JVR & ASSOCIATES
Chartered Accountants
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39/2790A, Wilmont Park Business Centre
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Kochi - 682 016. Ph : 2355314, 4011415
e-mail : jvrcochin@gmail.com

INDEPENDENT AUDITOR'S REPORT

The Members of
MUTHOOT MONEY LIMITED
Kochi

Opinion

We have audited the accompanying financial statements of **MUTHOOT MONEY LIMITED**, which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss, Statement of Changes in Equity and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

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Emphasis of Matter

We draw attention to the following:

a. The company's control over loan accounts offer scope for improvement from the present manual system, by implementing a suitable software duly integrated with the financial accounting system.

Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

Responsibilities of Management and Those Charged with Governance 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 with respect to the preparation of these 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of The Companies Act 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 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 purpose of our audit;

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

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

    d. In our opinion the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rules issued there under.

JVR & ASSOCIATES KOCHI 682 016

e. On the basis of written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

i) The company does not have any pending litigations which would impact its financial position.

ii) The company does not have any long-term contracts requiring a provision for material foreseeable losses.

iii) The company does not have any amounts required to be transferred to the Investor Education and Protection Fund.

For JVR & ASSOCIATES
Chartered Accountants
(F. R. No. 011121S)

Jomon K George
Partner
M.No.202144
UDIN: 20202144AAAAAC3605

JVR & ASSOCIATES KOCHI 682 016

Place: Kochi-16
Date: 10.06.2020

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ANNEXURE (A) REFERRED TO IN PARAGRAPH 2(f) OF INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF MUTHOOT MONEY LIMITED ON THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2020.

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

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

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company 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.

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 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.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2020:

1) The management's control and supervision over loans requires to be improved by implementing a suitable software duly integrated with the financial accounting system.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of control criteria, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests in our audit of the financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

For JVR & ASSOCIATES
Chartered Accountants
(F. R. No. 011121S)

Jomon K George
Partner
M.No.202144
UDIN: 20202144AAAAAC3605

Place: Kochi-16
Date: 10.06.2020

JVR & ASSOCIATES
KOCHI
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ANNEXURE (B) REFERRED TO IN PARAGRAPH 1 OF INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF MUTHOOT MONEY LIMITED ON THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2020.

In terms of Companies (Auditor's Report) Order 2016, issued by Central Government of India, in terms of section 143(11) of The Companies Act, 2013, we further report, on the matters specified in paragraph 3 and 4 of the said Order, that:-

1) (i) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, which however needs to be updated.

   (ii) The frequency & modality of physical verification of fixed assets by the management needs to be improved.

   (iii) The company does not have immovable properties.

2) As the company is not dealing in/holding goods,the clauses relating to inventories are not applicable to the company.

3) The company has not granted any loans, secured or unsecured to companies, firms, LLPs, or other parties covered in register maintained under Section 189 of The Companies Act, 2013.

4) The company has not given any loans or guarantees/made any investments within the meaning of section 185 & 186 of The Companies Act, 2013.

5) The company has not accepted any deposits from the public in terms of Section 73 to76 or any other relevant provisions of the Companies Act,2013.

6) In our opinion and according to the information and explanations given to us,the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the companies Act ,2013,for the company.

7) (i) The company is regular in depositing undisputed statutory dues with appropriate authorities.

   (ii) According to records of company, there are no statutory dues which have not been deposited on account of any dispute.

8) The company has not defaulted in any repayment of dues to any financial institution or bank.

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9) The term loans have been utilized for the purposes for which they were obtained.

10) Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud by the company or on the company by its officers/employees have been noticed or reported during the course of our audit.

11) The transactions entered into with related parties are in compliance with section 177 & 188 of The Companies Act 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.

12) The company has not made any preferential allotment or private placement of shares/debentures during the year.

13) The company has not entered into any non-cash transactions with directors or persons connected with directors, during the year.

14) The company has obtained registration under section 45-IA of the Reserve Bank of India Act, 1934 to carry on the business as a Non-Banking Financial Company without accepting public deposit vide registration number B.16.00063 dated 16.05.2007.

15) Matters specified in clauses (xi) and (xii) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.

For JVR & ASSOCIATES
Chartered Accountants
(F. R. No. 011121S)

Jomon K George
Partner
M.No.202144
UDIN: 20202144AAAAAC3605

Place: Kochi-16
Date: 10.06.2020

JVR & ASSOCIATES
KOCHI
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Muthoot Money Limited

Kurian Towers, Banerji Road, Ernakulam

Balance Sheet as at March 31, 2020

(Rupees in millions, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Financial assets			
Cash and cash equivalents	5	116.96	41.86
Bank balance other than above	6	171.92	160.67
Loans	7	5,027.58	3,136.43
Other financial assets	8	21.16	2.96
Non-financial Assets			
Deferred tax assets (net)		29.69	-
Property, Plant and Equipment	9	13.07	7.55
Other Intangible assets	10	0.42	0.84
Other - non financial assets	11	4.18	1.98
Total Assets		**5,384.98**	**3,352.29**
II. LIABILITIES AND EQUITY			
Financial Liabilities			
Payables			
(I) Trade Payables	12		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		10.63	18.18
Borrowings (other than debt securities)	13	4,271.67	2,269.69
Other Financial liabilities	14	15.50	19.92
Non-financial Liabilities			
Current tax liabilities (net)		15.49	0.49
Provisions	15	3.96	0.40
Deferred tax liabilities (net)		-	3.83
Other non-financial liabilities	16	6.08	4.85
Equity			
Equity share capital	17	62.17	62.17
Other equity	18	999.48	972.76
Total Liabilities and Equity		**5,384.98**	**3,352.29**

The accompanying notes form integral part of the financial statements

For and on behalf of Board of Directors

As per our report of even date attached

For JVR and Associates
Chartered Accountants

Eapen Alexander
Director

K R Bijimon
Director

Jomon K George
Partner

Charan Kalluri
Chief Executive Officer

Nagarjun K
Chief Financial Officer

Visakh T
Company Secretary

JVR & ASSOCIATES KOCHI 682 016

Place: Kochi
Date: 10.06.2020

Muthoot Money Limited

Kurian Towers, Banerji Road, Ernakulam

Statement of Profit and Loss for the year ended March 31, 2020

(Rupees in millions, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations			
Interest Income	19	659.75	151.31
Service fees collected		43.87	4.88
I Total Revenue from operations		**703.62**	**156.19**
II Other Income		-	-
III Total Income (I+II)		**703.62**	**156.19**
IV Expenses			
Finance costs	20	290.38	36.71
Fees and commission expenses		22.85	1.34
Impairment of financial instruments	21	128.46	14.54
Employee benefit expenses	22	156.06	75.62
Depreciation, amortization and impairment	23	9.45	1.79
Other expenses	24	57.76	19.00
Total Expenses (IV)		**664.96**	**149.00**
V Profit before tax (III-IV)		**38.66**	**7.19**
VI Tax Expense:			
(1) Current tax	25	45.22	0.54
(2) Deferred tax		(33.46)	3.83
VII Profit for the year (V-VI)		**26.90**	**2.82**
VIII Other Comprehensive Income			
Items that will not be reclassified to profit & loss account			
(i) Remeasurements of defined benefit plans		(0.24)	-
(ii) Income Tax relating to items that will not be reclassified to profit or loss account		0.06	-
		-0.18	**-**
IX Total Comprehensive Income for the year (VII-VIII)		**26.72**	**2.82**
Earnings per equity share	26		
Basic (Rs.)		432.68	94.41
Diluted (Rs.)		432.68	94.41

The accompanying notes form integral part of the financial statements

For and on behalf of Board of Directors

As per our report of even date attached

For JVR and Associates
Chartered Accountants

Eapen Alexander
Director

K R Bijimon
Director

Jomon K George
Partner

Charan Kalluri
Chief Executive Officer

Nagarjun K
Chief Financial Officer

Visakh
Company Secretary

Place: Kochi
Date : 10.06.2020

JVR & ASSOCIATES KOCHI 682 016

Scanned with CamScanner

Muthoot Money Limited

Kurian Towers, Banerji Road, Ernakulam

Cash Flow Statement for the year ended March 31, 2020

(Rupees in millions, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from Operating activities		
Profit Before Tax	38.66	7.19
Adjustments		
Depreciation, amortisation & impairment	9.45	1.79
Impairment on financial instruments	128.46	14.54
Provision for Gratuity (Net of OCI adjustment)	1.31	0.40
Provision for Compensated Absence	2.00	-
Finance costs	290.38	36.71
Operating Profit Before Working Capital Changes	470.26	60.64
Working capital changes		
Loans	(2,019.61)	(3,059.64)
Other financial asset	(18.20)	(29.71)
Other non financial asset	(2.20)	(0.63)
Other financial liabilities	(4.42)	18.88
Other non financial liabilities	1.23	4.66
Trade payables	(7.55)	17.84
Provision	0.01	-
Cash Generation from Operations	(1,580.48)	(2,987.96)
Income tax paid	(30.22)	(0.05)
Finance costs	(290.38)	(36.71)
Net cash flows from Operating Activities (A)	(1,901.08)	(3,024.72)
Cash Flow from Investing activities		
Purchase of Plant, Property and Equipments and intangibles	(14.55)	(9.35)
Net cash flows from Investing Activities (B)	(14.55)	(9.35)
Cash Flow from Financing Activities		
Proceeds from issue of shares	-	1,000.00
Increase / (decrease) in borrowings (other than debt securities)	2,001.98	2,236.36
Net cash flows from Financing Activities (C)	2,001.98	3,236.36
Net increase/(decrease) in cash and cash equivalents	86.35	202.29
Cash and cash equivalents at the beginning of the year	202.53	0.24
Cash and cash equivalents at the end of the year	288.88	202.53

The accompanying notes form integral part of the financial statements

For and on behalf of Board of Directors

As per our report of even date attached

For JVR and Associates
Chartered Accountants

Eapen Alexander
Director

K R Bijimon
Director

Jomon K George
Partner

Charan Kalluri
Chief Executive Officer

Nagarjun K
Chief Financial Officer

Place: Kochi
Date : 10.06.2020

Vishnu V
Company Secretary

JVR & ASSOCIATES KOCHI 682 016

Muthoot Money Limited

Kurian Towers, Banerji Road, Ernakulam

Statement of Changes in Equity for the year ended March 31, 2020

(Rupees in millions, unless otherwise stated)

A. Equity Share Capital

Equity shares of Rs. 1,000 each issued, subscribed and fully paid

	Number	*Amount*
Balance as at 31 March 2019	62,170	62.17
Issued during the year	-	-
Balance as at 31 March 2020	**62,170**	**62.17**

B. Other Equity

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	Statutory Reserve	Securities Premium	Retained Earnings	Remeasurement of defined benefit	
Balance as at March 31, 2019	**3.46**	**955.33**	**13.97**	**-**	**972.76**
Transfer to/from retained earnings	5.34		(5.34)		-
Profit for the year after income tax			26.90		26.90
OCI for the year before income tax				(0.24)	(0.24)
Income tax on OCI				0.06	0.06
Balance as at March 31, 2020	**8.80**	**955.33**	**35.53**	**(0.18)**	**999.48**

The accompanying notes form integral part of the financial statements

For and on behalf of Board of Directors

As per our report of even date attached

For JVR and Associates
Chartered Accountants

Eapen Alexander
Director

K R Bijimon
Director

Johnoy K George
Partner

Charan Kalluri
Chief Executive Officer

Nagarjun K
Chief Financial Officer

Visakh T
Company Secretary

Place: Kochi
Date: 10.06.2020

JVR & ASSOCIATES KOCHI 682 016

1. Corporate Information

Muthoot Money Limited (formerly known as Muthoot Money Private Limited) ("the Company") was incorporated as a private limited Company on 13th December, 1994 and was converted into a public limited company on 18.06.2019. The Company is a 100% subsidiary of Muthoot Finance Limited. The Company obtained permission from the Reserve Bank of India for carrying on the business of Non-Banking Financial Institutions on 16-05-2007 vide Regn No. B 16.00063. The Company is presently classified as Systemically Important Non-Deposit Taking NBFC (NBFC-ND-SI). The Registered Office of the Company is at Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Ernakulam, Kochi - 682 018, India.

2. Basis of preparation and presentation

2.1 Statement of Compliance

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

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with requirements of the Accounting standards notified under the Companies (Accounting Standards) Rules,2006 (Indian GAAP or previous GAAP).

2.2. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which have been measured at fair value at the end of the reporting period, as explained in the accounting policies below.

2.3 Functional and presentation currency

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

3. Summary of Significant Accounting Policies

3.1 Recognition of interest income

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

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

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

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

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

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

3.2 Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation Revenue from contract with customer for rendering services is recognised at a point in time when performance obligation is satisfied

3.3 Financial instruments

A. Financial Assets

3.3.1 Initial recognition and measurement

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

3.3.2 Subsequent measurement

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

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

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

c. ***Financial assets measured at fair value through profit or loss (FVTPL)***
A financial asset which is not classified in any of the above categories are measured at FVTPL.

B. Financial liabilities

3.3.3 Initial recognition and measurement

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

3.3.4 Subsequent Measurement

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

C. Derecognition of financial assets and liabilities

3.3.5 Financial Asset

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

3.3.6 Financial Liability

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

3.4 Offsetting

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

a. The normal course of business
b. The event of default
c. The event of insolvency or bankruptcy of the Company and/or its counterparties

3.5 Impairment of financial assets

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

3.5.1 Overview of the Expected Credit Loss (ECL) model

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

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

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

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

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

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

For non-impaired financial assets

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

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

For impaired financial assets:

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

3.5.2 Estimation of Expected Credit Loss

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

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

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

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

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

Forward looking information

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

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, vehicles, etc. However, the fair value of collateral affects the calculation of ECLs. The collateral is majorly the property for which the loan is given. The fair value of the same is based on data provided by third party or management judgements.

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

3.5.3 Change in estimate of Expected Credit Loss

The company, considering the actual outcome from the operations during the past years & the developments in economy & market it operates in, has revised its estimation of Loss Given Default. The details are given in Note 34. The change in estimate has reduced the impairment of financial instruments by Rs. 222.38 million during the year. The effect of change in estimate for the future periods is not disclosed as it is impracticable to estimate the effect.

3.6 Determination of fair value of Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

3.7 Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.8 Property, plant and equipment

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

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-current assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

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

3.8.1 Depreciation

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

The estimated useful lives are as follows:

Particulars	Useful life
Furniture and fixture	10 years
Office equipment	5 years
Computer	3 years
Electrical Fittings incl. UPS & Battery	10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.9 Intangible assets

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

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

Intangible assets comprising of software is amortised on straight line basis over a period of 5 years, unless it has a shorter useful life.

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

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

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

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

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

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

3.11 Employee Benefits Expenses

3.11.1 Short Term Employee Benefits

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

3.11.2 Post-Employment Benefits

A. Defined contribution schemes

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

B. Defined Benefit schemes

Gratuity

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

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

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

3.11.3 Other Long-Term Employee Benefits

Accumulated Compensated Absences

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

3.12 Provisions (other than employee benefits)

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

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

3.13 Taxes

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

3.13.1 Current Tax

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

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

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

3.13.2 Deferred tax

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

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

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

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

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

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

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

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

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

3.14 Goods and services tax paid on acquisition of Property Plant & Equipment, Intangible assets or on incurring expenses

Property Plant, Equipment and Intangible assets are recognised inclusive of the goods and services tax/value added taxes as company has adopted a policy not to recover the same from taxation authority, instead follows a policy to claim depreciation on the same.

3.15 Contingent liabilities and assets

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

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

3.16 Earnings Per Share

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

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

3.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.18 Cash-flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.19 Leases

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

All the lease agreements entered into by the company are cancellable in nature and are short term leases. The company has decided not to apply the requirements in paragraphs 22 to 49 of IndAS 116 as per the exemption provided in paragraph 5 of IndAS 116. Hence, the lease payments associated with the leases are recognised as expense on straight-line basis over the lease term.

4. Significant accounting judgements, estimates and assumptions

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

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

4.1. Business Model Assessment

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

4.2. Effective Interest Rate (EIR) method

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

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

4.3. Impairment of loans portfolio

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

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

4.4. Defined employee benefit assets and liabilities

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

4.5. Fair value measurement:

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

4.6. Other estimates:

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

Note 5: Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.17	0.06
Balances with Banks		
- in current accounts	116.79	41.80
	116.96	**41.86**

Note 6: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposit with bank (not maturing within three months)	171.92	160.67
	171.92	**160.67**

Fixed Deposits with bank include fixed deposits given as security for borrowings Rs.171.92 millions (March 31, 2019 : Rs. 160.67 millions)

Note 7: Loans

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
At amortised cost		
Loans		
i) Loan against Shares / Property	1.33	21.02
ii) Vehicle Loan	5,169.51	3,130.20
Total (A) - Gross	5,170.84	3,151.22
Less : Impairment loss allowance	(143.26)	(14.79)
Total (A) - Net	5,027.58	3,136.43
(B)		
I) Secured by tangible assets		
i) Loan against Shares / Property	1.33	21.02
ii) Vehicle Loan	5,169.51	3,130.20
II) Secured by intangible assets		
III) Covered by Bank / Government Guarantees		
IV) Unsecured		
Total - Gross	5,170.84	3,151.22
Less : Impairment loss allowance	(143.26)	(14.79)
Total - Net	5,027.58	3,136.43
(C) (I) Loans in India		
i) Public Sector	-	-
ii) Others	5,170.84	3,151.22
(C) (II) Loans outside India	-	-
Total (C) - Gross	**5,170.84**	**3,151.22**
Less: Impairment Loss Allowance (C)	(143.26)	(14.79)
Total (C)- Net	**5,027.58**	**3,136.43**

Note 7: Loans (continued)

Credit Quality of Loan Assets
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in *Note 34.*

(Rupees in millions, unless otherwise stated)

	As at March 31, 2020				As at March 31, 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Internal rating grade								
Performing								
High grade	3,485.44	-	-	3,485.44	3,084.18	-	-	3,084.18
Standard grade	854.84	-	-	854.84	49.21	-	-	49.21
Sub-standard grade	-	564.94	-	564.94	-	0.88	-	0.88
Past due but not impaired	-	-	-	-	-	-	-	-
Non- performing								-
Individually impaired	-	-	258.31	258.31				
Total	**4,340.28**	**564.94**	**258.31**	**5,163.53**	**3,133.39**	**0.88**	**-**	**3,134.27**
EIR impact of Service Charges Received and Commission Paid	4.35	1.92	1.04	7.31	16.94	0.01	-	16.95
Gross carrying amount closing balance net of EIR impact of service charges received	4,344.63	566.86	259.35	5,170.84	3,150.33	0.89	-	3,151.22

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

	2019-20				2018-19			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	3,133.39	0.88	-	3,134.27	64.79			64.79
New assets originated or purchased	3,231.37			3,231.37	3,446.33			3,446.33
Assets derecognised or repaid (excluding write offs)	(1,189.60)			(1,189.60)	(376.85)			(376.85)
Transfers to Stage 1	-	-		-				-
Transfers to Stage 2	(564.07)	564.07		-	(0.88)	0.88		-
Transfers to Stage 3	(270.81)		270.81	-				-
Changes to contractual cash flows due to modifications not resulting in derecognition				-				-
Amounts written off			-12.50	-12.50				-
Gross carrying amount closing balance	**4,340.28**	**564.95**	**258.31**	**5,163.54**	**3,133.39**	**0.88**	**-**	**3,134.27**
EIR impact of Service Charges Received and Commission Paid	4.35	1.92	1.04	7.31	16.94	0.01	-	16.95
Gross carrying amount closing balance net of EIR impact of service charges received	4,344.63	566.87	259.35	5,170.85	3,116.45	0.87	-	3,151.22

Reconciliation of ECL balance is given below:

	2019-20				2018-19			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	14.24	0.55	-	14.79	0.25	-	-	0.25
New assets originated or purchased	140.97	-	-	140.97	14.54	-	-	14.54
Assets derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(56.13)	56.13	-	-	(0.55)	0.55	-	-
Transfers to Stage 3	(77.34)	-	77.34	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-		-	-	-	-	
Amounts written off			(12.50)	(12.50)				
ECL allowance - closing balance	**21.74**	**56.68**	**64.84**	**143.26**	**14.24**	**0.55**	**-**	**14.79**

Note 8: Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	2.88	1.34
Trade Advances	16.04	-
Other financial assets	2.24	1.62
Total	**21.16**	**2.96**

Note 9: Property, plant and equipment

Particulars	Furniture and Fixtures	Office Equipments	Electrical Fittings	Computer and Accessories	Total
Gross Block- at cost (As at March 31, 2019)	3.60	0.16	2.08	3.24	9.08
Additions	3.59	0.15	4.28	2.40	10.42
Disposals					
As at March 31, 2020	**7.19**	**0.31**	**6.36**	**5.64**	**19.50**
Accumulated depreciation					
As at March 31, 2019	0.35	0.04	0.24	0.90	1.53
Disposals	-	-	-	-	
Charge for the year	1.38	0.06	1.07	2.39	4.90
As at March 31, 2020	**1.73**	**0.10**	**1.31**	**3.29**	**6.43**
Net Block					
As at March 31, 2019	**3.25**	**0.12**	**1.84**	**2.34**	**7.55**
As at March 31, 2020	**5.46**	**0.21**	**5.05**	**2.35**	**13.07**

Note 10: Other Intangible Assets

Particulars	Computer Software
Gross Block- at cost (As at March 31, 2019)	1.37
Additions	4.13
Disposals / Write off	-
As at March 31, 2020	**5.50**
Accumulated Amortization & Impairment	
As at March 31, 2019	0.53
Amortization for the year	0.47
Impairment for the year	4.08
As at March 31, 2020	**5.08**
Net Block	
As at March 31, 2019	**0.84**
As at March 31, 2020	**0.42**

Note 11: Other non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	0.79	0.43
Capital advances	2.82	1.06
Other Advances	0.57	0.49
Total	**4.18**	**1.98**

Note 12: Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	10.63	18.18
Total	**10.63**	**18.18**

Note 13: Borrowings (other than debt securities)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
(a) Term loans		
(i) from banks	59.69	59.61
Term loan (Secured by paripassu floating charge on current assets, book debts, Loans & advances) (Term of repayment : 8 Quarterly installments from FY 2020-21 and Rate of interest : 9.00%)		
(b) Loans from related parties		
Intercorporate Loan from Holding Company (Unsecured term loan of Rs.2000 Million at interest of 8.35% p.a and repayable by November 2021, Short Term Loan of Rs.1000 Million at 8.25%, repayable by May 2021 and Unsecured Term loan of Rs. 950 Million at interest of 9.35% p.a, repayable within 36 months of disbursement of loan.)	3,950.00	2,110.00
Loan from Fellow Subsidary (Unsecured revolving Inter corporate loan from Muthoot Insurance Brokers Private Limited of Rs. 80 Million at interest of 8.25% p.a., repayable by October 2020 and of Rs. 90 Million at interest of 9.35% p.a., repayable within 36 months of disbursement of loan.)	170.00	-
(c) Loans repayable on demand		
(i) from banks		
Overdraft (Secured by paripassu floating charge on current assets, book debts, Loans & advances & lien on fixed deposit with bank. Interest 9.00% p.a.)	91.98	100.08
Borrowing other than debt securties recorded as FVTPL	-	-
Borrowing other than debt securties designated as FVTPL	-	-
Total (A)	**4,271.67**	**2,269.69**
Borrowings in India	**4,271.67**	**2,269.69**
Borrowings outside India	**-**	**-**

Note 14: Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on borrowings	-	14.73
Others	15.50	5.19
Total	**15.50**	**19.92**

Note 15: Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
- Gratuity	1.96	0.40
- Compensated Absences	2.00	-
Total	**3.96**	**0.40**

Note 16: Other non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	6.08	4.85
Total	**6.08**	**4.85**

Note 17: Equity share capital

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

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised:		
2,00,000 (March 31, 2019: 2,00,000 Equity Shares of Rs. 1000/- each)	200.00	200.00
Issued, subscribed and fully paid up		
Equity shares		
62,170 (March 31, 2019: 62,170 Equity Shares of Rs. 1000/- each fully paid)	62.17	62.17
Total Equity	**62.17**	**62.17**

17.2 Reconciliation of the number of equity shares and equity share capital outstanding at the beginning and at the end of the year

Particulars	In Numbers	Amount
As at March 31, 2019	62,170	62.17
Issued during the year	-	-
As at March 31, 2020	**62,170**	**62.17**

17.3 Terms/ rights attached to equity shares

The Company has only one class of equity shares having face value Rs. 1000/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shared held by the shareholders.

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

Particulars	As at March 31, 2020		31 March 2019	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Muthoot Finance Limited	62,170.00	100.00%	62,170.00	100.00%

17.5 Disclosure as to aggregate number and class of shares allotted as pursuant to contract(s) without payment being received in cash, fully paid up by way of bonus shares and shares bought back.

Particulars	Fully paid up pursuant to contract(s) without payment being received in cash	Fully paid up by way of bonus shares	Shares bought back
Equity Shares :			
2019-20	Nil	Nil	Nil
2018-19	Nil	Nil	Nil
2017-18	Nil	Nil	Nil
2016-17	Nil	Nil	Nil
2015-16	Nil	Nil	Nil

Note 18: Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory reserve (Pursuant to section 45-IC of the Reserve Bank of India Act, 1934)		
Balance at the begining of the year	3.46	2.90
Add: Transfer from surplus balance in the Statement of Profit and Loss	5.34	0.56
Balance at the end of the year	**8.80**	**3.46**
Security Premium		
Balance at the begining of the year	955.33	11.88
Add: Securities premium received during the year	-	943.45
Balance at the end of the year	**955.33**	**955.33**
Retained Earnings		
Balance at the begining of the year	13.97	11.71
Add: Profit for the period	**26.90**	**2.82**
Less Appropriation :-		
Transfer to Statutory Reserve	(5.34)	(0.56)
Total appropriations	**(5.34)**	**(0.56)**
Balance at the end of the year	**35.53**	**13.97**
Other Comprehensive Income		
Balance at the begining of the year	-	-
Add: Addition during the year	-0.18	-
Balance at the end of the year	**-0.18**	**-**
Total	**999.47**	**972.76**

Note 18.1: Nature and purpose of reserve

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

Retained earnings

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

Statutory reserve

Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934. Accordingly an amount representing 20% of Profit for the period is transferred to the fund for the year.

18.2 Dividend

No dividend has been declared to shareholders for the financial year 2019-20

Note 19: Interest Income

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	On Financial asset measured at fair value through OCI	On Financial asset measured at amortised cost	Interest income on financial assets classified at fair value through profit and loss	On Financial asset measured at fair value through OCI	On Financial asset measured at amortised cost	Interest income on financial assets classified at fair value through profit and loss
Interest on Loans						
Vehicle Loan	-	643.00		-	143.70	
Loan against Shares/Property		1.47			6.60	
Interest on deposits with banks	-	12.50		-	0.75	
Other Interest Income	-	2.78		-	0.26	
Total	**-**	**659.75**	**-**	**-**	**151.31**	**-**

Note 20: Finance Cost

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost	On financial liabilities measured at fair value through profit or loss	On financial liabilities measured at amortised cost
Interest on borrowing (other than debt securities)	-	290.38	-	36.71
Total	**-**	**290.38**	**-**	**36.71**

Note 21: Impairment of financial instruments

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost
Loans	-	128.46	-	14.54
Total	**-**	**128.46**	**-**	**14.54**

Note 22: Employee Benefit Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and Wages	147.26	72.28
Contributions to Provident and Other Funds	7.47	2.58
Staff Welfare Expenses	1.33	0.76
Total	**156.06**	**75.62**

Note 23: Depreciation, amortization and impairment

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of Tangible Assets	4.90	1.53
Amortization of Intangible Assets	0.47	0.26
Impairment of Intangible Assets *(Refer Note. 23.1)*	4.08	-
	9.45	**1.79**

Note 23.1 Impairment of Intangible Assets

The management has decided to implement new software for maintaing loan details instead of the existing software as the expected outcome is not achieved. Hence, the carrying value of the existing software is fully impaired.

Note 24: Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent, Taxes & Energy Cost	4.94	1.42
Advertisement & Publicity	1.07	0.40
Travelling and Conveyance	13.27	5.96
Repairs & Maintenance	0.44	0.55
Auditor's Fees and Expenses (Refer Note 24.1)	0.79	0.25
Communication Expenses	2.40	0.64
Printing and Stationery	3.03	2.17
Insurance	0.98	0.36
Rates & Taxes	6.40	3.69
Legal & Professional Charges	6.47	2.28
Directors' Sitting Fee	0.77	0.05
Loss on Sale of Repossessed Assets	12.50	-
Bank Charges	0.39	0.13
Miscellaneous expenses	4.31	1.10
Total	**57.76**	**19.00**

Note 24.1 Auditor's fees and expenses:

Particulars	For the year ended March 31, 2020	For the year ended 31 March 2019
As Auditor:		
(i) As Auditor's (including Limited review)	0.75	0.25
(ii) For Other services	0.01	
(iii) For Reimbursement of expenses	0.03	-
Total	**0.79**	**0.25**

Note 25: Income Tax

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	45.22	0.54
Deferred tax	(33.46)	3.83
Income tax expense reported in statement of profit and loss	**11.76**	**4.37**
Income tax recognised in other comprehensive income		
Deferred tax related to items recognised in OCI during the period:		
-Remeasurement of defined benefit plans	(0.06)	-
Income tax charged to OCI	**(0.06)**	**-**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differ from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2020 and year ended March 31, 2019 is, as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax	38.66	7.19
At India's statutory income tax rate of 25.168% (2019: 26.000%)	9.73	1.87
Expenses disallowed in Income Tax Act	34.08	0.02
Effect of derecognition of previously recognised deferred tax assets/Others	(33.46)	3.17
Additional deduction under Income tax act	-	(0.78)
Interest on income tax grouped under current tax charge	1.41	0.09
Income tax expense reported in the statement of profit or loss	**11.76**	**4.37**

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

Deferred Tax Assets/(Liabilities)	**As at March 31, 2020**	**As at March 31, 2019**
Fixed asset: Timing difference on account of Depreciation and Amortisation	0.51	(0.04)
On application of Expected Credit Loss method for loan loss provisions and related adjustments as per Ind AS 109	30.02	0.61
On amortisation of expenses under Effective Interest Rate method for financial liabilities not permitted under Income Tax Act, 1961	(1.84)	(4.51)
On other provisions	1.00	0.11
Deferred Tax Assets/(Liablities) (Net)	**29.69**	**(3.83)**

Reconciliation of deferred tax assets/(liabilities)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	(3.83)	-
Tax income/(expense) during the period recognised in profit or loss	33.46	(3.83)
Tax income/(expense) during the period recognised in OCI	0.06	
Closing balance	**29.69**	**(3.83)**

Note 26: Earnings per share

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

Particulars	**Year ended March 31, 2020**	**As at March 31, 2019**
Net profit attributable to ordinary equity holders	26.90	2.82
Weighted average number of ordinary shares for basic earnings per share	62,170.00	29,870.00
Effect of dilution:	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	**62,170.00**	**29,870.00**
Earnings per share		
Basic earnings per share (Rs.)	**432.68**	**94.41**
Diluted earnings per share (Rs.)	**432.68**	**94.41**

Note 27: Retirement Benefit Plan

Defined Contribution Plan
The Company makes contributions to Provident Fund which are defined contribution plan for qualifying employees.
The Company recognized Rs. 5.67 millions (March 31,2019: 2.58 millions) for Provident Fund Contributions in the statement of profit and loss.

Defined Benefit Plan
The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on leaving the service of the company at 15 days salary (last drawn salary) for each completed year of service.Gratuity liability is not funded as on March 31, 2020.

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

Net liability/(assets) recognised in the Balance Sheet

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Present value of defined benefit obligations	1.96	0.40
Fair value of planned assets	-	-
Defined Benefit obligation/(asset)	**1.96**	**0.40**

Net benefit expense recognised in statement of profit and loss

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Current service cost	1.28	0.40
Past service cost	-	0.00
Interest cost on benefit obligation	0.03	
Net benefit expense	**1.31**	**0.40**

Details of changes in present value of defined benefit obligations as follows:

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Defined benefit obligation at the beginning of the year	0.40	-
Current service cost	1.28	0.40
Past Service Cost	-	0.00
Interest cost on benefit obligations	0.03	-
Re-measurements due to:		
a. Actuarial changes arising from changes in demographic assumptions	-	-
b. Actuarial changes arising from changes in financial assumptions	0.12	-
c. Actuarial changes arising from changes in experience over the past years	0.12	-
Benefits paid	-	-
Benefit obligation at the end of the year	**1.96**	**0.40**

Movement in Surplus/(Deficit)

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Surplus/(Deficit) at start of the year	(0.40)	-
Movement during the period		
Current Service Cost	(1.28)	(0.40)
Past Service Cost	-	(0.00)
Net interest on net DBO	(0.03)	-
Re-measurements	(0.24)	
Contributions/Benefits paid	-	-
Surplus/(Deficit) at end of the year	**(1.96)**	**(0.40)**

Movement in Other Comprehensive Income

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Balance at start of the year (Loss) / Gain	-	-
Re-measurements due to:		
a. Actuarial changes arising from changes in demographic assumptions	-	-
b. Actuarial changes arising from changes in financial assumptions	(0.12)	-
c. Actuarial changes arising from changes in experience over the past years	(0.12)	-
Re-measurements on Plan Assets:		
Return on Plan Assets, excluding amount included in net Interest on the net defined benefit liability / (asset)	-	-
Re-measurements on Asset ceiling:		
Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Balance at the end of the year (Loss) / Gain	**(0.24)**	**-**

Note 27: Retirement Benefit Plan (continued)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Salary Growth Rate	7.00%	7.00%
Attrition rate	6.10%	7.00%
Withdrawal Rate	15.00%	15.00%
Mortality	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Interest rate on net DBO	7.00%	NA
Expected average remaining working life	5 Years	5 Years

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 and March 31, 2019 are as shown below:

Assumptions	Sensitivity Level	As at March 31, 2020	As at March 31, 2019
Discount Rate	Increase by 1%	(0.15)	(0.03)
Discount Rate	Decrease by 1%	0.17	0.04
Salary Growth Rate	Increase by 1%	0.17	0.04
Salary Growth Rate	Decrease by 1%	(0.15)	(0.03)
Employee turnover	Increase by 1%	(0.08)	(0.02)
Employee turnover	Decrease by 1%	0.08	0.02
Mortality Rate	Increase in expected lifetime by 1 year	Negligible Change	Negligible Change
Mortality Rate	Increase in expected lifetime by 3 years	Negligible Change	Negligible Change

The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods & assumptions underlying the sensitivity analyses.

Description of Asset Liability Matching Policy

As the plan is unfunded, an Asset Liability Matching policy is not applicable.

Description of funding arrangements and funding policy that affect future contributions

The plan is unfunded and the status is unlikely to change over the next few years.

Maturity profile

The average expected remaining lifetime of the plan members is 5 years (March 31, 2019: 5 years) as at the valuation date. This represents the weighted average of the expected remaining lifetime of all plan participants.

Note 28: Maturity analysis of assets and liabilities

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

Particulars	Year ended March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	116.96	-	116.96	41.86	-	41.86
Bank Balance other than above	171.92	-	171.92	70.62	90.05	160.67
Loans	1,710.87	3,316.71	5,027.58	819.52	2,316.91	3,136.43
Other financial assets	18.28	2.88	21.16	1.62	1.34	2.96
Non-financial Assets						
Deferred Tax Assets (net)		29.69	29.69			
Property, plant and equipment	-	13.07	13.07	-	7.55	7.55
Other intangible assets	-	0.42	0.42	-	0.84	0.84
Other non financial assets	4.18	-	4.18	1.98	-	1.98
Total assets	**2,022.21**	**3,362.77**	**5,384.98**	**935.60**	**2,416.69**	**3,352.29**
Liabilities						
Financial Liabilities						
Trade payables	10.63	-	10.63	18.18	-	18.18
Borrowings (other than debt security)	231.67	4,040.00	4,271.67	830.09	1,439.60	2,269.69
Other Financial liabilities	15.50	-	15.50	19.92	-	19.92
Non-financial Liabilities						
Current tax liabilities (net)	15.49	-	15.49	0.49	-	0.49
Provisions	-	3.96	3.96	-	0.40	0.40
Deferred tax liabilities (net)	-	-	-	0.78	3.05	3.83
Other non-financial liabilities	6.08	-	6.08	4.85	-	4.85
Total Liabilities	**279.37**	**4,043.96**	**4,323.33**	**874.31**	**1,443.05**	**2,317.36**
Net	**1,742.84**	**-681.19**	**1,061.65**	**61.29**	**973.64**	**1,034.93**

Note 29: Change in liabilities arising from financing activities disclosed as per Ind AS 7,Cash Flow

Particulars	As at March 31, 2019	Cash Flows	Changes in fair value	Others	As at March 31, 2020
Borrowings other than debt securities	2,269.69	2,001.98	-	-	4,271.67
Total liabilities from financing activities	**2,269.69**	**2,001.98**	**-**	**-**	**4,271.67**

Particulars	As at March 31, 2018	Cash Flows	Changes in fair value	Others	As at March 31, 2019
Borrowings other than debt securities	33.33	2,236.36	-	-	2,269.69
Total liabilities from financing activities	**33.33**	**2,236.36**	**-**	**-**	**2,269.69**

Note 30: Contingent liabilities, commitments and leasing arrangements

(A) Commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account,net of advances and not provided for	3.53	2.59

(B) Lease Disclosures

All the lease agreements entered into by the company are short-term leases & are cancellable in nature.

The company has decided not to apply the requirements of paragraphs 22 to 49 of IndAS 116 - Leases as per the exemption provided in paragraph 5 of IndAS 116.

Hence, the lease payments associated with the leases are recognised as expense on straight-line basis over the lease term. (March 31, 2020: Rs. 3.89 million, March 31, 2019: Rs. 1.19 million)

Note 31: Related Party Disclosures

(A) Holding Company
Muthoot Finance Limited

(B) Subsidaries of Holding Company
Asia Asset Finance PLC, Sri Lanka
Muthoot Homefin (India) Limited
Belstar Investment and Finance Private Limited
Muthoot Insurance Brokers Private Limited
Muthoot Asset Management Private Limited
Muthoot Trustee Private Limited

(C) Key Managerial Personnel	**Designation**
George Jacob Muthoot	Director
George Muthoot Jacob	Director
Kuttickattu Rajappan Bijimon	Director
Eapen Alexander	Executive Director
Thomas John	Independent Director
Chamacheril Mohan Abraham	Independent Director
George Muthoot George	Director (Erstwhile)
Valsa Kurien	Director (Erstwhile)
Visakh Thazhathu Veedu	Company Secretary
Venkataanantha Ramasatya Sricharan Kalluri	Chief Operating Officer
Nagarjun Kristam	Chief Financial Officer

(D) Enterprises owned or significantly influenced by key managerial personnel or their relative
MMPL Business Services Private Limited

(E) Relatives of Key Management Personnel	**Relation**
M G George Muthoot	B/o George Jacob Muthoot
Sara George	M/o George Muthoot George
George Alexander	F/o Eapen Alexander
Anna Alexander	M/o Eapen Alexander
George M Alexander	B/o Eapen Alexander

Note 31: Related Party Disclosures (continued)

Related Party Transaction during the year:

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Loan from Director	20.00	352.05	-	499.45
Loan repaid	20.00	372.05	-	502.15
Remuneration	5.48	1.00	-	-
Sitting Fees	0.77	0.05	-	-
Interest expense on Director's loan	0.52	1.26	-	3.26

Particulars	Holding Company		Fellow subsidiaries	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Intercorporate Loan Taken	1,840.00	2,110.00	170.00	-
Rent paid	0.66	0.04	-	-
Interest expense on loan	269.89	31.78	6.14	-

Particulars	Enterprises owned or significantly influenced by key managerial personnel or their relative	
	As at March 31, 2020	As at March 31, 2019
Expenses paid on behalf of MMPL Business Services Pvt Ltd	1.73	-
Expenses reimbursed	1.73	-

Balance outstanding as at the year end: *(Rupees in millions)*

Particulars	Key Management Personnel		Relatives of Key Management Personnel	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Director 's Loan Outstanding	-	-	-	-
Salary Advance	0.35	0.06	-	-
Interest payable on loan taken	-	0.33	-	2.93
Amounts receivable (net) from related parties	**0.35**	**0.39**	**-**	**2.93**

Particulars	Holding Company		Fellow subsidiaries	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Intercorporate Loan Outstanding	3,950.00	2,110.00	170.00	-
Rent payable	0.20	0.04	-	-
Interest payable on loan	-	11.47	-	-
Amounts payable (net) to related parties	**3,950.20**	**2,121.51**	**170.00**	**-**

Particulars	Enterprises owned or significantly influenced by key managerial personnel or their relative	
	As at March 31, 2020	As at March 31, 2019
Amounts payable (net) to related parties	-	-

Note:

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

Compensation of key management personnel of the Company:

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

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Short–term employee benefits	5.32	1.05
Contribution to PF (defined contribution)	0.16	
Total	**5.48**	**1.05**

Note:

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

Note 32: Capital

Capital Management

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

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

Regulatory capital	**As at March 31, 2020**	**As at March 31, 2019**
Common Equity Tier1 capital	1,031.53	1,034.09
Other Tier 2 capital instruments	78.42	14.79
Total capital	**1,109.95**	**1,048.88**
Risk weighted assets	**5315.95**	**3,324.38**
CET1 capital ratio	19.40%	31.11%
Total capital ratio	20.88%	31.55%

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital Instruments.

Note 33: Fair Value Measurement

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

Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are intially measured at fair value and subsequently carried at amortised cost in the financial statements.

Particulars	Level	Carrying Value		Fair Value	
		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Financial assets					
Cash and cash equivalents	2	116.96	41.86	116.96	41.86
Bank Balance other than above	2	171.92	160.67	171.92	160.67
Loans	3	5,027.58	3,109.65	5,027.58	3,109.65
Other Financial assets	3	21.16	29.74	21.16	29.74
Financial assets		**5,337.62**	**3,341.92**	**5,337.62**	**3,341.92**
Financial Liabilities					
Trade Payable	3	10.63	18.18	10.63	18.18
Borrowings (other than debt securities)	2	4,271.67	2,269.69	4,271.67	2,269.69
Other Financial liabilities	3	15.50	19.92	15.50	19.92
Financial Liabilities		**4,297.80**	**2,307.79**	**4,297.80**	**2,307.79**

Valuation techniques

Short-term financial assets and liabilities
For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 2/Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers
The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Since comparable data is not available, hence Credit risk is dervied using, historical experience, management view and other information used in its collective impairment models.

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

Note 34: Risk Management

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the company's operations. The Company's principal financial assets include loans, cash and cash equivalents and other receivables that derive directly from its operations. As a financial lending institution, Company is exposed to various risks that are related to lending business and operating environment. The principal objective in Company 's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Company's risk management committee of the Board of Directors constituted in accordance with the Reserve Bank of India regulations has overall responsibility for overseeing the implementation of Risk Management Policy. The committee meets at least twice in a year to review the risk management practices. Risk management department periodically places its report to the committee for review. The committee's suggestions for improving the risk management practices are implemented by the risk management department.

Risk management department shall be responsible for the following:
a) Identifying the various risks associated with the activities of the company and assessing their impact on the business.
b) Measuring the risks and suggesting measures to effectively mitigate the risks. However, the primary responsibility for managing the various risks on a day to day basis will be with the heads of the respective business units of the company.

The Company is generally exposed to credit risk, liquidity risk, market risk and operational risk.

I) Credit Risk
Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

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

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

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

Rating	**Loans**	**Stages**
High grade	Not yet due	Stage I
Standard grade	1-30 DPD	Stage I
Sub-standard grade	30-60 DPD	Stage II
Past due but not impaired	60-89 DPD	Stage II
Individually impaired	90 DPD or More	Stage III

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

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

Based on its review of macro-economic developments and economic outlook, the Company has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at March 31, 2020 and March 31, 2019.

	As at March 31, 2020			**As at March 31, 2019**		
Pools	**Stage I**	**Stage II**	**Stage III**	**Stage I**	**Stage II**	**Stage III**
Vehicle Loans	5.00%	20%	100.00%	5.00%	20%	100.00%
Loan against shares	7.00%	20%	100.00%	7.00%	20%	100.00%

Loss Given Default
The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Company has assessed that significant recoveries happen in the year in which default has occured. In estimating LGD, the company reviews macro-economic developments taking place in the economy. The management has revised the LGD dueing the financial year.

	As at March 31, 2020			**As at March 31, 2019**		
Pools	**Stage I**	**Stage II**	**Stage III**	**Stage I**	**Stage II**	**Stage III**
Vehicle Loans	10.00%	50%	25.00%	15.00%	65%	100.00%
Loan against shares	20.00%	50%	25.00%	20.00%	65%	100.00%

LGD Rates have been computed internally based on the discounted recoveries in defaulted accounts that are closed/ written off/ repossessed and upgraded during the year.

Note 34: Risk Management (continued)

Credit risk exposure analysis

The company has begun its Vehicle loan business form mid of FY 2018-2019 and it does not cater much region as of now and is in the process of building its business. The whole concentartion is based out of south region which has its credit exposure of risk spread :-

	As at March 31, 2020			As at March 31, 2019		
Particulars	**Stage I**	**Stage II**	**Stage III**	**Stage I**	**Stage II**	**Stage III**
South region	4,344.63	566.86	259.35	3,150.33	0.89	

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

		Fair value of collateral and credit enhancements held					
As at March 31, 2020	**Maximum exposure to credit risk**	**Cash**	**Securities**	**Book debts, Inventory and other working capital items**	**Surplus collateral**	**Total collateral**	**Net exposure**
Financial assets							
Cash and cash equivalents	116.96	116.96				116.96	-
Bank Balance other than above	171.92	171.92				171.92	-
Loans						-	
(i) Vehicle Loan	5,169.51		7,903.67		2,734.16	7,903.67	
(ii) Loan against Shares	1.33		5.03		3.70	5.03	
Other Financial assets	21.16						21.16
Total financial assets at amortised cost	**5,480.88**	**288.88**	**7,908.70**	**-**	**2,737.86**	**8,197.58**	**21.16**
Other commitments							

		Fair value of collateral and credit enhancements held					
As at March 31, 2019	**Maximum exposure to credit risk**	**Cash**	**Securities**	**Book debts, Inventory and other working capital items**	**Surplus collateral**	**Total collateral**	**Net exposure**
Financial assets							
Cash and cash equivalents	41.86	41.86				41.86	-
Bank Balance other than above	160.67	160.67				160.67	-
Loans						-	
(i) Vehicle Loan	3,130.20		4,063.77		933.57	4,063.77	
(ii) Loan against Shares	21.02		49.84		28.82	49.84	
Other Financial assets	29.74						29.74
Total financial assets at amortised cost	**3,383.49**	**202.53**	**4,113.61**	**-**	**962.39**	**4,316.14**	**29.74**
Other commitments							

Note 34: Risk Management (continued)

II) Liquidity Risk

Liquidity risk is the risk of being unable to raise necessary funds from the market at optimal cost to meet operational and debt servicing requirements.

Asset Liability Management (ALM)

The table below shows the maturity pattern of the assets and liabilities:

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM	Total
Payables	8.19	-	0.27	2.17	-	-	-	-	-	**10.63**
Borrowings	-	-	-	-	71.67	4,200.00	-	-	-	**4,271.67**
Other financial liabilities	1.14	0.06	13.17	1.13	-	-	-	-	-	**15.50**
Loans	111.34	109.06	107.24	310.94	598.03	537.79	3,031.76	221.42	-	**5,027.58**
Other financial assets	0.14	2.10	16.04	-	-	-	2.88	-	-	**21.16**
Total	**120.81**	**111.22**	**136.72**	**314.24**	**669.70**	**4,737.79**	**3,034.64**	**221.42**	**-**	**9,346.54**

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM	Total
Payables	5.98	6.21	5.99	-	-	-	-	-	-	**18.18**
Borrowings	-	-	-	-	830.09	1,440.00	-	-	-0.40	**2,269.69**
Other financial liabilities	16.46	1.73	1.73	-	-	-	-	-	-	**19.92**
Loans	88.73	64.16	62.62	194.20	409.81	1,667.47	646.57	0.71	2.16	**3,136.43**
Other financial assets	1.62	-	-	-	-	0.24	-	1.10	-	**2.96**
Total	**112.79**	**72.10**	**70.34**	**194.20**	**1,239.90**	**3,107.71**	**646.57**	**1.81**	**1.76**	**5,447.18**

III) Market risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and reduce our exposure to the volatility inherent in financial instruments. The Company is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods shorter than the funding sources.Borrowings at floating rates gives rise to interest rate risk. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks. The Interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenors.

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

	March 31, 2020	March 31, 2019
On Borrowings		
1% increase	394.54	4.42
1% decrease	-394.54	-4.42

Prepayment risk

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

Operational and business risk

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

Note 35: Disclosure with regard to dues to Micro Enterprises and Small 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 principal amounts unpaid as at the period ended March 31, 2020 together with interest paid /payable are required to be furnished

Note 36: Segment reporting

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Further other business segments do not exceed the quantitative thresholds as defined by the Ind AS 108 on “Operating Segment”. Hence, there are no separate reportable segments, as required by the Ind AS 108 on "Operating Segment".

Note 37: Frauds during the year

There are no cases of fraud or suspected fraud that affects the entity and involves management, employees or customers.

Note 38: Disclosure required as per Reserve Bank of India Notification No. DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

Asset Classification as per RBI Norms	Asset Classification as per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowance (Provisions) as required under IND AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IND AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage - 1	4,344.63	21.73	4,322.90	19.36	59.06
	Stage - 2	566.86	56.69	510.17		
Subtotal		**4,911.49**	**78.42**	**4,833.07**	**19.36**	**59.06**
Non-performing Assets (NPA)						
Sub - Standard	Stage - 3	259.35	64.84	194.51	37.40	27.45
Doubtful						
Upto 1 year	Stage - 3	-	-	-	-	-
1 to 3 years	Stage - 3	-	-	-	-	-
More than 03 years	Stage - 3	-	-	-	-	-
Subtotal for Doubtful		**-**	**-**	**-**	**-**	**-**
Loss	Stage - 3	-	-	-	-	-
Subtotal for NPA		**259.35**	**64.84**	**194.51**	**37.40**	**27.45**
Other items such as guarantees, loan commitments, etc. which are in the scope of IND AS 109 but not covered under current Income Recognition, Asset classification and provision (IRACP) norms	Stage - 1	-	-	-	-	-
	Stage - 2	-	-	-	-	-
	Stage - 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	Stage - 1	4,344.63	21.73	4,322.90	19.36	59.06
	Stage - 2	566.86	56.69	510.17		
	Stage - 3	259.35	64.84	194.51	37.40	27.45
	Total	**5,170.84**	**143.26**	**5,027.58**	**56.76**	**86.50**

Note 39: Disclosures required as per Reserve Bank of India Master Direction - Non Banking Financial Company - Systematically Important Non-Deposit taking Company & Deposit taking Company (Reserve Bank) Directions, 2016

S.No	Particulars	Amount outstanding	Amount Overdue	Amount outstanding	Amount Overdue
	Liabilities side	**As at March 31, 2020**		**As at March 31, 2019**	
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :				
	(a) Debentues : Secured	-	-	-	-
	: Unsecured	-	-	-	-
	(Other than falling within the meaning of public deposits)				
	(b) Deferred Credits	-	-	-	-
	(c) Term loans	59.69	-	59.61	-
	(d) Inter-corporate loans and borrowings	4,120.00	-	2,110.00	-
	(e) commercial paper	-	-	-	-
	(f) Public deposits	-	-	-	-
	(g) Other loans (specify nature)	-	-	-	-
	: Overdraft	91.98		100.08	
2	**Break-up of (1)(f) above (outstanding public deposits inclusive of interest**				
	(a) in the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-

	Asset side	**As at March 31, 2020**	**As at March 31,2019**
3	**Breaup of Loans and Advances including bills receivables other than those included in (4) below :**		
	(a) Secured	-	-
	(b) Unsecured	-	-
4	**Breaup of Lease Assets and stock on hire and other assets counting towards asset financing activities**		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock in hire including hire charges under sundry debtors :		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards asset financing activities		
	(a) Loans where assets have been repossesed	39.14	-
	(b) Loans other than (a) above	5130.37	3130.20
5	**Breakup of Investments**		
	Current Investments		
	1. Quoted		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (please specifty)	-	-
	2. Unquoted		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	Long-term Investments		
	1. Quoted		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (please specifty)	-	-
	2. Unquoted		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-

6 **Borrower Group-wise Classification of Assets Financed as in (3) and (4) above:-**

Category	**As at March 31, 2020**		
	Amount (Principal, Net of provisions)		
	Secured	**Unsecured**	**Total**
1. Related Parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2. Other than related parties	5,026.27	-	5,026.27
Total	**5,026.27**	**-**	**5,026.27**

Category	**As at March 31, 2019**		
	Amount (Principal, Net of provisions)		
	Secured	**Unsecured**	**Total**
1. Related Parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2. Other than related parties	3,115.70	-	3,115.70
Total	**3,115.70**	**-**	**3,115.70**

Note 39: Disclosures required as per Reserve Bank of India Master Direction - Non Banking Financial Company - Systematically Important Non-Deposit taking Company & Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)

7 **Exposures**

a) Details of financing of parent company products	Not Applicable
b) Details of single borrower limit (SGL)/Group Borrower Limit (GBL) exceeded by the company	Nil
c) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken and which is to be classified as unsecured advances	Nil

8 **Registration obtained from financial sector regulators**

Regulator	**Registration Number**
Reserve Bank of India	Certificate of Registration No. B 16.00063

9 **Ratings assigned by Credit Rating agencies**

Particulars	**As at 31st March 2020**	**As at 31st March 2019**
Long term borrowings	CRISIL AA-/Positive	CRISIL AA-/Stable

10 **Penalities levied by Regulators - Nil**

11 **Movement of NPAs**

Particulars	**As at 31st March 2020**	**As at 31st March 2019**
(i) Net NPAs* to Net Advances (%)	3.87%	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	-
(b) Additons during the year	260.25	-
(c) Reduction during the year	0.91	-
(d) Closing balance	259.34	-
(iii) Movement of NPAs (Net)		
(a) Opening balance	-	-
(b) Additons during the year	195.19	-
(c) Reduction during the year	0.68	-
(d) Closing balance	194.51	-
(iv) Movement of provision for NPAs		
(a) Opening balance	-	-
(b) Additons during the year	65.06	-
(c) Reduction during the year	0.23	-
(d) Closing balance	64.83	-

Additions/ Reductions to NPA (Gross and Net) stated above during the year are based on year end figures.

* Stage 3 loan assets under Ind AS

Note 39: Disclosures required as per Reserve Bank of India Master Direction - Non Banking Financial Company - Systematically Important Non-Deposit taking Company & Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)

12 **Concentration of Advances**

S.No	Particulars	As at 31st March 2020	As at 31st March 2019
1	Total advances to twenty largest borrowers	98.56	102.83
2	Percentage of Advances to twenty largest borrowers to total advances of the NBFC	1.91%	3.26%

13 **Concentration of Exposures**

S.No	Particulars	As at 31st March 2020	As at 31st March 2019
1	Total exposures to twenty largest borrowers/customers	98.56	102.83
2	Percentage of exposures to twenty largest borrowers/customets to total exposures of the NBFC on borrowers/customers	1.91%	3.26%

14 **Concentration of NPAs**

S.No	Particulars	As at 31st March 2020	As at 31st March 2019
1	Total exposures to top four NPA accounts	20.77	-

15 **Sector-wise NPAs**

S.No	Particulars	As at 31st March 2020	As at 31st March 2019
1	Agriculture & Allied Activities		
2	MSME		
3	Corporate Borrowers		
4	Services		
5	Unsecured Personal Loans		
6	Auto Loans / Commercial Vehicles	259.34	-
7	Other Loans		

Muthoot Money Limited
Notes to financial statements for the year ended March 31, 2020
(Rupees in millions, unless otherwise stated)

Note 39: Disclosures required as per Reserve Bank of India Master Direction - Non Banking Financial Company - Systematically Important Non-Deposit taking Company & Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)

16 **Customer complaints**

Sl. No	Particulars	As at 31st March 2020	As at 31st March 2019
(a)	No. of Complaints pending as at the beginning of the year	Nil	Nil
(b)	No. of Complaints received during the year	Nil	Nil
(c)	No. of Complaints redressed during the year	Nil	Nil
(d)	No. of Complaints pending as at the end of the year	Nil	Nil

17 **Provisions and contigencies**

Sl. No	Breakup of provisions and contingencies shown under the head expenses in the Statement of Profit and Loss	As at 31st March 2020	As at 31st March 2019
1	Provisions for depreciation on investment	Nil	Nil
2	Provision towards NPA (Expected Credit Loss)	128.46	14.54
3	Provision made towards Income Tax	11.76	4.37
4	Other Provisions and Contingencies (with details)		
	Provision for leave encashment	2.00	-
	Provision for Gratuity	1.55	0.40
	Provision for other assets	-	-
5	Provision for Standard Assets	Nil	Nil

40. The balances of trade advnaces, capital advances, other advances, other financial assets & other financial liabilities are subject to confirmations/reconciliations.

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

For and on behalf of Board of Directors

Eapen Alexander
Director

K R Bijimon
Director

Charan Kalluri
Chief Executive Officer

Nagarjun K
Chief Financial Officer

Vishal T
Company Secretary

Place: Kochi
Date: 10.06.2020

As per our report of even date attached
For JVR and Associates
Chartered Accountants

Jubin K George
Partner

JVR & ASSOCIATES KOCHI 682 016