Transforming
Your Dreams to Reality

ANNUAL REPORT 2022-23
MUTHOOT HOMEFIN (INDIA) LIMITED

Muthoot Homefin

Our Guiding Inspiration

Our founder, **Late 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.

Our visionary Chairman, **Late Shri M.G. George Muthoot**, 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. 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.

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 135 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

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.

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.

The following are the fundamental principles that make the core values imbibed and reflected in our culture, operations and agendas

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.

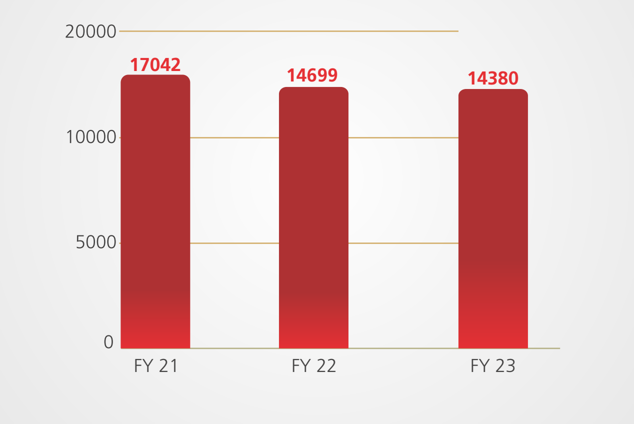
Key Highlights

Loan Assets under Management	₹ 1,438 Crs
Loan Account	21,222
Team Members	700 +
Capital Adequacy Ratio	62.91%
No of locations	112
No of States/UT	16
Yield	12.70%
Borrowing Cost	8.38%
NIM	7.04%
PAT	₹ 10.40 Cr
Return on Assets (ROA)	1.00 %
Return on Equity (ROE)	2.30%

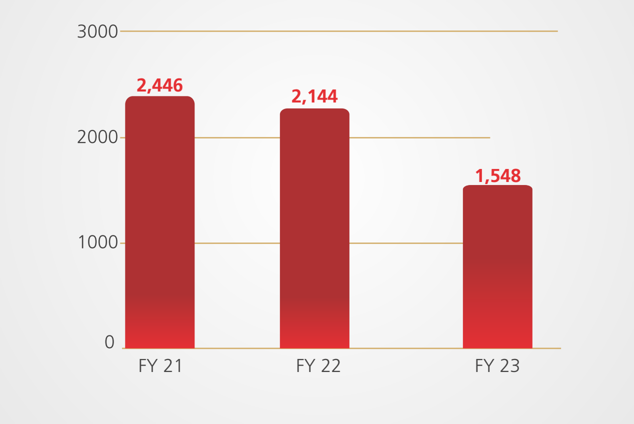
Key Performance Indicators

₹ in millions

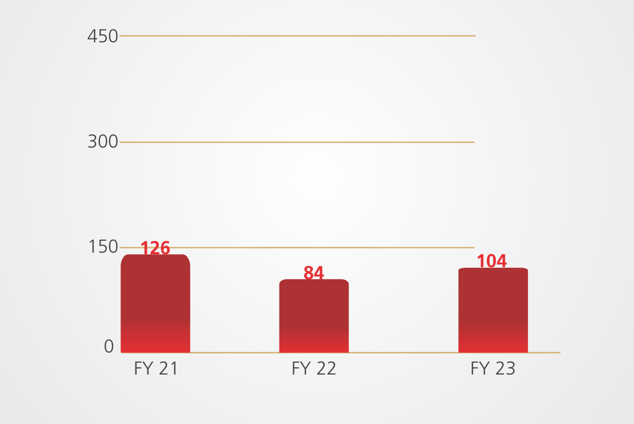
AUM



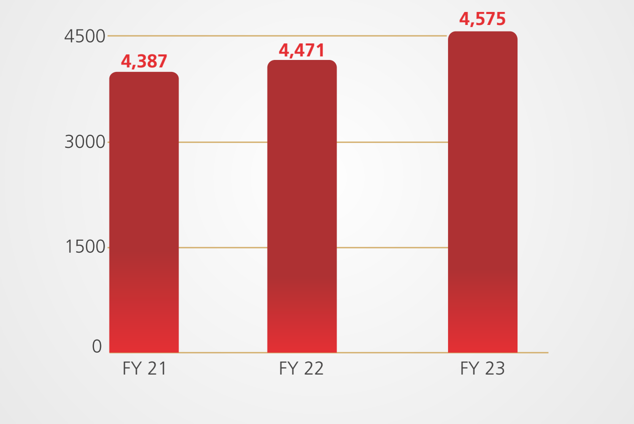
Revenue



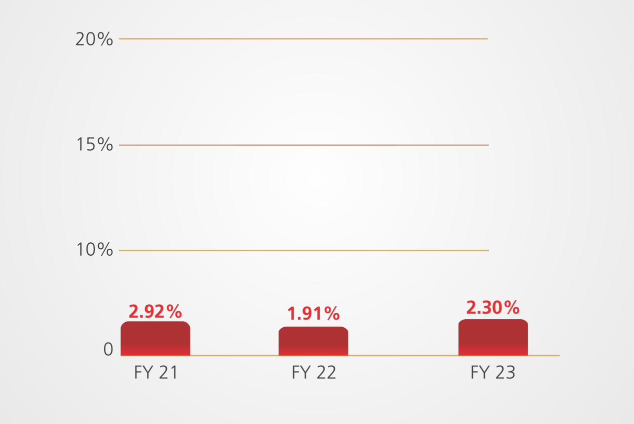
PAT



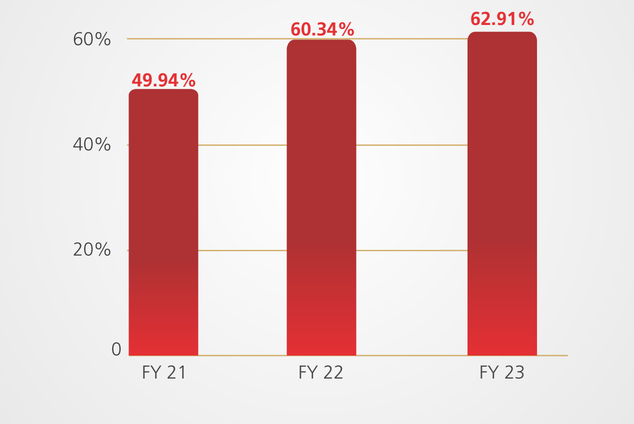
Networth



Return on Equity

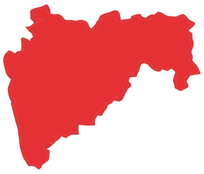


Capital Adequacy Ratio



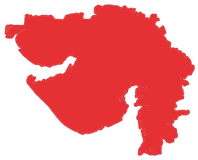
Assets under Management (AUM) Analysis

Maharashtra



Outstanding - ₹ 601.80 Crs.
No of Loan accounts - 8101
% Share - 41.85%

Gujarat



Outstanding - ₹ 297.21 Crs.
No of Loan accounts - 5334
% Share - 20.67%

Rajasthan

Outstanding - ₹ 170.64 Crs.
No of Loan accounts - 3080
% Share - 11.87%

Madhya Pradesh

Outstanding - ₹ 108.89 Crs.
No of Loan accounts - 1853
% Share - 7.57%

Kerala

Outstanding - ₹ 35.62 Crs.
No of Loan accounts - 295
% Share - 2.48%

Karnataka

Outstanding - ₹ 36.02 Crs.
No of Loan accounts - 369
% Share - 2.50%

Uttar Pradesh

Outstanding - ₹ 28.63 Crs.
No of Loan accounts - 341
% Share - 1.99%

Andhra Pradesh

Outstanding - ₹ 36.24 Crs.
No of Loan accounts - 366
% Share - 2.52%

Haryana

Outstanding - ₹ 17.17 Crs.
No of Loan accounts - 289
% Share - 1.19%

Pondicherry

Outstanding - ₹ 9.52 Crs.
No of Loan accounts - 98
% Share - 0.66%

Telangana

Outstanding - ₹ 35.53 Crs.
No of Loan accounts - 357
% Share - 2.47%

Chandigarh

Outstanding - ₹ 11.21 Crs.
No of Loan accounts - 126
% Share - 0.78%

Punjab

Outstanding - ₹ 11.23 Crs.
No of Loan accounts - 219
% Share - 0.78%

Tamil Nadu

Outstanding - ₹ 28.62 Crs.
No of Loan accounts - 306
% Share - 1.99%

Delhi

Outstanding - ₹ 9.38 Crs.
No of Loan accounts - 82
% Share - 0.65%

Chattisgarh

Outstanding - ₹ 0.37 Crs.
No of Loan accounts - 6
% Share - 0.03%

Message from CEO

Dear Members,

The prime goal of Muthoot Homefin (India) Limited is to contribute towards financial inclusion of LMI families by opening doors of formal housing finance to them. Our vision is to connect with all those who need access to formal financial services.Our focus is on extending Affordable Housing Finance. We continued to work towards our objective of ensuring a roof over every Indian's head, reaching out to as many people as possible, and the noble cause continues. Our performance during the recent years is a validation of how we capitalized on business opportunities and expanded our foothold in the domestic market despite various challenges faced by the sector.

The global economy has been severely impacted in FY23 by the Russia-Ukraine war. The war crippled the global supply chain, triggered a global food shortage, spiked commodity prices and consequently led to high inflation rates across the world. Before the Ukraine conflict started, in February 2022, the Reserve Bank of India had projected average inflation at 4.5 per cent for FY23 in the backdrop of the receding Covid-19 pandemic. However, geopolitical tensions overturned the macroeconomic conditions globally and prices of crude oil, metals, and food increased at an unprecedented rate. In India, inflation touched a peak of 7.8 per cent in April 2022. The average inflation during May-November 2022 period remained at 6.8 per cent. In addition, China's Covid led disruption in supply chain weighed heavily on economic growth and consumer confidence. This led most central bankers to increase rates in response to tackle inflation and the RBI had to respond to global dynamics even though Inflation in India was in single digits vis-à-vis double digits in many developed countries. With prudent fiscal policy and significant focus on financing capital investments, India is creating a long-term foundation for growth and is working on providing an alternative in the global supply chain through Production Linked Incentive (PLI) schemes.

Low and Mid-income housing clearly became the front-runner of driving the housing sector growth at the backdrop of government's reformatory push, as more private players entered the space. Housing demand in India is expected to be strong, underpinned by strong economic activity, increasing middle class population, rapid industrialization, increasing working-age population, increase in per capita incomes and nuclearization of families. Most of our borrowers are first time home buyers. We will continue to abide by our dictum to have a judicious lending mix with very gradual and calibrated foray into non-housing and non-salaried category while, our core business principle of staying a purely retail and affordable home lender for lower income group of customers would continue to be sacrosanct for us. We have always been consciously conservative in our lending approach to ensure good asset quality, which is our USP. While MHIL follows a cost conscious approach to borrowing, any increase in the cost of the funds, as dictated by market conditions, will have to be leveraged by passing on the same to customers. In the short term, we expect the demand to continue despite 250bps of repo rate rise since May 2021.

In FY 23 AUM remained flat to INR 1438 Crore. The strong parentage and credit rating has helped our company keep the cost of funds lower and be competitive in the market. Net Interest Margin (NIM) is 7.04%, Return on Assets (ROA) is 1% and Return on Equity (ROE) is 2.30%. As at the end of March 2023, the GNPA and NNPA were at 4.01% and 1.39% respectively. MHIL reported PAT of INR 10.4 Crore.

The current financial year FY 2023 shines no less for Muthoot Homefin. We are striving to further streamline processes by performing rigorous MIS analysis and risk analytics. The company will be focusing on further increasing its presence across the length and breadth of the nation by opening new branches, and also invest in technology and manpower that will enable various business functions. We hope to further leverage the brand, infrastructure and customer base of our parent company Muthoot Finance. Special focus would be given to cross-selling of Home Loans to the strong customer base of the Muthoot Group.

Focus of your Company will continue to be on Affordable Housing segment while quality of assets will continue to prevail over growth. We have huge opportunities ahead of us. Finding the way forward is always challenging, but I am confident that, at MHIL, we have the vision, competency and financial strength to turn today's opportunities into tomorrow's success. We believe we are moving towards an era of better performance with more speed, efficiency and superior analytical insights. And these will enable better underwriting of loans ensure shorter turn-around times (TAT) along with enhanced customer satisfaction and more profitability.

I am delighted to be associated with the enthusiastic and passionate team to fulfil the long cherished dreams of EWS/LMI families to “own a home”. I thank all the employees for their utmost commitment, Board of Directors for their insights and guidance, National Housing Bank (NHB), our Bankers, Rating Agency, Auditors, Business Partners, Muthoot family and our customers who have placed the trust and faith in Muthoot Homefin for helping them own their dream home.

Regards,

Shri Alok Aggarwal

Chief Executive Officer

Muthoot Homefin (India) Limited

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 1978 Bachelor'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

Management Team

Mr. Alok Aggarwal (Chief Executive Officer)

Mr. Alok brings on the table over 20 years' experience in banking and financial services. He has completed MBA Finance from IBS, Hyderabad on a merit Scholarship. Subsequently completed the enterprise Leadership Program from INSEAD Business School Fontainebleau, France. Alok has also completed a certificate course in Brand Management from London Business School.

During his career he has worked with financial institutions such as HDFC Bank, Citi Group, Tata Capital, Magma Housing Finance & Equities Small Finance Bank. Previously he was the Managing Director & CEO of National Trust Housing Finance Limited.

Alok brings with him a vast experience in Home Loan & Mortgages. His leadership and proven business acumen will steer the company to become a leading institution in the Home Loan Segment.

Mr. Pandurang Kadam (Chief Financial Officer)

Mr. Pandurang Kadam is a qualified Chartered Accountant and has a 16 years of 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 Muthoot Homefin (India) Ltd., he was The Chief Financial Officer at India Home Loan Ltd. He has also worked with companies such as IndoStar Capital Finance Ltd., Karvy Financial Services Ltd. and Anand Rathi Group.

Mr. Prasad Bendre (Head – Operations)

Mr. Prasad Bendre is a commerce graduate with Post Graduation in International Business along with Diploma in Financial Management and Business Administration. He has done Management Development Programme from IIM – Ahmedabad. He is faculty to Indian Institute of Banking and Finance. He possesses over 27 years of experience in Credit and Operations. Prasad was associated with companies like Manappuram Home Finance, DHFL, IDBI Home Finance, Tata Home Finance, Gruh Finance before joining Muthoot Homefin.

Mr. Dhananjay Munshi (Head - Credit)

Mr. Dhananjay Munshi is a Mechanical Engineer and holds a Master's degree in Marketing Management from the Mumbai University. He has a work experience of 20+ years in the mortgage industry with overall exposure to all the mortgage departments. He has an expertise in the affordable loan segment where he has developed processes and systems to enable a robust credit module. Prior to Joining Muthoot Homefin (India) Ltd., he was working with Capri Global Capital Ltd. as a National Credit Manager and was responsible for credit underwriting and process management of Affordable home loan and small ticket Loan against property.

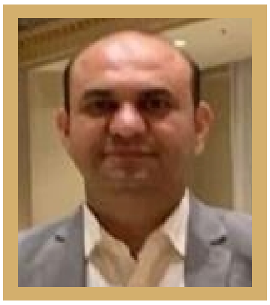
Management Team

Mr. Deepu Thankachan (Head - Internal Audit)

Mr. Deepu Thankachan has impressive success of 14 years in audit heading best-in-class internal audit and investigation functions entailing management of inspections processes, risk assessment and developing audit strategies. He holds a Master's Degree in Business Administration from Bharathiar University, specialized in Finance & Marketing. He has also completed his Master's Degree in Commerce from Annamalai University. He has joined The Muthoot Group in February 2010, he was associated with Muthoot Finance Ltd. For 7 years and now he is working with Muthoot Homefin (India) Ltd. Since 2017. He has also worked with HDFC Bank before joining Muthoot Group.

Ms. Deepa Deshmukh (Head - HR)

Ms. Deepa Deshmukh has 20 years of experience in different facets of HR such as HR Strategy and Business Partnership, Talent Strategy & management, Performance improvement & organizational development. She has completed her Master's in Human Resources from Welingkar Institute of Management Development & Research. She is also a Law graduate from Mumbai University. Subsequently she has completed her executive program in HR analytics from IIM, Lucknow. Deepa was associated with companies like Fullerton India Ltd, Capri Global Capital Ltd. Prior to joining Muthoot Homefin, she was working with Quinnox IT Services Ltd and was heading Employee Experience & Resource Management Group. She has worked across sectors in Information Technology and Financial Services.



Mr. Ajay Veer Singh (National Sales Head)

Mr. Ajay brings on the table over 20 years rich experience in the functional area of Sales, Business and Collections .He was associated with Magma Housing Finance, IIFL & Citi Finance etc. Prior to joining Muthoot Homefin he worked with Indusind Bank as National Sales Manager. He is a Commerce graduate from Delhi University & completed his Post graduation (MBA) in Sales & Marketing

Mr. Sankalp Jaiswal (Head- Legal)

Mr. Sankalp Jaiswal has joined us as Head Legal. He has a total of 17 years of experience in Business Legal and Litigation. He has completed his LLB from BVDU, Pune. Prior to joining Muthoot, he was associated with Poonawala as National Business Legal Manager. During his career he has also worked with Yes Bank, PNB Housing Finance, DHFL, Fullerton India Credit Company, ICICI Bank.

Mr. Dhirajprakash Jha (Lead Information Technology & Analytics)

Mr. Dhirajprakash Jha is a Management Graduate from Mumbai University & completed his Master's in Business Administration from Welingkar Institute of Management Development & Research. Subsequently he has completed PGDM in International Business from Welingkar Institute of Management Development & Research. Dhiraj brings on the table over 12+ years of experience in the Information Technology, Analytics, Planning, and Strategy & Business Intelligence. Dhiraj was associated with companies like Edelweiss Tokio Life Insurance, Future Generali India Insurance prior to joining Muthoot Homefin.

Report Of The Board Of Directors

Dear Members,

The Board of Directors of your Company have great pleasure in presenting the 12th Annual Report of Muthoot Homefin (India) Limited ("MHIL" or "Company") enumerating the business performance along with the Audited Financial Statements for the financial year ended March 31, 2023

Financial Summary

The summary of financial performance of the Company for the year ended March 31, 2023 are as under:

(₹in millions)

Particulars	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
Revenue from Operations	1,388.44	2,053.45
Total income	1,548.11	2,143.85
Total Expenses	1,407.45	2,042.88
Profit Before Tax	140.66	100.97
Tax expenses	36.68	16.93
Profit for the period	103.98	84.04
Gross NPA (%)	4.01%	2.93 %
Net NPA (%)	1.39%	1.27 %
CRAR (%)	62.91%	60.34 %
CRAR - Tier I Capital (%)	61.82%	59.79 %
CRAR – Tier II Capital (%)	1.10%	0.55 %

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, 2023:

	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**

Management Discussion and Analysis Report

In accordance with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Directions"), 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

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the financial year ended March 31, 2023. The Directors also inform that the Company has not declared any interim dividend during the year.

Transfer to Reserve Fund

Under Section 29C of the National Housing Bank Act, 1987, Housing Finance Companies ('HFCs') are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Your Company has transferred an amount of Rs. 20.80 million to the reserve fund for FY 2022-23. The statutory reserve balance as at March 31, 2023 is Rs. 35.63 crores.

State of affairs of the Company

Your Company 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, 2023, 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 2,235 million during the year as compared to INR 1,331 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 14,381 million as against AUM of INR 14,699 million in the previous year. During the year under consideration MHIL received subsidy of INR 238 million under PMAY CLSS Scheme. The customer profile continues to be dominated by the salaried and professional category, accounting for ~61% of the total portfolio. The average ticket size loan is ~INR 10 Lakhs. Your Company earned a total revenue of INR 1388 million from its operations. Total expenses were reduced from INR 2042 million in FY 2022 to INR 1407 million in FY 2023. The profit after tax stood at INR 104 million as on March 31, 2023.

Change in the nature of business

During the year, there was no change in the nature of business of the Company.

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, 2023 was INR 6602 million, as compared to INR 7642 million as at March 31, 2022. The Liquidity Coverage Ratio of the Company as on 31 March 2023 was 124.76%.

i) Secured Redeemable Non-Convertible Debentures (NCDs)

During the year, the Company has issued Secured Redeemable Non-Convertible Debentures (NCDs) aggregating to an amount of Rs. 500 million on private placement basis.The Company has listed the new NCDs and completed the allotment process within prescribed time-limit. As at March 31, 2023, your Company's outstanding secured NCDs amounted to INR 1900 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, 2023, borrowings from banks were INR 2819 million as against INR 3755 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 50 million from NHB which was sanctioned under the Refinance Schemes of NHB.

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

Disclosure as per Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

1. The total number of non-convertible debentures which have not been claimed by the Investors or not paid by the housing finance company after the date on which the non-convertible debentures became due for redemption : 1975

ii. The total amount in respect of such Debentures remaining unclaimed or unpaid beyond the date of such debentures become due for redemption : 23,20,598

Regulatory Guidelines and Statutory Compliances

Your 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 ("RBI Directions") 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. Your Company has also complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India. 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 Reserve Bank of India issued a circular on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs" on 22 October 2021 ('SBR Framework'). As per the SBR framework, based on size, activity and risk perceived, NBFCs are categorised into four layers, NBFC - Base Layer (NBFC-BL), NBFC - Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL) and NBFC - Top Layer (NBFC-TL). The Company is in the middle Layer (NBFC-ML). The Company shall continue to ensure full compliance with all the requirements applicable to NBFC-ML. The Company shall continue to ensure compliance with all the requirements applicable to NBFC-ML under SBR within the prescribed timelines.

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 was levied by NHB / RBI during the year 2022-23.

Credit rating

Rating Agency	Type	As at March 31, 2023	As at March 31, 2022
CARE	Commercial Paper	CARE A1+	CARE A1+
CARE	Non-Convertible Debentures	CARE AA+/Stable	
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
CRISIL	Borrowings from Banks	CRISIL AA+/Stable	CRISIL AA+/Stable
CRISIL	Non-Convertible Debentures	CRISIL AA+/Stable	CRISIL AA+/Stable

Capital Adequacy Ratio

As required under Housing Finance Companies (NHB) Directions, 2010, your Company is presently required to maintain a minimum capital adequacy of 15% on a standalone basis. Your Company's Capital Adequacy Ratio as on March 31, 2023 stood at 62.91% 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 15%. Out of the above, Tier I capital was 61.82 % and Tier II capital was 1.10 %.

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

Catalyst Trusteeship Limited
CIN: U74999PN1997PLC110262
Address: GDA House, Plot No. 85, Bhusari Colony (Right),
Paud Road, Pune - 411 038
Telephone: +91 (020) 2528 0081
Fax: +91 (020) 2528 0275
E-mail: dt@ctltrustee.com
Website: www.catalysttrustee.com

Vardhman Trusteeship Pvt Limited
CIN: U65993WB2010PTC152401
Address: The Capital, 421A, Bandra Kurla Complex,
Bandra East, Mumbai 400051
Telephone: +91 (022)-(42648335)
Fax: +91 (022)-(42648335)
E-mail: corporate@vardhmantrustee.com
Website: https://vardhmantrustee.com/

Annual return

A copy of the annual return as provided under section 92(3) of the Companies Act, 2013, in the prescribed form, which will be filed with the Registrar of Companies/MCA, is hosted on the Company's website and can be accessed at www.muthoothomefin.com/investors/annualreturn

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, 2023

Particulars of contracts or arrangements with related parties

As mandated under the RBI Directions, 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 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

Good corporate governance helps to build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth. The company's Philosophy of Corporate Governance is aimed at transparency in corporate decision-making, value creation, and keeping the interests of all stakeholders protected in the most inclusive way. The principal of inclusion has been the foundation of our business and governance practices.

Corporate Governance has always been an integral element of the Company to have a system of proper accountability, transparency, and responsiveness and for improving efficiency and growth as well as enhancing investor confidence. The company believes in sustainable corporate growth that emanates from the top management down through the organisation to the various stakeholders which is reflected in its sound financial system and enhanced market reputation.

The Company has framed the internal guidelines on Corporate Governance in terms with the RBI Directions 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.

Additional disclosures as specified in the RBI Circular DOR.ACC. REC.No.20/21.04.018/2022-23 dated April 19, 2022 forms part of the Corporate Governance Report annexed to this Report

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. There was no change in the Board of Directors during the financial year.

Mr. V C James (holding DIN 01398943) was appointed as Independent Director for a period of 5 years with effect from 25.01.2019 and his present term is completing on 24.01.2024. His vast experience and his association would be of immense benefit to the Company and it is desirable to continue to avail his guidance as Independent Director. Your Board believes his re-appointment will benefit the Company through his role as Independent Director. On recommendation of the Nomination and Remuneration Committee, the Board has recommended the re-appointment of Mr. V C James as Independent Director for a second term of 5 years with effect from 25.01.2024.

Mr. Jacob K Varghese (holding DIN 07261140) was appointed as Independent Director for a period of 5 years with effect from 03.05.2019 and his present term is completing on 02.05.2024. The Board is of the opinion that Mr. Jacob K Varghese is a person of integrity, expertise, competent experience and proficiency to serve the Company as an Independent Director that can strengthen the overall composition of the Board. On recommendation of the Nomination and Remuneration Committee, the Board has recommended the re-appointment of Mr. Jacob K Varghese as Independent Director for a second term of 5 years with effect from 03.05.2024.

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. George Thomas Muthoot (holding DIN 00018281) and Mr. George Alexander Muthoot (holding DIN 00016787) retires by rotation and being eligible offers themselves for re-appointment at the ensuing annual general meeting of the Company.

Brief details of Directors, who is seeking re–appointment, are given in the Notice of twelveth AGM.

Meetings of the Board

During the financial year, the Board of Directors met five times on 06.05.2022, 03.08.2022, 02.11.2022, 30.12.2022 and 25.01.2023.

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 five times on 06.05.2022, 03.08.2022, 02.11.2022, 25.01.2023 and 30.03.2023

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 three times on 06.05.2022, 02.11.2022 and 30.12.2022

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 03.08.2022

iv) **Risk Management Committee**
The Risk Management Committee was constituted on 20.02.2016 and 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 06.05.2022, 03.08.2022, 02.11.2022 and 25.01.2023.

v) **Asset Liability Management Committee**
The Asset Liability Management Committee was constituted on 20.02.2016 and 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 06.05.2022, 03.08.2022, 02.11.2022 and 25.01.2023.

vi) **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 four times on 06.05.2022, 03.08.2022, 02.11.2022 and 25.01.2023.

vii) **IT Strategy Committee**
Pursuant to Master Direction – Information Technology Framework issued by RBI for NBFC / HFC sector, the Company has in place an IT Strategy Committee. IT Strategy Committee was constituted on 08.05.2018 and was reconstituted on 02.08.2019. During the financial year, The Committee met four times on 12.04.2022, 21.07.2022, 08.11.2022 and 13.02.2023.

viii) **Finance Committee**
Finance Committee was constituted on 02.01.2016 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 seven times on 05.09.2022, 16.09.2022, 20.09.2022, 25.01.2023, 16.02.2023, 09.03.2023 and 27.03.2023

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 RBI Directions. 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

The independent directors, namely Mr. Jose Kurian, Mr. V. C. James and Mr. Jacob K. Varghese, have submitted a declaration to the effect that they meet the criteria of independence as provided under section 149(6) of the Act, as amended. The independent directors have also confirmed compliance with the provisions of Rule 6(1)(b) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors.

Key Managerial Personnel

During the financial year, Mr. Rajeev Khond resigned from the office of Chief Executive Officer of the Company on January 02, 2023 and Mr. Alok Aggarwal was appointed as the Chief Executive Officer and Key Managerial Personnel (KMP) of the Company with effect from January 02, 2023.

Ms. Jinu Mathen, Company Secretary resigned with effect from 07.01.2023 and consequently ceased to be the KMP of the Company. Ms. Riya P G was appointed as the Company Secretary and KMP of the Company with effect from 07.01.2023.

As on March 31, 2023, Mr. Alok Aggarwal (Chief Executive Officer), Mr. Pandurang Kadam (Chief Financial Officer) and Mrs. Riya P G (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 has been aligned with the RBI Circular dated 29 April 2022 on Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs pursuant to Scale Based Regulatory Framework. The Policy is displayed on the website of the Company at www.muthoothomefin.com/policies. The terms of reference of the Nomination and Remuneration Committee is included in the additional disclosures specified under Scale Based Regulations.

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 RBI Directions 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.

During the financial year, there were no pecuniary relationship/ transactions of any of the non-executive directors with the Company apart from their sitting fee as directors and transactions in the ordinary course of business and on arm's length basis at par with any member of general public.

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.

Independent Directors Meeting

During the year, a meeting of Independent Directors was held on March 22, 2023 as required under the Act and in compliance with the requirements under Schedule IV of the Companies Act, 2013, and discussed and deliberated matters specified therein.

Corporate Social Responsibility

Your Company has 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 4.39 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

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. 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 Company has in place adequate financial controls commensurate with its size, scale and complexity of operations with reference to its financial statements. These have been designed to provide reasonable assurance regarding recording and providing financial information, ensuring integrity in conducting business, accuracy and completeness in maintaining accounting records, prevention and detection of frauds and errors. The details in respect of internal financial control and their adequacy are also 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 were 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.

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

The Company being a non-deposit accepting housing finance company, the provisions / disclosures under Chapter V of the Companies Act and Chapter VII of the RBI Directions are not applicable.

Auditors and Auditor's Report

a) Statutory Auditors

The Company has formulated a Board approved statutory auditor policy in terms of the RBI circular dated 27 April 2021 on guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). The said policy can be accessed at https://www.muthoothomefin.com/uploads/policies/Policy_on_Appointment_of_Statutory_Auditors.pdf

Pursuant to the Reserve Bank of India Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, on recommendation by the Board of Directors, the members of the Company in their annual general meeting held on August 18, 2021 appointed (Firm Registration No. 008926S) as the Statutory Auditors of the Company for a period of 3 years. There are no qualifications, reservations or adverse remarks or disclaimers made by M/s Kolath & Co, Chartered Accountants, in their Reports dated May 04, 2023, on the Financial Statements of the Company for FY 2022-23.The Report given by the Statutory Auditors on the financial statements of the Company for the year 2022-23 forms part of this Annual Report

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 Sunil Sankar & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the FY ended March 31, 2023. The Secretarial Audit Report, in the prescribed Form No. MR-3, is annexed as **Annexure 4**. There are no qualifications, reservations or adverse remarks or disclaimers made by M/s Sunil Sankar & Associates in their Secretarial Audit Report dated 20th July 2023, on the secretarial and other related records of the Company, for FY 2022-23 except for the following observations;

1. *Company had filed some e forms / returns with the Registrar of Companies beyond the due dates with additional fees.*

   Reply: Delay in filing e-forms with the Registrar of Companies was due to technical issues pursuant to the migration of eforms to V3 portal by MCA. The eforms were filed with additional fees as prescribed under the Companies Act, 2013

2. *Company has not attached report under section 121(1) while filing the prescribed form under section 121 (2) of the Act.*

   Reply: The summary of the proceedings of Annual General Meeting was provided in the Form MGT 15 itself and a separate report was not attached with the form, as the form doesn't provide for any mandatory attachments.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's 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 2022-23. 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 Indian Accounting Standards had been followed. There were no material departures from applicable Indian Accounting Standards

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

The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year

No application was made or any proceeding was pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year

The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

No valuation was done during the financial year.

Acknowledgement

Your Board of directors would like to place on record their sincere gratitude to 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 and 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: August 02, 2023	Sd/- **Eapen Alexander** Whole-time Director	Sd/- **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.

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

We stepped into Financial Year 2023 amidst uncertain macroeconomic environment. While the threat of the Omicron variant of the coronavirus subsided quickly, there was a lingering effect of Russia's invasion of Ukraine. This coupled with China opting for lockdown of its cities owing to growing number of Covid cases led to further disruptions in the global supply chain. Oil and other commodity prices have surged significantly, thereby worsening the already high inflation dynamics of both advanced as well as emerging/developing economies.

India is the fifth largest economy as per IMF and is projected to fare better than peers with an impressive estimated growth of 5.9% in 2023 and 6.3% in 2024 (April'23 Update). As per various leading research institutions, Indian GDP has the potential to deliver the highest CAGR globally in the medium term amongst large economies, driven by various structural policy measures taken by the Indian government. According to the latest IMF's World Economic Outlook (Apr'23), the world economy is projected to grow by 2.8% in 2023 and 3.0% in 2024 from a growth of 3.4% seen in 2022 and will normalize in the range of 3.0% - 3.2% over the medium term.

Owing to rising inflation rates, several central banks jumped wagon to hike interest rates. US Federal Reserve raised interest rates 10 times in 14 months to 5.25%, the highest level in 16 years in its battle to stabilize prices. The European Central Bank also raised rates for the first time in 11 years. Retail inflation, as reflected by the Consumer Price Index, recorded an eight-year high in April 2022 and remained above the RBI's upper tolerability level of 6.0% for most part of the year. Although the Monetary Policy Committee (MPC) of the RBI left the rate unchanged at 4.0% in April, it voted unanimously on increasing the repo rate by 40 bps during its off-cycle meeting in May 2022. The latest hike came in February 2023 which was the 6th hike since May 2022. In total, repo rate was hiked by 250 bps in FY2023 and remained at 6.5%

The Government of India announced a growth oriented and expansionary budget for FY2024. It has tried to strike balance between fiscal consolidation and growth by continuing its focus on capital expenditure and creating fiscal space for that by curtailing revenue expenditure. It has set a target of reducing the central government's fiscal deficit to 5.9% of the GDP in FY2024 from 6.4% in FY2023, while using the infrastructure capex tool to support the economy. The government has budgeted for INR 10 trillion towards capital expenditure for FY2024, an increase of 33% year-on-year. On balance, we believe that the Indian economy has weathered the external shocks reasonably well. The proof of it is that the country has emerged as the fastest growing major economy in the world. The general expectation is that India's GDP for FY2024 would record a growth in excess of 6%. Of course, much depends on a normal rainfall in the coming year. The risk of monsoon falling below normal levels (after four consecutive years of normal rainfall) remains a wildcard and could hit agricultural production and impact food prices.

HOUSING FINANCE SECTOR

FY2023 saw both the residential as well as commercial real estate sectors returning to recovery path, waning the impact of Covid-19. Residential real estate sector continued to see green shoots in lead indicators of launches as well as absorption due to improved affordability, disciplined launches and higher end user demand. Higher absorption resulted in reduction in unsold inventory and inventory overhang thereby leading to decadal lowest levels of inventory across the key mortgage markets.

Housing Finance Companies (HFCs) saw a sharp revival in their overall business growth, supported by robust end user interest aided by government impetus, better affordability and lower interest rates. Within housing, affordable housing saw a faster bounce back as relative demand increased smaller town i.e. in Tier III and IV towns. As per ICRA's report, the total outstanding housing finance credit for NBFC-HFC as on December 2022 stood at ₹ 13.2 lakh crore. Within HFCs, the loan book of affordable housing segment (AHFs) stood at ₹ 83,052 crore registering a robust YoY growth of 25%. The share of AHFs remains small in the overall housing finance industry, which is estimated at 6%. Nevertheless, the underpenetrated market and Government thrust on 'housing for all' are likely to support growth, going forward as well.

RBI's notification providing clarification on the income recognition and asset classification (IRAC) norms had led to HFCs reporting an increase in the GNPAs in Q3FY2022. However, RBI extended the applicability of the same to October 1, 2022, which allowed for smoother adoption of the same.

The government's focus on 'Housing for All' has been undeterred in the last few years despite several headwinds. This has made the housing finance space a centre for traction with many new players entering the market. The affordable housing space has seen a special traction mainly on account of robust demand, absence of big players and large untapped market. In the month of August 2022, the Union Cabinet had approved the proposal of Ministry of Housing and Urban Affairs (MoHUA) for continuation of (PMAY-U) up to December 31, 2024, in which financial assistance is provided for the completion of already sanctioned 122.69 lakh houses until March 31, 2022. However, during the extended period, no additional houses will be sanctioned under the scheme. In the Union Budget 2023-24, the government increased the allocation for the PMAY by 66% to ₹ 79,000 crore.

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. We believe that NBFCs with superior capital adequacy, better margins, frugal cost management, prudent risk management will continue to deliver sustainable growth over the next decade or longer.

REGULATORY INITIATIVES

Regulatory Authority on HFCs Shifted from NHB to the RBI. The Union Budget 2019-2020 announced the transfer of regulatory power on HFCs from NHB to the RBI. This is expected to result in more uniformity in regulations of HFC's and Banks and result in better implementation of better risk management framework for HFCs. Given the size & impact of the Housing Financial and Non-Banking Financial companies in India, RBI has been standardizing and harmonizing various regulations and directions across entities such as Banks, NBFCs, HFCs, etc. With this thought in mind and given the systemically significant size, RBI further implemented a new way forward for the NBFC sector in October 2021 vide its circular titled "Scale Based Regulation (SBR) – A revised regulatory framework for NBFCs."

The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc. These were an integrated regulatory framework for NBFCs defining a broad set of fresh regulations being introduced and respective timelines for adherence. Under the SBR framework, Regulatory structure for NBFCs shall comprise of four layers viz, Base layer, Middle Layer, Upper Layer and Top Layer wherein the Top Layer is expected to be kept empty by the RBI. NBFCs are scored and bifurcated by the RBI on various parameters for this classification such as (i) size & leverage, (ii) inter-connectedness, (iii) complexity, (iv) nature & type of liabilities (v) group structure and (vi) segment penetration.

Key regulatory notifications under the SBR framework are as follows: -

- Disclosures in Financial Statements – Notes to Accounts of NBFCs
- Large Exposure Framework – NBFC Upper Layer
- Compliance Function and Role of Chief Compliance Officer (CCO)
- Regulatory restrictions on Loans, Advances and Contracts to Directors & Senior Officers (including their relatives)
- Capital Requirements for NBFCs
- Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs
- Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies (NBFCs)

With a view to ensuring uniformity across all lending institutions in the implementation of Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRACP norms), RBI issued a circular on November 12, 2021. Earlier, some lending institutions upgraded accounts classified as NPAs to 'standard' asset category upon payment of only interest over dues, partial over dues etc. In order to avoid any ambiguity in this regard, RBI clarified that loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower. Earlier the regulator had set March 31, 2022 deadline but later on extended the deadline to September 30, 2022 to put in place necessary systems to implement the provision.

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.
- 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 ~50% 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.

Threats

- Rising Non-performing Assets (NPAs) – Rising Non – performing assets with the seasoning of the book is one of the threat 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. Further Non availability of adequately skilled manpower in required numbers

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, 2023, 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 2,235 million during the year as compared to INR 1,331 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 14,381 million as against AUM of INR 14,699 million in the previous year. During the year under consideration MHIL received subsidy of INR 238 million under PMAY CLSS Scheme.

The customer profile continues to be dominated by the salaried and professional category, accounting for ~61% of the total portfolio. The average ticket size loan is ~INR 10 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, 2023 was 108 .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 remained flat to 8.38%.

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, 2023, the total outstanding loans assigned was INR 3,510 million. Further the company has reduced the reliance on commercial papers for fund raising. There are no Commercial papers issued during the year. During the year, your company has raised INR 500 million by issuing NCD's on private placement basis.

Credit Ratings as on March 31, 2023

Borrowings from Banks: Long term rating AA+/Stable for term loans by CRISIL.

Commercial Paper: A1+ rating by ICRA Ltd AND CARE

Non-Convertible Debentures (NCD): CRISIL and CARE has assigned rating of AA+/Stable for the NCD programme of MHIL.

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. Gross NPA as on March 31, 2023 stood at 4.01% as against 2.93% as on March 31, 2022 of loan outstanding during the previous year. GNPA's increased during the year as the company has classified Non-performing assets Pursuant to the RBI circular dated November 12, 2021 "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications". 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 14,381 million as against INR 14,699 million in the previous year.
2. PAT INR 104 million as against INR 84 million in previous year
3. Gross NPA 4.01%; NNPA 1.39%.
4. ~61 % of the total loan book as of March 2023 comes from salaried and professional segment.
5. Capital Adequacy Ratio 62.91% shows MHIL is well capitalised
6. Comfortable Debt equity ratio of 1.44 gives lot of room for leverage
7. Cost to Income ratio 52.86%; ROA 1.00% ; ROE 2.30%

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 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 are systematically addressed through mitigating actions on a continuing basis.

The Company manages its credit risk through prudent 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 2023 was 331.

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

	Sd/-	Sd/-
Place: Kochi	**Eapen Alexander**	**George Alexander Muthoot**
Date: August 02, 2023	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;

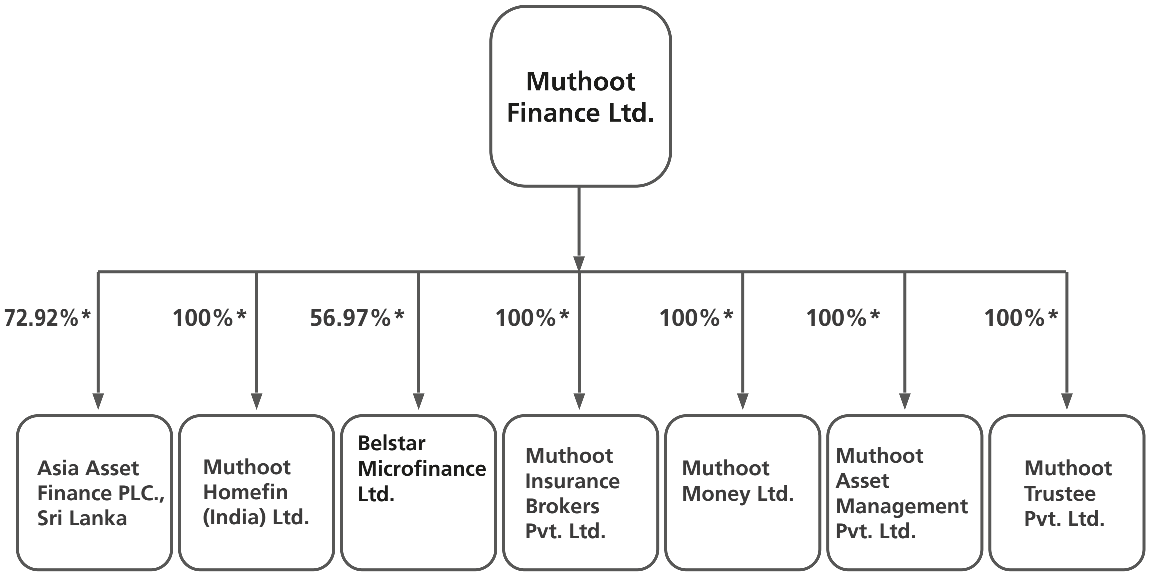
b. Contracts or arrangements entered into with related party for:

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.



**Muthoot Finance Ltd's equity share capital holding in the Investee company as at March 31, 2023.*

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;

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.

iv. 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.

v. 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 months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board 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: August 02, 2023	Sd/- **Eapen Alexander** Whole-time Director	Sd/- **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: August 02, 2023	Sd/- **Eapen Alexander** Whole-time Director	Sd/- **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 Muthoot Homefin (India) Limited (MHIL) 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's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. MHIL undertakes CSR activities through Muthoot M George Foundation, a charity foundation for CSR activities of Muthoot Group. The Company mainly focuses on health awareness and educational initiatives

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

4. 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 219.59 million**

7. (a) Two percent of average net profit of the company as per section 135(5) – **INR 4.39 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 4.39 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
43,91,926	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) Promotion of healthcare including preventive health care	No	Kerala Karnataka	Various districts Dakshina Kannada & Bangalore	41,24,426	No	Muthoot M. George Foundation	CSR00008030
2	Educational assistance – Scholarship to College Students	Item (ii) Promotion of education	No	Kerala Karnataka Tamil Nadu	Various districts	1,27,500	No	Muthoot M. George Foundation	CSR00008030
3	Marriage Assistance - assisting widowed mothers to get their daughters married, thereby assuring the families a secured life.	Item (iii) Promotion of gender equality & empowerment of women	No	Kerala Karnataka	Various districts Dakshina Kannada	1,40,000	No	Muthoot M. George Foundation	CSR00008030
						43,91,926			

(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 43,91,926**

(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)	43,91,926
(ii)	Total amount spent for the financial year	43,91,926
(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 2023 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**

11. 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

Sd/-
Eapen Alexander
Whole-time Director
Chairman, CSR Committee

Sd/-
K.R. Bijimon
Director
Member, CSR Committee

Place: Kochi
Date: August 02, 2023

Annexure 4

Form No. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

(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, 2023** 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, 2023**, 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 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Not applicable as the listed entity has not offered any shares or granted any options pursuant to any employee benefit scheme during the Review Period);

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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

(c) Reserve Bank of India / National Housing Bank Circulars, Notifications and Guidelines

(d) Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest [SARFAESI] Act, 2002

(e) 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. *Company had filed some e forms / returns with the Registrar of Companies beyond the due dates with additional fees.*

2. *Company has not attached report under section 121(1) while filing the prescribed form under section 121 (2) of the Act.*

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. There was no change in the composition of the Board of Directors during the period under review.

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;

SR #	Date of Event	Authority	Particulars	Forms Filed/Actions taken
1	January 02, 2023	Board of Directors	Appointment of Key Managerial person – Chief Executive Officer	DIR 12, MGT 14
2	January 02, 2023	Board of Directors	Resignation of Key Managerial person – Chief Executive Officer	DIR 12
3	January 07, 2023	Board of Directors	Appointment of Company Secretary with effect from 07th January 2023	DIR 12, MGT 14
4	January 07, 2023	Board of Directors	Resignation of Company Secretary with effect from 07th January 2023	DIR 12
5	September 20, 2022	Committee of Board of Directors	Issue and allotment of 500 NCDs of RS 10,00,000 each amounting to INR 50,00,00,000	MGT- 14, PAS-3, CHG-9
6	July 13, 2022	Committee of Board of Directors	Redemption of 1020473 NCD amounting to INR. 10204.73 lakhs	ISIN extinguishment with NSDL & CDSL

Place: Ernakulam

Date: July 20, 2023

UDIN: A020171E000652517

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.

Place: Ernakulam
Date: July 20, 2023
UDIN: A020171E000652517

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 31.03.2023	Maximum amount outstanding during the year
(A)	To Holding Company	NIL	NIL
	From Holding Company	NIL	100
(B)	To Associates	NIL	NIL
(C)	To firms / companies in which directors are interested (other than (A) and (B) above)	NIL	500
(D)	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: August 02, 2023

Sd/-
Eapen Alexander
Whole-time Director

Sd/-
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	Ratio of the remuneration of each director to the median remuneration of the employees of the company	Percentage increase in remuneration during FY 23
1	Jose Kurian	Independent Director	1:2	NA
2	V. C. James	Independent Director	1:2	NA
3	Jacob K. Varghese	Independent Director	1:2	17%
4	K. R. Bijimon	Non-Executive Director	1:2	NA
5	Alok Aggarwal *	CEO	6:1	NA
6	Rajeev Khond *	CEO	9:1	NA
7	Pandurang Kadam	CFO	9:1	12%
8	Jinu Mathen**	Company Secretary	1:1	NA
9	Riya P G**	Company Secretary	1:1	NA

* Mr. Alok Aggarwal was appointed as CEO on January 02, 2023 and Mr. Rajeev Khond resigned from the office of CEO on January 02, 2023

** Ms. Riya P G was appointed as Company Secretary and Compliance Officer on January 07, 2023 and Ms. Jinu Mathen resigned from the post of Company Secretary and Compliance Officer on January 07, 2023.

2. The percentage increase in the median remuneration of employees in the financial year – **11%**

3. The number of permanent employees on the rolls of company as on 31.03.2023 - **331**

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 – There was no increase in the Average percentile salary.

5. 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

Details of employee of the Company in terms of the remuneration drawn

Sl.No.	Name	Designation	Remuneration (in lakhs)	Nature of employment (Contractual or otherwise)	Qualifications & Experience	Date of commencement of employment	Age	Last Employment held before joining the oragnisation	% of equity shares held by the employee in the Company	Relationship with Managing Director and CEO or Directors
1	Alok Aggarwal	Chief Executive Officer	36.54	Fixed Term	M.B.A.	02nd January 2023	44	National Trust Housing Finance LTD	NIL	NIL

For and on behalf of the Board of Directors

Place: Kochi
Date: August 02, 2023

Sd/-
Eapen Alexander
Whole-time Director

Sd/-
George Alexander Muthoot
Director

Corporate Governance Report

1. Board of Directors

A. Composition of Board

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors in compliance with Section 149 of the Companies Act, 2013 ("Act"). As of March 31, 2023 , your Company has eight Directors including one woman Director, three Non-Executive Directors, three Independent Directors and one Executive Director. Your Company believes that the Independent Directors bring with them the rich experience, knowledge and practices followed in other companies resulting in imbibing the best practices followed in the industry.

The Board of Directors of your Company plays the primary role as the trustees to safeguard and enhance stakeholders' value through its effective decisions and supervision.

The composition of Board of Directors as of March 31, 2023 are as follows:

Sl. No.	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
1	George Thomas Muthoot	26/08/2011	Non-Executive	00018281	5	5	14	-	-	-	1 share
2	George Alexander Muthoot	26/08/2011	Non-Executive	00016787	5	5	15	-	-	-	1 share
3	Eapen Alexander	19/05/2015	Executive	03493601	5	5	16	-	-	-	-
4	K R Bijimon	30/09/2014	Non-Executive	00023071	5	4	10	-	1,60,000	-	-
5	Anna Alexander	25/10/2018	Non-Executive	00017147	5	5	17	-	-	-	-
6	Jose Kurian	07/09/2015	Independent	07258367	5	5	NIL	-	2,00,000	-	-
7	V C James	25/01/2019	Independent	01398943	5	5	1	-	2,00,000	-	-
8	Jacob K Varghese	03/05/2019	Independent	07261140	5	4	1	-	1,60,000	-	-

B) Details of change in composition of the Board during the current and previous financial year.

Sl.No.	Name of Director	Director since	Capacity	Nature of Change	Effective Date
NIL					

C) Mr. Eapen Alexander, Whole Time Director, Mr. George Alexander Muthoot and Mrs. Anna Alexander, Non-executive Directors on the Board are related to each other

2. Committees of the Board and their Composition

A. Audit Committee

The Audit Committee of the Board is constituted under Section 177 of the Act read with Rule 6 & 7 of Companies (Meetings of Board and its Powers) Rules, 2014, and Reserve Bank of India directions/guidelines.

Composition and Attendance

As on March 31, 2023, the Audit Committee of the Board consisted of four Members out of which three are Non - Executive Independent Directors. All the Members of the Committee are financially literate and have accounting and financial management expertise. The Company Secretary of the Company acts as the Secretary to the Committee.

The composition and attendance of the Members at the Audit Committee meetings held during the FY 2022-23 are as follows:

Sl.No.	Name of Director	Member of Committee since	Capacity	Number of Meetings		No. of shares held in and convertible instruments held in the NBFC
				Held	Attended	
1	Eapen Alexander	02/08/2019	Chairman Executive Director	5	5	-
2	Jose Kurian	02/08/2019	Member Independent Director	5	5	-
3	V C James	02/08/2019	Member Independent Director	5	5	-
4	Jacob K Varghese	02/08/2019	Member Independent Director	5	4	-

Terms of reference of the Audit Committee:

- Providing recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Reviewing and monitoring auditor's independence and performance and effectiveness of audit process;
- Examining financial statement and the auditors' report thereon;
- Scrutinizing inter-corporate loans and investments;
- Evaluating internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Approval or any subsequent modification of transactions of the Company with related parties; and
- Any other responsibilities as may be assigned by the Board from time to time.

B. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is set up by the Board in compliance with the Section 178 (1) of the Act. The Committee is entrusted with combined advisory responsibilities concerning the nomination for appointment or removal of Directors and Key Managerial Personnel and recommendation of remuneration policy. The Company Secretary of the Company acts as the Secretary to the Committee.

Composition and attendance

As at March 31, 2023, the Nomination and Remuneration Committee comprise of four Members out of which three are Non-Executive Independent Directors.

The composition and attendance of the Members at the meetings of the Nomination and Remuneration Committee held during the FY 2022-23 are as follows:

Sl.No.	Name of Director	Member of Committee since	Capacity	Number of Meetings		No. of shares held in and convertible instruments held in the NBFC
				Held	Attended	
1	K R Bijimon	02/08/2019	Chairman Executive Director	3	2	-
2	Jose Kurian	02/08/2019	Member Independent Director	3	3	-
3	V C James	02/08/2019	Member Independent Director	3	3	-
4	Jacob K Varghese	02/08/2019	Member Independent Director	3	3	-

Terms of Reference of Nomination & Remuneration Committee:

- 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;
- Ensuring persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act.
- Ensuring that the proposed appointees have given their consent in writing to the Company;

- 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;
- 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;
- Being responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 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;
- 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;
- 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.
- Reviewing the on-going appropriateness and relevance of the remuneration policy;
- 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;
- 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.
- Formulating ESOP plans and deciding on future grants; and
- 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

C. Stakeholders Relationship Committee

In compliance with the provisions of Section 178 (5) of the Act, the Board has constituted a Stakeholders Relationship Committee to redress the grievances of shareholders, debenture holders and other stakeholders. The Company Secretary of the Company acts as the Secretary to the Committee.

Composition and attendance

The composition and attendance of the Members at the Stakeholders Relationship Committee meetings held during the FY 2022-23 are as follows:

Sl.No.	Name of Director	Member of Committee since	Capacity	Number of Meetings		No. of shares held in and convertible instruments held in the NBFC
				Held	Attended	
1	Eapen Alexander	13/05/2019	Chairman Executive Director	4	4	-
2	Jose Kurian	13/05/2019	Member Independent Director	4	4	-
3	V C James	13/05/2019	Member Independent Director	4	4	-

Terms of reference of the Stakeholders Relationship Committee:

- To approve or otherwise deal with applications for transfer, transmission, transposition and mutation of shares and certificates including duplicate, split, sub-division or consolidation of certificates and to deal with all related matters; and also to deal with all the matters related to de-materialisation or re-materialisation of securities, change in the beneficial holders of de-mat securities and granting of necessary approvals wherever required.
- To look into and redress shareholders / investors grievances relating to:
  - i. Transfer/Transmission of securities
  - ii. Non-receipt of Interest and declared dividends
  - iii. Non-receipt of annual reports
  - iv. All such complaints directly concerning the Security holders as stakeholders of the Company
  - v. Any such matters that may be considered necessary in relation to the security holders of the Company

D. Risk Management Committee

Pursuant to the RBI Regulations, the Company has constituted a Risk Management Committee (RMC). The composition and attendance of the Members at the Risk Management Committee meetings held during the FY 2022-23 are as follows:

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings		No. of shares held in and convertible instruments held in the NBFC
				Held	Attended	
1	Eapen Alexander	23/10/2020	Chairman Executive Director	4	4	-
2	George Alexander Muthoot	23/10/2020	Member Non-Executive Director	4	4	1 share
3	K R Bijimon	23/10/2020	Member Non-Executive Director	4	4	-

Terms of Reference of Risk Management Committee are:

- Credit deployment in line with business plan and within the defined risk appetite;
- Creating requisite capacity in the risk management with a view of monitoring and control.
- Maintaining a well-diversified loan book;
- Optimise profits by way of controlling risk in the Operations and credit delivery process; and
- Inculcating the culture of informed decision-making by creating environment of taking calculated business risk to maximise profits.

E. Asset Liability Management Committee

Your Board has created an Asset Liability Management Committee to oversee the ALM position of the Company. The Asset Liability Management Committee is responsible for overseeing the liquidity position of the Company and liquidity risk management.

Composition and attendance

The composition and attendance of the Members at the meetings of the Asset Liability Management Committee held during the FY 2022-23 are as follows:

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings		No. of shares held in and convertible instruments held in the NBFC
				Held	Attended	
1	Eapen Alexander	23/10/2020	Chairman Executive Director	4	4	-
2	George Alexander Muthoot	23/10/2020	Member Non-Executive Director	4	4	1 share
3	K R Bijimon	23/10/2020	Member Non-Executive Director	4	4	-

Terms of reference of the Asset Liability Management Committee:

- Developing an asset/liability management process and related procedures;
- Developing asset/liability management strategies and tactics;

- Establishing a monitoring and reporting system;
- Submitting a written report to the Board at least once every quarter; and
- Overseeing the maintenance of a management information system that supplies, on a timely basis, the information and data necessary for the Asset Liability Management Committee to fulfil its role as asset/liability manager of the Company.

F. Corporate Social Responsibility (CSR) Committee

In line with the requirements of Section 135 of the Act, your Board has constituted a Corporate Social & Business Responsibility Committee of the Board to oversee the CSR functions of the Company.

Composition and attendance

The composition and attendance of the Members at the meetings of the CSR Committee held during the FY 2022-23 are as follows:

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings		No. of shares held in and convertible instruments held in the NBFC
				Held	Attended	
1	Eapen Alexander	23/10/2017	Member Executive Director	1	1	-
2	K R Bijimon	23/10/2017	Member Non-Executive Director	1	1	-
3	Jose Kurian	23/10/2017	Member Independent Director	1	1	-

Terms of Reference of CSR Committee are as under:

a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;

b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;

c. To monitor the CSR policy of the Company from time to time;

d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

IT strategy Committee

The composition of IT strategy committee for FY 2022-23 are as under:

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings		No. of shares held in and convertible instruments held in the NBFC
				Held	Attended	
1	Jacob K Varghese	02/08/2019	Chairman Independent Director	4	4	-
2	Eapen Alexander	02/08/2019	Member Executive Director	4	4	-
3	Alok Aggarwal	02/01/2023	Chief Executive Officer	1	1	-
4	Dhiraj Jha	02/08/2019	Head – Information Technology	4	4	-
5	Suresh Sarangapani	08/11/2022	Chief Information Officer-Muthoot Group	2	2	-

Terms of Reference:

- To work in partnership with other committees of the Board of Directors and Senior Management members to provide input to them on Information Technology; and
- To carry out review and amend the Information Technology strategies in line with the corporate strategies, cyber security arrangements and any other matter related to Information Technology governance.

Finance Committee

The composition of Finance Committee for the FY 2022-23 are as under:

Sl. No.	Name of Director	Member of Committee since	Capacity	Number of Meetings		No. of shares held in and convertible instruments held in the NBFC
				Held	Attended	
1	Eapen Alexander	20/09/2018	Chairman Executive Director	7	7	-
2	George Alexander Muthoot	20/09/2018	Member Non-Executive Director	7	7	1 share
3	George Thomas Muthoot	20/09/2018	Member Non-Executive Director	7	7	1 share
4	K R Bijimon	20/09/2018	Member Non-Executive Director	7	7	-

The terms of reference of Finance Committee are as under:

- Review of Company's financial policies, working capital and cash follow management and make reports and recommendations to the Board with respect thereto as it may deem advisable;
- Review of banking arrangements and cash management;
- Exercise all powers to borrow moneys whether secure or unsecure and taking necessary actions connected therewith including borrowing monies by way of short term / long term loans, cash credit arrangement and / or by way other instruments and Commercial Papers in any form on such terms as Committee may deem fit not exceeding the limit by the shareholders under section 180(1)(c) of the Companies Act, 2013
- Review, approve and accept Renewal / enhancement / disbursement of credit facilities including Cash credit / short term loan / term loans from Banks / financial institutions;
- Giving guarantees / issuing letters of comfort / providing security / corporate guarantee / performance guarantee / letter of credit on such terms as Committee may deem fit;
- Exercise all the powers with regard to foreign currency transactions including entering into various hedging mechanism like forward contracts, option contracts, swaps etc.
- Opening / closing of Bank Accounts and availing various facilities for operating the said Bank Accounts including internet banking and authorise / change / removal of signatories for said Bank Accounts;
- Carry out any other functions as mandated by the Board from time to time and / or enforced by any statutory notifications, amendment or modification as may be applicable;
- To invest the funds of the Company on such terms as Committee may deem fit;
- To determine and approve the terms and conditions and nature of the debentures (NCDs) including Secured Non- Convertible Debentures and Unsecured Non-Convertible Debentures in nature of Sub-Ordinated Debt to be issued on basis of private placement and/or Public Issue;
- To determine and approve the nature/type/pricing/terms of the NCD issue;
- To approve the Draft Issue Documents or Offer Document(s) including Prospectus, Shelf Prospectus, Tranche Prospectus etc related to issue of NCDs ; and
- To appoint Compliance Officer and to authorise and appoint Officers of the Company for negotiations, signing and execution of any documents including offer documents, trust deed, Charge Documents and other statutory documents for and on behalf of the Company to the extend authorised by the Committee and
- To appoint and deal with Stock Exchanges, Depositories, Registrar, Merchant Bankers, Brokers, Debentures Trustees, Bankers, agents, attorneys, experts or any other persons in relation to the issue and continuous management of NCDs and enter into agreement with them for and on behalf of the Company;
- To appoint Trustees of the each Issue/tranche of the Issue for NCDs as Issued by Board of Directors of the Company from time to time and to approve the Trust Deed;
- To create or modify the Charge on assets of the Company for purpose of securing the NCDs to extent of NCDs issued by Board of Directors of the Company from time to time.
- Ensure that all provisions regarding disclosure and other required under the Companies Act, 2013, Reserve Bank of India Guidelines, SEBI (Issue of Debt and Listing) Regulations, 2008 for listing of debentures issued on private placement basis, or such other acts, rules, regulations or guidelines are complied with.
- To approve Rematerialisation/Dematerialisation of NCD's, transfer and transmission of NCD's and issuance of Duplicate NCD Certificates and other day to day activities issued through Private Placement and/or Public Issue.
- To approve and deal with all other matters relating to the issue and do all such acts, deeds, matters and things as it may,

at its discretion, deem necessary for such purpose and other matters entrusted by Board of Directors from time to time including without limitation the utilisation of the issue proceeds etc.

- Other transactions or financial issues that the Board may desire to have them reviewed by the Finance Committee;
- Give authorization from time to time to the executives / Authorised Persons (including Change/Removal of Authorised persons) to implement decisions of the Committee and to execute necessary papers, agreements or any other documents for the purpose of giving effect to this resolution;
- Regularly review and make recommendations about changes to the Charter/terms of reference of the Committee.

3. General Body Meeting

The details of Annual General Meeting (AGM) held during the financial year 2022-23 are as under:

Sl.No.	Type of Meeting	Date and Place	Special Resolutions passed
1	11th Annual General Meeting	26th August 2022 Muthoot Chambers, Kurians Tower, Banerji Road, Ernakulam North, Kochi	NIL

4. Details of Non-Compliance, if any

The Company has complied with all applicable legal requirements of the Companies Act, 2013 including accounting and secretarial standards.

5. Details of Penalties and Strictures

- During the FY2023, no penalties or strictures have been imposed on the Company by the Reserve Bank of India, the National Housing Bank or any other statutory authority.
- No penalties or strictures have been imposed by the stock exchange, SEBI or any other statutory authority, in any matter related to capital markets, during the last three years.

6. Breach of Covenant

During the financial year ended March 31, 2023, no bank or financial institution or debenture trustee has issued any notice of breach of covenant in respect of loans availed or debt securities issued by the Company.

7. Divergence in Asset Classification and Provisioning

Sl. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2023
a)	The additional provisioning requirements assessed by National Housing Bank (NHB) exceeds 5 percent of the reported profits before tax and impairment loss on financial instruments for the reference period or	NIL	NIL
b)	the additional Gross NPAs identified by NHB exceeds 5 per cents of the reported Gross NPA for the reference period.	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MUTHOOT HOMEFIN (INDIA) LIMITED

Report on the Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of Muthoot Homefin (India) Limited ("the Company"), which comprise the Balance sheet as at 31st March 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in Equity 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 Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) ("Ind AS") Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

2. 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 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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.

3. Emphasis of Matter

We draw attention to Note 42 to the financial statements, in which the Company describes the continuing uncertainties arising from the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

4. Key Audit Matters

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

Sr. No.	Key audit matters	How our audit addressed the key audit matter
1	Expected Credit Loss (ECL) on Loans and Advances As at March 31, 2023, the carrying value of loan assets measured at amortized cost, aggregated to Rs. 10506.92 Million (net of allowance of ECL Rs. 357.81 Million). The estimation of ECL on financial instruments involves significant judgement and estimates. As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: a) Data inputs - The application of ECL model requires several data inputs.	Our Audit Approach: Our audit approach was a combination of test of internal controls and substantive procedures which included the following: a) Testing the design and effectiveness of internal controls over the following: • Key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Key controls over the application of the staging criteria consistent with the definitions applied including the appropriateness of the qualitative factors. • Management's controls over authorization and calculation of post model adjustments and management overlays to the output of the ECL model.

	b) Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. c) Qualitative and quantitative factors used in staging the loan assets measured at amortized cost. d) Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. Refer Note 3.7 of the Financial Statements.	b) On sample basis, ECL allowance on loan assets were tested over the following: • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data, reasonableness of economic forecasts, weights, and model assumptions applied. • We evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD; and • We tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company. c) We also evaluated the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model. d) Testing management's controls on compliance with disclosures to confirm the compliance with the provisions of relevant provisions of Ind AS 109 and RBI. e) Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used, including management overlays. f) For models which were changed or updated during the year, evaluating whether the changes were appropriate by assessing the updated model methodology. g) Read and assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the

5. Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors Report, Corporate Governance Report and Management Discussion & Analysis Report, but does not include the Financial Statements and our auditor's report thereon. These reports are expected to be made available to us after the date of our auditor's report.

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

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

When we read the other information included in the above reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

6. Responsibilities 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, total comprehensive income, changes in Equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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 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.

8. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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.

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

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

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

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

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   (e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 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 with reference to the financial statements of the Company and the operating effectiveness of such controls, we request you to refer to our separate Report in "Annexure B" to this report.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 the financial position in its financial statements – Refer Note 36A to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. (a) The Management has represented that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. No dividend was declared and paid by the Company during the year.

For **Kolath and Co**
Chartered Accountants
(Firm Registration No.: 008926S)

CA Santhi Elizabeth Liju
Partner
Membership No: 210978
UDIN: 21236744AAAAAP9868

Place: Kochi
Date: May 04, 2023

ANNEXURE 'A'
TO THE INDEPENDENT AUDITORS' REPORT

of even date on the financial statements of Muthoot Homefin (India) Limited

Referred to in paragraph [9(i)] under Report on Other Legal and Regulatory Requirements section of our report of even date

According to the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

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

(b) The Company has maintained proper records showing full particulars of Intangible assets.

(c) The Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular programme of verification at reasonable intervals. In our opinion, the periodicity of the physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(d) 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.

(e) The Company has not revalued its Property, Plant and Equipment and Intangible assets during the year.

(f) According to the information, explanations and representations given to us, no proceedings have been initiated or is pending against the Company during the year for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company is primarily engaged in lending business. Accordingly, it does not hold any inventories. Thus paragraph 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks and financial institutions on the basis of security of current assets. Based on the information, explanation and representation provided by the Company and our audit procedures undertaken, we have not come across any difference between the information submitted in the quarterly returns / statements filed by the Company with banks and financial institutions when compared with the books of account and other relevant information provided by the Company.

(iii) (a) The Company is primarily engaged in lending activities and hence reporting under paragraph 3(iii)(a) of the Order is not applicable to the company

(b) Considering that the Company is a Non – Banking Finance Company, the investments made, security given and the terms and conditions of the grant of all loans and advances in the nature of loans are not prima facie prejudicial to the Company's interest. Further, according to the information and explanations provided to us, the Company has not provided any guarantees during the year.

(c) In respect of the loans given and advances in the nature of loans, the Company has stipulated the schedule of repayment of principal and payment of interest. However, given the nature of business of the Company being a Non – Banking Finance Company, there are certain cases during the year and as at March 31, 2023 wherein the amounts were overdue vis-à-vis stipulated terms.

(d) In respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount for more than ninety days as at the Balance Sheet date except for the following cases as on March 31, 2023:

(₹ in millions)

Number of Cases	Total Amount Dues
666	436.33

Further, on the basis of discussions with the management and representations given to us, we understand that reasonable steps have been taken by the Company for recovery of the principal and interest.

(e) The Company is engaged primarily in lending activities and hence reporting under paragraph 3(iii)(e) of the Order is not applicable to the Company.

(f) Based on the information and explanations provided to us, we did not come across loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Thus, reporting under paragraph 3(iii)(f) of the Order is not applicable to the Company.

(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 guarantees and security under the provisions of Sections 185 and 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposit as at March 31, 2023 and therefore, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder are not applicable to the Company. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

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

(vii) In respect of statutory dues :

(a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax. There are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) The details of statutory dues referred to in sub- paragraph (a) above which have not been deposited as on 31 March 2023, on account of disputes are given below:

Name of the Statute	Nature of dues	Amount (Rs. In Million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	283.90	Assessment year 2018-19	Commissioner of Income Tax (Appeals), Kochi

(viii) According to the information and explanations given to us, there are no transactions which have not been recorded in the books of account but have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.

(ix) a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in the payment of interest thereon to any lender.

b) Based on the information and explanation provided to us, the Company has not been declared a wilful defaulter by any bank or financial institution or other lender.

c) According to the information, explanations and representation given to us and to the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application of proceeds.

d) On an overall examination of the financial statements of the Company, funds raised on short-term basis do not seem to have been used during the year for long-term purposes.

e) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under paragraph 3(ix)(e) of the Order is not applicable to the Company.

f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under paragraph 3 (x)(a) of the Order is not applicable to the Company.

b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under paragraph 3 (x)(b) of the Order is not applicable to the Company.

(xi) a) Based upon the information, explanation and representations and on audit procedures performed for the purpose of reporting the true and fair view of the financial statements, no fraud on or by the Company has been noticed or reported during the year.

b) According to the information and explanations given to us and to the best of our knowledge, no report under sub-section (12) of Section 143 of the Act has been filed in Form ADT- 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report

c) According to the information, explanations and representations given to us by the management, there were no whistle blower complaints received by the Company during the year and hence reporting under paragraph 3 (xi)(c) of the Order is not applicable to the Company.

(xii) The Company is not a nidhi company and hence reporting under paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable, for all the transactions with related parties and the details of related party transactions have been disclosed in the notes to the financial statements etc, as required by the applicable accounting standards.

(xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have taken into consideration, the internal audit reports for the period under audit issued to the Company while determining the nature, timing and extent of audit procedures.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in Section 192 of the Act. Thus, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934.

b) The Company has conducted Housing Finance activities holding a valid Certificate of Registration (CoR) from National Housing Bank under Section 29A of the National Housing Bank Act, 1987.

c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence reporting under paragraph 3 (xvi)(c) of the Order is not applicable.

d) According to the information and explanations given to us, there is no CIC in the Group.

(xvii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the Statutory Auditors during the year and hence reporting under paragraph 3 (xviii) of the Order is not applicable.

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

(xx) (a) According to the information and explanations given to us and based on our examination of the records of the Company, there is no unspent amount pursuant to other than ongoing projects which is required to be transferred to a Fund specified in Schedule VII to the Companies Act, 2013, within a period of six months of the expiry of the Financial year in compliance with second proviso to sub-section (5) of Section 135 of the Act.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any ongoing project which is required to be transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the Act

(xxi) According to the information and explanations given to us and based on our examination of the records of the Company, there are no subsidiaries / associates / joint ventures of the Company and hence the paragraph 3(xxi) of the Order is not applicable to the Company.

For **Kolath and Co**
Chartered Accountants
(Firm Registration No.: 008926S)

CA Santhi Elizabeth Liju
Partner
Membership No: 210978
UDIN: 22210978AINKEM7991

Place: Kochi
Date: May 04, 2023

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

Report of even date on the financial statements of Muthoot Homefin (India) Limited

(Referred to in paragraph 9 (2) (f) under 'Report on Other Legal and Regulatory Requirements section of our Report of even date)

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

1. We have audited the internal financial controls over financial reporting with reference to the Financial Statements of **Muthoot Homefin (India) Limited** ("the Company"), as of 31 March 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 2. 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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

3. 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.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

7. 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

8. 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 31 March 2023, 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 **Kolath and Co**
Chartered Accountants
(Firm Registration No.: 008926S)

CA Santhi Elizabeth Liju
Partner
Membership No: 210978
UDIN: 22210978AINKEM7991

Place: Kochi
Date: May 04, 2023

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
MUTHOOT HOMEFIN (INDIA) LIMITED

As required by the Non-Banking Financial Company – Housing Finance Company (Reserve 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 give 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 **Kolath and Co**
Chartered Accountants
(Firm Registration No.: 008926S)

CA Santhi Elizabeth Liju
Partner
Membership No: 210978
UDIN: 22210978AINKEM7991

Place: Kochi
Date: May 04, 2023

(₹ in Millions)

Balance Sheet

as at March 31, 2023

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
I ASSETS			
1 Financial assets			
a) Cash and cash equivalents	5.1	104.32	46.66
b) Bank Balance other than above	5.2	266.92	252.77
c) Loans	6	10,506.92	10,295.63
d) Investments	7	44.25	1,132.16
e) Other financial assets	8	723.40	879.18
2 Non-financial assets			
a) Property, plant and equipment	9	359.43	39.90
b) Capital work-in-progress	10	-	66.97
c) Other intangible assets	11	1.05	2.96
d) Current tax assets (Net)		71.25	78.68
e) Other non financial assets	12	33.04	31.06
Total assets		**12,110.58**	**12,825.97**
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	13	39.22	33.06
b) Debt securities	14	1,900.22	2,420.69
c) Borrowings (other than debt securities)	15	4,701.70	5,221.67
d) Other Financial Liabilities	16	729.25	499.29
2 Non-financial Liabilities			
a) Provisions	17	7.07	7.56
b) Deferred tax liabilities (Net)		151.73	165.55
c) Other non-financial liabilities	18	6.72	7.39
3 Equity			
a) Equity share capital	19	1,191.56	1,191.56
b) Other equity	20	3,383.11	3,279.20
Total liabilities and equity		**12,110.58**	**12,825.97**

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

For Kolath & Co
Chartered Accountants
(FRN: 008926S)

Santhi Elizabeth Liju
Partner
M. No. 210978
UDIN : 23210978BGYKDC4343

Place: Kochi
Date: May 04, 2023

For and on behalf of Board of Directors
of Muthoot Homefin (India) Limited

George Alexander Muthoot
Director
DIN: 00016787

Eapen Alexander
Whole Time Director
DIN: 03493601

Alok Aggarwal
Chief Financial Officer

Pandurang Kadam
Chief Executive Officer

Riya P G
Company Secretary

(₹ in Millions)

Statement of Profit and Loss

for the year ended March 31, 2023

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations			
(i) Interest income	22	1,349.53	1,638.12
(ii) Sale of service		22.56	12.39
(iii) Net gain on derecognised (assigned) loans		-	389.01
(iv) Net gain on fair value changes	23	16.35	13.93
(I) Total Revenue from operations		**1,388.44**	**2,053.45**
(II) Other Income	24	159.67	90.40
(III) Total Income (I + II)		**1,548.11**	**2,143.85**
Expenses			
(i) Finance cost	25	589.20	807.88
(ii) Net loss on derecognised (assigned) loans		-	35.19
(iii) Impairment of financial instruments and write Off	26	219.85	710.75
(iv) Employee benefit expenses	27	358.04	283.61
(v) Depreciation, amortization and impairment	28	18.67	16.51
(vi) Other expenses	29	221.69	188.94
(IV) Total Expenses (IV)		**1,407.45**	**2,042.88**
(V) Profit before exceptional items and tax (III - IV)		**140.66**	**100.97**
(VI) Exceptional items		**-**	**-**
(VII) Profit before tax (V- VI)		**140.66**	**100.97**
(VIII) Tax Expense:			
(1) Current tax		50.47	-
(2) Deferred tax		(13.79)	24.06
(3) Earlier years adjustments		-	(7.13)
Net Tax Expense (VIII)		**36.68**	**16.93**
(IX) Profit for the period (VII-VIII)		**103.98**	**84.04**
(X) Other Comprehensive Income			
(i) Items that will not be classified to profit or loss			
(a) Remeasurements of the defined benefit plans		(0.09)	0.18
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.02	(0.05)
Other Comprehensive Income (i + ii)		**(0.07)**	**0.13**
(XI) Total Comprehensive Income for the period (IX + X)		**103.91**	**84.17**
(XII) Earnings per equity share (Face Value of Rs. 10/- Each)			
Basic (Rs.)		0.87	0.71
Diluted (Rs.)		0.87	0.71

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

For Kolath & Co
Chartered Accountants
(FRN: 008926S)

Santhi Elizabeth Liju
Partner
M. No. 210978
UDIN : 23210978BGYKDC4343

Place: Kochi
Date: May 04, 2023

For and on behalf of Board of Directors
of Muthoot Homefin (India) Limited

George Alexander Muthoot
Director
DIN: 00016787

Eapen Alexander
Whole Time Director
DIN: 03493601

Alok Aggarwal
Chief Financial Officer

Pandurang Kadam
Chief Executive Officer

Riya P G
Company Secretary

(₹ in Millions)

Cash Flow Statement

for the year ended March 31, 2023

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A. Cash flow from Operating Activities		
Profit before tax	140.66	100.97
Adjustments for:		
Depreciation, amortisation & impairment	18.67	16.51
Impairment on financial instruments and write Off	219.85	703.75
Interest Expenses	589.20	807.88
Net gain on derecognised (assigned) loans	-	(353.82)
Net gain on fair value changes	(16.35)	(6.93)
Loss on sale of Property, plant and equipment	7.86	6.47
Operating Profit Before Working Capital Changes	**959.89**	**1,274.83**
Working capital changes		
Bank balance other than cash and cash equivalents	(14.15)	(121.52)
Loans	(315.20)	2,767.81
Other financial asset	2.30	1,001.87
Other non financial asset	(1.97)	12.82
other financial liabilities and other non financial liabilities	311.32	47.17
Trade payables	6.16	(0.06)
Provision	(0.58)	4.15
Cash Generated from Operations	**947.77**	**4,987.07**
Interest Paid	(671.22)	(795.90)
Income Received on Assignment of Loans	153.48	118.39
Income tax paid	(43.03)	(10.89)
Net cash flows from/(used in) operating activities	**387.00**	**4,298.67**
B.Cash flow from Investing Activities		
Purchase of Property, plant and equipment/intangible assets	(278.16)	(74.66)
Sale of Property, plant and equipment	0.93	0.66
Purchase of Investments	(3,790.00)	(6,050.00)
Proceeds from Sale of Investments	4,759.25	5,426.83
Purchase of Security Receipt	-	-
Redemption of Security Receipt	19.07	22.25
Net cash flows from/(used in) investing activities	**711.09**	**(674.92)**
C.Cash flow from Financing activities		
Proceeds from issue of shares	-	-
Borrowings other than debt securities issued	(519.96)	(3,462.16)
Debt Securities Issued	(520.47)	(667.15)
Net cash flows from/(used in) financing activities	**(1,040.43)**	**(4,129.31)**
Net increase/(decrease) in cash and cash equivalents	57.66	(505.56)
Add: Cash and cash equivalents as at beginning of the year	46.66	552.22
Cash and cash equivalents as at the end of the year	**104.32**	**46.66**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Components of cash & cash equivalents		
Cash on hand	2.97	3.71
In current accounts	101.35	42.95
In Bank deposit with maturity of less than 3 months	-	-
Total	**104.32**	**46.66**

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

For Kolath & Co
Chartered Accountants
(FRN: 008926S)

Santhi Elizabeth Liju
Partner
M. No. 210978
UDIN : 23210978BGYKDC4343

Place: Kochi
Date: May 04, 2023

For and on behalf of Board of Directors
of Muthoot Homefin (India) Limited

George Alexander Muthoot
Director
DIN: 00016787

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Whole Time Director
DIN: 03493601

Alok Aggarwal
Chief Financial Officer

Pandurang Kadam
Chief Executive Officer

Riya P G
Company Secretary

(₹ in Millions)

Statement of changes in Equity

as at March 31, 2023

a. Equity Share Capital

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Balance at the beginning of the year	11,91,55,843	1,191.56	11,91,55,843	1,191.56
changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the year	**11,91,55,843**	**1,191.56**	**11,91,55,843**	**1,191.56**
changes in equity share capital during the year	-	-	-	-
Balance at the end of the year	**11,91,55,843**	**1,191.56**	**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, 2021	318.69	2,146.81	727.90	1.63	3,195.03
Changes due to prior period errors	-	-	-	-	-
Restated balance as at April 1, 2021	**318.69**	**2,146.81**	**727.90**	**1.63**	**3,195.03**
Other Additions/ Deductions during the year					
Transfer to/from retained earnings	16.81		(16.81)	-	-
Premium received during the year	-	-	-	-	-
Profit (loss) for the year after income tax	-	-	84.04	-	84.04
Other Comprehensive Income for the year before income tax	-	-	-	0.18	0.18
Less: Income Tax	-	-	-	(0.05)	(0.05)
Balance as at March 31, 2022	**335.50**	**2,146.81**	**795.13**	**1.76**	**3,279.20**
Changes due to prior period errors	-	-	-	-	-
Restated balance as at April 1, 2022	**335.50**	**2,146.81**	**795.13**	**1.76**	**3,279.20**
Other Additions/ Deductions during the year					
Transfer to/from retained earnings	20.80	-	(20.80)	-	-
Premium received during the year	-	-	-	-	-
Profit (loss) for the period after income tax	-	-	103.98	-	103.98
Other Comprehensive Income for the year before income tax	-	-	-	(0.09)	(0.09)
Less: Income Tax	-	-	-	0.02	0.02
Balance as at March 31, 2023	**356.30**	**2,146.81**	**878.31**	**1.69**	**3,383.11**

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

For Kolath & Co
Chartered Accountants
(FRN: 008926S)

Santhi Elizabeth Liju
Partner
M. No. 210978
UDIN : 23210978BGYKDC4343

Place: Kochi
Date: May 04, 2023

For and on behalf of Board of Directors
of Muthoot Homefin (India) Limited

George Alexander Muthoot
Director
DIN: 00016787

Eapen Alexander
Whole Time Director
DIN: 03493601

Alok Aggarwal
Chief Financial Officer

Pandurang Kadam
Chief Executive Officer

Riya P G
Company Secretary

Notes on accounts

for the year ended March 31, 2023

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 fulfils the Principal Business Criteria as laid down under paragraph 4.1.17, of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ('Master Directions'). The Company's financial assets constitute more than 60% of its total assets and out of the total assets, the Company has financed over 50% towards housing loans to individuals.

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 Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows (the "financial statements") have been prepared under historical cost convention on an accrual basis in accordance with the Indian Accounting Standards ("Ind AS") and the relevant provisions of the Companies Act, 2013 (the "Act") (to the extent notified) and the guidelines issued by the National Housing Bank ("NHB") and the Reserve Bank of India ("RBI") to the extent applicable. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Details of the Company's accounting policies are disclosed below.

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. Collateral repossessed is valued at zero in the statement of financial statements.

Write-offs - Loans are written off 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. A write off constitutes a de-recognition event. The company has a right to apply enforcement activities to recover such written off financial asset. 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)

Accumulated compensated absences

The Company provides for liability of accumulated compensated absences for eligible employees on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the period in which they occur.

3.13.4 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.

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 sole payments of principal and interest ('the 'SPPI criterion') 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 principal 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, 2023

Note 5.1: Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	2.97	3.71
Balances with Banks		
- in current accounts	101.35	42.95
Bank deposit with maturity of less than 3 months	-	-
Total	**104.32**	**46.66**

Note 5.2: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Bank deposit with maturity of more than 3 months but less than 12 months*	266.92	252.77
Total	**266.92**	**252.77**

*Balance with Banks to the extent held as security against borrowings and guarantee - INR 236.98 million (31 March 2022: INR 236.98 millions)

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Note 6: Loans

Particulars	As at March 31, 2023				As at March 31, 2022			
	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	9,152.87	-	-	-	9,202.57	-	-	-
Non Housing Loans	1,711.86	-	-	-	1,350.18	-	-	-
Total - Gross	**10,864.73**	**-**	**-**	**-**	**10,552.75**	**-**	**-**	**-**
Less : Impairment loss allowance	(357.81)	-	-	-	(257.12)	-	-	-
Total - Net	**10,506.92**				**10,295.63**			
Housing and Non Housing Loans								
I) Secured by tangible assets	10,864.73	-	-	-	10,552.75	-	-	-
II) Secured by intangible assets/ covered by bank/government guarantee/Unsecured	-	-	-	-	-	-	-	-
i) Housing Loans	-	-	-	-	-	-	-	-
ii) Other Loan	-				-			
Total - Gross	**10,864.73**	**-**	**-**	**-**	**10,552.75**	**-**	**-**	**-**
Less : Impairment loss allowance	(357.81)	-	-	-	(257.12)	-	-	-
Total - Net	**10,506.92**	**-**	**-**	**-**	**10,295.63**	**-**	**-**	**-**
Housing and Non Housing Loans								
i) Public Sector	-	-	-	-	-	-	-	-
ii) Others	10,864.73	-	-	-	10,552.75	-	-	-
Total - Gross	**-**	**-**	**-**	**-**	**10,552.75**	**-**	**-**	**-**
Less: Impairment Loss Allowance	10,864.73	-	-	-	(257.12)	-	-	-
Total - Net	**(357.81)**	**-**	**-**	**-**	**10,295.63**	**-**	**-**	**-**
	10,506.92							

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

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

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

6.4 The company is not granting any loans against security of shares 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. 594.40 million (Mar 31,2022: Rs. 844.31 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 The Company has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment.

6.7 The Company has not granted any loans outside India.

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions)

6.8 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 40.

	As at March 31, 2023				As at March 31, 2022			
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	9,451.05	-	-	9,451.05	8,402.95	-	-	8,402.95
Standard grade	310.79	-	-	310.79	518.91	-	-	518.91
Sub-standard grade	-	243.63	-	243.63	-	464.31	-	464.31
Past due but not impaired	-	446.72	-	446.72	-	901.17	-	901.17
Non- performing								
Individually impaired	-	-	436.33	436.33	-	-	309.21	309.21
Total	**9,761.84**	**690.35**	**436.33**	**10,888.52**	**8,921.86**	**1,365.48**	**309.21**	**10,596.55**
Ind AS Adjustment	**-**	**-**	**-**	**(23.79)**	**-**	**-**	**-**	**(43.80)**
Gross Carrying Amount	**-**	**-**	**-**	**10,864.73**	**-**	**-**	**-**	**10,552.75**

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

	As at March 31, 2023				As at March 31, 2022			
Particulars	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**
Gross carrying amount opening balance	8,921.86	1,365.48	309.21	10,596.55	12,319.18	1,102.95	680.94	14,103.07
New assets originated or purchased/further increase in existing assets	2,288.26		-	2,288.26	1,435.87	32.88	-	1,468.75
Assets derecognised or repaid (excluding write offs)	(1,808.94)	(164.58)	(22.77)	(1,996.29)	(4,144.23)	(95.53)	(38.00)	(4,277.76)
Transfers to Stage 1	595.04	(501.79)	(93.24)	-	272.74	(240.71)	(32.03)	-
Transfers to Stage 2	(168.82)	180.79	(11.97)	-	(716.05)	761.71	(45.66)	-
Transfers to Stage 3	(65.56)	(189.55)	255.11	-	(245.65)	(195.82)	441.47	-
Amounts written off	-	-	-	-	-	-	(697.51)	(697.51)
Gross carrying amount closing balance	**9,761.84**	**690.35**	**436.33**	**10,888.52**	**8,921.86**	**1,365.48**	**309.21**	**10,596.55**
Ind AS Adjustment	**-**	**-**	**-**	**(23.79)**	**-**			**(43.80)**
Gross Carrying Amount	**-**	**-**	**-**	**10,864.73**	**-**	**-**	**-**	**10,552.75**

Notes to the Financial Statements
for the year ended March 31, 2023

(₹ in Millions)

Reconciliation of ECL balance is given below:

	As at March 31, 2023				As at March 31, 2022			
Particulars	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**	**Stage 1 Collective**	**Stage 2 Collective**	**Stage 3**	**Total**
ECL allowance - opening balance	36.37	43.13	177.62	257.12	37.46	16.23	207.00	260.69
ECL Remeasurements due to changes in EAD / assumptions	(0.41)	(2.52)	(20.02)	(22.95)	(0.87)	(6.42)	(3.00)	(10.29)
Transfers to Stage 1	(0.50)	(7.69)	(81.96)	(90.15)	0.09	(24.65)	(2.53)	(27.09)
Transfers to Stage 2	0.14	2.77	(10.52)	-7.61	(0.23)	78.03	(3.61)	74.19
Transfers to Stage 3	0.06	(2.90)	224.24	221.40	(0.08)	(20.06)	34.89	14.75
Amounts written off	-	-	-	-	-	-	(55.13)	(55.13)
ECL allowance - closing balance	**35.66**	**32.79**	**289.36**	**357.81**	**36.37**	**43.13**	**177.62**	**257.12**

6.8 A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments'

As at 31 March 2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	**(2)**	**(3)**	**(4)**	**(5) = (3)-(4)**	**(6)**	**(7) = (4)-(6)**
Performing Assets						
Standard	Stage 1	9,761.84	39.05	9,722.79	39.03	0.02
	Stage 2	690.35	29.41	660.94	28.28	1.13
Subtotal		**10,452.19**	**68.46**	**10,383.73**	**67.31**	**1.15**
Non-Performing Assets (NPA)						
Substandard	Stage 3	307.89	204.18	103.71	46.18	158.00
Doubtful - up to 1 year	Stage 3	114.04	75.63	38.41	28.51	47.12
Doubtful - 1 to 3 Year	Stage 3	14.40	9.54	4.86	5.76	3.78
Subtotal		**436.33**	**289.35**	**146.98**	**80.45**	**208.90**
Total	**Stage 1**	**9,761.84**	**39.05**	**9,722.79**	**39.03**	**0.02**
	Stage 2	**690.35**	**29.41**	**660.94**	**28.28**	**1.13**
	Stage 3	**436.33**	**289.35**	**146.98**	**80.45**	**208.90**
	Total	**10,888.52**	**357.81**	**10,530.71**	**147.76**	**210.05**
Ind AS Adjustment		(23.79)	-	(23.79)	-	-
Total		**10,864.73**	**357.81**	**10,506.92**	**147.76**	**210.05**

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions)

As at 31 March 2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	8,921.86	36.37	8,885.49	24.07	12.30
	Stage 2	1,365.48	43.13	1,322.35	41.00	2.13
Subtotal		**10,287.34**	**79.50**	**10,207.84**	**65.07**	**14.43**
Non-Performing Assets (NPA)						
Substandard	Stage 3	299.82	172.22	127.60	45.74	126.48
Doubtful - up to 1 year	Stage 3	9.39	5.40	3.99	2.80	2.60
Doubtful - 1 to 3 Year	Stage 3	-	-	-	-	-
Subtotal		**309.21**	**177.62**	**131.59**	**48.54**	**129.08**
Total	**Stage 1**	**8,921.86**	**36.37**	**8,885.49**	**24.07**	**12.30**
	Stage 2	**1,365.48**	**43.13**	**1,322.35**	**41.00**	**2.13**
	Stage 3	**309.21**	**177.62**	**131.59**	**48.54**	**129.08**
	Total	**10,596.55**	**257.12**	**10,339.43**	**113.61**	**143.51**
Ind AS Adjustment		(43.80)	-	(43.80)	-	-
Total		**10,552.75**	**257.12**	**10,295.63**	**113.61**	**143.51**

Note 7: Investments

Particulars	As at March 31, 2023				As at March 31, 2022			
	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*	-	-	44.25	-	-	-	186.26	-
Mutual Funds	-	-	-	-	-	-	952.90	-
Total Gross (A)	**-**	**-**	**44.25**	**-**	**-**	**-**	**1,139.16**	**-**
i) Overseas investments	-	-	-	-	-	-	-	-
ii) Investments in India	-	-	44.25	-	-	-	1,139.16	-
Total Gross (B)	**-**	**-**	**44.25**	**-**	**-**	**-**	**1,139.16**	**-**
Less : Allowance for impairment loss (C)	**-**	**-**	**-**	**-**	**-**	**-**	**7.00**	**-**
Total - Net (D) = (A) - (C)	**-**	**-**	**44.25**	**-**	**-**	**-**	**1,132.16**	**-**

* During the current year, company has written off INR 115.94 millions on investment in security receipts due to impairment in estimated realisable value (refer note 26) 7.1 Details of investment in security receipts are as follows:

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Particulars	As at March 31, 2023		As at March 31, 2022	
	Units	Amount	Units	Amount
Security Receipts	176987	44.25	186258	186.26
Total	-	**44.25**	-	**186.26**

7.2 Details of investment in mutual funds are as follows:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Mutual Fund	-	-	174656.606	200.80
DSP Mutual Fund	-	-	87872.505	100.03
SBI Mutual Fund	-	-	58105.032	201.13
ICICI Prudential Mutual Fund	-	-	437092.283	50.09
L&T Mutual Fund	-	-	60319.005	100.03
Tata Mutual Fund	-	-	89198.646	100.03
Union Mutual Fund	-	-	179389.231	200.79
Total		**-**		**952.90**

Note 8: Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	9.50	12.90
Receivable on Assignment of Loans	704.63	858.11
Interest accrued on NPA	-	-
Interest accrued on fixed deposits with banks	**-**	**-**
Other financial assets	**9.28**	**8.17**
Total	**723.40**	**879.18**

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, 2021	14.64	67.17	33.71	25.34	2.49	4.10	147.45
Additions	1.37	4.73	0.21	0.63	-	-	6.94
Disposals	1.51	12.69	-	2.92	-	-	17.12
At March 31, 2022 (A)	**14.50**	**59.21**	**33.92**	**23.05**	**2.49**	**4.10**	**137.27**
Additions	2.75	18.62	2.07	0.87	318.89	0.57	343.77
Disposals	4.35	18.26	-	3.93	-	-	26.54
At March 31, 2023 (B)	**12.90**	**59.57**	**35.99**	**19.99**	**321.38**	**4.67**	**454.50**
Depreciation and impairment:							
At April 1, 2020	7.41	33.20	30.94	17.99	0.34	2.81	92.69
Disposals	0.84	6.97	-	2.18	-	-	9.99
Depreciation charge for the year	1.93	8.19	0.84	3.00	0.20	0.51	14.67
At March 31, 2022 (C)	**8.50**	**34.42**	**31.78**	**18.81**	**0.54**	**3.32**	**97.37**
Disposals	2.69	13.49	-	3.63	-	-	19.81
Depreciation charge for the year	1.45	6.33	0.62	1.80	6.91	0.40	17.51
At March 31, 2023 (D)	**7.26**	**27.26**	**32.40**	**16.98**	**7.45**	**3.72**	**95.07**
Net book value:							
At March 31, 2022 (A-C)	**6.00**	**24.79**	**2.14**	**4.24**	**1.95**	**0.78**	**39.90**
At March 31, 2023 (B-D)	**5.64**	**32.31**	**3.59**	**3.01**	**313.93**	**0.95**	**359.43**

(₹ in Millions)

Notes to the Financial Statements
for the year ended March 31, 2023

9.1 The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. There are no jointly held immovable properties with others.

9.2 The company has not revalued its Property, Plant and Equipment during the year.

9.3 There are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

Note 10: Capital work-in-progress

Ageing Schedule of Capital Work-in-Progress (CWIP)

Particulars	As at March 31, 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	At fair through profit or loss
Projects in progress	-	-	-	-	-
Projects temporaily suspended	-	-	-	-	-

Particulars	As at March 31, 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	At fair through profit or loss
Projects in progress	66.97	-	-	-	66.97
Projects temporaily suspended	-	-	-	-	-

Note: The Company do not have any projects whose activity has been completely suspended. The company do not have any projects whose completion is overdue or has exceeded its cost compared to its original plan.

Note 11: Other Intangible Assets

Particulars	Computer Software and Website Development
Gross Carrying Amount:	
At April 1, 2021	16.86
Additions	0.75
Disposals	-
At March 31, 2022 (A)	**17.61**
Additions	1.36
Disposals	5.40
At March 31, 2023 (B)	**13.57**
Depreciation and impairment:	
At April 1, 2021	12.82
Disposals	-
Depreciation charge for the year	1.83
At March 31, 2022 (C)	**14.65**
Disposals	3.36
Depreciation charge for the year	1.23
At March 31, 2023 (D)	**12.52**
Net book value:	
At March 31, 2022 (A-C)	**2.96**
At March 31, 2023 (B-D)	**1.05**

11.1 The company has not revalued its Intangible Asset during the year.

11.2 The company do not have any intangible asset under development during the year.

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Note 12: Other Non-financial assets

Particulars	As at March 31, 2023	As at March 31, 2021
Prepaid expenses	10.53	14.16
Other receivable	7.58	4.74
Balance from government authorities	14.93	12.16
Total	**33.04**	**31.06**

Note 13: Trade Payables

Particulars	As at March 31, 2023	As at March 31, 2022
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	39.22	33.06
Total	**39.22**	**33.06**

13.1 Trade payables aging schedule

Particulars	As at March 31, 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	37.49	0.02	0.01	1.71	39.23
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-

Particulars	As at March 31, 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	31.37	0.01	0.23	1.45	33.06
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-

Note 14: Debt Securities

Particulars	As at March 31, 2022			As at March 31, 2022		
	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*	1,400.22	-	-	2,420.69	-	-
(Secured by way of specific subservient charge over Book Debts of the company)	500.00	-	-	-	-	-
Total (A)	**1,900.22**	**-**	**-**	**2,420.69**	**-**	**-**
Debt securities in India	1,900.22	-	-	2,420.69	-	-
Debt securities outside India	-	-	-	-	-	-

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

14.1 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. 1150.22 millions (March 31, 2022: 2,160.69 millions).

ISIN	Date of allotment	Amount	Amount	Redemption period from the date of allotment	Interest Rate %
		As at March 31, 2023	As at March 31, 2022		
INE652X07027	13.05.2019	-	356.83	9%-10%	9%-10%
INE652X07035	13.05.2019	457.96	457.96	9%-10%	9%-10%
INE652X07050	13.05.2019	-	290.95	9%-10%	9%-10%
INE652X07068	13.05.2019	420.59	420.59	9%-10%	9%-10%
INE652X07084	13.05.2019	-	372.70	NA	NA
INE652X07092	13.05.2019	89.78	89.78	NA	NA
INE652X07100	13.05.2019	181.87	181.87	NA	NA
	Total	**1,150.20**	**2,170.68**		

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

The principal amount of outstanding Secured Redeemable Non-Convertible Listed Debentures privately placed stood at Rs. 750 millions (March 31, 2022: Rs. 250 millions).

ISIN	Date of allotment	Amount	Amount	Redemption period from the date of allotment	Interest Rate %
		As at March 31, 20223	As at March 31, 2022		
INE652X07118	17.06.2020	250.00	250.00	36 Months	8%-9%
INE652X07126	20.09.2022	500.00	-	120 Months	8%-9%
	Total	**750.00**	**250.00**		

Note 15: Borrowings (other than debt securities)

Particulars	As at March 31, 2022			As at March 31, 2021		
	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	2,819.39	-	-	3,755.26	-	-
(Secured by way of pari passu charge over Book Debts of the company)						
(ii) from financial institutions (Secured by way of exclusive charge over Book Debts & Corporate Guarantee from Muthoot Finance Limited)	1,882.31	-	-	1,466.41	-	-
Total	**4,701.70**	**-**	**-**	**5,221.67**	**-**	**-**
Borrowings in India	4,701.70	-	-	5,221.67	-	-
Borrowings outside India	-	-	-	-	-	-

15.1 The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.

15.2 Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the Registrar of Companies, within the prescribed time or within the extended time requiring the payment of additional fees.

15.3 The Company has availed borrowings from banks or financial institutions on the basis of security of current assets (Book debts) and the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the company.

15.4 The Company is not declared as wilful defaulter by any bank or financial Institution or other lenders.

Notes to the Financial Statements
for the year ended March 31, 2023

(₹ in Millions)

Terms of borrowings and repayment as at March 31, 2023

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%-9%	24	169.05	24	169.05	24	169.05	24	169.05	12	84.52	-	-	**108**	**760.71**		
Quarterly repayment schedule	8%-9%	8	189.08	8	188.98	2	35.71	-	-	-	-	-	-	**18**	**413.77**		
Half yearly repayment schedule	8%-9%	12	417.07	7	313.00	4	249.23	2	83.33	2	83.33	-	-	**27**	**1,145.96**		
Yearly repayment schedule	7%-8%	1	166.67	1	166.67	1	166.20	-	-	-	-	-	-	**3**	**499.54**		
Term Loan from National Housing Bank																	
Quarterly repayment schedule	up to 7%	9	14.30	12	19.06	12	19.06	12	19.06	12	19.06	18	31.37	**75**	**121.91**		
Quarterly repayment schedule	7%-8%	15	183.15	20	244.20	20	244.20	20	244.20	20	244.20	58	600.46	**153**	**1,760.41**		
		69	**1,139.30**	**72**	**1,100.95**	**63**	**883.45**	**58**	**515.64**	**46**	**431.12**	**76**	**631.83**	**384**	**4,702.29**	**0.59**	**4,701.70**

Terms of borrowings and repayment as at March 31, 2022

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	7%-8%	24	169.05	24	169.05	24	169.05	24	169.05	24	169.05	12	84.52	**132**	**929.76**		
Quarterly repayment schedule	7%-8%	9	204.70	8	189.08	8	189.05	2	35.71	-	-	-	-	**27**	**618.54**		
Half yearly repayment schedule	7%-8%	11	395.83	12	417.07	7	313.00	4	249.27	2	83.33	2	83.33	**38**	**1,541.83**		
Yearly repayment schedule	7%-8%	1	166.67	1	166.67	1	166.67	1	166.25	-	-	-	-	**4**	**666.25**		
Term Loan from Financial Instituions																	
Quarterly repayment schedule	7%-8%	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**		
Term Loan from National Housing Bank																	
Quarterly repayment schedule	6%-7%	11	187.18	12	180.12	12	180.12	12	180.12	12	180.12	38	558.75	**97**	**1,466.41**		
		56	**1,123.43**	**57**	**1,121.98**	**52**	**1,017.89**	**43**	**800.39**	**38**	**432.50**	**52**	**726.60**	**298**	**5,222.79**	**1.12**	**5,221.67**

(₹ in Millions)

Notes to the Financial Statements
for the year ended March 31, 2023

Note 16: Other Financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	201.29	283.31
Due to assignees towards collections in derecognised assets	103.87	96.56
Book Overdraft	364.26	66.41
Salary Payable	16.09	18.06
Others	43.74	34.95
Total	**729.25**	**499.29**

Note 17: Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
- Gratuity	3.63	3.59
- Provision for compensated absences	3.44	3.97
Total	**7.07**	**7.56**

Note 18: Other Non-financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	6.72	7.39
Total	**6.72**	**7.39**

Note 19: Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2021
Authorised:		
150,000,000 Equity Shares of Rs. 10/- each (March 31, 2022: 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, 2022 : 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, 2021	**11,91,55,843**	**1,191.56**
Issued during the year	-	-
As at March 31, 2022	**11,91,55,843**	**1,191.56**
Issued during the year	-	-
As at March 31, 2023	**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 the realised value of the assets of the Company, remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

(₹ in Millions)

Notes to the Financial Statements
for the year ended March 31, 2023

Shares held by holding/ultimate holding company/or their subsidiaries/ associates

Particulars	As at March 31, 2023	As at March 31, 2022
	No. of shares	No. of shares
119,155,843 Equity Shares of Rs. 10/- each (March 31, 2022 : 119,155,843 Equity Shares of Rs. 10/- each) Muthoot Finance Limited	11,91,55,843	11,91,55,843

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	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%

Details of shares held by promotors

Particulars	As at March 31, 2023		
	No. of shares	% of total shares	% change dunring the year
Muthoot Finance Limited	11,91,55,843	100%	Nil

Particulars	As at March 31, 2022		
	No. of shares	% of total shares	% change dunring the year
Muthoot Finance Limited	11,91,55,843	100%	Nil

As per the records of the Company, including its Register of Members and other declarations received from them regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares

The Company has not issued any shares for consideration other than cash nor there has been any buyback of shares during the five years immediately preceding 31 March 2023

Note 20: Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory reserve (Pursuant to section 29 C of National Housing Bank Act, 1987)*		
Opening balance	335.50	318.69
Add: Transfer from surplus balance in the Statement of Profit and Loss	20.80	16.81
Closing balance	**356.30**	**335.50**
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	795.13	727.90
Add: Profit for the year	103.98	84.04
Less: Appropriation :-		
Transfer to Statutory Reserve	(20.80)	(16.81)
Closing balance	**878.31**	**795.13**
Other Comprehensive Income		
Opening balance	**1.76**	**1.63**
Add: Other Comprehensive Income for the year before income tax	(0.09)	0.18
Less: Income Tax on OCI	0.02	(0.05)
Closing balance	**1.69**	**1.76**
Total	**3,383.11**	**3,279.20**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Note 21: Nature and purpose of reserve

Nature and purpose of Reserves

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. 20.80 million to special reserve in terms of Section 29C (i) of NHB Act 1987.

(₹ in Millions)

Notes to the Financial Statements
for the year ended March 31, 2023

Note 22: Interest income

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	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	-	1,332.15	-	1,332.15	-	1,626.25	-	1,626.25
Interest on deposits with Banks	-	17.38	-	17.38	-	11.87	-	11.87
Total	**-**	**1,349.53**	**-**	**1,349.53**	**-**	**1,638.12**	**-**	**1,638.12**

Note 23: Net gain on fair value changes

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
On investment portfolio	-	-
- Investments in Mutual Funds	16.35	13.93
- Security Receipts		
Total Net gain/(loss) on fair value changes	16.35	13.93
Fair Value changes:		
- Realised	16.35	13.93
- Unrealised	-	-
Total Net gain/(loss) on fair value changes	**16.35**	**13.93**

Note 24: Other Income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Bad debts recovered	120.28	43.79
Other interest income	0.83	0.89
Other income	38.56	45.72
Total	**159.67**	**90.40**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Note 25: Finance Cost

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	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	-	262.79	262.79	-	458.23	458.23
Interest on Loan from Financial Instituions	-	-	-	-	13.21	13.21
Interest on Refinance from NHB	-	121.79	121.79	-	71.63	71.63
Interest on Debt Securities	-	193.29	193.29	-	251.67	251.67
Interest on Inter Corporate Deposits	-	-	-	-	0.02	0.02
Other borrowing costs	-	11.33	11.33	-	13.12	13.12
Total	**-**	**589.20**	**589.20**	**-**	**807.88**	**807.88**

Note 26: 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, 2023			For the year ended March 31, 2022		
	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	-	103.91	103.91	-	703.75	703.75
Investments	-	115.94	115.94	-	7.00	7.00
Total	**-**	**219.85**	**219.85**	**-**	**710.75**	**710.75**

Note 27: Employee Benefit Expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and Wages	332.55	266.60
Contributions to Provident and Other Funds	11.88	10.61
Gratuity Expenses	1.95	1.67
Staff Welfare Expenses	11.65	4.73
Total	**358.04**	**283.61**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Note 28 Depreciation, amortization and impairment

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of Tangible Assets	17.44	14.68
Amortization of Intangible Assets	1.23	1.83
Total	**18.67**	**16.51**

Note 29: Other Expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent	38.79	45.61
Electricity Charges	4.89	5.20
Business Promotion Expenses	0.41	0.06
Advertisement	12.13	6.61
Repairs & Maintenance	5.25	5.72
Credit Rating Fees	2.78	3.14
Credit Verification Charges	8.08	4.31
Postage, Telegram and Telephone	4.71	5.36
Printing and Stationery	4.20	3.05
Rates & Taxes	0.83	1.33
Legal & Professional Charges	79.77	68.71
Travelling and Conveyance	14.09	6.64
Bank Charges	1.36	1.64
Franking & Stamp Paper Charges	0.10	0.10
General Office Expenses	1.76	0.65
House Keeping Charges	3.56	3.58
Vehicle Hire & Maintenance	0.42	0.27
Payments to Auditor (Refer note 28.1)	1.19	0.88
Directors' Sitting Fee	1.12	1.16
Commission	5.80	0.67
IT Infrastructure and Maintenance Charges	9.86	4.80
Technical Verification charges	8.34	5.78
Loss on sale of asset	7.86	6.47
CSR Expense	4.39	7.20
Total	**221.69**	**188.94**

29.1 Auditor fees

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditor:		
Statutory audit (including Limited Review)	0.88	0.65
Tax audit	0.16	0.16
Other Services	0.15	0.07
Total	**1.19**	**0.88**

(₹ in Millions)

Notes to the Financial Statements
for the year ended March 31, 2023

29.2 Corporate Social Responsibility (CSR)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount required to be spent by the company during the year	4.39	7.20
Amount unspent/ (excess spent) carried forward from earlier years	-	-
Amount actually spent during the year	4.39	7.20
(Excess amount spent carried forward)/ Short fall	-	-
Reason for shortfall	NA	NA
Related party transactions - Muthoot M George		
Foundation	4.39	7.20
Provision made for liability incurred	NA	NA

Nature of CSR Activities	For the year ended March 31, 2023	For the year ended March 31, 2022
Promotion of Education	0.13	3.67
Promotion of Health Care including Preventive Health Care	3.83	2.19
Promotion of gender equality & empowerment of women	0.43	1.29
Promotion of rural / nationalised sports	-	0.05
Total	**4.39**	**7.20**

Note 30: Income Tax

The Components of Income tax expenses for the year ended March 31, 2023 and year ended March 31, 2022 are:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	50.47	-
Deferred tax relating to origination and reversal of temporary differences	(13.79)	24.06
Income tax expense reported in statement of profit and loss	**36.68**	**24.06**
OCI Section		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans	0.02	(0.05)
Income tax charged to OCI	**0.02**	**(0.05)**

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, 2023 and year ended March 31, 2022 is, as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Accounting profit before tax	140.66	100.97
Statutory income tax rate of 25.168% (March 31, 2021: 25.168%)	35.40	25.41
Effect of unrecognised deferred tax assets	(0.02)	(3.54)
Additional deduction under Income tax act	-	-
Effect of change in tax rate	-	-
Others	1.29	2.19
Income tax expense reported in the statement of profit or loss	**36.67**	**24.06**

The effective income tax rate for March 31, 2023 is 26.08% (March 31, 2022: 23.83%).

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Note 31: 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, 2023	As at March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Fixed assets: Impact of difference between tax depreciation and	10.60	11.60	1.00	(1.76)
depreciation as per books of account				
Statutory Reserve	(67.54)	(62.31)	5.23	-
Interest spread on assigned loans	(177.34)	(215.97)	(38.63)	59.25
Provision for NPA	73.64	53.20	(20.44)	(2.26)
Prepaid expense	(0.62)	(0.78)	(0.16)	(0.23)
Security Deposit	0.86	1.02	0.16	0.11
Bank Borrowings	(0.15)	(0.28)	(0.13)	(3.36)
Housing Loans processing fees	5.99	11.02	5.03	7.90
Provision for Gratuity	1.97	1.78	(0.19)	(0.37)
Provision for Leave Encashment	0.87	1.00	0.13	(1.00)
Tax on carry forward loss	-	34.17	**34.17**	**(34.17)**
Net deferred tax asset / (liabilities)	**(151.73)**	**(165.55)**		
Deferred tax charge/(credit)			**(13.82)**	**24.11**

Reconciliation of deferred tax assets/(liabilities)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance as of 1 April	(165.55)	(141.44
Tax income/(expense) during the year recognised in profit or loss	13.80	(24.06)
Tax income/(expense) during the year recognised in OCI	0.02	(0.05)
Closing balance as of 31 March	**(151.73)**	**(165.55)**

Note 32: 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, 2023	For the year ended March 31, 2022
Net profit attributable to ordinary equity shareholders	103.98	84.04
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.)	**0.87**	**0.71**
Diluted earnings per share (Rs.)	**0.87**	**0.71**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Note 33: 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, 2023	For the year ended March 31, 2022
Current service cost	1.81	1.56
Interest cost on benefit obligation	0.29	0.23
Expected return on plan assets	(0.15)	(0.11)
Past Service Cost	-	-
Net actuarial (gain)/loss recognized in the year	(0.18)	(0.18)
Net (benefit) / expense	**1.77**	**1.50**
Actual return on plan assets2	**0.28**	**0.19**

Balance Sheet

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

Particulars	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation	7.83	6.34
Fair value of plan assets	4.20	2.75
Asset/ (liability) recognized in the balance sheet	(3.64)	(3.59)
Experience adjustments on plan liabilities (gain)/ loss	(0.16)	(0.16)
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, 2023	As at March 31, 2022
Opening defined benefit obligation	6.34	5.35
Transfer in/ (out)	-	-
Current service cost	1.81	1.56
Interest Cost	0.29	0.23
Benefits paid	(0.83)	(0.70)
Past Service Cost	-	-
Actuarial loss / (gain) on Re-measurements	0.22	(0.10)
Closing defined benefit obligation	**7.83**	**6.34**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	2.75	1.76
Transfer in/Out	-	-
Expected return	0.15	0.11
Contributions by employer	2.00	1.50
Benefits paid	(0.83)	(0.70)
Actuarial gain/ (loss)	0.13	0.08
Closing fair value of plan assets	**4.20**	**2.75**

(₹ in Millions)

Notes to the Financial Statements
for the year ended March 31, 2023

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

Particulars	As at March 31, 2023	As at March 31, 2022
Discount Rate	7.1% p.a	4.6% p.a
Salary Growth Rate	7% p.a.	7% p.a.
Attrition / Withdrawal Rate	38% p.a.	38% p.a.
Expected rate of return on Assets	4.6% p.a	4.3% 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, 2023)	DBO decreases by Rs 0.21	DBO increases by Rs 0.21	DBO increases by Rs 0.20	DBO decreases by Rs 0.22
Impact on defined benefit obligation (March 31, 2022)	DBO decreases by Rs 0.19	DBO increases by Rs 0.20	DBO increases by Rs 0.19	DBO decreases by Rs 0.19

The weighted average duration of the defined benefit obligation as at March 31, 2023 is 2 years (March 31, 2022: 2 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, 2023

Note 34: Maturity analysis of assets and liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled and considering contractual terms. For Loans and advances to customers, maturity analysis is based on expected repayment behaviour.

	As at March 31, 2023			As at March 31, 2022		
Particulars	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Assets						
Financial assets						
Cash and cash equivalents	104.32	-	104.32	46.66	-	46.66
Bank Balance other than above	266.92	-	266.92	0.55	252.22	252.77
Loans	2,056.22	8,450.70	10,506.92	1,681.03	8,614.60	10,295.63
Investments	4.42	39.83	44.25	1,062.90	69.26	1,132.16
Trade receivables	-	-	-	-	-	-
Other financial assets	126.76	596.64	723.40	126.40	752.78	879.18
Non-financial Assets						
Current tax assets (Net)	71.25		71.25	78.68	-	78.68
Property, plant and equipment	-	359.43	359.43	-	39.90	39.90
Capital Work In Progress	-	-	-	66.97	-	66.97
Other intangible assets	-	1.05	1.05	-	2.96	2.96
Other non financial assets	25.80	7.24	33.04	23.79	7.27	31.06
Total assets	**2,655.70**	**9,454.88**	**12,110.58**	**3,086.98**	**9,738.99**	**12,825.97**
Liabilities						
Financial Liabilities						
Trade Payable	39.22	-	39.22	33.06	-	33.06
Borrowings (other than debt securities)	1,139.30	3,562.40	4,701.70	1,122.90	4,098.77	5,221.67
Debt securities	250.00	1,650.22	1,900.22	1,020.47	1,400.22	2,420.69
Other Financial liabilities	593.53	135.72	729.25	398.71	100.58	499.29
Non-financial Liabilities						
Provisions	2.00	5.07	7.07	2.00	5.56	7.56
Deferred tax liabilities (net)	-	151.73	151.73	-	165.55	165.55
Other non-financial liabilities	6.72	-	6.72	7.39	-	7.39
Total Liabilities	**2,030.77**	**5,505.14**	**7,535.91**	**2,584.53**	**5,770.68**	**8,355.21**
Net Worth			**4,574.68**			**4,470.76**

Note 35: Change in liabilities arising from financing activities

Particulars	As at March 31, 2022	Cash Flows	Other	As at March 31, 2023
Borrowings other than debt securities	5,221.67	(520.50)	0.53	4,701.70
Debt securities	2,420.69	(520.47)	-	1,900.22
Other Financial liabilities	499.29	229.96	-	729.25
Total liabilities from financing activities	**8,141.65**	**(811.01)**	**0.53**	**7,331.17**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Note 36: Contingent liabilities and commitments

(A) Contingent Liabilities

i. Claims against the company not acknowledged as debts:

Demand raised against the company amounting to Rs. 283.90 million on account of Income tax dues, disputed on Appeal before CIT (A) for the AY 18-19 (March 31, 2022 : Rs. 283.90 million).

The above demand is disputed by the company and the matter is pending in appeal before the appellate authorities. In the opinion of the management and based on legal advice received, the company is expecting to get full relief and hence no provision has been made in this regard.

ii. Counter guarantees in favour of banks for guarantees issued by banks of Rs. 225.5 million (March 31, 2022 : Rs. 225 million)

(B) Commitments

i. Estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for: NIL (March 31, 2022 :251.92)

ii. Undrawn committed sanctions to borrowers: Rs. 230.52 million (March 31, 2022 :Rs. 220.36 million)

(C) Lease Disclosures:

Finance Lease:

The Company has not taken or let out any assets on financial lease.

Operating Lease

Lease Disclosure under Ind AS 116

All operating lease agreements entered into by the company are considered as short term and are cancellable in nature. Consequently, the Company has not recognised any right-of-use asset and lease liability during the year.

Lease rental payments for assets taken on an operating lease of Rs. 38.79 million (March 31, 2022: Rs.45.61 million) are recognized as Rent in the Statement of Profit & Loss

Note 37: 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 Finance PLC	Fellow Subsidiary
Muthoot Money Limited	Fellow Subsidiary
Muthoot Trustee Private Limited	Fellow Subsidiary
Muthoot Asset Management Private Limited	Fellow Subsidiary
Muthoot M George Foundation	Enterprises owned or significantly influenced by key management personnel or their relatives
Name of the Key management personnel (KMP)	
Mr. George Alexander Muthoot	Non executive Director
Mr. George Thomas Muthoot	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. Rajeev Khond (resigned on 02nd Jan 2023)	Chief Executive Officer
Mr. Alok Aggarwal (appointed on 02nd Jan 2023)	Chief Executive Officer
Mr. Pandurang A Kadam	Chief Financial Officer
Mrs Jinu Mathen (resigned on 07th Jan 2023)	Company Secretary
Mrs Riya G (appointed on 07th Jan 2023)	Company Secretary

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Related Party transactions during the year:

	Holding Company		Key Management Personnel		Fellow Subsidiary		Enterprises owned or significantly influenced by key management personnel or their relatives	
Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**	**As at March 31, 2023**	**As at March 31, 2022**
Directors Remuneration	-	-	-	-	-	-	-	-
Sitting fees to Non-executive Directors	-	-	1.13	1.06	-	-	-	-
ICD taken	-	100.00	-	-	-	-	-	-
ICD repaid	-	100.00	-	-	-	-	-	-
Interest paid on ICD	-	0.02	-	-	-	-	-	-
CSR Contribution	-	-	-	-	-	-	4.39	7.20
Loan Given	-	-	-	-	500.00	1,200.00	-	-
Loan received back	-	-	-	-	500.00	1,200.00	-	-
Interest collected on loan given	-	-	-	-	9.18	23.59	-	-
Processing fee collected on loan given	-	-	-	-	-	-	-	-
Rent on account of infrastructure sharing	2.69	-	-	-	-	0.06	-	-
Share of Housekeeping chages	-	-	-	-	-	0.04	-	-
Service charges	0.01							
Balance outstanding as at the year end:								
Term Loan Outstanding	-	-	-	-	-	-	-	-
ICD Payable	-	-	-	-	-	-	-	-
Sitting Fees Payable	-	-	-	-	-	-	-	-
Rent payable	0.01	-	-	-	-	-	-	-
Corporate Guarantee Taken	2,750	2,250	-	-	-	-	-	-

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.

c) During the year transactions done only with Muthoot Money Limited (Fellow Subsidiary)

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, 2023	As at March 31, 2022
Contribution to PF (defined contribution)	0.37	0.33
Short term benefits	16.26	11.80
Termination benefits	0.22	0.22
Total	**16.85**	**12.35**

Note 38: 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.

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Particulars	Numerator (As at March 31, 2023)	Denominator (As at March 31, 2023)	As at March 31, 2023	As at March 31, 2022	% Variances	Reason for variances (if above 25%)
(i) Capital to risk-weighted asset ratio (CRAR)	3,926.94	6,241.74	62.91%	60.34%	2.57%	NA
(ii) Tier I CRAR	3,858.49	6,241.74	61.82%	59.79%	2.03%	NA
(iii) Tier II CRAR	68.45	6,241.74	1.10%	0.55%	0.55%	NA
(iv) Liquidity coverage ratio	371.24	297.57	124.76%	111.16%	13.60%	NA

Note 39: 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, 2023 is as follows:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment in Mutual Funds	-	-	-	-
Investment in Security Receipts	-	44.25	-	44.25

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	952.90	-	-	952.90
Investment in Security Receipts	-	186.26	-	186.26

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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Financial assets					
Cash and cash equivalents	2	104.32	46.66	104.32	46.66
Bank Balance other than above	2	266.92	252.77	266.92	252.77
Loans	3	10,506.92	10,295.63	10,506.92	10,295.63
Other Financial assets	2	723.40	879.18	723.40	879.18
Total Financial Assets		**11,474.24**	**16,096.28**	**11,474.24**	**16,096.28**

(₹ in Millions)

Notes to the Financial Statements
for the year ended March 31, 2023

Particulars	Level	Carrying Value		Fair Value	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Financial Liabilities					
Trade Payable	3	39.22	33.06	39.22	33.06
Debt securities	2	1,900.22	2,420.69	1,900.22	2,420.69
Borrowings (other than debt security)	2	4,701.70	5,221.67	4,701.70	5,221.67
Other Financial liabilities	2	729.25	499.29	729.25	499.29
Total Financial Liabilities		**7,370.39**	**8,174.71**	**7,370.39**	**8,174.71**

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. Hence, the fair value of the loans will be same as the carrying value of loan.

Note 40: 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,market risk and operational and Business 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.

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

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

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

The Company 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.

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.

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Notes to the Financial Statements

for the year ended March 31, 2023

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:-

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

Maturity pattern of assets and liabilities as on March 31, 2023:

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)	34.92	14.09	228.02	342.85	519.42	1,984.45	946.76	631.78	4,702.29	0.59	4,701.70
Debt securities	-	-	250.00	-	-	968.35	181.87	500.00	1,900.22	-	1,900.22
Other financial liabilities	251.55	177.15	129.16	35.68	-	41.25	94.47	-	729.26	-	729.26
Loans	173.26	166.00	187.65	555.84	981.73	2,382.36	2,007.78	4,076.11	10,530.73	23.80	10,506.93
Investments	-	-	-	-	4.42	39.82	-	-	44.24	-	44.24
Other financial assets	15.37	10.00	10.00	31.39	60.00	240.00	240.00	116.64	723.40	-	723.40

Maturity pattern of assets and liabilities as on March 31, 2022:

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)	66.18	14.09	243.65	322.06	477.45	2,139.86	1,232.89	726.61	5,222.79	1.12	5,221.67
Debt securities	-	-	-	1,020.47	-	1,218.35	181.87	-	2,420.69	-	2,420.69
Other financial liabilities	137.36	111.43	27.52	122.40	-	30.66	69.92	-	499.29	-	499.29
Loans	131.21	148.22	148.22	421.13	842.26	2,099.32	1,991.32	4,557.75	10,339.43	43.80	10,295.63
Investments	70.00	25.00	180.00	707.90	80.00	69.26	-	-	1,132.16	-	1,132.16
Other financial assets	15.00	10.00	10.00	31.40	60.00	240.00	240.00	272.78	879.18	-	879.18

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-23						
Other undrawn commitments to lend	-	**138.31**	92.21	-	-	230.52
Total commitments	**-**	138.31	**92.21**	**-**	**-**	**230.52**
31-Mar-22						
Other undrawn commitments to lend	-	132.22	88.14	-	-	220.36
Total commitments	**-**	**132.22**	**88.14**	**-**	**-**	**220.36**

(₹ in Millions)

Notes to the Financial Statements

for the year ended March 31, 2023

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, 2023	For the year ended March 31, 2022
On Loans and Advances		
1% increase	104.16	129.14
1% decrease	(104.16)	(129.14)
On Borrowings		
1% increase	70.33	97.33
1% decrease	(70.33)	(97.33)

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, 2023

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 41: Micro Enterprises and Small Enterprises

Based on and to the extent of 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 as on 31.03.2023.

Note 42: Impact of COVID-19

The Covid-19 pandemic have resulted in significant number of cases in India. The impact of the same is uncertain and will depend on on-going as well as future developments. The Company believes that it has taken into account all the possible impact of known events arising out of COVID-19 pandemic in the preparation of these results. However the impact assessment of COVID- 19 is a continuing process given its nature and duration. The Company will continue to monitor for any material changes to future economic conditions.

Note 43: Restructuring of Loan Accounts

The economic fallout on account of the Covid-19 pandemic has led to significant financial stress for borrowers across the board. RBI in view of same on 6 August 2020 and 5 May 2021 came up with resolution plan Framework for COVID-19-related Stress. The intent was to facilitate revival of real estate sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible borrowers.

In accordance with Resolution Framework for COVID-19 announced by RBI on 6 August 2020 and 5 May 2021, the Company has implemented one-time restructuring for certain eligible borrowers identifed in accordance with the above framework

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated 6 August 2020 and 05 May 2021 are given below.

Type of Borrower	Exposure to Accounts classified as standard consequent to implementation of resolution plan-Position as at the end of the previous half - year (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrower during the half-year	Exposure to accounts classified as standard consequent to implementation of resolution plan-Position as at the end of this half-year
Others - Housing Loan/ Non Housing Loans	290.85	22.4	-	21.49	266.43

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 did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.

Note 46: Scheme of arrangements

There are no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

Note 47: Utilisation of Borrowed funds and share premium

The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including

foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i)

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note 48: Undisclosed Income

The Company do not have any transaction which are not recorded in the books of account that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act,1961 during any of the years.

Note 49: Details of Crypto Currency or Virtual Currency

The Company did not trade or invest in Crypto Currency or virtual currency during the financial year.

Note 50: Compliance with number of layers of companies

The Company is a wholly owned subsidiary of Muthoot Finance Limited, a non-banking financial company as defined in clause (f) of Section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934) which is registered with the Reserve Bank of India and considered as systematically important non-banking financial company by the Reserve Bank of India to which the Companies (Restriction on number of Layers) Rules, 2017 is not applicable. The Company do not have any subsidiaries. Hence compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable for the year.

Note 51: Disclosures pursuant to Reserve Bank of India (RBI) Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021

The disclosure requirements pursuant to Master Direction RBI/2020-21/73 DOR.FIN.HFC.CC.No. 120/03.10.136/2020-21 dated 17 February 2021 (as amended from time to time), issued by the RBI is given in annexure A.

Note 52: Previous year figures have been regrouped/ reclassified, wherever necessary to be in conformity with current year's disclosure.

As per our Report of even date

For and on behalf of Board of Directors
of Muthoot Homefin (India) Limited

For Kolath & Co
Chartered Accountants
(FRN: 008926S)

George Alexander Muthoot
Director
DIN: 00016787

Eapen Alexander
Whole Time Director
DIN: 03493601

Santhi Elizabeth Liju
Partner
M. No. 210978
UDIN : 23210978BGYKDC4343

Pandurang Kadam
Chief Financial Officer

Jinu Mathen
Company Secretary

Riya P G
Company Secretary

Place: Kochi
Date: May 04, 2023

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

Annex III
Schedule to Balance Sheet of a 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	190.02	-
		: Unsecured	-	-
	(b)	Deferred Credits	-	-
	(c)	Term Loans	470.17	-
	(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 inclusiveof 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		1,086.47
	(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	-
		(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)	0.44

(₹ in Crores)

Notes to the Financial Statements
for the year ended March 31, 2023

	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)			3.99

(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		1,050.69	-	1,050.69
	Total		**1,050.69**	**-**	**1,050.69**

(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		4.43	4.43
	Total		**4.43**	**4.43**

(8) Other information

Particulars			Amount
(i)	Gross Non-Performing Assets		
	a)	Related parties	-
	b)	Other than related parties	43.63
(ii)	Net Non-Performing Assets		
	a)	Related parties	-
	b)	Other than related parties	14.70
(iii)	Assets acquired in satisfaction of debt		-

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

Annexure A as referred in Note 51

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, 2023.

3. Disclosures:

3.1 Capital

Particulars	As at March 31, 2023	As at March 31, 2022
(i) CRAR (%)	62.91%	60.34%
(ii) CRAR – Tier I Capital (%)	61.82%	59.79%
(iii) CRAR – Tier II Capital (%)	1.10%	0.55%
(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, 2023	As at March 31, 2022
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	28.97	27.29
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	4.58
c) Total	**33.55**	**31.87**
Addition/ Appropriation/ Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	2.08	1.68
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	-	-
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	31.05	28.97
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	4.58
c) Total	**35.63**	**33.55**

(₹ in Crores)

Notes to the Financial Statements
for the year ended March 31, 2023

3.3 Investment

Particulars	As at March 31, 2023	As at March 31, 2022
3.3.1. Value of Investments		
(i) Gross Value of Investments		
(a) In India	4.43	113.92
(b) Outside India	-	
(ii) Provision for Depreciation		
(a) In India	-	0.70
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	4.43	113.22
(b) Outside India	-	
3.3.2. Movement of provisions held towards depreciation on investments		
(i) Opening Balance	0.70	-
(ii) Add: Provsions made during the year	-	0.70
(iii) Less: Write-off/Written-back of excess provsions during the year	0.70	-
(iv) Closing Balance	-	0.70

3.4 Derivatives

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

Particulars	As at March 31, 2023	As at March 31, 2022
(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, 2023	As at March 31, 2022
(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

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		

(₹ in Crores)

Notes to the Financial Statements
for the year ended March 31, 2023

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, 2023	As at March 31, 2022
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, 2023	As at March 31, 2022
(i) Number of accounts sold	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	-

3.5.3. Details of Assignment transactions undertaken by company

Particulars	As at March 31, 2023	As at March 31, 2022
(i) No of accounts	-	2632
(ii) Aggregate value (net of provisions) of accounts assigned	-	167.94
(iii) Aggregate consideration	-	167.94
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net book value	-	-

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

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

I. Details of non-performing financial assets purchased:

Particulars	As at March 31, 2023	As at March 31, 2022
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, 2023	As at March 31, 2022
(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, 2023

Particulars	Liabilities			
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency Liabilities
1 day to 7 days	-	2.08	-	-
8 to 14 days	-	-	-	-
15 to 30/31 days	-	1.41	25.00	-
Over one month upto 2 months	-	1.41	-	-
Over 2 months upto 3 months	-	22.80	-	-
Over 3 months to 6 months	-	34.29	-	-
Over 6 months to 1 year	-	51.94	-	-
Over 1 year to 3 years	-	198.45	96.84	-
Over 3 year to 5 years	-	94.67	18.18	-
Over 5 years	-	63.18	50.00	-
Total	**-**	**470.23**	**190.02**	**-**
Ind AS Adjustment	-	0.06	-	-
Total	**-**	**470.17**	**190.02**	**-**

Particulars	Assets		
	Advance	Investments	Foreign Currency Assets
1 day to 7 days	5.44	-	-
8 to 14 days	5.44	-	-
15 to 30/31 days	6.46	-	-
Over one month upto 2 months	16.60	-	-
Over 2 months upto 3 months	18.77	-	-
Over 3 months to 6 months	55.58	-	-
Over 6 months to 1 year	98.17	0.44	-
Over 1 year to 3 years	238.24	3.98	-
Over 3 year to 5 years	200.78	-	-
Over 5 years	407.61	-	-
Total	**1,053.08**	**4.42**	**-**
Ind AS Adjustment	2.38	-	-
Total	**1,050.70**	**4.42**	**-**

(₹ in Crores)

Notes to the Financial Statements
for the year ended March 31, 2023

Maturity pattern of certain items of assets and liabilities as at March 31, 2023

Particulars	Liabilities			
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency Liabilities
1 day to 7 days	-	-	-	-
8 to 14 days	-	-	-	-
15 to 30/31 days	-	6.62	-	-
Over one month upto 2 months	-	1.41	-	-
Over 2 months upto 3 months	-	24.37	-	-
Over 3 months to 6 months	-	32.21	102.05	-
Over 6 months to 1 year	-	47.75	-	-
Over 1 year to 3 years	-	213.99	121.84	-
Over 3 year to 5 years	-	123.28	18.18	-
Over 5 years	-	72.65	-	-
Total	**-**	**522.28**	**242.07**	**-**
Ind AS Adjustment	-	0.11	-	-
Total	**-**	**522.39**	**242.07**	**-**

Particulars	Assets		
	Advance	Investments	Foreign Currency Assets
1 day to 7 days	3.15	-	-
8 to 14 days	3.15	2.00	-
15 to 30/31 days	6.82	5.00	-
Over one month upto 2 months	14.82	2.50	-
Over 2 months upto 3 months	14.82	18.00	-
Over 3 months to 6 months	42.11	70.79	-
Over 6 months to 1 year	84.23	8.00	-
Over 1 year to 3 years	209.93	6.93	-
Over 3 year to 5 years	199.13	-	-
Over 5 years	455.78	-	-
Total	**1,033.94**	**113.22**	**-**
Ind AS Adjustment	4.38	-	-
Total	**1,038.32**	**113.22**	**-**

3.7. Exposure

3.7.1. Exposure to Real Estate Sector

	Category	As at March 31, 2023	As at March 31, 2022
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;	1,086.47	1,055.28
(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

(₹ in Crores)

Notes to the Financial Statements
for the year ended March 31, 2023

	Category	As at March 31, 2023	As at March 31, 2022
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	**1,086.47**	**1,055.28**

3.7.2 Exposure to Capital Market

Particulars	As at March 31, 2023	As at March 31, 2022
(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	NIL	NIL
(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		
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security		
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds' does not fully cover the advances		
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers		
(vi) Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources		
(vii) Bridge loans to companies against expected equity flows / issues		
(viii) All exposures to Venture Capital Funds (both registered and unregistered)		
Total Exposure to Capital Market		

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. There is no adverse comment by NHB which need public disclosure.

4.3. Related party Transactions

Details of all material transactions with related parties are disclosed in note 37.

4.4. Group Structure

Diagrammatic representation of group structure has been given in Related Party Transaction Policy.

4.5. Rating assigned by Credit Rating Agencies and migration of rating:

During the year, CRISIL has reaffirmed Long term rating of AA+/Stable to the company. ICRA and CARE have reaffirmed short term rating of A1+ to the company.

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

Rating Agency	Type	As at March 31, 2023	As at March 31, 2022
CARE	Commercial Paper	CARE A1+	CARE A1+
CARE	Non-Convertible Debentures	CRISIL AA+/Stable	CRISIL AA+/Stable
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
CRISIL	Term Loan Borrowings	CRISIL AA+/Stable	CRISIL AA+/Stable
CRISIL	Non-Convertible Debentures	CRISIL AA+/Stable	CRISIL AA+/Stable

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

Rating Agency	As at March 31, 2023	As at March 31, 2022
Net Profit for the year	10.40	8.40
Impact of prior period items on current year's profit:		
Prior Period Tax	-	0.71
Reason for Changes in accounting policies	NA	NA

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, 2023	As at March 31, 2023
1. Provisions for depreciation on Investment	-	0.70
2. Provision made towards Income Tax	5.05	-
3. Provision towards NPA	11.17	(2.94)
4. Provision for Standard Assets	0.07	(1.26)
5. Provision for Restructured Assets	(1.17)	3.84
6. Provision for Gratuity	0.20	0.15
7. Provision for Compensated Absences	0.40	0.40

Break up of Loans & Advances and Provisions thereon

Particulars	Housing		Non-Housing	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Standard Assets				
a) Total Outstanding Amount	878.27	897.41	166.94	131.33
b) Provision Made	5.76	7.62	1.09	0.33
Sub-Standard Assets				
a) Total Outstanding Amount	27.75	26.65	3.04	3.33
b) Provision Made	18.40	16.36	2.02	0.86
Doubtful Assets - Category - I				
a) Total Outstanding Amount	10.37	0.58	1.04	0.36
b) Provision Made	6.87	0.50	0.69	0.04

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

Particulars	Housing		Non-Housing	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Doubtful Assets - Category - II				
a) Total Outstanding Amount	1.27	-	0.17	-
b) Provision Made	0.84	-	0.11	-
TOTAL				
a) Total Outstanding Amount	917.66	924.64	171.19	135.02
b) Less: Ind AS Adjustments	2.38	4.38	-	-
Total Outstanding Amount (A-B)	915.28	920.26	171.19	135.02
C) Provision Made	31.87	24.48	3.91	1.23

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.Concentration of Public Deposits

Particulars	As at March 31, 2023	As at March 31, 2022
Total Deposits of twenty largest depositors	NA	NA
Percentage of Deposits of twenty largest depositors to total deposits of the HFC	NA	NA

5.3.2.Concentration of Loans and Advances

Particulars	As at March 31, 2023	As at March 31, 2022
Total Loans & Advances to twenty largest borrowers	13.78	11.74
% of Loans & Advances to twenty largest borrowers to Total Advances of the company	1.27%	1.11%

5.3.3. Concentration of all Exposure (including off-balance sheet exposure)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to twenty largest borrowers	13.82	13.48
% of Exposures to twenty largest borrowers to Total Advances of the company	1.27%	0.68%

5.3.4. Concentration of NPAs

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to top ten NPA Accounts	2.75	2.28

5.3.5. Sector-wise NPAs

Sector	% of NPAs to Total Advances in that sector	
	As at March 31, 2023	As at March 31, 2022
A. Housing Loans:		
1 Individuals	3.62%	2.78%
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	0.39%	0.15%
2 Builders/Project Loans	0.00%	0.00%
3 Corporates	0.00%	0.00%
4 Others	0.00%	0.00%

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

5.4. Movement of NPAs

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Net NPAs to Net Advances (%)	1.39%	1.27%
(ii) Movement of NPAs (Gross)		
a) Opening Balance	30.92	68.09
b) Additions during the year	26.27	109.74
c) Reductions during the year	13.56	146.91
d) Closing Balance	43.63	30.92
(iii) Movement of Net NPAs		
a) Opening Balance	13.16	47.39
b) Additions during the year	15.10	46.70
c) Reductions during the year	13.56	80.93
d) Closing Balance	14.70	13.16
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	17.76	20.70
b) Provisions made during the year	11.17	63.04
c) Write-off/write-back of excess provisions	-	65.98
d) Closing Balance	28.93	17.76

5.5. The Company does not have any overseas assets as on March 31, 2023 (March 31, 2022 : Nil)

5.6. The company does not have any off-balance sheet sponsored SPVs which needs to be consolidated as per accounting norms

6. There are no frauds to be reported during the financial year.

7. Disclosure of Complaints

7.1. Customer Complaints

Particulars	As at March 31, 2023	As at March 31, 2022
1) No. of complaints pending at the beginning of the year	-	-
2) No. of complaints received during the year	169	312
3) No. of complaints redressed during the year	169	312
4) No. of complaints pending at the end of year	-	-

Maintainable complaints received by the company from office of Ombudsman

Particulars	As at March 31, 2023	As at March 31, 2022
5) # Number of maintainable complaints received by the Company from Office of	NA	NA
5.1 Of 5, number of complaints resolved in favour of the Company by Office of	NA	NA
5.2 Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	NA	NA
5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the Company	NA	NA
6) #Number of Awards unimplemented within the stipulated time (other than those appealed)	NA	NA

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the scheme.

The Reserve Bank - Integrated Ombudsman Scheme, 2021 is not applicable to the Company.

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

7.2 Top five grounds of complaints received by the Company from customers

Grounds of Complaints (i.e. complaints relating to)	Number of complaints pending at the begining of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5 number of complaints pending beyond 30 days
1	2	3	4	5	6
		Year ended 31st March 2023			
1. Foreclosure letter issuance	-	67	205%	-	-
2. Loan Closure related	-	16	1500%	-	-
3. Transaction related	-	10	150%	-	-
4. Credit Bureau related	-	5	-81%	-	-
5.PMAY Subsidy related	-	4	-20%	-	-
6.Others	-	67	-74%	-	-
Total		169	-46%	-	-
		Year ended 31st March 2022			
1. Foreclosure letter issuance	-	22	633%		
2. Loan Closure related	-	1	0%	-	-
3. Transaction related	-	4	0%	-	-
4. Credit Bureau related	-	26	2500%	-	-
5.PMAY Subsidy related	-	5	-96%	-	-
6.Others	-	254	-35%	-	-
Total		**312**	**-39%**	**-**	**-**

8. Principal Business Criteria for HFCs

Housing finance company" shall mean a company incorporated under the Companies Act, 2013 that fulfils the following conditions:

a) It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets).

b) Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing financing for individuals. The Company meets the aforesaid principal business criteria for HFCs.

Particulars	As at March 31, 2023	As at March 31, 2022
Total Assets	1,211.06	1,282.60
Less: Intangible assets	(1.16)	(1.71)
Net total Assets	1,209.90	1,280.89
Housing Finance	915.29	920.26
Individual Housing Finance	915.29	920.26
Percentage of housing finance to total assets (netted off intangible assets)	75.65%	71.85%
Percentage of individual housing finance to total assets (netted off intangible assets)	75.65%	71.85%
Percentage of individual housing finance to housing finance	100.00%	100.00%

(₹ in Crores)

Notes to the Financial Statements
for the year ended March 31, 2023

9. Liquidity Risk Management Framework

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

Particulars	As at March 31, 2023	As at March 31, 2022
Number of significant counter parties	9	9
Amount	495.17	547.17
Percentage of funding concentration to total deposits	NA	NA
Percentage of funding concentration to total liabilities	65.71%	65.49%

* Company is Non deposit taking HFC and not accepted any deposits

(ii) Top 20 large deposits

Particulars	As at March 31, 2023	As at March 31, 2022
Total amount of top 20 deposits	NA	NA
Percentage of amount of top 20 deposits to total deposits	NA	NA

(iii) Top 10 borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Total amount of top 10 borrowings	495.17	547.17
Percentage of amount of top 10 borrowings to total borrowings	75.00%	71.60%

(iv) Funding Concentration based on significant instrument/product

Particulars	As at March 31, 2023	Percentage of total liabilities	As at March 31, 2022	Percentage of total liabilities
Borrowings from Banks	281.94	37.41%	375.53	44.95%
Borrowings from Financial Institution	-	0.00%	-	0.00%
Borrowings from National Housing Bank (NHB)	188.23	24.98%	146.64	17.55%
Debt securities	190.02	25.22%	242.07	28.97%

(v) Stock ratio

Particulars	As at March 31, 2023	As at March 31, 2022
Commercial paper as a percentage of total public funds	NA	NA
Commercial paper as a percentage of total liabilities	NA	NA
Commercial paper as a percentage of total assets	NA	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total public funds	NA	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	NA	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total assets	NA	NA
Other short term liabilities as a percentage of total public funds	NA	NA
Other short term liabilities as a percentage of total liabilities	8.51%	5.28%
Other short term liabilities as a percentage of total assets	5.30%	3.44%

(vi) Institutional set-up for liquidity risk management

The company has an Asset Liability Management Committee (ALCO) to monitor asset liability mismatches to ensure that there is no imbalances or excessive concentration on the either side of the balance sheet. The company maintains a judicious mix of borrowings in the form of Term Loans, Refinance, Securitization, Working Capital and continues to diversify its source of borrowings with the emphasis on longer tenor borrowings. The company has diversified mix of investors/lenders which includes Banks, National Housing Bank etc.

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

The Liquidity Risk Management (LRM) of the company is governed by the LRM Policy approved by the Board. The Asset Liability Committee (ALCO) is responsible for implementing and monitoring the liquidity risk management strategy of the company in line with its risk management objectives and ensures adherence to the risk tolerance/limits set by the Board.

10. Loans to Directors, Senior Officers and relatives of Directors

Particulars	As at March 31, 2023	As at March 31, 2022
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior officers and their relatives	-	-

11. A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments'

As at 31 March 2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	976.18	3.91	972.28	3.90	0.00
	Stage 2	69.04	2.94	66.09	2.83	0.11
Subtotal		**1,045.22**	**6.85**	**1,038.37**	**6.73**	**0.11**
Non-Performing Assets						
(NPA)						
Substandard	Stage 3	30.79	20.42	10.37	4.62	15.80
Doubtful - up to 1 year	Stage 3	11.40	7.56	3.84	2.85	4.71
Doubtful - 1 to 3 year	Stage 3	1.44	0.95	0.49	0.58	0.38
Subtotal		**43.63**	**28.94**	**14.70**	**8.05**	**20.89**
Total	**Stage 1**	976.18	3.91	972.28	3.90	0.00
	Stage 2	69.04	2.94	66.09	2.83	0.11
	Stage 3	43.63	28.94	14.70	8.05	20.89
	Total	**1,088.85**	**35.78**	**1,053.07**	**14.78**	**21.01**
Ind AS Adjustment		(2.38)	-	(2.38)	-	-
Total		**1,086.47**	**35.78**	**1,050.69**	**14.78**	**21.01**

(₹ in Crores)

Notes to the Financial Statements

for the year ended March 31, 2023

As at 31 March 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (Provisions) as required under Ind AS 109	Net carrying amount	Provisions as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	892.19	3.64	888.55	2.41	1.23
	Stage 2	136.55	4.31	132.24	4.10	0.21
Subtotal		**1,028.74**	**7.95**	**1,020.79**	**6.51**	**1.44**
Non-Performing Assets						
(NPA)						
Substandard	Stage 3	29.98	17.22	12.76	4.57	12.65
Doubtful - up to 1 year	Stage 3	0.94	0.54	0.40	0.28	0.26
Subtotal		**30.92**	**17.76**	**13.16**	**4.85**	**12.91**
Total	**Stage 1**	892.19	3.64	888.55	2.41	1.23
	Stage 2	136.55	4.31	132.24	4.10	0.21
	Stage 3	30.92	17.76	13.16	4.85	12.91
	Total	**1,059.66**	**25.71**	**1,033.95**	**11.36**	**14.35**
Ind AS Adjustment		(4.38)	-	(4.38)	-	-
Total		**1,055.28**	**25.71**	**1,029.57**	**11.36**	**14.35**

12. Figures for the previous year have been regrouped/ re-arranged wherever considered necessary to confirm to the figures presented in the current year.

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 *(Upto 02nd January 2023)*	-	Chief Executive Officer
Mr. Alok Aggarwal *(w.e.f. 02nd January 2023)*	-	Chief Executive Officer
Mr. Pandurang Kadam	-	Chief Financial Officer
Ms. Jinu Mathen *(Upto 07th January 2023)*	-	Company Secretary
Ms. Riya P G *(w.e.f. 07th January 2023)*	-	Company Secretary

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Bankers

Axis Bank
HDFC Bank Limited
Standard Chartered Bank
UCO Bank
Federal Bank Limited
Indusind Bank
Union Bank of India (e-Corporation Bank)

Statutory Auditors

M/s. Kolath & Co, Chartered Accountants
A-915, Kailas Business Park,
Hiranandani Link Road, Vikhroli (W),
Mumbai – 400 079

Debenture Trustee

(Listed Non-Convertible Debentures)

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

Vardhman Trusteeship Pvt Limited
The Capital, 421A, Bandra Kurla Complex,
Bandra East, Mumbai 400051

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

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Banerji Road, Ernakulam North
Kochi 682 018
Kerala, India
CIN: U65922KL2011PLC029231
Website: www.muthoothomefin.com

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Maharashtra – 400 028

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