47**		
Yearly repayment schedule	7%-9%	4	383.33	4	383.33	4	383.33	4	383.05	1	166.38	-	-	**17**	**1,699.42**		
Term Loan from Financial Instituions																	
Quarterly repayment schedule	7%-9%	4	133.33	3	100.00	-	-	-	-	-	-	-	-	**7**	**233.33**		
Term Loan from National Housing Bank																	
Quarterly repayment schedule	5%-7%	6	96.39	8	128.52	8	128.52	8	128.52	8	128.52	34	540.56	**72**	**1,151.03**		
		63	**2,046.57**	**52**	**1,696.65**	**48**	**1,581.44**	**41**	**1,426.26**	**24**	**904.71**	**48**	**1,042.65**	**276**	**8,698.28**	**14.45**	**8,683.83**

Terms of borrowings and repayment as at March 31, 2020

Original maturity of loan	Interest rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	Ind AS Adjustment	Amount
Term Loan from Banks																	
Monthly repayment schedule	8%-10%	12	86.40	4	26.80	-	-	-	-	-	-	-	-	**16**	**113.20**		
Quarterly repayment schedule	8%-10%	48	955.70	41	932.82	25	492.29	24	476.67	17	342.50	8	156.26	**163**	**3,356.24**		
Half yearly repayment schedule	8%-10%	26	895.73	27	1,030.70	26	999.80	26	1,000.20	17	734.07	8	583.34	**130**	**5,243.83**		
Yearly repayment schedule	8%-10%	3	300.00	4	383.33	4	383.33	4	383.33	4	383.33	2	250.00	**21**	**2,083.32**		
Term Loan from Financial Instituions																	
Quarterly repayment schedule	8%-10%	4	133.33	4	133.33	3	100.00	-	-	-	-	-	-	**11**	**366.66**		
		93	**2,371.16**	**80**	**2,506.98**	**58**	**1,975.42**	**54**	**1,860.20**	**38**	**1,459.90**	**18**	**989.60**	**341**	**11,163.25**	**20.00**	**11,143.25**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 15: Other Financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on borrowings	271.33	192.27
Due to assignees towards collections in derecognised assets	62.24	49.96
Salary Payable	8.91	1.74
Others	39.72	32.13
Total	**382.20**	**276.10**

Note 16: Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
- Gratuity (Refer Note 32)	3.59	4.66
Total	**3.59**	**4.66**

Note 17: Other Non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	5.56	6.49
Total	**5.56**	**6.49**

Note 18: Equity share capital

The Reconciliation of equity shares outstanding at begining and at the end of the year

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised:		
150,000,000 Equity Shares of Rs. 10/- each (March 31, 2020: 150,000,000 Equity Shares of Rs. 10/- each)	1,500.00	1,500.00
Issued, subscribed and fully paid up		
119,155,843 Equity Shares of Rs. 10/- each (March 31, 2020 : 119,155,843 Equity Shares of Rs. 10/- each)	1,191.56	1,191.56
Total Equity	**1,191.56**	**1,191.56**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	No. of shares	Amount in Rs.
As at April 1, 2019	**11,91,55,843**	**1,191.56**
Issued during the year	-	-
As at March 31, 2020	**11,91,55,843**	**1,191.56**
Issued during the year	-	-
As at March 31, 2021	**11,91,55,843**	**1,191.56**

Terms/ rights attached to equity shares

a) The Company has only one class of equity shares having par value of Rs.10 per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting.

b) In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of Equity shareholder holding more than 5% shares in the company

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Muthoot Finance Limited	11,91,55,843	100%	11,91,55,843	100%

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 19: Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory reserve (Pursuant to section 29 C of National Housing Bank Act, 1987)*		
Opening balance	293.59	230.04
Add: Transfer from surplus balance in the Statement of Profit and Loss	25.10	63.55
Closing balance	**318.69**	**293.59**
Security Premium		
Opening balance	2,146.81	2,146.81
Add: Securities premium received during the year	-	-
Closing balance	**2,146.81**	**2,146.81**
Retained Earnings		
Opening balance	627.50	373.28
Add: Profit for the year	125.50	317.77
Less: Appropriation :-		
Transfer to Statutory Reserve	(25.10)	(63.55)
Closing balance	**727.90**	**627.50**
Other Comprehensive Income		
Opening balance	0.59	0.09
Add: Other Comprehensive Income for the year before income tax	1.39	0.67
Less: Income Tax on OCI	(0.35)	(0.17)
Closing balance	**1.63**	**0.59**
Total	**3,195.03**	**3,068.49**

Note 20: Nature and purpose of reserve

Securities Premium Reserve: This Reserve represents the premium on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

Retained earnings

This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

* Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The company has transferred an amount of Rs. 25.10 million to special reserve in terms of Section 29C (i) of NHB Act 1987.

Notes to the Financial Statements

for the year ended March 31, 2021

(₹ in Millions)

Note 21: Interest income

Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total
Interest on Loans:								
Interest income on loans	-	2,129.82	-	2,129.82	-	2,259.75	-	2,259.75
Interest on deposits with Banks	-	15.75	-	15.75	-	3.30	-	3.30
Other interest income	-	1.37	-	1.37	-	1.27	-	1.27
Total	**-**	**2,146.94**	**-**	**2,146.94**	**-**	**2,264.32**	**-**	**2,264.32**

Note 22: Net gain on fair value changes

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
On investment portfolio	-	-
- Investments in Mutual Funds	9.94	12.14
Total Net gain/(loss) on fair value changes (A)	9.94	12.14
Fair Value changes:		
- Realised	9.14	12.14
- Unrealised	0.80	-
Total Net gain/(loss) on fair value changes	**9.94**	**12.14**

Note 23: Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Bad debts recovered	10.14	5.38
Other income	31.74	23.08
Total	**41.88**	**28.46**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 24: Finance Cost

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total
Interest on Loan from Banks	-	816.61	816.61	-	1,028.42	1,028.42
Interest on Loan from Financial Instituions	-	36.59	36.59	-	24.35	24.35
Interest on Refinance from NHB	-	51.02	51.02			
Interest on Debt Securities	-	302.45	302.45	-	253.94	253.94
Interest on Commercial Paper	-	-	-	-	59.60	59.60
Interest on Inter Corporate Deposits	-	0.31	0.31	-	34.48	34.48
Other borrowing costs	-	17.64	17.64	-	13.67	13.67
Total	**-**	**1,224.62**	**1,224.62**	**-**	**1,414.46**	**1,414.46**

Note 25: Impairment of financial instruments and write off

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument.

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	On Financial insrtruments measured at fair value through OCI	On Financial insrtruments measured at Amortised Cost	Total	On Financial insrtruments measured at fair value through OCI	On Financial insrtruments measured at Amortised Cost	Total
Loans	-	507.14	507.14	-	355.62	355.62
Total	**-**	**507.14**	**507.14**	**-**	**355.62**	**355.62**

Note 26: Employee Benefit Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and Wages	326.18	407.76
Contributions to Provident and Other Funds	10.72	14.63
Gratuity Expenses	2.32	2.26
Staff Welfare Expenses	4.40	8.03
Total	**343.62**	**432.68**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 27: Depreciation, amortization and impairment

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of Tangible Assets	25.08	33.49
Amortization of Intangible Assets	2.84	2.91
Total	**27.92**	**36.40**

Note 28: Other Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent	49.21	58.48
Electricity Charges	5.60	8.58
Business Promotion Expenses	0.15	1.40
Advertisement	0.22	0.05
Repairs & Maintenance	7.48	12.45
Credit Rating Fees	3.38	2.82
Credit Verification Charges	3.18	12.35
Postage, Telegram and Telephone	5.73	12.29
Printing and Stationery	1.81	10.77
Rates & Taxes	2.04	2.73
Legal & Professional Charges	24.56	41.25
Travelling and Conveyance	3.46	18.89
Bank Charges	1.52	2.00
Franking & Stamp Paper Charges	0.20	0.58
General Office Expenses	6.61	10.16
House Keeping Charges	2.88	4.13
Vehicle Hire & Maintenance	0.17	0.17
Payments to Auditor (Refer note 28.1)	1.18	0.54
Directors' Sitting Fee	0.85	0.83
Commission	0.31	0.07
Insurance	0.11	0.46
IT Infrastructure and Maintenance Charges	2.84	3.28
Technical Verification charges	2.32	2.11
Loss on sale of asset	1.85	0.08
CSR Expense (Refer note 28.2)	9.03	6.00
Total	**136.69**	**212.47**

28.1 Auditor fees

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As auditor:		
Statutory audit (including Limited Review)	0.65	0.31
Tax audit	0.16	0.11
Other Services	0.37	0.12
Total	**1.18**	**0.54**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

28.2 Details of CSR expenditure:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Gross amount required to be spent by the Company during the year	9.03	6.55
b) Amount spent during the period		
i) Construction/acquisition of any asset - In cash	-	-
Yet to be paid in cash	-	-
Total	**-**	**-**
ii) On purpose other than (i) above - In cash	9.03	6.00
Yet to be paid in cash	-	-
Total	**9.03**	**6.00**

Note 29: Income Tax

The Components of Income tax expenses for the year ended March 31, 2021 and year ended March 31, 2020 are:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	13.10	-
Adjustment in respect of current income tax of prior years	-	-
Deferred tax relating to origination and reversal of temporary differences	30.06	106.60
Income tax expense reported in statement of profit and loss	**43.16**	**106.60**
OCI Section		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans	(0.35)	(0.17)
Income tax charged to OCI	**(0.35)**	**(0.17)**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at tax rate applicable to the company. A reconciliation between the tax expense and the accounting profit multiplied by substantively enacted tax rate for the year ended March 31, 2021 and year ended March 31, 2020 is, as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting profit before tax	168.66	424.37
Statutory income tax rate of 25.168% (March 31, 2020: 25.168%)	42.45	106.81
Effect of unrecognised deferred tax assets	(4.05)	(2.06)
Additional deduction under Income tax act	-	(0.76)
Effect of change in tax rate	-	5.62
Others	4.76	(3.01)
Income tax expense reported in the statement of profit or loss	**43.16**	**106.60**

The effective income tax rate for March 31, 2021 is 25.59% (March 31, 2020: 25.12%).

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 30: Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Particulars	Balance sheet		Statement of profit and loss	
	As at March 31, 2021	As at March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Fixed assets: Impact of difference between tax depreciation and depreciation as per books of account	9.84	7.49	(2.35)	(2.15)
Statutory Reserve	(62.31)	(57.90)	4.41	(9.09)
Interest spread on assigned loans	(156.72)	(119.82)	36.90	119.82
Provision for NPA	50.94	27.81	(23.13)	(11.66)
Prepaid expense	(1.01)	(1.37)	(0.36)	(0.14)
Security Deposit	1.13	1.47	0.34	0.12
Bank Borrowings	(3.64)	(5.03)	(1.39)	(2.27)
Housing Loans processing fees	18.92	29.83	10.91	17.74
Provision for Gratuity	1.41	1.17	(0.24)	(0.28)
Tax on carry forward loss	-	5.32	5.32	(5.32)
Net deferred tax asset / (liabilities)	**(141.44)**	**(111.03)**		
Deferred tax charge/(credit)			**30.41**	**106.77**

Reconciliation of deferred tax assets/(liabilities)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance as of 1 April	(111.03)	(4.26)
Tax income/(expense) during the year recognised in profit or loss	(30.06)	(106.60)
Tax income/(expense) during the year recognised in OCI	(0.35)	(0.17)
Closing balance	**(141.44)**	**(111.03)**

Note 31: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit attributable to ordinary equity shareholders	125.50	317.77
Weighted average number of ordinary shares for basic earnings per share	**11,91,55,843**	**11,91,55,843**
Effect of dilution:		
Weighted average number of ordinary shares adjusted for effect of dilution	**11,91,55,843**	**11,91,55,843**
Earnings per share		
Basic earnings per share (Rs.)	**1.05**	**2.67**
Diluted earnings per share (Rs.)	**1.05**	**2.67**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 32: Retirement Benefit Plan

Defined Benefit Plan

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan in Indian Rupees.

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	2.15	2.04
Interest cost on benefit obligation	0.25	0.22
Expected return on plan assets	(0.08)	-
Past Service Cost	-	-
Net actuarial (gain)/loss recognized in the year	(1.39)	(0.67)
Net (benefit) / expense	**0.93**	**1.59**
Actual return on plan assets	0.08	-

Balance Sheet

Reconciliation of present value of the obligation and the fair value of plan assets:

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation	5.35	4.66
Fair value of plan assets	1.76	-
Asset/ (liability) recognized in the balance sheet	(3.59)	(4.66)
Experience adjustments on plan liabilities (gain)/ loss	(0.16)	0.50
Experience adjustments on plan assets gain / (loss)	NA	NA

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	4.66	3.07
Transfer in/ (out)	-	-
Current service cost	2.15	2.04
Interest Cost	0.25	0.22
Benefits paid	(0.32)	-
Past Service Cost	-	-
Actuarial loss / (gain) on Re-measurements	(1.39)	(0.67)
Closing defined benefit obligation	**5.35**	**4.66**

Changes in the fair value of plan assets are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	-	-
Transfer in/Out	-	-
Expected return	0.08	-
Contributions by employer	2.00	-
Benefits paid	(0.32)	-
Actuarial gain/ (loss)	-	-
Closing fair value of plan assets	**1.76**	**-**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	4.3% p.a.	5.3% p.a.
Salary Growth Rate	7% p.a.	7% p.a.
Attrition / Withdrawal Rate	38% p.a.	27% p.a.
Expected rate of return on Assets	5.3% p.a.	7.0% p.a

Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% increase	1% increase	1% increase
Impact on defined benefit obligation (March 31, 2021)	DBO decreases by Rs 0.98	DBO increases by Rs 0.21	DBO increases by Rs 0.20	DBO decreases by Rs 0.20
Impact on defined benefit obligation (March 31, 2020)	DBO decreases by Rs 0.25	DBO increases by Rs 0.28	DBO increases by Rs 0.27	DBO decreases by Rs 0.25

The weighted average duration of the defined benefit obligation as at March 31, 2021 is 2 years (March 31, 2020: 3 years)

The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 33: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	552.22	-	552.22	661.86	-	661.86
Bank Balance other than above	131.25	-	131.25	-	-	-
Loans	2,013.03	11,754.16	13,767.19	946.89	16,310.82	17,257.71
Investments	425.80	98.51	524.31	110.00	112.02	222.02
Trade receivables	-	-	-	-	-	-
Other financial assets	1,097.48	548.14	1,645.62	74.00	421.99	495.99
Non-financial Assets						
Current tax assets (Net)	60.67	-	60.67	77.55	-	77.55
Property, plant and equipment	-	54.76	54.76	-	77.96	77.96
Other intangible assets	-	4.04	4.04	-	5.72	5.72
Other non financial assets	31.10	12.78	43.88	28.84	21.88	50.72
Total assets	**4,311.55**	**12,472.39**	**16,783.94**	**1,899.15**	**16,950.38**	**18,849.53**
Liabilities						
Financial Liabilities						
Trade Payable	33.12	-	33.12	26.08	-	26.08
Borrowings (other than debt securities)	2,099.76	6,643.84	8,743.60	2,547.09	8,780.19	11,327.28
Debt securities	667.15	2,420.69	3,087.84	-	2,837.84	2,837.84
Other Financial liabilities	242.38	139.82	382.20	196.84	79.26	276.10
Non-financial Liabilities						
Provisions	-	3.59	3.59	-	4.66	4.66
Deferred tax liabilities (net)	-	141.44	141.44	-	111.03	111.03
Other non-financial liabilities	5.56	-	5.56	6.49	-	6.49
Total Liabilities	**3,047.97**	**9,349.38**	**12,397.35**	**2,776.50**	**11,812.98**	**14,589.48**
Net Worth			**4386.59**			**4260.05**

(₹ in Millions)

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

Note 34: Change in liabilities arising from financing activities

Particulars	As at March 31, 2020	Cash Flows	Other	As at March 31, 2021
Borrowings other than debt securities	11,327.28	(2,589.24)	5.56	8,743.60
Debt securities	2,837.84	250.00	-	3,087.84
Other Financial liabilities	276.10	106.10	-	382.20
Total liabilities from financing activities	**14,441.22**	**(2,233.14)**	**5.56**	**12,213.64**

Note 35: Contingent liabilities and commitments

(A) Contingent Liabilities

i. Income Tax Payable of Rs. 283.90 million as assessed in AY 18-19 which has been appealed against and is pending at CIT (A) (March 31, 2020 :Nil)

ii. Bank Guarantee of Rs. 125 million issued in favour of National Housing Bank for availing refinance facility (March 31, 2020 :Nil).

(B) Commitments

i. Capital commitments :- Nil (March 31, 2020 :Nil)

ii. Loan commitments on account of undisbursed loans: Rs. 262.11 million (March 31, 2020 :Rs. 708.46 million)

Note 36: Related Party Disclosures

Name of the entity	Name of relationship
Muthoot Finance Limited	Holding Company
Muthoot Insurance Broker Private Limited	Fellow Subsidiary
Belstar Microfinance Limited	Fellow Subsidiary
Asia Asset PLC	Fellow Subsidiary
Muthoot Money Limited	Fellow Subsidiary
Muthoot Trustee Private Limited	Fellow Subsidiary
Muthoot Asset Management Private Limited	Fellow Subsidiary

b) Name of the Key management personnel (KMP)	
Mr. George Alexander Muthoot	Non executive Director
Mr. George Thomas Muthoot	Non executive Director
Mr. Alexander George (resigned on 23rd October 2020)	Non executive Director
Mrs. Anna Alexander	Non executive Director
Mr. K.R Bijimon	Non executive Director
Mr. Eapen Alexander	Whole Time Director
Mr. Jose Kurian	Independent Director
Mr. Jacob K Varghese	Independent Director
Mr. V. C. James	Independent Director
Mr. Ramratthinam S (DoL 02nd February 2021)	Chief Executive Officer
Mr. Vikram Rooprai (w.e.f. 05th February 2021)	Interim Chief Executive Officer
Mr. Pandurang A Kadam	Chief Financial Officer
Mrs Jinu Mathen	Company Secretary

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Related Party transactions during the year:

Particulars	Holding Company		Key Management Personnel		Fellow Subsidiary	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Remuneration paid to Whole Time Director	-	-	2.10	8.40	-	-
Sitting fees paid to Director's	-	-	0.78	0.77	-	-
ICD taken	370.00	4,890.00	-	-	-	-
ICD repaid	370.00	5,280.00	-	-	-	-
Interest paid on ICD	0.31	34.48	-	-	-	-
Loan Given	-	-	-	-	1,200.00	-
Loan received back	-				1,200.00	-
Interest collected on loan given	-	-	-	-	53.23	-
Processing fee collected on loan given	-	-	-	-	0.90	-
Rent on account of infrastructure sharing	-	3.11	-	-	0.07	-
Term loan availed	-	-	-	-	-	-
Term loan repaid	-	2,500.00	-	-	-	-
Interest on account of term loan availed	-	22.51	-	-	-	-
Balance outstanding as at the year end:						
Sitting Fees Payable	-	-	-	0.14	-	-
Rent payable	-	0.80	-	-	-	-

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Compensation of key management personnel of the Company:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Particulars	As at March 31, 2021	As at March 31, 2020
Contribution to PF (defined contribution)	0.29	0.27
Short term benefits	20.07	29.06
Termination benefits	0.69	0.27
Total	**21.05**	**29.60**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 37: Capital Risk Management

Capital Management

The primary objective of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and requirements of the financial covenants. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory capital	As at March 31, 2021	As at March 31, 2020
Common Equity Tier1 capital	4,352.83	4,212.45
Tier 2 capital	53.69	68.87
Total capital	**4,406.52**	**4,281.32**
Risk weighted assets	**8,823.60**	**8,352.56**
Tier1 capital ratio	49.33%	50.43%
Tier2 capital ratio	0.61%	0.83%

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the NHB.

Note 38: Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair Value Hierarchy of assets and liabilities

The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2021 is as follows:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in Mutual Funds	315.80	-	-	315.80
Investment in Security Receipts	-	208.51	-	208.51

The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2020 is as follows:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in Security Receipts	-	222.02	-	222.02

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Fair value technique

Investment at fair value through profit and loss

For investment at fair value through profit and loss, valuation are done using valuation techniques at the measurement date. Valuation techniques include market comparable method, recent transactions happened in the Company and other valuation models. Valuation is also done using quoted prices from active markets at the measurement date.

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	Level	Carrying Value		Fair Value	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets					
Cash and cash equivalents	2	552.22	661.86	552.22	661.86
Bank Balance other than above	2	131.25	-	131.25	-
Loans	3	13,767.19	17,257.71	13,767.19	17,257.71
Other Financial assets	2	1,645.62	495.99	1,645.62	495.99
Total Financial Assets		**16,096.28**	**18,415.56**	**16,096.28**	**18,415.56**
Financial Liabilities					
Trade Payable	3	33.12	26.08	33.12	26.08
Debt securities	2	3,087.84	2,837.84	3,087.84	2,837.84
Borrowings (other than debt security)	2	8,743.60	11,327.28	8,743.60	11,327.28
Other Financial liabilities	2	382.20	276.10	382.20	276.10
Total Financial Liabilities		**12,246.76**	**14,467.30**	**12,246.76**	**14,467.30**

There have been no transfers between the level 1, 2 and 3 during the period.

The fair value of cash and cash equivalents, bank balances, trade receivables, trade payables and other financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments hence carrying value of these approximates fair value.

Investments

Investments in liquid, short- term mutual funds and security receipts, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

Loans

The company provides housing loans at variable rate of interest rate. Hence, the fair value of the loans will be same as the carrying value of loan.

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Note 39: Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company has a risk management policy which covers all the risk associated with its assets and liabilities.

The Company's principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the company's operations. At the other hand Company's principal financial assets include loans and cash and cash equivalents that derive directly from its operations. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors, Audit Committee and Risk Management Committee. Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance. The major types of risk Company face in businesses are credit risk, liquidity risk and market risk.

A) Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances and trade receivables.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

Risk assessment and measurement

Muthoot Homefin is having a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment.

- Selection of client base - Adequate due diligence is carried out for borrowers and regulatory checks are done.
- Credit assessment - credit rating and credit bureau check
- Follow up and regular monitoring of the borrowers through their regularity of payments

Risk Mitigation

The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan Origination - site screening, independent visit by manager, adequate training to officers.
- Loan underwriting - Risk rating, independent assessment, etc.
- Loan Pre and Post Disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - credit officers to attend group meeting, reminder of payment of EMI's on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances,

Impairment assessment

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the summary of significant accounting policies.

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Company's internal credit rating grades and staging criteria for loans are as follows:

Rating	Loans Days past due	Stages
High grade	Not yet due	Stage I
Standard grade	1-30 DPD	Stage I
Sub-standard grade	31-60 DPD	Stage II
Past due but not impaired	61-90 DPD	Stage II
Individually impaired	91 DPD or More	Stage III

Exposure at Default (EAD)

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

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and purchase of credit impaired asset (POCI) financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Company uses historical information where available to determine PD. For certain pools where historical information is available, the PD is calculated using Incremental NPA approach considering fresh slippage of past years. For those pools where historical information is not available, the PD/ default rates as stated by external reporting agencies is considered.

B) Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. Our resource mobilisation team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The table below provides details regarding the contractual maturities of significant financial assets and liabilities as on:-

Notes to the Financial Statements

for the year ended March 31, 2021

(₹ in Millions)

Maturity pattern of assets and liabilities as on March 31, 2021:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	Ind AS Adjustment	Total
Borrowings (other than debt securities)	74.26	96.52	371.08	546.92	1,017.57	3,278.09	2,330.97	1,042.64	8,758.05	14.45	8,743.60
Debt securities	-	667.15	-	-	-	1,270.47	968.35	181.87	3,087.84	-	3,087.84
Other financial liabilities	75.11	141.54	6.28	19.45	-	74.06	20.04	45.72	382.20	-	382.20
Loans	177.94	184.93	184.93	509.73	979.07	2,517.62	2,420.18	6,867.98	13,842.38	75.19	13,767.19
Investments	-	315.80	10.00	20.00	80.00	98.51			524.31	-	524.31
Other financial assets	1,008.86	7.40	7.40	29.42	44.40	177.60	177.60	192.94	1,645.62	-	1,645.62

Maturity pattern of assets and liabilities as on March 31, 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	Ind AS Adjustment	Total
Borrowings (other than debt securities)	135.05	186.68	422.79	629.26	1,181.42	4,482.41	3,320.11	989.56	11,347.28	20.00	11,327.28
Debt securities	-	-	-	-	-	1,687.62	968.35	181.87	2,837.84	-	2,837.84
Other financial liabilities	80.31	108.65	7.01	0.87	-	48.34	9.43	21.49	276.10	-	276.10
Loans	127.15	83.61	83.61	245.60	435.43	3,483.40	3,428.15	9,489.28	17,376.23	118.52	17,257.71
Investments	-	-	10.00	20.00	80.00	112.02	-	-	222.02	-	222.02
Other financial assets	11.70	5.80	5.80	17.10	33.60	134.40	136.80	150.79	495.99	-	495.99

The table below shows the contractual expiry by maturity of the Company's commitments.

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31-Mar-21						
Other undrawn commitments to lend	-	157.26	104.85	-	-	262.11
Total commitments	**-**	**157.26**	**104.85**	**-**	**-**	**262.11**
31-Mar-20						
Other undrawn commitments to lend	-	531.34	177.12	-	-	708.46
Total commitments	**-**	**531.34**	**177.12**	**-**	**-**	**708.46**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

C) Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The Company is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is subject to interest rate risk, primarily since it lends to customers at floating rates and for maturity periods that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Due to the very nature of housing finance, the company is exposed to moderate to higher Interest Rate Risk. This risk has a major impact on the balance sheet as well as the income statement of the company. Interest Rate Risk arises due to:

i) Changes in Regulatory or Market Conditions affecting the interest rates
ii) Short term volatility
iii) Prepayment risk translating into a reinvestment risk
iv) Real interest rate risk.

In short run, change in interest rate affects Company's earnings (measured by NII or NIM) and in long run it affects Market Value of Equity (MVE) or net worth. It is essential for the company to not only quantify the interest rate risk but also to manage it proactively. The company mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings. Further company carries out Earnings at risk analysis and maturity gap analysis at quarterly intervals to quantify the risk.

Finance department ensures that the risk is mitigated by availing funds at very competitive rates through diversified instruments and by retaining a high credit rating.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of loans and borrowings affected. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings, as follows:

Impact on profit before tax	For the year ended March 31, 2021	For the year ended March 31, 2020
On Loans and Advances		
1% increase	165.95	189.45
1% decrease	(165.95)	(189.45)
On Borrowings		
1% increase	134.60	149.23
1% decrease	(134.60)	(149.23)

Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2021

D) Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Note 40: Micro Enterprises and Small Enterprises

Based on and to the extent on information received by the Company from the Suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006(MSMED Act) there are no amounts due to the suppliers registered under MSMED Act, 2006.

Note 41: Impact of COVID-19

The COVID- 19 pandemic has led to a significant decrease in global & economic activities. The extent to which the pandemic, including the current "second wave" will impact the company's operation and financial metrics will depend on future developments which are highly uncertain as on date.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to "COVID-19 —Regulatory Package", the Company had granted moratorium on the payment of instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. For all such accounts that were granted moratorium, the prudential assets classification remained standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

Note 42: Ex-gratia Payment

The Company vide Supreme Court judgement dated March 23, 2021 in the matter of Small Scale Industrial Manufacturers Association vs. U01 & Ors and other connected matters and in accordance with RBI circular no. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 has put in place a Board approved policy to refund /adjust the' interest on interest' charges to borrowers during moratorium period i.e. March 1, 2020 to August 31, 2020. In line with the RBI circular dated April 7, 2021 and the Indian Banks' Association (IBA) advisory letter dated April 19, 2021, the Company has calculated such additional interest on interest and has refunded the amount to all eligible accounts by crediting the respective loan accounts for all live loan accounts and creating a specific liability for all closed loan accounts, which will be paid in due course.

Note 43: Restrcturing of Loan Accounts

During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 6, 2020 Based on resolution framework, the Company has provided resolution plan for 159 accounts having an aggregate exposure of Rs. 1,28.56 Millions.

Note 44: Segment Information

The Company is mainly engaged in the housing finance business and all other activities are incidental to the main business activities of the Company. Further, all activities are conducted within India and as such there is no separate reportable segment, as per the Ind AS 108 - "Operating Segments" specified under Section 133 of the Act.

Note 45: Utilisation of proceeds of Private Placement of Non - Convertible Debentures

The company has during the year raised through private placement Rs 250 Millions of Secured Redeemable Non Convertible Debentures. As at March 31, 2021, the company has utilised the entire proceeds of the private placement, net of issue expenses in accordance with the objects stated in the offer documents.

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2021

Annex III

Schedule to the Balance Sheet of an HFC

			Particulars		
			Liabilities Side	**Amount outstanding**	**Amount overdue**
(1)	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**				
	(a)	Debentures : Secured		308.78	-
		: Unsecured		-	-
	(b)	Deferred Credits		-	-
	(c)	Term Loans		868.38	-
	(d)	Inter-corporate loans and borrowing		-	-
	(e)	Commercial Paper		-	-
	(f)	Public Deposits		-	-
	(g)	Other Loans (specify nature)		-	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a)	In the form of Unsecured debentures		-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		-	-
	(c)	Other public deposits		-	-

				Assets Side	Amount Outstanding
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below]:**				
	(a)	Secured			1,402.79
	(b)	Unsecured			-
(4)	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**				
	(i)	Lease assets including lease rentals under sundry debtors			
		a)	Financial Lease		-
		b)	Operating Lease		-
	(ii)	Stock on hire including hire charges under sundry debtors			
		a)	Assets on hire		-
		b)	Repossessed Assets		-
	(iii)	Other loans counting towards asset financing activities			
		a)	Loans where assets have been repossessed		-
		b)	Loans other than (a) above		-
(5)	**Break-up of Investments**				
	Current Investments				
	1	Quoted			
		(i)	Shares		
			(a) Equity		-
			(b) Preference		-
		(ii)	Debentures and Bonds		-
		(iii)	Units of mutual funds		31.58
		(iv)	Government Securities		-
		(v)	Others (please specify)		-
	2	Unquoted			
		(i)	Shares		
			a) Equity		-
			b) Preference		-
		(ii)	Debentures and Bonds		-
		(iii)	Units of mutual funds		-
		(iv)	Government Securities		-
		(v)	Others (Security Receipts of Trust)		11.00

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2021

	Long Term Investments			
	1	Quoted		
		i)	Shares	
			a) Equity	-
			b) Preference	-
		ii)	Debentures and Bonds	-
		iii)	Units of mutual funds	-
		iv)	Government Securities	-
		v)	Others (please specify)	-
	2	Unquoted		
		(i)	Shares	
			(a) Equity	-
			(b) Preference	-
		(ii)	Debentures and Bonds	-
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	-
		(v)	Others (Security Receipts of Trust)	9.85

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category			Amount net of Provisions		
			Secured	**Unsecured**	**Total**
1	**Related Parties**				
	(a)	Subsidiaries	-	-	-
	(b)	Companies in the same group	-	-	-
	(c)	Other related parties	-	-	-
2	Other than related parties		1,376.72	-	1,376.72
	Total		**1,376.72**	**-**	**1,376.72**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category			**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
1	**Related Parties**			
	a)	Subsidiaries	-	-
	b)	Companies in the same group	-	-
	c)	Other related parties	-	-
2	Other than related parties		52.43	-
	Total		**52.43**	**-**

(8) Other information

Particulars			**Amount**
(i)	Gross Non-Performing Assets		
	a)	Related parties	-
	b)	Other than related parties	68.09
(ii)	Net Non-Performing Assets		
	a)	Related parties	-
	b)	Other than related parties	47.39
(iii)	Assets acquired in satisfaction of debt		-

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2021

1. Minimum Disclosures

The following additional disclosures have been given under the Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India vide Circular No: DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021. The following numbers are in crores in accordance with above mentioned RBI circular.

2. Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 3 to Financial Statement for the year ended March 31, 2021.

3. Disclosures:

3.1 Capital

Particulars	As at March 31, 2021	As at March 31, 2020
(i) CRAR (%)	49.94%	46.17%
(ii) CRAR – Tier I Capital (%)	49.33%	45.29%
(iii) CRAR – Tier II Capital (%)	0.61%	0.87%
(iv) Amount of subordinated debt raised as Tier - II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

3.2 Reserve Fund u/s 29C of NHB Act, 1987

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	26.53	20.17
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987	2.83	2.83
c) Total	29.36	23.00
Addition/ Appropriation/ Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	0.76	6.36
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987	1.75	-
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	27.29	26.53
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987	4.58	2.83
c) Total	**31.87**	**29.36**

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2021

3.3 Investment

Particulars	As at March 31, 2021	As at March 31, 2020
3.3.1. Value of Investments		
(i) Gross Value of Investments		
(a) In India	52.43	22.20
(b) Outside India	-	
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	52.43	22.20
(b) Outside India	-	
3.3.2. Movement of provisions held towards depreciation on investments		
(i) Opening Balance	-	-
(ii) Add: Provsions made during the year	-	-
(iii) Less: Write-off/Written-back of excess provsions during the year	-	-
(iv) Closing Balance	-	-

3.4 Derivatives

3.4.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) The notional principal of swap agreements	NA	NA
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements		
(iii) Collateral required by the MHIL upon entering into swaps		
(iv) Concentration of credit risk arising from the swaps		
(v) The fair value of the swap book		

3.4.2 Exchange Traded Interest Rate (IR) Derivative

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (Instrumentwise)	NA	NA
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31 March, 2021 (Instrumentwise)		
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (Instrumentwise)		
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (Instrumentwise)		

3.4.3 Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure – **NA**

B. Quantitative Disclosure

(₹ in Crores)

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

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	NA	NA
(ii) Marked to Market Positions		
(a) Assets (+)		
(b) Liabiltiy (-)		
(iii) Credit Exposure		
(iv) Unhedged Exposures		

3.5 Securitisation

3.5.1. The information on securitisation of the Company as an originator in respect of outstanding amount of securitized assets is given below :

Particulars	As at March 31, 2021	As at March 31, 2020
1. No of SPVs sponsored by the Company for securitisation transactions	NA	NA
2. Total amount of securitised assets as per books of the SPVs sponsored by the Company		
3. Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures towards Credit Enhancements		
First loss		
Others		
b) On-balance sheet exposures towards Credit Enhancements		
First loss		
Others		
4. Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures towards Credit Enhancements		
i) Exposure to own securitisations		
First loss		
Others		
ii) Exposure to third party securitisations towards Credit Enhancements		
First loss		
Others		
b) On-balance sheet exposures		
i) Exposure to own securitisations		
First loss		
Others		
ii) Exposure to third party securitisations		
First loss		
Others		

3.5.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Number of accounts sold	-	694
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	-	80.60
(iii) Aggregate consideration	-	57.12
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	23.48

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2021

3.5.3. Details of Assignment transactions undertaken by company

Particulars	As at March 31, 2021	As at March 31, 2020
(i) No of accounts	1104	2469
(ii) Aggregate value (net of provisions) of accounts assigned	100.00	250.00
(iii) Aggregate consideration	100.00	250.00
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	-

3.5.4. Details of non-performing financial assets purchased / sold

I. Details of non-performing financial assets purchased:

Particulars	As at March 31, 2021	As at March 31, 2020
1. (a) No of accounts purchased during the year	NA	NA
(b) Aggregate outstanding		
2. (a) Of these, number of accounts restructured during the year		
(b) Aggregate outstanding		

II. Details of non-performing financial assets sold:

Particulars	As at March 31, 2021	As at March 31, 2020
(a) No of accounts sold	NA	NA
(b) Aggregate outstanding		
(C) Aggregate consideration received		

3.6. Asset liability management

Maturity pattern of certain items of assets and liabilities as at March 31, 2021

Particulars	Liabilities			
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency Liabilities
1 day to 7 days	-	0.75	-	-
8 to 14 days	-	3.69	-	-
15 to 30/31 days	-	2.99	-	-
Over one month upto 2 months	-	9.65	66.71	-
Over 2 months upto 3 months	-	37.11	-	-
Over 3 months to 6 months	-	54.69	-	-
Over 6 months to 1 year	-	101.76	-	-
Over 1 year to 3 years	-	327.81	127.05	-
Over 3 year to 5 years	-	233.10	96.83	-
Over 5 years	-	104.26	18.19	-
Total	**-**	**875.81**	**308.78**	**-**
Ind AS Adjustment	-	1.45	-	-
Total	**-**	**874.36**	**308.78**	**-**

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2021

Particulars	Assets		
	Advance	Investments	Foreign Currency Assets
1 day to 7 days	4.20	-	-
8 to 14 days	4.20	-	-
15 to 30/31 days	9.40	-	-
Over one month upto 2 months	18.49	31.58	-
Over 2 months upto 3 months	18.49	1.00	-
Over 3 months to 6 months	50.97	2.00	-
Over 6 months to 1 year	97.91	8.00	-
Over 1 year to 3 years	251.76	9.85	-
Over 3 year to 5 years	242.02	-	-
Over 5 years	686.80	-	-
Total	**1,384.24**	**52.43**	**-**
Ind AS Adjustment	7.52	-	-
Total	**1,376.72**	**52.43**	**-**

3.7. Exposure

3.7.1. Exposure to Real Estate Sector

	Category	As at March 31, 2021	As at March 31, 2020
a)	Direct Exposure		
(i)	**Residential Mortgages**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	1,404.05	1,748.59
(ii)	**Commercial Real Estate -**		
	Lending secured by mortgages on commercial real estates. (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	NIL	NIL
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitized exposures -**		
	A. Residential Exposure	NIL	NIL
	B. Commercial Real Estate	NIL	NIL
b)	**Indirect Exposure**	NIL	NIL
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	NIL	NIL
	Total Exposure to Real Estate Sector	1,404.05	1,748.59

3.7.2 Exposure to Capital Market

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	NA	NA
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equityoriented mutual funds		

(₹ in Crores)

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

Particulars	As at March 31, 2021	As at March 31, 2020
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	NA	NA
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds' does not fully cover the advances		
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers		
(vi) Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources		
(vii) Bridge loans to companies against expected equity flows / issues		
(viii) All exposures to Venture Capital Funds (both registered and unregistered)		
Total Exposure to Capital Market		

3.7.3. The Company has not financed any parent company products during the financial year.

3.7.4. The Company has not exceeded exposure limits as stipulated by the NHB prudential norms during the year with reference to Single Borrower Limit(SGL)/Group Borrower Limit(GBL).

3.7.5. The Company does not have any exposure to unsecured advances during the financial year.

3.7.6. Exposure to group companies engaged in real estate business.

Description	Amount	% of owned fund
(i) Exposure to any single entity in a group engaged in real estate business	NA	NA
(ii) Exposure to all entities in a group engaged in real estate business		

4. Miscellaneous

4.1. Registration obtained from other financial sector regulators

Company has not obtained any registration from other financials sector regulators.

4.2. Disclosure of Penalties imposed by NHB/RBI and other regulators

No Penalty has been levied on the company by NHB/RBI during the year.

4.3. Related party Transactions

Details of all material transactions with related parties are disclosed in note 36.

4.4. Group Structure

Diagrammatic representation of group structure has been given in Related Party Policy.

4.5. Rating assigned by Credit Rating Agencies and migration of rating:

During the year, CRISIL has upgraded Long term rating to AA+/Stable from AA (Positive). ICRA and CARE have reaffirmed short term rating of A1+ to the company.

Rating Agency	Type	As at March 31, 2021	As at March 31, 2020
CARE	Commercial Paper	CARE A1+	CARE A1+
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
CRISIL	Term Loan Borrowings	CRISIL AA+/Stable	CRISIL AA(Positive)
CRISIL	Non-Convertible Debentures	CRISIL AA+/Stable	CRISIL AA(Positive)

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2021

4.6. Remuneration of Directors

Details of Remuneration of Directors are disclosed in Form No. MGT - 9

4.7. Management

Refer to the Management Discussion and Analysis report for the relevant disclosures.

4.8. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

4.9. Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

4.10. Company does not have any subsidiary therefor Accounting Standard 21 – Consolidated Financial Statements (CFS) is not applicable.

5. Additional Disclosures

5.1. Breakup of Provisions and Contingencies shown under the head Expenditure in Profit & Loss Account

Particulars	As at March 31, 2021	As at March 31, 2020
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income Tax	1.31	-
3. Provision towards NPA	9.65	5.51
4. Provision for Standard Assets	(1.52)	(0.71)
5. Provision for Gratuity	0.09	0.16

Break up of Loans & Advances and Provisions thereon

Particulars	Housing		Non-Housing	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Standard Assets				
a) Total Outstanding Amount	1,203.59	1,544.76	138.63	177.01
b) Provision Made	4.82	6.18	0.55	0.71
Sub-Standard Assets				
a) Total Outstanding Amount	65.46	27.84	2.63	0.74
b) Provision Made	19.90	9.04	0.80	0.24
Doubtful Assets - Category - I				
a) Total Outstanding Amount	-	4.17	-	0.07
b) Provision Made	-	1.35	-	0.02
Doubtful Assets - Category - II				
a) Total Outstanding Amount	-	0.91	-	0.08
b) Provision Made	-	0.37	-	0.03
TOTAL				
a) Total Outstanding Amount	1,269.05	1,577.67	141.26	177.89
b) Less: Ind AS Adjustments	7.52	11.85	-	-
Total Outstanding Amount (A-B)	1,261.53	1,565.82	141.26	177.89
C) Provision Made	24.72	16.94	1.35	1.00

(₹ in Crores)

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

5.2. Draw Down from Reserves

The Company has not made any draw down from reserves during the financial year.

5.3. Concentration of Public Deposits, Advances, Exposures and NPAs

5.3.1. The Company does not accept deposits from public being a non-deposit taking HFC.

5.3.2. Concentration of Loans and Advances

Particulars	As at March 31, 2021	As at March 31, 2020
Total Loans & Advances to twenty largest borrowers	9.83	10.14
% of Loans & Advances to twenty largest borrowers to Total Advances of the company	0.70%	0.58%

5.3.3. Concentration of all Exposure (including off-balance sheet exposure)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers	11.58	11.80
% of Exposures to twenty largest borrowers to Total Advances of the company	0.68%	0.60%

5.3.4. Concentration of NPAs

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top ten NPA Accounts	2.51	3.24

5.3.5. Sector-wise NPAs

Sector	% of NPAs to Total Advances in that sector	
	As at March 31, 2021	As at March 31, 2020
A. Housing Loans:		
1 Individuals	4.66%	1.88%
2 Builders/Project Loans	0.00%	0.00%
3 Corporates	0.00%	0.00%
4 Others	0.00%	0.00%
B. Non-Housing Loans:		
1 Individuals	0.19%	0.05%
2 Builders/Project Loans	0.00%	0.00%
3 Corporates	0.00%	0.00%
4 Others	0.00%	0.00%

5.4. Movement of NPAs

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Net NPAs to Net Advances (%)	3.43%	1.33%
(ii) Movement of NPAs (Gross)		
a) Opening Balance	33.80	14.53
b) Additions during the year	80.13	113.26
c) Reductions during the year	45.84	93.99
d) Closing Balance	68.09	33.80
(iii) Movement of Net NPAs		
a) Opening Balance	22.75	8.98
b) Additions during the year	56.09	77.02

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2021

Particulars	As at March 31, 2021	As at March 31, 2020
c) Reductions during the year	31.45	63.25
d) Closing Balance	47.39	22.75
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	11.05	5.55
b) Provisions made during the year	24.04	36.24
c) Write-off/write-back of excess provisions	14.39	30.74
d) Closing Balance	20.70	11.05

5.5. The Company does not have any overseas assets as on March 31, 2021 (PY Nil).

5.6. The company does not have any off-balance sheet sponsored SPVs which needs to be consolidated as per accounting norms.

6. Disclosure of Complaints

6.1. Customer Complaints

Particulars	As at March 31, 2021	As at March 31, 2020
a) No. of complaints pending at the beginning of the year	2	26
b) No. of complaints received during the year	515	438
c) No. of complaints redressed during the year	517	462
d) No. of complaints pending at the end of year	-	2

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

Corporate Information

Board of Directors

Mr. George Thomas Muthoot	-	Director
Mr. George Alexander Muthoot	-	Director
Mr. Eapen Alexander	-	Whole Time Director
Mr. K. R. Bijimon	-	Director
Mrs. Anna Alexander	-	Director
Mr. Jacob K Varghese	-	Independent Director
Mr. Jose Kurian	-	Independent Director
Mr. V C James	-	Independent Director

Key Managerial Personnel

Mr. Rajeev Khond	-	Chief Executive Officer
Mr. Pandurang Kadam	-	Chief Financial Officer
Mrs. Jinu Mathen	-	Company Secretary

Bankers

Axis Bank	Punjab National Bank (e-Oriental Bank of Commerce)
Bajaj Finance Limited	Punjab National Bank (e-United Bank of India)
Catholic Syrian Bank	Standard Chartered Bank
DCB Bank	UCO Bank
Federal Bank Limited	Union Bank of India (e-Corporation Bank)
HDFC Bank Limited	Indusind Bank
Indian Bank	Kotak Mahindra Bank

Statutory Auditors

Rangamani & Co,
Chartered Accountants
1st Floor, 32/56 Pentecost Mission Lane
Ambelipadam Road, Janatha Junction
Vyttila, Kochi – 682 019
Kerala, India

Debenture Trustee

(Listed Non-Convertible Debentures)
Milestone Trusteeship Services Private Limited
Co Wrks Worli, PS56, 3rd floor, Birla Centurion
Century Mills Compound,
Pandurang Budhakar Marg
Worli, Mumbai – 400 030
Maharashtra, India

Registrar & Transfer Agent

(Listed Non-Convertible Debentures)
Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400083
Maharashtra, India

Registered Office

Muthoot Chambers
Kurians Tower,
Banerji Road, Ernakulam North
Kochi 682 018
Kerala, India
CIN: U65922KL2011PLC029231
Website: www.muthoothomefin.com

Corporate Office

1201 & 1202, 12th Floor, A Wing
Lotus Corporate Park
Off. Western Express Highway
Goregaon East, Mumbai 400063
Maharashtra, India

Muthoot Homefin

Muthoot Homefin (India) Limited
1201 & 1202, A Wing, Lotus Corporate Park, Off. Western Express Highway, Goregaon East, Mumbai 400063
T +9122 3911 0900

www.muthoothomefin.com