

MUTHOOT HOMEFIN (INDIA) LIMITED
ANNUAL REPORT 2017 - 18

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Corporate Identity Number (CIN): U65922KL2011PLC029231*

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors are pleased to present the Seventh Annual Report and the Company's audited financial statement for the financial year ended 31st March 2018

Financial Summary

The financial results of your Company for the year ended 31st March, 2018 are summarized below:
(₹ in crores)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Revenue from Operations	124.27	23.49
Other income	1.60	0.67
Total Revenue	125.87	24.16
Employee benefits expense	12.64	7.11
Finance Cost	51.00	4.04
Other expenses	13.79	4.89
Depreciation and amortization expense	1.56	1.20
Provisions and Write Offs	5.02	1.64
Total Expenses	84.01	18.88
Profit Before Tax	41.86	5.28
Current tax	10.83	2.07
Deferred tax	3.22	0.34
Profit for the year	27.81	2.87
Basic earnings per share	3.41	0.45
Diluted earnings per share	3.41	0.45

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 2018-19, the Board of Directors do not recommend payment of dividend on Equity Shares for the year ended 31st March 2018

Transfer to Reserves:

An amount of ₹ 9.19 crores is transferred to the Special Reserve Fund for FY 2017-18, pursuant to Section 29C of the National Housing Bank Act, 1987 and the balance of ₹ 18.62 crores is carried to the Balance Sheet.

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. During the financial year 2018, the Company carried out its operations in 11 States namely Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Telegana, Uttar Pradesh and Chandigarh. As on 31st March 2018, your Company had 59 branches in India.

Your company earned revenue of ₹ 124.27 crores from its operations during the year. Total expenses increased from ₹ 18.88 crores in FY 2017 to ₹ 84.02 crores in FY 2018. MHIL earned a net profit of ₹ 27.80 crores, an increase of 859%, which was a significant increase from the previous year's net profit of ₹ 2.87 crores. As on March 31, 2018, the Cost to Income ratio, Return on Assets

and Return on Equity stood at 26.2%, 3.42% and 17.26% respectively. The Capital Adequacy Ratio was 27.7% showing MHIL being well capitalised.

Total borrowings as on 31st March 2018 stood at ₹ 1,111.54 crores as against ₹ 217.76 crores during the previous year. Primarily, Term loans, credit lines from banks and money market instruments like Commercial Papers (CPs) are the sources through which MHIL raises funds for its lending activities. Strong parentage of Muthoot Finance Limited helps MHIL to raise funds at competitive rates

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 1081 Crore. The loan portfolio as at March 31, 2018 amounted to INR 1465 Crore as against INR 441 Crore in the previous year, an increase of 232% Y-o-Y. The gross NPA and net NPA stood at 0.42% and 0.36% respectively as on March 31, 2018. The customer profile continues to be dominated by the salaried and professional category, accounting for 61% of the total portfolio. The average ticket size loan is INR 10.8 Lakhs

Share Capital

During the year, your Company allotted 2,27,27,272 equity shares of face value of ₹ 10 each at a premium of Rs 34/- per share to Muthoot Finance Limited on rights basis, thereby increasing the paid up share capital to ₹ 97.73 crores as on 31st March 2018.

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 2018

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, the 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

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

Corporate Governance

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

Board of Directors

The Company has nine directors consisting of three Non-executive Independent Directors, five Non-Executive Non-Independent directors and a Whole time Director as an Executive director. During the financial year, Mr. Alexander Muthoot George was appointed as an additional director of the Company on 23rd October 2017 who shall hold office till the ensuing annual general meeting. Mr. V. A Joseph was appointed as an Independent Director of the Company with effect from 16th February 2018. 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 has received the 'Fit and Proper' declarations from Mr. Alexander Muthoot George and Mr. V. A. Joseph 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

As on 31st March 2018, Mr. Eapen Alexander (Whole time Director), Mr. Ramratthinam. S (Chief Executive Officer), Mr. Ashish Ranka (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

The Company has received from its independent directors, namely Mr. K. George John, Mr. Jose Kurian and Mr. V. A. Joseph, 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 NRC

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 has constituted 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. Being the first year of applicability, the Company has not spent any amount on CSR activities during the financial year. 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 five times on 12.05.2017, 12.07.2017, 21.08.2017, 23.10.2017 and 22.01.2018

Committees of the Board:

- i) **Audit Committee**
The Audit Committee comprises of 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 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 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**
Pursuant to the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 dated 9th February 2017, the Risk Management Committee was constituted as a committee of the Board. Accordingly, the Committee comprises of Mr. Eapen Alexander (Whole time Director), Mr. George Alexander Muthoot (Non-Executive Director) and Mr. Alexander Muthoot George (Non-executive Additional Director)
- v) **Asset Liability Management Committee**
Pursuant to the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 dated 9th February 2017, the Asset Liability Management Committee was constituted as a committee of the Board. Accordingly, the Committee comprises of Mr. Eapen Alexander (Whole time Director), Mr. George Alexander Muthoot (Non-Executive Director) and Mr. Alexander Muthoot George (Non-executive Additional Director)

vi) **Finance Committee**

The Committee comprises of Mr. Eapen Alexander (Whole time Director), Mr. George Alexander 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;
2. 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;
3. 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 31st March 2018 stood at 27.66 % 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 26.93 % and Tier II capital was 0.73%

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:

Rating Agency	Type	FY 2017-18	FY 2016-17
CARE	Commercial Paper	CARE A1+	--
ICRA	Commercial Paper	ICRA A1+	--
	Term Loan borrowings	ICRA AA -(stable)	ICRA AA - (stable)
CRISIL	Term Loan borrowings	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

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year to which the financial statements relate and the date of this report.

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

M/s Rangamani & Co, Chartered Accountants, Kochi (Firm Registration No 003050 S), the Statutory Auditors of the Company were appointed by the members in the annual general meeting, held on 30th September 2014, for a period of 5 years subject to the ratification at every annual general meeting held thereafter. A certificate under Section 141 of the Companies Act, 2013, received from M/s Rangamani & Co, Chartered Accountants, Kochi (Firm Registration No 003050 S), fulfils the criteria, prescribed in the said section to the effect that their appointment, if made, would be within the prescribed limits under Section 141 of the Act and that, they are not disqualified for such appointment within the meaning of Section 141 of the Act. Accordingly, the Board of Directors recommends the ratification of the appointment of M/s Rangamani & Co as the Statutory Auditors of the Company and the members are requested to ratify the appointment of the Statutory Auditors for the financial year 2018 - 19

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, 2018. The Secretarial Audit Report forms part of the Annual Report (Annexure 6)

c) **Explanations, or comments by the Board on qualification, reservation or adverse remark or disclaimer on audits for FY 2017 - 18**

There are no qualifications, reservation or adverse remark or disclaimer on audits under section 139 of the Companies Act, 2013. The Secretarial Audit Report under section 204 of the Companies Act, 2013 contains the following observations

1. The Company is required to comply with section 135 of the Companies Act, 2013 with respect to Corporate Social Responsibility (CSR) in the financial year 2017 -18, but company has not spent any amount on CSR activities as prescribed under the Act and the Rules made thereunder

Reply of the Board: Being the first year of applicability and due to lack of prior expertise, the Company has not spent any amount on CSR activities during the financial year. The Company is in the process of evaluating CSR projects. The Company along with its holding company and other group companies will be conducting its CSR activities through Muthoot M George Foundation, a charity foundation for CSR activities of the Company

2. The Company has not filed resolutions passed under section 179 (3)(d) of the Companies Act with Registrar of Companies

Reply of the Board: The borrowing power was delegated to the Finance Committee by the Board of Directors vide resolution dated 02.01.2016 and the resolution was filed under section 179 (3) of the Companies Act, 2013 with Registrar of Companies

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

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
25.07.2018

Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY OVERVIEW

In the last decade, our country witnessed the fastest economic growth in its modern history. The high growth was accompanied by an accelerated pace of urbanization, The swift urbanization entailed a huge demand for housing and as per the census of 2011, while 69% of our population lives in rural India, for the first time since independence, the absolute growth in population in urban India was higher than rural India in the 10 year period. This estimates requirement of about 25 million homes in the affordable housing segment predominantly for the middle income and lower income groups. To put this in context, this is about four times the entire housing stock financed presently. India saw a growth in foreign exchange reserve from \$367.93 billion at the end of March 2017 to \$422.53 billion at the end of March 2018. However, the budgeted fiscal deficit of the country increased from 3.2% of GDP at INR 5.47 Lakh Crore to 3.5% of GDP at INR 5.94 Lakh Crore. This happened mainly due to increase in expenditure coupled with a decrease in revenue. There was an increase in expenditure mainly due to investment towards various reforms launched by the government, and due to increase in crude oil prices. Revenue decreased on account of a fall in tax collections arising out of problems in GST. (Source: Ministry of Finance; RBI; IMF, World Economic Outlook April 2018)

The Reserve Bank of India (RBI) continued to keep an eye on the inflation and therefore did not lower the benchmark rates during the year. However, on account of the weak credit offtake, banks continued to aggressively price their lending products, putting pressure on incremental spreads for the lenders. While the last quarter of the financial year under review witnessed some positive signs in terms of production, export growth and lower inflation, the rising Non-Performing Assets (NPAs) levels and large scale financial scams in the banking sector dampened sentiments.

With GST being stabilised, India's GDP is expected to increase from 6.6% in FY17-18 to 7.5% in FY18-19. With a tremendous growth in the economic sector on account of supportive governmental measures, the Indian economy is expected to overtake Japan to be the 3rd largest economy by 2028. India's exports are also expected to improve in the coming years benefitting from the trade war between US and China. Moreover, India's exports are expected to rise with India and China entering into a bilateral trade roadmap. This roadmap is for a medium and long-term period that will help to set timelines and action points for both the countries. It will help to increase bilateral trade between both the countries in a balanced and sustainable manner.

HOUSING FINANCE INDUSTRY OVERVIEW

As per Population Projections for India and Census of India 2011, India's urban population increased to 377 million, reflecting the rise in urbanization from 27.8% to 31.2% between 2001 and 2011. This is projected to increase further to around 40% by 2030. This rate of urbanization has led to many issues including housing shortfall and the overall housing shortage is estimated to be 86 million units, 46 million in urban area and 40 million in rural areas by 2022. This rapid urbanization has led to the mortgage industry which was at Rs.10 trillion in March 2015 growing to Rs.15 trillion in 2017 and estimated to grow to Rs.24 trillion by 2020, translating into an annual growth rate of 18-19%. Though the industry has been growing at this robust 18 - 19%, the size of this market continues to be a miniscule portion of India's GDP. Mortgage penetration is currently at 9.7% of India's GDP. Given low mortgage/GDP, Indian mortgage industry is at an inflection point and expected to grow fivefold in the next 10 years.

The government reviewed the urban housing shortage numbers and reduced the shortage projections from the earlier 18.76 million units to 10 million dwelling units. While the government has been promoting housing and has offered various sops for the industry to meet the shortage, the sluggish offtake of housing and low supply numbers could still impact the achievement of the target of Housing for All by 2022. The real estate market also witnessed the implementation of the RERA. While the implementation of RERA has been slow in many states, the provisions enshrined in the

Act are definitely going to alter the landscape for real estate developers. RERA, however, would require higher disclosure and procedural requirements and could affect the viability of small scale developers. The immediate effects were witnessed in the industry with new project launches declining and demand continuing to remain sluggish. Even the drop in property prices in few pockets could not enthruse customers to make their purchase decision and unsold inventory levels continued to remain high.

The interesting part about this growth is that the share of HFCs and NBFCs to the total Housing Credit outstanding has been constantly increasing and most of the growth seem to be coming from Affordable Housing. This means that the housing credit has started flow to the low cost housing segment where the average size of the loan is around Rs.10 lakhs. Affordable housing alone is estimated to be Rs.6.25 trillion opportunity. The key drivers for strong growth in mortgage finance includes, increasing affordability, average age of home owners coming down to 35 years from 43 years in year 2000 and increasing urbanization.

The Indian real estate industry has been driven by a significant number of developments since past few years. Real estate industry is the second largest employer in India, after agriculture. It is expected to employ more than 67 million people by 2022. The key markets of Indian Real estate industry includes Mumbai Metropolitan Region, National Capital Region, Bangalore, Pune, Chennai and Hyderabad. The real estate industry witnessed various short term effects due to the reforms introduced by the government. After facing a setback due to demonetization in FY16-17, FY17-18 saw a recovery of the industry. With this recovery, the Indian real estate industry is expected to reach INR 180 billion by 2020 from INR 126 billion in 2015. Housing sector's contribution to GDP is expected to double at 11.2% by 2020 (Source Economic Survey; CREDAI)

RECENT DEVELOPMENTS IN HOUSING FINANCE INDUSTRY

In recent months, the government and regulators have introduced many changes in housing sector which is likely to boost housing projects, bring down the cost and also provide tax relief to developers and individuals.

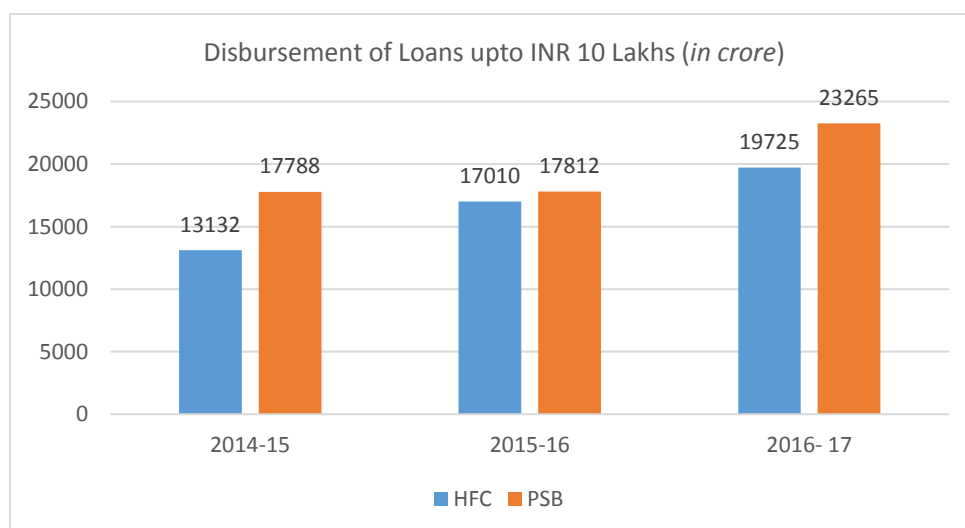
- ✓ The government will set up a dedicated affordable housing priority sector fund under National Housing Bank (NHB). This will open new avenues for developers who are planning to offer budgeted homes to the customers.
- ✓ RBI has raised housing loan limits for priority sector leading eligibility from INR 28 Lakh to INR 35 Lakh in metropolitan center and from INR 20 Lakh to INR 25 Lakh in other centers.
- ✓ President has promulgated an ordinance recognising home buyers as financial creditors, thus giving them greater say in insolvency of defaulting builders.
- ✓ **Housing for All by 2022** - Under the Pradhan Mantri Awas Yojana (PMAY) scheme, which was introduced in 2015, the government plans to provide 51 Lakh houses in rural area, and 37 Lakh houses in urban area by 2022. The total investment outlay for this scheme amounts to INR 2.25 Lakh Crore. Till now 3.4 Lakh houses have been completed under the scheme, and 2.97 Lakh houses have been occupied. The PMAY scheme has been extended by 15 months up to March 2019. The Cabinet has allowed for increase in carpet area of houses eligible for interest subsidy under the credit linked subsidy scheme (CLSS) for the middle-income group (MIG). Several ready to sell units will now move to the affordable housing segment, which will be a win-win situation for the developers, buyers and housing finance institutions. Although the progress in implementing the scheme has been limited so far in PMAY Urban, it is beginning to gain momentum with around 3.1 million houses being sanctioned across various states.
- ✓ **Affordable Housing**- Affordable housing has been one of the key initiatives taken by government towards growth of real estate industry. Affordable houses will get a boost with GST being reduced from 12% to 8%. It will also be driven by a take-off in Credit Linked Subsidy Scheme (CLSS) for Economically Weaker Section (EWS), and Lower Income Groups (LIG). Allocation for EWS and LIG increased from INR 8 billion in FY17-18 to INR 10 billion in

FY18-19. Also, the allocation for Middle income groups has been increased from INR 6 billion in FY17-18 to INR 10 billion in 2019. With a ticket size of INR 10 Lakh to INR 50 Lakh, affordable houses are being popular for buyers in tier 1 and tier 2 cities.

- ✓ **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).
- ✓ SEBI has increased the additional exposure limits for debt mutual funds in housing finance companies from 5% to 10%. This shall enable higher exposure of mutual funds to the housing finance industry and shall lead to lower cost of funding

HOUSING FINANCE COMPANIES (HFC) SECTOR OVERVIEW

With the real estate sector accounting for 47% of the total loans granted by NBFCs, HFC sector has always been an important part of the NBFC sector. Since, the launch of affordable housing initiative by the government, home loans segment has been driven by the loans for affordable housing. There has been a growth of 16% in general housing segment. Fiscal 2018 has seen HFC sector growing at a constant rate with growth in affordable segment.



(Source: RBI)

The major opportunities in the HFC sector comprise the following:

- ✓ **Growth in Affordable Housing segment** - Affordable housing has always been one of the key drivers of the real estate industry. HFCs operating in the affordable housing space had a total outstanding portfolio of Rs. 1.5 trillion as of March 2018. This segment continued to grow at much faster pace of 26% - 27% Y-o-Y as compared with normal HFCs wherein the growth was around 17%. This faster pace of growth would not have been possible but for the increase in supply of affordable housing projects following the infrastructure status accorded to the sector and the improved borrower affordability supported by lower interest rates and capital subsidy through credit linked subsidy scheme. The demand for affordable homes is expected to be 25 million homes by 2022. This will give a boost to the construction of affordable houses by the developers. Despite lower ticket size, affordable housing constitutes of 47.41% of the total HFC credit requirement. Thus, growth in affordable housing segment will augment the HFC sector. However the slow pace of lending activity under to PMAY-CLSS across major cities indicates that the desired supply is not available in the market.

- ✓ **Increase in urbanization** - It is expected that India will see a huge growth in urbanization with more people moving to urban cities for education or employment. This will increase the demand for houses in urban areas, thus resulting in boost for HFC sector.
- ✓ **Increase in per capita income** - The country is moving towards growth along with a rise in working population. This will lead to a rise in India's per capita income. Increase in per capita income will boost the demand for home loans, and thus will provide a growth trajectory for the HFC sector in India.
- ✓ **Edge over Banks** - The low ticket loan segment has different dynamics as compared to large ticket loan segment where the HFC's have an edge over the Bank. This will allow HFC sector, which has the required infrastructure and people skills to give more loans and to sustain the rising demand of home loans.

Key challenges faced by the housing finance companies:

- **Intense Competition:** There has been an increase in the number of new entrants in the housing finance market, including HFCs promoted by NBFCs. During Mar 2015 to Dec 2017 alone 27 new HFCs were granted licenses by NHB. The number of licensed HFCs increased from 64 (March 2015) to 92 (March 2018). This 92 include 12 Large listed HFCs , 41 HFCs promoted by Financial/ Business Groups and around 39 standalone HFCs promoted by first generation entrepreneurs including PEs. Over the past two years many have received HFC license from NHB showcasing increased conviction in the future growth of this sector. While the potential for growth in mortgage finance is good, given large number of players the competition is very intense. This coupled with the regulatory move of nil prepayment penalties encourage balance transfers between players at a level much higher than in the past.
- Availability of long term debt refinance at competitive rates
- Intense competition is leading to increased balance transfers rather than increased loan book for the industry as a whole. Further, lack of diversity in earnings is likely to lead to stagnation in spreads. However profitability is likely to be supported by good growth in business, stable operating expenses and reasonable credit costs which in turn will lead to HFCs generate good returns on Assets (ROA) and Equity (ROE).
- Investment in technology and maintaining a cost-effective delivery model in customer acquisition - particularly in the LMI segment
- From a demand-for-home-loan point of view, promoting the supply of affordable home construction through appropriate public private partnerships is the need of the hour
- The legal process for enforcement of mortgaged securities, land records and registration of documents continue to pose hurdles in the rapid growth of mortgage finance industry.

OUTLOOK FOR MUTHOOT HOMEFIN (INDIA) LIMITED (MHIL)

MHIL aims to become one of the relevant players in the housing finance industry and in the financial year gone by, MHIL has once again stepped up its performance. During the year, the quantum of loans disbursed was INR 1081 Crore. The loan portfolio as at March 31, 2018 amounted to INR 1465 Crore as against INR 441 Crore in the previous year, an increase of 232% Y-o-Y. Some of the competitive advantages of MHIL are:

1. **Strong Parentage:** MHIL is a wholly owned subsidiary of Muthoot Finance Limited, the largest gold financing company in India in terms of loan portfolio. The strong parentage of Muthoot Finance Limited helps MHIL to raise funds at competitive rates.
2. **Diversified Product Portfolio** - MHIL offers various loan products under housing segment. Prime goal is to contribute towards financial inclusion of Lower and Middle

Income families by opening doors of formal housing finance to them. Target customers are salaried and self-employed professional as well as non-professionals. 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.

3. **Key market presence** - Indian economy will require huge amount of investment in infrastructure and housing segment in the coming years. Most of this investment will be required by the housing segment in Tier 1 and Tier 2 cities. MHIL has a well-established base to exploit these opportunities with a good presence in tier 1 and tier 2 cities.
4. **Good asset quality** - MHIL has maintained a good asset quality as compared to most of the other companies in the HFC sector. This has helped the company to maintain its pace of growth. Gross NPA as on March 31, 2018 stood at 0.42% as against NIL of loan outstanding during the previous year, one of the lowest in the industry. Special campaigns are 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.
5. **Governance** - Over the years MHIL has established a strong governance framework. Ethical business processes and transparency in operations has led to higher operational efficiency and business sustainability.

PERFORMANCE OVERVIEW OF MHIL

MHIL earned revenue of ₹ 124.27 crores from its operations during the year. Total expenses increased from ₹ 18.88 crores in FY 2017 to ₹ 84.02 crores in FY 2018. MHIL earned a net profit of ₹ 27.80 crores, an increase of 859%, which was a significant increase from the previous year's net profit of ₹ 2.87 crores. As on March 31, 2018, the Cost to Income ratio, Return on Assets and Return on Equity stood at 26.2%, 3.42% and 17.26% respectively. The Capital Adequacy Ratio was 27.7% showing MHIL being well capitalised.

Total borrowings as on 31st March 2018 stood at ₹ 1,111.54 crores as against ₹ 217.76 crores during the previous year. Primarily, Term loans, credit lines from banks and money market instruments like Commercial Papers (CPs) are the sources through which MHIL raises funds for its lending activities. Strong parentage of Muthoot Finance Limited helps MHIL to raise funds at competitive rates. Credit Ratings as on March 31, 2018

- Borrowings from Banks: 'AA-' for Long-term 'rating' for term loans by CRISIL and ICRA
- Commercial Paper: A1+ rating by ICRA Ltd and CARE

MHIL plans to issue Non-Convertible Debentures (NCDs) to raise funds in FY 18 and has obtained credit rating AA- for INR 400 Crore NCD issue from ICRA Ltd.

Despite slowdown in real estate market in some parts of the country, stiff competition from Banks & HFCs, MHIL managed to deliver a fairly good performance. During the year, the quantum of loans disbursed was INR 1081 Crore. The loan portfolio as at March 31, 2018 amounted to INR 1465 Crore as against INR 441 Crore in the previous year, an increase of 232% Y-o-Y. The gross NPA and net NPA stood at 0.42% and 0.36% respectively as on March 31, 2018. The customer profile continues to be dominated by the salaried and professional category, accounting for 61% of the total portfolio. The average ticket size loan is INR 10.8 Lakhs

MHIL continued to upgrade its marketing and distribution network across 9 states in India. As on 31st March 2018, MHIL had 59 branches in India. During the FY18-19, MHIL proposes to open 30 branches to enhance its coverage area further. 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.

RISK MANAGEMENT

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

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

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

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

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

INTERNAL CONTROLS AND THEIR ADEQUACY

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

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

and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

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

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. An exclusive Training and Development Department, headed by a senior officer, has been setup to give additional impetus to the growing training needs of the employees. 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 2018 was 221

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25.07.2018

Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

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

I. 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 Phone email website	Muthoot Chambers, Kurian Towers Banerji Road, Ernakulam North, Kochi 18 0484 - 6690511 homefin@muthootgroup.com 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:

Sl. 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	99711310	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. 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)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category - wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual / HUF	0	8800000	8800000	11.73	0	0	0	0	(11.73)
b) Cen.Govt	0	0	0	0	0	0	0	0	0
c) State Govt	0	0	0	0	0	0	0	0	0
d) Bodies Corp	0	66200000	66200000	88.27	0	97727272	97727272	100	11.73

e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total A(1)	0	75000000	75000000	100	0	97727272	97727272	100	0
2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub Total A(2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = A(1) + A(2)	0	75000000	75000000	100	0	97727272	97727272	100	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De mat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Cen.Govt	0	0	0	0	0	0	0	0	0
d) State Govt	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FII's	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub Total B(1)	0	0	0	0	0	0	0	0	0
2) Non-institutions									
a) Bodies Corp	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0

c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub Total B(2)	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B) = B(1) + B(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs and ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A + B + C)	0	10500000	10500000	100%	0	75000000	75000000	100%	0

(ii) Shareholding of Promoters

	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1	M G George Muthoot	1600000	2.13	0	0	0	0	(2.13)
2	George Thomas Muthoot	1600000	2.13	0	0	0	0	(2.13)
3	George Jacob Muthoot	1600000	2.13	0	0	0	0	(2.13)
4	George Alexander Muthoot	1600000	2.13	0	0	0	0	(2.13)
5	Sara George	600000	0.80	0	0	0	0	(0.80)
6	Susan Thomas	600000	0.80	0	0	0	0	(0.80)
7	Elizabeth Jacob	600000	0.80	0	0	0	0	(0.80)
8	Anna Alexander	600000	0.80	0	0	0	0	(0.80)
9	Muthoot Finance Ltd	66200000	88.27	0	97727272	100	0	11.73
	Total	75000000	100	0	97727272	100	0	

iii) Change in Promoters' Shareholding

		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
M. G. George Muthoot	At the beginning of the year	1600000	2.13	1600000	2.13
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(1600000)		(1600000)	
	At the end of the year	0	0	0	0
George Thomas Muthoot	At the beginning of the year	1600000	2.13	1600000	2.13
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(1600000)		(1600000)	

	At the end of the year	0	0	0	0
George Jacob Muthoot	At the beginning of the year	1600000	2.13	1600000	2.13
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(1600000)		(1600000)	
	At the end of the year	0	0	0	0
George Alexander Muthoot	At the beginning of the year	1600000	2.13	1600000	2.13
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(1600000)		(1600000)	
	At the end of the year	0	0	0	0
Sara George	At the beginning of the year	600000	0.80	600000	0.80
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(600000)		(600000)	
	At the end of the year	0	0	0	0
Susan Thomas	At the beginning of the year	600000	0.80	600000	0.80
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(600000)		(600000)	
	At the end of the year	0	0	0	0
Elizabeth Jacob	At the beginning of the year	600000	0.80	600000	0.80
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(600000)		(600000)	
	At the end of the year	0	0	0	0
Anna Alexander	At the beginning of the year	600000	0.80	600000	0.80
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(600000)		(600000)	
	At the end of the year	0	0	0	0
Muthoot Finance Limited	At the beginning of the year	66200000	88.27	66200000	88.27
	Transfer of shares from existing shareholders on 21.08.2017	8800000	100	8800000	100
	Allotment of shares on 28.08.2017	22727272	100	22727272	100
	At the end of the year	97727272	100	97727272	100

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

	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	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

Name of Director		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
M. G. George Muthoot	At the beginning of the year	1600000	2.13	1600000	2.13
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(1600000)		(1600000)	
	At the end of the year	0	0	0	0
George Thomas Muthoot	At the beginning of the year	1600000	2.13	1600000	2.13
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(1600000)		(1600000)	
	At the end of the year	0	0	0	0
George Alexander Muthoot	At the beginning of the year	1600000	2.13	1600000	2.13
	Transfer of shares to Muthoot Finance Limited on 21.08.2017	(1600000)		(1600000)	
	At the end of the year	0	0	0	0
Eapen Alexander	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	0	0	0	0
	At the end of the year	0	0	0	0
Alexander Muthoot George	At the beginning of the year	0	0	0	10
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	0	0	0	0
	At the end of the year	0	0	0	0
K. George John	At the beginning of the year	0	0	0	0

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	0	0	0	0
	At the end of the year	0	0	0	0
Jose Kurian	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	0	0	0	0
	At the end of the year	0	0	0	0
V. A. Joseph	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	0	0	0	0
	At the end of the year	0	0	0	0
K.R.Bijimon	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	0	0	0	0
	At the end of the year	0	0	0	0

(vi) Shareholding of Key Managerial Personnel

Key Managerial Personnel		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Ramratthinam.S (Chief Executive Officer)	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	0	0	0	0
	At the end of the year	0	0	0	0
Ashish Ranka (Chief Financial Officer)	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /	0	0	0	0

	decrease (e.g. allotment / transfer / bonus / sweat equity etc				
	At the end of the year	0	0	0	0
Jinu Mathen (Company Secretary)	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc	0	0	0	0
	At the end of the year	0	0	0	0

V. INDEBTEDNESS

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	21,776.03	-	-	21,776.03
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	20.91	-	-	20.91
Total (i+ii+iii)	21,796.94	-	-	21,796.94
Change in indebtedness during the financial year				
Addition	56,000.00	1,23,100.000	-	1,79,100.00
Reduction	1,179.99	1,100,600.00	-	1,01,779.99
Net Change	54,820.01	22,500.00	-	77,320.01
Indebtedness at the end of the financial year				
i) Principal Amount	76,320.01	34,834.41	-	1,11,154.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	183.88	-	-	183.88
Total (i+ii+iii)	76,503.89	34,834.41	-	1,11,338.31

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director / Whole time Director and / or Manager

(₹ in Lakhs)

	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	49.00	49.00
	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 profits		
	Others (specify)		
5	Others		
	Total	49.00	49.00

B. Remuneration to other directors

(₹ in Lakhs)

Particulars of Remuneration				TOTAL
	Independent Directors	K. George John	Jose Kurian	
	Fee for attending board - committee meetings	1.05	1.05	2.10
	Commission			
	Others, please specify			
	Total (1)	1.05	1.05	2.10
	Other Non-Executive Directors	K.R. Bijimon		
	Fee for attending board - committee meetings	1.30		
	Commission			
	Others, please specify			
	Total (2)	1.30		1.30
	Total B = (1) + (2)	2.35	1.05	3.40

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

(₹ in lakhs)

	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	90.80	15.83	5.77	112.40
	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	90.80	15.83	5.77	112.40

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	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			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

Kochi
25.07.2018

Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

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
A	Name(s) of the related party and nature of relationship	
B	Nature of contracts/arrangements/transactions	
C	Duration of the contracts/arrangements/transactions	
D	Salient terms of the contracts or arrangements or transactions including the value, if any	
E	Justification for entering into such contracts or arrangements or transactions	
F	date(s) of approval by the Board	
G	Amount paid as advances, if any:	
H	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

II	Details of material contracts or arrangement or transactions at arm's length basis	NIL
A	Name(s) of the related party and nature of relationship	
B	Nature of contracts/arrangements/transactions	
C	Duration of the contracts/arrangements/transactions	
D	Salient terms of the contracts or arrangements or transactions including the value, if any	
E	Justification for entering into such contracts or arrangements or transactions	
F	date(s) of approval by the Board	
G	Amount paid as advances, if any:	

Kochi
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Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

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

2. OBJECTIVE

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

3. DEFINITIONS

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

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

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

“Key Managerial Personnel” (as defined in Section 2 (51) of the Companies Act, 2013), in relation to the Company, means -

- i. Chief Executive Officer or the Managing Director or the Manager
- ii. Company Secretary
- iii. Whole Time Director
- iv. Chief Financial Officer and
- v. Such other officer as may be prescribed by the Government.

“Policy” means Related Party Transaction Policy.

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

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

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

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

- vii. Any person on whose advice, directions or instructions a director or manager is accustomed to act. [Except advice, directions or instructions given in a professional capacity]
- viii. Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
- ix. A director other than an Independent Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.

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

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

“Related Party Transaction” shall mean to include:

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

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

4. 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:
 - i. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees

- one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
- ii. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
 - iii. Leasing of property of any kind amounting to ten percent or more of the net worth of the company or ten percent or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;
 - iv. Availing or rendering of any services, direct or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013. These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- b. Contracts or arrangements with respect to Clause (f) of Section 188 (1) wherein a related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company is at a monthly remuneration exceeding two and a half lakh rupees.
 - c. Contracts or arrangements with respect to Clause (g) of Section 188 (1) wherein such related party receives a remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth.

5. PROCEDURES

a. Review and approval of Related Party Transactions by Audit Committee Members

- Audit Committee shall review all the potential/proposed Related Party Transactions, to ensure that no conflict of interest exists and evaluate it from the perspective of Arms' Length Pricing.
- Any member of the Audit Committee who has an interest in the transaction under discussion shall abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chairperson of the Committee, participate in some or all of the Committee's discussions of the Related Party Transaction.
- Audit Committee shall have all the rights to call for information/documents in order to understand the scope of the proposed related party transactions and devise an effective control system for the verification of supporting documents. The Audit Committee shall be provided with the following information and details pertaining to each proposed related party transactions/ contracts -
 - i. The name of the related party and nature of relationship;
 - ii. The nature, duration of the transaction /contract or arrangement and particulars of the transaction/ contract or arrangement;
 - iii. The material terms of the transaction/contract or arrangement including the value and / or the maximum amount for which the same is proposed to be entered into ;
 - iv. Any advance paid or received for the transaction / contract or arrangement, if any;
 - v. The manner of determining the pricing and other commercial terms, both included as part of transaction / contract and not considered as part of the same;
 - vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered.
 - vii. The rationale for not considering the relevant factors; and
 - viii. Any other information relevant or important for the Audit/ Board to take a decision on the proposed transaction.
- The Audit Committee shall while reviewing the Related Party Transaction, consider all the relevant information/ facts submitted to it, including but not limited to the (a) Commercial or business reasonableness of the terms of the subject transaction so as to analyse that transaction is on an arms' length basis, benchmarking the same with the information and /or drawing reference to the information that may have a bearing on the arms' length analysis. eg: industry trends, certificate from an independent auditor, valuation reports, third party comparables, publications or quotations. etc. (b) availability and / or the

opportunity cost of the alternate transactions (c) materiality and interest (direct/ indirect) of the related party in the subject transaction, (d) actual or apparent conflict of interest of the Related Party, (e) If the Related party is an Independent Director then the Audit Committee shall also consider the impact of the said Related Party Transaction on the Director's independence. Upon completion of its review of the transaction, the Audit Committee may determine whether to allow or disallow from entering into the Related Party Transaction. The Audit Committee shall also have the right to suggest any modification(s) in the proposed related party transaction. The Audit Committee, if considers it appropriate, can also propose modification/s in the approved related party transaction subsequently.

b. Omnibus Approval of Related Party Transactions

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

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

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

- In case the Audit Committee determines that the Related Party Transaction requires the approval of the Board of Directors or Shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction to the Board of Directors for its approval alongwith all the relevant information/ documents pertaining to the same.
- The Board shall review the Related Party Transaction and recommendations of the Audit Committee, if any, and shall have the authority to call for such additional information as it may deem appropriate and may approve with or without modification(s) or reject the proposed related party transaction as per the terms of this policy and other applicable regulatory provisions.
- In case, the Board determines that the Related Party Transaction requires approval of the shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction to the shareholders for its approval alongwith all the relevant information/documents pertaining to the same, as per the appropriate regulatory provisions.

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

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

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 meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

However, the above provisions for ratification shall not apply to the Material Related Party Transactions.

8. AMENDMENTS

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

Kochi
25.07.2018

Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

MUTHOOT HOMEFIN (INDIA) LIMITED

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) Limited
- 1.5. “Director(s)” mean Directors of the Company.
- 1.6. **Key Managerial Personnel (KMP)** means
 - i. 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/divisions/branches 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 non-executive 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

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

- a) 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 re-appointment 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 (yearly).

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 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.

5.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

5.3.1. General:

- a) 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.
- c) Increments to the existing remuneration/ 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.
- 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
- d) Where any insurance is taken by the Company on 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 Rs 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.

7.2 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.

9. 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 all elements of the remuneration of the members of the Board.

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
25.07.2018

Eapen Alexander
Whole-time Director

George Alexander Muthoot
Director

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 the requirements of Section 135(1) of the Companies Act, 2013 ("Act"). The composition of the Committee as at March 31, 2018 was, as under:

- 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 : ₹ 203.43 lakhs

4. Prescribed CSR Expenditure: ₹ 4.07 lakhs

5. Details of CSR spent during the financial year:

- a) Total amount to be spend for the financial year: ₹ 4.07 lakhs
- b) Amount unspent, if any: ₹ 4.07 lakhs
- c) Manner in which the amount spent during the financial year: NA

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:

Being the first year of applicability and due to lack of prior expertise, the Company has not spent any amount on CSR activities during the financial year. The Company is in the process of evaluating CSR projects. The Company along with its holding company and other group companies will be conducting its CSR activities through Muthoot M George Foundation, a charity foundation for CSR activities of the Company

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 the implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and policy of the Company

Kochi
25.07.2018

Eapen Alexander
Whole-time Director
Chairman, CSR Committee

K.R. Bijimon
Director
Member, CSR Committee



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)

To

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


We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Muthoot Homefin (India) Limited (CIN – U65922KL2011PLC029231) (hereinafter called the company). 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, 2018** 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, 2018**, according to the provisions of;



For ABP & ASSOCIATES


PRADEEP P C
Company Secretary
FCS 5170/CP 3905

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.
- (iii) The Memorandum and Articles of Association of the Company.
- (iv) 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, except to the extent and subject to the following observations:

1. *The company is required to comply section 135 of the companies Act, 2013 with respect of Corporate Social Responsibility [CSR] in the financial year 2017 – 2018, but company has not spent any amount on CSR activities as prescribed under the Act and the Rules made thereunder.*
2. *The company has not filed resolutions passed under section 179 (3) (d) of the companies Act with Registrar of Companies.*

Further, the Company being a non-listed entity the provisions of Listing agreement, Securities and Exchange Board of India Regulations, the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder 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.



For ABP & ASSOCIATES


PRADEEP P C
Company Secretary
FCS 5170/CP 3905

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. Allotment of 22,727,272 equity shares of Rs. 10/- each on right issue basis at a premium of Rs.34/- per share on 28.08.2017.
2. Increased the borrowing power of the company, under section 180 (1) (c) of the companies act, 2013, upto Rs. 1398 Crores in the Annual General Meeting held on 09.08.2017 and upto Rs. 3250 Crores in the Extra Ordinary General Meeting held on 30.01.2018.
3. Issue of Non-Convertible Debentures in the Extra Ordinary General Meeting held on 30.01.2018.
4. Transfer of 8,800,000 equity shares to holding company in the board meeting held on 21.08.2017 thereby company became Wholly Owned Subsidiary of Muthoot Finance Limited.

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.

Place: Ernakulam
Date: 12.07.2018

For ABP & ASSOCIATES




PRADEEP P C
Company Secretary
FCS 5170/CP 3905



Annexure A

To

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

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

1. Maintenance of Secretarial or other statutory records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Ernakulam
Date: 12.07.2018

For ABP & ASSOCIATES




PRADEEP P C
Company Secretary
FCS 5170/CP 3905

RANGAMANI & CO.,

CHARTERED ACCOUNTANTS

E-mail : info@rangamani.com

Phone: 0484-4034486

Triden, Ist Floor

Plakkat Colony

Kaloor-Kadavanthara Road

Kochi

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MUTHOOT HOMEFIN (INDIA) LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Muthoot Homefin (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 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, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 these standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A', a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law relating to preparation of the standalone financial statements have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these standalone financial statements.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.

- e) On the basis of the written representations received from the Directors as on March 31, 2018, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) 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:
- i. The Company does not have any pending litigations which would impact its financial position;
 - 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.

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

Place: Kochi
Date: May 08, 2018

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, Sales Tax, Service Tax, Goods and Service tax, Value Added 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, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, duty of Customs, duty of Excise, Cess and other material statutory dues in arrears as at March 31, 2018 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, Sales Tax, Service Tax, duty of Customs, duty of Excise and Value Added Tax which have not been deposited on account of any dispute.

- (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.

- (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.

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

Place: Kochi
Date: May 08, 2018

R Sreenivasan
Partner
Membership No. 020566

ANNEXURE ‘B’ TO THE INDEPENDENT AUDITORS’ REPORT

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

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

We have audited the internal financial controls over financial reporting of Muthoot Homefin (India) Limited (‘the Company’) as of March 31, 2018 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Kochi
Date: May 08, 2018

R Sreenivasan
Partner
Membership No. 020566

RANGAMANI & CO.,
CHARTERED ACCOUNTANTS

E-mail : info@rangamani.com
Phone: 0484-4034486
Triden, 1st Floor
Plakkat Colony
Kaloor-Kadavanthara Road
Kochi

INDEPENDENT AUDITORS' REPORT

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

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

- (i) The company has obtained a certificate of registration dated 19th May 2014 from National Housing Bank;
- (ii) The company has met the Net Owned Fund (NOF) requirement as prescribed under Section 29A of the National Housing Bank Act, 1987
- (iii) The company has complied with Section 29C of the National Housing Bank Act, 1987;
- (iv) According to the information and explanations given to us, the Board of Directors has passed a resolution for non-acceptance of any public deposits;
- (v) According to the information and explanations given to us, the company has not accepted any public deposits during the year;
- (vi) According to the information and explanations given to us, the total borrowings of the company are within the limits prescribed under paragraph 3(2) of the Housing Finance Companies (NHB) Directions, 2010;
- (vii) According to the information and explanations given to us, the company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Housing Finance Companies (NHB) Directions, 2010;
- (viii) According to the information and explanations given to us, the capital adequacy ratio as disclosed in the return submitted to National Housing Bank has been correctly determined by the company and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the National Housing Bank Directions;
- (ix) The Company has furnished the Schedule- II Return to the Bank within the stipulated period as specified in the Housing Finance Companies (NHB) Directions, 2010;
- (x) The Company has furnished the Schedule- III Return on Statutory Liquid Assets to the Bank within the stipulated period as specified in the Housing Finance Companies (NHB) Directions, 2010;

- (xi) According to the information and explanations given to us, the company has complied with the requirements contained in the Housing Finance Companies (NHB) Directions, 2010 in respect of opening of new branches /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.

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



R Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: May 8, 2018

MUTHOOT HOMEFIN (INDIA) LIMITED

Registered Office: Muthoot Chambers, Kurian Towers, Banerji Road, Ernakulam North, Kochi, 682 018, India.

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

CIN No. U65922KL2011PLC029231

Ph.No. 022-39110900 / 999, Website : www.muthoothomefin.com, Email id: homefin@muthootgroup.com

BALANCE SHEET AS AT 31st MARCH 2018

(Amount in Rs.)

Particulars	Note No.	As on 31.03.2018	As on 31.03.2017
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	3	977,272,720	750,000,000
(b) Reserves & Surplus	4	1,182,428,241	131,665,606
		2,159,700,961	881,665,606
Non current Liabilities			
(a) Long Term Borrowings	5	9,049,536,545	2,053,472,222
(b) Deferred Tax Liability (net)	7	35,596,656	3,430,171
(c) Long Term Provision	8	67,775,806	17,709,683
		9,152,909,007	2,074,612,076
Current liabilities			
(a) Short Term Borrowings	6	1,233,441,371	27,603,015
(b) Trade Payables	9	-	-
Micro, Small and Medium Enterprises		-	-
Others		110,544,433	22,751,106
(c) Other Current Liabilities	10	3,210,816,580	1,496,133,386
(d) Short Term Provision	11	1,850,593	3,073,545
		4,556,652,977	1,549,561,052
TOTAL		15,869,262,945	4,505,838,734
ASSETS			
Non Current Assets			
(a) Fixed Assets	12		
i. Tangible Assets		35,841,738	19,528,544
ii. Intangible Assets		6,546,877	7,729,022
iii. Capital Work-in-progress		-	34,095
(b) Long-Term Loans & Advances	13	14,368,541,919	4,333,217,323
		14,410,930,534	4,360,508,984
Current Assets			
(a) Current Investments	14	850,000,000	-
(b) Cash and Bank Balances	15	225,056,745	57,773,429
(c) Short -Term Loans & Advances	13	313,549,396	82,141,278
(d) Other Current Assets	16	69,726,270	5,415,043
		1,458,332,411	145,329,750
TOTAL		15,869,262,945	4,505,838,734

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

For and on behalf of the Board of Directors

For Rangamani & Co
Chartered Accountants
(FRN: 003050 S)George Alexander Muthoot
DirectorEapen Alexander
Whole time DirectorR Sreenivasan
Partner
M. No. 020566
Date: 08.05.2018Ramratthinam S
Chief Executive OfficerAshish Ranka
Chief Financial OfficerJinu Mathen
Company Secretary

MUTHOOT HOMEFIN (INDIA) LIMITED

Registered Office: Muthoot Chambers, Kurian Towers, Banerji Road, Ernakulam North, Kochi, 682 018, India.

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

CIN No. U65922KL2011PLC029231

Ph .No. 022-39110900 / 999, Website : www.muthoothomefin.com, Email id: homefin@muthootgroup.com

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH 2018

(Amount in Rs.)

Particulars	Note No.	Year ended 31.03.2018	Year ended 31.03.2017
INCOME			
Revenue from Operations	17	1,242,725,186	234,916,892
Other Income	18	16,026,270	6,736,629
TOTAL		1,258,751,456	241,653,521
EXPENSES			
Employee benefits expense	19	126,427,092	71,086,754
Finance Cost	20	510,038,166	40,393,111
Depreciation and amortization expense	12	15,606,088	12,042,402
Provisions & write offs	21	50,233,693	16,373,930
Other Expenses	22	137,902,783	48,888,604
TOTAL		840,207,822	188,784,801
Profit before Tax		418,543,634	52,868,720
Current Tax		108,341,762	20,719,595
Deferred Tax		32,166,485	3,411,776
Profit for the year		278,035,387	28,737,349
Earnings per equity share:	26		
Basic		3.14	0.45
Diluted		3.14	0.45

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

For and on behalf of the 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
Date: 08.05.2018

Ramratthinam S
Chief Executive Officer

Ashish Ranka
Chief Financial Officer

Jinu Mathen
Company Secretary

MUTHOOT HOMEFIN (INDIA) LIMITED

Registered Office: Muthoot Chambers, Kurian Towers, Banerji Road, Ernakulam North, Kochi, 682 018, India.
 Corporate Office: 1201 & 1202, A Wing, Lotus Corporate Park, Off. Western Express Highway, Goregaon East, Mumbai 400063, India
 CIN No. U65922KL2011PLC029231

Ph.No. 022-39110900 / 999, Website : www.muthoothomefin.com, Email id: homefin@muthootgroup.com

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2018

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
A Cash Flow From Operating Activities		
Net Profit Before Taxation	418,543,634	52,868,720
Adjustments for:-		
Add: Depreciation and amortisation	15,606,088	12,042,402
Add: Provision for Standard Assets	40,709,325	16,373,930
Add: Provision for Sub-Standard Assets	9,317,991	
Add: Provision for Gratuity	950,186	302,226
Less: Profit on Sale of Investments	(8,519,484)	(5,671,217)
Less: Interest received on Bank Deposits	(744,588)	(26,411)
Operating profit before working capital changes	475,863,152	75,889,650
Adjustments for:-		
(Increase)/ Decrease in Trade Receivables	-	-
(Increase)/ Decrease in Loans & advances	(10,266,732,714)	(4,089,662,632)
Increase/ (Decrease) in Other current assets	(64,311,227)	(20,651,756)
Increase/ (Decrease) in Trade Payables	87,793,327	
Increase/ (Decrease) in Current liabilities	978,746,233	1,471,708,906
Cash generated from Operations	(8,788,641,229)	(2,562,715,832)
Income Taxes paid	(110,476,093)	(48,640,984)
Net cash from Operating activities	(8,899,117,322)	(2,611,356,816)
B Cash Flow From Investing Activities		
Investments in Mutual Funds	-	-
Purchase of Fixed Assets	(30,737,137)	(39,033,815)
(Increase) / Decrease in Capital Work in Progress	34,095	18,216,742
Sale/(Purchase) of Investments	(841,480,516)	180,925,462
Interest Received on Bank Deposit	744,588	26,411
Net Cash from Investing Activities	(871,438,970)	160,134,801
C Cash From Financing Activities		
Proceeds from issue of Share Capital	227,272,720	250,000,000
Proceeds from issue of Share Capital (securities premium)	772,727,248	34,250,000
Proceeds from Bank Borrowings	8,937,839,640	2,177,603,015
(Increase)/ Decrease in bank deposits held for greater than 3 months	-	-
Net cash flow from Financing Activities	9,937,839,608	2,461,853,015
Net increase in cash & cash equivalents	167,283,316	10,631,000
Cash & cash equivalents at the beginning of the year	57,773,429	47,142,429
Cash And Cash Equivalent At The End of The Year	225,056,745	57,773,429
Components of Cash and Cash Equivalents at the end of the year		
Current Account with Banks	210,646,946	55,787,930
Deposit with Banks	-	-
Cash on Hand	14,409,799	1,985,499
	225,056,745	57,773,429

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

For and on behalf of the 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
 Date: 08.05.2018

Ramratthinam S
 Chief Executive Officer

Ashish Ranka
 Chief Financial Officer

Jinu Mathen
 Company Secretary

MUTHOOT HOMEFIN (INDIA) LIMITED.

Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam - 682018

NOTES ON ACCOUNTS

1 COMPANY BACKGROUND

M/S Muthoot Homefin (India) Limited was incorporated on 26th 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 any person or persons, company, corporation, firm, society, association of persons, body of individuals, either with or without interest, either with or without security for the purpose of enabling the borrower 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 SIGNIFICANT ACCOUNTING POLICIES

2.1 ACCOUNTING CONCEPTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable, the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended from time to time. The financial statements have been prepared on accrual basis under the historical cost convention except interest on loans which have been classified as non-performing assets and are accounted for on realisation basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 USE OF ESTIMATES

The preparation of financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates.

2.3 REVENUE RECOGNITION

a) Interest on housing loans:

Repayment of housing loans is by way of Equated Monthly Instalments (EMI) comprising principal and interest. Interest is calculated on monthly reducing balance method. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI monthly interest is payable on the loan amount already disbursed.

Interest on performing assets is recognised on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank.

b) Processing fees and documentation charges are recognised on disbursement of loans.

c) Interest on Fixed deposits is accounted on accrual basis.

d) All other income are accounted on accrual basis

2.4 CLASSIFICATION AND PROVISIONING OF LOAN PORTFOLIO

Loans and other credit facilities are classified as standard, sub-standard, doubtful, and loss assets in accordance with the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.

Loans are provided for as per the management's estimates, subject to the minimum provision required as per the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.

2.5 EARNINGS PER SHARE

In determining earnings per share, the companies consider the net profit after tax. The number of shares used in computing basic earnings per share is weighted average number of shares outstanding during the year. Diluted earnings per share is computed using weighted average number of basic and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued later.

2.6 FIXED ASSETS

Fixed assets are stated at actual cost less accumulated depreciation. The actual cost capitalized includes material cost, freight, installation cost and other incidental expenses incurred during the construction /installation stage attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged at the rates derived based on the useful lives of the assets specified in Schedule II of the Companies Act, 2013 on Written Down Value method.

2.7 PROVISION FOR CONTINGENCIES

Provision for Contingencies has been made on standard as well as on non-performing housing loans as per the Prudential Norms prescribed by the National Housing Bank.

2.8 INVESTMENTS

Investments intended to be held for not more than a year are classified as current investments. All current investments are carried at lower of cost or market value/realizable value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in values is made to recognize a decline, other than temporary in the value of the investments.

2.9 INTANGIBLE ASSETS

Intangible assets are recognized in the accounts only if it is probable that the future economic benefits that are attributable to the assets will flow into the company and cost of the assets can be reliably measured.

2.10 EMPLOYEE BENEFITS

A) Short Term Employee Benefits:

Short Term Employee Benefits for services rendered by employees are recognized during the period when the services are rendered.

B) Post employment benefits:

a) Defined Contribution Plan Provident Fund

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 employees 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 Plan Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum 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 Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard 15, 'Employee Benefits'. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

2.11 TAXES ON INCOME

Tax expenses for the current year comprises of current tax and deferred tax (asset or liability). Current taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are recognized on timing differences between accounting income and taxable income for the period and are measured using rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

2.12 IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal/external factors. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets or their value in use. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances.

2.13 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized only when the company has present or legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of obligation.

Contingent liability is disclosed for

- Possible obligations which will be confirmed only by future events not wholly within the control of the company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

2.14 STATUTORY/SPECIAL RESERVE

The Company creates Statutory / Special Reserve every year out of its profits in terms of Sec 36(1) (viii) of the Income Tax Act, 1961 read with Sec 29C of the National Housing Bank Act, 1987.

NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2018

Amounts in the financial statements are in Rupees, except for share data and as otherwise stated.

3 SHARE CAPITAL

3.1 Share Capital

Particulars	As on 31.03.2018	As on 31.03.2017
<u>Authorised</u> 10,00,00,000 Equity Shares of Rs. 10/- each (Previous Year: 10,00,00,000 Equity Shares of Rs. 10/- each)	1,000,000,000	1,000,000,000
<u>Issued, Subscribed & Paid up</u> 9,77,27,272 Equity Shares of Rs. 10/- each (Previous Year: 7,50,00,000 Equity Shares of Rs. 10/- each)	977,272,720	750,000,000

3.2 Terms and 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) Company has not issued any preference shares.
- c) 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

3.3 The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2018 and March 31, 2017 is set out below:

Particulars	Equity Shares		Equity Shares	
	As on 31.03.2018		As on 31.03.2017	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	75,000,000	750,000,000	50,000,000	500,000,000
Shares issued during the year	22,727,272	227,272,720	25,000,000	250,000,000
Shares outstanding at the end of the year	97,727,272	977,272,720	75,000,000	750,000,000

3.4 Disclosure as to the shareholders holding more than 5 percent shares

Sl. No.	Name of Share holder	As on 31.03.2018		As on 31.03.2017	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Muthoot Finance Ltd.	97,727,272	100.00	66,200,000	88.27
2	M.G.George Muthoot	-	-	1,600,000	2.13
3	George Thomas Muthoot	-	-	1,600,000	2.13
4	George Jacob Muthoot	-	-	1,600,000	2.13
5	George Alexander Muthoot	-	-	1,600,000	2.13
6	Sara George	-	-	600,000	0.80
7	Susan Thomas	-	-	600,000	0.80
8	Elizabeth Jacob	-	-	600,000	0.80
9	Anna Alexander	-	-	600,000	0.80

3.5 During the year the Company has allotted 2,27,27,272 Equity Shares of face value of Rs.10/- each at premium of Rs.34/- per share for an aggregate amount of Rs. 99,99,99,968 to Muthoot Finance Limited by way of Rights Issue.

3.6 As at March 31, 2018 the holding company Muthoot Finance Limited holds 100 % equity share capital of the company.

4 RESERVES AND SURPLUS

Particulars	As on 31.03.2018	As on 31.03.2017
a. Special Reserve U/s. 29 C of NHB Act, 1987 (Refer Note 4.1)		
Balance at the beginning of the year	15,293,512	1,049,744
Add:- Transfer from current year profit	91,878,553	14,243,768
Less:- Appropriation during the year	-	-
	107,172,065	15,293,512
b. Securities Premium Account		
Balance at the beginning of the year	88,365,000	54,115,000
Add : -Securities Premium on additional issue of Equity shares	772,727,248	34,250,000
Less:- Appropriation during the year	-	-
	861,092,248	88,365,000
b. Surplus/(Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	28,007,094	13,513,513
Add:- Net Profit for the year	278,035,387	28,737,349
Less:- Transfer to Special Reserve U/s. 29 C of NHB Act ,1987	91,878,553	14,243,768
	214,163,928	28,007,094
Closing Balance	1,182,428,241	131,665,606

4.1 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:

Particulars	As on 31.03.2018	As on 31.03.2017
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	15,266,361	1,022,593
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
c) Total	15,266,361	1,022,593
Addition/ Appropriation/ Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	83,708,727	14,243,768
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken	8,169,826	-
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	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	98,975,088	15,266,361
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken	8,169,826	-
c) Total	107,144,914	15,266,361

5 Long-term borrowings

	As on 31.03.2018		As on 31.03.2017	
	Non Current	Current	Non Current	Current
Secured *				
Term Loan from Banks	6,699,536,545	832,464,739	2,053,472,222	96,527,778
Working Capital Demand Loan from Banks	100,000,000			
Unsecured				
Loan from Directors	-		-	
Inter Corporate Deposits	2,250,000,000			
Total	9,049,536,545	832,464,739	2,053,472,222	96,527,778
Current portion of above liability is disclosed under the head "Other Current Liabilities". (Refer Note 10)	-			
Total	9,049,536,545	832,464,739	2,053,472,222	96,527,778

* Secured by paripassu charge on receivables of the Company

5.1 Rating assigned by Credit Rating Agencies and migration of rating:

Rating Agency	Type	FY 2017-18	FY 2016-17
CARE	Commercial Paper	CARE A1+	-
ICRA	Commercial Paper	ICRA A1+	-
	Term Loan Borrowings	ICRA AA-(Stable)	ICRA AA-(Stable)
CRISIL	Term Loan Borrowings	CRISIL AA-(Stable)	-

6 Short-term borrowings

	As on 31.03.2018	As on 31.03.2017
Secured *		
Cash Credit from Banks	-	27,603,015
Unsecured		
Commercial Paper	1,250,000,000	
Less: Unexpired Discount	(16,558,629)	1,233,441,371
Total	1,233,441,371	27,603,015

* Secured by paripassu charge on receivables of the Company

7 DEFERRED TAX LIABILITIES

As per the requirement of the Accounting Standard 22, the Company has created a deferred tax asset / (liability) provision, which consist of the following:

Particulars	Deferred Tax Asset/(Liability)		
	At the beginning of the Period	Credits/(Charge) during the period	At the close of the period
Deferred Tax Asset:			
Timing Difference on account of :			
Depreciation and Amortization	(3,430,171)	(369,155)	(3,799,326)
Special Reserve as per Section 36 (i)(viii) of the Income Tax Act, 1961		(31,797,330)	(31,797,330)
Net Deferred Tax Liability	(3,430,171)	(32,166,485)	(35,596,656)

8 LONG TERM PROVISIONS

Particulars	As on 31.03.2018	As on 31.03.2017
Provision for Gratuity	1,323,000	376,814
Provision for Standard Assets	57,294,310	17,332,869
Provision for Sub-Standard Assets	9,223,332	-
Total	67,840,642	17,709,683

9 TRADE PAYABLES

Particulars	As on 31.03.2018	As on 31.03.2017
Due to Micro, Small and Medium Enterprises	-	-
Due to Others		
Expenses Payable	71,447,911	15,976,321
Sundry creditors	20,708,615	4,683,727
Interest Payable	18,387,907	2,091,058
Total	110,544,433	22,751,106

10 OTHER CURRENT LIABILITIES

Particulars	As on 31.03.2018	As on 31.03.2017
Current maturities of Long Term Borrowings (Refer Note 5)	832,464,739	96,527,778
Audit fee payable	89,750	44,750
TDS Payable	3,039,190	1,577,559
P F Payable	941,127	427,313
Advance EMI	12,350,794	3,637,700
Salary Payable	480,882	5,642,123
Book overdraft	2,361,377,377	1,388,258,769
Profession Tax Payable	72,721	17,394
GST Payable	-	-
Total	3,210,816,580	1,496,133,386

11 SHORT TERM PROVISIONS

Particulars	As on 31.03.2018	As on 31.03.2017
Provision for Income tax	638,640	2,772,971
Provision for Standard Assets	1,048,458	300,574
Provision for Gratuity	4,000	-
Provision for Sub-Standard Assets	94,659	-
Total	1,785,757	3,073,545

11.1 MOVEMENT OF PROVISION FOR STANDARD AND NON-PERFORMING ASSETS

Particulars	As on 31.03.2018	As on 31.03.2017
Provision for Standard Assets		
Standard Assets	14,585,691,887	4,408,360,773
Provision at the beginning of the year	17,633,443	1,259,513
Additional provision made / Reversed during the year	40,709,325	16,373,930
Provision at the close of the year	58,342,768	17,633,443
Provision for Non-Performing Assets		
Substandard Assets	62,119,944	-
Doubtful Assets	-	-
Total Non-Performing Assets	62,119,944	-
Provision at the beginning of the year	-	-
Additional provision made during the year	9,317,992	-
Provision at the close of the year	9,317,992	-

13 LOANS & ADVANCES

Particulars	As on 31.03.2018		As on 31.03.2017	
	Non Current	Current	Non Current	Current
<u>Secured, considered good</u>				
Housing Loans (Refer Note - 32)				
Standard Loans	13,490,663,599	245,590,345	4,333,217,323	75,143,450
Sub-standard loans	61,488,883	631,061	-	-
Doubtful loans	-	-	-	-
Loss assets	-	-	-	-
Other Property Loans (Refer Note - 32)				
Standard Loans	832,913,690	16,524,253	-	-
Sub-standard loans	-	-	-	-
Doubtful loans	-	-	-	-
Loss assets	-	-	-	-
Other Advances	-	34,279,484	-	6,997,828
Total	14,385,066,172	297,025,143	4,333,217,323	82,141,278

13.1 Other Property Loan includes top-up loan given against residential housing property.

Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loan. The insurance portion amounting to Rs.

13.2 63,62,16,121/- 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.

14 CURRENT INVESTMENTS

Particulars	As on 31.03.2018		As on 31.03.2017	
	Units	Amount	Units	Amount
Investments in Mutual Funds - Unquoted (At Net Asset Value)				
IDFC Cash Fund - Growth - Regular	47,609.93	100,000,000	-	-
Mahindra Liquid Fund - Regular - Growth	133,810.31	150,000,000	-	-
Mirae Asset Cash Management Fund - Regular Growth Plan	55,167.91	100,000,000	-	-
Reliance Liquid Fund - Treasury Plan - Growth	47,439.56	200,000,000	-	-
SBI Premier Liquid Fund - Regular Plan - Growth	55,328.84	150,000,000	-	-
UTI Liquid Cash Plan - Institutional - Direct Plan - Growth	77,433.39	150,000,000	-	-
Total		850,000,000		-

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

Particulars	As on 31.03.2018	As on 31.03.2017
Value of Investments		
(i) Gross Value of Investments		
(a) In India	850,000,000	-
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	850,000,000	-
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
Opening Balance	-	-
Add: Provisions made during the year	-	-
Less: Write-off/Written-back of excess provisions during the year	-	-
Closing Balance	-	-

15 CASH AND BANK BALANCES

Particulars	As on 31.03.2018	As on 31.03.2017
I. Cash and Cash Equivalents		
a. Cash on hand	14,409,799	1,985,499
b. Balance with banks		
Current Accounts	210,646,946	55,787,930
Fixed Deposits (Maturing within a period of 3 months)	-	-
II. Other Bank balances		
Other Fixed Deposits having maturity of less than 12 months	-	-
Fixed Deposits having maturity more than 12 months	-	-
Total	225,056,745	57,773,429

16 OTHER CURRENT ASSETS

Particulars	As on 31.03.2018	As on 31.03.2017
Instalments / interest due from customers (secured)	58,109,882	3,184,577
Prepaid Expenses	2,815,834	1,020,498
Service Tax Credit	-	1,209,968
GST Credit	8,800,554	-
Total	69,726,270	5,415,043

17 REVENUE FROM OPERATIONS

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Interest on Housing loans	998,847,524	151,362,753
Processing Fee	239,039,005	83,227,172
Other Operating income	4,838,657	326,967
Total	1,242,725,186	234,916,892

18 OTHER INCOME

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Interest on Bank Deposit	744,588	26,411
Profit on sale of Investments	8,519,484	5,671,217
Other Non-Operating Income	6,762,198	1,039,001
Total	16,026,270	6,736,629

19 EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Salaries and Allowances	117,803,096	63,435,430
Contribution to Provident & Other Funds	4,292,359	1,632,507
Staff welfare expenses	4,331,637	6,018,817
Total	126,427,092	71,086,754

20 FINANCE COST

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Interest Expense	501,565,843	35,451,386
Other Borrowing Costs	8,472,323	4,941,725
Total	510,038,166	40,393,111

21 PROVISIONS & WRITE OFFS

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Provision for Standard Assets	40,709,325	16,373,930
Provision against Non Performing Assets	9,317,991	-
Principal Waived off	206,377	-
Total	50,233,693	16,373,930

22 OTHER EXPENSES

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Audit Fee (Refer Note 24)	131,750	100,250
Printing & Stationery	7,117,913	2,487,986
Credit Rating Fee	2,346,291	503,800
Travelling & Conveyance	9,694,864	3,328,423
Business Promotion Expenses	6,621,533	164,947
Repairs & Maintenance	5,499,496	2,986,271
Bank charges	1,888,019	103,586
Legal & Professional charges	35,372,785	15,409,012
Rates & Taxes	1,195,810	-
Rent paid	21,769,581	11,989,694
Advertisement	16,554,112	1,270,655
Commission paid	800,613	2,266,684
Credit Verification Charges	13,403,682	3,854,848
Electricity Charges	3,320,807	1,041,709
Franking & Stamp Paper Charges	848,725	52,660
Vehicle Maintenance Expenses	82,900	65,564
General Office Expenses	2,374,944	284,572
House Keeping Charges	1,413,699	545,348
Newspaper & Subscription	6,496	18,462
Postage , Telegram & Telephone	7,458,763	2,414,132
Total	137,902,783	48,888,604

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. However, being the first year of applicability, the Company has not spent any amount on CSR activities as prescribed under the Act and the Rules made thereunder.

24 AUDITOR'S REMUNERATION

Particulars	2017-18	2016-17
Statutory Audit	71,500	40,000
Tax Audit	10,000	10,000
Other Services	50,250	50,250
Total	131,750	100,250

25 EMPLOYMENT BENEFITS

Gratuity Plan

The following table set out the status of the Gratuity Plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:-

Particulars	As on 31.03.2018	As on 31.03.2017
A) Reconciliation of opening and closing balance of defined benefit obligation		
Defined benefit obligation at the beginning of the year	376,814	74,588
Interest Cost	25,623	5,520
Current Service Cost	880,712	317,067
Benefits paid	-	-
Past Service Cost		
Actuarial Loss/ (Gain)	43,850	(20,361)
Defined benefit obligation at the end of the year	1,327,000	376,814
B) Reconciliation of opening and closing balance of fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	-	-
Expected rate of return on plan assets	-	-

Contributions	-	-
(Benefit paid)	-	-
Actuarial gains/(losses) on plan assets	-	-
Fair value of plan assets at the end of the year	-	-
C) Expense for the year	-	-
Current service cost	880,712	317,067
Interest Cost	25,623	5,520
Expected Return on Plan Assets	-	-
Past Service Cost	-	-
Actuarial Loss/ (Gain)	43,850	(20,361)
Employer Expense	950,186	302,226
D) Investment details		
Insurer managed funds	-	-
E) Experience adjustment		
Defined Benefit Obligation	1,327,000	376,814
Fair Value of Plan Assets	-	-
Surplus/ (Deficit)	(1,327,000)	(376,814)
On Plan Liability (Gain)/Losses	87,412	(29,241)
On Plan Assets (Losses)/Gain	NA	NA
F) Actuarial assumptions		
Discount rate	7.3% p.a	7.4% p.a
Salary Escalation	7% p.a	7% p.a
Withdrawal/ Attrition Rate	15% p.a.	15% p.a.
Rate of return on plan assets	NA	NA
Mortality Rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)
Expected average remaining working life	5 years	5 years

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. Discount rate is based on the prevailing market yields of the Government Bond as at Balance Sheet date for the estimated term of obligation.

Particulars	31.03.2018
Defined benefit obligation	1,326,999.80
Plan Assets	-
Surplus / (Deficit)	(1,326,999.80)
Experience adjustments on plan Liabilities - (Gains) /	87,412.00
Experience adjustments on plan Assets - (Losses) / Gains	NA

26 EARNINGS PER SHARE

As per the Accounting Standard 20, Earnings Per Share is calculated by dividing the profit attributable to equity share holders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating the basic and diluted earnings are stated below:-

Particulars	As on 31.03.2018	As on 31.03.2017
Net Profit / (Net Loss) after taxation for the year	278,035,387	28,737,349
Weighted Average Number of Equity Shares outstanding during the year	88,449,564	64,178,082
Adjusted Face Value Per Share	Rs.10	Rs.10
Earnings Per Share	3.14	0.45

27 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent Liabilities - NIL (Previous Year - NIL)

(b) Commitments

i. Capital commitments :- Nil (Previous Year: -Nil)

ii. Loan commitments on account of partly disbursed loans: Rs. 107,97,39,661 (Previous Year: Rs. 36,00,65,229)

28 DISCLOSURE WITH REGARD TO DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

Based on the information available with the company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, no disclosures relating to amounts unpaid as at the year ended 31st March, 2018 together with interest paid/payable are required to be furnished.

29 Additional information pursuant to provisions of Paragraph 5 of Schedule III of the Companies Act, 2013.

- a) CIF Value of Imports : Nil
- b) Expenditure in foreign currency : Nil
- c) Amount remitted during the period in foreign currency : Nil
- d) Earnings in foreign currency : Nil

30 Disclosure of related party transaction in accordance with Accounting Standard (AS18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

(a) Names of Related Parties with whom transaction has taken place:-

Category	Name of the Related Party
Key Management Personnel (KMP)	Mr. George Alexander Muthoot
	Mr. George Thomas Muthoot
	Mr.M G George Muthoot
	Mr. Eapen Alexander
Holding Company	Muthoot Finance Limited

(b) Transactions with Related Parties during the period ended 31.03.2018:-

Nature of transaction	Key Management Personnel	
	2017-18	2016-17
Directors Loan accepted	990,000,000	300,000,000
Directors Loan repaid	990,000,000	300,000,000
Interest paid to Directors	4,795,892	1,063,123
Remuneration to directors	4,900,000	1,200,000
ICD taken from Muthoot Finance Ltd	5,060,000,000	440,000,000
ICD repaid to Muthoot Finance Ltd	2,810,000,000	440,000,000
Interest on ICD paid to Muthoot Finance Ltd	14,043,081	1,535,342
Fixed Assets purchased from Muthoot Finance Ltd	864,620	-
Rent paid to Muthoot Finance Ltd	2,226,000	1,858,000

(c) Net amount Receivable / (Due) as at the year end :-

Particulars	Key Management Personnel	
	2017-18	2016-17
ICD from Muthoot Finance Ltd	(2,250,000,000)	-

31 Segment Reporting

Company's prime business is to provide loans against/for purchase, construction, repairs & renovation of Houses/ Flats etc. There are no other business operations "outside India" . Hence all the activities are considered as a " Single business/ Geographical Segment" for the purpose of Accounting Standard on Segment Reporting (AS-17) issued by The Institute of Chartered Accountants of India.

Advances are classified as performing and non-performing assets in accordance with directions on prudential norms issued by National Housing Bank (NHB).

32 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:

Loans	Standard	Sub-Standard	Doubtful	Loss	Total
Housing Loans	13,736,253,944	62,119,944	-	-	13,798,373,888
(Previous Year)	(4,408,360,773)	-	-	-	(4,408,360,773)
Other Propert Loans	849,437,943	-	-	-	849,437,943
(Previous Year)	-	-	-	-	-
Provisions made	58,342,768	9,317,991	-	-	67,660,759
(Previous Year)	(17,633,443)	-	-	-	(17,633,443)

33 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

33.1 Capital to Risk Assets Ratio (CRAR):

Items	As on 31.03.2018	As on 31.03.2017
i CRAR (%)	27.66	36.60
ii CRAR – Tier I Capital (%)	26.93	36.60
iii CRAR – Tier II Capital (%)	0.73	-
iv Amount of subordinated debt raised as Tier - II Capital	-	-
v Amount raised by issue of Perpetual Debt Instruments	-	-

33.2 Exposure

(i) Exposure to Real Estate Sector

Category	As on 31.03.2018	As on 31.03.2017
a) Direct Exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
Individual housing loans upto 15 Lakhs	10,647,515,580	2,747,930,703
Individual housing loans above 15 Lakhs	4,000,296,251	1,660,430,070
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	NIL	NIL
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
A Residential Exposure	NIL	NIL
B Commercial Real Estate	NIL	NIL
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	NIL	NIL

(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.

(iii) The Company has not financed any parent company products during the finaical year (PY - Nil). Hence, disclosure under Para 3.7.3 to Annex-4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable

The Company has not exceeded exposure limits as stipulated by the NHB prudential norms during the year with reference to Single Borrower

(iv) 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.

(v) The Company does not have any exposure to unsecured advances during the financial year (PY - Nil). Hence, disclosure under Para 3.7.5 to Annex - 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.

33.3 Asset Liability Management:

Maturity pattern of certain items assets and liabilities

For the year ended 31st March, 2018 *	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1day to 14 days	24,679,487	-	20,728,115	850,000,000
Over one month to 2 months	20,833,331	750,000,000	20,923,883	-
Over 2 months upto 3 months	67,467,948	500,000,000	21,134,862	-
Over 3 months to 6 months	251,539,099	-	64,659,384	-
Over 6 month s to 1 year	467,944,873	-	135,299,415	-
Over 1 year to 3 years	3,065,879,492	2,250,000,000	629,797,529	-
Over 3 to 5 years	2,356,121,147	-	793,939,843	-
Over 5 to 7 years	1,377,535,907	-	983,760,507	-
Over 7 to 10 years	-	-	1,867,260,586	-
Over 10 years	-	-	7,684,470,184	-
Total	7,632,001,284	3,500,000,000	12,221,974,308	850,000,000

Maturity pattern of certain items assets and liabilities

For the year ended 31st March, 2017 *	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1day to 14 days	27,603,015	-	5,910,367	-
Over one month to 2 months	-	-	5,972,070	-
Over 2 months upto 3 months	-	-	6,034,422	-
Over 3 months to 6 months	14,814,815	-	18,483,994	-
Over 6 month s to 1 year	81,712,963	-	38,742,597	-
Over 1 year to 3 years	868,385,180	-	181,135,588	-
Over 3 to 5 years	732,968,519	-	230,196,939	-
Over 5 to 7 years	452,118,523	-	288,628,781	-
Over 7 to 10 years	-	-	566,167,476	-
Over 10 years	-	-	2,412,335,186	-
Total	2,177,603,015	-	3,753,607,420	-

* Details are given only in respect of the loans which are fully disbursed as on the balance sheet date because as per policy of the company, repayment by way of EMI for principal amount is commenced only in case of fully disbursed loan. Partly disbursed loans aggregate to Rs. 654,753,353 (Previous Year: Rs. 49,484,176) as on balance sheet date.

33.4 The Company has not entered into any derivative transactions during the financial year (PY - Nil). Hence, disclosure under Para 3.4 to Annex- 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable

33.5 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

33.6 Remuneration of Non Executive Directors consist of Rs. 3,63,375/- towards sitting fees.

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

Particulars	As on 31.03.2018	As on 31.03.2017
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income Tax	638,640	2,772,971
3. Provision towards NPA	9,317,991	-
4. Provision for Standard Assets	58,342,768	17,633,443
5. Provision for Gratuity	1,327,000	376,814

33.8 Break up of Loans & Advances and Provisions thereon

Particulars	Housing		Non-Housing	
	As on 31.03.2018	As on 31.03.2017	As on 31.03.2018	As on 31.03.2017
Standard Assets				
a) Total Outstanding Amount	13,736,253,944	4,408,360,773	849,437,943	-
b) Provision Made	54,945,016	17,633,443	3,397,752	-
Sub-Standard Assets				
a) Total Outstanding Amount	62,119,944	-	-	-
b) Provision Made	9,317,991	-	-	-
Doubtful Assets - Category I				
a) Total Outstanding Amount	-	-	-	-
b) Provision Made	-	-	-	-
Doubtful Assets - Category 2				
a) Total Outstanding Amount	-	-	-	-
b) Provision Made	-	-	-	-
Doubtful Assets - Category 3				
a) Total Outstanding Amount	-	-	-	-
b) Provision Made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision Made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	13,798,373,888	4,408,360,773	849,437,943	-
b) Provision Made	64,263,007	17,633,443	3,397,752	-

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

33.10 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.

33.11 Concentration of Loans and Advances

Particulars	As on 31.03.2018	As on 31.03.2017
Total Loans & Advances to twenty largest borrowers	69,638,924	91,557,751
% of Loans & Advances to twenty largest borrowers to Total Advances of the company	0.48%	2.08%

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

Particulars	As on 31.03.2018	As on 31.03.2017
Total Exposure to twenty largest borrowers	69,638,924	91,557,751
% of Exposures to twenty largest borrowers to Total Advances of the	0.48%	2.08%

33.13 Concentration of NPAs

Particulars	As on 31.03.2018	As on 31.03.2017
Total Exposure to top ten NPA Accounts	21,933,422	-

33.14 Sector-wise NPAs

Sr. No.	Sector	% of NPAs to Total Advances in that sector
A.	Housing Loans:	
1	Individuals	0.42%
2	Builders/Project Loans	-
3	Corporates	-
4	Others	-
B.	Non-Housing Loans:	
1	Individuals	-
2	Builders/Project Loans	-
3	Corporates	-
4	Others	-

33.15 Movement of NPAs

Particulars	As on 31.03.2018	As on 31.03.2017
(i) Net NPAs to Net Advances (%)	0.36%	-
(ii) Movement of NPAs (Gross)		
a) Opening Balance	-	-
b) Additions during the year	62,119,944	-
c) Reductions during the year	-	-
d) Closing Balance	62,119,944	-
(iii) Movement of Net NPAs		
a) Opening Balance	-	-
b) Additions during the year	52,801,952	-
c) Reductions during the year	-	-
d) Closing Balance	52,801,952	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	-	-
b) Provisions made during the year	9,317,992	-
c) Write-off/write-back of excess provisions	-	-
d) Closing Balance	9,317,992	-

33.16 The Company does not have any overseas assets as on 31.3.2018.

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

33.18 Details of Customers Complaints

Particulars	As on 31.03.2018	As on 31.03.2017
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	84	7
c) No. of complaints redressed during the year	84	7
d) No. of complaints pending at the end of year	-	-

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

34 Previous year's figures have been regrouped / rearranged, wherever necessary to conform to current year's classifications / disclosure.

NOTE - 12 - FIXED ASSETS AS ON 31.03.2018

NAME OF ASSET	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2017	Additions	Deductions	As at 31.03.2018	As at 01.04.2017	for the year	Deductions during the year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
<u>Tangible Assets</u>										
Furniture & Fixtures	3,307,879	1,296,914	-	4,604,793	664,721	800,178	-	1,464,899	3,139,894	2,643,158
Leasehold Improvements	11,459,587	9,916,093	-	21,375,680	2,767,541	2,988,462	-	5,756,003	15,619,677	8,692,046
Computer	7,915,957	13,344,452	-	21,260,409	2,223,648	6,151,747	-	8,375,395	12,885,014	5,692,309
Office Equipment	3,485,386	2,690,358	-	6,175,744	1,364,069	1,381,106	-	2,745,175	3,430,569	2,121,317
Servers and Networks	484,933	642,145	-	1,127,078	105,219	255,275	-	360,494	766,584	379,714
		-								
<u>Intangible Assets</u>										
Software	12,565,825	2,716,375	-	15,282,200	4,903,087	3,999,284	-	8,902,371	6,379,829	7,662,738
Website Development	140,850	130,800	-	271,650	74,566	30,036	-	104,602	167,048	66,284
Total	39,360,417	30,737,137	-	70,097,554	12,102,851	15,606,088	-	27,708,939	42,388,615	27,257,566
Previous Year	326,602	39,033,815	-	39,360,417	60,449	12,042,402	-	12,102,851	27,257,566	266,153