

# RANGAMANI & CO.,

CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MUTHOOT TRUSTEE PRIVATE LIMITED

#### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of Muthoot Trustee Private Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

#### Basis 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.

#### Responsibility of Management for Standalone Financial Statements and for Internal Financial Controls over Financial Reporting

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone



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

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

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.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements and for Internal Financial Controls over Financial Reporting**

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.

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the



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

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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating



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

We 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.

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

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

- a) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- d) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- e) In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.
- f) 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



A handwritten signature in blue ink, appearing to read "Jane P. Thomas".

**Place: Kochi**  
**Date: May 10, 2019**

**Jane P. Thomas**  
**Partner**  
Membership No. 236744

**Muthoot Trustees Private Limited**

Balance sheet as at 31 March 2019

(Rupees in thousands, except for share data and unless otherwise stated)

	Notes	31-Mar-19
<b>ASSETS</b>		
<b>Non- current assets</b>		
Financial assets		
Deferred tax asset	5	0.61
<b>Total non-current assets</b>		<b>0.61</b>
<b>Current assets</b>		
Financial assets		
Other financial assets	3	957.74
Cash and cash equivalents	4	46.27
<b>Total current assets</b>		<b>1,004.01</b>
<b>Total assets</b>		<b>1,004.62</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity share capital	6	1,000.00
Other equity	7	2.76
<b>Total equity</b>		<b>1,002.76</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Financial liabilities		
Trade payables		-
Other financial liabilities		-
Current tax liabilities (net)		1.86
<b>Total current liabilities</b>		<b>1.86</b>
<b>Total liabilities</b>		<b>1.86</b>
<b>Total equity and liabilities</b>		<b>1,004.62</b>

Summary of significant accounting policies 2

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For Rangamani &amp; Co.

ICAI Firm registration number: 003050S

Chartered Accountants

per Jane P Thomas

Partner

Membership No.: 236744



Place: Mumbai

Date: 10-05-2019

For and on behalf of the Board of Directors of  
Muthoot Trustees Private Limited

Kiran G

Director

DIN: 08398948

Rajan Krishnan

Director

DIN: 03497999

Place: Mumbai

Date: 10-05-2019



**Muthoot Trustees Private Limited**  
**Statement of profit and loss for the year ended 31 March 2019**  
*(Rupees in thousands, except for share data and unless otherwise stated)*

	Notes	Year ended March 31, 2019
<b>Income</b>		
Other income	9	7.74
<b>Total income</b>		<u>7.74</u>
<b>Expenses</b>		
Other expenses	10	3.73
<b>Total expenses</b>		<u>3.73</u>
<b>Profit before tax</b>		<u>4.01</u>
<b>Tax expense</b>		
Current tax		1.86
Deferred tax (credit) / charge		<u>(0.61)</u>
		<u>1.25</u>
<b>Profit for the year</b>		<u>2.76</u>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement gains/ (losses) on defined benefit plan		-
Income tax relating to above mentioned item		-
<b>Total other comprehensive income/ (loss) for the year, net of tax</b>		<u>-</u>
<b>Total comprehensive income for the year attributable to equity holders</b>		<u>2.76</u>
<b>Earning per equity share [nominal value of Rs. 10]</b>		
Basic and Diluted (In Rupees)	11	0.16
<b>Summary of significant accounting policies</b>	2	

The accompanying notes form an integral part of the financial statements.  
As per our report of even date

For Rangamani & Co.  
ICAI Firm registration number: 003050S  
Chartered Accountants

per Jane P Thomas  
Partner  
Membership No.: 236744



Place: Mumbai  
Date: 10-05-2019

For and on behalf of the Board of Directors of  
Muthoot Trustees Private Limited

*Kiran G*

Kiran G  
Director  
DIN: 08398948

*Rajan*

Rajan Krishnan  
Director  
DIN: 03497999

Place: Mumbai  
Date: 10-05-2019





**Muthoot Trustees Private Limited**  
**Statement of Changes in Equity for the year ended 31 March 2019**  
*(Rupees in thousands, except for share data and unless otherwise stated)*

**A. Equity share capital**

	No. of Shares	Amount
<b>Equity shares of Rs. 10 each issued, subscribed and fully paid</b>		
At March 31 2019	1,00,000	1,000

**B. Other equity**

Particulars	Retained Earnings	Total
At April 1, 2018	-	-
Profit for the year	2.76	2.76
<b>At March 31, 2019</b>	<b>2.76</b>	<b>2.76</b>

Summary of significant accounting policies (refer note 2)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Rangamani & Co.  
 ICAI Firm registration number: 003050S  
 Chartered Accountants

per Jane P Thomas  
 Partner  
 Membership No.: 236744



Place: Mumbai  
 Date: 10-05-2019

For and on behalf of the Board of Directors of  
 Muthoot Trustees Private Limited

*Kiran G*

Kiran G  
 Director  
 DIN: 08398948

Place: Mumbai  
 Date: 10-05-2019

*Rajan*

Rajan Krishnan  
 Director  
 DIN: 03497999



**Muthoot Trustees Private Limited**  
**Statement of Cash flow for the year ended 31 March 2019**  
*(Rupees in thousands, except for share data and unless otherwise stated)*

	Notes	31-Mar-19
<b>Cash flows from operating activities</b>		
Profit before exceptional item and tax		4.01
<i>Adjustments for:</i>		
Interest Income		(7.74)
		(3.73)
Income tax paid (net of refund)		
<b>Net cash flows from/ (used in) operating activities (A)</b>		<b>(3.73)</b>
<b>Cash flows from investing activities</b>		
Investment in Fixed deposit		(950.00)
Interest received		-
<b>Net cash flows from/ (used in) investing activities (B)</b>		<b>(950.00)</b>
<b>Cash flows from financing activities</b>		
Issue of equity share capital		1,000.00
<b>Net cash flows from/ (used in) financing activities (C)</b>		<b>1,000.00</b>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		46.27
Cash and cash equivalents at the beginning of the year	4	-
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>46.27</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand		-
Balance with banks		
- on current account		46.27
- on deposit account		-
<b>Total cash and cash equivalents</b>		<b>46.27</b>

Summary of significant accounting policies

2

As per our report of even date

For Rangamani & Co.  
 ICAI Firm registration number: 003050S  
 Chartered Accountants

per Jane P Thomas  
 Partner  
 Membership No.: 236744



Place: Mumbai  
 Date: 10-05-2019

For and on behalf of the Board of Directors of  
 Muthoot Trustees Private Limited

*Kiran G*

Kiran G  
 Director  
 DIN: 08398948

*Rajan*

Rajan Krishnan  
 Director  
 DIN: 03497999

Place: Mumbai  
 Date: 10-05-2019



**Muthoot Trustees Private Limited**

**Notes to the financial statements for the year ended 31 March 2019**

**1. Corporate information**

Muthoot Trustees Private Limited ( the Company) was incorporated on 28 January 2019 under the provisions of the Companies Act 2013. It is wholly owned subsidiary of Muthoot Finance Limited

This is the first year of the Company and the Company has not yet commenced its operations. The Company will act as a trustee for Muthoot Asset Management Company , its fellow subsidiary.

The financial statements are approved for issue by the Company's Board of Directors on 10 May 2019.

**2. Significant accounting policies**

**2.1 Basis of preparation**

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

The company has been incorporated in the financial year 2018-2019. Hence, the Company does not have any comparitives to be presented.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained further in the accounting policies below. The financial statements are presented in INR except when otherwise indicated.

**2.2 Use of estimates, assumptions and judgements**

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses for the year reported. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

**2.3 Summary of significant accounting policies**

**(a) Revenue from contract with customer**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

**Interest Income**

Interest income on financial assets (including deposits with banks) is recognised using the effective interest rate method on a time proportionate basis.

**(b) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle

Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle

It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.



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## **Muthoot Trustees Private Limited**

### **Notes to the financial statements for the year ended 31 March 2019**

Deferred tax assets and liabilities are classified as non-current assets and liabilities. Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

#### **(c) 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 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:

- a) In the principal market for the asset or liability, or
- b) 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **(d) Cash and cash equivalent**

Cash and cash equivalent in the balance sheet comprise 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.

#### **(e) Taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

##### *Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries 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 (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI 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.



## **Muthoot Trustees Private Limited**

### **Notes to the financial statements for the year ended 31 March 2019**

#### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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 (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI 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.

#### **(f) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **(g) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *Financial assets*

##### Initial recognition and measurement

All financial assets are recognised initially at fair value. 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.

##### Subsequent measurement

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

##### 1. Financial assets measured at amortised cost

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

##### 2. Financial assets measured at fair value through other comprehensive income (FVTOCI).

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

##### 3. Financial assets measured at fair value through profit or loss (FVTPL).

A financial asset which is not classified in any of the above categories are measured at FVTPL.

##### Derecognition

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.

##### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- a) Trade receivables or contract revenue receivables; and
- b) All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.



**Muthoot Trustees Private Limited**  
**Notes to the financial statements for the year ended 31 March 2019**

***Financial liabilities***

***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

***Subsequent measurement***

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(h) Provisions**

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

**(i) Goods and Services tax**

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.



**Muthoot Trustees Private Limited**

**Notes to the financial statements for the year ended 31 March 2019**

*(Rupees in thousands, except for share data and unless otherwise stated)*

**3 Other financial assets**

	<b>Non-current</b>	<b>Current</b>
	<b>March 31, 2019</b>	<b>March 31, 2019</b>
Interest accrued but not due on fixed deposits	-	7.74
Deposits with maturity for more than 3 months but less than 12 months	-	950.00
	-	<b>957.74</b>

**4 Cash and cash equivalent**

	<b>Current</b>
	<b>March 31, 2019</b>
Cash on hand	-
Balances with banks:	
– On current account	46.27
Deposits with original maturity of less than 3 months	-
	<b>46.27</b>

**5 Deferred tax asset**

	<b>Non-current</b>
	<b>March 31, 2019</b>
Deferred tax asset	0.61
	<b>0.61</b>

Deferred tax asset has been created on preliminary expenses which are incurred on setting up the company accordingly under Section 35 D of Income tax Act





**Muthoot Trustees Private Limited**  
**Notes to the financial statements for the year ended 31 March 2019**  
*(Rupees in thousands, except for share data and unless otherwise stated)*

**6 Share Capital**

	<b>March 31, 2019</b>
<b>Authorised share capital</b>	
100,000 shares of Rs. 10/- each	1,000.00
<b>Total</b>	<b>1,000.00</b>
<b>Issued, subscribed and paid up share capital</b>	
100,000 shares of Rs. 10/- each	1,000.00
<b>Total</b>	<b>1,000.00</b>

**A Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period :**

	<b>March 31, 2019</b>
<i>Equity shares issued, subscribed and paid up</i>	
Equity shares at the beginning of the period	-
Issued during the year	1,00,000
<b>Shares outstanding at the end of the period</b>	<b>1,00,000.00</b>

**B Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

**C Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	<b>March 31, 2019</b>	
	Number of shares	% holding in the class
<i>Equity shares of INR 10 each fully paid</i>		
Muthoot Finance Limited	1,00,000	100.00%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

**7 Other equity**

	<b>March 31, 2019</b>
Retained earnings	2.76
	<b>2.76</b>
For movement in other equity refer 'Statement of Changes in Equity'.	



**Muthoot Trustees Private Limited**

**Notes to the financial statements for the year ended 31 March 2019**

*(Rupees in thousands, except for share data and unless otherwise stated)*

**8 Revenue from operations**

	<b>March 31, 2019</b>
Sale of services	
<b>Total</b>	<b>-</b>

**9 Other income**

	<b>March 31, 2019</b>
Interest income on bank deposits	7.74
<b>Total</b>	<b>7.74</b>

**10 Other expenses**

	<b>March 31, 2019</b>
Legal and professional expenses	3.73
<b>Total</b>	<b>3.73</b>

**11 Earnings/(Loss) per share ['EPS']**

The following reflects the income and share data used in the basic and diluted EPS computations:

<b>Particulars</b>	<b>March 31, 2019</b>
Profit after tax attributable to equity holders of the Company (a)	2.76
Weighted average number of equity shares outstanding during the year for basic EPS -	17,260
Earning per share (basic and diluted) (in Rs.) (a/b)	0.16

**12 Capital and other commitments**

There are no capital and other commitments during the year.

**13 Contingent liabilities (to the extent not provided for)**

Company does not have any contingent liability during the year.

**14 Segment reporting**

In accordance with Para 4 of IND AS 108, Operating Segments, segment information has been presented in the consolidated financial statements of Muthoot Finance Limited and therefore, no separate disclosure has been given in standalone financial statement.



**Muthoot Trustees Private Limited**  
**Notes to the financial statements for the year ended 31 March 2019**  
**(Rupees in thousands, except for share data and unless otherwise stated)**

**15 Related party disclosures**

**Names of related parties and related party relationship**

**(a) Related parties where control exists**

<b>Relationship</b>	<b>Name of the related party</b>
Holding Company	Muthoot Finance Limited
Fellow Subsidiary	Muthoot Insurance Broker Private Limited
Fellow Subsidiary	Belstar Investment and Finance Private Limited
Fellow Subsidiary	Asia Asset PLC
Fellow Subsidiary	Muthoot Money Private Limited
Fellow Subsidiary	Muthoot Asset Management Private Limited
Fellow Subsidiary	Muthoot Homefin (India) Limited

**(b) Related party transactions**

**Related party**

Issue of equity shares                      Holding Company

**March 31, 2019**

1,000.00

**16 Fair value hierarchy**

The Company has only fixed deposit and cash as a part of financial asset. This financial assets are classified as Level 1 of fair value hierarchy and also being it is short term in nature, carrying value is equal to fair value.

**16 Financial risk management objectives and policies**

The Company's principal financial liabilities comprise other payables. The Company's principal financial assets include, cash and cash equivalents and fixed deposit with banks.

The Company is not exposed to any risk (i.e. credit, market and liquidity risk) in the current financial year ended 31 March 2019 as the Company has been incorporated on 28 January 2019 and has not commenced its business operations.

However, the Company would be exposed these risks and has planned to set up a team to manage these risks going ahead. The Board of Directors of the Company will review and agree to the risk management policies.

The brief description of the risks which the Company might be exposed in future are as follows:

**a. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Company does not have any financial instruments which are affected by market risk .

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company does not have significant debt obligations with floating interest rates, hence, is not exposed to any significant interest rate risk.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates is nil .

**b. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

**c. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Company's operations.

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**Muthoot Trustees Private Limited**

**Notes to the financial statements for the year ended 31 March 2019**

*(Rupees in thousands, except for share data and unless otherwise stated)*

**17 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital. The primary objective of the Company's capital management is to maintain strong credit rating and healthy capital ratio in order to support its business and maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

	<b>March 31, 2019</b>
Trade payables	-
Less: Cash and cash equivalents and other bank balances	(46.27)
<b>Net debt (A)</b>	<b>(46.27)</b>
Total Equity	1,002.76
<b>Total capital (B)</b>	<b>1,002.76</b>
<b>Capital and net debt (C=A+B)</b>	<b>956.49</b>
Gearing ratio (A/C)	-4.84%
No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019	

**18 First-time adoption of Ind AS**

These financial statements has been prepared for the year ended 31 March 2019, are the first time in accordance with Ind AS. Ind AS is applicable to the entity by the virtue of being wholly owned subsidiary of Muthoot Finance Limited, for whom Ind AS is mandatory applicable.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year endend on 31 March 2019, as described in the summary of significant accounting policies. The Company is incorporated in the year FY 2019 hence there are no comparatives for the company.

**Exemptions applied**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract.

The Company has opted to classify all financial assets and liabilities based on facts and circumstances existing on transition date.



**Muthoot Trustees Private Limited**

**Notes to the financial statements for the year ended 31 March 2019**

*(Rupees in thousands, except for share data and unless otherwise stated)*

**19 Standards issued but not yet effective**

The standards issued, but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards when they become effective and applicable to company

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The company intends to adopt this standard when it will be applicable to it. Currently there are no lease arrangement in the company.

As per our report of even date

For Rangamani & Co.  
ICAI Firm registration number: 003050S  
Chartered Accountants

per Jane P Thomas  
Partner  
Membership No.: 236744



Place: Mumbai  
Date: 10-05-2019

For and on behalf of the Board of Directors of  
Muthoot Trustees Private Limited

Kiran G  
Director  
DIN: 08398948

Place: Mumbai  
Date: 10-05-2019

Rajan Krishnan  
Director  
DIN: 03497999

