



ANNUAL REPORT 2018–19 MUTHOOT HOMEFIN (INDIA) LIMITED

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 18 diversified divisions and over 4500 branches with a global presence. Over 2,53,000 customers visit The Muthoot Group branches every day.

The Group recently celebrated 130 years of unblemished business excellence lending services 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").



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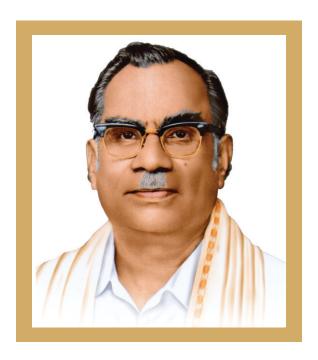
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Tribute to the Visionary

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







Aspirations of our customers drive us......



Mr. Anant Kadam working with M/s. Magnet Wires& Insulations as Office Assistant from last 20 years

"I was referred by a Builder to Muthoot Homefin. The executive of Muthoot Homefin has explained the process to me and my wife with the up most and honest professionalism. The documentation process was done without any issues and I got My Sanction within 7 Days."



Mr. Bharat Gori is running a Business of M/s Pooja Grains Store from last 15 years.

"I was reffered to Muthoot Homefin by my relative who had taken a loan from them. Thank you so very much for all of help From Muthoot Homefin in securing our loan for our new home. We put our trust in Muthoot Homefin and you most definitely came through for us. Thank you for your patience as well as treating us as people rather than just home loan customers. I get Good service, good follow-up and good coordination from bank representative."



Mr. Sachin Mirke working as Personal Driver.

"I got Reference of Muthoot Homefin from one of my friend who was existing Customer of Muthoot Homefin. I am happy with their services considering the loan experience. The tenure period is fair enough. The Application process was smooth. Our phone calls were handled in a professional and timely manner. Even now that the Loan Process is done we would still feel 100% comfortable calling in Muthoot Homefin with any Queries."



Mrs. Chandirka N.S., working at Pampa Trade And Commerce Pvt Ltd, Cochin, Kerala

"This is my first experience of availing a loan. When I approached Muthoot for a Home Loan, I rec'd a very warm welcome and the staffs were very friendly and they gave me enough awareness and educated me about my eligibility and the various options I can exercise while availing a loan. Also, after disbursing the loan, for any queries, I get up-to-date information promptly. Your customer servicing is excellent. Most importantly, I would like to thank your branch for the initiatives taken by them in processing the insurance claim when my house was affected during the Kerala floods – 2018. I am very thankful to Muthoot Homefin for the role played by them, they were with me for each and every step taken during the claim process. It was totally hassle free and a wonderful experience for a normal customer like me."



Aspirations of our customers drive us.....



Biju V.K., Proprietor, Valladiyil Stores, Rajakkad, Idukki, Kerala. (Provision store)

"For constructing my dream home, it is the Kochi Muthoot Homefin branch who granted a home loan to me and helped me fulfil my dream. When I approached them, immediately they came down to my place, completed the verification and within 7 days the loan was disbursed and I could start my construction. Also, all the staffs are very helpful. I got all the necessary help on time, I never faced any difficulty at any point of time during my construction and I could smoothly complete my house construction on time. Such customer friendly approach from the staff will definitely help the Organization grow to greater heights."



Mr.Gopal Barot, Music Teacher in Pioneer Public School, Devas, Madhya Pradesh

"I approached Muthoot Homefin in the month of February for availing a Loan. Company staffs explained me the procedures very well and they completed all the procedures and gave me the sanction in short time span. Thanks a lot to Muthoot Homefin for fulfilling my dream"



Mr. Priyank Jain, Working as Assistant Manager in Developmental Credit Bank, Guru Pipariya Branch Jabalpur

"I took a home loan from Muthoot Homefin for purchasing a house. I am very much satisfied by the services provided by the Company and employees. I got the sanction earlier than I expected and no extra amount was taken by anyone for processing this loan"



... 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.





Nelivering 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 130 years. Over 7 million people have turned to us for help in their hour of need just because of this guiding principal of ours.

Trustworthiness

We pledge loyalty in our operations, fairness in our dealings and openness in our practices. At 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 Finance serves more than 7 million customers across the country. We serve over 1,30,000 customers each day to our customer base. With an unmatched goodwill, the Company shoulders the responsibility of providing its customers services of the highest quality.





Key Highlights

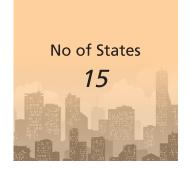


















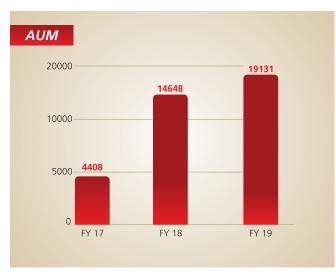


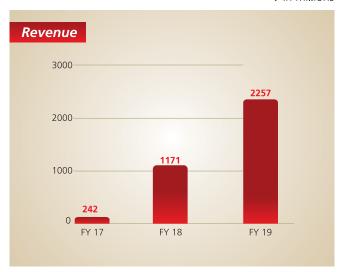


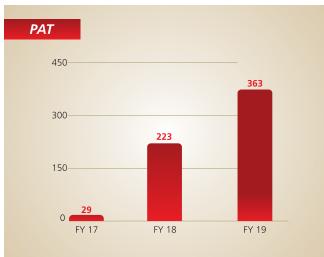


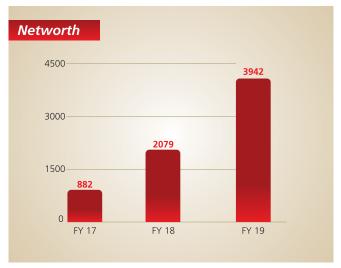
Key Performance Indicators

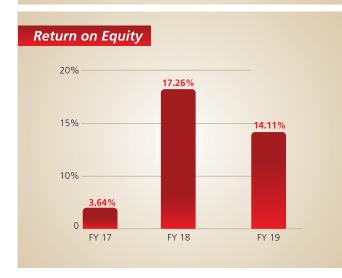
₹ in millions

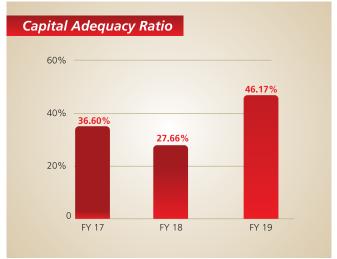


















Total
Outstanding
₹ 1913.13
crs

Total % Share 100% No. of Customers 23466 Nos





Outstanding - ₹830.12 crs. No. of Customers - 8995 %Share - 43.39%

Gujarat



Outstanding - ₹ 561.44 crs. No. of Customers - 7304 %Share - 29.35%

Rajasthan



Outstanding - ₹ 260.43 crs. No. of Customers - 3868 %Share - 13.61%

Madhya Pradesh



Outstanding - ₹ 115.29 crs. No. of Customers - 1761 %Share - 6.03%

Kerala



Outstanding - ₹30.05 crs. No. of Customers - 238 %Share - 1.57%

Karnataka



Outstanding - ₹23.90 crs. No. of Customers - 229 %Share - 1.25%

Uttar Pradesh



Outstanding - ₹ 22.28 crs. No. of Customers - 296 %Share - 1.16%

Andhra Pradesh



Outstanding - ₹ 21.99 crs. No. of Customers - 206 %Share - 1.15%

Haryana



Outstanding - ₹ 18.23 crs. No. of Customers - 266 %Share - 0.95%

Telangana



Outstanding - ₹ 16.70 crs. No. of Customers - 124 %Share - 0.87%

Chandigarh



Outstanding - ₹ 7.13 crs. No. of Customers - 87 %Share - 0.37%

Punjab



Outstanding - ₹ 3.10 crs. No. of Customers - 55 %Share - 0.16%

Tamil Nadu



Outstanding - ₹ 1.47 crs. No. of Customers - 25 %Share - 0.08%

Delhi



Outstanding - ₹ 0.61 crs. No. of Customers - 5 %Share - 0.03%

Chattisgarh



Outstanding - ₹ 0.37 crs. No. of Customers - 7 %Share - 0.02%

Corporate Overview

Message from The Muthoot Group Chairman



Dear Members,

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.

We see immense market potential with rising penetration, increasing average loan size, existing low credit penetration and the opportunity for faster growth. While we look back with fulfilment over our rich legacy of Muthoot group, our focus remains on the exciting and challenging future lying ahead. Among the many, one of our strengths has been addressing the customer needs with transparency. Our business expertise, attention to detail, faster turnaround time and high governance standards has positioned us as a trusted and preferred housing finance company in the market. During the year, we continued to be guided by the group's core values – the foundation upon which the group has been built. We demonstrate these values in a variety of ways, including our commitment to transform lives, which is deeply embedded in our culture. Going by these values, we operate responsibly, execute with excellence and conduct business in a socially and environmentally responsible manner.

We are building an institution, with focus on financial inclusion and economic empowerment of the disadvantaged sections of society. Financial inclusion plays a significant role in energising the economy and broad-basing the Government of India's developmental agenda. The engine of financial empowerment is gathering momentum, driven by various policy measures taken by government. We primarily focus on micro lending for unbanked and underbanked sections of society. Although our core business remains gold loans, we have diversified our portfolio into, housing finance and Micro finance and asset finance. The trust reposed in us by our customers and stakeholders inspire us to continuously evolve and be an enthusiastic participant in the nation's journey towards progress.

The housing finance industry was at a crossroads during the year 2018-19. While it continued to support India's economic growth, it also grappled with challenges that tested its strength and resilience. The fag-end of the year witnessed some stability seeping into India's housing finance industry. The central bank's cutting of rates during its policy meetings also injected liquidity in the system. Even as the banking sector performed well, rural India has clearly been the "missing piece" in India's banking landscape. There is a definite need for banking services to be expanded in India's hinterlands to include those who are economically weaker and do not come under the purview of the formal financial marketplace. At Muthoot Homefin, we continue our commitment to develop and provide sustainable and scalable home loan products to millions of unbanked people. Our key mission is to touch the lives of our customers who belong to the underserved households by providing them the required access to the formal credit thus resulting in their inclusive growth.

In closing, I remain optimistic for India's economic growth in the ensuing years, backed by positive reforms and rising market demands in the real estate industry. We look forward to the times ahead with more enthusiasm than ever before. The encouraging reforms and incentives by the government will only boost the 'home ownership' aspirations among people. 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,

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

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. Our focus so far has mainly been on Housing Loans to individuals with ~100% of the loan book comprising of retail home loans and over 61% lending in salaried space. 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. While MHIL follows a cost conscious approach to borrowing, any increase in the cost of the funds, as dictated by market conditions, will have to be leveraged by passing on the same to customers.

In 2018-19, Muthoot Homefin has grown moderately and currently reaches out to close to 23,000 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 increased its presence from 66 to 97 locations and increased the Loan Portfolio from

INR 1465 crores to INR 1913 Crores. The year has been truly an exciting and challenging one. We are now present in 15 States across India.

Muthoot Homefin (India) Limited successfully migrated to Ind-AS and for FY19, it was the first audited full year accounts published under the new Accounting Standard. Accordingly, the financials for the previous year were also realigned / restated as per Ind-AS. Major impact on P&L was on account of amortization of entire Processing Fee over the average loan life.In Financial Year 2019, the Profit before tax has gone up 52% from INR 33.6 crores to 51.1 crores. The Earnings Per Share has increased by 33%. Muthoot Homefin has been able to grow its portfolio while keeping a check on its asset quality. The strong parentage and credit rating has helped our company keep the cost of funds lower and be competitive in the market. Net Interest Margin (NIM) is 5.36%, Return on Assets (ROA) is 2.22% and Return on Equity (ROE) is 14.11%. As at the end of March 2019, the GNPA and NNPA were at 0.74% and 0.46% respectively. With GST and RERA stabilizing and government's push for achieving Housing for all by 2022 will open immense opportunities in the housing finance space.

The current financial year FY 2020 shines no less for Muthoot Homefin. We are striving to further streamline policies and processes based on findings of the portfolio level risk analytics. The company will be focusing on further increasing its presence across the length and breadth of the nation by opening new branches, and also invest in technology 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. The Nation is on a mission mode to achieve Housing for All by 2022. Positive reflections of reforms like RERA and GST on the sector and the Pradhan Mantri Awas Yojna (PMAY) will be the key drivers of growth in affordable housing and as a key player in the segment, we have huge opportunities ahead of us. Finding the way forward is always challenging, but I am confident that, at MHIL, we have the vision, competency and financial strength to turn today's opportunities into tomorrow's success. We believe we are moving towards an era of better performance with more speed, efficiency and superior analytical insights. And these will enable better underwriting of loans ensure shorter turn-around times (TAT) along with enhanced customer satisfaction and more profitability.

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

Regards,

Shri Ramratthinam S Chief Executive Officer Muthoot Homefin (India) Limited



Board of Directors



Mr. M.G. George Muthoot (Director)

- Graduate in engineering from Manipal University and businessman by profession.
- National Executive Committee Member of FICCI and current chairman of FICCI-Kerala State Council.
- Conferred the Mahatma Gandhi National Award for social service for year 2001 by the Mahatma Gandhi National Foundation.
- Presently he is the lay trustee of the Malankara Orthodox Syrian Church and has been member of the Managing Committee of Malankara Orthodox Syrian Church for over 33 years which has more than 2.5 million members.
- He was conferred with 'Asian Business Man of the year 2011' from UK-Kerala Business Forum and also with Business Leadership Award for the year 2012 at Golden Peacock Awards, Bengaluru
- Active member of various social organizations including the Delhi Malayalee Association, Kerala Club, Rotary Club, National Sports Club and has been chosen for several awards by the Rotary International and the Y's Mens International for community development and social service.



Mr. George Thomas Muthoot (Director)

- Businessman by profession
- Over 33 years of experience in managing businesses operating in financial services.



Mr. George Alexander Muthoot (Director)

- 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 and is currently its Vice Chairman.
- Member Secretary of Finance Companies Association, Chennai.
- Founder member of the Indus Entrepreneurs International, Kochi Chapter and is now a member of the Core Committee of the Indus Entrepreneurs International, Kochi Chapter.
- He was conferred with the 'CA Business Leader Award 2013' under financial services sector from Institute of Chartered 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.
- 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









Board of Directors



Mr. Eapen Alexander (Whole-Time Director)

- Currently heading the Western India region of The Muthoot Group, Eapen Alexander Muthoot plans to expand and leverage the company's presence in the Western Regions of India through his strong acumen in the field of financial services.
- 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 College, Mumbai University.



Mr. K R Bijimon (Director)

- He has started his career as a Senior Manager (Finance) with Muthoot Bankers in the year 1996. During 19 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 (Additional Director)

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



Board of Directors



Mr. K. George John (Independent Director)

- Mr. K. George John is a post graduate in Mathematical Statistics.
- He joined Lintas India as a Media Planner in 1969. He handled some of Hindustan Lever's most important and successful brand launches including Liril, Close-Up and Fair & Lovely.
- After 10 years at Lintas, he took over the management of Ulka Advertising (now FCB-Ulka). He turned the company around in less than a year and Ulka went on to become the 4th Honda Motorcycles "FILL IT". SHUT IT", FORGET IT" made it is the world's largest selling motorcycle.
- In 1988, Mr George founded Anthem Communications Pvt Ltd in Delhi which was rated India's fastest growing agency thrice by A&M Magazine In 1997, Anthem became the youngest Agency among the top ten in India with 8 offices and 350 employees spread across the country.
- In 1998, Anthem was invited to join TBWA/WORLDWIDE, part of Omnicom Group, the world's No 1 Communication company as 50:50 JV partner. TBWA is a Global Agency with 228 offices in 98 countries. In an Imnicom Global communication in 2007, TBWA/Anthem was rated one of Omnicom's best partners worldwide, a unique distinction for an india- born agency. At TBWA, Mr George helped launch the entire range of Sony Products in India as well as key launches and Brand Campaigns for Yamaha Motorcycles., Adidas, Samsonite, Pedigree, Bajaj Allianz, Standard Chartered Bank, Geojit BP Paribas, MalayalaManorama, Michelin Tyres, Henkel, Nivea, Apple and Electrolux.
- In addition to the position of Chairman & Managing Director of TBWA India, Mr George also helped set up TBWA/offices in Sri Lanka and Bangladesh.
- After 40 years in Advertising, during which time he created two successful national advertising agencies and rebuilt Ulka, Mr George retired in September 2008 when he sold his entire stake in TBWA Anthem to the parent company, Omnicom.



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.



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.







🍑 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. Rahul Jagtap - Head - Legal

Rahul Jagtap is a Law Graduate and has completed his Law from Sir L A Shah Law College of Ahmedabad. He possesses a Bachelor's Degree in Commerce from Gujarat University and have also completed PGDM programme from The Indian Management Academy. He has 19 years of overall exposure into corporate as well as litigation legal field. He started his career with Tata Finance Ltd. Prior to joining Muthoot Homefin (India) Ltd., he was associated with HDFC Bank Ltd., for almost 10 years.



🏲 Senior Management Team



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.



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, the Company Secretary, was appointed pursuant to a resolution passed by the Board of Directors on December 17, 2014. She 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 six 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.







🍑 Senior Management Team



Ms. Mehjabeen Taj Aalam - Head- Information Technology

Mehjabeen Taj Aalam, a MBA in Systems from Narsee Monjee Institute of Management Studies, Mumbai and a Gold medalist and University topper in M.A. – Economics. She brings in over 11 years of valuable experience in managing Information Technology in complex IT landscapes. She has been involved in a wide variety of system implementations and large scale projects across verticals, scale and technology platforms, IT infrastructure development and digital initiatives in the financial services and manufacturing sector. Mehjabeen in her current role is responsible for the overall IT strategy of the company and its execution. Prior to joining Muthoot Homefin (India) Ltd., she worked with Fullerton India Credit Co. and Mahindra & Mahindra.



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 9 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 Eighth Annual Report and the Company's audited financial statement for the financial year ended 31st March 2019

Financial Summary

The financial results of your Company for the year ended 31st March, 2019 are summarized below:

(₹ in millions)

Particulars	Year Ended	Year Ended	
	31.03.2019	31.03.2018	
Revenue from Operations	2240.22	1163.85	
Other income	17.07	6.76	
Total Revenue	2257.29	1170,61	
Finance Cost	1156.71	504.02	
Impairment of financial instruments	63.93	50.23	
Employee benefits expense	316,95	126,38	
Depreciation, amortization and impairment	28.61	15.61	
Other expenses	179.64	138.47	
Total Expenses	1745.84	834.71	
Profit Before Tax	511.45	335.90	
Current tax	142.65	108,34	
Deferred tax	6.15	5,00	
Profit for the year	362.65	222,56	
Total Comprehensive Income for the period	362.77	222,53	
Basic earnings per share	3.34	2.52	
Diluted earnings per share	3.34	2.52	

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 2019-20, the Board of Directors do not recommend payment of dividend on Equity Shares for the year ended 31st March 2019.

Transfer to Reserves

An amount of INR 122.87 million is transferred to the Special Reserve Fund for FY 2018 - 19, pursuant to Section 29C of the National Housing Bank Act, 1987. The statutory reserve balance as at 31st March 2019 is INR 230.04 million

State of affairs of the Company

Your Company is a housing finance company registered with the National Housing Bank (NHB) with a registration number 05.0112.14 dated 19th May 2014. The Company commenced its operations during December 2014. As a step towards making a mark in the housing finance industry on a PAN India basis, the Company opened its Corporate Office in Mumbai during the year 2016 and commenced its operations in Mumbai during January 2016. Your company focuses on affordable housing segment, catering to the aspirations of the mid and low income Indian families who want to own a home. As on 31st March 2019, your Company had 97 branches in India.

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 quantum of loans disbursed was INR 654 Crore. The loan portfolio as at March 31, 2019 amounted to INR 1913 Crore as against INR 1465 Crore in the previous year, an increase of 31% Y-o-Y. The customer profile continues to be dominated by the salaried and professional category, accounting for 61% of the

total portfolio. The average ticket size loan is INR 9.6 Lakhs. Gross NPA as on March 31, 2019 stood at 0.74% as against 0.42% as on March 31, 2018 of loan outstanding during the previous year.

Your company earned revenue of INR 2240 million from its operations during the year. Total expenses increased from INR 835 million in FY 2018 to INR 1746 million in FY 2019. Your company earned a net profit of INR 363 million, an increase of 62%, which was a significant increase from the previous year's net profit of INR 223 million.

Primarily Term loans, credit lines from banks, money market instruments like Commercial Papers (CPs) are the sources through which your Company raises funds for its lending activities. Strong parentage is helping your company to raise funds at competitive rates.

Share Capital

During the year, your Company allotted 2,14,28,571 equity shares of face value of INR 10 each at a premium of Rs 60/- per share to Muthoot Finance Limited on rights basis, thereby increasing the paid up share capital to INR 1191.56 million as on 31st March 2019.

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.

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) of the Companies Act, 2013, loans made, guarantee given or security provided in the ordinary course of business by a housing finance company are exempt from the applicability of the provisions of section 186 of the Act. The Company had no investments as on 31st March 2019.

Particulars of contracts or arrangements with 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 3). 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, your Company has formulated a Policy on Related Party Transactions and the Policy forms part of the Annual 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

As on March 31, 2019, your Company had ten directors consisting of three Non-executive Independent Directors, five Non-Executive Non-Independent directors, one Woman director and a Whole time Director as an Executive director.

During the financial year, Mr. V. A Joseph, Independent Director, resigned from the Board of Directors with effect from October 17, 2018. Mrs. Anna Alexander was appointed as an Additional Director of the Company on October 25, 2018 who shall hold office till the ensuing annual general meeting. Mr. V. C. James was appointed as an Independent Director of the Company with effect from January 25, 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 Mrs. Anna Alexander and Mr. V. C. James for their appointment as Directors of the Company, which have been taken on record by the Nomination and Remuneration Committee. No other director was appointed during the financial year.

Key Managerial Personnel

During the year, Mr. Pandurang Kadam was appointed as the Chief Financial Officer on July 25, 2018 in place of Mr. Ashish Ranka who had resigned from the Company. As on March 31, 2019, 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.

Declaration of independence from Independent Directors

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

Policy on appointment of Directors and Remuneration policy of the Company

Your Board, 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. Details of the said Policy are annexed to this report as Annexure 4. 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, issued by NHB. 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. A separate meeting of the Independent Directors was held during the year for the evaluation of the performance of 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. During the year, your company was required to spend INR 32 lakhs on CSR activities. The annual report as prescribed under the Companies (Corporate Social Responsibility Policy) Rules 2014 is annexed to this report as Annexure 5.

Meetings of the board

During the financial year, the Board of Directors met seven times on 08.05.2018, 25.07.2018, 20.09.2018, 25.09.2018, 25.10.2018, 21.12.2018 and 18.01.2019.

Committees of the Board:

i) Audit Committee

The Audit Committee was constituted on January 21, 2015 and last reconstituted on September 8, 2015. The members of the Audit Committee are Mr. Eapen Alexander (Whole time Director), Mr. K. George John (Independent Director) and Mr. Jose Kurian (Independent Director).

ii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted on January 21, 2015 and last reconstituted on September 08, 2015. The Committee comprises of Mr. K. R. Bijimon (Non - Executive Director), Mr. K. George John (Independent Director) and Mr. Jose Kurian (Independent Director).

iii) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on October 23, 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 February 20, 2016 and pursuant to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 dated 9th February 2017, was reconstituted as a committee of the Board on October 23, 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 February 20, 2016 and pursuant to the Housing Finance Companies — Corporate Governance (National Housing Bank) Directions, 2016 dated 9th February 2017, was reconstituted as a committee of the Board on October 23, 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 Committee comprises of Mr. Eapen Alexander (Whole time Director), Mr. George Alexander Muthoot (Non-Executive Director), Mr. George Thomas Muthoot (Non-Executive Director) and Mr. K. R. Bijimon (Non-Executive Director).

Directors' Responsibility Statement

Your Directors state that:

- 1. 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;
- 4. The directors had prepared the annual accounts on a going concern basis:
- 5. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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:

a)Your Company has no activities relating to conservation of energy and technical absorption

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

Risk Management

The Company has to manage various risks such as credit risk, liquidity risk, interest rate risk and operational risk. 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 Risk Management Committee periodically reviews the robustness the Risk Management Policy.







Capital Adequacy Ratio

Your Company's Capital Adequacy Ratio as on March 31, 2019 stood at 46.17% 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 12%. Out of the above, Tier I capital was 45.30% and Tier II capital was 0.87%.

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

Credit rating

Rating assigned by Credit Rating Agencies and migration of rating during the financial year:

would be within the prescribed limits and that, they are not disqualified for such reappointment within the meaning of Section 141 of the Act. Therefore, the Board recommends the re- appointment of M/s Rangamani & Co as the Statutory Auditors of the Company and the members are requested to reappoint the Statutory Auditors at the ensuing annual general meeting for a term of 3 years.

b) Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s ABP & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the FY ended March 31, 2019. The Secretarial Audit Report forms part of the Annual Report (Annexure 6).

Rating Agency	Туре	FY 2018-19	FY 2017-18
CARE	Commercial Paper	CARE A1+	CARE A1+
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
	Term Loan borrowings		ICRA AA - (stable)
CRISIL	Term Loan borrowings	CRISIL AA (stable)	CRISIL AA - (stable)
CRISIL	Non-Convertible Debentures	CRISIL AA (stable)	

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

Your Board in their meeting held on December 21, 2018, approved the issue of Non-Convertible Debentures (NCD) to the public, up to an amount not exceeding INR 8,000 million. Accordingly, on April 08, 2019, your Company opened the issue of Secured Redeemable NCDs of face value of INR 1,000 each ("NCDs"), for an amount INR 1,500 million ("Base Issue") with an option to retain over subscription up to INR 1,500 million for issuance of additional NCDs aggregating up to INR 3000 million. The issue closed on May 07, 2019 and your Company allotted 2837842 NCDs of face value of INR 1,000 each aggregating to INR 283.78 crores to successful applicants on May 13, 2019. Pursuant to an application made to BSE Ltd, the NCDs were admitted to dealings on BSE Ltd with effect from May 15, 2019

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

Pursuant to section 139 of the Companies Act, 2013, M/s Rangamani & Co, Chartered Accountants, Kochi (Firm Registration No 003050 S), were appointed as the Statutory Auditors of the Company by the members in the annual general meeting, held on September 30, 2014, for a period of 5 years subject to the ratification at every annual general meeting held thereafter. Prior to the notification of the Companies Act, 2013, M/s Rangamani & Co were appointed as the Statutory Auditors of the Company for the financial years 2013 and 2014. Accordingly, M/s Rangamani & Co are eligible for reappointment for a further period of 3 years. A certificate under Section 141 received from M/s Rangamani & Co, fulfils the criteria, prescribed in the said section to the effect that their appointment, if made,

Explanations, or comments by the Board on qualification, reservation or adverse remark or disclaimer on audits for FY 2018 - 19

There are no qualifications, reservation or adverse remark or disclaimer on audits under section 139 and section 204 of the Companies Act, 2013.

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 communicate 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.

Whistle Blower Policy/ 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 2017 - 18. The Whistle Blower Policy has been hosted on the Company's website.

Statutory and Regulatory Compliance

The Company has complied with the applicable statutory provisions, including those of the Companies Act, 2013, and the Income-tax Act, 1961. Further, the Company has complied with the NHB's Housing Finance Companies Directions, 2010, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), Anti-Money Laundering guidelines and such other applicable labour laws.

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, policyand regulatory factors may affect or influence the performance of the Company.

Statutory Reports

Acknowledgement

The Board of Directors wish to acknowledge the continued support and co-operation extended by the National Housing Bank, Ministry of Corporate Affairs, other government authorities, Banks and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

Kochi 02.08.2019

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





Annexure 1

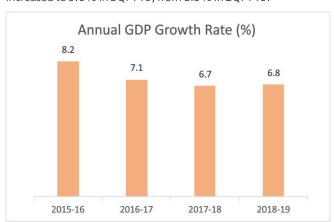


Management Discussion and Analysis Report

INDIAN ECONOMY OVERVIEW

The Indian economy retained its tag of the fastest growing major economy in the world in 2018-19. India, in recent years, has emerged as one of the most vibrant economies in the world. The economic growth of the country is currently more than the major economies of the world including China, topping the list of fastest growing emerging market economies (EMEs) in the world. Indian economy has witnessed an accelerated pace of domestic reforms in recent years. These reforms include, inter alia, the flexible inflation targeting monetary policy framework, the Insolvency and Bankruptcy Code (IBC), the Goods and Services Tax (GST) and steps for enhancing foreign investments by liberalising the FDI regime and undertaking efforts to provide a conducive business climate.

India is widely believed to remain world's fastest-growing major economy in the medium to long term despite registering an annual growth of 6.8%. The fall in GDP as compared to previous year was largely due to temporary stress in NBFCs affecting the consumption pattern. The industry growth sharply increased to 7.7% in FY19 on account of strong manufacturing, construction, and utilities. The index of industrial production (IIP) demonstrated a robust growth, reflecting strong demand for capital equipment, construction goods, and consumer durables. Further, the financial, real estate and professional services sector increased marginally to 7.3% in 3QFY19 as compared to 7.2% in 2QFY19. Gross Value Added (GVA) growth in construction sector also increased to 9.6% in 3QFY19, from 8.5% in 2QFY19.



Source: Central Statistics Office (CSO)

Consumer Price Index (CPI) inflation rose to a near two-year high levels of 4.92% in June 2018, driven by surging oil and food prices, but fell to 19 month low levels of 1.97% in January 2019 due to a fall in food prices and smaller increases in fuel costs. In the sixth bi-monthly monetary policy of February 2019, CPI inflation was projected at 2.80% for Q4 FY 19. The government has exceeded the disinvestment target for the second year in a row in financial year 2018-19. Disinvestment through the Exchange Traded Fund (ETF) route proved to be a best route for the government.

The Reserve Bank of India (RBI), in the February 2019 monetary policy review lowered its policy reporate to 6.25 percent from 6.5 percent. While lowering the policy rate, the policy stance was also altered to "neutral" from "calibrated-tightening". The next monetary policy review of April 2019 witnessed another 25 basis points reduction in the reporate to 6 percent, in order to lower cost of borrowing for banks and to support India's growth

momentum. The successive rate cuts are in consonance with achieving the medium-term objective of maintaining inflation under the 4 percent level while supporting growth

In addition, bank credit growth rose from 7.0% in FY2018 to 11.9% in FY2019 chiefly on higher credit to services and personal loans. Within the service sector, credit to nonbank financial companies enjoyed the largest increase. Credit to infrastructure also picked up over the past few months, although from a low base.

Outlook

The Indian economy is expected to grow at 7.4% in 2019-20 on account of steady improvement in major sectors as government and private consumption remains robust and investment is steadily picking up. One of the main factors - domestic consumption, which drives 60% of the GDP growth is expected to grow up to USD 6 trillion by 2030, supported by a 1.4 billion population. In the longer term, however, India's growth is expected to reflect the benefits of its structural reforms and its growing workforce. But to unlock India's massive economic potential, the nation will need to accelerate and sustain its continuing upward trajectory on key human development indicators and aim for a more inclusive growth.

FINANCIAL SERVICES INDUSTRY OVERVIEW

India has a diversified financial sector undergoing rapid expansion with many new entities entering the market along with the existing financial services firms. The sector comprises commercial banks, insurance companies, NBFCs, Housing Finance Companies, Co-operatives, Pension Funds, Mutual Funds and other smaller financial entities. Another vital element of the nation's financial sector is the rapidly growing insurance industry. The Reserve Bank of India (RBI) recently allowed new entities such as payment banks and small finance banks to commence operations, focusing on specific segments of transactional banking and small-ticket lending, respectively. In recent times, we have seen tremendous expansion in digital channels owing to evolving needs of customers, greater accessibility of internet services and a marked change in regulatory environment. This has led to proliferation of Fintech Companies.

Scheduled Commercial Banks' credit growth on a year-on-year (y-o-y) basis improved across bank groups between March and September 2018, largely driven by the private sector banks (from 21.30% in March 2018 to 22.5% in September 2018). Private sector banks' deposit growth continued to be robust at 18.40%. The performance of the Public Sector Banks (PSBs) has witnessed an overall improvement with credit growth increasing from 5.90% in March 2018 to 9.10% in September 2018 and deposit growth increasing from 3.20% to 5.00% in the same period.

While, Non-Prompt Corrective Action (NPCA) PSBs' credit growth improved from 9.10% in March 2018 to 13.60% in September 2018 and deposits increased from 6.10% to 7.90% in the same period, the PCA-PSBs registered negative growth in both credit and deposits.

In order to develop and deepen the corporate bonds market, SEBI has recently issued a circular on fund raising by issuance of debt securities mandating the large corporates to raise 25% of their incremental borrowings from the financial year 2019- 20

onwards through corporate bond market. This will address concentration risk in the banking system.

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 mn in urban area and 40 mn 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

- 1. 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 COMPANIES (HFC) SECTOR OVERVIEW

The recent NBFC crisis in India has brought funding and low capitalisation issues into the forefront especially for the housing finance companies (HFCs). Despite this, the demand side fundamentals remain strong. The strained liquidity situation of HFCs and NBFCs could lead to a potential slowdown in credit





disbursement in the second half of 2019 impacting the overall credit growth in FY2019. The total outstanding housing credit stood at Rs. 17.8 trillion which is a growth of 17% in the period ending on September 2018, as compared to 15% in the same period in 2017. According to estimates by ICRA, this tightening of liquidity in the sector will impact disbursements and slow growth to 12-15% in H2 2019, which will in turn lead to a moderation in the overall housing credit growth of 14-16% for FY2019.

Growth Drivers

- Affordable housing push: The government's 'Housing for All' project (to provide homes to all urban poor by 2022) is expected to create a huge demand for the HFC sector. The project aims to provide 2.6 million new houses each in FY 2019 and FY 2020, and 3 million each in FY 2021 and FY 2022. According to the latest data from NHB, 78% of the loans disbursed 2017-18) were for the purchase of houses costing less than Rs. 25 lakhs.
- Low per capita cost of home ownership: The mortgage market penetration is extremely low in India as compared to other developed and developing economies providing a huge impetus for housing growth in India. Other allied factors such as rising population and shift towards nuclear families coupled with acute housing shortage is expected to drive the housing demand.
- **Affordability:** Rising per capita incomes and affordable rates of mortgage have made it easier for home owners to buy homes. Besides the tax incentives of the government have also helped in lowering the effective borrowing rates.
- **Urbanisation:** The increasing pace of urbanisation is expected to accelerate with the government's focus on building new smart cities as well as a focus on Tier 2 and Tier 3 cities, providing an impetus to people residing in the rural and semi-urban areas to buy houses and shift to these cities.
- Young demographics: The young working population in India is a strong driver for home loans. Home ownership accounts for a high degree of social status resulting in the fact that most homes bought on home loans are self-occupied, resulting in low defaults by individuals.

The Housing Finance Companies (HFCs) form an integral part of the NBFCs, in the Indian financial system. The market borrowings of this sector have increased significantly over the past five years. This sector has introduced products such as loan against property (LAP), corporate and developer loans and lease rent discounting buckets to satisfy the needs of big-ticket borrowers. With these developments, the sector reported an estimated growth of 13%-15% during the year. The growing affordability for the first time home buyers supported by the PMAY (Pradhan Mantri Awas Yojana), is projected to accelerate housing credit growth between 17% to 19%.

SWOT ANALYSIS

Strengths:

- **Strong Parentage** Muthoot Homefin (India) Limited 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 Muthoot Homefin (India)
 Limited 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** Muthoot Homefin has a wellestablished base to exploit these opportunities with a good presence in tier 1 and tier 2 cities.
- **Good asset quality** Muthoot Homefin 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 Muthoot Homefin 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

- High cost of funds Shortage of liquidity in the system and recent NBFC/ HFC crises resulted in increase in the cost of Funds
- **Rising Non-performing Assets (NPAs)** Rising Non performing assets with the seasoning of the book is one of the treat to the organisation. Keeping the NPA's under control will be challenging.
- Competition from other HFC's and banks Increase in the number of HFC's is making the lending environment competitive. Even banks are entering into the informal sector funding. MHIL will be in a disadvantaged position with regard to ROI compared to banks.

BUSINESS SEGMENT REVIEW

Lending operations

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. During the year, the quantum of loans disbursed was INR 654 Crore. The loan portfolio as at March 31, 2019 amounted to INR 1913 Crore as against INR 1465 Crore in the previous year, an increase of 31% Y-o-Y. The customer profile continues to be dominated by the salaried and professional category, accounting for 61% of the total portfolio. The average ticket size loan is INR 9.6 Lakhs

Marketing and distribution

Muthoot Homefin continued to upgrade its marketing and distribution network across 15 states in India. The total number of outlets as on 31st March 2019 was 97. 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) are the sources through which MHIL raises funds for its lending activities. Strong parentage is helping MHIL to raise funds at competitive rates. Further company is planning to raise funds through public issue of NCD's.

Credit Ratings as on March 31, 2019

Borrowings from Banks: 'AA / (Stable) ' for Long-term 'rating' for term loans by CRISIL. During the year under consideration CRISIL has upgraded rating by one notch.

Commercial Paper: A1+ rating by ICRA Ltd AND CARE NCD: CRISIL has assigned rating of 'AA / (Stable) ' for the NCD programme of MHIL.

ASSET QUALITY

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

Gross NPA as on March 31, 2019 stood at 0.74% as against 0.42% as on March 31, 2018 of loan outstanding during the previous year. Special campaigns were conducted for all the branches with the active involvement of their staff. On account of MHIL's unyielding focus on asset quality, the Company has been able to maintain one of the lowest GNPA levels among its peers.

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

PERFORMANCE OVERVIEW

- 1. Outstanding loan book grew by 31% to INR 1913 Crores
- 2. PAT up to INR 36 Crores from INR 22 IN FY 18, backed by strong NII growth
- 3. Gross NPA 0.74% NNPA 0.46%.
- 4. 61 % of the total loan book as of March 2019 comes from salaried and professional segment.
- 5. Capital infusion of INR 150 Crore done in FY 19
- Capital Adequacy Ratio 46.17% shows MHIL is well capitalised
- 7. Cost to Income ratio 26.1%; ROA 2.22%; ROE 14.11%

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, 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 ongoing activities and are built into the employees' training modules as well. The Company has well documented systems to ensure better control over transaction processing and regulatory compliance

HUMAN RESOURCES

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

In addition, executives were seconded to various external training







programmes and seminars on risk management, regulatory know-your-customer guidelines, anti-money laundering and the fair practices code. These training programmes enabled the staff members to sharpen their knowledge in their areas of responsibility. New employees are put through an induction programme covering business requirements, Company's processes, regulatory prescriptions and contours of personality development. There are no material developments in the human resources/industrial relations front adversely affecting the Company's business. The number of permanent employees on the rolls of the Company as on 31st March 2019 was 382

INTERNAL CONTROLS AND THEIR ADEOUACY

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.

Kochi 02.08.2019 **Eapen Alexander** (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

ī. **REGISTRATION DETAILS:**

(i)	CIN	U65922KL2011PLC029231
(ii)	Registration Date	26.08.2011
(iii)	Name of the Company	Muthoot Homefin (India) Limited
(iv)	Category / Sub-Category of the Company	Company limited by shares /
		Indian Non- Government Company
(v)	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
(vi)	Whether listed company	No
(vii)	Name, Address and Contact details of Registrar and	
	Transfer Agent, if any	Not Applicable

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	100%	Section 2(87)





(₹ in millions)

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
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	the 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.	-	97727266	97727266	99.99	-	119155837	119155837	99.99	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	_	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	97727272	97727272	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) = $A(1)+A(2)$	-	97727272	97727272	100	-	119155843	119155843	100	-

(₹ in millions)

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

Category of Shareholders	No. of	of Shares held at the beginning of the year 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	tric year
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	-	-		-	-		-	-	-
b) Banks/FI	-	-		-	-		-	-	-
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)	_	97727272	97727272	100	-	119155843	119155843	100	-





Shareholding of Promoters (ii)

SI No.	Shareholder's Name		Shareholding at the beginning of the year			Shareholding at the end of the year		
		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	97727266	99.99	-	119155837	99.99	-	-
	Total	97727272	100	-	119155843	100	-	-

Change in Promoters' Shareholding (iii)

			olding at the ng 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	
Muthoot Finance Limited	At the beginning of the year	97727266	99.99	97727266	99.99	
	Allotment of shares on 25.09.2018	7142857	-	7142857	-	
	Allotment of shares on 28.09.2018	14285714	-	14285714	-	
	At the end of the year	119155837	99.99	119155837	99.99	

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

		olding at the ng of the year	Cumulative Shareholding during 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)	-	-	-	-	

(v) **Shareholding of Directors**

			holding at the ing of the year	Cumulative Shareholding during the year		
	Muthoot Finance Limited	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 Muthoot 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	-	-	-	-	





			holding at the ing of the year	Cumulative Shareholding during the year		
	Muthoot Finance Limited	No. of shares	% 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	-	<u>-</u>	-	-	
	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. A. Joseph *	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	-	-	-	-	

^{*} Mr. V. A Joseph, Independent Director, resigned from the Board of Directors with effect from October 17, 2018

		Shareho beginning	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
Name of Director		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
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	-	-	-	-	
Ashish Ranka*						
(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	-	-	-	-	
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	-	-	-	-	
linu Mathen						
(Company Secretary)	At the beginning of the year	-	<u>-</u>	-	-	
	Date wise Increase / Decrease in Promoters	-	-	-	-	
	Shareholding during the year specifying the					
	reasons for increase / decrease					
	(e.g. allotment / transfer / bonus /					
	sweat equity etc					
·	·					

 $^{^{\}star}$ Mr. Ashish Ranka resigned from the Company with effect from May 15, 2018





(₹ in millions)

INDEBTEDNESS V.

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 finan	cial year			
i) Principal Amount	7632.00	3483.44	-	11115.44
ii) Interest due but not paid	=	-	-	-
iii) Interest accrued but not paid	183.89	-	=	183.89
Total (i+ii+iii)	7815.89	3483.44		11299.33
Change in indebtedness during the financial year	ar			
Addition	8350.00	21750.00	-	30100.00
Reduction	(4982.86)	(21606.67)	-	(26589.53)
Net Change	3367.14	143.33	-	3510.47
Indebtedness at the end of the financial year	ar			
i) Principal Amount	10999.14	3626.77	-	14625.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	14.91	-	-	14.91
Total (i+ii+iii)	11014.05	3626.77	-	14640.82

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		
	a) Salary as per provisions contained in section 17(1) of	-	-
	the Income Tax Act, 1961	6.90	6.90
	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)	6.90	6.90

В. Remuneration to other directors

(₹ in millions)

Particulars of Remuneration	n				
Independent Directors	K. George John	Jose Kurian	V.A. Joseph	V.C. James	Total
Fee for attending board - committee meetings	0.24	0.26	0.05	-	0.55
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (1)	0.24	0.26	0.05	-	0.55
Other Non-Executive Directors	K.R.Bijimon				
Fee for attending board - committee meetings	0.22	-	-	-	0.22
Commission	-	-	-	-	-
Others, please specify	-	-	-	-	-
Total (2)	0.22	-	-	-	0.22
Total B = (1) + (2)	0.46	0.26	0.05	0	0.77

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

		Key Managerial Personnel					
	Particulars of Remuneration	CEO	CFO	Company Secretary	Total		
1	Gross salary						
	a) Salary as per provisions contained in section 17(1) of	10.55	1.72	0.71	12.98		
	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	10.55	1.72	0.71	12.98		





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					

Eapen Alexander (Whole-time Director) George Alexander Muthoot (Director) Kochi 02.08.2019

Annexure 3

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
a	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:	·

Kochi 02.08.2019

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





Annexure 3A



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
- v. Such other officer as may be prescribed by the Government.

"Policy" means Related Party Transaction Policy.

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

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

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

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

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

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

"Related Party Transaction" shall mean to include:

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

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



4. **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.
- 4.2 The Related Party Transactions entered into in the ordinary course of business and transacted at arms' length shall not require approval of the Board of Directors. However, all related party transactions to be entered by the Company shall require prior approval of the Audit Committee.
- 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 subsection (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 subsection (1) of section 188 of Companies Act, 2013. These limits shall however, apply for transaction or transactions to be entered into either individually or taken

- together with the previous transactions during a financial year.
- b. Contracts or arrangements with respect to Clause (f) of Section 188 (1) wherein a related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company is at a monthly remuneration exceeding two and a half lakh rupees.
- C. Contracts or arrangements with respect to Clause (g) of Section 188 (1) wherein such related party receives a remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth.

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 ii. 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:
 - Any advance paid or received for the transaction / iv. contract or arrangement, if any;
 - The manner of determining the pricing and other V. commercial terms, both included as part of transaction / contract and not considered as part of the same;
 - Whether all factors relevant to the contract have vi. 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.
- 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.
- Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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

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

- shall have the authority to call for such additional information as it may deem appropriate and may approve with or without modification(s) or reject the proposed related party transaction as per the terms of this policy and other applicable regulatory provisions.
- In case, the Board determines that the Related Party Transaction requires approval of the shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction to the shareholders for its approval alongwith all the relevant information/documents pertaining to the same, as per the appropriate regulatory provisions.
- d. All Material related party transaction(s) to be entered into between the Company and its Wholly owned Subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the general meeting for approval, shall not require approval of the Shareholders.
- e. Approval of the Audit Committee /Board of Directors shall be required in case of any subsequent amendment/ modification/renewal, in the terms of the earlier approved Related Party Transaction, as the case may be.

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—

- a. With a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
- b. With a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

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

- Each Director, Key Managerial Personnel shall be required to disclose to the Audit Committee any potential Related Party Transaction(s) proposed to be entered into by them or their relatives.
- The Related Party Transaction entered into with the related party/ies shall be disclosed in the Director's Report / Annual Report as per the disclosure requirement(s) of the Companies Act, 2013. Material Transactions exceeding the threshold limits as prescribed under Rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 shall be disclosed under "Details of material contracts or arrangements or transactions at arms' length" in Form no. AOC-2 as a part of the Directors Report, as prescribed under Companies Act, 2013.
- The particulars of all the Related Party Transaction entered into with the approval of the Audit Committee / Board of Directors / Shareholders shall be entered into the Register of Contracts or Arrangements in which Directors are interested, maintained by the Company as per the

- provisions of the Companies Act, 2013 and rules framed thereunder.
- All entities falling under the definition of related parties shall abstain from voting at the Board Meeting or at Annual General Meeting irrespective of whether the entity is a party to the particular transaction/ contract / arrangement or not.
- This Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report.
- Quarterly/periodical updates shall be provided to the Audit Committee members on the related party transactions entered by the Company.

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

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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 authorisedby 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.

George Alexander Muthoot (Director)





Annexure 4



Nomination and Remuneration Policy

The Board of Directors of Muthoot Homefin (India) Limited ("the Company") constituted a "Nomination and Remuneration Committee" consisting of three (3) Non-Executive Directors of which majority are Independent Directors.

1. Definitions:

- 1.1. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 1.2. **"Board"** means Board of Directors of the Company.
- 1.3. **"Committee"** means Nomination and Remuneration Committee
- 1.4. **"Company"** means Muthoot Homefin (India)
- 1.5. "Director(s)" mean Directors of the Company.
- 1.6. **Key Managerial Personnel (KMP)** means
- Managing Director or Chief Executive Officer or Manager;
- ii Whole-time director;
- iii. Chief Financial Officer; and
- iv. Company Secretary;
- 1.7. "Senior Management Personnel" means to include all members other than the Directors and KMPs of the Company, who are the functional heads of the departments of the Company

2. Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013, read along with the applicable rules thereto. The Key Objectives of the Committee would be:

- 2.1. To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management Personnel.
- 2.2. To evaluate the performance of the members of the Board, KMP and Senior Management Personnel and provide necessary report to the Board for further evaluation of the Board.
- 2.3. To recommend to the Board on remuneration payable to the Directors, KMP and Senior Management Personnel.
- 2.4. To provide to KMP and Senior Management Personnel reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 2.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3. Membership

- 3.1 The Committee shall consist of a minimum 3 nonexecutive directors, majority of them being independent.
- 3.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 3.3 Chairperson of the Committee shall be an independent director
- 3.4 Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairperson of the Committee
- 3.5 Term of the Committee shall be continued unless terminated by the Board of Directors

4. Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

5. Role of Committee

- 5.1. Matters to be dealt with, perused and recommended to the Board by the Committee shall:
- 5.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 5.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- 5.1.3. Recommend to the Board the appointment and removal of Directors, KMP and Senior Management Personnel

5.2. Policy for appointment and removal of Director, KMP and Senior Management Personnel

5.2.1. Appointment criteria and qualifications

- Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/Senior Management Personnel are the basis for the Committee to select a candidate. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether the qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond the age of seventy years.

5.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by

the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

(c) KMP / Senior Management Personnel:

The tenure of KMP / Senior Management Personnel shall be governed by the Company's HR policy

5.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval

5.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, subject to the provisions and compliance of the said Act, rules and regulations.

For KMP / Senior Management Personnel, removal will be governed by the Company's HR policy and subsequent approval of the Managing Director / Whole-time Director of the Company

5.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Policy relating to the Remuneration for the Wholetime Director, KMP and Senior Management Personnel

5.3.1. General:

- The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- Increments to the existing remuneration/ C) compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in

the case of Whole-time Director.

Statutory Reports

- d) The remuneration payable to the KMP / Senior Management Personnel shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base
- Where any insurance is taken by the Company on e) behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration

5.3.2. Remuneration to Whole-time Director; KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F. pension scheme, medical expenses etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director / Whole-time Director / Manager in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing Director / Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

5.3.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof provided that the amount of such fees shall not exceed ₹ 1,00,000 (Rupees one lakh) per meeting of the Board or Committee or such amount as may be prescribed by the Act and Rules made thereunder from time to time.







c) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

6. Committee Members' Interest

- 6.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 6.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee

7. Voting

- 7.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 7.2 In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

8. Nomination Duties

The duties of the Committee in relation to nomination matters include:

- 8.1 Ensuring that there is an appropriate induction in place for new Directors, KMP and members of Senior Management Personnel and reviewing its effectiveness;
- 8.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 8.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 8.4 Determining the appropriate size, diversity and composition of the Board;
- 8.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board:

- 8.6 Evaluating the performance of the Board members and Senior Management Personnel in the context of the Company's performance from business and compliance perspective;
- 8.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 8.8 Recommend any necessary changes to the Board; and
- 8.9 Considering any other matters, as may be requested by the Board.

Remuneration Duties

The duties of the Committee in relation to remuneration matters include:

- 9.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate.
- 9.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 9.3 to ensure the relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- 9.4 to consider any other matter as may be requested by the Board.

10. Minutes of the Meeting

Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

Kochi 02.08.2019 **Eapen Alexander** (Whole-time Director)

George Alexander Muthoot (Director)

(₹ in millions)

Annexure 5

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

1. Brief outline of the 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.

2. Composition of the CSR Committee:

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

- i. Mr. Eapen Alexander (Executive Director)
- ii. Mr. K. R. Bijimon (Non-Executive Director)
- iii. Mr. Jose Kurian (Independent Director)

3. Average net profit of the Company for the last three financial years: ₹159.61 million

- 4. Prescribed CSR Expenditure: ₹ 3.2 million
- 5. Details of CSR spent during the financial year:
 - a) Total amount to be spend for the financial year: ₹3.2 million
 - b) Amount unspent, if any: NIL
 - c) Manner in which the amount spent during the financial year:

S. No	CSR Activity or Project Identified	Sector in which the project is covered	Projects of Local area or other	Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spe projects or District expenditure on projects or programs	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
1.	Marriage Assistance	Women empowerment	Kerala	All Kerala		715000	 715000	Muthoot M. George Foundation, Implementation Agency for CSR Activities
2.	Medical Assistance	Healtcare	Kerala	All Kerala		2320000	 2320000	Muthoot M. George Foundation, Implementation Agency for CSR Activities







S. No	CSR Activity or Project Identified	Sector in which the project is covered	Projects Local area or other	Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spe projects or District expenditure on projects or programs	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
3.	Charity assistance	Women empowerment	Other	All India (Kerala, Karnataka, Tamil Nadu)	-	165000	 165000	Muthoot M. George Foundation, Implementation Agency for CSR Activities
	Total			Kerala		3200000	 3200000	

- 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: Not applicable
- 7. 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 Companyiture up to the reporting period

Kochi 02.08.2019

Eapen Alexander (Whole-time Director) Chairman, CSR Committee K. R. Bijimon (Director) Member, CSR Committee

Annexure 6

Form No. MR - 3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

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). The 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**, **2019** 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**, **2019**, according to the provisions of;

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 [SCRA] and the rules made thereunder
- (iii) Depositories Act, 1996
- (iv) The Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.
- (v) The Memorandum and Articles of Association of the Company.
- (vi) As informed to us, the following other laws, directions, circulars are specifically applicable to the company
 - 1. National housing Bank Act, 1987
 - 2. The Housing Finance companies (NHB) Directions, 2010
 - 3. National Housing Bank Circulars, Notifications and Guidelines

We report that, during the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, standards mentioned above.

Further, the Company being a non-listed entity, during the year, the provisions of Listing agreement, Securities and Exchange Board of India Regulations are not applicable.

Further, the Compliance of applicable financial laws, like direct and indirect tax laws has not been reviewed in this audit, since they do not come under the scope of this audit.







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 and processes and control mechanism exist in the Company to monitor and ensure Compliance with applicable general laws.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Independent and Non 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. 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. Decisions carried through are captured and recorded as part of minutes.

We further report that, there are adequate systems and processes in the company, commensurate with the size and operations of the company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

- 1. Enhancement of authorised share capital from Rs. 100 Crores to Rs. 150 Crores in the Annual General Meeting held on 20.08.2018.
- 2. Allotment of 7,142,857 equity shares of Rs. 10/- each on right issue basis at a premium of Rs.60/- per share on 25.09.2018 and 14,285,714 equity shares of Rs. 10/- each on right issue basis at a premium of Rs.60/- per share on 28.09.2018.
- 3. Issue of Non-Convertible Debentures in the Extra Ordinary General Meeting held on 25.01.2019.
- 4. Filing of prospectus for issue of secured redeemable non-convertible debentures having face value of Rs. 1000/- for an amount aggregating upto Rs.3000 million.

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.

Kochi 01.08.2019 For ABP & ASSOCIATES

Pradeep P.C Company Secretary FCS 5170 CP No: 3905

Annexure A

Corporate Overview

То 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

- Maintenance of Secretarial or other statutory records is the responsibility of the Management of the Company. Our 1. 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.
- Wherever required, we have obtained the Management representation about the Compliance of Laws, Rules and Regulations 4. and happening of events, etc.
- The Compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of 5. the Management. Our examination was limited to the verification of procedure on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness 6. with which the Management has conducted the affairs of the Company.

Kochi For ABP & Associates 01.08.2019

> Pradeep P.C Company Secretary FCS 5170 CP No: 3905









TO THE MEMBERS OF MUTHOOT HOMEFIN (INDIA) LIMITED

Report on the Audit Standalone Financial Statements'

Opinion

We have audited the standalone financial statements of Muthoot Homefin (India) Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, 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 standalone financial statements give the information required by the Act 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, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

Basis of 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 in sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Standalone 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 standalone 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 statement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility 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, indvidually 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 mateiral 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 of our opinion. The risks 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 conern. 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 a dislosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto 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 finalcial 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

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms 1. of sub-section (11) of section 143 of the Act, we give in the Annexure 'A', a statement on the matters specified in the paragraph 5 and 4 of the Order, to the extent applicable.
- 2. As required by Section 143(3) of the Act, we report that:

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.

- 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.
- b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- On the basis of the written representations received from the Directors as on March 31, 2019, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2019 from being appointed as a Director in terms of Section 164 (2) of the Act.
- 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'.
- f) With respect to the other matters to be included in the Independent Auditors' 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:
 - The Company has disclosed the impact of pending litigations on its financial position in its financial statements i. Refer Note 133 A to the financial statements.
 - ii. The Company has made provision in its financial statements, as required under the applicable law or accounting standards, for material foreseeable losses 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.

Kochi 03.05.2019

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

> 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) The Company does not hold any immovable property. Accordingly, the provisions of clause 3 (i) (c) of the Order is not applicable to 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.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are 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 are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service tax, duty of Customs, duty of Excise, 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, 2019 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 of 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 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.

Corporate Overview

- (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.

Kochi 03.05.2019 For Rangamani & Co Chartered Accountants (Firm Registration No: 003050 S)

R. Sreenivasan PartnerMembership 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, 2019 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' judgement, 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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, 2019, 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.

Corporate Overview

Kochi 03.05.2019

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

> 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) Direction, 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 offices or in the case of closure of existing branches/offices, as applicable;
- (xii) According to the information and explanations given to us, the company has complied with the provisions contained in paragraph 38 and 38A of the Housing Finance Companies (NHB) Directions, 2010.

Kochi 03.05.2019 For Rangamani & Co Chartered Accountants (Firm Registration No: 003050 S)

R. Sreenivasan PartnerMembership No 020566





as on 31st March 2019

Particulars No		Note No.	As on	As on	As on
			31st March 2019	31st March 2018	1st April 2017
I. A	SSETS				
1	Financial Assets				
a)	Cash and cash equivalents	5	403.85	225.06	57.78
b)	Loans	6	18,836.54	14,450.76	4,351.02
c)	Investments	7	-	851.02	-
d)	Other Financial assets	8	118.87	65.13	7.28
2	Non-financial Assets				
a)	Deferred tax assets (Net)	28	-	1.94	6.93
b)	Property, Plant and Equipment	9	76.16	35.83	19.52
c)	Capital work-in-progress	9	-	-	0.03
d)	Other Intangible assets	10	4.49	6.55	7.73
e)	Current tax assets (Net)		4.84	-	-
f)	Other non financial assets	11	27.70	38.71	3.83
	Total assets		19,472.45	15,675.00	4,454.12
II. LL	ABILITIES AND EQUITY				
1	Financial Liabilities				
a)	(I) Trade Payable		-	-	
	(II) Other Payables				
	(i) total outstanding dues of mic				
	enterprises and small enterprises		-	-	-
	(i) total outstanding dues of cred	litors 12	11.90	20.71	4.68
	other than micro enterprises and				
	small enterprises				
b)	Borrowings (other than debt sec	urities) 13	15,381.99	13,466.56	3,561.61
c)	Other Financial liabilities	14	121.25	102.70	27.39
2	Non-financial Liabilities				
a)	Current tax liabilities (net)		-	0.64	2.77
b)	Provisions	15	3.07	1.33	0.38
c)	Deferred tax Liablities (Net)	28	4.26	-	
d)	Other non-financial liabilities	16	8.20	4.05	0.81
3	Equity				
a)	Equity share capital	17	1,191.56	977.27	750.00
b)	Other equity	18	2,750.22	1,101.74	106.48
	Total Liabilities and Equity		19,472.45	15,675.00	4,454.12

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

Kochi 03.05.2019

Ramratthinam S Chief Executive Officer Pandurang A Kadam

Chief Financial Officer

Jinu Mathen Company Secretary







Statement of Profit & Loss

for the year ended 31st March 2019

Partic	ulars	Note No.	Year ended	Year ended
			31st March 2019	31st March 2018
Rever	nue from Operations			
	(i) Interest income	20	2,122.66	1,022.83
	(ii) Sale of service		97.91	126.63
	(iii) Net gain on fair value changes	21	2.46	9.55
	(iv) Others		17.19	4.84
(I)	Total Revenue from operations		2,240.22	1,163.85
(II)	Other Income		17.07	6.76
(III)	Total Income (I + II)		2,257.29	1,170.61
Exper	nses			
	(i) Finance cost	22	1,156.71	504.02
	(ii) Impairement of financial instruments	23	63.93	50.23
	(iii) Employee benefit expenses	24	316.95	126.38
	(iv) Depreciation, amortization and impairment	25	28.61	15.61
	(v) Other expenses	26	179.64	138.47
(IV)	Total Expenses (IV)		1,745.84	834.71
(V)	Profit/(loss) before expceptional items and tax (III -	IV)	511.45	335.90
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V- VI)		511.45	335.90
(VIII)	Tax Expense:			
	(1) Current tax	27	142.65	108.34
	(2) Deferred tax	28	6.15	5.00
	(3) Earlier years adjustments		-	-
Net Ta	ax Expense (VIII)		148.80	113.34
(IX)	Profit/(loss) for the period (VII-VIII)		362.65	222.56
(X)	Other Comprehensive Income			
	(i) Items that will not be classified to profit or loss			
	(a) Remeasurements of the defined benefit plans		0.17	(0.04)
	(ii) Income tax relating to items that will not be			
	reclassified to profit or loss		(0.05)	0.01
	Subtotal (A)		0.12	(0.03)
	Other Comprehensive Income		0.12	(0.03)
(XI)	Total Comprehensive Income for the period (IX + X)	1	362.77	222.53
(XII)	Earnings per equity share	29		
	Basic (Rs.)		3.34	2.52
	Diluted (Rs.)		3.34	2.52

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

Kochi 03.05.2019

Ramratthinam S Chief Executive Officer Pandurang A Kadam Chief Financial Officer

Jinu Mathen Company Secretary



Corporate Overview

(₹ in millions)



for the year ended 31st March 2019

Particulars	Year ended	Year ended
	31st March 2019	31st March 2018
Operating activities		
Profit before tax	511.45	335.90
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	28.61	15.61
Impairment on financial instruments	63.93	50.23
Finance cost	1,156.71	504.02
Profit on sale of investment	(2.46)	(8.52)
Unrealised gain on investment held for sale	-	(1.03)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,758.24	896.21
Working capital changes		
Loans	(4,449.71)	(10,149.97)
Other financial asset	(53.74)	(57.85)
Other non financial asset	13.23	(34.88)
Other financial liabilities and other non financial liabilities	22.70	78.55
Trade payables	(8.81)	16.03
Provision	1.91	0.91
	(2,716.18)	(9,251.00)
Income tax paid	(148.33)	(110.47)
Net cash flows from/(used in) operating activities	(2,864.51)	(9,361.47)
Investing activities		
Purchase of fixed and intangible assets	(69.10)	(30.71)
Sale/(Purchase) of Investments	853.68	(841.47)
Net cash flows from/(used in) investing activities	784.58	(872.18)
Financing activities		
Proceeds from issue of shares	1,500.00	1,000.00
Borrowings other than debt securities issued	1,940.51	9,915.21
Interest paid on borrowings	(1,181.79)	(514.28)
Net cash flows from financing activities	2,258.72	10,400.93
Net increase/(decrease) in cash and cash equivalents	178.79	167.28
Net foreign exchange difference		
Cash and cash equivalents at 1 April	225.06	57.78
Cash and cash equivalents at 31 March	403.85	225.06

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

Kochi 03.05.2019

Ramratthinam S Chief Executive Officer Pandurang A Kadam Chief Financial Officer

Jinu Mathen Company Secretary









Statement of changes in Equity

as at 31st March, 2019

Equity Share Capital a.

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

	No.	Rs.
As at 1 April 2017	75,000,000	750.00
Issued during the year	22,727,272	227.27
As at 31 March 2018	97,727,272	977.27
Issued during the year	21,428,571	214.29
As at 31 March 2019	119,155,843	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, 2017	15.29	88.37	2.82		106.48	
Transfer to/from retained earnings	91.88		(91.88)		-	
Other Additions/ Deductions during the year					-	
Premium received during the year	-	772.73	-		772.73	
Profit (loss) for the year after income tax	-	-	222,56	-	222.56	
Other Comprehensive Income for the year before income tax	-	-		(0.04)	(0.04)	
Less: Income Tax				0.01	0.01	
Balance as at March 31, 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 period					-	
Premium received during the period	=	1,285.71	-		1,285.71	
Profit (loss) for the period after income tax	=	_	362.65		362.65	
Other Comprehensive Income for the period before income ta	Х -	_		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	

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

Kochi

03.05.2019



Notes to Accounts

for the year ended 31st March 2019

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).

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). The financial statements for the year ended 31 March 2019 are the first financial statement the Company has prepared in accordance with Ind AS. Refer to note No 40 on First time adoption to Ind AS for information on adoption of Ind AS by the Company.

2.2. Basis of measurement

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

- i) fair value through other comprehensive income (FVOCI) instruments,
- ii) derivative financial instruments,
- iii) other financial assets held for trading,
- iv) financial assets and liabilities designated at fair value through profit or loss (FVTPL)

2.3 Functional and presentation currency

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

3. Significant accounting policies

3.1. Recognition of interest income

- 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.
- For purchased or originated credit-impaired financial assets, the Company applies the creditadjusted effective interest rate to the amortised

- cost of the financial asset from initial recognition.
- 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 Financial instruments

A. Financial Assets

3.3.1 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.

3.3.2 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







Notes to Accounts

for the year ended 31st March 2019

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 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.

3.3.3 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

3.3.4 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.

3.3.5 Subsequent Measurement

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

3.4 Derecognition of financial assets and liabilities

3.4.1 Financial Asset

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by

the Company is recognized as a separate asset or liability.

3.4.2 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.

3.5 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

3.6 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.

3.6.1 Overview of the Expected Credit Loss (ECL) model

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

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

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

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



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

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

For non-impaired financial assets

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

3.6.2 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.

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.

3.7 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









Notes to Accounts

for the year ended 31st March 2019

that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

3.8 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 and short- term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.9 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.

Particulars	Useful Life
Furniture and fixture	10 years
Office equipment	5 years
Server and networking	6 years
Computer	3 years

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.

3.9.1 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: 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.

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 Intangible assets

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

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

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

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

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

3.11 Impairment of non-financial assets: Property, Plant and Equipment and Intangible Assets

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

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

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

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

3.12 Employee Benefits Expenses

3.12.1 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

3.12.2 Post-Employment Benefits

A. Defined contribution schemes

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

B. Defined Benefit schemes

Gratuity

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

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on









the market yields on Government Securities as at the Balance Sheet date.

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

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

3.12.3 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.

3.13 Taxes

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

3.13.1 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.

3.13.2 Deferred tax

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

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

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

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

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

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



at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

3.14 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.

3.15 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.

3.16 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.

For arrangements entered into prior to 1 April 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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









Notes to Accounts

for the year ended 31st March 2019

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.

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.

The impairment loss on loans and advances is disclosed in more detail in note 6

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.

4.7 New and amended standards

The new standard on Ind AS 115 Revenue from contract with customers and other Ind AS amendments does not have any material impact on the amount recognised in the prior period and are not expected to significantly affect the current future periods.

(₹ in millions)



Notes to Financial Statements

for the year ended 31st March 2019

Note 5: Cash and cash equivalents

(₹ in millions)

Particulars	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
Cash on hand	10.14	14.41	1.99
Balances with Banks			
- in current accounts	393.71	210.65	55.79
Total	403.85	225.06	57.78

Corporate Overview



(₹ in millions)

Notes to Financial Statements

for the year ended 31st March 2019

Note 6: Loans

		As at 1 A	As at 1 April 2019			As at 1 A	As at 1 April 2018			As at 1 April 2017	pril 2017	
	Amortised		At Fair value	lue	Amortised		At Fair value	ne	Amortised		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	Cost	Through Other Compre- hensive Income	Through profit or loss	Designated at Through profit or loss
Housing Loans	17,369.03		1	1	13,668,98	ı	ı	1	4,368.65	ı		
Non Housing Loans	1,598.91	ı	ı	1	849.44	ı	ı	1		ı	ı	1
Total - Gross	18,967.94	1	1	1	14,518.42	1	1	ı	4,368.65	1	1	1
Less : Impairment loss allowance	(131,40)	ı	1	1	(67.66)	1	ı	1	(17.63)	ı	ı	
Total - Net	18,836.54				14,450.76				4,351.02			
Housing and Non Housing Loans												
l) Secured by tangible assets and intangible assets 18,967.94	s 18,967 <u>.</u> 94	1	ı	ı	14,518,42	ı	1	ı	4,368.65	1	1	1
II) Covered by Bank / Government Guarantees	1	ı	ı	ı	1	ı	ı	1	ı	ı	ı	
III) Unsecured			1	1		ı	ı	1	ı	ı		
i) Housing Loans	1	ı	ı	1	1	ı	1	ı	1	ı	ı	1
Total (III) - Gross	18,967.94	ı	ı	ı	14,518.42	ı	ı	ı	4,368.65	ı	ı	
Less : Impairment loss allowance	(131.40)	ı	ı	ı	(99'.29)	ı	ı	ı	(17,63)	ı	ı	,
Total (III) - Net	18,836.54	I	ı	i	14,450.76	ı	ı	I	4,351.02	ı	I	1
Total (I+II+III) - Net	18,836,54	1	ı	1	14,450.76	ı	1	ı	4,351.02	1	1	1
Housing and Non Housing Loans												
i) Public Sector	1		ı	1				1		1		1
ii) Others	18,967,94	ı	ī	ı	14,518.42	ı	1	ı	4,368.65	ı	ı	1
Total - Gross	18,967.94	ı	ı	ı	14,518.42	ı	ı	ı	4,368.65	ı	ı	ı
Less: Impairment Loss Allowance (A)*	(131,40)	1	ı	ı	(99'.29)	1	ı	1	(17.63)	ı	1	1
Total - Net	18,836.54	1	ı	ı	14,450.76	ı	ı	1	4,351.02	ı	1	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.

for the year ended 31st March 2019

Note 7: Investments

		As at 1 April 20	pril 2019			As at 1 A	As at 1 April 2018			As at 1 April 2017	pril 2017	
	A		At Fair value	ne	L 45.34.4		At Fair value	ne	A		At Fair value	ne
Particulars	Amortised	Through Other Compre- hensive Income	Through profit or loss	Designated at Through profit or loss	Amortised Cost	Through Other Compre- hensive Income	Through profit or loss	Designated at Through profit or loss	Amortised	Through Other Compre- hensive Income	Through profit or loss	Designated at Through profit or loss
i) Mutual funds												
IDFC Cash Fund - Growth - Regular Nil	ı			ı	1	1	100.14	ı	ı	1		
(March 31, 2018: 47,609.93 Units (April 1,2017: Nil)												
Mahindra Liquid Fund - Regular - Growth - Regular Nil	ı	ı	ı	ı	ı	ı	150,08	ı	ı	ı	ı	1
(March 31, 2018: 133,810.31 Units (April 1,2017: Nil)												
Mirae Asset Cash Management Fund - Regular	1	ı	1	1	ı	ı	100.06	1	ı	1	ı	
Growth Plan- Regular Nil												
(March 31, 2018: 55,167.91 Units (April 1,2017: Nil)												
Reliance Liquid Fund - Treasury Plan - Growth Nil	ı	1	1	ı	1	1	200,30	ı	1	1	1	1
(March 31, 2018: 47,439.56 Units (April 1,2017: Nil)												
SBI Premier Liquid Fund - Regular Plan - Growth Nil	ı	ı	ı	1	ı	ı	150.25	ı	ı	ı	1	1
(March 31, 2018: 55,328.84 Units (April 1,2017: Nil)												
UTI Liquid Cash Plan - Institutional - Direct Plan -	1	ı	ı	1	ı	1	150,19	1	ı	ı	ı	1
Growth Nil (March 31, 2018: 77,433.39 Units												
(April 1,2017: Nil)												
Total Gross (A)	I	1	ı	1	1	1	851.02	ı	1	1	1	1
i) Overseas investments	ı	ı	ı	ı	ı	ı	Ī	ı	ı	ı	ı	1
ii) Investments in India	1	ı	ı	1	ı	ı	851.02	1	ı	ı	ı	1
Total Gross (B)	ı	ı	1	ı	1	ı	851.02	ı	ı	1	1	ı
Less : Allowance for impairment loss (C)	ļ	ı	ı	ı	1	1	ı	ı	1	ı	1	ı
Total - Net D = (A) - (C)	1	1	ı	1	1	1	851.02	1	1	1	1	1

No dividend income received as on March 31, 2019 as all investment income is the capital gain from debt fund growth option plan;







for the year ended 31st March 2019

Note 8: Other Financial Assets

(₹ in millions)

Particulars	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
Security deposits	10.48	7.02	4.10
Other financial assets	108.39	58.11	3.18
Total	118.87	65.13	7.28

Note 9: Property, plant and equipment

(₹ in millions)

Particulars	Furniture & Fixtures	Leasehold Improvements	Computer	Office Equipment	Servers and Networks	Total
Gross Carrying Amount:						
Deemed cost as At 1 April 2017	2.64	8.69	5.69	2.12	0.38	19.52
Additions	1,30	9.92	13.34	2.69	0.64	27.89
Disposals	=	-	-	-	-	-
At 31 March 2018 (A)	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 31 March 2019 (B)	12.01	49.07	30.86	17.86	3.19	112.99
Depreciation and impairment:						
At 1 April 2017	=	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation charge for the year	0.80	2.99	6.15	1,38	0.26	11.58
At 31 March 2018 (C)	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 31 March 2019 (D)	2.65	10.06	18.20	5.17	0.75	36.83
Net book value:						
At 1 April 2017	2.64	8.69	5.69	2.12	0.38	19.52
At 31 March 2018 (A-C)	3.14	15.62	12.88	3.43	0.76	35.83
At 31 March 2019 (B-D)	9.36	39.01	12.66	12.69	2.44	76.16

The company has capital work in progress Rs.Nil (March 31, 2018: Rs.Nil, April 01 2017: Rs. 0.03 millions)



Notes to Financial Statements

for the year ended 31st March 2019

Note 10: Other Intangible Assets

(₹ in millions)

Particulars	Computer Software	Website Development	Total
Gross Carrying Amount:			
Deemed cost as At 1 April 2017	7.66	0.07	7.73
Additions	2.72	0.13	2.85
Disposals	-	-	-
At 31 March 2018 (A)	10.38	0.20	10.58
Additions	0.85	0.13	0.98
Disposals	-	-	-
At 31 March 2019 (B)	11.23	0.33	11.56
Depreciation and impairment:			
At 1 April 2017	-	-	-
Disposals	-	-	-
Depreciation charge for the year	4.00	0.03	4.03
At 31 March 2018 (C)	4.00	0.03	4.03
Disposals	-	-	-
Depreciation charge for the year	2.93	0.11	3.04
At 31 March 2019 (D)	6.93	0.14	7.07
Net book value:			
At 1 April 2017	7.66	0.07	7.73
At 31 March 2018 (A-C)	6.38	0.17	6.55
At 31 March 2019 (B-D)	4.30	0.19	4.49

Note 11: Other Non-financial assets

(₹ in millions)

Particulars	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
Prepaid expenses	15.95	6.07	2.93
Capital advances	2.22	-	-
Other receivable	8,98	23,84	0.90
Balance from government authorities	0.55	8,80	-
Total	27.70	38.71	3.83

Note 12: Other Trade Payable

(₹ in millions)

Particulars	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
(i) total outstanding dues of micro enterprises	-	-	-
and small enterprises			
(ii) total outstanding dues of creditors other	11.90	20.71	4.68
than micro enterprises and small enterprises			
Total	11.90	20.71	4.68





Notes to Financial Statements

for the year ended 31st March 2019

Note 13: Borrowings (other than debt securities)

	,	As at 31 March 2019	2019	Ø	As at 31 March 2018	018		As at 1 April 2017	2017
NAME OF ASSET	At amortised cost	At fair through profit or loss	Designated at fair value through proft or loss	At amortised cost	At fair through profit or loss	Designated at fair value through proft or loss	At amortised cost	At fair through profit or loss	Designated at fair value through proft or loss
(a) Term loan									
(i) from banks									
Term loan	10,874.06	I	ı	7,521.74	ı	ı	2,145.75	ı	ı
(Secured by way of pari passu charge on	ı	1	ı	ı	ī	ı	1	ı	1
receivables of the company)	I	1	ı	ı	ı	1	1	1	1
(b) Loans repayable on demand									
Book Overdraft	781.16	1	1	2,361.38	1	1	1,388.26	1	1
Working Capital Demand Loan from Banks	100.00	ı	ı	100.00	ı	ı	I	ı	1
Cash Credit	ı	1	1	1	ī	1	27.60	1	1
(c) Loans from related party									
Holding Company	2,500.00	I	1	ı	ī	1	1	1	1
Directors and Relatives	ı	1	ı	ı	1	ı	1	ı	ı
(d) Intercorporate Deposit (ICD)									
Holding Company	390.00	1		2,250.00	ı	ı	I	ı	ı
(e) Commercial Paper*	736.77	1	ı	1,233,44	ı	ı	ı	ı	ı
Total (A)	15,381,99			13,466.56			3,561.61		
Borrowings in India	15,381.99			13,466.56			3,561.61		
Borrowings outside India	ı			ı			ı		
*net of upaynized discount									



for the year ended 31st March 2019

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

		Due with	in 1 year	Due within 1 year Due 1 to 2 years	2 years	Due 2 to 3 years	3 years	Due 3 to 4 years	4 years	Due 4 to 5	years	Due 5 to 10) years	Tota		Tot	Total
Original maturity of Ioan	Interest rate	nterest No of rate Instalments	Amount	Interest No of Amount No of Amount rate Instalments Instalments	Amount	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
Monthy repayment schedule	8%-10%	8%-10% 12	86.40 12	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	8%-10%	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	8%-10%					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

Terms of repayment of long term borrowings outstanding as at March 31, 2018

		Due with	Due within 1 year	Due 1 to 2 years	2 years	Due 2 to 3 years	3 years	Due 3 to 4 years	4 years	Due 4 to 5 years		Due 5 to 10 years	years	Total	_	욘	Total
Original maturity of loan	Interest rate	No of Instalments	Amount	Interest No of Amount No of Amount rate Instalments		No of Instalments	Amount	No of Amount Instalments	Amount	No of Amount No of Amount Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	Ind AS Adjustments	Amount
Quarterly repayment schedule 8%-10% 37	8%-10%	37		553.33 45	764.29	47	843.46	37	633.07	24	359.21	25	309.94	215	3,463.30		
Half yearly repayment schedule 8%-10%	8%-10%	10	279.13 19	19	545.73	22	645.73	21	614.03	20	583.13	31	96.006	123	3,568.71		
Yearly repayment schedule	8%-10%	ı	1	_	83.33	-	83.33	-	83.33	_	83.33	2	166.67	9	499.99		
At the end of tenure	10%-12%					-	2,250.00							-	2,250.00		
		47	832.46	65	1,393.35	71	3,822.52	29	1,330.43	45	1,025.67	28	1,377.57	345	9,782.00	10.26	9,771.74

Terms of repayment of long term borrowings outstanding as at April 01, 2017

•)))	•												
		Due with	Due within 1 year	Due 1 to 2 years	2 years	Due 2 to 3 years	3 years	Due 3 to 4 years	4 years	Due 4 to 5 years	years	Due 5 to 10 years) years	Total	_	ТоТ	Total
Original maturity of Ioan	Interest rate	Interest No of Amount No of Amount rate Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Amount Instalments	Amount	No of A Instalments	mount	No of Instalments	Amount	No of Instalments	Amount	Ind AS Adjustments	Amount
Quarterly repayment schedule 8%-10%	8%-10%	ĸ	51.60	51.60 16	290.71	16	290.71	15	269.87	12	207.37	17	289.73	79	1,399.99		
Half yearly schedule	8%-10%	-	31.30	9	145.87	9	145.87	9	145.87	5	114.17	∞	166.93	32	750.01		
		4	82.90	22	436.58	22	436.58	21	415.74	17	321.54	25	456.66	111	2,150.00	4.25	2,145.75





for the year ended 31st March 2019

Note 14: Other Financial liabilities

Particulars	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
Others	121.25	102.70	27.39
Total	121.25	102.70	27.39

Note 15: Provisions

Particulars	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
Provision for employee benefits			
- Gratuity	3.07	1,33	0.38
Total	3.07	1.33	0.38

Note 16: Other Non-financial liabilities

Particulars	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
Statutory dues payable	8.20	4.05	0.81
Total	8.20	4.05	0,81

Note 17: Equity share capital

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

Particulars	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
Authorised:			
150,000,000 Equity Shares of Rs. 10/- each (31 March 2018:	1,500.00	1,000.00	1,000.00
100,000,000 April 01, 2017: 100,000,000 Equity Shares of			
Rs. 10/- each)			
Issued, subscribed and fully paid up			
119,155,843 Equity Shares of Rs. 10/- each (31 March 2018:	1,191.56	977.27	750.00
9,77,27,272 April 01, 2017: 7,50,00,000 Equity Shares of			
Rs. 10/- each)			
Total Equity	1,191.56	977.27	750.00

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 1 April 2017	75,000,000	750.00
Issued during the year	22,727,272	227.27
As at 31 March 2018	97,727,272	977.27
Issued during the year	21,428,571	214.29
As at 31 March 2019	119,155,843	1,191.56

Terms/rights attached to equity shares

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



Notes to Financial Statements

for the year ended 31st March 2019

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

Particulars	As on 3	1.03.2019	As on	31.03.2018	As on	31.03.2017
	No. of shares	% holding in the class	No. of shares	% holding in the class		% holding in the class
Muthoot Finance Limited	119,155,843	100%	97,727,272	100%	66,200,000	88.27%

Note 18: Other equity

Particulars	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
Statutory reserve (Pursuant to section 29 C of			
National Housing Bank Act, 1987)*			
Opening balance	107.17	15.29	
Add: Transfer from surplus balance in the Statement of	122.87	91.88	
Profit and Loss	230.04	107.17	15.29
Closing balance			
Security Premium			
Opening balance	861.10	88.37	
Add: Securities premium received during the year	1,285.71	772.73	
Closing balance	2,146.81	861.10	88.37
Retained Earnings			
Opening balance	-	-	-
Add: Profit for the period	133.47	2.82	
Less Appropriation :-	362.65	222.56	
- Transfer to Statutory Reserve	(122.87)	(91.88)	
- OCI for the year	0.12	(0.03)	
Total appropriations	(122.75)	(91.91)	-
Closing balance	373.37	133.47	2.82
Total	2,750.22	1,101.74	106.48

Note 19: Nature and purpose of reserve

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

Retained earnings

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

Statutory reserve

* Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred an amount of Rs. 122.87 million to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.



Notes to Financial Statements

for the year ended 31st March 2019

Note 20: Interest income

	For th	For the year ended 31 March 2019	March 2019		For th	For the year ended 31 March 2018	March 2018	
NAME OF ASSET	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	2,121.85	ı	2,121.85	1	1,021.58	ı	1,021.58
Other interest income		0.81	ı	0.81	1	1.25	ı	1.25
Total	ı	2,122.66	1	2,122.66	1	1,022.83	1	1,022.83

Note 21: Net gain on fair value changes

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
On investment portfolio	ı	ı
- Investments	2.46	9,55
Total Net gain/(loss) on fair value changes (A)	2,46	9,55
Fair Value changes:		
- Realised	2,46	8,52
- Unrealised	ı	1.03
Total Net gain/(loss) on fair value changes	2,46	9.55

for the year ended 31st March 2019

Note 22: Finance Cost

	For the year	For the year ended 31 March 2019		For the year	For the year ended 31 March 2018	•
NAME OF ASSET	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	Ī	1,151.05	1,151.05	1	503.69	503.69
Other borrowing costs	1	5,66	2.66	ı	0.33	0,33
Total	1	1,156.71	1,156.71	ı	504.02	504.02

Note 23: Impairment of financial instrumentsThe 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 31 March 2019		For the year	For the year ended 31 March 2018	
NAME OF ASSET	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	I	63.93	63'63	I	50.23	50.23
Bad Debts Written Off	1	•	ı	1	1	1
Other Assets	ı	•	ı	ı	1	ı
Total	1	63.93	63.93	1	50.23	50.23







for the year ended 31st March 2019

Note 24: Employee Benefit Expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and Wages	301.73	117.76
Contributions to Provident and Other Funds	9.34	4.29
Staff Welfare Expenses	5.88	4.33
Total	316.95	126.38

Note 25: Depreciation, amortization and impairment

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of Tangible Assets	25.57	11.58
Amortization of Intangible Assets	3.04	4.03
Total	28.61	15.61

Note 26: Other Expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rent	38.77	22.35
Electricity Charges	5.92	3.32
Business Promotion Expenses	7.57	6,62
Advertisement	3.03	16.55
Repairs & Maintenance	12.90	5.50
Credit Rating Fees	5.20	2.35
Credit Verification Charges	9.69	13.40
Postage, Telegram and Telephone	12.97	7.46
Printing and Stationery	11.25	7.12
Rates & Taxes	6.00	1.20
Legal & Professional Charges	28.43	29.40
Travelling and Conveyance	18.13	9.69
Bank Charges	2.05	1,89
Franking & Stamp Paper Charges	0.62	0.85
General Office Expenses	6.85	2.37
House Keeping Charges	2.20	1,41
Newspaper and Periodicals	0.01	0.01
Vehicle Hire & Maintenance	0.12	0.08
Payments to Auditor	0.55	0.13
Directors' Sitting Fee	0.84	0.36
Commission	0.25	0.44
Insurance	0.14	-
Network Maintenance Charges	2.08	-
Technical Verification charges	0.55	5.97
Loss on sale of asset	0.32	-
CSR Expense	3.20	-
Total	179.64	138.47



Notes to Financial Statements

for the year ended 31st March 2019

*Auditor fees

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
As auditor:		
Statutory audit of the Company	0.33	0.07
Tax audit	-	0.01
Other Services	0.22	0.05
	0.55	0.13

Corporate Overview

Details of CSR expenditure:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Gross amount required to be spent by the Company	3,15	0.41
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	3,20	-
Yet to be paid in cash	-	-
Total	3.20	-

Note 27: Income Tax

The components of income tax expense for the year ended 31 March 2019 and year ended 31 March 2018 are:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax	142.65	108.34
Adjustment in respect of current income tax of prior years	-	-
Deferred tax relating to origination and reversal of temporary differences	6.15	5.00
Income tax expense reported in statement of profit and loss	148.80	113.34
OCI Section		
Deferred tax related to items recognised in OCI during the period:		
Net loss/(gain) on remeasurements of defined benefit plans	(0.05)	0.01
Income tax charged to OCI	(0.05)	0.01







for the year ended 31st March 2019

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 sustantively enacted tax rate for the year ended 31 March 2019 and year ended 31 March 2018 is, as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Accounting profit before tax	511.45	335.90
Statutory income tax rate of 29.120% (March 31, 2018: 28.840%)	148.93	96.87
Effect of unrecognised deferred tax assets	5.14	11.80
Non-deductible expenses	1.56	
Additional deduction under Income tax act	-	(0.33)
Effect of change in tax rate	(6.77)	5.00
Others	(0.06)	-
Income tax expense reported in the statement of profit or loss	148.80	113.34

The effective income tax rate for 31 March 2019 is 29.09% (31 March 2018: 33.75%).

Note 28: 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:

		Balance Sheet	•	Statement of	f Profit/Loss
Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Fixed assets: Impact of difference between tax	5.34	0.91	1.28	(4.43)	0.37
depreciation and depreciation as per books of					
account					
Statutory Reserve	(66,99)	(36.51)	(4.71)	30.48	31,80
Provision for NPA	16,15	2.71	-	(13.44)	(2.71)
Prepaid expense	(1.51)	(0.95)	(0.55)	0.56	0.40
Security Deposit	1,59	0.99	0.58	(0.60)	(0.41)
Bank Borrowings	(7.30)	(2.99)	(1.22)	4.31	1.77
Housing Loans processing fees	47.56	37.67	11.44	(9.89)	(26.23)
Investments		(0.30)		(0.30)	0.30
Provision for Gratuity	0.90	0.41	0.11	(0.49)	(0.30)
Actuarial gain or loss on OCI	-	-	-		
Net deferred tax asset / (liabilities), net	(4.26)	1.94	6.93		
Deferred tax charge/(credit)				6.20	4.99



Notes to Financial Statements

for the year ended 31st March 2019

Note 29: 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 31 March 2019	For the year ended 31 March 2018
Net profit attributable to ordinary equity shareholders	362.65	222.56
Weighted average number of ordinary shares for basic earnings per share	108,647,037	88,449,564
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	108,647,037	88,449,564
Earnings per share		
Basic earnings per share (Rs.)	3.34	2.52
Diluted earnings per share (Rs.)	3.34	2.52

Note 30: 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 31 March 2019	For the year ended 31 March 2018
Current service cost	1.81	0.88
Interest cost on benefit obligation	0.10	0.03
Expected return on plan assets	-	-
Past Service Cost	-	-
Net actuarial (gain)/loss recognized in the year	(0.17)	0.04
Net (benefit) / expense	1.74	0.95
Actual return on plan assets	-	-







for the year ended 31st March 2019

Balance Sheet

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

Particulars	As on 31.03.2019	As on 31.03.2018	As on 1.04.2017
Defined benefit obligation	3.07	1.33	0.38
Fair value of plan assets	-	-	-
Asset/ (liability) recognized in the balance sheet	(3.07)	(1.33)	(0.38)
Experience adjustments on plan liabilities (gain)/ loss	(0.23)	0.09	(0.03)
Experience adjustments on plan assets gain / (loss)	NA	NA	NA

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

Particulars	As on 31.03.2019	As on 31.03.2018	As on 1.04.2017
Opening defined benefit obligation	1.33	0.38	0.07
Transfer in/ (out)	-	-	-
Current service cost	1.81	0,88	0.32
Interest Cost	0.10	0.03	0.01
Benefits paid	-	-	-
Past Service Cost	-	-	-
Actuarial loss / (gain) on obligation	(0.17)	0.04	(0.02)
Closing defined benefit obligation	3.07	1.33	0.38

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

Particulars	As on 31.03.2019	As on 31.03.2018	As on 1.04.2017
Discount rate	7.0% p.a	7.0% p.a	7.4% p.a
Attrition rate	15% p.a.	15% p.a.	15% p.a.
Expected rate of return on assets	NA	NA	NA



Notes to Financial Statements

for the year ended 31st March 2019

Assumptions	Discour	it rate	Future sal	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
(31 March, 2019)	by Rs 0.24	by Rs 0.27	by Rs 0.27	by Rs 0.24
Impact on defined benefit obligation	DBO decreases	DBO increases	DBO increases	DBO decreases
(31 March , 2018)	by Rs 0.11	by Rs 0.12	by Rs 0.12	by Rs 0.11

The weighted average duration of the defined benefit obligation as at 31 March, 2019 is 5 years (31 March, 2018: 5 years)

The estimates of future salary increases, considered in actuarial valuation, take account of 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.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.





for the year ended 31st March 2019

Note 31: 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

	As	As at 31 March 2019	2019	A	As at 31 March 2018	2018	As a	As at 01 April 2017	7
Particulars	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	403,85	ı	403.85	225.06	ı	225.06	57.78	ı	57.78
Loans	1,265.72	17,570.82	18,836.54	2,059.36	12,391.40	14,450.76	74.17	4,276.85	4,351.02
Investments	ı	I	1	851.02	I	851.02	ı	1	ı
Trade receivables	ı	I	1	ı	I	I	ı	I	I
Other financial assets	108,39	10.48	118.87	58.11	7.02	65.13	3.18	4.10	7.28
Non-financial Assets									
Current tax assets (Net)	4,84	ı	4.84	ı	ı	ı	ı	ı	ı
Deferred tax assets (net)	ı	ı	ı	ı	1.94	1,94	I	6.93	6.93
Investment property	ı	ı	1	1	ı	ı	ı	1	1
Property, plant and equipment	ı	76.16	76,16	1	35.83	35.83	ı	19.52	19.52
Capital Work In Progress	ı	ı	1	ı	ı	ı	0.03	1	0.03
Other intangible assets	ı	4.49	4,49	1	6.55	6.55	ı	7.73	7.73
Other non financial assets	25,48	2.22	27.70	23,84	14.87	38.71	06'0	2.93	3,83
Total assets	1,808.28	17,664.17	19,472.45	3,217.39	12,457.61	15,675.00	136.06	4,318.06	4,454.12

for the year ended 31st March 2019

Note 31: Maturity analysis of assets and liabilities (Continued)

	As	at 31 March 2019	019	Ą	As at 31 March 2018	2018	As a	As at 01 April 2017	7
Particulars	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities									
Financial Liabilities									
Trade Payable	11.90	1	11,90	20.71	1	20.71	4.68	1	4.68
Borrowings (other than debt securities)	1,644.71	13,737.28	15,381,99	4,426.15	9,040.41	13,466.56	1,512.20	2,049.41	3,561.61
Other Financial liabilities	102.18	19.07	121.25	90.41	12.29	102.70	23.75	3.64	27.39
Non-financial Liabilities									
Current tax liabilities (net)	ı	1	ı	0.64	1	0.64	2.77	ı	2.77
Provisions	1	3.07	3.07	ı	1,33	1.33	I	0.38	0.38
Deferred tax liabilities (net)	4.26	ı	4.26	ı	1	ı	1	ı	1
Other non-financial liabilities	8.20	ı	8.20	4.05	ı	4.05	0.81	1	0.81
Total Liabilities	1,771.25	13,759,42	15,530.67	4,541.96	9,054.03	13,595.99	1,544.21	2,053.43	3,597.64
Networth			3,941.78			2,079.01			856.48







for the year ended 31st March 2019

Note 32: Change in liabilities arising from financing activities

Particulars	As at 31 March 2018	Cash Flows	Others	As at 31 March 2019
Borrowings other than debt securities	13,466.56	1,940.51	(25.08)	15,381.99
Other Financial liabilities	102.70	18.55	-	121.25
Total liabilities from financing activities	13,569.26	1,959.06	(25.08)	15,503.24
Particulars	As at 1 April 2017	Cash Flows	Others	As at 31 March 2018
Borrowings other than debt securities	3,561.61	9,915.21	(10.26)	13,466.56
Other Financial liabilities	27.39	75.31	-	102.70
Total liabilities from financing activities	3,589,00	9.990.52	(10.26)	13,569,26

Note 33: Contingent liabilities, commitments and leasing arrangements

(A) **Contingent Liabilities**

Income Tax Payable of Rs. 1.06 million as assessed in AY 16-17 which have been appealed against CIT (A) (March 31, 2018:Nil, April 1, 2017: Nil)

(B) Commitments

- Capital commitments:-Nil (March 31, 2018:Nil, April 1, 2017: Nil)
- Loan commitments on account of undisbursed loans: Rs. 1230.13 million (March 31, 2018:Rs. 1079.74 million, April 1, 2017: Rs. 360.07 million)

Note 34: 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. M G George Muthoot	Non executive Directo
Mr. George Alexander Muthoot	Non executive Directo
Mr. George Thomas Muthoot	Non executive Directo
Mr. Alexander M. George	Non executive Directo
Mr. Eapen Alexander	Whole Time Director
Mr. K.R Bijimon	Non executive Directo
Mrs. Anna Alexander (Appointed during FY 18-19)	Additional Director
Mr. K George John	Independent Director
Mr. Jose Kurian	Independent Director
Mr. V A Joseph (Resigned during FY 18-19)	Independent Director
Mr. V C James (Appointed during FY 18-19)	Independent Director
Mr, Ramratthinam S	Chief Executive Office
Mr. Pandurang A Kadam	Chief Financial Officer
Mrs. Jinu Mathen	Company Secretary



Notes to Financial Statements

for the year ended 31st March 2019

Related Party transactions during the year:

	Н	Iolding Comp	any	Key M	anagement P	ersonnel
Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Loan availed	-	-	-	200.00	990.00	300.00
Loan repaid	-	-	-	200.00	990.00	300.00
Interest paid to KMP on account of loan	-	-	-	1.05	4.80	1.06
Remuneration paid	-	-	-	6.90	4.90	1.20
Director sitting fees paid	-	-	-	0.77	0.34	0.09
ICD taken	8,550.00	5,060.00	440.00	-	-	-
ICD repaid	10,410.00	2,810.00	440.00	-	-	-
Interest on ICD	107.05	14.04	1.54	-	-	-
Rent on account of infrastructure sharing	2.59	2.23	1.86	-	-	-
Fixed Assets purchased	-	0.86	-	-	-	-
Term loan availed	2,500.00	-	-	-	-	-
Interest on account of term loan availed	117.74	-	-	-	-	-
Balance outstanding as at the year end	l:					
Term Loan by Muthoot Finance Limited	2,500.00	-	-	-	-	-
ICD by Muthoot Finance Limited	390.00	2,250.00	-	-	-	-
Loan from KMP		_		-	-	
Rent payable to Muthoot Finance Ltd	-	-	-	-	-	-

Note:

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

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	31 March 2019	31 March 2018	1 April 2017
Contribution to PF (defined contribution)	0.20	0.14	0.08
Short term benefits	21.99	16,48	9.31
Termination benefits	0.14	0.11	- 0.05 -
Total	22.33	16.73	9.44







for the year ended 31st March 2019

Note 35: 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 2019	31 March 2018	1 April 2017
Common Equity Tier1 capital	3,937.29	2,072.43	848.75
Tier 2 capital	75.96	58.34	-
Total capital	4,013.25	2,130.77	848.75
Risk weighted assets	8,693.25	7,983.96	2,388.07
Tier1 capital ratio	45.29%	25.96%	35.54%
Tier2 capital ratio	0.87%	0.73%	0.00%

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 36: 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, 2018 is as follows:

		At l	FVTPL	
Regulatory capital	Level-1	Level-2	Level-3	Total
Investment*	851.02	-	-	851.02

^{*} There is no investment as on 31 March 2019 and as on 1 April 2017.



Notes to Financial Statements

for the year ended 31st March 2019

Fair value technique

Investment at fair value through profit and loss

For investment at fair value through profit and loss, valuation are done using quoted prices from active markets at the measurement date.

Fair value of financial instruments not measured at fair value

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

		C	arrying Valu	e		Fair Value	
Particulars	Level	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Financial assets							
Cash and cash equivalents	2	403.85	225.06	57.78	403.85	225.06	57.78
Bank Balance other than above	2	-	-	-	-	-	-
Loans	3	18,836.54	14,450.76	4,351.02	18,836.54	14,450.76	4,351.02
Other Financial assets	2	118.87	65.13	7.28	118.87	65.13	7.28
Total financial assets		19,359.26	14,740.95	4,416.08	19,359.26	14,740.95	4,416.08
Financial Liabilities							
Trade Payable	3	11.90	20.71	4.68	11.90	20.71	4.68
Borrowings (other than debt security)	2	15,381.99	13,466.56	3,561.61	15,381.99	13,466.56	3,561.61
Other Financial liabilities	2	121.25	102.70	27.39	121.25	102.70	27.39
Financial Liabilities		15,515.14	13,589.97	3,593.68	15,515.14	13,589.97	3,593.68

There have been no transfers between the level 1 and level 2 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 and short- term mutual funds, 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

Financial liability at amortised cost

The fair values of financial liability held-to-maturity are estimated using a effective interest rate model based on contractual cash flows using actual yields.







Notes to Financial Statements

for the year ended 31st March 2019

Note 37: Risk Management

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

The Company's principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the company's operations. At the other hand Company's principal financial assets include loans and cash and cash equivalents that derive directly from its operations. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors, Audit Committee and Risk Management CommitteeCompany 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
- stablish 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 funds,
- Loan monitoring credit officers to attend group meeting, reminder of payment of emis on time, etc.
- Loan collection and recovery monitor repayments, confirmation of balances

Impairment assessment

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.



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

Rating	Loan Days	Stages
High grade	Not yet due	Stage I
Standard grade	1-30 DPD	Stage I
Standard grade	30-60 DPD	Stage II
Standard grade	60-89 DPD	Stage II
Individually impaired	90 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 purcahse 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 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 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.

Based on its review of macro-economic developments and economic outlook, the Company has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD.

Loss Given Default

LGD Rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/written off/ repossessed and upgraded during the year. When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

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 withthe 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:-







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

Darticulare	Upto	Upto 1 to 2		3 to 6	6 months	1 to 3	3 to 5	Over	Total	Ind AS	Total
raincalais	1 month	months	months	months	to 1 year	years	years	5 years		Adjustment	
Borrowings	423.01	797.51	701.72	350.16	994.04	7,502.00	3,119.47	1,519.16	15,407.07	25.08	15,381.99
Other financial liabilities	14.96		87.22	-	I	1	1	19.07	121.25	•	121.25
Loans	114.33	95.28	95.28	304.88	666.93	3,811.03	3,797.22	10,114.97	18,999.92	163.38	18,836.54
Other financial assets	ı			39.62	68.76	ı	15.95	ı	124.33	5.46	118.87

Maturity pattern of assets and liabilities as on 31 March 2018:

2211111111	Upto	Upto 1 to 2 2 to 3	2 to 3	3 to 6	6 months	1 to 3	3 to 5	Over	Total	Ind AS	Total
raincaiais	1 month	months	months	months	to 1 year	years	years	5 years		Adjustment	
Borrowings	1,205.37 1,942.42	1,942.42	560.01	251.54	467.94	5,315.88	2,356.12	1,377.54	13,476.82	10.26	13,466.56
Other financial liabilities	18.87	42.92	28.62		ı		•	12.29	102.70	1	102.70
Loans	69.49	262.85	529.43	578.51	637.52	737.10	807.10	10,958.15	14,580.15	129.39	14,450.76
Investments	849.99	1	1	1	ı	1	1	1	849.99	1.03	851.02
Other financial assets		ı	1	İ	58.10		1	10.44	68.54	3.41	65.13

Maturity pattern of assets and liabilities as on 1 April 2017:

Particulars	Upto 1 month	Upto 1 to 2 months	2 to 3 months	3 to 6 months	6 months	1 to 3	3 to 5	Over 5 vears	Total	Ind AS Adjustment	Tota
Borrowings	377.60	350.00		14.81	81.71	868.39	732.97	452.12	3,565.86	4.25	3,561.61
Other financial liabilities	7.73	9.61	6.41	•	ı			3.64	27.39		27.39
Loans	5.89	5.95	6.01	18.41	38.59	310.85	359.71	3,645.32	4,390.73	39.71	4,351.02
Other financial assets	i	1	ı	ı	3.18	ı	İ	6.10	9.28	2.00	7.28



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

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
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
31-Mar-18						
Other undrawn commitments to lend	147.00	855.00	77.74	-	-	1,079.74
Total commitments	147.00	855.00	77.74	-	-	1,079.74
1-Apr-17						
Other undrawn commitments to lend	158.83	201.24	-	-	-	360.07
Total commitments	158.83	201.24	-	-	-	360.07

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 of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

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

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

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

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

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









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	March 31, 2019	March 31, 2018	1 April 2017
	Impact on profit before tax	Impact on profit before tax	Impact on profit before tax
On Loans and Advances			
1% increase	171.07	81.38	11.88
1% decrease	(171.07)	(81.38)	(11.88)
On Borrowings			
1% increase	132.48	58.21	4,28
1% decrease	(132.48)	(58.21)	(4.28)

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 fundsand other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

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.

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 38: 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 39: 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"

Note 40: First-time Adoption of Ind AS

"These financial statements, for the year ended 31 March 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended 31 March 2019, together with the comparative period data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018."

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable IND AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to IND AS.

Deemed Cost

IND AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under IND AS 38 and Investment Property covered under IND AS 40.

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Accordingly, the Company has elected to measure all its property, plant and equipment, intangible assets and investment propertyat their previous GAAP carrying value.

Classification and Measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.

The estimates at 1 April 2017 and at 31 March 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require

Impairment of financial assets based on expected credit loss model

FVOCI on debt instrument

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2017, the date of transition to Ind AS and as of 31 March 2018.

Equity reconciliation for 1 April 2017

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		57.78	-	57.78
Loans (net of provision)	a	4,390.73	(39.71)	4,351.02
Other financial assets	d	9.28	(2.00)	7.28
Total (A)		4,457.79	(41.71)	4,416.08
Non-financial assets				
Deferred tax assets (net)		-	6.93	6.93
Property, plant and equipment		19.52	-	19.5
Capital work-in-progress		0.03	-	0.0
Other Intangible assets		7.73	-	7.7.
Other non-financial assets	d	1.92	1.91	3.83
Total (B)		29.20	8.84	38.04
Total Assets (A+B)		4,486.99	(32.87)	4,454.12
Liabilities and equity				
Liabilities				
Financial liabilities				
Payables				
(I) Trade Payables		-	-	
(I) Other Payables		-	-	
(i) total outstanding dues of creditors other than		4.68	-	4.68
micro enterprises and small enterprises				
Borrowings (other than debt securities)	b	3,565.86	(4.25)	3,561.6
Other financial liabilities		27.39	-	27.39
Total (C)		3,597.93	(4.25)	3,593.68









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Equity reconciliation for 1 April 2017 (Continued)

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
Non-financial liabilities				
Current tax liabilities (net)		2.77	-	2.77
Deferred tax liabilities (net)		3.43	(3.43)	-
Provisions		0.38	-	0.38
Other non-financial liabilities		0.81	-	0.81
Total (D)		7.39	(3.43)	3.96
Total Liabilities (C+D)		3,605.32	(7.68)	3,597.64
Equity Share Capital		750.00	-	750.00
Other Equity		131,67	(25.19)	106,48
Total equity		881.67	(25.19)	856.48
Total liabilities and equity		4,486.99	(32.87)	4,454.12

Equity reconciliation for 31 March 2018

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		225,06	-	225.06
Loans	a	14,580.15	(129.39)	14,450.76
Investments	С	850.00	1.02	851.02
Other financial asset	d	68.55	(3.42)	65.13
Total (A)		15,723.76	(131.79)	15,591.97
Non-financial assets				
Deferred tax assets (net)		-	1.94	1.94
Property, plant and equipment		35.83	-	35.83
Other Intangible assets		6.55	-	6.55
Other non-financial assets	d	35.46	3,25	38.71
Total (B)		77.84	5.19	83.03
Total Assets (A+B)		15,801.60	(126.60)	15,675.00



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Equity reconciliation for 31 March 2018 (Continued)

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
Liabilities and equity				
Liabilities				
Financial liabilities				
Payables				
(I) Trade Payables		-	-	-
(I) Other Payables		-	-	-
(i) total outstanding dues of creditors other than		20.71	-	20.71
micro enterprises and small enterprises				
Borrowings (other than debt securities)	b	13,476.84	(10.28)	13,466.56
Other financial liability		102.70	-	102.70
Total (C)		13,600.25	(10.28)	13,589.97
Non-financial liabilities				
Current tax liabilities (net)		0.64	-	0.64
Deferred tax liabilities (net)		35.60	(35.60)	-
Provisions		1.33	-	1.33
Other non-financial liabilities		4.05	-	4.05
Total (D)		41.62	(35.60)	6.02
Total Liabilities (C+D)		13,641.87	(45.88)	13,595.99
Equity Share Capital		977.27	-	977.27
Other Equity		1,182.46	(80.72)	1,101.74
Total equity		2,159.73	(80.72)	2,079.01
Total liabilities and equity		15,801.60	(126.60)	15,675.00







for the year ended 31st March 2019

Profit reconciliation for the year ended 31 March 2018

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
Revenue from operations				
Interest income	а	999.59	23.24	1,022.83
Net gain on fair value changes	С	8.52	1.03	9.55
Sale of services		239.04	(112.41)	126.63
Others		4.84	-	4.84
Total revenue from operations		1,251.99	(88.14)	1,163.85
Other Income		6.76	-	6.76
Total Income		1,258.75	(88.14)	1,170.61
Expenses				
Finance costs	b	510,03	(6.01)	504.02
Impairment on financial instruments		50,23	-	50,23
Employee benefits expenses	е	126,42	(0.04)	126,38
Depreciation, amortisation and impairment		15.61	-	15.61
Other expenses	d	137.89	0.58	138.47
Total expenses		840.18	(5.47)	834.71
Profit /(loss) before exceptional items and tax		418.57	(82.67)	335.90
Exceptional items		-	-	-
Profit/(loss) before tax		418.57	(82.67)	335.90
Tax Expense:				
(1) Current tax		108.34	-	108.34
(2) Deferred tax (credit)		32.17	(27.17)	5.00
Profit/(loss) for the period		278.06	(55.50)	222.56
Other Comprehensive Income				
(i) Items that will not be classified to profit or loss	е	-	(0.04)	(0.04)
(ii) Income tax relating to items that will not be	е	-	0.01	0.01
reclassified to profit or loss				
Other Comprehensive Income		-	(0.03)	(0.03)
Total comprehensive income		278.06	(55.53)	222.53

Footnotes to the reconciliation of equity as at 1 April 2017 and 31 March 2018 and statement of profit and loss for the year ended 31 March 2018

Effective interest rate impact

Under Indian GAAP, processing fees charged to customers was recognised upfront while under Ind AS, such costs are included in/ reduced from the initial recognition amount of loans given to customer and recognised as interest income using the effective interest method over the tenure of the loan. Consequently, loan to customers on transition date have decreased grossly by Rs. 39.71 millions and impact of the same has been taken to retained earnings. Further, the loans has been reduced by Rs. 89.68 millions for the year ended 31 March 2018 and impact of the same has been taken to statement of profit and loss.



for the year ended 31st March 2019

Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest method over the tenure of the borrowings. Consequently, borrowings on transition date have decreased by Rs.4.45 millions and impact of the same has a positive impact on retained earnings. Further, impact for the year ended 31 March 2018 amounting to Rs. 8.14 millions and same has increased the expense to Profit and loss for the respective year.

Investments

Under the previous GAAP, investments in mutual funds were classified as current investments based on the intended holding period and realisability. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value through profit or loss. The resulting fair value changes of these investments has to be recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended March 31, 2018. Accordingly there is increase of Rs. 1.03 millions in net fair value changes for the year ended 31 March 2018.

Security deposits paid

Refundable Security deposits has been discounted as per the requirement of Ind AS 109. Consequently the same has been decreased by Rs. 1.92 millions as at 31 March 2018 (1 April , 2017: Rs. 2.43 millions) and prepaid rent has been increased by same amount.

Other comprehensive income

Under previous GAAP, the Company does not have to present other comprehensive income (OCI) separately. Hence, Previous GAAP profit or loss is reconciled to total comprehensive income as per Ind AS. The impact of acturial gain/ loss on gratuity under Previous GAAP is accounted above profit before tax however as per Ind AS it has to be shown under other comprehensive income.

Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the periodInd AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. As a result of Ind AS adjustments, the deferred tax as on 31 March 2017 has decreased by Rs. 10.36 millions. For the year ended 31 March 2018, deferred tax credit of Rs 27.18 millions.

Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

Standards issued but not effective

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IndAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is evaluating the requirements of Ind AS 116 and its effect on the financial statements.









Disclosure of details as required under the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 issued by the National Housing Bank vide Notification No: NHB.HFC.CGDIR.1 / MD&CEO / 2016 dated February 09, 2017

1. Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular 61/2013-14 dated April 7, 2014:

Pa	rticulars	As at 31 March 2019	As at 31 March 2018
Bal	ance at the beginning of the year		
a)	Statutory reserve u/s 29C of the National Housing	95.33	11.62
	Bank Act, 1987		
b)	Amount of Special reserve u/s 36(1)(viii) of Income	11.84	3.67
	Tax Act, 1961 taken into account for the purpose of		
	Statutory Reserve under Section 29C of the NHB		
	Act, 1987		
c)	Total	107.17	15.29
	Addition/ Appropriation/ Withdrawal during		
	the year		
	Add:		
a)	Amount transferred u/s 29C of the NHB Act, 1987	106.39	83.71
b)	Amount of Special reserve u/s 36(1)(viii) of Income	16.48	8.17
	Tax Act, 1961 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	201.72	95.33
	Bank Act, 1987		
b)	Amount of Special reserve u/s 36(1)(viii) of Income	28.32	11.84
	Tax Act, 1961 taken into account for the purpose of		
	Statutory Reserve under Section 29C of the NHB		
	Act, 1987		
c)	Total	230.04	107.17

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

Rating	Туре	FY 2018-19	FY 2017-18
CARE	Commercial Paper	CARE A1+	CARE A1+
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
ICNA	Term Loan Borrowings	-	ICRA AA-(Stable)
CRISIL	Term Loan Borrowings	CRISIL AA(Stable)	CRISIL AA-(Stable)
CRISIL	Non-Convertible Debentures	CRISIL AA(Stable)	-

Corporate Overview

3. **LOANS & ADVANCES**

Particulars	As at 31 March 2019	As at 31 March 2018
Secured, considered good		
Housing Loans		
Standard Loans	17,396.21	13,736.25
Sub-standard loans	46.59	62.12
Doubtful loans	89.60	-
Loss assets	-	-
Non Housing Loan		
Standard Loans	1,592.72	849.44
Sub-standard loans	3.99	-
Doubtful loans	2.20	-
Loss assets	-	-
Total	19,131.31	14,647.81
Less: Ind AS Adjustments	163.37	129.39
Total	18,967.94	14,518.42

- 3.1 Non Housing Loan includes top-up loan given against residential housing property and loan against poperty.
- 3.2 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Non Housing Loan. The insurance portion amounting to Rs. 1219.04 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.

4 **CURRENT INVESTMENTS**

Particulars	As at 31	March 2019	As at 31 Ma	arch 2018
Investments in Mutual Funds - Unquoted (At Net Asset Value)	Units	Amount	Units	Amount
IDFC Cash Fund - Growth - Regular			47,609.93	100.14
Mahindra Liquid Fund - Regular - Growth			133,810.31	150.08
Mirae Asset Cash Management Fund - Regular Growth Plan			55,167.91	100.06
Reliance Liquid Fund - Treasury Plan - Growth			47,439.56	200.30
SBI Premier Liquid Fund - Regular Plan - Growth			55,328.84	150.25
UTI Liquid Cash Plan - Institutional - Direct Plan - Growth			77,433.39	150.19
Total			-	851.02







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

Particulars	As at 31 March 2019	As at 31 March 2018
Value of Investments		
(i) Gross Value of Investments		
(a) In India	-	851.02
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	-	851.02
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
Opening Balance	-	-
Add: Provsions made during the year	-	-
Less: Write-off/Written-back of excess provsions during the year	-	-
Closing Balance	-	-

- 5. 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 has constituted a CSR Committee as prescribed under the Act. The Company has spent Rs. 3.2 millions on CSR activities as prescribed under the Act and the Rules made thereunder.
- 6. Advances are classified as performing and non-performing assets in accordance with directions on prudential norms issued by National Housing Bank (NHB). Provisions on standard assets, sub-standard assets, doubtful assets and loss assets have been made as per NHB Directions, 2010 as amended from time to time. Details are given hereunder:

	Standard	Sub-Standard	Doubtful	Loss	Total	Ind AS Adjustments	Total
Housing Loans	17,396.21	46.59	89,60	-	17,532.40	163,37	17,369.03
(Previous Year)	(13,736.25)	(62.12)	-	-	(13,798.37)	129.39	(13,668.98)
Non Housing Loans	1,592.72	3.99	2.20	-	1,598.91	-	1,598.91
(Previous Year)	(849.44)	-	-	-	(849.44)	-	(849.44)
Provisions made	75.96	7.59	47.86	-	131.41	-	131.41
(Previous Year)	(58.34)	(9.32)	-	-	(67.66)	-	(67.66)

7. Disclosure of details as required under the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 issued by the National Housing Bank vide Notification No: NHB.HFC.CGDIR.1 / MD&CEO / 2016 dated February 09, 2017

Corporate Overview

7.1 **Exposure**

(i) Exposure to Real Estate Sector

	Particulars	As at 31 March 2019	As at 31 March 2018
a)	Category		
(i)	Direct Exposure		
	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	14,308.00	10,647.52
	Individual housing loans above 15 Lakhs	4,823.31	4,000.30
(ii)	Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates. Exposure	NIL	NIL
	would also include non-fund based (NFB) limits		
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized	d NIL	NIL
	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	NIL	NIL
	Bank (NHB) and Housing Finance Companies (HFCs)		

- (ii) The Company does not have any exposure to Capital Market during the financial year (PY - Nil). Hence disclosure under Para. 3.7.2 to 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 finaical year (PY Nil). Hence, disclosure under Para 3.7.3 to (iii) Annex-4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable
- (iv) 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 (v) 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 8. Para 3.4 to Annex- 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable
- 9. The Company has not entered into any securitisation transactions during the financial year (PY - Nil). Hence, disclosure under Para 3.5 to Annex- 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable
- 10. Remuneration of Non Executive Directors consist of Rs. 0.77 millions towards sitting fees.





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

Particulars	As at 31 March 2019	As at 31 March 2018
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income Tax	-	0.64
3. Provision towards NPA	55.44	9.32
4. Provision for Standard Assets	75.96	58.35
5. Provision for Gratuity	3.07	1.33

12 Break up of Loans & Advances and Provisions thereon

	Ног	ısing	Non-Housing	
Particulars	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Standard Assets				
a) Total Outstanding Amount	17,396.21	13,736.25	1,592.72	849.44
b) Provision Made	69.58	54.95	6.37	3.40
Sub-Standard Assets				
a) Total Outstanding Amount	46.59	62.12	3.99	-
b) Provision Made	6.99	9.32	0.60	-
Doubtful Assets				
a) Total Outstanding Amount	89.60	-	2.20	-
b) Provision Made	47.31	-	0.55	-
TOTAL				
a) Total Outstanding Amount	17,532.40	13,798.37	1,598.91	849.44
b) Less: Ind AS Adjustments	163.37	129.39	-	-
Total Outstanding Amount (A-B)	17,369.03	13,668.98	1,598.91	849.44
C) Provision Made	123.88	64.27	7.52	3.40

- The Company has not made any draw down from reserves during the financial year (PY Nil). Hence, disclosure under 13. Para 5.2 to Annex-4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.
- 14. The Company being a non-deposit taking HFC, disclosure under Para 5.3.1 to Annex- 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.

15. **Concentration of Loans and Advances**

Particulars	As at 31 March 2019	As at 31 March 2018
Total Loans & Advances to twenty largest borrowers	122.93	69.64
% of Loans & Advances to twenty largest borrowers to	0.64%	0.36%
Total Advances of the company		

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

Particulars	As at 31 March 2019	As at 31 March 2018
Total Exposure to twenty largest borrowers	122.93	69.64
% of Exposures to twenty largest borrowers to	0.60%	0.36%
Total Advances of the company		

17 **Concentration of NPAs**

Particulars	As at 31 March 2019	As at 31 March 2018
Total Exposure to top ten NPA Accounts	30.73	21.93

Sector-wise NPAs 18

Sr. No.	Sector	% of NPAs to Total Advances in that sector
Α.	Housing Loans:	
1	Individuals	0.78%
2	Builders/Project Loans	
3	Corporates	-
4	Others	-
В.	Non-Housing Loans:	-
1	Individuals	0.39%
2	Builders/Project Loans	-
3	Corporates	<u>-</u>
4	Others	<u>-</u>

19 **Movement of NPAs**

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Net NPAs to Net Advances (%)	0.46%	0.36%
(ii) Movement of NPAs (Gross)		
a) Opening Balance	62.12	-
b) Additions during the year	115.75	62.12
c) Reductions during the year	35.49	-
d) Closing Balance	142.38	62.12
(iii) Movement of Net NPAs		
a) Opening Balance	52.80	-
b) Additions during the year	66.85	52.80
c) Reductions during the year	32.72	-
d) Closing Balance	86.93	52.80
(iv) Movement of provisions for NPAs (excluding provisions on standar	rd assets)	
a) Opening Balance	9.32	-
b) Provisions made during the year	51.23	9,32
c) Write-off/write-back of excess provisions	5.11	-
d) Closing Balance	55.44	9.32

- 20 The Company does not have any overseas assets as on 31.3.2019.
- 21 The company does not have any off-balance sheet sponsored SPVs which needs to be consolidated as per accounting norms.





22 **Details of Customers Complaints**

Particulars	As at 31 March 2019	As at 31 March 2018
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	248	84
c) No. of complaints redressed during the year	222	84
d) No. of complaints pending at the end of year	26	-

No penalty has been levied on the company by NHB or by other regulators. \\ 23

Corporate Information

Board of Directors

Mr. M. G. George Muthoot - Director
Mr. George Thomas Muthoot - Director
Mr George Alexander Muthoot - Director
Mr. Alexander M. George - Director

Mr. Eapen Alexander - Whole Time Director

Mr. K. R. Bijimon - Director

Mrs. Anna Alexander
 Mr. K. George John
 Mr. Jose Kurian
 Mr. V. C. James
 Additional Director
 Independent Director
 Independent Director

Key Managerial Personnel

Mr. Ramratthinam S - Chief Executive Officer
Mr. Pandurang Kadam - Chief Financial Officer
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

Statutory Auditors

Rangamani & Co, Chartered Accountants 17 / 598, 11nd Floor, Card Bank Building West of YMCA Bridge V.C.S.B. Road, Alleppey - 688001

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





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