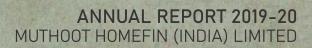


TransformingYour Dreams to Reality





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 30,000 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 has many as 20 business divisions and 5,300+ branches.

Over the past 133 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 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").



CORPORATE OVERVIEW

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STATUTORY REPORTS

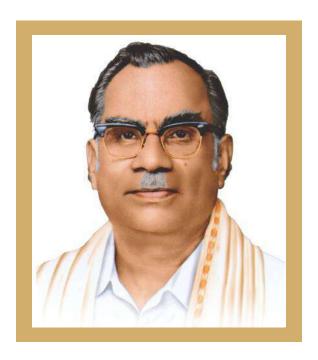
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Tribute to the Visionary

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



Unchanging values...in changing times

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

- Late Shri M. George Muthoot



... And help us deliver on our stakeholder commitments

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.





洛 Delivering on evolving aspirations

Our story dates back to over seven decades. It began when M George Muthoot founded a gold loan business in 1939 under the heritage of a trading business established by his father, Ninan Mathai Muthoot, in 1887.

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 to meet their dream of owning their own home.

CORE VALUES OF THE MUTHOOT GROUP

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

Ethics

Our main aim is to put the needs of the customer first before anything else. We strive to provide the customers 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, 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 Homefin 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 133 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 Muthoot Homefin, 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 Muthoot Homefin therefore cultivate transparency as a work ethic.

Goodwill

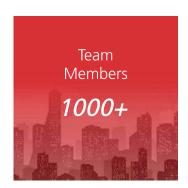
Muthoot Group serves millions of customers across the country. With an unmatched goodwill, Muthoot Homefin shoulders the responsibility of providing its customers services of the highest quality.



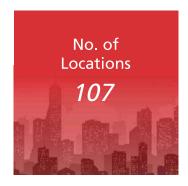
Key Highlights

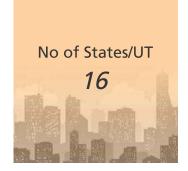


















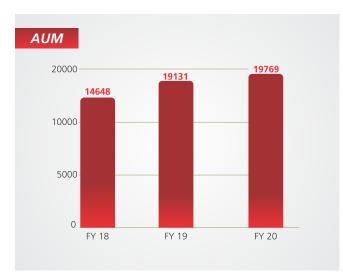


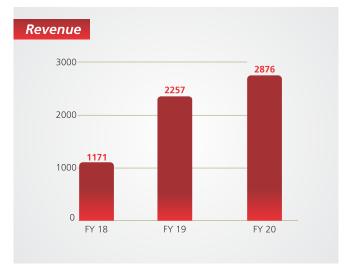


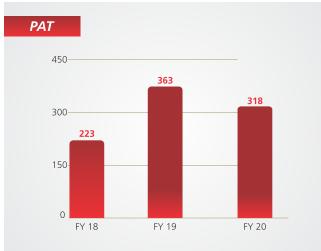


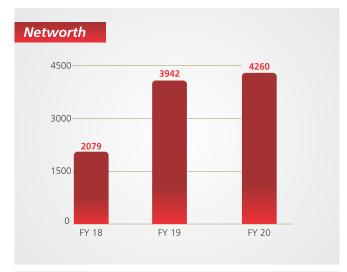
Key Performance Indicators

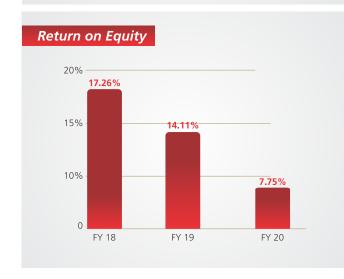
₹ in millions

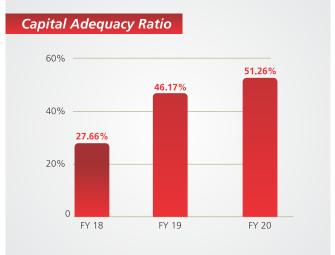
















Assets under Management (AUM) Analysis



Outstanding - ₹826.08 crs. No. of Customers - 9030 %Share - 41.79%



Outstanding - ₹ 510.32 crs. No. of Customers - 7105 %Share - 25.81%



Outstanding - ₹245.59 crs. No. of Customers - 3707 %Share - 12.42%



Outstanding - ₹ 159.24 crs. No. of Customers - 2145 %Share - 8.05%



%Share - 1.44%





No. of Customers - 336 %Share - 1.46%



No. of Customers - 225 %Share - 1.27%





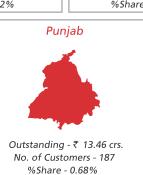


No. of Customers - 283 %Share - 1.79%

Tamil Nadu

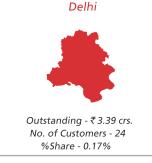


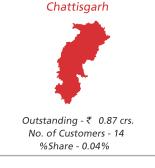
No. of Customers - 97 %Share - 0.48%



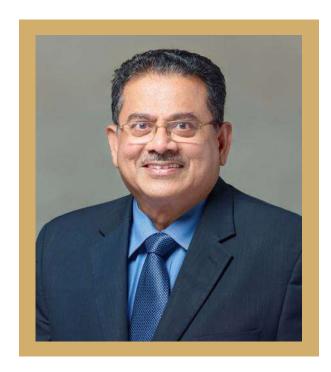
Chattisgarh







Nessage from The Muthoot Group Chairman



Dear Members,

It gives me immense pleasure to present to you the Annual Report of Muthoot Homefin for FY20. Our extensive reach, deep understanding of customer needs, efficiency, speed of service, and reliability continue to make us the preferred home loan financing company, even during these challenging times. This is a true reflection of our concerted efforts to live our purpose – driving financial inclusion and empowering people across the social pyramid.

That being said, India and the world are going through a crisis that has few parallels in recent history. What started as a health crisis with the outbreak of the novel coronavirus is now a full-blown economic one with significant ramifications that impact life and livelihoods. The resilience of businesses has been put to test. At the same time, humanity's collective spirit and ingenuity are on full display. As an organisation with a social conscience, we are also playing our role in combating this crisis. And I hope, you are taking good care of the health and wellbeing of yourself and your family.

Despite being independent for the past seven decades, a large majority of the Indian populace lives under the pressure of financial coercion, which is mainly due to lack of proper access to the formal credit system. A key factor driving the growth of the nation is mobilisation of formal financial resources at the grassroots level. This is where your company is committed to make a difference, and also contribute to improving the lives of those who have limited or no access to formal credit. Our eventful journey from humble beginning, with the objective of promoting home ownership, has now helped us transform into a prominent housing finance company in the country. The ever increasing demand for housing on account of burgeoning population and rapid urbanization makes the housing finance market more relevant than ever.

As we adapt to a new normal of living and working conditions, home ownership will be considered as an important yardstick to impart a sense of security. The intrinsic demand for housing will remain strong in the long run. The realty sector in India is expected to ride out the situation through innovation and improved productivity. There will be sustained demand for affordable housing. Our key purpose is that by FY2022, we should be able to align ourselves with the government's vision of "Housing for All by 2022" and contribute to nation building in our humble way. Although it is not easy to accurately assess the magnitude of impact of the pandemic in the long term, it will mostly depend on coordinated steps by the government and RBI. However, it is likely to impact performance of HFCs, as credit growth will be affected. The realty sector has been affected on three fronts - availability of labour, dearth of funding, and lack of demand for housing stock. For housing finance companies, recovery of loans will continue to be a challenge as livelihoods of customers has been affected. Loss of livelihoods and reduction in income, especially for selfemployed borrowers, may have an impact on our income and asset quality and we may have to brace ourselves for a moderation in profitability indicators.

However, the long-term prospects of the segment will remain good. Policy rate cuts by RBI, along with liquidity and credit measures, and likely fall in property rates by developers will boost demand for home loans. The demand for housing by the employees in the organised sector is expected to revive after the lockdown, further supported by the formalisation of the realty marketplace through RERA and stabilisation of GST. We are well-positioned to capitalise on these conditions, reinforced by our proactive investments in technology, wide product portfolio, expanding distribution network and superior fundamentals. Your Company remains committed to pursue excellence in business growth backed by strong corporate governance and able risk management framework. We remain committed to running our organisation the right way. We strive to build relationships and make investments that unlock potential for progress and prosperity. These are just some of the ways in which we are demonstrating our commitment to our customers.

I take this opportunity to express my gratitude to the Board of Directors for their sound advice, consistent support and guidance. I also wish to express my deep appreciation towards our management and staff members for their continuing commitment and dedication. I thank National Housing Bank and other stakeholders for partnering in this eventful year. Our vision will keep us motivated as we continue to expand our business, notwithstanding the pitfalls and hurdles ahead in view of the ever changing and challenging economic scenario. Our diversified workforce and understanding of the financial needs of our borrowers will only help us reach greater scales of success. We look ahead to another exciting year of new possibilities and a new Journey!

Regards,

M. G. George Muthoot Chairman - The Muthoot Group







Message from CEO



Dear Members,

It brings me immense pride in sharing your Company's performance in the fiscal year 2019-20. The recent year was a difficult tread for the global economy, as any hopes of revival were dashed by the growing geo-political tensions and cracking trade relations between two major economies throughout the year and the January to March quarter was made worse by the Coronavirus pandemic.

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 and extend Affordable Housing Finance to EWS/LMI customer segments. 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. Your Company remained focused and achieved its objectives amidst the general lack of confidence and optimism surrounding the domestic economy. We also remained committed to the sustainability of the business and guiding principles on how to conduct ourselves ethically and in a manner, which is fair to all the stakeholders.

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. A reduction in GST rates for under-construction properties and several new project launches have brought correction in real estate prices, which is advantageous for the home-buyers. Majority 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.

In 2019-20, Muthoot Homefin has grown steadily and currently reaches out to 24390 customers. Despite slowdown in real estate market in some parts of the country, stiff competition from Banks & HFCs, Muthoot Homefin managed to deliver good performance. The company now has its presence in 13 states and 3 union territories and

increased the AUM from INR 19131 Million to INR 19769 Million. During the year total revenues were INR 2848 Million and PAT was INR 318 Million. The year has been truly an exciting and challenging one.

The Indian economy grew at a rate of 4.2 percent in FY20, which was a sharp decline from 6.1 percent growth rate in FY19. This fall has been due to numerous challenges, both domestic and international. Though lockdowns have been partially lifted now, the recovery is slow. According to CRISIL, the Indian economy might contract by 5 percent YoY in FY21 due to the Coronavirus outbreak. The lockdown had put a halt on housing operations and there might be an atmosphere of uncertainty. The impact of the outbreak on prime housing loans will be moderate, as most of the borrowers in this segment have a salaried employment and the collections are 'low touch' via NACH/online credits/ debits. In the affordable housing segment, the situation is expected to be more difficult due to the increased proportion of self-employed borrowers, whose incomes have been directly impacted due to the lockdown. The consequent disruptions in the supply chain and large-scale industries because of the pandemic may significantly increase delinquencies in the industry. The lockdown will subsequently disrupt the cash flow and prolong the capex plans of all companies. The government has been providing support via stimulus packages to resume normal economic activities (Delete) to help counter the situation. On the back of a disruption in the economy as a result of widespread outbreak of the Coronavirus, FY21 is likely to be a year of consolidation rather than growth. However, we expect that a major fall in New Housing unit sale will not affect your Company's growth that much. Despite the challenges induced by the lockdown, it can be confidently said that your Company is prepared to deal with the evolving business scenario. Our optimism around the restoration of normalcy remains untethered, as we look forward to another fiscal year of opportunities, promise and crucial steps for realising our vision.

We are striving to further streamline policies and processes based on findings of the portfolio level risk analytics. The company will be focusing to invest in technology 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 7 million strong customer base of the Muthoot Group.

Your Company will continue to operate in the 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, improving productivity 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 Ramratthinam S Chief Executive Officer Muthoot Homefin (India) Limited





Board of Directors



Mr. George Thomas Muthoot (Director)

- Businessman by profession
- 44+ years experience in managing business operations in the field of financial services



Mr. George Alexander Muthoot (Director)

- 39+ years experience in managing business in the field of financial services.
- Chartered Accountant who qualified with first rank in Kerala and ranked 20th overall in India in 1978.
- Has a Bachelor Degree in Commerce from Kerala University where he was a rank holder and gold medalist.
- Served as Chairman of Kerala Non Banking Finance Companies Welfare Association from 2004-2007.
- Former Member Secretary of Finance Companies Association, Chennai.
- President of Association of Gold Loan Companies in India.
- Active member of Confederation of Indian Industry (CII)
- He was conferred with the 'CA Business Leader Award 2013' under financial services sector from Institute of Charactered Accountants of India.



Mr. Alexander M. George (Director)

- Mr. Alexander M. George, is an MBA Graduate from Thunderbird University (USA) and an advanced diploma holder in Business Administration from Florida International University, Miami (USA).
- He has also served as the President of Indian Subcontinent Club at Thunderbird University and has been a member of various committees at the university.
- Vice Chairman of the Paul George Global School a jewel in the crown of Muthoot Education (Education Division of Muthoot Group).
- He currently heads the Marketing, Operations of the company. Under his dynamic leadership and keen vision, the company has enhanced its brand visibility through innovative marketing strategies, expanded its branch network, and implemented various IT initiatives that have benefited both customers and employees.
- He manages the entire business operations of North East and West India of Muthoot Finance.



Mr. Eapen Alexander (Whole-Time Director)

- 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.
- Prior to joining Muthoot, Eapen worked at ICRA Ltd., a leading credit rating agency in India
- Eapen holds an MBA from the Fuqua School of Business at Duke University, USA, an Msc. in International Political Economy from the London School of Economics, UK and a B.A. Economics (Honours) degree from St. Xavier's School, Mumbai University.







Board of Directors



Mr. K R Bijimon (Director)

- He has started his career as a Senior Manager (Finance) with Muthoot Bankers in the year 1996. During 24 years of his service he led the transformation of Muthoot Bankers to the present day Muthoot Finance Ltd and over the years he rose to the position of Chief General Manager in the company.
- Under his leadership, the company grew manifold and today has become the largest lender of Gold Loans in the country and perhaps the largest in the world too. As a Chief General Manager, he is also responsible for driving growth across the diversified business portfolios of the Group such as International Remittance & Foreign Exchange and is also responsible for expansion of business globally. Muthoot Group today has a global presence with successful businesses in countries like USA, UK, UAE, Malaysia, Hong Kong and Sri Lanka.
- He also assumes the role of Chief Operating Officer and manages the Global Operations Division of the Muthoot Group. Presently, he also holds Directorship in companies like Muthoot Forex Ltd, Muthoot Securities Ltd, Muthoot Commodities Ltd, Muthoot Homefin (India) Ltd and Asia Asset Finance PLC (Sri Lanka).
- Bijimon holds a Bachelor's Degree in Law (LLB), a Bachelor's Degree in Science (BSc) and a Master's Degree in Business Administration (MBA). He is also a Fellow Member of the Institute of Chartered Accountants of India, a Certified Associate of the Indian Institute of Bankers (CAIIB) and a Fellow Member of Certified Management Accountants (FCMA), Institute of Sri Lanka.



Mrs. Anna Alexander (Director)

- Mrs. Anna Alexander has been associated with Company since October 2018.
- She holds a Bachelor's Degree in Commerce.

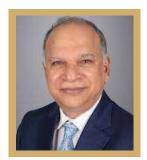


Mr. Jose Kurian (Independent Director)

- Mr. Jose Kurian has 48 years of rich experience in Construction Project Management and Administration.
- He completed his M.Tech in Structural Engineering from Indian Institute of Technology, Delhi.
- He has been awarded Best paper awards from Indian Building Congress, Indian Roads Congress, Indian Concrete
- Institute along with The CIDC Viswakarma Award 2011 for Public Officer.
- Mr. Jose Kurian is the Past President of Indian Concrete Institute and currently a Member of Indian Roads Congress, Indian Building Congress and the Governing Council of Indian Association of Structural Engineers Senior Management Team.



Board of Directors



Mr. Jacob K. Varghese (Independent Director)

- Mr. Jacob Varghese has been associated with our Company since May 2019. He has 36 years of experience in Indian and foreign taxation, auditing and indirect and direct tax laws. He is a member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India 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 for the last 10 years. He is the Chairman of St. Mary's ICSE School, Koparkhairne, Navi Mumbai for the last 12 years. He is also the Director of Indira Institute of Business management, Sanpada, Navi Mumbai.



Mr. V. C. James (Independent Director)

- Mr. V C James has been associated with our Company since January 2019.
- He holds a bachelor's degree in science from University of Kerala.
- He is a fellow member of the Institute of Chartered Accountants of India.
- He has, in the past, been a central council member of the Institute of Chartered Accountants of India, New Delhi and was the chairman of Southern India Chartered Accountants, Chennai. Currently, he is a senior partner at Sankar and Moorthy, Kochi.





洛 Senior Management Team



Mr. Ramaratthinam S. - Chief Executive Officer

Ramratthinam has 27+ years of experience in the retail lending industry and has exposure to all the secured and unsecured lending. He has handled the functions of Sales, Credit, Operations, Risk and Treasury in his earlier work assignments. He has worked with Companies like Sundaram Finance, Citicorp Finance Ltd., Centurion Bank of Punjab. Prior to joining Muthoot Homefin (India) Ltd., he was the Chief Risk Officer at Dewan Housing Finance Corporation Limited. He has actively participated in various panel discussion conducted by NAREDCO, NHB, World Bank, IFC, etc. both locally and internationally in pushing the agenda of housing reforms in India.



Mr. Pandurang Kadam - Chief Financial Officer

Pandurang Kadam is a qualified Chartered Accountant and has a 12 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. Dhananjay Munshi - Head - Credit and Risk Management

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 15+ 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.



Mr. Anna P. Sale Patil - Head - Business Legal

Anna P. Sale Patil is a Law graduate and has over 17 years of experience in Legal field, out of which he has 12+ years' experience into Mortgage industry. He has handled litigation, non-litigation and compliances in his earlier assignments. He has worked with Maharashtra Police, Asset Reconstruction Company (India) Ltd., Dewan Housing Finance Corporation Ltd. and Capri Global Capital Ltd. He joined Muthoot Homefin (India) Ltd. in February 2016. Prior to joining Muthoot Homefin (India) Ltd., he worked with Capri Global Capital Ltd. in Retail Assets Division and was heading the legal department.



洛 Senior Management Team



Mr. Prasad Bendre - Head - Operations

Prasad Bendre is a commerce graduate with Post Graduation in International Business. He has done Diploma in Financial Management and Business Administration. He has done Management Development Programme from IIM (Ahmedabad). He is a faculty to Indian Institute of Banking and Finance. He possesses over 24 years of experience in Operations, Credit and Collections. Before joining Muthoot Homefin (India) Ltd., he was with Manappuram Home Finance Ltd., DHFL, IDBI Home Finance Ltd., Tata Home Finance Ltd. and Gruh Finance Ltd.



Ms Jinu Mathen - Company Secretary

Jinu Mathen has been associated with Muthoot Homefin (India) Ltd. since 2014. She holds a Bachelor's degree in Commerce from Mahatma Gandhi University, Kerala and a Master's degree in Business Administration from Sikkim Manipal University. She is an associate member of the Institute of Company Secretaries of India. Prior to joining Muthoot Homefin (India) Ltd., she was associated with M/s SVJS and Associates, Company Secretaries. She has more than seven years of experience in corporate secretarial functions



Mr. Hrishikesh Gandhi - Head - Human Resources

Hrishikesh Gandhi holds a Commerce Degree from Mumbai University and is a post-graduate in HR & Marketing. He is associated with Muthoot Homefin (India) Ltd. as Head-HR & Admin. He brings along with him a rich experience of 15 years in HR and Admin. His last association was with DHFL for over 5 years, he has also worked for companies like HDFC Bank Ltd., Centurion Bank of Punjab and Emkay.



Mr. Vikram Rooprai - Head - Sales

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





Senior Management Team



Mr. Manish Mistry - Risk Containment Unit

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



Mr. Deepu Thankachan - Head - Internal Audit

Deepu Thankachan holds a Master Degree in Business Administration from Bharathiyar University, specialized in Finance & Marketing. He has completed his Master Degree in Commerce from Annamala 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 brings along with him a rich experience of 10 years in Internal Audit and Risk. He has also worked with HDFC Bank before joining Muthoot Group.



Mr Rahul Deshmukh - Head - Collections

Rahul Deshmukh is a Science and Law graduate and holds Master's degree in Marketing Management from University of Mumbai. He has overall 17+ years of rich experience in Collections, Recovery and associated credit risk aspects including law enforcement. His last assignment was with Shriram Housing Finance Ltd., as National Collections Manager. Prior to joining Muthoot Homefin (India) Ltd., he was associated with Dewan Housing Finance Ltd., HDFC Bank Ltd. and Weizmann Homes Ltd.



Report Of The Board Of Directors

Dear Members,

Your Directors are pleased to present the Ninth Annual Report of Muthoot Homefin (India) Limited (MHIL) and the Company's audited financial statement for the financial year ended March 31, 2020.

Corporate Overview

Financial Summary

The financial perfomance of your Company for the year ended March 31, 2020 is summarized below:

(₹ in millions)

Particulars	Year Ended	Year Ended
	March 31, 2020	March 31, 2019
Revenue from Operations	2,847.54	2,240.22
Total income	2,876.00	2,257.29
Total Expenses	2,451.63	1,745.84
Profit Before Tax	424.37	511.45
Tax expenses	106.60	148.80
Profit After Tax	317.77	362.65
Gross NPA (%)	1.93%	0.74%
Net NPA (%)	1.33%	0.46%
Tier I Capital Adequacy Ratio (%)	50.43%	45.29%
Tier II Capital Adequacy Ratio (%)	0.83%	0.87%

Dividend

With a view to conserving the resources of the Company and for building up its reserves and after considering the business plans of the Company for FY 2020-21, the Board of Directors do not recommend payment of dividend on Equity Shares for the year ended March 31, 2020.

Transfer to Reserves

An amount of INR 63.55 million is transferred to the Special Reserve Fund for FY 2019 -20, pursuant to Section 29C of the National Housing Bank Act, 1987, The statutory reserve balance as at March 31, 2020 is INR 293.59 million

State of affairs of the Company

Your company is a non-deposit taking housing finance company and was registered with the National Housing Bank ("NHB") on May 19, 2014. The Company was incorporated on August 26, 2011 and is a wholly owned subsidiary of Muthoot Finance Limited ("MFL"), which is one of India's largest gold financing companies by loan portfolio. Accordingly, your company is a part of the group with a legacy of serving customers for over 133 years. The Company has a customer base consisting of 24,390 customers as at March 31, 2020.

The Company focuses on providing affordable housing loans to Lower Middle Income ("LMI") groups and Economically Weaker Sections ("EWS") of society in tier 2, tier 3 and tier 4 cities and the customers comprise primarily informal and formally salaried workers and self-employed individuals. As on March 31, 2020, 62% of the Company's loan portfolio consisted of loans made to salaried individuals, 1% of our loan portfolio consisted of loans made to individuals who are professionals or self-employed, and 37% of the loan portfolio consisted of loans made to individuals who are businessmen. As on March 31, 2020, the Company has provided loans to customers located in 13 states and three union territory, namely Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Telangana, Uttar Pradesh, Chandigarh, Delhi, Tamilnadu, Chattisgarh and Pondicherry. The Company's branch network consisted of 107 as on March 31, 2020. MHIL also provide its

salaried customers with loans against property ("LAP") by allowing them to mortgage their property with the Company. As on March 31, 2020, the total LAP provided by us was valued at Rs.19 crores and comprised of 1% of the total assets under management ("AUM").

Despite slowdown in real estate market in some parts of the country, stiff competition from Banks & HFCs, your company managed to deliver a fairly good performance. During the year, the Company earned a total revenue of INR 2,848 million from its operations. Total expenses increased from INR 1,746 million in FY 2019 to INR 2,452 million in FY 2020. Your company earned a profit after tax of INR 318 million in FY 2019 -20 as compared to INR 363 million in FY 2018 - 19.

During the year, the quantum of loans disbursed was INR 4,127 million. Assets Under Management as at March 31, 2020 amounted to INR 19,769 million as compared to INR 19,131 million in the previous year. The Gross NPA stood at 1.93% and the Net NPA stood at 1.33% as on March 31, 2020. The Networth of the Company stood at INR 4,260 million as on March 31, 2020.

Resource Mobilisation

Non-Convertible Debentures i)

Your Company successfully completed its first issue of Non-Convertible Debentures through Public Issue during FY 2019 -20 raising INR 2,837.84 million. Directors of your Company are thankful to all investors who have subscribed the debentures and shown their trust towards your Company.

Bank Finance

Bank Finance remains an important source of funding for your Company. Commercial Banks continued their support to your Company during the financial year. As of March 31, 2020, borrowings from banks and financial institutions were INR 14,185 million as against INR 15,420 million in the previous year. Strong parentage is helping your company to





raise funds at competitive rates.

iii) Securitisation

During the year under consideration your company raised INR 2,500 million via securitisation of loan assets.

iv) Sale of financial assets to Asset Reconstruction Company (ARC)

During the financial year, your Company sold its loan assets to ARC amounting to INR 806 million

Pradhan Mantri Awas Yojana (PMAY) Scheme

Your Company has executed Memorandum of Understanding (MOU) with NHB for availing benefits under the PMAY - Credit Linked Subsidy Scheme (CLSS). During the year 2019-20, your Company received subsidy of INR 1,097 million under PMAY CLSS Scheme. The subsidies received during the year were credited to the customer accounts and the equated monthly instalments were accordingly modified to that extent.

Credit rating

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

Debenture Trustee

MILESTONE TRUSTEESHIP SERVICES PRIVATE LIMITED

Co Wrks Worli, PS56, 3rd floor, Birla Centurion, Century Mills Compound, Pandurang Budhakar Marg, Worli,

Mumbai – 400 030 Maharashtra, India

Tel: 91 22 6288 6119, +91 22 6288 6120 Email: compliance@milestonetrustee.in Website: www.milestonetrustee.in

Management Discussion and Analysis Report

The Management Discussion and Analysis Report as mandated by the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, vide Notification No. NHB.HFC.CGDIR.1/MD&CEO/2016 dated 9th February 2017, is annexed hereto (**Annexure 1**) and forms part of this Annual Report

Regulatory Guidelines

Your Company has complied with the Housing Finance Companies (NHB) Directions, 2010 and other directions prescribed by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, credit rating and corporate governance and RBI Directions, as applicable. The Circulars and the Notifications issued by NHB are placed before the Audit Committee / Board of

Rating Agency	Туре	As at March 31, 2020	As at March 31, 2019
CARE	Commercial Paper	CARE A1+	CARE A1+
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
CRISIL	Term Loan Borrowings	CRISIL AA (positive)	CRISIL AA (stable)
CRISIL	Non-Convertible Debentures	CRISIL AA (positive)	CRISIL AA (stable)

Capital Adequacy Ratio

Your Company's Capital Adequacy Ratio as on March 31, 2020 stood at 51.26% 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 13%. Out of the above, Tier I capital was 50.43% and Tier II capital was 0.83%.

Share Capital

Capital Structure of the Company as on March 31, 2020:

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

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.

Directors at regular intervals to update the Committee / Board members on the compliance of the same. Various inspection observations of NHB were satisfactorily complied and reported to the Board.

Annual return

The extract of Annual Return in Form No MGT-9 as required under Section 134 (3) (a) of the Companies Act, 2013 read with Rule 12 of Companies (Management & Administration) Rules, is annexed hereto (**Annexure 2**) and forms part of this report.

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, 2020

Particulars of contracts or arrangements with related parties

As mandated under the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, vide Notification No. NHB.HFC.CGDIR.1/MD&CEO/2016 dated 9th February 2017, the Board of Directors of your Company has formulated a policy on related party transactions, which is displayed on the website of the Company at www.muthoothomefin.com/policies and forms part of this

Annual Report (**Annexure 3**). This policy deals with review of the related party transactions and regulates all transactions between the Company and its Related Parties.

All transactions or arrangements with related parties referred to in Section 188 (1) of the Act, entered into during the year were on arm's length basis with the approval of the Audit Committee. A yearly update is also given to the Audit Committee and the Board of Directors on the related party transactions undertaken by the Company for their review and consideration. During the year, your Company has not entered into any material transactions exceeding the threshold limits as prescribed under Rule 15 sub rule (3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014. Form AOC-2, as required under Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, is annexed as part of this Board's Report (Annexure 3A).

Subsidiaries, Joint ventures and Associate companies

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

Corporate Governance

The National Housing Bank, vide Notification No. NHB.HFC.CGDIR.1/MD&CEO/2016 dated 9th February 2017, has mandated all the Housing Finance Companies to follow the guidelines on Corporate Governance as per the Housing Finance Companies-Corporate Governance (NHB) Directions, 2016. The Company has accordingly framed the internal guidelines on Corporate Governance which have been hosted on Company's website www.muthoothomefin.com. The Company is committed to achieving the highest standards of Corporate Governance and it aspires to benchmark itself with the best practices in this regard. The Board regularly reviews the Management's reports on statutory and regulatory compliances.

Board of Directors

The composition of your Board is in conformity with section 149 of the Companies Act. As on date of this Report, your Company has 9 Directors including one woman Director, four Non-Executive Directors, three Independent Directors and one Executive Director.

During the financial year, Mr. K George John, Independent Director, passed away following a brief illness on June 30, 2019. He was due to retire as Independent Director in forthcoming Annual General meeting to be held this year, after completion of his tenure. Board of Directors and employees of the Company pay respectful homage to the departed soul.

Mr. M. G. George Muthoot, Non-Executive Director, resigned from the Board of Directors on August 30, 2019 due to personal reasons

Mr. Jacob K. Varghese was appointed as an Additional Director of the Company on May 03, 2019 and was appointed as an Independent Director, not liable to retire by rotation and to hold office for a term of 5 years with effect from May 03, 2019, at the Annual General Meeting held on August 08, 2019. Pursuant to the 'Fit and Proper' Policy adopted by the Company under the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the Company received the 'Fit and Proper' declarations from Mr. Jacob K. Varghese for his appointment as Director of the Company, which have been taken on record by the Nomination and Remuneration Committee. No

other director was appointed during the financial year.

Mr. Jose Kurian was appointed as Independent Director for a period of 5 years with effect from 07.09.2015 and his present term is completing on 06.09.2020. 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. Jose Kurian as Independent Director for a second term of 5 years with effect from 07.09.2020

Mr Eapen Alexander was appointed as Whole time Director for a period of 5 years with effect from 19.05.2015 and his term completed on 18.05.2020. Mr. Eapen Alexander is a key contributor in overall Management of the Company. His experience and his association would be of immense benefit to the Company and it is desirable to continue to avail his services as Whole time Director. Your Board believes his re-appointment will benefit the Company through his role as Whole time Director and therefore, recommends the re-appointment of Mr. Eapen Alexander with effect from May 19, 2020. Detailed profile of Mr. Eapen Alexander is annexed to the notice calling Annual General Meeting of members of the Company.

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, NHB Directions and Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016. 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.

Declaration of independence from Independent Directors

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

Key Managerial Personnel

As on March 31, 2020, Mr. Eapen Alexander (Whole time Director), Mr. Ramratthinam. S (Chief Executive Officer), Mr. Pandurang Kadam (Chief Financial Officer) and Mrs. Jinu Mathen (Company Secretary), were the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013. There were no change in the Key Managerial Personnel during the financial year

Policy on appointment of Directors and Remuneration policy of the Company

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

The Nomination and Remuneration Committee which was reconstituted on 02.08.2019 comprises of the following Directors





Name of Director	Designation in the Committee	Nature of Directorship		
K. R. Bijimon	Chairman	Non-Executive Director		
Jose Kurian	Member	Independent Director		
V. C. James	Member	Independent Director		
Jacob K. Varghese	Member	Independent Director		

Terms of Reference of the Nomination and Remuneration Committee shall include the following:

- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with criteria as laid down and recommend to the Board their appointment and removal;
- ii. Ensuring persons proposed to be appointed on the Board do not suffer any disqualifications for being appointed as a director under the Companies Act.
- Ensuring that the proposed appointees have given their consent in writing to the Company;
- iv. Reviewing and carrying out every Director's performance, the structure, size and composition including skills, knowledge and experience required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- v. Planning for the succession planning for directors in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
- vi. Being responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- vii. Keeping under review the leadership needs of the organization, both executive and non- executive, with a view to ensuring the continued ability of the organization to compete efficiently in the market place;
- viii. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of committee services and involvement outside board meetings;
- ix. Determining and agreeing with the Board the framework for broad policies for criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board policies, relating to remuneration for the Directors, Key Managerial Personnel and other employees.
- x. Reviewing the on-going appropriateness and relevance of the remuneration policy;
- xi. Ensuring that contractual terms of the agreement that Company enters into with Directors as part of their employment in the Company are fair to the individual and the Company;
- xii. Ensuring that all provisions regarding disclosure of remuneration and Remuneration Policy as required under the Companies Act or such other acts, rules, regulations or guidelines are complied with.

- xiii. Formulating ESOP plans and deciding on future grants; and
- xiv. Formulating terms and conditions for a suitable employee stock option scheme and to decide on followings under employee stock option schemes of the Company:
 - a) the quantum of option to be granted under ESOP Scheme(s) per employee and in aggregate;
 - the condition under which option vested in employees may lapse in case of termination of employment for misconduct;
 - 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;
 - 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
 - any other matter, which may be relevant for administration of ESOP Scheme including allotment of shares pursuant to exercise of options from time to time

The Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria to be adopted at the time of appointment of directors and on a continuing basis, pursuant to the Housing Finance Companies — Corporate Governance (National Housing Bank) Directions, 2016, which is also displayed on the Company website at www.muthoothomefin.com/policies. The Company has received the 'Fit and Proper' declarations from all the Directors of the Company, which have been taken on record by the Nomination and Remuneration Committee

Evaluation of Directors, Board and Committees

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

Corporate Social Responsibility

The Company is required to comply with Section 135 of the Companies Act, 2013 with respect to Corporate Social Responsibility (CSR) from the financial year 2017 -18. Accordingly, the Company constituted a Corporate Social Responsibility Committee in compliance with the provisions of section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The details of CSR policy of the Company are available on the website of the Company at https://www.muthoothomefin.com/policies. During the year, your company was required to spend INR 6.55 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 4**).

Meetings of the Board

During the financial year, the Board of Directors met four times on 03.05.2019, 02.08.2019, 04.11.2019 and 03.02.2020.

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)

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)

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).

iv) Risk Management Committee

The Risk Management Committee was constituted on 20.02.2016 and pursuant to the Housing Finance Companies – Corporate Governance (National Housing

Bank) Directions, 2016 dated February 09, 2017, was reconstituted as a committee of the Board on 23.10.2017. The Committee comprises of Mr. Eapen Alexander (Whole time Director), Mr. George Alexander Muthoot (Non-Executive Director) and Mr. Alexander George (Non-executive Director)

v) Asset Liability Management Committee

The Asset Liability Management Committee was constituted on 20.02.2016 and pursuant to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 dated February 09, 2017, was reconstituted as a committee of the Board on 23.10.2017. The Committee comprises of Mr. Eapen Alexander (Whole time Director), Mr. George Alexander Muthoot (Non-Executive Director) and Mr. Alexander George (Non-executive Director)

vi) Finance Committee

The Finance Committee was constituted on January 2, 2016 and last reconstituted on September 20, 2018. The members of the Finance 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).

vii) Stakeholder Relationship Committee

The Stakeholder Relationship Committee was constituted on 13.05.2019. The Committee comprises of Mr. Jose Kurian (Independent Director), Mr. V.C. James (Independent Director) and Mr. Eapen Alexander (Wholetime Director).

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

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

The various provisions of section 197 of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable to the company since the equity shares of the company are not listed during the year under report.

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

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. 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 which is responsible for putting in place a progressive risk management system, risk management policy and strategy to be followed by the Company. The details of the various risks and mitigation measures are furnished under Note 38 of Notes forming part of the Financial Statements for the year ended March 31, 2020

Internal Audit and Financial Control

Your Company has developed well documented internal audit and control system for meticulous compliance from all layers of the Company. The control system ensures that the Company's assets are safeguarded and protected. The audit system also takes care to see that revenue leakages and losses to the Company are prevented and our income streams are protected. The control system enables reliable financial reporting.

The Company has a well-structured Internal Audit Department to perform timely and frequent internal audit to evaluate the adequacy of systems and procedures and also to evaluate the status of compliance to Company's guidelines and other statutory requirements. The Internal Audit Department is headed by the Head — Internal Audit and supported by team of experienced internal auditors and functional experts. Risk based internal audit plan is approved annually by Audit Committee and all significant findings of internal audit and action taken thereon are discussed in the Audit Committee of the Board. Periodic branch audits, continuous concurrent audits and risk based process audits are part of the internal audit plan. The Company's internal financial controls are reviewed for effectiveness and efficiency by the Internal Audit Department.

Audit Committee of Board of Directors is apex Audit Authority of the Company. The Internal Audit Department reports to the Audit Committee regarding significant audit findings and also preventive and corrective measures to protect the interests of the Company. The Audit Committee undertakes an evaluation of the adequacy and effectiveness of internal control systems. It also oversees the implementation of audit recommendations especially involving the risk management measures.

In addition to reviewing the internal control systems put in place by the Audit Department, the Audit Committee also imparts guidance and crucial directions for upgradation of systems and controls on ongoing basis.

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

On March 11, 2020 the COVID-19 outbreak was declared as a global pandemic by the World Health Organisation. On March 24 2020, the Government of India declared a lockdown for 21 days which has been subsequently extended. The extent to which COVID-19 pandemic will impact company's operation and financial metrics will depend on future developments which are highly uncertain as on date.

In accordance with the RBI guidelines relating to COVID regulatory package dated March 27, 2020 and April 17, 2020 the company has granted a moratorium on payment of instalments and /or interest as applicable for eligible borrowers. For all such accounts where moratorium is granted, the asset classification shall remain stand still during the moratorium period. The Company will comply with the RBI guidelines for these accounts.

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

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

Maintenance of cost records

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

Public deposits

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

Audit

a) Statutory Audit under Section 139

On recommendation of the Board of Directors, the members of the Company re-appointed M/s Rangamani & Co, Chartered Accountants, Kochi (Firm Registration No 003050 S) for a further term of 3 years at the Annual General Meeting held on August 08, 2019. Pursuant to notification issued by the Ministry of Corporate Affairs on May 07, 2018, amending section 139 of the Companies Act 2013, the mandatory requirements for ratification of appointment of auditors by the members at every Annual General Meeting does not arise.

The Company has received a certificate from the above Auditors to the effect that they are eligible to continue as Auditors in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Report given by M/s Rangamani & Co, Chartered Accountants, Kochi on the financial statement of the Company for the year 2019 -20 is part of the 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 ABP & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2020. The Secretarial Audit Report forms part of the Annual Report (Annexure 5).

) Explanations, or comments by the Board on

qualification, reservation or adverse remark or disclaimer on audits for FY 2019 - 20

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

 The company has filed an e form / return with the Registrar of Companies beyond the due date, with additional fees and company has filed an intimation with stock exchange specifying the reason for delay

Reply: The delay in filing one e-form / return with the Registrar of Companies was due to technical issues. The Company had informed the Stock Exchange that the delay in filing the intimation was due to oversight and was unintentional. The management has ensured timely submission of Returns / Intimations with the concerned Regulatory authorities

2. The company was required to spend Rs. 65,52,624/-(Rupees Sixty five Lakhs Fifty two Thousand Six Hundred and Twenty Four Only) towards Corporate Social Responsibility under section 135 of the Companies Act, 2013 during the financial year under review, but spent only Rs.60,00,000/-(Rupees Sixty Lakhs Only).

Reply: The Company was unable to identify suitable activities within its CSR Policy due to specified standard of eligibility criteria, etc. Your Company is focused on creating sustainable and long term CSR model and hence your Company will be able to spend more amount for CSR expenditure in future.

3. During the year under review, National Housing Bank has imposed penalties on the company for the violations of Paragraph 37 (1) of The Housing Finance Companies (NHB) Directions, 2010 for non-intimation of opening of offices / branches and for the contraventions of NHB Guidelines highlighted in the show cause notice dated 06.11.2019 as per the provisions of the National Housing Bank Act, 1987

Reply: (i) The Company started few branches as sourcing branches initially by appointing sales staff and not processing any disbursements from those branches. However, it was unintentionally omitted to give a prior intimation to NHB regarding the opening of such branches and hence, a penalty was imposed on the Company. The Company has paid the penalty and has also ensured the prescribed NHB Guidelines is complied.

- (ii) During the NHB regulatory inspection with respect to the position as on 31st March 2018, it was observed that the Company did not include accrued interest and other charges while calculating LTV ratios and had assigned wrong risk weights on some of the NPA loans assets of the Company and hence, a penalty was imposed on the Company. The Company has paid the penalty and has also ensured the prescribed NHB Guidelines is complied.
- Company has partially complied with The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 during the financial year 2019 – 2020.

Reply: The Company was listed on BSE Limited during

the financial year 2019-20. The Board of Directors of the Company adopted the Prohibition of Insider Trading Code on March 17, 2020 prescribing the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and the Code of Conduct to Regulate, Monitor and Report Trading by Insiders of the Company. The management has taken necessary steps to put in place proper internal controls to ensure compliance of the said Regulations.

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 6**) 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 7**).

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 2019 - 20. The Whistle Blower Policy has been hosted on the Company's website at www.muthoothomefin.com.

Directors' Responsibility Statement

Your Directors state that:

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

- The directors had prepared the annual accounts on a going 4. concern basis;
- The directors had laid down internal financial controls to be 5. followed by the company and that such internal financial controls are adequate and were operating effectively.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statements, since various economic, legal, policy and regulatory factors may affect or influence the performance of the Company.

Acknowledgement

Your Directors thank the Company's stakeholders in large including investors, customers, banks, financial institutions, rating agencies, debenture holders, debenture trustees and wellwishers for their continued support during the year. Your Directors place on record their appreciation of the contribution made by the employees of your Company at all levels.

Place: Kochi Date: 04.08.2020

Eapen Alexander (Whole-time Director) **George Alexander Muthoot** (Director)

Annexure 1



Management Discussion and Analysis Report

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 May 19, 2014. We are currently the wholly owned subsidiary of Muthoot Finance Limited ("**MFL**"), which is one of India's largest gold financing companies by loan portfolio. Accordingly, we are a part of the group with a legacy of serving customers for over 133 years.

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

INDIAN ECONOMY OVERVIEW

Reflecting the global situation, the Indian economy too finds itself in the throes of the COVID-19 pandemic. A nation-wide lockdown was announced towards the end of March which is still in force, has resulted in an abrupt stoppage of all economic activity. Businesses, big and small, have remained shut for over 3 months now, barring essential commodities and services, severely affecting livelihoods. The Annual GDP growth estimate of 5% released in February 2020 is at risk considering the impact of the pandemic. Current predictions however range from 0 to -2%. In view of the uncertainties surrounding the economy on account of the pandemic and the unprecedented disruptions in the global economy forecasts of any kind are perilous. The picture of millions of unemployed daily wage workers and their families trying to trudge back to their villages hundreds of kilometres away; shut factories and stores; empty construction sites; and a nation being deprived of its natural economic vigour are vignettes of this scourge. After a nationwide lockdown involving 1.35 billion people over 55 continuous days, the debate is now on how to gradually open the economy without seriously risking a major spike in infections —something that India's frail medical facility can ill cope with.

The portents, leading up to the end of financial year 2019-20, seemed favourable with a healthy rabi harvest, higher food prices during 2019-20, the transmission of past reductions in the policy rates, reductions in the goods and services tax (GST) rates on select goods, corporate tax rate cuts in September 2019 and a raft of measures to boost rural and infrastructure spending directed at boosting domestic demand. Sadly, the COVID- 19 pandemic has rendered the growth outlook for 2020-21, which was cautiously optimistic at the beginning of the calendar year, markedly negative.

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

BANKING AND FINANCIAL SERVICES SECTOR

RBI responded swiftly to the emerging pandemic situation in the country with a series of decisions and policy pronouncements in its seventh bi-monthly monetary policy announcement on March 27, 2020, which inter-alia covered the following:

 Reduction of the Repo rate by 75 basis points to 4.40 per cent;

- Reduction in cash reserve ratio for banks, resulting in INR 3.74 lakh crore extra liquidity;
- Announcement of targeted long-term repo operations (TLTRO) and;
- Increasing the limit for marginal standing facility (MSF) to 3 per cent.

The RBI also announced several regulatory relaxations with a view to mitigating the hardships of borrowers and lenders alike. The following are some of the key measures:

- (a) Granting of 6 months moratorium on term loan instalments to all borrowers
- (b) Exemption from being classified as 'defaulter' in supervisory reporting and reporting to credit information companies during the moratorium period
- (c) Asset classification standstill during the moratorium period of 6 months
- (d) Extension of resolution timelines for stressed assets

INDIAN HOUSING SCENARIO

As per Population Projections for India and Census of India 2011, India's urban population increased to 377 million, reflecting the rise in urbanization from 27,8% to 31,2% between 2001 and 2011. This is projected to increase further to around 40% by 2030. This rate of urbanization has led to many issues including housing shortfall and the overall housing shortage is estimated to be 86 million units, 46 million in urban area and 40 million in rural areas by 2022. This rapid urbanization has led to the mortgage industry which was at Rs.10 trillion in March 2015 growing to Rs.15 trillion in 2017 and estimated to grow to Rs.24 trillion by 2020, translating into an annual growth rate of 18-19%. Though the industry has been growing at this robust 18-19%, the size of this market continues to be a miniscule portion of India's GDP. Mortgage penetration is currently at 9.7% of India's GDP. Given low mortgage/GDP, Indian mortgage industry is at an inflection point and expected to grow fivefold in the next 10 years.

Rapid urbanization, growth in population and increase in nuclear families has created demand for housing in India. Despite the constant focus on the housing segment, housing in India is far from being adequate. The shortage of housing in India has been a constant problem, deterring the economic growth of the country. The government in its 12th Five Year Plan gave this issue utmost importance and focused on increasing the amount of housing units available both in the urban as well as the rural sector. As per the estimates of the 12th Five Year Plan, the shortage of housing in urban segment of society stood at 18.78 million according to the 2011 census.

The Economically Weaker Section (EWS) has three-fourth of the shortage and the Lower Income Group (LIG) has a quarter of housing shortage approximately. Housing shortage in urban areas could be attributed to the reasons of congestion and obsolescent houses. In rural areas, house is a catalyst for a change in sociocultural pattern and other characteristics of human life, including economic development. Since it forms a nucleus for the operations of many human activities and is an essential contributory factor for improvement in life, it has a significant bearing on the policies formulated for the housing sector.



The demand for affordable housing will remain strong on account of rapid urbanization and increasing income levels. The robust demand for affordable housing together with the fillip provided by the Government of India under PMAY to the sector offers good opportunity for growth to the developers as well as the financial institutions. On the demand side, the inclusion of two new middle-income categories under CLSS is likely to improve affordability for a wider set of borrowers leading to increased growth potential in the affordable housing segment. The various initiatives of Government viz. granting infrastructure status to affordable housing, establishment of a dedicated Affordable Housing Fund and incentives offered to home buyers as well as developers in the union budget announcements etc., will facilitate creation of a sustainable market for affordable housing. The challenges in meeting demand for affordable housing include high cost of land, absence of clear title, delay in project approval which acts as deterrent for participation by financial institutions and real estate developers. Implementation of RERA not only promises to transform the Real Estate Industry into an organized, transparent and customer friendly sector, but also provides the much needed comfort to lending institutions for investment in creation of housing stock.

Government Initiatives for the Real Estate Industry

- Housing for All by 2022 Pradhan Mantri Awas Yojana was introduced by the government in 2015. Housing for All by 2022 will give a boost to the real estate industry of India. The government has been espousing the cause of housing through its Housing for All by 2022 mission. Under the aegis of this mission, the government has brought out 2 schemes to partly fund the interest of borrowers in urban areas. The first scheme, which is very liberal in terms of the interest rate subsidy is applicable to the Economically Weaker Sections (EWS) and those under Low Income Group (LIG) with average annual household incomes of INR 3 Lakh and INR 6 Lakh respectively. It is targeted to cater to the housing shortage of approximately 3.95 Crore houses (1 Crore urban & 2.95 Crore rural) and fulfil government vision of 'Housing for All' by 2022. Since the launch of the scheme PMAY(U)in 2015, 73 lakh houses have been approved under the scheme, out of which 15 lakh houses have been completed, upto February 2019. The maximum interest subsidy for EWS/ LIG is INR 2,67,280/- and the maximum loan eligible for subsidy under this scheme is INR 6 Lakh. The amount of subsidy will be reduced proportionately if the loan amount is lower than INR 6 Lakh. The interest subsidy benefit is only available for loans that are disbursed on or after June 17, 2015. The other scheme covers home loans to the Middle Income Groups – MIG 1 for borrowers having average annual household incomes between INR 6 Lakh and INR 12 Lakh and MIG II for borrowers with average annual household incomes between INR 12 Lakh and INR 18 Lakh on home loans to Middle Income Groups. The interest subsidy is provided at a rate of 6.5% for 20 years or for the tenure of loan, whichever is lower. Post PMAY announcement in 2015, there has been a consistent increase in the proportion of new launches with smaller unit sizes of carpet area < 60 sqm to total unit launches per year. The benefit available to the buyer as well as the developer under the above scheme by way of subsidy /tax sops is bound to enhance the efficacy of the scheme.
- 2. Smart City Project- As per the Smart City Project, the Indian government has planned to build 100 smart cities by 2025. In September 2018, the smart cities mission has received an allocation of INR 2.04 lakh Crore covering selected 99 cities. The projects worth INR 20,852 Crores are in progress for the smart cities extension. The prime agenda

for the Smart Cities Mission is to promote core infrastructure and a sustainable life for the citizens of India. Continued focus on rural road development through the allocation of higher amount of funds to the Pradhan Mantri Gram Sadak Yojana (PMGSY) in the interim budget 2019-20 is expected to support demand.

3. Real Estate (Regulation & Development) Act (RERA) - RERA was introduced to bring in transparency and organization into the real estate industry of India. Strict Compliance requirements established under RERA, introduced improved quality and timely completion of projects in the real estate industry. RERA will help to shift the real estate industry towards organization. It will also help in faster completion of long hauled projects by the developers. (Source: Economic Times, MOHUA)

HOUSING FINANCE SECTOR

The slowdown in real estate and housing finance began following the IL&FS crisis in September 2018. The liquidity crunch faced by the housing finance companies and non-banking financial companies (NBFCs) has had an adverse impact on construction activity. Further, the overhang in terms of the unsold housing inventory in nine major cities, estimated at INR 6 lakh crore, has only exacerbated the problem, with demand continuing to be sluggish. Under-construction properties sold by builders under subvention or buyback/assured return schemes could be more vulnerable as some of the builders are facing a liquidity crunch and their ability to honour these obligations may be strained. Moreover, given the tight liquidity faced by some developers with delayed projects, reduced fund availability to the developers could lead to some stress in the construction finance portfolios. Asset quality could therefore come under some pressure due to the challenging operating environment.

While the profitability indicators of the housing finance industry, in general are likely to remain rangebound, a prolonged slowdown in growth of this sector could impact the operating expense ratios and the quality of some asset classes, which could lead to a moderation in the profitability indicators of the sector over the medium term.

In September 2019, in order to infuse liquidity into the Housing Finance system and also to cater to the demand of HFCs to address the housing finance requirements in the affordable housing finance sector, Liquidity Infusion Facility (LIFT) Scheme amounting INR 30,000 crore for Housing Finance Companies was launched by NHB. The fund will be used by HFCs for financing individual housing loans only, up to the individual loan size which fall under the Priority Sector as defined by Reserve Bank of India (35 lakhs in Metropolitan centers and up to 25 lakhs in other centers).

Banks and Mutual Funds have generally become risk averse to the sector, curbing their exposures barring to a few select NBFCs and HFCs. While the larger ones are expected to be reasonably insulated from the effects of the disruption caused by COVID-19, small and medium-sized NBFCs and HFCs are likely to face greater liquidity mismatches, besides rising operating costs and a significant increase in credit costs.

Considering the extreme uncertainties and the heightened risk perceptions due to COVID-19, your Company will continue to exercise utmost prudence in its growth plans, underpinned by a robust underwriting framework. The focus on Growth with Quality and Profitability (GQP) will continue to be the guiding philosophy of your Company.

REGULATORY CHANGES

During the year, a few major regulatory changes were made:

 The Finance (No.2) Act, 2019 has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India and was published in the Official Gazette on 09th August 2019.

HFCs will be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. Reserve Bank is carrying out a review of the extant regulatory framework applicable to the HFCs and will come out with revised regulations in due course. In the meantime, HFCs were advised to continue to comply with the directions and instructions issued by the National Housing Bank (NHB) till the Reserve Bank issues a revised framework. NHB will continue to carry out supervision of HFCs including Grievance Redressal Mechanism.

- 2. The National Housing Bank (NHB) has tightened its rules on leverage and capital adequacy ratio where it has mandated HFCs to bring down their total borrowings in a phased manner to not more than 14 times by March 2020, 13 times by March 2021 and 12 times of their net-owned funds as on 31 March, 2022, compared to the existing 16 times.
- 3. Further, the capital adequacy ratio for HFCs has been increased to 13% by March 2020, 14% by March 2021 and 15% by March 2022. Tier I capital should not be less than 10% as against the present 6%.
- 4. HFCs who have obtained the minimum investment grade rating credit rating for their fixed deposits and complying with all the prudential norms, may accept public deposits not exceeding three times their NOF against the existing six times their NOF.
- 5. HFCs are advised to desist from offering loan products involving servicing of the loan dues by builders, developers etc. on behalf of the borrowers. The prevalent products of HFCs, if any, should also be reviewed on the above lines.

SWOT ANALYSIS

Strengths:

- Strong Parentage Muthoot Homefin (India) Limited (MHIL) is 100% subsidiary of Muthoot Finance Limited. Muthoot Finance Limited is the largest gold loan company in India, Perhaps in the world.
- Diversified Product Portfolio MHIL Offers various loan products under housing segment. The products basket covers individual housing loans for construction, purchase, extension, repairs and renovation, site purchase, composite loan, loans for rural housing, loans for urban housing etc.
- Key market presence MHIL has a well-established base to exploit these opportunities with a good presence in tier 1 and tier 2 cities.
- Good asset quality MHIL has maintained a good asset quality as compared to most of the other companies in the HFC sector. This has helped the company to maintain its pace of growth.
- Governance Over the years MHIL has established a strong governance framework. Ethical business processes and

transparency in operations has led to higher operational efficiency and business sustainability.

Weakness

- Regulatory restrictions continuously evolving government regulations may impact operations.
- Portfolio concentration in the western part of India A lot of concentration is on the western part of the country, as ~80% of the branches are located in this region. This leaves a lot of scope to expand branch network all over India.

Opportunities

- Increasing demand for houses in the suburbs of India- Due to increasing urban population and nuclear families demand for houses is increasing in the tier II and tier III cities.
- Smart Cities Development of smart cities along with the population and governments trust on increasing smart cities in India will increase the demand for houses in India.
- "Housing for All" Push by Government of India through PMAY-CLSS schemes.

Threats

- Rising Non-performing Assets (NPAs) Rising Non performing assets with the seasoning of the book is one of the 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.

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, 2020, 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 413 Crore during the year as compared to INR 654 Crore during the previous year. Despite slowdown in real estate market in some parts of the country, stiff competition from Banks & HFCs, Muthoot Homefin managed to deliver a fairly good performance. The Asset under Management (AUM) is INR 1977 Crore as against AUM of INR 1913 in the previous year. During the year under consideration MHIL received subsidy of INR 110 Crore under PMAY CLSS Scheme. The customer profile continues to be dominated by the salaried and professional category, accounting for 60% of the total portfolio. The average ticket size loan is INR 9.4 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 31st March 2020 was 107 comprising 46 branches. In addition to the above outlets responsible for augmenting business, direct selling agents (DSA) are empanelled





to source proposals/leads throughout the country. However the control over the credit appraisal of these proposals, vests with MHIL.

Funding Sources

Primarily Term loans, credit lines from banks, money market instruments like Commercial Papers (CPs) and Non-Convertible Debentures (NCD's) are the sources through which MHIL raises funds for its lending activities. Strong parentage is helping MHIL to raise funds at competitive rates. During the year company raised INR 284 Crore through public issue of NCD's.

Securitization/Assignment of Loan Portfolio During the year under review, the Company received a purchase consideration of INR 250 crore from assets assigned in pool buyout transactions. The pool buyout transactions were de-recognised in line with RBI guidelines on the securitisation of standard assets and securitised assets de-recognised in the books of the Company.

Further company has reduced the reliance on commercial papers for fund raising. There are no Commercial papers outstanding as on 31st March 2020

Credit Ratings as on March 31, 2020

Borrowings from Banks: AA / (Positive) for Long-term 'rating' for term loans by CRISIL. During the year under consideration CRISIL has upgraded the outlook from Stable to Positive Commercial Paper: A1+ rating by ICRA Ltd and CARE

NCD: CRISIL has assigned rating of 'AA / (Positive)' for the NCD programme of MHIL. During the year under consideration CRISIL has upgraded the outlook from Stable to Positive

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, 2020 stood at 1.93% as against 0.74% as on March 31, 2019 of loan outstanding during the previous year. Special campaigns were conducted for all the branches with the active involvement of their staff.

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

PERFORMANCE OVERVIEW

- AUM is INR 1977 Crores as against INR 1913 Crores in the previous year. AUM growth of 3%
- 2. PAT INR 32 Crores as against INR 36 crores in previous year
- 3. Gross NPA 1.93% NNPA 1.33%.
- 4. 60 % of the total loan book as of March 2020 comes from salaried and professional segment.
- 5. Capital Adequacy Ratio 51.26% shows MHIL is well capitalised
- 6. Comfortable Debt equity ratio of 3.33% gives lot of room for leverage
- 7. Cost to Income ratio 36.06%; ROA 1.65%; ROE 7.75%

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 which is responsible for putting in place a progressive risk management system, risk management policy and strategy to be followed by the Company. The members of the committee are Whole-time Director, 2 Non-Executive Directors, Chief Executive Officer, and Head-Credit & Risk Management

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

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

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

The Company monitors its Asset Liability Mismatch on an ongoing 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

Employee's contribution is vital to the Company's performanceboth 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 2020 was 412.

INTERNAL CONTROLS AND THEIR ADEQUACY

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

The Company has an Audit and Inspection Department which conducts regular internal audits to examine the adequacy and compliance with policies, plans and statutory requirements. The Internal Audit Team directly reports to the Audit Committee of

the Company. Significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

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

Cautionary Statement

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

For and on behalf of the Board of Directors

Place: Kochi Eapen Alexander
Date: 04.08.2020 (Whole-time Director)

George Alexander Muthoot (Director)



Annexure 2

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

(Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

REGISTRATION DETAILS: ī.

CIN	U65922KL2011PLC029231
Registration Date	26.08.2011
Name of the Company	Muthoot Homefin (India) Limited
Category / Sub-Category of the Company	Company limited by shares /
	Indian Non- Government Company
Address of the Registered Office and Contact details	Muthoot Chambers, Kurian Towers
	Banerji Road, Ernakulam North, Kochi 18
Phone	0484 – 6690518
email	enquiry@muthoothomefin.com
website	www.muthoothomefin.com
Whether listed company	Non-Convertible Debentures listed under Debt
	Segment with BSE Ltd
Name, Address and Contact details of Registrar and	LINK INTIME INDIA PRIVATE LIMITED
Transfer Agent, if any	C-101 1st Floor, 247 Park LBS Marg, Vikhroli (West)
	Mumbai- 400 083, Maharashtra, India
	Tel: +91 22 4918 6200
	Fax: +91 22 4918 6195
	Email: debtca@linkintime.co.in
	Registration Date Name of the Company Category / Sub-Category of the Company Address of the Registered Office and Contact details Phone email website Whether listed company Name, Address and Contact details of Registrar and

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI. No.	Name and Description of main products/ services	NIC Code of the Product / Service	% to total turnover of the Company
1	Residential Mortgage Loan Services	64920	100%

Ш. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SI. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable section
1	Muthoot Finance Limited	L65910KL1997PLC011300	Holding Company	99.99	Section 2(87)

IV. **SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

Category - wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year			of	No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	trie year
A. Promoters									
(1) Indian									
a) Individual/HUF	6	-	6	0.01	6	-	6	0.01	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	_
d) Bodies Corp.	11915583	37 -	119155837	99.99	119155837	-	119155837	99.99	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	_	-	-	-	-	_
Sub-total (A) (1):-	11915584	43 -	119155843	100	119155843	-	119155843	100	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	_	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / Fl	-	-	-	-	-	-	-	-	-
e) Any Other	_	-	_	_	-	-	_	_	_
Sub-total A (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = A(1)+A(2)	11915584	43 -	119155843	100	119155843	-	119155843	100	-



IV. **SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Continued)**

Category of Shareholders	No. of St	nares held at the ye	the beginning ar	of	No. of Shares held at the end of the year			year	% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	the year
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	-	-		-	-	-	-	-	-
b) Banks/Fl	-	-		-	-	-	-	-	-
c) Cen.Govt	-	-	-	-	-	-	-	-	-
d) State Govt	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Flls	-	-	-	-	-	-	-	-	-
h) Foreign Venture	-	-	-	-	-	-	-	-	-
Capital Funds									
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub Total B(1)	-	-	-	-	-	-	-	-	-
2) Non-institutions									
a) Bodies Corp	-	-	=	-	-	-	-	-	-
i) Indian	-	-	=	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders	-	-	-	-	-	-	-	-	-
holding nominal share									
capital upto Rs 1 lakh									
ii) Individual shareholders	; -	-	-	-	-	-	-	-	-
holding nominal share									
capital in excess of Rs 1									
lakh									
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub Total B(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding	-	-	-	-	-	-	-	-	-
(B) = B(1) + B(2)									
C. Shares held by	-	-	-	-	-	-	-	-	-
Custodian for GDRs									
and ADRs									
Grand Total (A+B+C)	11915584	13 -	119155843	100	119155843		119155843	100	-

(ii) **Shareholding of Promoters**

SI No.			Shareh					
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encum- bered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encum- bered to total shares	% change in share holding during the year
1	M G George Muthoot	1	Negligible	-	1	Negligible	-	-
2	George Thomas Muthoot	1	Negligible	-	1	Negligible	-	-
3	George Jacob Muthoot	1	Negligible	-	1	Negligible	-	-
4	George Alexander Muthoot	1	Negligible	-	1	Negligible	-	-
5	Sara George	1	Negligible	-	1	Negligible	-	-
6	Susan Thomas	1	Negligible	-	1	Negligible		-
7	Muthoot Finance Ltd	119155837	99.99	-	119155837	99.99	-	-
	Total	119155843	100	-	119155843	100	-	-

Change in Promoters' Shareholding – **No change in Promoters' Shareholding** (iii)

Shareholding at the beginning of the year		Cumulative Shareholding during the year	
No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (iv)

		Shareholding at the beginning of the year		ve Shareholding ng the year
For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-
At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-



Shareholding of Directors (v)

		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
Name of Directors		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
M. G. George Muthoot*	At the beginning of the year	1	-	1	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-
	At the end of the year	1	-	1	-
George Thomas Muthoot	At the beginning of the year	1	-	1	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-
	At the end of the year	1	-	1	-
George Alexander Muthoot	At the beginning of the year	1	-	1	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-
	At the end of the year	1	-	1	-
Eapen Alexander	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-
	At the end of the year	-	-	-	-
Alexander George	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-
	At the end of the year		-	-	-
K. R. Bijimon	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-
	At the end of the year	-	-	-	-

		Shareholding at the beginning of the year		Cumulative Shareholding during the year		
Name of Directors		No. of % of total shares of the Company		No. of shares	% of total shares of the Company	
Anna Alexander	At the beginning of the year	-	-	-	-	
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-	
	At the end of the year	-	-	-	-	
K. George John**	At the beginning of the year	-	-	-	-	
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-	
	At the end of the year	-	-	-	-	
Jose Kurian	At the beginning of the year	-	-	-	-	
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-	
	At the end of the year	-	-	-	-	
V.C. James	At the beginning of the year	-	-	-	-	
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	~	-	-	
	At the end of the year	-	-	-	-	
Jacob K. Varghese	At the beginning of the year	-	-	-	-	
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	-	-	-	-	
	At the end of the year					

^{*} Mr. M. G. George Muthoot, Non-Executive Director, resigned from the Board of Directors with effect from August 30, 2019

^{**} Mr. K George John, Independent Director, passed away following a brief illness on June 30, 2019.



Shareholding of Key Managerial Personnel (vi)

		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
Key Managerial Personnels		No. of shares	% of total shares of the Company	No. of shares	% of total shares of th Company
Eapen Alexander					
(Whole time Director)	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters	-	-	-	-
	Shareholding during the year specifying the				
	reasons for increase / decrease				
	(e.g. allotment / transfer / bonus /				
	sweat equity etc				
	At the end of the year	-	-	-	-
Ramratthinam S.					
(Chief Executive Officer)	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters	_	-	-	-
	Shareholding during the year specifying the				
	reasons for increase / decrease				
	(e.g. allotment / transfer / bonus /				
	sweat equity etc				
	At the end of the year	-	-	-	-
Pandurang Kadam					
(Chief Financial Officer)	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters				
	Shareholding during the year specifying the				
	reasons for increase / decrease				
	(e.g. allotment / transfer / bonus /				
	sweat equity etc				
	At the end of the year	-	-	-	-
Jinu Mathen					
(Company Secretary)	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters	-	-	-	-
	Shareholding during the year specifying the				
	reasons for increase / decrease				
	(e.g. allotment / transfer / bonus /				
	sweat equity etc				

V. **INDEBTEDNESS**

(₹ in millions)

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial y	/ear			
i) Principal Amount	10,999.14	3,626.77	-	14,625.90
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	14.91	-	-	14.91
Total (i+ii+iii)	11,014.05	3,626.77	-	14,640.81
Change in indebtedness during the financial year	-	-	-	-
Addition	10,208.10	10,390.00	-	20,598.10
Reduction	7,206.15	14,016.77	-	21,222.92
Net Change	3,001.95	-3,626.77	-	-624.82
Indebtedness at the end of the financial year				
i) Principal Amount	14,001.09	-	-	14,001.09
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	192.27	-	-	192.27
Total (i+ii+iii)	14,193.36	-	-	14,193.36

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL VI.

Remuneration to Managing Director, Whole time Director and / or Manager Α.

	Particulars of Remuneration	Eapen Alexander (Whole-time Director)	Total
1	Gross Salary	8.40	8.40
	a) Salary as per provisions contained in section 17(1) of		
	the Income Tax Act, 1961	-	-
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
	c) Profits in lieu of salary under section 17(3) of	-	-
	Income Tax Act, 1961		
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit		
	others, specify		
5	Others	-	-
	Total (A)	8.40	8.40





Remuneration to other directors В.

Particulars of Remuneration					
Independent Directors	K. George John	Jose Kurian	V.C. James	Jacob K. Varghese	Total
Fee for attending board - committee meetings	_	0.20	0.19	0.14	0.53
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (1)	-	0.20	0.19	0.14	0.53
Other Non-Executive Directors	K.R.Bijimon				
Fee for attending board - committee meetings	0.24	-	-	-	-
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (2)	0.24	-	-	-	0.24
Total B = (1) + (2)	0.24	0.20	0.19	0.14	0.77

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

			Key Manage	erial Personnel	
	Particulars of Remuneration	CEO	CFO	Company Secretary	Total
1	Gross salary				
	a) Salary as per provisions contained in section 17(1) of	15.18	3.67	1.03	19.88
	the Income Tax Act, 1961				
	b) Value of perquisites u/s 17(2) Income tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income tax				
	Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify				
5	Others, please specify	-	-	-	-
	Total	15.18	3.67	1.03	19.88

PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES VII.

Туре	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment		_	NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty		-			
Punishment		-	NIL	-	
Compounding					

For and on behalf of the Boards of Directors

Eapen Alexander (Whole-time Director) Place: Kochi Date: 04.08.2020

George Alexander Muthoot (Director)



Annexure 3

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—

- Chief Executive Officer or the Managing Director or the Manager
- ii. Company Secretary
- iii. Whole Time Director
- iv. Chief Financial Officer and
- 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;
- 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:
 - 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;
 - 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

TERMS OF THE POLICY

- 4.1 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.
- 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.
- 4.3 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.
- 4.4 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:
 - 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.
- 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.

5. **PROCEDURES**

- 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-
 - The name of the related party and nature of relationship:
 - 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;
 - The manner of determining the pricing and other commercial terms, both included as part of transaction / contract and not considered as part
 - 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.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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 along with 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 along with 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.

6. 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—

- 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.

7. 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.

8. 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 Boards of Directors

Place: Kochi Eapen Alexander
Date: 04.08.2020 (Whole-time Director)

George Alexander Muthoot (Director)



Annexure 3A

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 arms 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
а	Name(s) of the related party and nature of relationship	
b	Nature of contracts/arrangements/transactions	
С	Duration of the contracts/arrangements/transactions	
d	Salient terms of the contracts or arrangements or transactions including the value, if any	
е	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
а	Name(s) of the related party and nature of relationship	
b	Nature of contracts/arrangements/transactions	
С	Duration of the contracts/arrangements/transactions	
d	Salient terms of the contracts or arrangements or transactions including the value, if any	
е	Justification for entering into such contracts or arrangements or transactions	
f	date(s) of approval by the Board	

For and on behalf of the Boards of Directors

Place: Kochi Date: 04.08.2020

Eapen Alexander (Whole-time Director) **George Alexander Muthoot** (Director)

Annexure 4

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]

Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs:

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

Composition of the CSR Committee:

The Board of Directors have constituted a CSR Committee in accordance with the requirements of Section 135(1) of the Companies Act, 2013 ("Act"). The composition of the Committee as at March 31, 2018 was, as under:

- Mr. Eapen Alexander (Executive Director) i.
- Mr. K. R. Bijimon (Non-Executive Director) ii.
- Mr. Jose Kurian (Independent Director)
- 3. Average net profit of the Company for the last three financial years: INR 327.63 million
- Prescribed CSR Expenditure: INR 6.55 million
- 5. Details of CSR spent during the financial year:
 - Total amount to be spend for the financial year: INR 6.00 million
 - b) Amount unspent, if any: INR 0.55 million
 - Manner in which the amount spent during the financial





		Pro	Projects or Programs		Ame	Amount spent on the projects or programs	ı the ams	
CSR Activity or Project Identified	Sector in which the project is covered	Local area or other	Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or program wise	Direct expenditure on projects or programs	Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
Medical assistance (To needy and financially weak applicants. Cases processed through the applications received in MMGF & MMGCT through branches for Heart ailments, Liver ailments, Cancerailments, chemotherapy, KidneyTransplantation, Renal, medicines etc.)	Health care	Kerala	Kerala		4701553.00		7021553.00	Muthoot M. George Foundation, Implementation Agency for CSR activities
Educational assistance	Promotion of Education	Kerala	Kerala	ı	39465.00		39465.00	Muthoot M. George Foundation, Implementation Agency for CSR activities
Marriage Assistance	Livelihood Enhancement	Kerala	Kerala		143930.00		858930.00	Muthoot M. George Foundation, Implementation Agency for CSR activities

		Pro	Projects or Programs		Am	Amount spent on the projects or programs	ı the ams	
CSR Activity or Project Identified	Sector in which the project is covered	Local area or other	Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or program wise	Direct expenditure on projects or programs	Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
Snehasraya (Muthoot Snehasraya) is a Mobile Laboratory intended for Prevention and early detection of Kidney related diseases, diabetes and Hypertension ailments. The mobile ambulance is being operated across Tamil Nadu & Kerala and facilitates blood & urine tests and create awareness among people about the dreaded disease.	Health care	Kerala	Kerala	1	5736.00	1	5736.00	Muthoot M. George Foundation, Implementation Agency for CSR activities
Charity Assistance	Livelihood	Kerala	Kerala		1109316.00	ı	1274316.00	Muthoot M. George Foundation, Implementation Agency for CSR activities
Total					00'0000009		9200000.00	



6. In case the Company has failed to spend the 2% of the Average Net Profit of the last three Financial Years or any part thereof, reasons for not spending the amount:

The amount spent is short of amount required to be spend under Section 135 of Companies Act, 2013, as the Company was unable to identify suitable activities within its CSR Policy due to specified standard of eligibility criteria, etc. Hence your Company was not able to spend entire INR 6.55 million. Your Company is focused on creating sustainable and long term CSR model and hence your Company will be able to spend more amount for CSR expenditure in future.

A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company:

CSR Committee of Board affirms that CSR activities are implemented in accordance with CSR objectives of Companies Act, 2013 and CSR Policy of your Company

Place: Kochi Date: 04.08.2020

Eapen Alexander Whole-time Director Chairman, CSR Committee

K.R. Bijimon Director **CSR** Committee

Annexure 5

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

(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, Kurian 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**, **2020** 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**, **2020**, according to the provisions of;

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 [SCRA] and the rules made thereunder
- Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the company during the audit period)
 - (b) The Securities and Exchange Board of India

(Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the company during the audit period), and
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) The company has complied with the following specifically applicable laws, directions, circulars to the company, as confirmed by the management of the company:
 - (a) National housing Bank Act, 1987
 - (b) The Housing Finance companies (NHB) Directions, 2010
 - (c) 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 observations.

- The company has filed an e form / return with the Registrar
 of Companies beyond the due date, with additional fees
 and company has filed an intimation with stock exchange
 specifying the reason for delay.
- 2. The company was required to spend Rs. 65,52,624/-(Rupees Sixty five Lakhs Fifty two Thousand Six Hundred and Twenty Four Only) towards Corporate Social Responsibility under section 135 of the Companies Act, 2013 during the financial year under review, but spent only Rs.60,00,000/-(Rupees Sixty Lakhs Only).
- 3. During the year under review, National Housing Bank has imposed penalties on the company for the violations of Paragraph 37 (1) of The Housing Finance Companies (NHB) Directions, 2010 for non- intimation of opening of offices / branches and for the contraventions of NHB Guidelines highlighted in the show cause notice dated 06.11.2019 as per the provisions of the National Housing Bank Act, 1987.
- 4. Company has partially complied with The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 during the financial year 2019–2020.

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

As per the information given to us and duly certified by the management, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through and recorded as part of the minutes. We did not

find any dissenting directors views recoded in the minutes. The directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholding / directorships in other companies and interest in other entities.

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

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

- The Finance Committee of Directors of the company held on 13.05.2019 allotted 28,37,842 Secured Redeemable Non-Convertible Debentures of Rs. 1000/- each. These NCDs are listed and traded in BSE Limited.
- 2. Increased the borrowing power of the company, under section 180 (1) (c) of the companies act, 2013, up to Rs. 5000 Crores in the Annual General Meeting held on 08.08.2019.
- Amended its object clause in MOA by merging the objects of the company mentioned under other object clause III-C with objects incidental or ancillary to the attainment of main objects [Clause III-B] and consequent changes in the numbering in the Annual General Meeting held on 08.08.2019.
- 4. Adopted altered Articles of Association in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company in the Annual General Meeting held on 08.08.2019.
- 5. The Finance Committee of Directors of the company held on 24.04.2019 granted consent for issue of Commercial Papers for an amount not exceeding the limit fixed under section 180 (1)(c) of the Companies Act, 2013. The Finance Committee of Directors of the company held on 25.11.2019 allotted 1000 units @ Rs. 500,000/- per unit, totalling to Rs. 50 Crores to Mahindra Mutual Fund.

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.

For **ABP & Associates**

Pradeep P.C Company Secretary FCS 5170 / CP 3905

Place: Ernakulam Date: 28.07.2020

Unique Code Number - P2009KE019600 UDIN - F005170B000516551

Annexure A

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

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

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

For ABP & Associates

Pradeep P.C Company Secretary FCS 5170 / CP 3905

Place: Ernakulam Date: 28.07.2020

Unique Code Number - P2009KE019600 UDIN - F005170B000516551



Annexure 6

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 31.03.2020	Maximum amount outstanding during the year
(A)	To Holding Company	NIL	NIL
(B)	From Holding Company	NIL	4,150
(C)	To Associates	NA	NA
(D)	To firms / companies in which directors are interested	NIL	NIL
	(other than (A) and (B) above)		
(E)	Investment by the loanee in the shares of the Parent Company	NIL	NIL
	and Subsidiary Company when the Company has made a loan		
	or advance in the nature of loan		

For and on behalf of the Boards of Directors

Place: Kochi Date: 04.08.2020

Eapen Alexander (Whole-time Director) **George Alexander Muthoot** (Director)

Annexure 7

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 20
1.	Eapen Alexander	Whole time Director	19:1	22%
2.	Jose Kurian	Independent Director	1:2	(22%)
3.	V. C. James	Independent Director	1:2	NA
4.	Jacob K. Varghese	Independent Director	1:3	NA
5.	K. R. Bijimon	Non-Executive Director	1:2	9%
6.	Ramratthinam. S	Chief Executive Officer	34:1	44%
7.	Pandurang Kadam*	Chief Financial Officer	8:1	60%
8.	Jinu Mathen	Company Secretary	2:1	45%

^{*} Chief Financial Officer joined the Company in July 2018

- 2. The percentage increase in the median remuneration of employees in the financial year 15%
- 3. The number of permanent employees on the rolls of company as on 31.03.2020 412
- 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;

Average percentile increase in the salaries of employees was 14% for FY 2019-20 whereas the percentile increase in the managerial remuneration was 13%.

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

Name of employee	Ramratthinam S
Designation	Chief Executive Officer
Remuneration received	INR 15.18 million
Nature of employment, whether contractual or otherwise;	Permanent
Qualifications and experience of the employee;	Bachelor's degree in science and more than 25 years'
	experience in retail lending industry
Date of commencement of employment;	14th December 2015
Age of such employee;	51 years
The last employment held by such employee before joining	DHFL
the company;	
The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and	NIL
Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:	No

For and on behalf of the Boards of Directors

Place: Kochi Eapen Alexander George Alexander Muthoot

Date: 04.08.2020 (Whole-time Director) (Director)





INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MUTHOOT HOMEFIN (INDIA) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Muthoot Homefin (India) Limited** ("the Company"), which comprise the Balance sheet as at 31st March 2020, and the Statement of Profit and Loss, Statement of changes in equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter – Effects of COVID-19

We draw attention to Note 40 to the financial statements with regard to management's evaluation of uncertainty due to the outbreak of COVID-19 and its impact on future operations of the Company.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Kev au	ıdit	matters
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How our audit addressed the key audit matter

Impairment of financial assets (expected credit loss)

Ind AS 109 requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on the financial assets over their life, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets. In the process, a significant degree of judgement has been applied by the management in respect of grouping its loan portfolio under risk-based categories, staging of loans, estimation of expected loss, and estimation of losses in respect of those groups of loans which had no/minimal defaults in the past.

Considering the significance of such provision to the overall financial statements and the degree of management's judgment, any error or misstatement in such estimate may give rise to a material misstatement of the Ind AS financial statements or omission of any disclosure required by the standards. Therefore, it is considered as a key audit matter.

Our audit procedures included considering the Company's accounting policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109. We have assessed the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets and their appropriateness for determining the probability-weighted default (PD) and loss-given default (LGD) rates. We have tested the operating effectiveness of the controls for staging of loans based on their past-due status. We also tested a sample of stage 1 and Stage 2 loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. We have performed sample testing of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. We have tested the arithmetical accuracy of computation of ECL provision performed by the Company. We have assessed that the assumptions used by the management for estimation of allowance for expected credit losses as at March 31, 2020 are presented and disclosed in the Ind AS financial statements.

Key audit matters

How our audit addressed the key audit matter

De-recognition of financial assets

During the year, the Company has assigned loans amounting to ₹ 2500 million for managing its funding requirements and recorded a net income of ₹ 512.53 million and corresponding un-winding of excess interest spread receivable of ₹476.11million. As per Ind AS 109, de-recognition of loans transferred by the Company through assignment is based on the 'risk and reward' model and a 'control' model. If derecognition criteria are met, the financial assets transferred are de- recognized and difference between carrying value and consideration including the present value of interest payments that it would not give up(excess interest spread receivable) is recorded as income in the statement of profit and loss. There are assumptions made with respect to the remaining tenor of the financial assets assigned and other factors which could materially impact the fair valuation as well the excess interest spread.

Accordingly, de-recognition of financial assets was considered as a key audit matter.

We have examined the terms of assignment agreements on a sample basis to evaluate whether the de-recognition criteria have been applied by the Company. We have assessed the significant estimates and judgements, including the discount rate and expected remaining life of the portfolio transferred used by the company for computation of excess interest receivable servicing asset and servicing liability. We have tested the arithmetical accuracy of computation of the excess interest spread receivable, servicing asset and servicing liability. We have assessed the disclosures included in the Ind AS financial statements with respect to de-recognition in accordance with the requirements of Ind AS 109 and Ind AS 107.

Other Information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules. 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements Refer Note 34A to the financial statements

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Rangamani & Co.

Chartered Accountants (Firm Registration No.: 003050 S)

Place: Kochi

Date: May 12, 2020

UDIN: 20020566AAAAEJ6804

R. Sreenivasan **Partner**

Membership No.: 020566



ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

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

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

- (i) In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets:
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) Based on the information and explanations given to us and on the verification of the relevant records, the title deeds for the immovable property are held in the name of the Company
- (ii) The Company is a Housing Finance Company engaged in the business of providing loans and therefore does not hold any physical inventories. Accordingly, the provisions of clause 3 (ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3 (iii) 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 guaranteed under the provisions of Sections 185 and 186 of the Act.
- (v) The Company has not accepted public deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company and therefore, the provisions of the clause 3 (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employee's State Insurance, Income Tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no material dues of Income Tax, Goods and Service Tax, duty of Customs, and which have not been deposited on account of any dispute other than those mentioned below:

Nature of Dues	Amount (in Lakh Rs.)*	Period to which the amount relates	Forum where dispute is pending
Income Tax	8.50	2016-17	Commissioner of Income Tax (Appeals) Kochi

- (viii) According to the records of the Company examined by us and the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders, as applicable.
- (ix) In our opinion and according to the information and explanations given to us, the Company has utilized the moneys raised by way of public offer of debt instruments and term loans for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) According to the information and explanations given to us and based on our examinations of the records of the Company, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence reporting under clause 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Thus, paragraph 3 (xvi) of the Order is not applicable to the Company.

For Rangamani & Co.

Chartered Accountants (Firm Registration No.: 003050 S)

Place: Kochi

Date: May 12, 2020

UDIN: 20020566AAAAEJ6804

R. Sreenivasan Partner

Membership No.: 020566



ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of Muthoot Homefin (India) Limited ('the Company') as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Rangamani & Co.

Chartered Accountants (Firm Registration No.: 003050 S)

Place: Kochi

Date: May 12, 2020

UDIN: 20020566AAAAEJ6804

R. Sreenivasan **Partner**

Membership No.: 020566



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MUTHOOT HOMEFIN (INDIA) LIMITED

As required by The Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016, we state that:

- (i) The company has obtained a certificate of registration dated 19th May 2014 from National Housing Bank;
- (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 3(2) of the Housing Finance Companies (NHB) Directions, 2010;
- (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 Housing Finance Companies (NHB) Directions, 2010;
- (viii) According to the information and explanations given to us, the capital adequacy ratio as disclosed in the return submitted to National Housing Bank has been correctly determined by the company and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the National Housing Bank Directions;
- (ix) The Company has furnished the Schedule- II Return to the Bank within the stipulated period as specified in the Housing Finance Companies (NHB) Directions, 2010;
- (x) The Company has furnished the Schedule- III Return on Statutory Liquid Assets to the Bank 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 Housing Finance Companies (NHB) Directions, 2010 in respect of opening of new branches of fices or in the case of closure of existing branches/offices, as applicable;
- (xii) According to the information and explanations given to us, the company has complied with the provisions contained in paragraph 38 and 38A of the Housing Finance Companies (NHB) Directions, 2010.

For Rangamani & Co.

Chartered Accountants (Firm Registration No.: 003050 S)

R. Sreenivasan Partner

Membership No.: 020566

Place: Kochi

Date: May 12, 2020

UDIN: 20020566AAAAEJ6804



(₹ in millions)

as at March 31, 2020

Part	iculars	Notes	As at	As at
			March 31, 2020	March 31, 2019
l. A	SSETS			
1	Financial Assets			
a)	Cash and cash equivalents	5	661.86	403.85
b)	Loans	6	17,257.71	18,874.54
c)	Investments	7	222.02	-
d)	Other Financial assets	8	495.99	80.87
2	Non-financial Assets			
a)	Property, Plant and Equipment	9	77.96	76.16
b)	Other intangible assets	10	5.72	4.49
c)	Current tax assets (Net)		77.55	4.84
d)	Other non-financial assets	11	50.72	27.70
	Total assets		18,849.53	19,472.45
II. LI	ABILITIES 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	12	26.08	11.90
	other than micro enterprises and small enterpris	Ses		
b)	Debt securities	13	2,837.84	-
c)	Borrowings (other than debt securities)	14	11,327.28	15,381.99
d)	Other financial liabilities	15	276.10	121.25
2	Non-financial Liabilities			
a)	Provisions	16	4.66	3.07
b)	Deferred tax Liablities (Net)	29	111.03	4.26
c)	Other non-financial liabilities	17	6.49	8.20
3	Equity			
а)	Equity share capital	18	1,191.56	1,191.56
b)	Other equity	19	3,068.49	2,750.22
	Total Liabilities and Facility		40 040 53	40 470 41
	Total Liabilities and Equity		18,849.53	19,472.45

Notes on accounts form part of final accounts As per our Report of even date attached

For and on behalf of Board of Directors

For Rangamani & Co

Chartered Accountants (FRN: 003050 S)

George Alexander Muthoot

Director

Eapen Alexander Whole time Director

R Sreenivasan

Partner M. No. 020566

Place: Kochi Date: 12.05.2020

Ramratthinam S Chief Executive Officer

Pandurang A Kadam Chief Financial Officer

Jinu Mathen Company Secretary







Statement of Profit & Loss

for the year ended March 31, 2020

Particulars	Notes	Year ended	Year ended
		March 31, 2020	March 31, 2019
Revenue from Operations			
(i) Interest income	21	2,264.32	2,122.66
(ii) Sale of service		58.55	115.10
(iii) Net gain on derecognised (assigned) loans		512.53	-
(iv) Net gain on fair value charges	22	12.14	2.46
(I) Total Revenue from operations		2,847.54	2,240.22
(II) Other Income		28.46	17.07
(III) Total Income (I + II)		2,876.00	2,257.29
xpenses			
(i) Finance cost	23	1,414.46	1,156.71
(ii) Impairment of financial instruments and Write Off	24	355.62	63.93
(iii) Employee benefit expenses	25	432.68	316.95
(iv) Depreciation, amortization and impairment	26	36.40	28.61
(v) Other expenses	27	212.47	179.64
(IV) Total Expenses (IV)		2,451.63	1,745.84
(V) Profit/(loss) before exceptional items and tax (III - IV)		424.37	511.45
(VI) Exceptional items		-	-
(VII) Profit/(loss) before tax (V- VI)		424.37	511.45
(VIII) Tax Expense:			
(1) Current tax	28	-	142.65
(2) Deferred tax	29	106.60	6.15
Net Tax Expense (VIII)		106.60	148.80
(IX) Profit/(loss) for the period (VII-VIII)		317.77	362.65
(X) Other Comprehensive Income			
(i) Items that will not be classified to profit or loss			
(a) Remeasurements of the defined benefit plans		0.67	0.17
(ii) Income tax relating to items that will not be			
reclassified to profit or loss		(0.17)	(0.05)
Other Comprehensive Income (i+ii)		0.50	0.12
(XI) Total Comprehensive Income for the period (IX + X)		318.27	362.77
(XII) Earnings per equity share (Face value of Rs. 10/- ea			
Basic (Rs.)		2.67	3.34
Diluted (Rs.)		2.67	3.34

Notes on accounts form part of final accounts As per our Report of even date attached

For and on behalf of Board of Directors

For Rangamani & Co

Chartered Accountants (FRN: 003050 S)

George Alexander Muthoot Director

Eapen Alexander Whole time Director

R Sreenivasan

Partner

M. No. 020566

Place: Kochi Date: 12.05.2020

Ramratthinam S Chief Executive Officer

Pandurang A Kadam Chief Financial Officer

Jinu Mathen Company Secretary



Corporate Overview

(₹ in millions)



for the year ended March 31, 2020

Particulars	Year ended	Year ended	
	March 31, 2020	March 31, 2019	
A. Cash flow from Operating Activities	10.1.07		
Profit before tax	424.37	511.45	
Adjustments for:			
Depreciation, amortisation & impairment	36.40	28.61	
Impairment on financial instruments and Write Off	355.62	63.93	
Interest Expenses	1,414.46	1,156.71	
Net gain on derecognised (assigned) loans	(512.53)	-	
Net gain on fair value changes	(12.14)	(2.46)	
Loss on sale of Property, plant and equipment	0.08	0.32	
Operating Profit Before Working Capital Changes	1,706.26	1,758.56	
Working capital changes			
Loans	1,261.21	(4,449.71)	
Other financial asset	60.99	(53.74)	
Other non-financial asset	(23.02)	11.00	
other financial liabilities and other non-financial liabilities	(24.22)	22.70	
Trade payables	14.18	(8.81)	
Provision	2.26	1.91	
Cash Generated from Operations	2,997.66	(2,718.09)	
Interest Paid	(1,237.10)	(1,181.79)	
Income Received on Assignment of Loans	36.42	-	
Income tax paid	(72.71)	(148.33)	
Net cash flows from/(used in) operating activities	1,724.27	(4,048.21)	
B. Cash flow from Investing Activities			
Purchase of Property, plant and equipment/intangible assets	(39.73)	(67.21)	
Sale of Property, plant and equipment	0.22	0.02	
Purchase of Investments	(55,880.00)	(6,962.30)	
Proceeds from Sale of Investments	55,892.14	7,815.98	
Investment in Security Receipt	(222.02)	-	
Net cash flows from/(used in) investing activities	(249.39)	786.49	
C. Cash flow from Financing activities			
Proceeds from issue of shares	_	1,500.00	
Borrowings other than debt securities issued	(4,054.71)	1,940.51	
Debt Securities Issued	2,837.84		
Net cash flows from/(used in) financing activities	(1,216.87)	3,440.51	



(₹ in millions)

Particulars	Year ended	Year ended	
	March 31, 2020	March 31, 2019	
Net increase/(decrease) in cash and cash equivalents	258.01	178.79	
Add: Cash and cash equivalents as at beginning of the year	403.85	225.06	
Cash and cash equivalents as at the end of the year	661.86	403.85	
Components of cash & cash equivalents			
Cash on hand	3.50	10.14	
In current accounts	158.36	393.71	
In Bank deposit with maturity of less than 3 months	500.00		
Total	661.86	403.85	

Notes on accounts form part of final accounts As per our Report of even date attached

For and on behalf of Board of Directors

For Rangamani & Co

Chartered Accountants (FRN: 003050 S)

George Alexander Muthoot Director

Eapen Alexander Whole time Director

R Sreenivasan

Partner M. No. 020566

Place: Kochi Date: 12.05.2020

Ramratthinam S Chief Executive Officer Pandurang A Kadam Chief Financial Officer

Jinu Mathen Company Secretary

Corporate Overview

(₹ in millions)



Statement of changes in Equity

as at March 31, 2020

a. Equity Share Capital

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

	No.	Rs.
As at 1 April 2018	9,77,27,272	977.27
Issued during the year	2,14,28,571	214.29
As at 31 March 2019	11,91,55,843	1,191.56
Issued during the year	-	
As at 31 March 2020	11,91,55,843	1,191.56

b. Other Equity

	Reserves & Surplus				
Particulars	Statutory Reserve	Share Premium Account	Retained Earnings	Other comprehensive income	Total
Balance as at April 1, 2018	107.17	861.10	133.50	(0.03)	1,101.74
Transfer to/from retained earnings	122,87	-	(122.87)	-	-
Other Additions/ Deductions during the year					
Premium received during the year	-	1,285.71	-	-	1,285.71
Profit (loss) for the period after income tax	-	-	362,65	-	362,65
Other Comprehensive Income for the year before income tax	-	_	-	0.17	0.17
Less: Income Tax	-	_	-	(0.05)	(0.05)
Balance as at March 31, 2019	230.04	2,146.81	373.28	0.09	2,750.22
Transfer to/from retained earnings	63.55	_	(63.55)	-	
Other Additions/ Deductions during the year					
Premium received during the year	-	_	-	_	-
Profit (loss) for the period after income tax	-	_	317.77	_	317.77
Other Comprehensive Income for the period before income to	ax -	-	-	0.67	0.67
Less: Income Tax	-	-	-	(0.17)	(0.17)
Balance as at March 31, 2020	293.59	2,146.81	627.50	0.59	3,068.49

Notes on accounts form part of final accounts As per our Report of even date attached

For and on behalf of Board of Directors

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

George Alexander Muthoot Director **Eapen Alexander** Whole time Director

R Sreenivasan

Partner M. No. 020566

Ramratthinam S
Chief Executive Officer

Pandurang A Kadam Chief Financial Officer **Jinu Mathen**Company Secretary

Place: Kochi Date: 12.05.2020







Notes to Accounts

for the year ended March 31, 2020

1. Corporate Information

Muthoot Homefin (India) Limited was incorporated on 26 August 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.

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

2. Basis of preparation

2.1 Statement of Compliance

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

2.2. Basis of measurement

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

- 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

- 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 incidential 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.

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



for the year ended March 31, 2020

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 FVTPL.

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** 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
- 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.







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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.

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

3.8 Determination of fair value of Financial InstrumentsThe 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:

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



Notes to Accounts

for the year ended March 31, 2020

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





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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 assets recoverable amount to determine the extent of impairment, if any.

An assets recoverable amount is the higher of an asset's or cash-generating units (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.



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

3.13.3 Provisions (other than employee benefits)

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

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

3.14 Taxes

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

3.14.1 Current Tax

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

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

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

3.14.2 Deferred tax

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

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

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- i. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside





for the year ended March 31, 2020

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

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

3.15 Contingent Liabilities and assets

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

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

3.16 Earnings Per Share

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

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

3.17 Leases

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

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease

term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

4 Significant accounting judgements, estimates and assumptions

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

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

4.1 Business Model Assessment

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

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



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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 lifecycle 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.







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Note 5: Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	3.50	10.14
Balances with Banks		
- in current accounts	158.36	393.71
Bank deposit with maturity of less than 3 months	500.00	-
Total	661.86	403.85

for the year ended March 31, 2020

Note 6: Loans

		As at March 31, 2020	h 31, 2020			As at March 31, 2019	h 31, 2019	
	Δmortised		At Fair value	ne	Δmortised		At Fair value	ne
Particulars	Cost	Through Other Compre- hensive Income	Through profit or loss	Designated at Through profit or loss	Cost	Through Other Compre- hensive Income	Through profit or loss	Designated at Through profit or loss
Housing Loans	15,658.19	ı	ı	ı	17,407.03	1	1	1
Non Housing Loans	1,778.89	ı	1	ı	1,598.91	1	ı	ı
Total - Gross	17,437.08	1	1	ı	19,005.94	ı	1	1
Less : Impairment loss allowance	(179.37)	1	1	ı	(131,40)	1	1	1
Total - Net	17,257.71				18,874.54			
Housing and Non Housing Loans								
I) Secured by tangible assets and intangible assets	17,437.08	ı	1	ı	19,005.94	1	I	ı
II) Covered by Bank / Government Guarantees	1	ı	1	ı	1	ı	1	ı
III) Unsecured	1	1	1	ı	1	ı	1	1
i) Housing Loans	ı	ı	ı	ı	ı	ı	ı	I
Total (III) - Gross	17,437.08	1	ı	ı	19,005.94	ı	ı	ı
Less : Impairment loss allowance	(179.37)	ı	ı	ı	(131.40)	ı	ı	I
Total (III) - Net	17,257.71	ı	ı	I	18,874.54	ı	ı	I
Total (I+II+III) - Net	17,257.71	ı	ı	1	18,874.54	1	1	1
Housing and Non Housing Loans								
i) Public Sector	ı	ı	ı	ı	ı	ı	ı	I
ii) Others	17,437.08	ı	1	1	19,005.94	ı	1	1
Total - Gross	17,437.08	ı	1	1	19,005.94	I	1	1
Less: Impairment Loss Allowance (A)*	(179.37)	ı	ı	ı	(131,40)	ı	ı	ı
Total - Net	17,257.71	I	ı	I	18,874.54	I	1	ı



for the year ended March 31, 2020

- 6.1 ECL provision is made as per NPA provision norms specified in Housing Finance Companies(NHB)Directions 2010 vide circular number NHB (ND)/DRS/REG/MC-01/2016 dated 01 July 2016 and in accordance with IND AS regulations.
- 6.2 The Company has assigned a pool of certain loans amounting to Rs. 2,500 million (PY: Nil) by way of a direct assignment transaction. These loan assets have been derecognised from the loan portfolio of the company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Company pays to assignee, on a monthly basis, the pro-rata collection amounts.
- 6.3 Non Housing Loan includes top-up loan given against residential housing property and loan against property.
- 6.4 The company is not granting any loans against gold jewellery as collateral.
- Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Non-Housing Loan. The amount of insurance portion is Rs. 1,289.05 million (Mar 31,2019: Rs. 1,219.04 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.

145.25

985.80

18,038.26

17,555.60

337.97

1,007.02

16,210.61

Gross carrying amount closing balance

Transfers to Stage 1
Transfers to Stage 2
Transfers to Stage 3
Amounts written off

Ind AS Adjustment Gross Carrying Amount

(307.65)

(307.65)

(118.52)

85,15

(85.15)

623.04

(9.91)

82.49

(72.58)

587.45

(587.45)

(163.37) (163.37)



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Credit Quality of Loan Assets

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

		As at March 31, 2020	11, 2020			As at March 31, 2019	31, 2019	
Particulars	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Internal rating grade								
Performing	15,274.86	ı	1	15,274.86	16,843.96	1	1	16,843.96
High grade	935.75	ı	ı	935.75	1,194.30		ı	1,194.30
Standard grade	ı	520.85	ı	520,85	ı	654.38	1	654.38
Sub-standard grade	ı	486.17	ı	486.17	ı	331.42	1	331.42
Past due but not impaired								
Non- performing	ı	ı	337.97	337.97	1	1	145.25	145,25
Individually impaired	16,210.61	1,007.02	337.97	17,555.60	18,038.26	985.80	145.25	19,169.31
Total				(118.52)				(163.37)
Ind AS Adjustment				17,437.08				19,005.94
Gross Carrying Amount								
An analysis of changes in the gross carrying amount and the corresponding ECL allowances, as follows:	nd the correspon	ıding ECL allowaı	nces, as follow	VS:				
		As at March 31, 2020	31, 2020			As at 31st March 2019	rch 2019	
Particulars	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Gross carrying amount opening balance	18,038.26	985.80	145.25	19,169.31	14,085.72	499,97	62.12	14,647.81
New assets originated or purchased	4,480.64	ı	ı	4,480.64	26'986'9	Í	ı	26'986'9
Assets derecognised or repaid (excluding write offs)	(5,612.67)	(61.27)	(112.76)	(5,786.70)	(2,361.83)	(101.62)	(2.02)	(2,465.47)

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Notes to Financial Statements

Reconciliation of ECL balance is given below:

for the year ended March 31, 2020

		As at March 31, 2020	11, 2020			As at March 31, 2019	31, 2019	
Particulars	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowance - opening balance	11.15	4.21	20.13	35,49	10.96	2.68	8,87	22.51
New assets originated or purchased	4.58	1	ı	4.58	0.34	1	1	0.34
Assets derecognised or repaid (excluding write offs)	(3.46)	(3.41)	(11.13)	(18.00)	(0.12)	(0.33)	(69'0)	(1.14)
Transfers to Stage 1	ı	ı	I	1	ı	ı	ı	ı
Transfers to Stage 2	0.07	4.73	(1.01)	3.79	(0.03)	1.86	1	1.83
Transfers to Stage 3	0.64	ı	63.20	63,84	I	I	11,95	11,95
Amounts written off	1	ı	(31,21)	(31,21)	ı	ı	1	1
ECL allowance - closing balance	12.98	5.53	39.98	58.49	11.15	4.21	20.13	35.49

for the year ended March 31, 2020

Note 7: Investments

		As at Marc	As at March 31, 2020			As at	As at March 31, 2019	61
	Amortised		At Fair value	d)	Amortised		At Fair valu	ē
Particulars	Cost	Through Other Compre- hensive Income	Through profit or loss	Through Designated profit at or loss Through profit or loss	Cost	Through Other Compre- hensive Income	Through D profit or loss	Designated at Through profit or loss
Security Receipts	ı	ı	ı	222.02	ı	ı	ı	ı
Total Gross (A)	ı	1	ı	222.02	1	ı	ı	ı
i) Overseas investments	ı	ı	ı	ı	ı	ı	ı	ı
ii)Investments in India	1	1	1	222.02	1	1	1	1
Total Gross (B)	ı	ı	ı	222.02	1	ı	ı	ı
Less: Allowance for impairment loss (C)		1	ı	1	1	ı	ı	
Total - Net D = (A) - (C)	1	1	1	222.02	I	ı	1	1

Details of investments are as follows:-7.1

Particulars	As at March 31, 2020	11, 2020	As at March 31, 2019
	Units	Amount	Units Amount
CFMARC Trust-2 Muthoot Homefin	2,22,020	222.02	1
Total		222.02	1

Note 8: Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	13.98	10,48
Receivable on Assignment of Loans	476.11	1
Other financial assets	5.90	70,39
Total	495.99	80.87





for the year ended March 31, 2020

Note 9: Property, plant and equipment

Particulars	Furniture & Fixtures	Leasehold Improvement	Computer	Office Equipment		Servers and Networks	Total
Gross Carrying Amount:							
At April 1, 2018	3.94	18,61	19.03	4.81	-	1,02	47.41
Additions	8.13	30.93	11,83	13,17	-	2,17	66,23
Disposals	0.06	0.47	-	0.12	-	-	0.65
At March 31, 2019 (A)	12.01	49.07	30.86	17.86	-	3.19	112.99
Additions	2.41	19.67	2.84	7.28	2.49	0.90	35.59
Disposals	0.74	-	-	-	-	-	0.74
At March 31, 2020 (B)	13.68	68.74	33.70	25.14	2.49	4.09	147.84
Depreciation and impairment:							
At April 1, 2018	0.80	2.99	6.15	1.38	-	0.26	11.58
Disposals	0.03	0.20	_	0.08	-	-	0.31
Depreciation charge for the year	1,88	7.27	12.05	3.87	-	0.49	25.56
At March 31, 2019 (C)	2.65	10.06	18.20	5.17	-	0.75	36.83
Disposals	0.44	_	_	_	_		0.44
Depreciation charge for the year	2.79	12.80	8.98	7.58	0.12	1.22	33.49
At March 31, 2020 (D)	5.00	22.86	27.18	12.75	0.12	1.97	69.88
Net book value:							
At March 31, 2019 (A-C)	9.36	39.01	12.66	12.69	-	2.44	76.16
At March 31, 2020 (B-D)	8.68	45.88	6.52	12.39	2.37	2.12	77.96

The company has capital work in progress Rs. Nil (March 31, 2019: Rs. Nil)



Notes to Financial Statements

for the year ended March 31, 2020

Note 10: Other Intangible Assets

Particulars	Computer Software	Website Development	Total
Gross Carrying Amount:			
At April 1, 2018	10.38	0.20	10.58
Additions	0.85	0.13	0.98
Disposals	-	-	-
At March 31, 2019 (A)	11.23	0.33	11.56
Additions	4.14	-	4.14
Disposals	-	-	-
At March 31, 2020 (B)	15.37	0.33	15.70
Depreciation and impairment:			
At April 1, 2018	4.00	0.03	4.03
Disposals	-	-	-
Depreciation charge for the year	2.93	0.11	3.04
At March 31, 2019 (C)	6.93	0.14	7.07
Disposals	-	-	-
Depreciation charge for the year	2.82	0.09	2.91
At March 31, 2020 (D)	9.75	0.23	9.98
Net book value:			
At March 31, 2019 (A-C)	4.30	0.19	4.49
At March 31, 2020 (B-D)	5.62	0.10	5.72

Note 11: Other Non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	41.88	15.95
Capital advances	-	2.22
Other receivable	4.87	8.98
Balance from government authorities	3.97	0.55
Total	50.72	27.70

Note 12: Trade Payable

Particulars	As at March 31, 2020	As at March 31, 2019
(i) total outstanding dues of micro enterprises	-	-
and small enterprises		
(ii) total outstanding dues of creditors other	26.08	11.90
than micro enterprises and small enterprises		
Total	26.08	11.90





for the year ended March 31, 2020

Note 13: Debt Securities

	As	at March 31	, 2020	As a	at March 31,	2019
Particulars	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	2,837.84	-	-	-	-	-
Debentures - Listed						
(Secured by way of pari passu						
charge over Book						
Debts of the company)						
(Refer note 13.1)						
Total (A)	2,837.84	-	-	-	-	-
Debt securities in India	2,837.84	-	-	-	-	-
Debt securities outside India	-	-	-	-	-	-

Secured Redeemable Non-Convertible Debentures - Public Issue & Listed

The principal amount of outstanding Secured Redeemable Non-Convertible Listed Debentures raised through Public Issue stood at Rs. 2,837.84 millions (March 31, 2019: Nil).

Option	Date of allotment	Amount As at March 31, 2020	Amount As at March 31, 2019	Redemption period from the date of allotment	Interest Rate %
1	13.05.2019	214.66	-	24 Months	9.25
	13.05.2019	356,83	-	38 Months	9.50
III	13.05.2019	457.96	-	60 Months	9.75
IV	13.05.2019	295.74	-	24 Months	9.50
V	13.05.2019	290.95	-	38 Months	9.75
VI	13.05.2019	420.59	-	60 Months	10.00
VII	13.05.2019	156.76	-	24 Months	NA
VIII	13.05.2019	372.70	-	38 Months	NA
IX	13.05.2019	89.78	-	60 Months	NA
X	13.05.2019	181.87	-	90 Months	NA
	Total	2,837.84	-		



Notes to Financial Statements

for the year ended March 31, 2020

Note 14: Borrowings (other than debt securities)

	As at N	/larch 31, 20)20	As at	March 31,	2019
Particulars	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 bank						
Term loan	11,143.25	-	-	10,874.06	-	-
(Secured by way of pari passu charge						
over Book Debts of the company)	-	-	-	-	-	-
(b) Loans repayable on demand						
Book Overdraft	184.03	-	-	781.16	-	-
Working Capital Demand Loan from Bar	nks -	-	-	100.00	-	-
Cash Credit	_	-	-	_	-	-
(c) Loans from related party						
Holding Company	-	-	-	2,500.00	-	-
Directors and Relatives	-	-	-	-	-	-
(d) Intercorporate Deposit (ICD)						
Holding Company	-	-	-	390.00	-	-
(e) Commercial Paper*				736.77		
Total (A)	11,327.28	-	-	15,381.99	-	-
Borrowings in India	11,327.28	-	-	15,381.99	-	-
Borrowings outside India	-	-	-	-	-	-

^{*}net of unexpired discount





for the year ended March 31, 2020

Terms of repayment of long term borrowings outstanding as at 31 March 2020

		Due within 1 year		Due 1 to 2 years	2 years	Due 2 to 3 years		Due 3 to		Due 4 to 5	years	Due 5 to 10) years	Total	a	D	Total
Original maturity of loan	Interest rate	Interest No of Amount No of Amount rate Instalments	Amount	No of stalments	Amount	No of Instalments	Amount	No of Amount Instalments		No of Amount Instalments Ir	Amount	No of Amoun Instalments	Amount	No of Instalments	Amount	Ind AS Adjustments	Amount
Monthly repayment schedule	8%-10% 12	12	86.40 4	4	26.80				1		1		ı	16	113.20		
Quarterly repayment schedule	8%-10%	52	1,089.03	45	1,066.15	28	592.29	24	476.67	17	342.50	∞	156.26	174	3,722.90		
Half yearly repayment schedule 8%-10%	8%-10%	26	895.73	27	1,030.70	26	999.80	26	1,000.20	17	734.07	∞	583.34	130	5,243.83		
Yearly repayment schedule	8%-10%	m	300.00	4	383.33	4	383.33	4	383.33	4	383.33	2	250.00	21	2,083.32		
		93	2,371.16	80	2,506.98	28	1,975.42	54	1,860.20	38	1,459.90	18	09.686	341	11,163.25	20.00	11,143.25

Terms of repayment of long term borrowings outstanding as at March 31, 2019

		Due with	Due within 1 year	Due 1 to 2 years	o 2 years	Due 2 to	Due 2 to 3 years	Due 3 to 4 years	4 years	Due 4 to 5 years	years	Due 5 to 10 years	0 years	Total	le.	To	Total
Original maturity of loan	Interest rate	Interest No of Amount No of Amount rate Instalments	Amount	No of Instalments	_	No of Instalments	Amount	No of Amount Instalments	Amount	No of Instalments	No of Amount No of Amount Instalments Instalments	No of Instalments	Amount	No of Instalments	Amount	Ind AS Amount Adjustments	Amount
Monthly repayment schedule 8%-10% 12	8%-10%	12	86.40	86.40 12	86.40	4	26.80							28	199.60		
Quarterly repayment schedule 8%-10%	8%-10%	54	883.04	09	1,097.62	45	874.74	28	400.88	24	285.26	10	118.28	221	3,659.82		
Half yearly repayment schedule 8%-10%	8%-10%	19	545.63	26	895.63	25	864.38	24	833.13	24	833.53	19	817.44	137	4,789.74		
Yearly repayment schedule	10%-12% 2	2	133.33	4	383.33	4	383.33	4	383.33	4	383.33	5	583.33	23	2,249.98		
At the end of tenure						2	2,890.00							2	2,890.00		
		87	1,648.40	102	2,462.98	80	5,039.25	26	1,617.34	52	1,502.12	34	1,519.05	411	13,789.14	25.08	13,764.06



for the year ended March 31, 2020

Note 15: Other Financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	192.27	14.91
Due to assignees towards collections in derecognised assets	49.96	-
Salary Payable	1.74	31.45
Others	32.13	74.89
Total	276.10	121.25

Corporate Overview

Note 16: Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
- Gratuity	4.66	3.07
Total	4.66	3.07

Note 17: Other Non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	6.49	8.20
Total	6.49	8.20

Note 18: Equity share capital

The reconciliation of equity shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised:		
150,000,000 Equity Shares of Rs. 10/- each (March 31, 2019:		
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, 2019 :	1,191.56	1,191.56
119,155,843 Equity Shares of Rs. 10/- each)		
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
As at April 1, 2018	9,77,27,272	977.27
Issued during the year	2,14,28,571	214.29
As at March 31, 2019	11,91,55,843	1,191.56
Issued during the year	-	-
As at March 31, 2020	11,91,55,843	1,191.56

Terms/rights attached to equity shares

- The Company has only one class of equity shares having par value of Rs. 10 per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting.
- b) In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.







for the year ended March 31, 2020

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

Particulars	As at Ma	rch 31, 2020	As at Ma	rch 31, 2019
	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%

Note 19: Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory reserve (Pursuant to section 29 C of		
National Housing Bank Act, 1987)*		
Opening balance	230.04	107.17
Add: Transfer from surplus balance in the Statement of Profit and Loss	63.55	122.87
Closing balance	293.59	230.04
Security Premium		
Opening balance	2,146.81	861,10
Add: Securities premium received during the year	-	1,285.71
Closing balance	2,146.81	2,146.81
Retained Earnings		
Opening balance	373.28	133.50
Add: Profit for the period	317.77	362.65
Less: Appropriation:-		
Transfer to Statutory Reserve	(63.55)	(122.87)
Closing balance	627.50	373.28
Other Comprehensive Income		
Opening balance	0.09	(0.03)
$\label{lem:Add:OtherComprehensiveIncome} Add: Other Comprehensive Income for the period before income tax$	0.67	0.17
Less: Income Tax on OCI	(0.17)	(0.05)
Closing balance	0.59	0.09
Total	3,068.49	2,750.22

Note 20: 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. 63.55 million to special reserve in terms of Section 29C (i) of NHB Act 1987.

for the year ended March 31, 2020

Note 21: Interest income

	For th	For the year ended March 31, 2020	rch 31, 2020		For the	For the year ended March 31, 2019	ch 31, 2019	
Particulars	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 loan	ı	2,259.75	1	2,259.75	1	2,121.85	ı	2,121.85
Interest on deposits with Banks	I	3.30	1	3.30	1	1	I	ı
Other interest income	ı	1.27	ı	1,27	1	0.81	ı	0.81
Total	ı	2,264.32	ı	2,264.32	ı	2,122.66	ı	2,122.66

Note 22: Net gain on fair value changes

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
On investment portfolio		
- Investments in Mutual Funds	12,14	2,46
Total Net gain/(loss) on fair value changes (A)	12,14	2,46
Fair Value changes:		
- Realised	12,14	2,46
- Unrealised	1	ı
Total Net gain/(loss) on fair value changes	12.14	2.46



for the year ended March 31, 2020

Note 23: Finance Cost

	For the year	For the year ended March 31, 2020		For the year	For the year ended March 31, 2019	19
Particulars	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 Expense on Borrowings:						
Interest on borrowing	1	1,400.79	1,400.79	1	1,151.05	1,151.05
Other borrowing costs	ı	13.67	13.67	ı	2.66	2,66
Total	1	1,414.46	1,414.46	ı	1,156.71	1,156.71

Note 24: Impairment of financial instruments and Write OffThe below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument.

	For the year	For the year ended March 31, 2020		For the year	For the year ended March 31, 2019	
Particulars	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total
Loans	1	355.62	355.62	1	63'93	63.93
Total	1	355.62	355.62	1	63.93	63.93



for the year ended March 31, 2020

Note 25: Employee Benefit Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and Wages	410.02	301.73
Contributions to Provident and Other Funds	14.63	9.34
Staff Welfare Expenses	8.03	5.88
Total	432.68	316.95

Corporate Overview

Note 26: Depreciation, amortization and impairment

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of Tangible Assets	33.49	25.57
Amortization of Intangible Assets	2.91	3.04
Total	36.40	28.61

Note 27: Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31,2019
Rent	58.48	38.77
Electricity Charges	8.58	5.92
Business Promotion Expenses	1,40	7.57
Advertisement	0.05	3.03
Repairs & Maintenance	15.56	12.90
Credit Rating Fees	2.82	5.20
Credit Verification Charges	12.35	9.69
Postage, Telegram and Telephone	12.29	12.97
Printing and Stationery	10.77	11.25
Rates & Taxes	2.73	6.00
Legal & Professional Charges	41.25	28.43
Travelling and Conveyance	18.89	18.13
Bank Charges	2.00	2.05
Franking & Stamp Paper Charges	0.58	0.62
General Office Expenses	10.16	6.86
House Keeping Charges	4.13	2.20
Vehicle Hire & Maintenance	0.17	0.12
Payments to Auditor (Refer note 27.1)	0.54	0.55
Directors' Sitting Fee	0.83	0.84
Commission	0.07	0.25
Insurance	0.46	0.14
Network Maintenance Charges	0.17	2.08
Technical Verification charges	2.11	0.55
Loss on sale of asset	0.08	0.32
CSR Expense (Refer note 27.2)	6.00	3.20
Total	212.47	179.64





for the year ended March 31, 2020

27.1 Auditor fees

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditor:		
Statutory audit (including Limited Review)	0.42	0.33
Tax audit	-	-
Other Services	0.12	0.22
Total	0.54	0.55

27.2 Details of CSR expenditure:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Gross amount required to be spent by the Company	6.55	3.15
during the year		
b) Amount spent during the period	-	-
i) Construction/acquisition of any asset - In cash		
Yet to be paid in cash	-	-
Total	-	-
ii) On purpose other than (i) above - In cash	6.00	3.20
Yet to be paid in cash	-	-
Total	6.00	3.20

Note 28: Income Tax

The components of income tax expense for the year ended March 31, 2020 and year ended March 31, 2019 are:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	-	142.65
Adjustment in respect of current income tax of prior years	-	-
Deferred tax relating to origination and reversal of temporary differences	106.60	6.15
Income tax expense reported in statement of profit and loss	106.60	148.80
OCI Section		
Deferred tax related to items recognised in OCI during the period:		
Net loss/(gain) on remeasurements of defined benefit plans	(0.17)	(0.05)
Income tax charged to OCI	(0.17)	(0.05)



Notes to Financial Statements

for the year ended March 31, 2020

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, 2020 and year ended March 31, 2019 is, as follows:

Corporate Overview

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before tax	424.37	511.45
Statutory income tax rate of 25.168% (March 31, 2019: 29.120%)	106.81	148.93
Effect of unrecognised deferred tax assets	(2.06)	5.14
Non-deductible expenses	-	1.56
Additional deduction under Income tax act	(0.76)	-
Effect of change in tax rate	5.62	(6.77)
Others	(3.01)	(0.06)
Income tax expense reported in the statement of profit or loss	106.60	148.80

The effective income tax rate for March 31, 2020 is 25.12% (March 31, 2019: 29.09%).

Note 29: Deferred tax

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

Deferred tax relates to the following:

	Balan	ce Sheet	Statement of	f Profit/Loss
Particulars	As at March 31, 2020	As at March 31, 2019	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Fixed assets: Impact of difference between	7.49	5.34	(2.15)	(4.43)
tax depreciation and depreciation as per books of	account			
Statutory Reserve	(57.90)	(66.99)	(9.09)	30.48
Interest spread on assigned loans	(119.82)	-	119.82	-
Provision for NPA	27,81	16.15	(11.66)	(13.44)
Prepaid expense	(1.37)	(1.51)	(0.14)	0.56
Security Deposit	1.47	1.59	0.12	(0.60)
Bank Borrowings	(5.03)	(7.30)	(2.27)	4.31
Housing Loans processing fees	29.83	47.57	17.74	(9.90)
Investments	-	-	-	(0.30)
Provision for Gratuity	1.17	0.89	(0.28)	(0.48)
Tax on carry forward loss	5.32	-	(5.32)	-
Net deferred tax asset / (liabilities)	(111.03)	(4.26)		
Deferred tax charge/(credit)			106.77	6.20





for the year ended March 31, 2020

Reconciliation of deferred tax assets/(liabilities)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance as of 1 April	(4.26)	1.94
Tax income/(expense) during the period recognised in profit or loss	(106.60)	(6.15)
Tax income/(expense) during the period recognised in OCI	(0.17)	(0.05)
Closing balance	(111.03)	(4.26)

Note 30: 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, 2020	For the year ended March 31, 2019
Net profit attributable to ordinary equity shareholders	317.77	362.65
Weighted average number of ordinary shares for basic earnings per share	11,91,55,843	10,86,47,037
Effect of dilution:		
Weighted average number of ordinary shares adjusted for effect of dilution	11,91,55,843	10,86,47,037
Earnings per share		
Basic earnings per share (Rs.)	2.67	3.34
Diluted earnings per share (Rs.)	2.67	3.34

Note 31: 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, 2020	For the year ended March 31, 2019
Current service cost	2.04	1.81
Interest cost on benefit obligation	0.22	0.10
Expected return on plan assets	-	-
Past Service Cost	-	-
Net actuarial (gain)/loss recognized in the year	(0.67)	(0.17)
Net (benefit) / expense	1.59	1.74
Actual return on plan assets	-	-



for the year ended March 31, 2020

Balance Sheet

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

Particulars	As at March 31, 2020	As at March 31, 2019
Defined benefit obligation	4.66	3.07
Fair value of plan assets	-	-
Asset/ (liability) recognized in the balance sheet	(4.66)	(3.07)
Experience adjustments on plan liabilities (gain)/ loss	0.50	(0.23)
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, 2020	As at March 31, 2019
Opening defined benefit obligation	3.07	1.33
Transfer in/ (out)	-	-
Current service cost	2.04	1.81
Interest Cost	0.22	0.10
Benefits paid	-	-
Past Service Cost	-	-
Actuarial loss / (gain) on obligation	(0.67)	(0.17)
Closing defined benefit obligation	4.66	3.07

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

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	5.3% p.a	7.0% p.a
Attrition rate	27% p.a.	15% p.a.
Expected rate of return on assets	NA	NA

Assumptions	Discour	Discount rate		ary increases
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	DBO decreases	DBO increases	DBO increases	DBO decreases
(March 31, 2020)	by Rs. 0.25	by Rs 0.28	by Rs 0.27	by Rs 0.25
Impact on defined benefit obligation	DBO decreases	DBO increases	DBO increases	DBO decreases
(March 31, 2019)	by Rs. 0.24	by Rs 0.27	by Rs 0.27	by Rs 0.24

The weighted average duration of the defined benefit obligation as at March 31, 2020 is 3 years (March 31, 2019: 5 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.







for the year ended March 31, 2020

Note 32: Maturity analysis of assets and liabilities

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

	A	s at March 31	2020	As a	t March 31, 20)19
Particulars	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	661,86	-	661,86	403.85	-	403.85
Loans	946.89	16,310.82	17,257.71	1,303.72	17,570.82	18,874.54
Investments	110.00	112.02	222.02	-	-	
Trade receivables	-	-	-	-	-	
Other financial assets	74.00	421.99	495.99	70.39	10.48	80,8
Non-financial Assets						
Current tax assets (Net)	77.55	-	77.55	4.84	-	4.8
Property, plant and equipment	-	77,96	77.96	_	76,16	76.1
Other intangible assets	-	5.72	5.72	-	4.49	4.4
Other non-financial assets	28,84	21,88	50.72	25,48	2.22	27.7
Total assets	1,899.15	16,950.38	18,849.53	1,808.28	17,664.17	19,472.4
Liabilities						
Financial Liabilities						
Trade Payable	26,08	-	26.08	11.90	-	11.9
Borrowings (other than debt securities)	2,547.09	8,780.19	11,327.28	3,266.44	12,115.55	15,381.9
Debt securities	-	2,837.84	2,837.84	-	-	
Other Financial liabilities	196.84	79.26	276.10	102.18	19.07	121.2
Non-financial Liabilities						
Provisions	-	4.66	4.66	-	3.07	3.0
Deferred tax liabilities (net)	-	111.03	111.03	4.26	-	4.2
Other non-financial liabilities	6.49	-	6.49	8.20	-	8.2
Total Liabilities	2,776.50	11,812.98	14,589.48	3,392.98	12,137.69	15,530.6
Net worth			4,260.05			3,941.7



Notes to Financial Statements

for the year ended March 31, 2020

Note 33: Change in liabilities arising from financing activities

Particulars	As at March 31, 2019	Cash Flows	Others	As at March 31, 2020
Borrowings other than debt securities	15,381.99	(4,059.79)	5.08	11,327.28
Debt securities	-	2,837.84	-	2,837.84
Other Financial liabilities	121.25	154.85	-	276.10
Total liabilities from financing activities	15,503.24	(1,067.10)	5.08	14,441.22

Note 34: Contingent liabilities and commitments

Contingent Liabilities (A)

Income Tax Payable of Rs. 1.06 million as assessed in AY 16-17 which have been appealed against CIT (A) (March 31, 2019 :Rs. 1.06 million).

(B) Commitments

- Capital commitments :- Nil (March 31, 2019 :Nil)
- Loan commitments on account of undisbursed loans: Rs. 708.46 million (March 31, 2019: Rs. 1230.13 million)

Note 35: Related Party Disclosures

Name of the entity	Name of relationship
Muthoot Finance Limited	Holding Company
Muthoot Insurance Broker Private Limited	Fellow Subsidiary
Belstar Investment and Finance Private Limited	Fellow Subsidiary
Asia Asset PLC	Fellow Subsidiary
Muthoot Money Private Limited	Fellow Subsidiary
Muthoot Trustee Private Limited	Fellow Subsidiary
Muthoot Asset Management Private Limited	Fellow Subsidiary
b) Name of the Key management personnel (KMP)	
Mr. George Alexander Muthoot	Non-executive Director
Mr. George Thomas Muthoot	Non-executive Director
Mr. M G George Muthoot (Resigned on August 30, 2019)	Non-executive Director
Mrs. Anna Alexander	Non-executive Director
Mr. Alexander George	Non-executive Director
Mr. K.R Bijimon	Non-executive Director
Mr. Eapen Alexander	Whole Time Director
Mr. Jose Kurian	Independent Director
Mr. K George John (Expired on June 30, 2019)	Independent Director
Mr. Jacob K Varghese (Appointed on May 3, 2019)	Independent Director
Mr. V C James	Independent Director
Mr. Ramratthinam S	Chief Executive Officer
Mr. Pandurang A Kadam	Chief Financial Officer
Mrs Jinu Mathen	Company Secretary





for the year ended March 31, 2020

Related Party transactions during the year:

	Holdin	g Company	Key Manag	ement Personnel
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Loan availed	_	-	-	200.00
Loan repaid	_	-	-	200.00
Interest paid to KMP on account of loan	-	-	-	1.05
Remuneration paid to Whole Time Director	-	-	8.40	6.90
Sitting fees paid to Director's	-	-	0.77	0.77
ICD taken	4,890.00	8,550.00	-	-
ICD repaid	5,280.00	10,410.00	-	-
Interest on ICD	34.48	107.05	-	-
Rent on account of infrastructure sharing	3.11	2.59	-	-
Term loan availed	_	2,500.00	-	-
Term loan repaid	2,500.00	-	-	-
Interest on account of term loan availed	22.51	117.74	-	-
Balance outstanding as at the year end:				
Term Loan Outstanding	-	2,500.00	-	-
ICD Payable	-	390.00	-	_
Sitting Fees Payable	-	-	0.14	-
Rent payable	0.80	-	-	-

Note:

- Related parties have been identified on the basis of the declaration received by the management and other records available.
- The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are b) determined on an actuarial basis for the company as a whole.

Compensation of key management personnel of the Company:

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

Particulars	As at March 31, 2020	As at March 31, 2019
Contribution to PF (defined contribution)	0.27	0.20
Short term benefits	29.06	21.99
Termination benefits	0.27	0.14
Total	29.60	22.33



for the year ended March 31, 2020

Note 36: Capital Risk Management

Capital Management

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

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

Regulatory capital	As at 31 March 2020	As at 31 March 2019
Common Equity Tier1 capital	4,212.45	3,937.29
Tier 2 capital	68.87	75.96
Total capital	4,281.32	4,013.25
Risk weighted assets	8,352.56	8,693.25
Tier1 capital ratio	50.43%	45.29%
Tier2 capital ratio	0.83%	0.87%

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

Note 37: 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, 2020 is as follows:

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

^{*} There is no investment as on March 31, 2019





for the year ended March 31, 2020

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.

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.

		Carryin	g Value	Fair \	Value
Particulars	Level	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial assets					
Cash and cash equivalents	2	661.86	403.85	661.86	403.85
Bank Balance other than above	2	-	-	-	-
Loans	3	17,257.71	18,874.54	17,257.71	18,874.54
Other Financial assets	2	495.99	80.87	495.99	80.87
Total Financial Assets		18,415.56	19,359.26	18,415.56	19,359.26
Financial Liabilities					
Trade Payable	3	26.08	11.90	26.08	11.90
Debt securities	2	2,837.84	-	2,837.84	-
Borrowings (other than debt security)	2	11,327.28	15,381.99	11,327.28	15,381.99
Other Financial liabilities	2	276.10	121.25	276.10	121.25
Total Financial Liabilities		14,467.30	15,515.14	14,467.30	15,515.14

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

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

Investments

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

Loans

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



for the year ended March 31, 2020

Note 38: 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.

Corporate Overview

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

A) Credit Risk

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

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

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

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

Risk assessment and measurement

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

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

Risk Mitigation

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

- Loan Origination site screening, independent vist 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
- 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.





for the year ended March 31, 2020

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

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

Exposure at Default (EAD)

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

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

Probability of default (PD)

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

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

B) Liquidity Risk

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

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

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

Notes to Financial Statements

for the year ended March 31, 2020

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

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

Maturity pattern of assets and liabilities as on March 31, 2019:

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	423.01	797.51	701.72	350.16	994.04	7,502.00	3,119.47	1,519.16	1,519.16 15,407.07	25.08	15,381.99
(other than debt securities)		-			1			1	1	1	ı
Other financial liabilities	14.96	1	87.22	1	1	1	1	19.07	121.25	1	121.25
Loans	114.33	95.28	95.28	342.88	666.93	3,811.03	3,797.22	10,114.97	19,037.92	163.38	18,874.54
Other financial assets	ı	İ	•	1.62	68.76	ı	15.95	1	86.33	5.46	80.87



for the year ended March 31, 2020

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

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31-Mar-20						
Other undrawn commitments to lend	-	531.34	177.12	-	-	708.46
Total commitments	-	531.34	177.12	-	-	708.46
31-Mar-19						
Other undrawn commitments to lend	147.62	492.05	590.46	-	-	1,230.13
Total commitments	147.62	492.05	590.46	-	=	1,230.13

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.



for the year ended March 31, 2020

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:

Corporate Overview

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Loans and Advances		
1% increase	189.45	171.07
1% decrease	(189.45)	(171.07)
On Borrowings		
1% increase	149.23	132.48
1% decrease	(149.23)	(132.48)

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.

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 39: Micro Enterprises and Small Enterprises

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

Note 40: Impact of COVID-19

On March 11, 2020 the COVID-19 outbreak was declared as a global pandemic by the World Health Organisation. On March 24 2020, the Government of India declared a lockdown for 21 days which has been subsequently extended. The extent to which COVID-19 pandemic will impact company's operation and financial metrics will depend on future developments which are highly uncertain as on date.

In accordance with the RBI guidelines relating to COVID regulatory package dated March 27 2020 and April 17 2020 the company has granted a moratorium on payment of instalments and /or interest as applicable for eligible borrowers. For all such accounts where moratorium is granted, the asset classification shall remain stand still during the moratorium period. The Company will comply with the RBI guidelines for these accounts.

Note 41: Segment Information

The Company is primarily engaged in the business of Housing Finance. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographical segments other than India. As such there are no separate reportable segments as per Ind AS -108 "Operating Segments".





for the year ended March 31, 2020

Disclosure of details as required under the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 issued and updated by the National Housing Bank vide Circular No: NHB(ND)/DRS/REG/MC-07/2019 dated July

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,

Capital

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR (%)	51.26%	46.17%
CRAR – Tier I Capital (%)	50.43%	45.29%
CRAR – Tier II Capital (%)	0.83%	0.87%
Amount of subordinated debt raised as Tier - II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

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

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	201.72	95.33
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act,	28.32	11.84
1961 taken into account for the purpose of Statutory Reserve		
under Section 29C of the NHB Act, 1987		
c) Total	230.04	107.17
Addition/ Appropriation/ Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	63.55	106.39
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961	-	16.48
taken into account for the purpose of Statutory Reserve under		
Section 29C of the NHB Act, 1987 in addition to (a) above		
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	265.27	201.72
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961	28.32	28.32
taken into account for the purpose of Statutory Reserve under		
Section 29C of the NHB Act, 1987		
c) Total	293.59	230.04



🥋 Notes to Financial Statements

for the year ended March 31, 2020

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

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

Rating	Туре	As at March 31, 2020	As at March 31, 2019
CARE	Commercial Paper	CARE A1+	CARE A1+
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
CRISIL	Term Loan Borrowings	CRISIL AA(Positive)	CRISIL AA(Stable)
CRISIL	Non-Convertible Debentures	CRISIL AA(Positive)	CRISIL AA(Stable)

5. Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in Security Receipts	222.02	-
Total	222.02	-

5.1 MOVEMENT IN INVESTMENTS AND OF PROVISIONS HELD TOWARDS DEPRECIATION ON INVESTMENTS

Particulars	As at March 31, 2020	As at March 31, 2019
Value of Investments		
(i) Gross Value of Investments		
(a) In India	222.02	-
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	222,02	-
(b) Outside India	-	-
Movement of provisions held towards depreciation on investme	nts	
Opening Balance	-	-
Add: Provisions made during the year	-	-
Less: Write-off/Written-back of excess provisions during the year	-	-
Closing Balance	-	-

6. Securitisation

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

Particulars	As at March 31, 2020	As at March 31, 2019
Number of accounts sold	694	-
Aggregate value (net of provisions) of accounts sold to SC/RC	805.95	-
Aggregate consideration	571.20	-
Additional consideration realized in respect of accounts transferred	-	-
in earlier years		
Aggregate gain/loss over net book value	234.75	-







for the year ended March 31, 2020

6.2 Details of Assignment transactions undertaken by company

Particulars	As at March 31, 2020	As at March 31, 2019
No of accounts	2,469	-
Aggregate value (net of provisions) of accounts assigned	2,500.00	-
Aggregate consideration	2,500.00	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

7. Asset liability management

Maturity pattern of certain items of assets and liabilities as at March 31, 2020

	Liabi	Liabilities		ssets
Particulars	Borrowings from banks	Market Borrowings	Advance	Investments
1 Day to 31 Days / One month	135.05	-	127.15	-
Over 1 month to 2 month	186.68	-	83.61	-
Over 2 month to 3 month	422.79	-	83.61	10.00
Over 3 month to 6 month	629.26	-	245.60	20.00
Over 6 month to 1 year	1,181.42	-	435.43	80.00
Over 1 year to 3 years	4,482.41	1,687.62	3,483.40	112.02
Over 3 year to 5 years	3,320.11	968.35	3,428.15	-
Over 5 year to 7 years	989.56	181.87	3,428.15	-
Over 7 year to 10 years	-	-	4,180.08	-
Over 10 years	-	-	1,881.05	-
Total	11,347.28	2,837.84	17,376.23	222.02
Ind AS Adjustment	20.00	-	118.52	-
Total	11,327.28	2,837.84	17,257.71	222.02

Maturity pattern of certain items of assets and liabilities as at March 31, 2019

	Liabilities		А	ssets
Particulars	Borrowings from banks	Market Borrowings	Advance	Investments
1 Day to 31 Days / One month	423.01	-	114.33	-
Over 1 month to 2 month	551.92	245.59	95.28	-
Over 2 month to 3 month	210.54	491.18	95.28	-
Over 3 month to 6 month	350.16	-	342.88	-
Over 6 month to 1 year	994.04	-	666.93	-
Over 1 year to 3 years	4,612.00	2,890.00	3,811.03	-
Over 3 year to 5 years	3,119.47	-	3,797.22	-
Over 5 year to 7 years	1,519.16	-	3,790.67	-
Over 7 year to 10 years	-	-	3,599.36	-
Over 10 years	-	-	2,724.94	-
Total	11,780.30	3,626.77	19,037.92	-
Ind AS Adjustment	25.08	-	163.38	-
Total	11,755.22	3,626.77	18,874.54	-

Corporate Overview

(₹ in millions)



Notes to Financial Statements

for the year ended March 31, 2020

8. **Exposure**

(i) **Exposure to Real Estate Sector**

	Category	As at March 31, 2020	As at March 31, 2019
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;		
	Individual housing loans upto 15 Lakhs	13,632.27	14,308.00
	Individual housing loans above 15 Lakhs	3,853.62	4,823.31
(ii)	Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates. Exposure would also	NIL	NIL
	include non-fund based (NFB) limits		
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized		
	exposures -		
	A Residential Exposure	NIL	NIL
	B Commercial Real Estate	NIL	NIL
b)	Indirect Exposure	NIL	NIL
	Fund based and non-fund based exposures on National Housing Bank (NHB)		
	and Housing Finance Companies (HFCs)	NIL	NIL

- The Company does not have any exposure to Capital Market during the financial year (PY Nil). Hence disclosure under Para. 3.7.2 to (ii) Annex- 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.
- The Company has not financed any parent company products during the financial year (PY Nil). Hence, disclosure under Para 3.7.3 to Annex-4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.
- 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). Hence, disclosure under Para 3.7.4 to Annex- 4 of the Housing Finance Companies -Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.
- The Company does not have any exposure to unsecured advances during the financial year (PY Nil). Hence, disclosure under Para 3.7.5 to Annex - 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.
- The Company has not entered into any derivative transactions during the financial year (PY Nil). Hence, disclosure under Para 3.4 to Annex-4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.
- Details of Remuneration of Directors are disclosed in Form No. MGT 9





for the year ended March 31, 2020

10. Breakup of Provisions and Contingencies shown under the head Expenditure in Profit & Loss Account

Particulars	As at March 31, 2020	As at March 31, 2019
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income Tax	-	-
3. Provision towards NPA	110.50	55.44
4. Provision for Standard Assets	68.87	75.96
5. Provision for Gratuity	4,66	3.07

11. Break up of Loans & Advances and Provisions thereon

	Housing		Non-H	ousing
Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Standard Assets				
a) Total Outstanding Amount	15,447.55	17,431.43	1,770.08	1,592.63
b) Provision Made	61.87	69.58	7.00	6.37
Sub-Standard Assets				
a) Total Outstanding Amount	278.38	47.22	7.40	4.01
b) Provision Made	90.41	6.99	2.40	0.60
Doubtful Assets - Category - I				
a) Total Outstanding Amount	41.65	91.75	0.65	2.27
b) Provision Made	13.53	47.31	0.21	0.55
Doubtful Assets - Category - II				
a) Total Outstanding Amount	9.13	-	0.76	-
b) Provision Made	3.65	-	0.30	-
TOTAL				
a) Total Outstanding Amount	15,776.71	17,570.40	1,778.89	1,598.91
b) Less: Ind AS Adjustments	118.52	163.37	-	-
Total Outstanding Amount (A-B)	15,658.19	17,407.03	1,778.89	1,598.91
C) Provision Made	169.46	123.88	9.91	7.52

The Company has not made any draw down from reserves during the financial year (PY - Nil). Hence, disclosure under Para 5.2 to Annex-12. 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.

Concentration of Loans and Advances

Particulars	As at March 31, 2020	As at March 31, 2019
Total Loans & Advances to twenty largest borrowers	101.42	122.93
% of Loans & Advances to twenty largest borrowers to	0.58%	0.64%
Total Advances of the company		

The Company being a non-deposit taking HFC, disclosure under Para 5.3.1 to Annex- 4 of the Housing Finance Companies - Corporate 13. Governance (National Housing Bank) Directions, 2016 is not applicable.



Notes to Financial Statements

for the year ended March 31, 2020

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

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers	118.04	122.93
% of Exposures to twenty largest borrowers to Total Advances	0.60%	0.60%
of the company		

Concentration of NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top ten NPA Accounts	32.37	30.73

17. Sector-wise NPAs

	% of NPAs to Total	Advances in that sector
Sectors	As at March 31, 2020	As at March 31, 2019
A. Housing Loans:		
1. Individuals	1.88%	0.71%
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	0.05%	0.03%
2. Builders/Project Loans	0.00%	0.00%
3. Corporates	0.00%	0.00%
4. Others	0.00%	0.00%

Movement of NPAs

18. Movement of NPAs		
Particulars	As at March 31, 2020	As at March 31, 2019
(i) Net NPAs to Net Advances (%)	1.33%	0.46%
(ii) Movement of NPAs (Gross)		
a) Opening Balance	145.25	62.12
b) Additions during the year	1,132.63	118.62
c) Reductions during the year	939.91	35.49
d) Closing Balance	337.97	145.25
(iii) Movement of Net NPAs		
a) Opening Balance	89.81	52.80
b) Additions during the year	218.80	69.73
c) Reductions during the year	81.14	32.72
d) Closing Balance	227.47	89.81
(iv) Movement of provisions for NPAs (excluding provisions on standard	assets)	
a) Opening Balance	55.44	9.32
b) Provisions made during the year	107.72	51.23
c) Write-off/write-back of excess provisions	52.66	5.11
d) Closing Balance	110.50	55.44



for the year ended March 31, 2020

- 19. The Company does not have any overseas assets as on March 31, 2020.
- 20. The company does not have any off-balance sheet sponsored SPVs which needs to be consolidated as per accounting norms.

21. Registration obtained from other financial sector regulators

There are no registration obtained from other financial sector regulators.

22. Disclosure of Penalties imposed by NHB

Penalty of Rs. 0.07 millions has been levied on the company by NHB.

23. Related Party Transactions

Details of all material transactions with related parties are disclosed in note 35.

24. Management

Refer to the Management Discussion and Analysis report for the relevant disclosures.

25. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

26. Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

27. Details of Customers Complaints

Particulars	As at March 31, 2020	As at March 31, 2019
a) No. of complaints pending at the beginning of the year	26	Nil
b) No. of complaints received during the year	438	248
c) No. of complaints redressed during the year	462	222
d) No. of complaints pending at the end of year	2	26

28. Subsequent events

Since substantial parts of EMI's for the month of March 2020 were collected in the Month of March 2020 itself and in the absence of Moratorium application from the customers for the month of March 2020, there is no moratorium granted for the month of March 2020. In the opinion of Management there is no need for additional provisions on account of Moratorium as at March 31, 2020 and the company will be making appropriate provisions for the financial year 20-21 on the loans under moratorium as per existing RBI guidelines.

29. Utilisation of proceeds of Public Issue of Non - Convertible Debentures

The company has during the year raised through public issue Rs 2,837.84 million of Secured Redeemable Non-Convertible Debentures. As at March 31, 2020, the company has utilised the entire proceeds of the public issue, net of issue expenses in accordance with the objects stated in the offer documents.

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

Corporate Information

Board of Directors

Mr. George Alexander Muthoot Director Mr. George Thomas Muthoot Director

Mr. Eapen Alexander Whole Time Director

Mr. K.R. Bijomon Director Mr. Alexander George 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. Ramratthinam S Chief Executive Officer Chief Financial Officer Mr. Pandurang Kadam Mrs. Jinu Mathen Company Secretary

Bankers Federal Bank HDFC Bank IDBI Bank Syndicate Bank Canara Bank Yes Bank Karnataka Bank United Bank of India Oriental Bank of Commerce Kotak Mahindra Bank Indian Bank Axis Bank Bajaj Finance Limited Punjab and Sindh Bank Development Credit Bank Shinhan Bank Andhra Bank

Dena Bank UCO Bank Union Bank of India Indusind Bank Catholic Syrian Bank Corporation Bank South Indian Bank

Standard Chartered Bank

Statutory Auditors

Rangamani & Co.,

Chartered Accountants 1st Floor, 32/56 Pentecost Mission Lane, Ambelipadam Road, Janatha Junction, Vyttila, Kochi - 682 019 Kerala, India

Registered Office

Muthoot Chambers, Kurian Towers. Banerji Road, Ernakulam North, Kochi 682018, Ernakulam

Corporate Office

1201 & 1202, A Wing Lotus Corporate Park Off. Western Express Highway Goregaon East Mumbai 400063

CIN: U65922KL2011PLC029231

