Muthoot Pappachan
Blue is Belief

#MuthootBlue

EMPOWERING WOMEN TO BUILD A HAPPIER TOMORROW.

Muthoot Pappachan MICROFIN

ANNUAL REPORT 2018-19

#MuthootBlue

EMPOWERING THOSE WHO BELIEVE IN THEMSELVES

Our founder believed in supporting ordinary people who strive to achieve their extraordinary dreams through sheer grit and determination. At Muthoot Pappachan Group, #MuthootBlue, we call them people with Blue Soch, and it's always been our endeavor to empower them to achieve their ambitions and help change their lives for better.

PAPPACHAN muthoot

Blue is Belief

MUTHOOT FINCORP | MUTHOOT CAPITAL | MUTHOOT HOUSING FINANCE | MUTHOOT MICROFIN

OVER 25,000 MUTHOOTIANS | OVER 4,000 BRANCHES ACROSS THE COUNTRY | EMPOWERING MILLIONS OF DREAMS

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For the online version of this report log on to
www.muthootmicrofin.com

Vision:

To be the most successful microfinance company providing need based financial services to the needy and the unserved, and to contribute to the society and serve all stakeholders alike.

Mission:

To be among the top 3 microfinance companies in India by 2020, managing the best portfolio with presence in all possible corners of the country.

Core Value

We are committed to truth, transparency and fair dealing.

Integrity and Quality

We provide sound advice and adopt the finest practices keeping the welfare of our customers in mind. Total customer satisfaction and growth are our objectives. Every member of the Group is responsible for upholding our principles in the workplace. We rigorously adhere to applicable laws, rules, regulations, codes and standards of good business practices.

Social responsibility

We promote sustainable development, responsibility towards the environment and upliftment of local communities in areas we operate. We identify and promote local talent. We believe in respecting the individual and encourage continuous learning.

Our people

We believe that people are our strength. Fostering teamwork, nurturing creativity, encouraging hard work, dedication, commitment and rewarding excellence are key elements of our human resource initiatives.

ACCOLADES

Great Place To Work Certification

Award for 'Risk Management Initiatives' from Association of Microfinance Institutions West Bengal

HR Strategy Award by the Asia Pacific HRM Congress

Golden Peacock Award for Business Excellence

'Finance Company of the Year – India' award at the ABF Retail Banking Awards 2018.

Champions of Rural Markets Award
by The Economic Times

Best NBFC Award at CIMSME -
MSME Banking & NBFC Excellence Awards.

MFIN award in
'Microfinance Plus Activities' category

Most Trusted Microfinance
Brand by IBBA

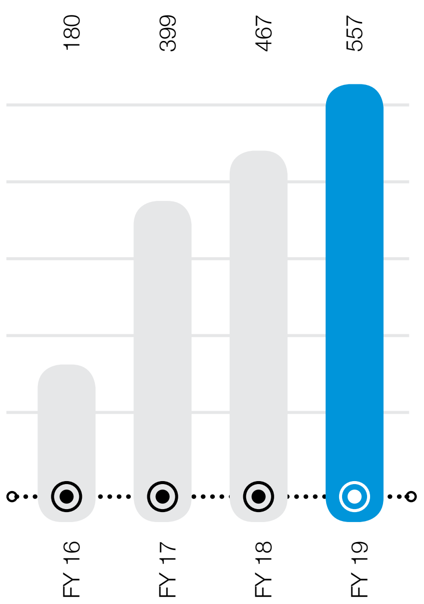
Kerala Best Employer Brand Award '19

MML CFO selected to CFO100 roll of honour

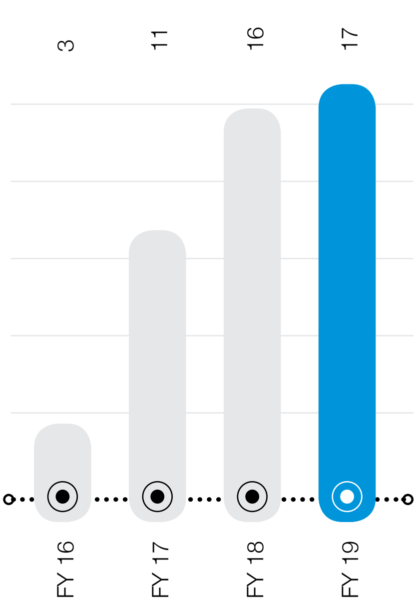
GROWTH IN A GLANCE

Operations Data

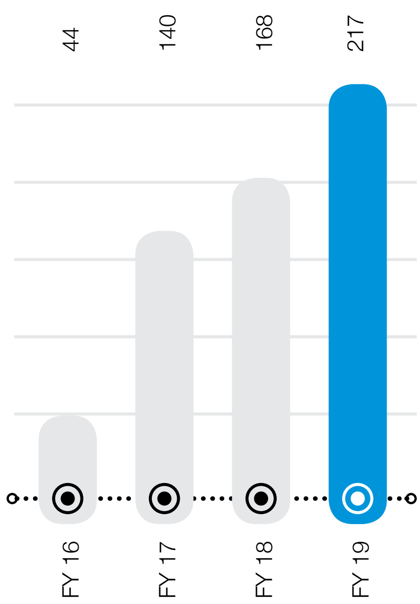
Branches



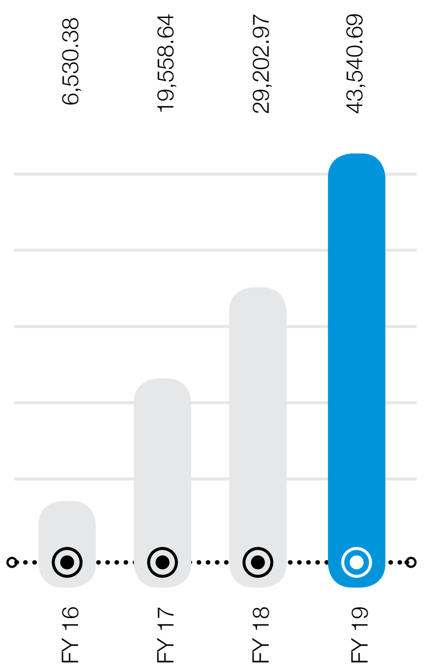
State



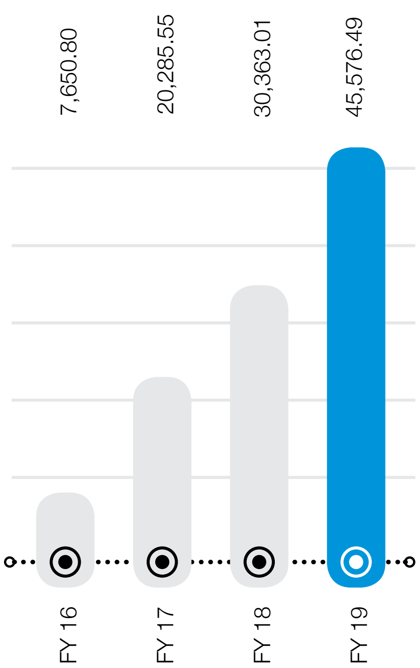
District



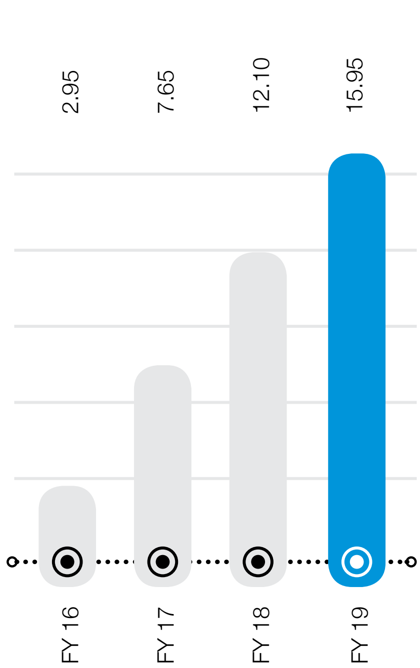
AUM
(in Millions)



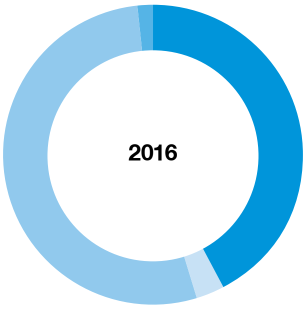
Disbursements
(in Millions)



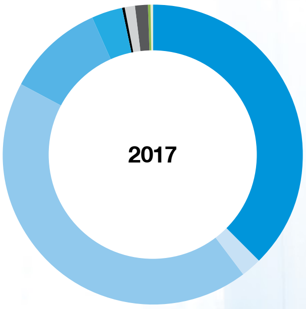
Active Borrowers
(in Lakhs)



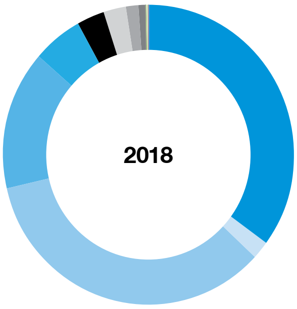
State wise Exposure



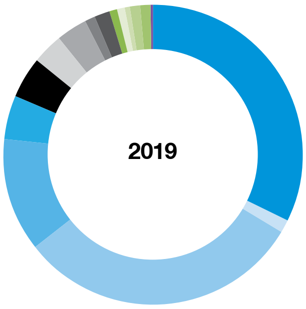
- Tamil Nadu: **42.46%**
- Puducherry: **2.97%**
- Kerala: **52.93%**
- Karnataka: **1.64%**



- Tamil Nadu: **37.56%**
- Puducherry: **2.29%**
- Kerala: **43.20%**
- Karnataka: **10.32%**
- Gujarat: **3.55%**
- Uttar Pradesh: **0.19%**
- Odisha: **1.15%**
- Punjab: **0.01%**
- Maharashtra: **1.32%**
- Haryana: **0.23%**
- Madhya Pradesh: **0.16%**
- Goa: **0.03%**

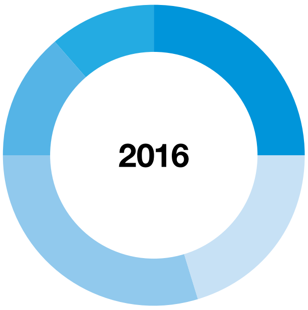


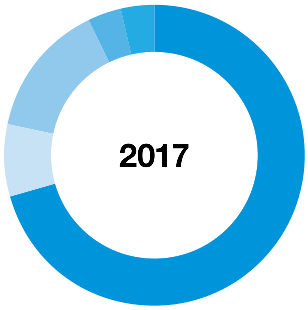
- Tamil Nadu: **34.40%**
- Puducherry: **1.87%**
- Kerala: **33.67%**
- Karnataka: **14.57%**
- Gujarat: **5.47%**
- Uttar Pradesh: **2.91%**
- Odisha: **2.43%**
- Punjab: **1.35%**
- Maharashtra: **1.06%**
- Haryana: **0.94%**
- Madhya Pradesh: **0.78%**
- West Bengal: **0.23%**
- Jharkhand: **0.08%**
- Bihar: **0.08%**
- Goa: **0.23%**
- Rajasthan: **0.04%**

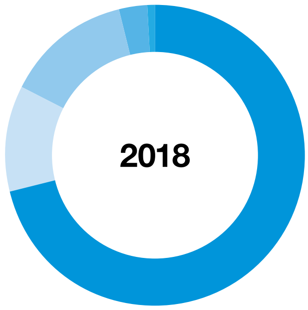


- Tamil Nadu: **32.23%**
- Puducherry: **1.47%**
- Kerala: **30.93%**
- Karnataka: **12.24%**
- Gujarat: **4.63%**
- Uttar Pradesh: **4.47%**
- Odisha: **3.26%**
- Punjab: **3.28%**
- Maharashtra: **1.35%**
- Haryana: **1.50%**
- Madhya Pradesh: **0.96%**
- West Bengal: **0.83%**
- Jharkhand: **0.39%**
- Bihar: **1.26%**
- Goa: **0.04%**
- Rajasthan: **1.00%**
- Chhattisgarh: **0.16%**

Exposure to Number of Districts





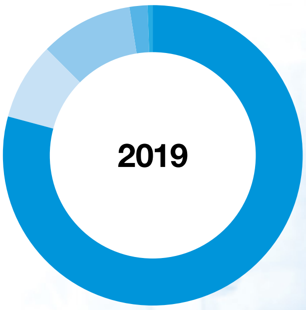


Contribution of total loan portfolio

- <0.5%: **11**
- 0.5% - 1.0%: **9**
- 1.0%-3.0%: **13**
- 3.0%-5.0%: **6**
- >5.0%: **5**

- <0.5%: **99**
- 0.5% - 1.0%: **11**
- 1.0%-3.0%: **20**
- 3.0%-5.0%: **5**
- >5.0%: **5**

- <0.5%: **120**
- 0.5% - 1.0%: **19**
- 1.0%-3.0%: **23**
- 3.0%-5.0%: **5**
- >5.0%: **1**

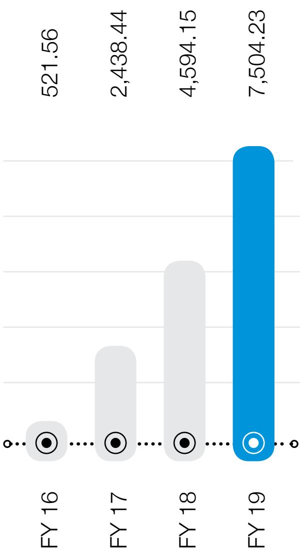


Contribution of total loan portfolio

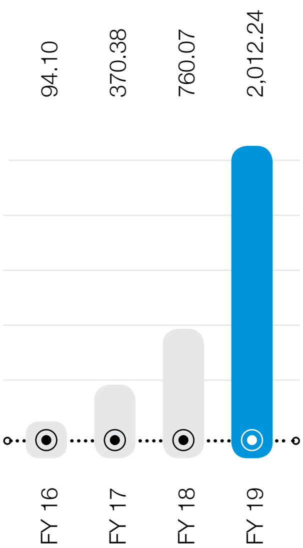
- <0.5%: **172**
- 0.5% - 1.0%: **18**
- 1.0%-3.0%: **22**
- 3.0%-5.0%: **4**
- >5.0%: **1**

Finance Data*

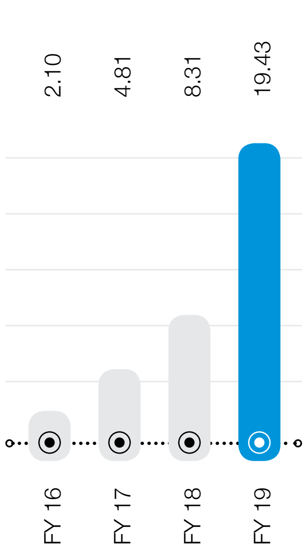
Revenue
(in Million)



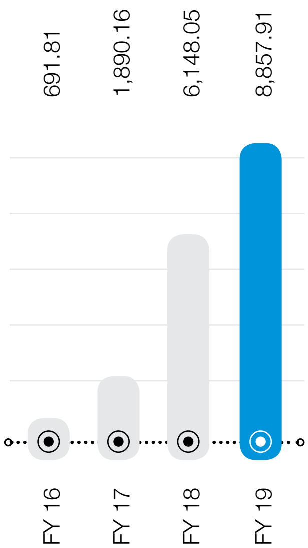
PAT
(in Million)



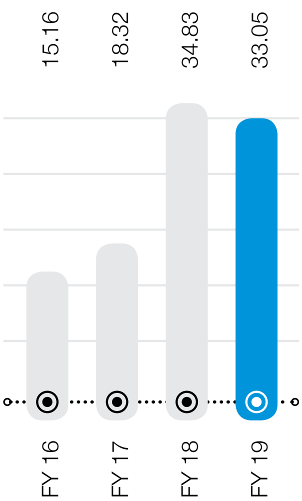
EPS
(Diluted)



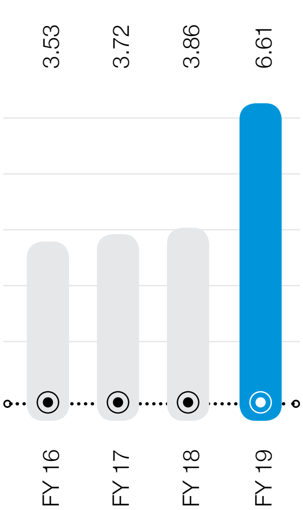
Net Worth
(in Million)



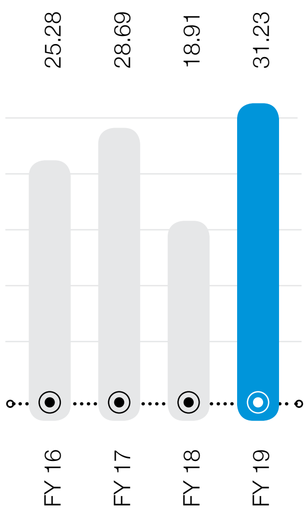
CAR
(%)



ROA
(%)



ROE
(%)



*Previous Year figures are reported in IGAAP. Current Year figures are reported in Ind AS.

DIRECTOR'S STATEMENT

Muthoot Microfin is one of Muthoot Pappachan Group's direct touch points to the 'bottom of pyramid' communities. The microfinance initiative of MPG has been an engaging, interesting and fulfilling journey so far for the promoters.

A great place to work!

Of the many accolades your Company had received in the 2018-'19 financial year, I am most proud of the 'Great Place To Work' certification. It is the vision of every Promoter to make their Organisation a place that encourages positive collaboration and engagement amongst employees. I appreciate the management of Muthoot Microfin for keeping this ever-growing talent pool of employees happy and purposeful.

By building an Organisation with the right values and ethics, your Company has gained a multitude of recognitions during the financial year 2018-’19, which in fact, accredit most of the crucial functions of the Company. During the same period, the business also grew remarkably well in all the parameters and crossed many milestones.

Being a 132-year-old business house, Muthoot Pappachan Group (MPG) has already left a large footprint in serving the low-income population of India. Muthoot Microfin is one of Muthoot Pappachan Group’s direct touch points to the ‘bottom of pyramid’ communities. The microfinance initiative of MPG has been an engaging, interesting and fulfilling journey so far for all of us. India’s microfinance sector witnessed significant changes over the years with the primary banking sector also taking up microfinance through Business Correspondent models; and with the industry having overcoming a few external crises.

Muthoot Microfin considers its 1.6 million client base as the main pillar of the Organisation. Our modus operandi, working in proximity with the clients enhances customer touch point experience and has helped us to withstand challenging social, political and other crisis (natural calamities) situations. Hence, expanding our loyal client base by reaching out to more underserved population of our Country is our main task going ahead.

Addressing portfolio quality and at the same time ensuring growth in a competitive environment is a task that requires proven management expertise. Despite a few temporary liquidity related challenges in NBFC space, your Company is in a good position by ensuring adequate liquidity and positive ALM through efficient treasury practices, and in the process improved overall profitability.

In the period under review, Muthoot Microfin disbursed loans worth ₹ 45,576.49 million to the low-income households of India, a 50.11 % growth over the previous year’s disbursements of ₹ 30,363.01 million. Your Company’s Asset Under Management rose to ₹ 43,540.69 million from ₹ 29,202.97 million in the previous fiscal, a growth of 49.10 % year on year. Revenue of the company also surged from ₹ 5,113.95 million to ₹ 7,504.24 million in the financial year, a hike of 46.74%.

One of the major purposes of our business has always been to empower the disadvantaged communities and reach out to the underserved population. Your Company’s community outreach endeavours like health camps, skill training, market linkage, financial literacy and environmental care etc. are an integral part of our engagement endeavors. In the financial year 2018-’19, your Company had organised several health camps benefitting over 3000 people living in rural sectors, coordinated skill training & financial literacy programs for around 1000 women entrepreneurs, planted around 5000 saplings and organised fairs for market linkage of the customers. Further, hundreds of employees of your Organisation volunteered in our immediate response to natural calamities in Kerala and Odisha, and many other societal campaigns organised by the Company.

As a responsible Organisation, your Company is committed to ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance.

I am sure, Muthoot Microfin, with a clearly defined pathway ahead, will climb new peaks of success in the financial year 2019-’20 too. I wish to thank all the stakeholders for guiding and supporting the management throughout this wonderful journey.

Thomas Muthoot
Managing Director

CEO'S STATEMENT

'Now that we have a government with decisive mandate at the center and a clear intent of taking India to $5 trillion GDP, we are expecting a big leap for the Indian economy. The present government has already branded their vision of financial inclusion and I personally think, to address this, microfinance is one of the best tools available worldwide.'

A year of accolades!

Our company this financial year has received a bucketful of accolades. These are, in fact, the result of hard work and commitment of our employees and management over the last 9 years. In a way, the variety of recognitions we received is a proof that we have built our company in the best of standards across all functions and units.

Apart from the awards we won for the practises and policies in your organisation, Muthoot Microfin also became the 4th largest NBFC - MFI in India. Your company crossed the lifecycle milestone of ₹ 10,000 crores total disbursement and an asset under management of ₹ 4,354.07 crores with 557 branches spread across 17 states and union territories, serving 1.6 million rural households – as on 31st March 2019.

Despite major liquidity issues in the NBFC sector, your company was able to raise ₹ 3,804 crores and maintain sufficient liquidity. Your company executed ₹ 2,117 crore Direct Assignment (DA) transactions with various institutions during FY 2018-19, compared to ₹ 1,276 crore DA transactions in the previous financial year. Your company enjoyed ample liquidity during difficult market conditions by maintaining active relationship with 48 funding institutions and raised term loans of ₹ 1,687 crores. Through efficient treasury and risk management practices your company was able to maintain positive ALM throughout the year to service its all long term and short term obligation and maintain continuity of business.

By consistently maintaining more than 35% off-balance sheet portfolio, the company diversified risk and enjoyed higher margins. The company could also reduce pricing by 230 bps in the last 3 years.

Endorsing the remarkable work by the finance team, your company's CFO was included in the CFO India's 9th Annual CFO100 Roll of Honour in February 2019. CFO100 identifies and recognises the achievements of the top hundred senior finance professionals in India.

The company continued on its growth path in FY 2018-'19, your company disbursed loans worth ₹ 455,76.49 million, a 50.11 % growth over the previous year's disbursements of ₹ 30,363.01 million. The company's Asset Under Management rose to ₹ 43,540.69 million from ₹ 29,202.97 million in the previous financial year, a growth of 49.10 % year on year. Revenue of the company also surged from ₹ 5,113.95 million to ₹ 7,504.24 million in the financial year, a hike of 46.74%. We also continued to expand our operations by opening 90 new branches during the financial year, taking the overall branch tally to 557 as on March 31, 2019. We are planning massive expansion in the northern states in 2019-20 financial year with a projected opening of up to 100 branches in the rural areas.

Now that we have a government with decisive mandate at the center, a clear intent of taking India to $5 trillion GDP and ease of doing business is getting better with good statutory frameworks, we are expecting a big leap for the Indian economy. The present government has already branded their vision of financial inclusion and I personally think, to address this, microfinance is one of the best tools available worldwide. However, a well-defined statutory framework will help the microfinance industry in averting certain risks which intermittently occur in India posing a challenge to its operations.

The real strength of your company is the talent pool of employees we have. The management has strived hard to keep the employees proud about the organisation and as a result, we were officially certified as a Great Place To Work. This is one of the most satisfying accolades we received last financial year, building a great business is synonymous to building a great place to work for its employees. I feel proud that we have been able to communicate the 'purpose' of our work with such a large workforce. And this purpose has helped the employees to feel proud about their duties.

As the Indian economy grows and rural population empowers, the microfinance market will further open up, and our company is poised to lead the growth in this segment. Your company is expected to take a big leap of expansion and growth in the 2019-'20 financial year. We might cross a few remarkable milestones too. Our future growth trajectory is drawn clearly and the roadmap is set. We have hit all the targets and overcame all challenges till now, I am sure we will cross the targeted milestones in 2019-20 financial year as well.

It has been a dream run; no challenges could divert us yet from our vision and mission. Let me thank all the employees, the board of directors, investors and all the stakeholders for being a part of this growth story and continuing to guide us. Looking forward to yet another great year of success and achievements.

Sadaf Sayeed
Chief Executive Officer

CORPORATE INFORMATION

Board of Directors

Mr. Thomas Muthoot
Managing Director

Mr. Thomas John Muthoot
Non-Executive Director

Mr. Thomas George Muthoot
Non-Executive Director

Mr. Thomas Muthoot John
Non-Executive Director

Mr. Kenneth Dan Vander Weele
Non-Executive Director

Mr. Alok Prasad
Independent Director

Mr. Amitvikram Talgeri
Independent Director

Mrs. Pushpy B Muricken
Independent Director

Mrs. Bhama Krishnamurthy
Independent Director

Mr. T S Vijayan
Independent Director

Key Management Personnel

Mr. Sadaf Sayeed
Chief Executive Officer

Mr. Praveen T
Chief Financial Officer

Ms. Neethu Ajay
Company Secretary

Mr. Udeesh Ullas
Executive Vice President – Operations

Mr. Subhransu Pattnayak
Vice President – HR & Products

Statutory Auditors

M/s. Walker Chandiok & Co LLP
7th Floor, Modayil Centre Point
Warriam Road Jn., M.G Road
Kochi – 682 016, India

Secretarial Auditor

SVJS & Associates
Company Secretaries
65/2364A, Ponoth Road, Kaloor, Kochi,
Ernakulam - 682 017

Internal Auditors

KPMG.,
30/1366D1, 3rd Floor,
Syama Business Center,
NH Bypass Road, Vyttila, Kochi 682019

Debenture Trustees

Catalyst Trusteeship Limited
GDA House, First Floor, Plot No. 85
S. No. 94 & 95, Bhusari Colony (Right),
Kothrud Pune, Maharashtra – 411038

IDBI Trusteeship Services Limited
Asian Bldg., Ground Floor, 17, R.Kamani
Marg, Ballard Estate, Mumbai,
Maharashtra 400001

Registrar & Transfer Agent

Karvy Fintech Private Limited
6th Floor, Karvy Salenium, Tower B,
Plot 31-32, Gachibowli, Financial Dist.,
Nanakramguda, Hyderabad 500032

Our Financiers

AXIS Bank Ltd
Abu Dhabi Commercial Bank
Andhra Bank
Bandhan Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Blue Orchard
Catholic Syrian Bank
DCB Bank Limited
Dhanlaxmi Bank Ltd
Doha Bank
Equitas SFB
HDFC Bank Ltd
Hero Fincorp
Hinduja Leyland Finance Limited
ICICI Bank
IDBI Bank Ltd
IDFC Bank
IFMR Capital
Indian bank
IndusInd Bank Ltd
Kotak Mahindra Bank
Lakshmi Vilas Bank
Mahindra Finance
Manaveeya Development and Finance Private Limited
MUDRA
NABARD
Nabkisan Finance Ltd
Oriental Bank of Commerce
Shinhan bank
State Bank of India
State Bank (Mauritius) Ltd
South Indian Bank
SIDBI
Syndicate Bank
Tamilnadu Mercantile Bank
The Federal Bank Ltd
Union Bank of India
United Bank of India
Yes Bank Ltd
Ujjivan SFB
Woori Bank

Registered Office

13th Floor,Parinee Crescenzo,
Bandra Kurla Complex, Bandra East
Mumbai – 400051
Ph: +91 22-62728544
Email: info@muthootmicrofin.com
Website: www.muthootmicrofin.com

Administrative Office

5th Floor, Muthoot Towers,
M.G Road, Kochi 682035
Ph: +91 484 4277500
Email: info@muthootmicrofin.com
Website: www.muthootmicrofin.com

DIRECTORS' REPORT

To the Members of **Muthoot Microfin Limited**,

Your directors are pleased to present the 27th Annual Report along with the Audited Financial Statements of your Company for the year ended 31st March 2019.

1. Financial Highlights

(2018 figures are reported in IGAAP & 2019 figures are reported in Ind AS)

Particulars	31.03.2019	31.03.2018
Gross Income	7,504,236,179	4,594,153,260
Expenses Before Finance cost and Depreciation	2,431,010,421	1,786,328,248
Finance Charges	2,338,371,819	1,647,080,186
Depreciation	29,658,669	18,402,444
Profit before tax	**2,705,195,270**	**1,142,342,382**
Provision for Tax	692,949,618	382,274,180
Net Profit After Tax	**2,012,245,652**	**760,068,203**
Net Profit After Tax and including Other Comprehensive Income	**2,323,250,686**	**-**
Dividend to Preference Shareholders	-	1,129
Dividend Distribution Tax	-	226
Transfer to Statutory Reserve	402,449,130	152,013,641
Surplus carried to Balance Sheet	1,609,796,522	608,053,207

2. Change in Nature of Business, If any:

There is no change in the nature of the business of the company during the previous year under review.

3. State of Company's Affairs:

As of March 31, 2019, the Company had 1.60 million active customers spread across 557 branches in 17 states of India, with a gross loan portfolio of Rs. 4,145.33 crore as compared to Rs.2,691.63 crore in FY18.

The net worth of the Company as on March 31, 2019 was Rs.885.79 crore and capital adequacy as on March 31, 2019 was 33.05%, well in excess of the mandated 15%.

During the year, the Company's revenue from operations and other income was Rs. 7,504,236,179 with a net profit with other comprehensive income of Rs.2,323,249,686. The funding source for the Company was through private placement of Non-Convertible Debentures ("NCDs") and borrowings from banks/ financial institutions by way of term loans as summarized below.

(Figures in crores)

Financial Year	Privately placed NCDs	Term Loans	Others	Total
2018-19	279.00	2,147.37	24.89	2451.26

The business of your Company increased during the year in spite of a challenging environment. In order to further its diversification efforts, the Company is expanding into new geographical territories during the current financial year. The Company is hopeful of achieving better performance during the current year on the back of its efforts to diversify its geographic presence along with diversification of its product portfolio to other growth segments.

Your Company's Operational Highlights for the financial year ended 31.03.2019 are as follows:

(Amount in crores)

Particulars	March 2019	March 2018
Number of Branches	557	467
Amount disbursed (Rs. in Crores)	4,557.65	3,036.30
Number of active loans	1,880,823	765,541
Total Assets under management including securitized and assigned portfolio (Gross Loan Portfolio) (Rs. In Crores)	4,145.33	2,691.63
BC Portfolio (Managed for Yes Bank & MFL)	208.73	228.66

4. Credit Rating

The Company has obtained credit ratings from CRISIL for its borrowings and Non-Convertible Debentures. The prevailing ratings are as under:

Credit Rating Agency	Instruments	Rating as on 31.03.2019
CRISIL	Bank Facilities	CRISIL A / Stable
CRISIL	Non-Convertible Debentures	CRISIL A / Stable
India Ratings	Bank Facilities	IND A -
India Ratings	Non-Convertible Debentures	IND A -

5. Capital Adequacy

The Capital Adequacy Ratio was 33.05 % as on 31st March 2019. The Net Owned Funds (NOF) as on that date was Rs. 885.79 Crore. The minimum capital adequacy requirement stipulated for your Company by Reserve Bank of India is 15%.

6. Dividend

No dividend has been declared by the Company during the year.

7. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared during last seven years.

8. Amount transferred to Reserves:

The Company proposes to transfer Rs. 402,449,130 to the statutory reserve out of the amount available for appropriation and an amount of Rs.1,609,796,522 is proposed to be retained in the profit and loss account.

9. Share Capital

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2019 was Rs. 114.17 Crores, comprising of 114,170,502 Equity Shares of the face value of Rs. 10 each, fully paid-up. The Company has converted 11,292,291 Compulsorily Convertible Preference Shares issued to Creation Investments India LLC to Equity shares in pari passu with the existing shares of the Company on 09th March 2019.

The Company had not issued any equity shares either with or without differential rights during the FY 2018 – 2019 and hence, the disclosure requirements under Section 43 of the Companies Act, 2013 and Rule 4 (4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable.

As on 31st March, 2019, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

10. Employee Stock Option

Pursuant to resolution passed by the Shareholders and Board Resolution dated December 05, 2016, the Company approved the ESOP 2016 and granted 665,000 Options. Further pursuant to resolution passed by Board on February 22, 2017 additional grants were approved under the ESOP 2016 amounting to 299,000. Accordingly, the total options granted under ESOP 2016 were increased to 964,000 options.

In accordance with the ESOP 2016 each option on exercise would be eligible for one Equity Share on payment of exercise price. As on March 31, 2019, out of the 964,000 options granted under ESOP-2016, 332,500 options has been exercised

The vesting period for the Options granted under ESOP 2016 is for a period of four years as under:

Year	Options Granted	Year 1	Year 2	Year 3	Year 4
ESOP 2016 (Tranche 1)	665,000	25%	25%	25%	25%
ESOP 2016 (Tranche 2)	299,000	25%	25%	25%	25%

Disclosures as required under Section 62 of the Companies Act, 2013 (to be read with Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014

SL. No.	Instruments	Rating as on 31.03.2019
	Number of Options granted and outstanding at the beginning of the year	7,97,750
	Number of Options granted during the year	NIL
	Number of Options vested during the year	1,66,250
	Number of Options exercised during the year	1,66,250
	Number of Shares arising as a result of exercise of Options	1,66,250
	Money realized by exercise of Options;	Rs. 23,27,500
	Maximum term of Options granted	4 years
	Number of Options lapsed	NIL
	Variation of terms of Options;	None
	Total number of Options in force at the end of the year.	6,31,500
	Employee wise details of Options granted	
	i. Key Managerial Personnel	The Options were granted to CEO, CFO and CS
	ii. Any employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year	Table Provided below
	iii. Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None

Senior Management Personnel who were granted more than 5% of the Options granted:

Sl. No.	Name of Employee	No. of Options
1	Sadaf Sayeed	25,000

11. Extract of the Annual Return

Pursuant to sub-section 3(a) of Section 134 and subsection (3) of Section 92 of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2019 in Form No. MGT-9 is annexed herewith as ANNEXURE – 1 and forms part of this report.

12. Directors' Responsibility Statement

In terms of Section 134 (5) of the Companies Act 2013, the Directors would like to state that:

(i) In the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

(ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2019 and of the profit of the Company for the year under review;

(iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) The Directors had prepared the annual accounts on a going concern basis.

(v) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

13. Related Party Transaction

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year under review, your Company had not entered into any contract/arrangement/transaction with Related Parties which could be considered material in accordance with the Policy on Related Party Transactions. The Particulars of Contracts or Arrangements made with related parties pursuant to Section 188 of the Companies Act, 2013 in the prescribed Form AOC-2 is appended as ANNEXURE II which forms part of this report.

14. Explanation or Comments on Qualifications, Reservations or Adverse Remarks or Disclaimers made by the Statutory Auditors in their Reports

The observation made in the Auditors' Report read together with relevant notes thereon are self-explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

15. Achievements

Your Company won several awards and accolades during the year under review. Select few awards/recognition are enumerated hereunder:

- Certified as a "Great Place To Work" in the financial services and insurance industry for the period September, 2018 to August, 2019
- Best NBFC Award at the Chamber of Indian Micro Small and Medium Enterprises - MSME Banking & NBFC Excellence Awards
- Finance Company of the Year - India award at the Asian Banking & Finance Retail Banking Awards 2018
- Awarded as a "Trusted Micro-Finance Brand" at the India Best Brand Series and Awards, 2018
- Winner of the Best NBFC award at the MSME Banking Excellence Awards-2018, organised by the Chamber of Indian Micro Small & Medium Enterprises
- Awarded for HR strategy at Asia's Best Employer Brand Awards (9th Edition) hosted by the World HRD Congress
- Winner in the category of 'Risk Management Initiatives' at the 4th Eastern India Microfinance Summit, 2018 organised by the Association of Micro Finance Institutions, West Bengal

16. Particulars of Loans, Guarantees or Investments

The Company has duly complied with the provision of Section 186 of the Companies Act, 2013 and Rules made thereunder. Details on loans or investment are mentioned in financial statements of this Annual Report. The Company has not given any guarantees to any body corporate on behalf of a third party.

17. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the Financial year of the Company to which the Financial Statements relate and the date of the Report

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this Financial Statements relate and the date of this Report

18. Technology Absorption, Conservation of Energy, Foreign Exchange Earnings and Outgo

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are not applicable to your Company. However, your Company has been taking steps at all times for conservation of energy.

Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings - NA

Foreign Exchange Outgo - USD 16,767

19. Directors and Key Managerial Personnel

As on 31st day of March 2019, the Board of your Company consist of Ten (10) Directors consisting of Five (5) Independent Directors, Four (4) Non-Executive Directors and One (1) Managing Director.

Name of Director	Designation	Category
Mr. Thomas Muthoot	Managing Director	Executive
Mr. Thomas John Muthoot	Director	Non-Executive
Mr. Thomas George Muthoot	Director	Non-Executive
Mr. Thomas Muthoot John	Director	Non-Executive
Mr. Kenneth Dan Wander Weele	Director	Non-Executive
Mr. Alok Prasad	Independent Director	Non-Executive
Mr. Amitvikram Talgeri	Independent Director	Non-Executive
Mrs. Pushpy Muricken	Independent Woman Director	Non-Executive
Mr. Thai Salas Vijayan	Independent Director	Non-Executive
Mrs. Bhama Krishnamurthy	Independent Woman Director	Non-Executive

Following changes made in the composition of board of directors during the year under review.

Appointments

Sl. No.	Name	Designation at the time of Appointment	Date
1.	Mr. Thai Salas Vijayan	Independent Director	15.05.2018
2.	Mrs. Bhama Krishnamurthy	Independent Woman Director	15.05.2018

Change in Designation

Sl. No.	Name	Designation at the time of Appointment	Date
1.	Mr. Amitvikram Talgeri	Additional Independent Director to Independent Director	15.05.2018
2.	Mrs. Pushpy Muricken	Additional Independent Director to Independent Woman Director	15.05.2018

As on date Mr. Thomas Muthoot, Managing Director, Mr. Sadaf Sayeed, Chief Executive Officer, Mr. Praveen T, Chief Financial Officer and Mrs. Neethu Ajay, Company Secretary of the Company are the Key Managerial Personnel ("KMP") of the Company. There have not been any changes in the key managerial personnel during the year. Detailed Corporate Governance Report as a part of this Annual Report is enclosed.

20. Directors Retire by Rotation

To comply with the provisions of Section 152 of the Companies Act, 2013 Mr. Thomas George Muthoot, Director (DIN 00011552) shall retire by rotation at the ensuing AGM, being eligible, offered for reappointment.

21. Declaration of Independent Directors

The Independent Directors have submitted their disclosures as per Section 149(7) to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

22. Annual Evaluation of Board and its Committees

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees.

The Board of Directors has expressed their satisfaction with the evaluation process.

23. Board Meeting

During the Financial Year 2018-19, our Board has met 7 times and the Meetings of our Board of Directors were held on 03.05.2018, 27.06.2018, 18.08.2018, 15.11.2018, 08.12.2018 21.01.2019 and 09.03.2019. The requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended. The details of the Meetings have been enclosed in the Corporate Governance Report, which forms part of this Report.

24. Committees of Board

The Company has various Committees which have been constituted as a part of good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes. The Committees of the Board are: the audit committee, the nomination and remuneration committee, the corporate social responsibility committee, the stakeholders relationship committee, the IT strategy committee, the borrowing committee, the asset liability management committee, and the risk management committee. The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

25. Nomination and Remuneration Policy

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 has formulated and adopted a Nomination and Remuneration Policy which is disclosed on our website.

26. Subsidiary Company, Joint Ventures and Associate Companies

The Company does not have any Subsidiary, Joint Venture or Associate Company.

27. Remuneration Details of Directors, KMPs and Employees:

Details of managerial remuneration pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is mentioned below:

Sl. No.	Particulars	Details
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Not Applicable. Other than sitting fees to Independent Director, no remuneration was paid to theDirectors of the Company.
2	The percentage increase in remuneration of:	
	a) Managing Director	0
	b) Chief Financial Officer	34%
	c) Chief Executive Officer	20%
	d) Company Secretary	49%
3	Percentage increase in the median remuneration of employees in the financial year	14.42%
4	Number of permanent employees on the rolls of the Company	3560

Sl. No.	Particulars	Details
5	Average percentage increase in the salaries of employees of the Company in the last financial year	2.24%
6	The Company has a remuneration policy and the remuneration is as per the remuneration policy of the company	Yes
7	the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	NA
8	No. of the employee draws salary prescribed in Rule 2 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	Nil

A statement showing the name of every employee of the company, who

a. if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;

   - None

b. if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;

   - None

c. if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

   - None

28. Adequacy of Internal Audit and Financial Controls

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting as also functioning of other operations. These controls and processes are driven through various policies and procedures.

29. Fair Practices Code

RBI had been issuing revised Fair Practices Code guidelines from time to time and Your Company has adhered to all of them without any compromise. The Fair Practices Code, Code of Conduct, and Grievance Redressal Mechanism have been displayed prominently in all the branches of the Company.

30. Auditors

In accordance with Section 139 of the Companies Act, 2013, M/s. Walker Chandiok & Co LLP., Chartered Accountants, (FRN 001076N), were appointed by the shareholders of the Company at the Annual General Meeting held on 07th July 2016, as Statutory Auditors for a period of 5 years to hold office until the conclusion of the 29th Annual General Meeting of the Company.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending Section 139 of the Companies Act, 2013 and the applicable Rules, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence the Company has not proposed ratification of appointment of , M/s. Walker Chandiok & Co LLP, Chartered Accountants, at the ensuing AGM.

31. Secretarial Auditor

The Board of Directors of the Company has appointed M/s. SVJS & Associates, Company Secretaries, Kochi to conduct the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2018-19 is appended to this Report as ANNEXURE III to this report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

32. Deposit

During the year, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or any deposits within the meaning of Section 73 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

33. Risk Management

Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor risks and strengthen controls to mitigate risks. Your Company has established procedures to periodically place before the Risk Management Committee and the Board of Directors, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks. Our management systems, organisational structures, processes, standards, and code of conduct together form the system of internal controls that govern how we conduct the business and manage associated risks. There are no risks which in the opinion of the Board threaten the existence of your Company. The Risk Management Process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives.

34. Details of Policy Developed and Implemented by the Company on its Corporate Social Responsibility Initiatives

In compliance with Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee (CSR Committee) in the year 2015 and the composition and function thereof are mentioned in the Corporate Governance Report. The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the Company's website.

During FY 2019, the Company spent Rs. 1,24,03,794 on Corporate Social Responsibility (CSR). Detailed information report on the CSR policy and the CSR initiatives taken during FY2019 is given in the annexed 'Annual Report on CSR activities. The amount equal to 2% of the average net profit for the past three financial years required to be spent on CSR activities was Rs. 1,24,03,794. Your Company is in compliance with the statutory requirements in this regard.

35. Vigil Mechanism

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013. All employees and stakeholders can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, Customers, Dealers, Vendors, Suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Company Secretary & Compliance Officer of the Company or Chief Executive Officer.

Any incidents that are reported are investigated and suitable action taken in line with the Whistle Blower policy. The Whistle Blower Policy is also available on your Company's website.

36. Details of significant and material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

There was no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

37. Disclosure as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a Prevention of Sexual Harassment Policy that is in line with the provisions of Sexual

Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder for prevention and redressal of complaints of sexual harassment at workplace, along with a structured reporting and redressal mechanism.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2018-19, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

a) Number of complaint(s) of Sexual Harassment received during the year – Nil

b) Number of complaint(s) disposed off during the year – Nil

c) Number of cases pending for more than 90 days – Nil

d) Nature of action taken by the employer or District Officer – Not Applicable.

38. Compliance

The Company is registered with RBI as a NBFC-MFI. The Company has complied with and continues to comply with all applicable Laws, Rules, Circulars, Regulations, etc. including Directions of RBI for a NBFC-MFI and it doesn't carry on any activities other than those specifically permitted by RBI for NBFC-MFIs.

39. Acknowledgment

Your Directors wish to place on record their appreciation for the assistance, co-operation and guidance received by the Company from the Central Government, the State Government, the Reserve Bank of India, the Registrar of Companies, Mumbai and other Regulatory Authorities and Bankers during the year under review and look forward to their continued support. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Employees of the Company.

For and on behalf of the Board

	Thomas George Muthoot	**Thomas Muthoot**
Kochi	Director	Managing Director
14.05.2019	(DIN 00011552)	(DIN 00082099)

ANNEXURE I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2019

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U65190MH1992PLC066228
2.	Registration Date	06.04.1992
3	Name of the Company	MUTHOOT MICROFIN LIMITED
4	Category/Sub-Category of the Company	Public Limited Company/Limited by Shares
5	Address of the Registered Office and contact details	13th Floor, Parinee Crescenzo, Bandra Kurla, Complex, Bandra East, Mumbai – 400 051, Ph No. +22- 62728544
6	Address of the Administrative Office and contact details	5th Floor, Muthoot Towers, M.G Road, Kochi 682035 Ph No. +484 4277500
7	Whether listed company (Yes / No):	No. The Non-Convertible Debentures of the Company are listed in Bombay Stock Exchange (BSE)
8	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. 7th floor, 701, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp Guru Nanak Hospital, Off Bandra Kurla Complex, Bandra East, Mumbai - 400 051 Ph No. (022) 6149 1635

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Microfinance Lending	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: -

Sl. No.	NAME AND ADDRESS OF THE COM-PANY	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of shares held	Applicable Section
1	Muthoot Fincorp Limited Muthoot Center, Punnen Road, Trivandrum - 695034	U65929KL1997PLC011518	Holding	63.61	2(46)

IV. SHARE HOLDING PATTERN (Equity/Preference Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
1. Indian									
a) Individual/ HUF	27,095,019	0	27,095,019	23.73	27,095,019	0	27,095,019	23.73	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	72,625,449	0	72,625,449	63.61	72,625,449	0	72,625,449	63.61	0
e) Banks/ FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	**99,720,468**	**0**	**99,720,468**	**87.34**	**99,720,468**	**0**	**99,720,468**	**87.34**	**0**
1. Foreign		0				0			
a) NRIs Individual	0	0	0	0	0	0	0	0	0
b) Other Individual	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter A= A (1) + A(2)	**99,720,468**	**0**	**99,720,468**	**87.34**	**99,720,468**	**0**	**99,720,468**	**87.34**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/ FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
Sub-total B (1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non- Institutions									
a) Bodies Corporate									
i. Indian	0	0	0	0	0	0	0	0	0
i. Overseas	13,006,778*		13,006,778	11.39	13,006,778		13,006,778**	11.39	0
a) Individuals									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	8,747	0	8,747	0.01	0	0	0	0	0
i. Individual shareholders holding nominal share capital in excess of ₹1 lakh	185,145		185,145	0.16	360,142		360,142	0.32	0
a) Others (specify)	0	0	0	0	0	0	0	0	0
Employee Welfare Trust	1,249,364	0	1,249,364	1.09	1,083,114	0	1,083,114	0.95	0
Sub-total B (2)	**14,450,034**		**14,450,034**	**12.66**	**14,450,034**		**14,450,034**	**12.66**	**0**
Total Public Shareholding B = B (1) + B (2)	**14,450,034**		**14,450,034**	**12.66**	**14,450,034**		**14,450,034**	**12.66**	**0**
C. Shares held by custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**114,170,502**	**0**	**114,170,502**	**100**	**114,170,502**	**0**	**114,170,502**	**100**	**0**

* includes 17,14,487 Equity Shares of Rs. 10 each and 1,12,92,291 Compulsorily Convertible Preference Shares of Rs. 10 each.

** 1,12,92,291 Compulsorily Convertible Preference Shares of Rs. 10 each has been converted into 1,12,92,291 Equity Shares of Rs. 10/- each on 09.03.2019.

muthoot MICROFIN

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the Share-holding during the year
		No. of Shares	% of total Shares	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total Shares	% of Shares pledged/ encumbered to total Shares	
1.	Muthoot Fincorp Limited	7,26,25,449	63.61	0	7,26,25,449	63.61	0	0
2.	Thomas Muthoot	63,50,459	5.56	0	63,50,459	5.56	0	0
3.	Thomas George Muthoot	63,27,160	5.54	0	63,27,160	5.54	0	0
4.	Thomas John Muthoot	63,28,806	5.54	0	63,28,806	5.54	0	0
5.	Nina George	27,04,513	2.37	0	27,04,513	2.37	0	0
6.	Preethi John	27,02,867	2.37	0	27,02,867	2.37	0	0
7.	Remy Thomas	26,81,214	2.35	0	26,81,214	2.35	0	0
	Total	**9,97,20,468**	**87.34**	**0**	**9,97,20,468**	**87.34**	**0**	**0**

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares	% of total Shares of the Company
1.	Muthoot Fincorp Limited	There is no change in Promoters' Shareholding during the year.					
	Allotment of Equity Shares						
	Allotment of Equity Shares						
	At the end of the year						

iv. Shareholding pattern of Top Ten Shareholders (other than Directors and Promoters)

Sl. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	Date of transaction	No. of Shares	No. of Shares	% of total Shares of the Company
1.	Creation Investments India LLC. *	1,30,06,778	11.39	Nil		1,30,06,778	11.39
	At the end of the year					**1,30,06,778**	**11.39**
2.	MML Employee Welfare Trust	12,49,364	1.09				
	Transfer to ESOP holders			15-01-2019	166,250	10,83,114	0.95
	At the end of the year					**10,83,114**	**0.95**
3.	Sadaf Sayeed	1,45,783	0.13				
	Transfer of Equity Shares. **			15-01-2019	1,25,000	2,70,783	0.24
	At the end of the year					**2,70,783**	**0.24**
4.	Udeesh Ullas	29,157	0.025				
	Transfer of Equity Shares. **			15-01-2019	25,000	54,157	0.047
	At the end of the year					**54,157**	**0.047**
5.	Subhransu Pattnayak	10,205	0.009				
	Transfer of Equity Shares. **			15-01-2019	8,750	18,955	0.017
	At the end of the year					**18,955**	**0.017**
6.	Praveen T	8,747	0.008				
	Transfer of Equity Shares. **			15-01-2019	7,500	16,247	0.014
	At the end of the year					**16,247**	**0.014**

* At the beginning of the year: 17,14,487 Equity Shares of Rs. 10 each and 1,12,92,291 Compulsorily Convertible Preference Shares (CCPS) of Rs. 10 each. CCPS converted into fully paid-up Equity Shares of Rs. 10 each on 09th March 2019.

** Transfer of Equity Shares from MML Employee Welfare Trust under ESOP Plan 2016.

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name & Type of Transaction	Shareholding of each Directors and KMP	Shareholding		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Thomas Muthoot	At the beginning of the year	63,50,459	5.56		
		At the end of the year			**63,50,459**	**5.56**
2.	Thomas George Muthoot	At the beginning of the year	63,27,160	5.54		
		At the end of the year			**63,27,160**	**5.54**
3.	Thomas John Muthoot	At the beginning of the year	63,28,806	5.54		
		At the end of the year			**63,28,806**	**5.54**
4.	Sadaf Sayeed	At the beginning of the year	1,45,783	0.13		
		Transfer of Equity Shares *	1,25,000	0.11	2,70,783	0.24
		At the end of the year			**2,70,783**	**0.24**
5.	Udeesh Ullas	At the beginning of the year	29,157	0.026		
		Transfer of Equity Shares *	25,000	0.022	54,157	0.047
		At the end of the year			**54,157**	**0.047**
6.	Subhransu Pattnayak	At the beginning of the year	10,205	0.009		
		Transfer of Equity Shares *	8,750	0.008	18,955	0.017
		At the end of the year			**18,955**	**0.017**
7.	Praveen T	At the beginning of the year	8,747	0.008		
		Transfer of Equity Shares *	7,500	0.007	16,247	0.014
		At the end of the year			**16,247**	**0.014**

* Transfer of Equity Shares from MML Employee Welfare Trust under ESOP Plan 2016.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment (in millions)

	Secured Loans/ NCDs excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	17,197.67	248.14	NIL	17,445.81
ii. Interest due but not paid	NIL	NIL	NIL	NIL
iii. Interest accrued but not paid	140.70	NIL	NIL	140.70
Total (i + ii + iii)	**17,338.37**	**248.14**	**NIL**	**17,586.51**
Change in Indebtedness during the financial year				
Addition	16,878.60	NIl	Nil	16,878.60
Reduction (Repayments made)	(9,812.82)	NIl	Nil	9,812.82
Change in fair valuation	(0.32)	0.79	NIL	1.11
Net Change Indebtedness	26,691.74	0.79	Nil	26,692.53
At the end of the financial year				
i. Principal Amount	24,263.77	248.93	NIL	24,512.70
ii. Interest due but not paid	NIL	NIL	NIL	NIL
iii. Interest accrued but not paid	243.47	NIl	NIL	243.47
Total (i + ii + iii)	**24,507.24**	**248.93**	**NIL**	**24,756.17**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/ or Manager – NIL

B. Remuneration of Directors – NIL

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CS	CEO	CFO	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	9,38,160	1,10,75,612	23,78,160	1,43,91,932
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	6,175	68,00,438	4,10,188	72,16,801
3.	Sweat Equity	0	0	0	0
4.	Commission - as % of profit - others, specify…	0	76,00,682	0	76,00,682
5.	Others, please specify Bonus	60,000	4,79,075	1,50,000	6,89,075
	Total	**10,04,335**	**2,59,55,807**	**29,38,348**	**2,98,98,490**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: No Penalties, punishments and compounding of offences were imposed on the Company during the financial year 2018-19.

There were no material penalties, punishments and compounding of offences for the year ended 31st March 2019.

For and on behalf of the Board

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

Kochi
14.05.2019

ANNEXURE II

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements or transactions entered into by the Company during the financial year 2018-19 which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis.

a) Leasing of office space at Pazhakutty Junction, Trivandrum from Muthoot Fincorp Limited.

Sl. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Muthoot Fincorp Limited. Holding Company
2.	Nature of contracts/arrangements/transaction	Take on lease office space
3.	Duration of the contracts/ arrangements/ transaction	10 years with effect from 01.04.2018
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Take on lease 750 Sq. ft. of space at building owned by Muthoot Fincorp Limited for a rent of Rs. 15,000 and security deposit of Rs. 45,000 with a rent escalation of 15% after every 3 years.
5.	Date of approval by the Board	03.05.2018
6.	Amount paid as advances, if any	NIL

b) Leasing of office space at Muthoot Towers.

Sl. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot, Mr. Thomas Muthoot – Directors of the company.
2.	Nature of contracts/arrangements/transaction	Agreement for leasing of office space situated at Muthoot Towers, MG Road, Cochin.
3.	Duration of the contracts/ arrangements/ transaction	10 years with effect from 01.12.2018.
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	1. 850 Sq. Ft. of Space from Mr. Thomas George Muthoot at a rent of 1,40,569/- per month with a hike of 5% every year. 2. 825 Sq. Ft. of Space from Mr. Thomas Muthoot at a rent of 90,729/- per month with a hike of 5% every year. 3. 1489 Sq. Ft. of Space from Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot (Co-owners) at a rent of 1,63,759/- per month with a hike of 5% every year.
5.	Date of approval by the Board	15.11.2018
6.	Amount paid as advances, if any	NIL

For and on behalf of the Board

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

Kochi
14.05.2019

ANNEXURE III

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To,
The Members,
Muthoot Microfin Limited,
13th Floor, Parinee Crescenzo
Bandra Kurla Complex,
Bandra East, Mumbai 400051

We, SVJS & Associates, Company Secretaries, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Muthoot Microfin Limited [CIN: U65190MH1992PLC066228]** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

i. The Companies Act, 2013 (the Act) as amended and the Rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):

   a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   b. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

   c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended;

   d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

v. As informed to us, the following Regulations and Guidelines prescribed under the Reserve Bank of India Act, 1934 applicable to Non-Banking Financial Companies (Non Deposit Accepting or Holding) are specifically applicable to the Company:

   a. Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;

   b. Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 and Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

   c. Reserve Bank of India (Non-Banking Financial Companies) Returns Specifications, 1997 and Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

   d. Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions

   e. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

   f. Guidelines for Asset-Liability Management (ALM) system in Non-Banking Financial Companies;

g. Frauds- Future Approach towards monitoring of Frauds in Non-Banking Financial Companies and Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

h. Know Your Customer (KYC) Guidelines- Anti Money Laundering Standards and Know Your Customer (KYC) Direction, 2016;

i. Fair Practices Code;

j. Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015;

k. Regulation of excessive interest charged by NBFCs;

l. Miscellaneous Instructions to all Non-Banking Financial Companies and Miscellaneous Instructions to NBFC-ND-SI;

m. Revised Regulatory Framework for NBFC

n. The Prevention of Money Laundering Act, 2002 and the Regulations and Bye-laws framed there under.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards relating to Board (SS 1) and General Meetings (SS 2) issued by The Institute of Company Secretaries of India;

(ii) The Debt Listing Agreement entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board were unanimous and the same was captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period there were no other instances of:

(i) Public/ Right/ Preferential issue of shares/ debentures/ sweat equity;

(ii) Redemption/buy-back of securities;

(iii) Merger/amalgamation/reconstruction, etc.;

(iv) Foreign technical collaborations.

This Report is to be read with our letter of even date which is annexed as '**Annexure A**' and forms an integral part of this report.

For **SVJS & Associates**
Company Secretaries

Sd/-
P. SIVAKUMAR
Partner
Membership No. 3050
CP. No. 2210

Place: Kochi
Date: 29.04.2019

Annexure A

To,
The Members,
Muthoot Microfin Limited,
13th Floor, Parinee Crescenzo
Bandra Kurla Complex,
Bandra East, Mumbai 400051

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.

2. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.

3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.

4. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.

6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2019 but before issue of the Report.

7. We have considered actions carried out by the Company based on independent legal / professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For **SVJS & Associates**
Company Secretaries

Sd/-
P. SIVAKUMAR
Partner
Membership No. 3050
CP. No. 2210

Place: Kochi
Date: 29.04.2019

ANNEXURE IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

For achieving the CSR objectives through the implementation of meaningful and sustainable CSR programmes, Muthoot Microfin Limited (the Company) will annually contribute up to two percent of the average profits for the last three years towards CSR activities

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken are given in CSR policy are as below:

The CSR Policy of the Company is designed to portray its commitment to be a responsible corporate citizen and presents the strategies and methods for undertaking social programs for well-being and sustainable development of the local community in which it operates. Each CSR activity of the Company is channelized through Muthoot Pappachan Foundation (MPF), a Public Charitable Trust formed in the year 2003 as the CSR arm of the Muthoot Pappachan Group to facilitate CSR activities for the entire Group and all its business verticals. The CSR programs of MPF is bound by the theme HEEL: Health, Education, Environment, Livelihood.

The objectives of CSR Policy of the Company are to:

a) build a framework of CSR activities with a philanthropic approach in line with business unit objectives, which also benefits the organization at large;

b) shape sustainability for the organization by 'Engaging the Community';

c) build a corporate brand through CSR; and

d) for other stakeholders, make it "an integral part of the Company's DNA, so much so that it has to be an organic part of the business".

2. The Composition of the CSR Committee:

- Mr. Thomas Muthoot
- Mr. Thomas George Muthoot
- Mr. Thomas John Muthoot
- Mr. Alok Prasad

3. Average net profit of the company for last three financial years:

Sl. No.	Financial Years	Net Profit as per Section 198 (Rupees)
1.	Ending 31st March, 2016	14,60,15,044.00
2.	Ending 31st March, 2017	57,22,11,658.00
3.	Ending 31st March, 2018	1,14,23,42,382.00
	Average Net Profit	62,01,89,695.00

4. Prescribed CSR Expenditure (two per cent. of the amount, as in item 3 above)

Rs. 1,24,03,794.00/-

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: Rs. 1,24,03,794/-

(b) Amount unspent, if any: NIL

(c) Manner in which the amount spent during the financial year is detailed below

Sl. No.	Particulars	Details
1.	CSR project or activity identified	Flood Relief Activities
2.	Sector in which the project is covered	Disaster management, including relief, rehabilitation and reconstruction activities
3.	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Kerala

Sl. No.	Particulars	Details
4.	Amount outlay (budget project or programme wise)	Rs. 1,24,03,794/-
5.	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	Rs. 1,24,03,794/-
6.	Cumulative expenditure up to the reporting period	Rs. 18,165,406/-
7.	Amount Spent: direct or through implementing agency	Through implementing agency: Muthoot Pappachan Foundation

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Not Applicable as amounts have been spent.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, in compliance with CSR objectives and Policy of the Company:

The Company has taken a confirmation from the CSR Committee that the implementation and monitoring of CSR Policy are in compliance with the CSR objectives and CSR Policy of the Company.

For and on behalf of the Board

Thomas George Muthoot
Director
(DIN 00011552)

Thomas Muthoot
Managing Director
(DIN 00082099)

Kochi
14.05.2019

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to standards to achieve the objects of the Company, enhancing shareholder/investor value and discharging of social responsibility. The Company does not view Corporate Governance Principles as set of binding obligations, but believes in using it as a framework to be followed in spirit.

Corporate Governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner

Muthoot Microfin Limited is committed to maintaining a high standard of corporate governance in complying with Master Circular on Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 issue by RBI on July 3, 2015.

I. Composition of the Board

a. The composition of the Board of Directors of the Company as on 31st March 2019 is detailed below:

Category	No. of Directors	Percentage to total No. of Directors
Executive Directors	1	10%
Non- Executive Independent Directors	5	50%
Other Non-Executive Directors	4	40%
Total	**10**	**100%**

The list of Directors of the Company as of 31st March 2019 is as follows:

Sl. No.	Name of the Director	DIN	Designation
1.	Thomas Muthoot	00082099	Managing Director
2.	Thomas George Muthoot	00011552	Director
3.	Thomas John Muthoot	00011618	Director
4.	Thomas Muthoot John	07557585	Director
5.	Kenneth Dan Vander Weele	02545813	Director
6.	Thai Salas Vijayan	00043959	Independent Director
7.	Alok Prasad	00080225	Independent Director
8.	Bhama Krishnamurthy	02196839	Independent Director
9.	Pushpy Muricken	03431198	Independent Director
10.	Amitvikram Talgeri*	08098843	Independent Director

* Resigned from the Board w.e.f 01st April 2019

b. In Compliance with Section 165 of the Companies Act, 2013 (‘the Act’), no Director of the Company hold the office of Director in more than 20 companies including maximum of 10 public limited companies.

c. Mrs. Pushpy B Muricken, Additional Independent Director, has been regularised and appointed as Independent Woman Director for a term of five years in the Annual General Meeting held on 15.05.2018.

d. Mr. Amitvikram Talgeri, Additional Independent Director, has been regularised and appointed as Independent Director for a term of five years in the Annual General Meeting held on 15.05.2018.

e. Mr. Thai Salas Vijayan, has been appointed as an Independent Director for a term of five years in the Annual General Meeting held on 15.05.2018.

f. Mrs. Bhama Krishnamurthy, has been appointed as an Independent Women Director for a term of five years in the Annual General Meeting held on 15.05.2018.

g. During the financial year 2018–2019, the Board of Directors of the Company, met 7 (Seven) times. The details of the Meetings are as follow. ,

Sl. No.	Date of the Meeting	Total number of Directors associated as on the date of Meeting	Attendance	
			Number of Directors attended	% of Attendance
1.	03/05/2018	8	8	100%
2.	27/06/2018	10	10	100%
3.	18/08/2018	10	9	90%
4.	15/11/2018	10	10	100%
5.	08/12/2018	10	5	50%
6.	21/01/2019	10	8	80%
7.	09/03/2019	10	8	80%

II. COMMITTEES OF BOARD

a. Audit Committee: The constitution of this Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), as amended.

The details of its terms of reference as approved by the Board of Directors of the Company are given below:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
2. Recommending to the Board the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of the Company and the fixation of audit fee;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, as amended;
    b. Changes, if any, in accounting policies and practices and reasons for the same;
    c. Major accounting entries involving estimates based on the exercise of judgment by management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. Compliance with listing and other legal requirements relating to financial statements;
    f. Disclosure of any related party transactions; and
    g. Modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed Offer by the Company;
8. Approval or any subsequent modifications of transactions of the Company with related parties;
9. Scrutinizing of inter-corporate loans and investments;

10. Valuing of undertakings or assets of the Company, wherever it is necessary;
11. Evaluating of internal financial controls and risk management systems;
12. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances
13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussing with internal auditors on any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
17. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. Reviewing the functioning of the whistle blower mechanism;
20. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee."

Powers of the Audit Committee

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary; and
5. To have full access to information contained in the records of the Company.

Mandatory review by Audit Committee:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and
6. Statement of deviations in terms of the SEBI Listing Regulations:
   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32 (1) of the SEBI Listing Regulations; and
   (b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of regulation 32 (7) of the SEBI Listing Regulations.

The Audit Committee consists of following Directors:

Name of Director	Nature of Directorship	Designation
Mrs. Pushpy Muricken	Independent	Chairperson
Mrs. Bhama Krishnamurthy	Independent	Member
Mr. Alok Prasad	Independent	Member
Mr. Kenneth Dan Vander Weele	Non-Executive	Member
Mr. Thomas Muthoot	Executive	Member

During the year 2018-19 the Audit Committee met 6 time on 03.05.2018, 27.06.2018, 18.08.2018, 15.11.2018, 21.01.2019 and 09.03.2019.

b. **Nomination and Remuneration Committee (NRC):** This Committee is constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"). The Company has a Board approved Nomination and Remuneration Policy in place.

The terms of reference of the Nomination and Remuneration Committee include the following:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulating of criteria for evaluation of the independent directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
5. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Recommending to the Board, all remuneration, in whatever form, payable to senior management;
7. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
8. Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
9. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
10. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee; and
11. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, including the following:

    (a) administering employee stock option schemes, employee stock purchase schemes, stock appreciation rights schemes, general employee benefits scheme and retirement benefit schemes (the "Schemes");

    (b) delegating the administration and superintendence of the Schemes to any trust set up with respect to the Schemes;

    (c) formulating detailed terms and conditions for the Schemes including provisions specified by the board of directors of the Company in this regard;

(d) determining the eligibility of employees to participate under the Schemes;

(e) granting options to eligible employees and determining the date of grant;

(f) determining the number of options to be granted to an employee;

(g) determining the exercise price under the Schemes; and

(h) construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Schemes, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Schemes; and

12. Framing suitable policies and systems to ensure that there is no violation of securities laws, the Company, its employees or trust set up with respect to the Schemes, if any, of any applicable laws in India or overseas, including: the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

The Nomination and Remuneration Committee is comprised of:

Name of Director	Nature of Directorship	Designation
Mr. T S Vijayan	Independent	Chairman
Mrs. Bhama Krishnamurthy	Independent	Member
Mr. Kenneth Dan Vander Weele	Non-Executive	Member
Mr. Thomas Muthoot John	Non-Executive	Member

During the year 2018-19 the Nomination and Remuneration Committee met 5 time on 03.05.2018, 18.08.2018, 15.11.2018, 21.01.2019 and 09.03.2019.

c. Corporate Social Responsibility Committee (CSR): This Committee is constituted in compliance with the provisions of Section 135 of the Companies Act, 2013. The Company has a Board approved Corporate Social Responsibility Policy in place.

The terms of reference of the CSR Committee is in accordance with Section 135 (3) of the Companies Act, 2013 and is as under:

- Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend to the Board the amount of expenditure to be incurred on the CSR activities referred to in (i) above; and
- Monitor the CSR policy of the Company from time to time.

The CSR Committee is comprised of:

Name of Director	Nature of Directorship
Mr. Thomas Muthoot	Executive Director
Mr. Thomas George Muthoot	Non-Executive
Mr. Thomas John Muthoot	Non-Executive
Mr. Alok Prasad	Independent

During the year 2018-19 the CSR Committee met 1 time on 18.08.2018

d. Stakeholders Relationship Committee: This Committee is constituted in compliance with the provisions of Section 178(5) the Companies Act, 2013 and Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").

1. Resolving the grievances of the securities holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates any other documents or information to be sent to the Company to its shareholders, general meetings etc.;
2. Reviewing measures taken to exercise of voting rights by shareholders;
3. Reviewing adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
4. Reviewing the various measures and initiatives taken by the Company for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company; and
5. Carrying out any other function as prescribed under the Listing Regulations, Companies Act, 2013 and the Rules and Regulations made thereunder, each as amended or other applicable Law."

The Stakeholders Relationship Committee is comprised of:

Name of Director	Nature of Directorship	Designation
Mr. Thomas John Muthoot	Non-Executive	Chairman
Mr. Thomas Muthoot	Executive Director	Member
Mr. Alok Prasad	Independent	Member
Mr. Sadaf Sayeed	CEO	Member
Mr. Praveen T	CFO	Member

e. Asset Liability Management Committee (ALCO): The Company has constituted an Asset Liability Management Committee in terms of RBI Circular DNBR (PD) CC.No.053/03.10.119/2015-16 July 03, 2015. The Company has a Board approved Asset Liability Management Policy in place. ALCO is vested with the responsibilities of monitoring the risk and to make suitable strategies to control it. The terms of reference are as below:

- Addressing concerns regarding asset liability mismatches;
- Achieving optimal return on capital employed while maintaining acceptable levels of risk relating to liquidity;
- Addressing concerns regarding interest rate risk exposure; and
- Review the periodical returns submitted to RBI every year;
- Monitor and review the cost of funds and the net interest margin;
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

The ALCO is comprised of:

Sl. No.	Name of Members	Designation
1.	Mr. Thomas John Muthoot	Non-Executive Director
2.	Mr. Thomas George Muthoot	Non-Executive Director
3.	Mr. Thomas Muthoot	Executive Director
4.	Mr. Sadaf Sayeed	Chief Executive Officer

f. Risk Management Committee: This Committee is constituted in compliance with the provisions of the Companies Act, 2013 and RBI Circular DNBR (PD) CC.No.053/03.10.119/2015-16 July 01, 2015. The Company has a Board approved Risk Management Policy in place.

The terms of reference are as below:

- To monitor and review the risk management plan;
- To review operational risk

- To take strategic actions to mitigate the risk associated with the nature of the business;
- To appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy;

The Risk Management is comprised of:

Sl. No	Name of Members	Designation
1.	Mr. Thomas John Muthoot	Non-Executive Director
2.	Mr. Thomas George Muthoot	Non-Executive Director
3.	Mr. Thomas Muthoot	Executive Director
4.	Mr. Sadaf Sayeed	Chief Executive Officer

g. Borrowing Committee: The Company has a Borrowing Committee to exercise all powers to borrow moneys (otherwise than by issue of debentures) and taking necessary actions connected therewith. The terms of reference are as below:

- To borrow any amounts within the limit of Borrowing Powers of the Company
- To assign/ sell the loan portfolio of the Company to any Banks/ Financial Institution
- To open branches in the name of the Company
- To open and operate Bank accounts
- To sub delegate its powers to the officers/ representatives of the Company

The Borrowing Committee is comprised of:

Sl. No.	Name of Members	Designation
1.	Mr. Thomas John Muthoot	Non-Executive Director
2.	Mr. Sadaf Sayeed	Chief Executive Officer
3.	Mr. Praveen T	Chief Financial Officer

h. IT Strategy Committee: The Company has a IT Strategy Committee in compliance with Master Direction No DNBS. PPD. No. 04/66.15.001/2016-17 dated June 08, 2017 issued by Reserve Bank of India to carry out review and amendment of the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. The terms of reference re as below:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls

The IT Strategy Committee is comprised of:

Sl. No.	Name of Members	Designation
1.	Mr. Amitvikram Talgeri	Independent Director
2.	Mrs. Bhama Krishnamurthy	Independent Director
3.	Mr. Jayakrishnan P	CIO

III. REMUNERATION TO DIRECTORS:

No remuneration was paid to any Directors during the financial year 2018-19 other than sitting fees paid to Independent Director.

IV. GENERAL BODY MEETING:

During the year ended 31st March 2019, one Annual General Meeting and 2 Extra Ordinary General Meeting were held and the details are given below:

Sl. No	Date	Category	Time	Venue
1.	15.05.2018	AGM	03.00 PM	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400051.
2.	04.07.2018	EGM	03.00 PM	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400051.
3.	07.12.2018	EGM	04.00 PM	6th Floor, Muthoot Towers, M.G Road, Kochi – 682035.

V. RELATED PARTY TRANSACTIONS:

All transactions or arrangements with related parties referred to in Section 188 (1) of the Act, entered into during the year were on arm's length basis or were in ordinary course of business.

VI. GENERAL SHAREHOLDER INFORMATION

a. Company Registration Details: The Company is registered in the state of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is U65190MH1992PLC066228. The Company being NBFC-MFI is registered with Reserve Bank of India (Certificate of Registration Number: 13.00365).

b. Financial Calendar: The financial calendar of the Company is from 1st April to 31st March.

c. Ensuing Annual General Meeting:

Date and Time	24th June, 2019 at 11.00 am
Venue	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra-400051

d. Dividend details: NIL

e. Shareholding pattern of the Company as on 31st March 2019

Name of shareholder	Total Equity Shares	Share Holding percentage
Thomas Muthoot	63,50,459	5.56%
Thomas George Muthoot	63,27,160	5.54%
Thomas John Muthoot	63,28,806	5.54%
Nina George	27,04,513	2.37%
Preethi John	27,02,867	2.37%
Remy Thomas	26,81,214	2.35%
Muthoot Fincorp Limited	7,26,25,449	63.61%
ESOP Trust	10,83,114	0.95%
ESOP Holders	3,60,142	0.32%
Creation Investments	1,30,06,778	11.39%
	11,41,70,502	**100.00%**

f. Address for Correspondence:

- **Administrative Office:** 5th Floor, Muthoot Towers, M.G Road, Kochi 682035
- **Registered Office:** 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400051
- **CIN:** U65190MH1992PLC066228

INDEPENDENT AUDITOR'S REPORT

To the Members of **Muthoot Microfin Limited**

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Muthoot Microfin Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th colspan="2">Key audit matter</th></tr>
<tr><td>a) Recognition of interest income (Refer note 21 of the accompanying financial statements)
Revenue of the Company consists primarily of interest income charged on loan assets. Total Interest income recognised in the financial year 2018-19 amounts to ₹5,180.28 million (2017-18 ₹3,787.89 million).
Such interest income is recorded on the basis of actual money collected from the customers as adjusted in the general ledger with the interest accrued or interest received in advance, computed by the management as at reporting date, using a tool developed internally. The interest accrued or interest received in advance is also recomputed manually by the management.</td><td>Our audit work included, but was not restricted to, the following procedures:
• Obtained an understanding of management's process for recognizing interest income, interest accrued and interest collected in advance.
• Evaluated the design and tested the operating effectiveness of key controls around above mentioned process.
• Evaluated the accounting policy for recognition of interest income in accordance with applicable accounting standards.
• Obtained management working of re-computation of interest income earned during the year and reconciled the summary totals with the financial statements to ensure completeness of the underlying data on which interest income is recomputed by the management.</td></tr>
</table>

Key audit matter	
Considering the volume of transactions, materiality of amounts involved, recomputations required and the significant auditor attention required to test accuracy of interest income recognised during the period, we have identified recognition of interest income to be a key audit matter for the current year audit.	• Tested the mathematical accuracy of management working obtained as above. • On a sample basis, tested the interest income earned during the year by inspection of the approved loan documents, collection during the year and an independent re-computation of the amount of interest income recognized during the year. • Performed substantive analytical procedures such as ratio analysis between the interest income and outstanding loan portfolio during the year. • Ensured appropriateness of disclosure of the interest income in the financial statements.
b) Computation of impairment losses on loan assets (Refer note 1(ix), 5 and 41A of the accompanying financial statements for related disclosures) As at 31 March 2019, the Company has reported total gross loan assets of ₹27,373.49 million (2017-18: ₹18,798.46 million) against which an impairment loss of ₹380.98 million (2017-18 ₹260.08 million) has been recorded. The calculation of impairment losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to: • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • techniques used to determine probability of default, loss given default and exposure at default.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Assessed and tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also evaluated the controls over the modelling process, validation of data and related approvals. • Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers. We have also examined, on a sample basis, data inputs to the discounted cash flow models, including the cash flow status of the borrowers, latest collateral valuations in supporting the estimation of future cash flows and present value; • Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the accounting standard and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages; • Performed an assessment of critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD);
These parameters are derived from the Company's internally developed statistical models, other historical data and macro-economic factors. Considering the significance of the above matter to the financial statements and the significant auditor attention required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.	• Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 42 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards.

Key audit matter	
c) Financial instruments measured at fair value (Refer note 1 (xiii), 5, 14 and 40 of the accompanying financial statements for related disclosures) The financial statements of the Company include financial instruments valued at fair value. Total financial assets measured at fair value as at 31 March 2019 is ₹20,055.10 million (31 March 2018 – ₹11,685.46 million) and total financial liabilities measured at fair value as at 31 March 2019 is NIL (31 March 2018 – ₹2,686.21 million). Impact of the same on other comprehensive income for the year ended 31 March 2019 is ₹307.83 million (net of tax). The fair value of Company's financial instruments is determined by the management with the help of valuation experts, using various valuation techniques which involve the exercise of judgement by the management in for assumptions and inputs involved. Estimation uncertainty has been determined to be high for those instruments where significant valuation inputs are unobservable (i.e., level 3 instruments). As at 31 March 2019, financial assets worth ₹19,862.59 million are valued using level 3 valuation model, Discounted Cash Flow method. Considering the significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the future cash flows which are used in the fair valuation methodology, we have determined fair valuation of financial instruments as a key audit matter for the current year audit.	Our audit work included, but was not limited to, the following procedures: • Obtained an understanding of the management process for: - assessment of accounting treatment for such transactions under Ind AS 109 accounting principles - determining the input data used for valuation - measurement of valuation. • Evaluated the design and tested the operating effectiveness of the key controls over the accuracy of the key inputs and assumptions considered for valuation of financial instruments. • Assessed the valuation specialist's qualification and expertise and reviewed their terms of engagement to determine whether there were any matters that may have imposed scope limitations upon their work. • Obtained the valuation reports of management valuation specialists for the fair value of financial instruments. • Involved auditor's expert to test appropriateness of methodology adopted, key assumptions used in the valuation of loan receivables such as risk-free rate of return, credit spread of the borrowings etc. • Assessed the reliability and completeness of underlying data used for the valuation. Traced the management projections of cash flows pertaining to the financial instruments to approved business plans, repayment schedules of loans, etc. • Tested the mathematical accuracy of the valuation workings. • Assessed the appropriateness and adequacy of the related disclosures in note 40 "Financial instruments", in accordance with the applicable accounting standards.
d) First time adoption of Ind AS framework (Refer note 1(b) (i) and note 49 of the accompanying financial statements for reconciliation) As disclosed in note 49 to the financial statements, the Company has adopted the Indian Accounting Standards notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) ('Ind AS') with effect from 1 April 2018 (1 April 2017 being the transition date) and prepared the first set of financial statements under Ind AS framework in the current year.	Our procedures in respect of the first time adoption of Ind AS financial reporting framework included, but not limited to, the following: • Obtained an understanding of management's processes and controls around adoption of Ind AS. We sought explanations from the management for areas involving complex judgements or interpretations to assess its appropriateness. • Reviewed the diagnostics performed by the management and their experts to assess the impact on Ind AS transition to the individual financial statement line items.

Key audit matter	
For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). This change in the financial reporting framework required an end-to-end evaluation of the potential impact on each component of the financial statement which involved significant efforts required the involvement of accounting experts by the management. This process also required the management to apply significant judgements to identify and elect appropriate accounting policies suitable for various transactions and balances relating to the operations of the Company including electing of available options for transition of balances as at transition date from the previous GAAP to the new GAAP. Further, the first time preparation of the Ind AS financial statements involved preparation and presentation of additional notes and disclosures as required by the Ind AS framework as compared to the previous GAAP in addition to Note 49 to the financial statements setting forth the reconciliation of balances from previous GAAP to the new GAAP as at the transition date, and the impact of restatement on the results of the comparative period due to such transition. The areas where there was a significant impact on account of first time adoption of Ind AS involved the following standards amongst others: a) Ind AS 109, Financial Instruments b) Ind AS 113, Fair Value Measurements Considering the significance of the above transition with respect to the financial statements, the complexities and efforts involved, this matter has been identified as a key audit matter for the current year audit.	• Reviewed the implementation of exemptions availed and options chosen by the Company in accordance with the requirements of Ind AS 101, First Time Adoption of Indian Accounting Standards (Ind AS 101). • Evaluated the accounting policies adopted by the Company on transition to Ind AS and assessed its appropriateness basis our understanding of the entity and its operations and the requirements of relevant accounting standards under the Ind AS framework. • Evaluated whether the presentation and disclosures in the financial statements are in accordance with the requirements of the applicable standards and regulatory requirements. • Evaluated the appropriateness and adequacy of disclosures with respect to the reconciliations prepared and presented by the management in the financial statements in accordance with Ind AS 101.

Information other than the Financial Statements and Auditor's Report thereon

6. 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 will not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in

accordance with the accounting principles generally accepted in India, including the Ind AS 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

8. 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.

9. 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

10. 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 Standards on Auditing 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.

11. As part of an audit in accordance with Standards on Auditing, 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 Act, 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.

12. 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.

13. 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.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2018 and 31 March 2017 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), on which we issued auditor's reports to the members of the Company dated 03 May 2018 and 08 May 2017 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

16. The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.

17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

18. Further to our comments in Annexure I, 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 financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 14 May 2019 as per Annexure II expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 as at 31 March 2019;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Kochi
Date: 14 May 2019

Annexure I to the Independent Auditor's Report of even date to the members of Muthoot Microfin Limited on the financial statements for the year ended 31 March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.

Annexure I to the Independent Auditor's Report of even date to the members of Muthoot Microfin Limited on the financial statements for the year ended 31 March 2019

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit, except for misappropriation of cash aggregating to ₹3.54 million through manipulation of

Annexure I to the Independent Auditor's Report of even date to the members of Muthoot Microfin Limited on the financial statements for the year ended 31 March 2019 (Contd..)

95 customers' accounts by the employees of the Company identified by the management during the year as stated in note 50(xxv) to the financial statements. The Company has initiated disciplinary action against such employees, including termination of their employment contract and recovery of the amounts. The Company has provided for the amount outstanding as at 31 March 2019 and is taking necessary steps to ensure recovery of such amounts.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Kochi
Date: 14 May 2019

Annexure II to the Independent Auditor's Report of even date to the members of Muthoot Microfin Limited on the financial statements for the year ended 31 March 2019

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

1. In conjunction with our audit of the financial statements of Muthoot Microfin Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on 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 ("ICAI").

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Kochi
Date: 14 May 2019

BALANCE SHEET as at March 31, 2019

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Assets				
Financial assets				
Cash and cash equivalents	2	6,700.10	5,712.16	3,162.28
Bank balances other than cash and cash equivalents	3	1,109.19	1,004.43	874.37
Receivables				
Other receivables	4	38.21	34.66	21.25
Loans	5	26,992.51	18,538.38	14,556.27
Other financial assets	6	19.67	12.94	7.12
		34,859.68	**25,302.57**	**18,621.29**
Non-financial assets				
Current tax assets (net)		165.35	84.50	-
Property, plant and equipment	7	205.18	131.02	70.63
Capital work-in-progress	8	6.58	-	5.25
Other intangible assets	9	1.56	0.89	1.15
Other non-financial assets	10	63.45	28.97	13.91
		442.12	**245.38**	**90.94**
Total		**35,301.80**	**25,547.95**	**18,712.23**
Liabilities and Equity				
Liabilities				
Financial liabilities				
Payables				
Other payables				
total outstanding dues to micro enterprises and small enterprises		-	-	-
total outstanding dues to creditors other than micro enterprises and small enterprises	11	54.92	51.71	29.90
Debt securities	12	2,790.07	2,785.22	2,033.06
Borrowings (other than debt securities)	13	21,473.70	14,412.45	8,930.12
Subordinated liabilities	14	248.93	2,934.35	1,017.64
Other financial liabilities	15	1,373.63	1,042.46	4,971.47
		25,941.25	**21,226.19**	**16,982.19**
Non Financial liabilities				
Current tax liabilities (net)		-	-	20.99
Deferred tax liability (net)	16	460.92	252.82	174.03
Provisions	17	9.03	6.51	4.65
Other non financial liabilities	18	32.70	33.03	19.61
		502.65	**292.36**	**219.28**
Equity				
Equity share capital	19	1,141.71	1,028.78	838.52
Other equity	20	7,716.19	3,000.62	672.24
		8,857.90	**4,029.40**	**1,510.76**
Total		**35,301.80**	**25,547.95**	**18,712.23**
Summary of Significant Accounting Policies	1			

The accompanying notes are an integral part of the financial statements.
This is the balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Kochi
Date: 14 May 2019

For and on behalf of the Board of Directors of
Muthoot Microfin Limited

Thomas Muthoot
Managing Director
DIN: 00082099

Thomas John Muthoot
Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Praveen T
Chief Financial Officer

Neethu Ajay
Company Secretary

Place: Kochi
Date: 14 May 2019

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2019

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations			
Interest income	21	5,180.28	3,787.89
Fees and commission income	22	166.28	168.31
Net gain on fair value changes	23	1,793.85	1,073.05
Sale of services		2.67	1.24
Total revenue from operations		**7,143.08**	**5,030.49**
Other income	24	361.15	83.47
Total income		**7,504.23**	**5,113.96**
Expenses			
Finance costs	25	2,338.37	1,891.80
Fees and commission expenses	26	137.25	200.92
Net loss on fair value changes	27	-	1,116.56
Impairment on financial instruments	28	283.50	180.96
Employee benefits expenses	29	1,470.12	1,038.27
Depreciation and amortisation expense	30	29.65	18.41
Other expenses	31	540.14	314.96
Total expenses		**4,799.03**	**4,761.88**
Profit before tax		**2,705.20**	**352.08**
Tax expense			
Current tax	34	612.60	417.37
Deferred tax	34	80.35	78.93
Profit/(loss) for the year (A)		**2,012.25**	**-144.22**
Other Comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset		4.49	-1.33
Income tax relating to the above		-1.31	0.46
Items that will be reclassified to profit and loss			
Remeasurement of loan assets		434.29	0.91
Income tax relating to the above		-126.46	-0.32
Other comprehensive income/(loss) for the year, net of tax (B)		**311.01**	**-0.28**
Total comprehensive income/(loss) for the year (A+B)		**2,323.26**	**-144.50**
Earning/(Loss) per equity share (face value of ₹ 10 each)	33		
Basic (₹)		19.43	-1.69
Diluted (₹)		19.43	-1.69
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements.
This is the statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Kochi
Date: 14 May 2019

For and on behalf of the Board of Directors of
Muthoot Microfin Limited

Thomas Muthoot
Managing Director
DIN: 00082099

Thomas John Muthoot
Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Praveen T
Chief Financial Officer

Neethu Ajay
Company Secretary

Place: Kochi
Date: 14 May 2019

CASH FLOW STATEMENT for the year ended March 31, 2019

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from operating activities			
Profit before tax		2,705.20	352.08
Adjustments			
Depreciation and amortisation		29.65	18.41
Loss on sale of tangible assets		0.08	0.27
Provision for employee benefits		12.52	19.36
Impairment on financial instruments		283.50	180.96
Net gain on debt instrument designated at fair value through profit or loss		-140.36	0.00
Net gain on conversion of debt instrument to equity		-46.19	0.00
Profit on sale of financial assets carried at fair value through profit or loss		-152.55	-80.99
Interest income on security deposits		-1.17	-0.75
Gain on sale of loan asset through direct assignment		-1,793.85	-1,073.05
Adjustments towards effective interest rate in respect of loan assets		70.67	33.17
Adjustments towards effective interest rate in respect of debt securities, borrowings and subordinate liabilities		1.13	32.69
Share based payments		3.25	4.58
Net loss on fair value changes		-	1,116.56
Operating profit before working capital changes		**971.88**	**603.29**
Working capital changes			
(Increase)/decrease in loans		-6,580.17	-3,122.26
(Increase)/decrease in other receivables		-2.38	-12.66
(Increase)/decrease in other financial assets		-6.73	-5.82
(Increase)/decrease in other non financial assets		-35.66	-15.24
Increase/(decrease) in other payables		1.82	22.00
Increase/(decrease) in other financial liabilities		331.17	-3,929.01
Increase/(decrease) in provisions		-5.51	-18.83
Increase/(decrease) in other non financial liabilities		-0.33	13.42
Cash used in operating activities		**-6,297.79**	**-7,068.40**
Income taxes paid (net)		-692.16	-523.34
Net cash used in operating activities		**-6,018.07**	**-6,988.45**
Cash flows from investing activities			
Purchase of tangible assets (including capital advances, capital creditors and capital work in progress) and intangible assests		-110.08	-73.23
Investment in term deposits with banks (net)		-104.76	-130.06
Proceeds from sale of tangible assets		0.20	0.12
Profit on sale of investments		152.55	80.99
Net cash used in investing activities		**-62.09**	**-122.18**
Cash flows from financing activities			
Proceeds from borrowings		16,878.60	10,008.82
Proceeds from debt securities		-	750.00
Repayment of borrowings		-9,812.82	-4,556.88
Proceeds from issue of equity shares including share premium		-	2,699.99

CASH FLOW STATEMENT for the year ended March 31, 2019

(All amounts in ₹ millions, unless stated otherwise)

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Proceeds from issue preference shares other than those that qualify as equity		-	800.00
Proceeds from/(payment for) treasury shares		2.32	-39.25
Share issue expenses		-	-2.18
Net cash generated from financing activities		**7,068.10**	**9,660.50**
Net increase in cash and cash equivalents		**987.94**	**2,549.87**
Cash and cash equivalents as at the beginning of the year		5,712.16	3,162.28
Cash and cash equivalents as at the end of the year		**6,700.10**	**5,712.15**
Operational cash flows from interest			
Interest paid		2,137.52	1,528.27
Interest received		2,625.58	4,313.07
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements.
This is the statement of cash flow referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Kochi
Date: 14 May 2019

For and on behalf of the Board of Directors of
Muthoot Microfin Limited

Thomas Muthoot
Managing Director
DIN: 00082099

Thomas John Muthoot
Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Praveen T
Chief Financial Officer

Neethu Ajay
Company Secretary

Place: Kochi
Date: 14 May 2019

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2019

(All amounts in ₹ millions, unless stated otherwise)

A Equity share capital

Particulars	Balance as at April 1, 2017	Change in equity share capital during the year	Balance as at March 31, 2018	Change in equity share capital during the year	Balance as at March 31, 2019
Equity shares of ₹ 10 each, issued, subscribed and fully paid up	838.52	190.26	1,028.78	112.93	1,141.71

B Other equity

Particulars	Reserves and surplus						Other Comprehensive Income	Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Treasury shares	General reserves	Employee stock options outstanding	Retained earnings	Loan assets through other comprehensive income	
Balance as at April 1, 2017	**94.45**	**92.94**	**-**	**-**	**1.41**	**241.90**	**241.54**	**672.24**
Loss for the year	-	-	-	-	-	-144.22	-	-144.22
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	152.01	-	-	-	-152.01	-	-
Issue of equity shares	2,509.73	-	-	-	-	-	-	2,509.73
Share issue expenses	-2.18	-	-	-	-	-	-	-2.18
Changes during the year in employee stock options outstanding	-	-	-	-	4.58	-	-	4.58
Additions during the year	-	-	-41.57	-	-	-	-	-41.57
Proceeds on transfer during the year	-	-	2.00	0.32	-	-	-	2.32
Other comprehensive income/(loss)	-	-	-	-	-	-1.33	0.91	-0.42
Income tax to items of other comprehensive income/(loss)	-	-	-	-	-	0.46	-0.32	0.14
Balance as at March 31, 2018	**2,602.00**	**244.95**	**-39.57**	**0.32**	**5.99**	**-55.20**	**242.13**	**3,000.62**
Profit for the year	-	-	-	-	-	2,012.25	-	2,012.25
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	402.45	-	-	-	-402.45	-	-
Conversion of convertible preference shares	2,386.74	-	-	-	-	-	-	2,386.74
Changes during the year in employee stock options outstanding	-	-	-	-	3.25	-	-	3.25
Proceeds on transfer during the year	-	-	5.26	-2.94	-	-	-	2.32
Other comprehensive income	-	-		-	-	4.49	434.29	438.78
Income tax relating to items of other comprehensive income	-	-		-	-	-1.31	-126.46	-127.77
Balance as at March 31, 2019	**4,988.74**	**647.40**	**-34.31**	**-2.62**	**9.24**	**1,557.78**	**549.96**	**7,716.19**

The accompanying notes are an integral part of the financial statements.
This is the statement of changes in equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Kochi
Date: 14 May 2019

For and on behalf of the Board of Directors of
Muthoot Microfin Limited

Thomas Muthoot
Managing Director
DIN: 00082099

Thomas John Muthoot
Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Praveen T
Chief Financial Officer

Neethu Ajay
Company Secretary

Place: Kochi
Date: 14 May 2019

NOTES TO FINANCIAL STATEMENT for the year ended March 31, 2019

(All amounts in ₹ millions, unless stated otherwise)

1. Summary of significant accounting policies and other explanatory information

a) Company overview

Muthoot Microfin Limited (the 'Company') was incorporated as a private limited company in the year 1992 under the erstwhile Companies Act, 1956. Effective 18 March 1998, the Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') and is registered as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with the Reserve Bank of India ("RBI"), w.e.f. 25 March 2015. The Company's non-convertible debentures are listed on the Bombay Stock Exchange ('BSE').

The operations of the Company are based on the Grameen model of lending. It is designed to promote entrepreneurship among women and inclusive growth. The Company provides financial assistance through micro loans to women engaged in small income generating activities.

b) Basis of preparation

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These standalone financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for all the periods presented in this financial statements.

The financial statements for the year ended March 31, 2019 are the first financial statements which has been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India ('RBI').

The financial statements upto and for the year ended March 31, 2018 were prepared in accordance with the accounting standard notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and other applicable guidelines issued by the RBI, which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS.

As these are the Company's first financial statements prepared in accordance with Ind AS, the Company has applied, First-time Adoption Standard (Ind AS 101) of Indian Accounting Standards. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 49

The financial statements for the year ended March 31, 2019 were authorized and approved for issue by the Board of Directors on May 14, 2019.

(ii) Historical cost convention

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities, share based payments which are measured at fair values, and employee benefit plans which are measured using actuarial valuation, as explained in relevant accounting policies.

c) Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

i. Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

Subsequent measurement (depreciation method, useful lives and residual value)

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 recognized in the statement of profit and loss, when the asset is derecognised.

Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses acquire property, plant and equipment. Assets which are not ready to intended use are also shown under capital work-in-progress.

Transition to Ind AS

The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e. April 1, 2017.

ii. Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent measurement (amortisation method, useful lives and residual value)

Intangible assets are amortised on a straight line basis over the expected useful life from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Transition to Ind AS

The Company has elected to measure all its intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition of Ind AS i.e. April 1, 2017.

iii. Revenue recognition

Interest and processing fee income on loans

Interest and processing fee income is recorded on accrual basis using the effective interest rate (EIR) method. Additional interest/overdue interest/penal charges, if any, are recognised only when it is reasonable certain that the ultimate collection will be made.

Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

Commission income

Income from business correspondent services is recognised as and when the services are rendered as per agreed terms and conditions of the contract. A receivable is recognised when the services are delivered as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required.

Dividend income

Dividend income is recognised at the time when the right to receive is established by the reporting date.

Miscellaneous income

All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection.

iv. Borrowing costs

Borrowing costs that are directly attributable to the acquisition and/or construction of a qualifying asset, till the time such qualifying assets become ready for its intended use sale, are capitalised. Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

v. Taxation

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current 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 assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes.

Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. 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. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

vi. Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

The Company has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of Profit and Loss.

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees, where in the employee will receive on retirement is defined by reference to employee's length of service and last drawn salary. Under the defined benefit plan, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to availed after one year from the Balance Sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

vii. Share based payments

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in other equity. The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

viii. Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Compensation for impairment

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are recognised in statement of profit and loss when the compensation becomes receivable.

ix. Impairment of financial assets

Loan assets

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) – LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) – EAD is based on the amounts the Company expects to be owed at the time of default. For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

However, RBI has not made changes in the prudential norms which requires certain minimum provisions for MFIs. As such, the Company has conservatively decided that if ECL is calculated to be lower than the provisions done earlier as per prudential norms (i.e. at 1.5%), such minimum amounts are maintained.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

x. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents includes bank overdrafts, if that are repayable on demand and form an integral part of the Company's cash management.

xi. Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

xii. Leases

Company as a lessee

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability. The Finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases

Leases in which the lessor does not transfer substantially all the risks and rewards of ownership of an asset to the lessee are classified as operating leases. Lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs.

xiii. 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.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets

Subsequent measurement

i. Financial assets carried at amortised cost – a financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

ii. Financial assets carried at fair value through other comprehensive income – a financial asset is measured at fair value, with changes in fair value being carried to other comprehensive income, if both the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Non-derivative financial liabilities

Compulsorily convertible preference shares – Subsequent measurement

Subsequent to initial recognition, compulsorily convertible preference shares, are measured at fair value, with changes in fair value being recognised in the Statement of Profit and Loss. This is because they are convertible in variable number of equity shares, and the investors of such instruments also have a put option on them, written by the Company.

Other financial liabilities - Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities, except compulsorily convertible preference shares, are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. 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 de-recognition 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 and Loss.

First loss default guarantee

First loss default guarantee contracts are contracts that require the Company to make specified payments to reimburse the bank and financial institution for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks and financial institutions, for whom the Company acts as ‘Business Correspondent’.

These contracts are initially measured at fair value and subsequently measure at higher of:

- The amount of loss allowance (calculated as described in policy for impairment of financial assets)
- Maximum amount payable as on the reporting date to the respective bank/financial institution which is based on the amount of loans overdue for more than 90 days.

Further, the maximum liability is restricted to the cash outflow agreed in the contract.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

xiv. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

xv. Segment reporting

The Company identifies segment basis the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/ loss amounts are regularly reviewed by the CODM (‘chief operating decision maker’) in deciding how to allocate resources and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

xvi. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

xvii. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgements

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Business model assessment - 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 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.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Classification of leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

xviii. Standards issued but not yet effective

Ind AS 116 'Leases'

On March 30, 2019, Ministry of Corporate Affairs ('MCA') has clarified that Ind AS 116 is effective for annual periods beginning on or after April 1, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. 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 and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 12, Income taxes

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified Appendix C to Ind-AS 12 Income taxes – "Uncertainty over Income Tax Treatments". The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability accordingly. The effective date of amendment is April 1, 2019. Further, there has been amendments in relevant paragraphs in Ind-AS 12 "Income Taxes" which clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events in accordance with Ind-AS 109. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

Amendment to Ind AS 19, Employee benefits

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has issued an amendment to Ind AS 19 which requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The effective date of amendment is April 1, 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

Amendment to Ind AS 109, Financial instruments

On March 30, 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 109 in respect of prepayment features with negative compensation, which amends the existing requirements in Ind-AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment is effective for annual periods beginning on or after April 1, 2019. This amendment is not expected to have a material impact on the Company.

Amendment to Ind AS 23, Borrowing costs

On March 30, 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 23 "Borrowing Costs" clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This amendment is effective for annual periods beginning on or after April 1, 2019. This amendment is not expected to have a material impact on the Company.

2 Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash in hand	1.71	-	-
Balances with banks in current account	767.48	566.27	318.51
Balance with cash collection agents	-	6.89	25.99
Term deposits for original maturity of 3 months or less with scheduled banks	5,930.91	5,139.00	2,817.78
	6,700.10	**5,712.16**	**3,162.28**

(i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the reporting year and prior years.

(ii) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and to earn interest at the respective short-term deposit rates.

(iii) The Company has not taken bank overdraft, therefore the cash and cash equivalents for cash flow statement is same as cash and for cash equivalents.

3 Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Term deposits with bank	1,109.19	1,004.43	874.37
	1,109.19	**1,004.43**	**874.37**

(i) There are no repatriation restrictions with respect to Bank balances other than cash and cash equivalents as at the end of the reporting year and prior years.

(ii) The Company earns a fixed rate of interest on these term deposits.

(iii) Term deposits amouting to ₹ 1,109.19 million (March 31, 2018: ₹ 1,004.43 million and April 1, 2017: ₹ 874.37 million) are held as pledged against borrowings and other commitements. Refer note 38 for term deposits pledged as security.

4 Other receivables

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Unsecured, considered good (refer note 46)	38.21	34.66	21.25
	38.21	**34.66**	**21.25**

5 Loans

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
Term loans (refer note 5.1)	6,935.15	6,852.35	5,927.77
Employee loans (refer note 5.3)	2.26	0.57	0.25
	6,937.41	**6,852.92**	**5,928.02**
At fair value through other comprehensive income			
Term loans (refer note 5.2)	20,055.10	11,685.46	8,628.25
	20,055.10	**11,685.46**	**8,628.25**
	26,992.51	**18,538.38**	**14,556.27**

5.1 Term loans (at amortised cost)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Term loans	7,040.06	6,956.46	6,016.31
Total (gross)	**7,040.06**	**6,956.46**	**6,016.31**
Less: Allowance for impairment loss for loan assets	104.91	104.11	88.54
Total (net)	**6,935.15**	**6,852.35**	**5,927.77**
Secured by tangible assets	396.81	297.30	254.01
Unsecured	6,643.25	6,659.16	5,762.30
Total (gross)	**7,040.06**	**6,956.46**	**6,016.31**
Less: Allowance for impairment loss for loan assets	104.91	104.11	88.54
Total (net)	**6,935.15**	**6,852.35**	**5,927.77**
Loans in India			
Public sector	-	-	-
Individuals	7,040.06	6,956.46	6,016.31
Total (gross)	**7,040.06**	**6,956.46**	**6,016.31**
Less: Allowance for impairment loss for loan assets	104.91	104.11	88.54
Total (net)	**6,935.15**	**6,852.35**	**5,927.77**

5.2 Term loans (at fair value through other comprehensive income)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Term loans	20,331.17	11,841.43	8,640.27
Total (gross)	**20,331.17**	**11,841.43**	**8,640.27**
Less: Allowance for impairment loss for loan assets	276.07	155.97	12.02
Total (net)	**20,055.10**	**11,685.46**	**8,628.25**
Secured by tangible assets	-	-	-
Unsecured	20,331.17	11,841.43	8,640.27
Total (gross)	**20,331.17**	**11,841.43**	**8,640.27**
Less: Allowance for impairment loss for loan assets	276.07	155.97	12.02
Total (net)	**20,055.10**	**11,685.46**	**8,628.25**
Loans in India			
Public sector	-	-	-
Individuals	20,331.17	11,841.43	8,640.27
Total (gross)	**20,331.17**	**11,841.43**	**8,640.27**
Less: Allowance for impairment loss for loan assets	276.07	155.97	12.02
Total (net)	**20,055.10**	**11,685.46**	**8,628.25**

5.3 Employee loans (at amortised cost)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Employee loans	2.26	0.57	0.25
Less: Allowance for impairment loss for employee loans	-	-	-
Total (net)	**2.26**	**0.57**	**0.25**
(i) Key managerial personnel	-		
(ii) Other employees	2.26	0.57	0.25
Total (gross)	**2.26**	**0.57**	**0.25**
Total (net)	**2.26**	**0.57**	**0.25**

(i) Refer note 41 for expected credit loss related disclosures on loan assets .

(ii) All loans given to employees are without any security of assets or guarantee.

(iii) Refer note 38 for loans pledged as security.

6 Other financial assets

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) Security deposits (unsecured, considered good)	17.89	11.16	7.12
(ii) Employee advances	1.78	1.78	-
	19.67	**12.94**	**7.12**

7 Property, plant and equipment

Particulars	Computer and Accessories	Furniture and Fixtures	Office Equiments	Vehicles	Electrical Fittings	Total
Gross Block						
As at April 1, 2017*	**15.62**	**37.27**	**20.15**	**0.77**	**6.54**	**80.35**
Additions	9.77	54.69	12.13	0.00	2.34	78.93
Reversal on disposal of assets	(0.07)	0.00	(0.25)	0.00	(0.28)	(0.60)
Balance as at March 31, 2018	**25.32**	**91.96**	**32.03**	**0.77**	**8.60**	**158.68**
Additions	20.58	63.69	16.68	-	2.85	103.80
Reversal on disposal of assets	(0.03)	-	(0.57)	-	(0.21)	(0.81)
Balance as at March 31, 2019	**45.87**	**155.65**	**48.14**	**0.77**	**11.24**	**261.67**
Accumulated depreciation						
As at April 1, 2017*	**4.86**	**1.82**	**2.77**	**0.07**	**0.20**	**9.72**
Charge for the year	5.67	5.99	5.53	0.09	0.87	18.15
Reversal on disposal of assets	(0.02)	-	(0.17)	-	(0.02)	(0.21)
Balance as at March 31, 2018	**10.51**	**7.81**	**8.13**	**0.16**	**1.05**	**27.66**
Charge for the year	9.31	11.34	7.58	0.09	1.04	29.36
Reversal on disposal of assets	0.00	-	(0.48)	-	(0.05)	(0.53)
Balance as at March 31, 2019	**19.82**	**19.15**	**15.23**	**0.25**	**2.04**	**56.49**
Net block						
Balance as at April 1, 2017*	**10.76**	**35.45**	**17.38**	**0.70**	**6.34**	**70.63**
Balance as at March 31, 2018	**14.81**	**84.15**	**23.90**	**0.61**	**7.55**	**131.02**
Balance as at March 31, 2019	**26.05**	**136.50**	**32.91**	**0.52**	**9.20**	**205.18**

*(i) Net block represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

(ii) Vehicles amounting to ₹ 0.77 million (March 31, 2018: ₹ 0.77 million, April 1, 2017: ₹ 0.77 million) have been pledged as security. Refer note 38.

8 Capital work in progress

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Capital work in progress	6.58	-	5.25
	6.58	**-**	**5.25**

Movement in capital work in progress:

Particulars	Amount
Capital work in progress as at April 1, 2017	**5.25**
Add: additions during the year	-
Less: capitalisation during the year	-5.25
Capital work in progress as at March 31, 2018	**-**
Add: additions during the year	6.58
Less: capitalisation during the year	-
Capital work in progress as at March 31, 2019	**6.58**

9 Intangible assets

Particulars	Software
Gross Block	
As at April 1, 2017*	**1.35**
Additions	-
Reversal on disposal of assets	-
Balance as at March 31, 2018	**1.35**
Additions	0.96
Reversal on disposal of assets	
Balance as at March 31, 2019	**2.31**
Accumulated depreciation	
As at April 1, 2017*	**0.20**
Charge for the year	0.26
Reversal on disposal of assets	-
Balance as at March 31, 2018	**0.46**
Charge for the year	0.29
Reversal on disposal of assets	
Balance as at March 31, 2019	**0.75**
Net block	
Balance as at April 1, 2017*	**1.15**
Balance as at March 31, 2018	**0.89**
Balance as at March 31, 2019	**1.56**

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

10 Other non-financial assets

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Unsecured, considered good			
Capital advances	3.90	5.08	5.26
Balance with government authorities	-	-	1.43
Prepaid expenses	59.55	23.89	7.22
	63.45	**28.97**	**13.91**

11 Other payables

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Dues to micro enterprises and small enterprises (refer note (i) below)	-	-	-
Dues to creditors other than micro enterprises and small enterprises	54.92	51.71	29.90
	54.92	**51.71**	**29.90**

(i) Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.The disclosure as required by section 22 of MSMED Act has been given below:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	Nil	Nil	Nil
ii) Interest due thereon remaining unpaid	Nil	Nil	Nil
iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	Nil	Nil	Nil
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil	Nil
v) Interest accrued and remaining unpaid	Nil	Nil	Nil
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	Nil	Nil	Nil

12 Debt securities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Secured (at amortised cost)			
Redeemable non-convertible debentures	2,790.07	2,785.22	2,033.06
	2,790.07	**2,785.22**	**2,033.06**
Borrowings in India	2,790.07	2,785.22	2,033.06
Borrowings outside India	-	-	-
	2,790.07	**2,785.22**	**2,033.06**

(i) Refer note 37 for interest rates, repayment terms and nature of security of debt securities.

13 Borrowings (other than debt securities)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Borrowings carried at amortised cost			
Term loans (Secured)			
- From banks	20,221.42	12,662.61	7,271.58
- From financial institutions	1,251.97	1,749.41	1,658.00
Finance lease obligations	0.31	0.43	0.54
	21,473.70	**14,412.45**	**8,930.12**
Borrowings in India	21,473.70	14,412.45	8,930.12
Borrowings outside India	-	-	-
	21,473.70	**14,412.45**	**8,930.12**

(i) Refer note 37 for interest rates, repayment terms and nature of security of borrowings.

(ii) Refer note 38 for details of assest pledged.

14 Subordinated liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
Unsecured Term Loan			
-From financial institutions	248.93	248.14	247.99
At fair value through profit or loss			
Preference Shares other than those that qualify as equity	-	2,686.21	769.65
	248.93	**2,934.35**	**1,017.64**
Subordinated liabilities in India	248.93	248.14	247.99
Subordinated liabilities outside India	-	2,686.21	769.65
	248.93	**2,934.35**	**1,017.64**

(i) Refer note 37 for interest rates, repayment terms and nature of security of subordinated liabilities

15 Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued but not due on borrowings	243.47	140.70	105.36
Capital creditors	-	4.26	3.01
Expenses payable	15.80	11.11	22.55
Employee related payable	132.36	68.93	44.70
Payables towards securitisation/assignment transactions	842.08	770.66	4,772.36
Others	139.92	46.80	23.49
	1,373.63	**1,042.46**	**4,971.47**

16 Deferred tax liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Tax effect of items constituting deferred tax liabilities:			
Direct assignment transactions	(583.30)	(349.26)	(230.06)
Adoption of EIR for borrowing cost	(19.89)	(24.26)	(35.69)
Tax effect of items constituting deferred tax assets:			
Securitisation transactions	-	1.93	21.34
Provision for expected credit loss	78.64	68.78	34.80
Adoption of EIR for loan assets	59.45	46.65	35.06
Others	4.18	3.34	0.52
Total Deferred tax (liabilities) (net)	**(460.92)**	**(252.82)**	**(174.03)**

Movement in above mentioned deferred tax assets and (liabilities)

Particulars	As on April 1, 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	As on March 31, 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	As on March 31, 2019
Tax effect of items constituting deferred tax assets and (liabilities)							
Provision for expected credit loss	34.80	33.98	-	68.78	9.86	-	78.64
Adoption of EIR for Loan assets	35.06	11.59	-	46.65	12.80	-	59.45
Direct assignment transactions	(230.06)	(118.88)	(0.32)	(349.26)	(107.58)	(126.46)	(583.30)
Securitisation transactions	21.34	(19.41)	-	1.93	(1.93)	-	-
Adoption of EIR for Borrowing Cost	(35.69)	11.43	-	(24.26)	4.37	-	(19.89)
Others	0.52	2.36	0.46	3.34	2.15	(1.31)	4.18
	-174.03	**-78.93**	**0.14**	**-252.82**	**-80.33**	**-127.77**	**-460.92**

17 Provisions

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for employee benefits			
Gratuity (refer note 35)	2.78	4.05	3.27
Compensated absences (refer note 35)	6.25	2.46	1.38
	9.03	**6.51**	**4.65**

18 Other non financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Income received in advance	10.07	2.07	2.45
Statutory dues payable	22.63	30.96	17.16
	32.70	**33.03**	**19.61**

19 Equity share capital

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Authorised share capital			
150,000,000 Equity shares of ₹ 10 each (March 31, 2018: 150,000,000; April 1, 2017: 150,000,000)	1,500.00	1,500.00	1,500.00
50,000,000 Compulsorily Convertible Preference shares of ₹ 10 each (March 31, 2018: 50,000,000; April 1, 2017: 50,000,000)	500.00	500.00	500.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and fully paid up share capital			
114,170,502 Equity shares of ₹ 10 each (March 31, 2018: 102,878,211; April 1, 2017: 8,3851,586)	1,141.71	1,028.78	838.52
	1,141.71	**1,028.78**	**838.52**

(i) Rights, preferences and restrictions attached to equity shares:

The Company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. 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. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up						
Balance at the beginning of the year	10,28,78,211	1,028.78	8,38,51,586	838.52	6,00,00,000	600.00
Add: Issued during the year	1,12,92,291	112.93	1,90,26,625	190.26	2,38,51,586	238.52
Balance at the end of the year	**11,41,70,502**	**1,141.71**	**10,28,78,211**	**1,028.78**	**8,38,51,586**	**838.52**

(iii) Shares held by the holding company

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	7,26,25,449	63.61%	7,26,25,449	70.59%	7,00,26,532	83.51%

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

	As at March 31, 2019		As at March 31, 2018		As at March 31, 2017	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	7,26,25,449	63.61%	7,26,25,449	70.59%	7,00,26,532	83.51%
Creation Investments India LLC	1,30,06,778	11.39%	-	-	-	-
Thomas Muthoot	63,50,459	5.56%	63,50,459	6.17%	44,91,496	5.36%
Thomas George Muthoot	63,27,160	5.54%	63,27,160	6.15%	44,71,519	5.33%
Thomas John Muthoot	63,28,806	5.54%	63,28,806	6.15%	44,72,929	5.33%

19 Equity share capital (Contd..)

(v) The Company has neither issued any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

(vi) The company has converted its compulsory convertible preference shares to equity shares on March 9, 2019. 11,292,291 preference shares of face value ₹ 10 each are converted to 11,292,291 number of equity shares of face value ₹ 10.

(vii) Refer Note 42 for disclosures related to capital management of the company

20 Other equity

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Securities premium	4,988.74	2,602.00	94.45
Reserve Fund u/s 45-IC of RBI Act 1934	647.40	244.95	92.94
Employee stock options outstanding	9.24	5.99	1.41
Loan assets through other comprehensive income	549.96	242.13	241.54
Retained earnings	1,557.78	-55.20	241.90
Treasury shares	-34.31	-39.57	-
General reserve	-2.62	0.32	-
	7,716.19	**3,000.62**	**672.24**

Nature and purpose of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Reserve Fund u/s 45-IC of RBI Act 1934

The Company creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount of equal to/more than twenty per cent of its net profit of the year, before declaration of dividend. Accordingly, during the year, the Company has transferred an amount of ₹ 402.45 million (March 31, 2018: ₹ 152.01 million; April 1, 2017: ₹ 74.08 million).

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Loan assets through other comprehensive income

The Company recognises changes in the fair value of loan assets held with business objective of collect and sell in other comprehensive income. These changes are accumulated within the FVOCI debt investments reserve within equity. The company transfers amounts from this reserve to the statement of profit and loss when the loan assets are sold. Any impairment loss on such loans are reclassified immediately to the statement of profit and loss.

Retained earnings

All the profits or losses made by the Company are transferred to retained earnings from statement of profit and loss.

Treasury shares

Treasury shares represents Company's own equity shares held by Employee welfare trust.

General reserve

Represents the profits or losses made by the Employee Welfare Trust on account of issue or sale of treasury stock.

21 Interest income

	For the year ended March 31, 2019	For the year ended March 31, 2018
On financial assets measured at amortised cost		
Interest on loan assets	1,429.29	898.75
Interest income on deposits from banks	89.62	89.15
Excess interest spread on securitisation	8.69	400.76
	1,527.60	**1,388.66**
On financial assets measured at fair value through other comprehensive income		
Interest on loan assets	3,491.14	2,292.78
Excess interest spread on direct assignment	161.54	106.45
	3,652.68	**2,399.23**
	5,180.28	**3,787.89**

22 Fees and commission income

	For the year ended March 31, 2019	For the year ended March 31, 2018
Fee income recognised over a certain period of time (refer note 46)	66.80	60.62
Fee income that are recognised at point in time (refer note 46)	99.48	107.69
	166.28	**168.31**

23 Net gain on fair value changes

	For the year ended March 31, 2019	For the year ended March 31, 2018
Gain on sale of loans at fair value through other comprehensive income	1,793.85	1,073.05
	1,793.85	**1,073.05**
Fair value changes		
Realised	1,793.85	1,073.05
Unrealised	-	-
	1,793.85	**1,073.05**

24 Other income

	For the year ended March 31, 2019	For the year ended March 31, 2018
Net gain on debt instrument designated at fair value through profit or loss	140.36	-
Net gain on conversion of debt instrument to equity	46.19	-
Profit on sale of financial assets carried at fair value through profit or loss	152.55	80.99
Interest income on security deposits	1.17	0.75
Miscellaneous income	20.88	1.73
	361.15	**83.47**

25 Finance costs

	For the year ended March 31, 2019	For the year ended March 31, 2018
On financial liabilities measured at amortised cost		
Interest on borrowings	1,971.64	1,564.08
Interest on debt securities	332.36	293.73
Interest on subordinated liabilities	34.37	33.99
	2,338.37	**1,891.80**

26 Fees and commission expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Commission for disbursement and collection	137.25	200.92
	137.25	**200.92**

27 Net loss on fair value changes

	For the year ended March 31, 2019	For the year ended March 31, 2018
Net loss on financial instruments at fair value through profit or loss		
Debt instrument designated at fair value through profit or loss	-	1,116.56
	-	**1,116.56**
Fair value changes		
Realised	-	-
Unrealised	-	1,116.56
	-	**1,116.56**

28 Impairment on financial instruments

	For the year ended March 31, 2019	For the year ended March 31, 2018
Loans		
Write off (net of recoveries)	168.12	76.98
Provision for impairment on loan assets	115.38	103.98
	283.50	**180.96**

Refer note 40 for expected credit loss related disclosures on loan assets

29 Employee benefits expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	1,320.13	921.71
Contribution to provident and other funds	110.75	91.62
Share based payments	17.01	18.03
Staff welfare expenses	22.23	6.91
	1,470.12	**1,038.27**

30 Depreciation and amortization

	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation (also refer note 7)	29.36	18.15
Amortisation (also refer note 9)	0.29	0.26
	29.65	**18.41**

31 Other expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Traveling and conveyance (Refer Note 36)	141.31	71.05
Rent (Refer note 36)	107.35	77.28
Legal and professional charges	68.86	33.76
Printing and stationery	33.32	17.90
Software support charges (Refer Note 36)	32.70	32.61
Communication expenses	31.06	25.97
Rates and taxes	20.37	4.56
Power and fuel	12.57	8.36
Corporate social responsibility expenses (Refer note 32 and note 36)	12.40	4.79
Auditors' remuneration		
Statutory audit	2.62	2.50
Tax audit	0.49	0.30
Other certifications	4.90	0.80
Reimbursement of expenses	0.30	0.24
Repairs and maintenance - others	4.96	3.68
Miscellaneous expenses	66.93	31.16
	540.14	**314.96**

32 Corporate social responsibility expenses

(a) Gross Amount required to be spent by the Company during the year ended March 31, 2019 is ₹ 12.40 million (Previous year ₹ 4.79 million).

(b) Amount spent during the year :

	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Construction/ acquisition of any asset		
In cash	-	-
Yet to be paid	-	-
	-	**-**
(ii) On purpose other than (i) above		
In cash	12.40	4.79
Yet to be paid	-	-
	12.40	**4.79**
	12.40	**4.79**

33 Earnings per share (basic and diluted)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Net profit/(loss) for the year	**2,012.25**	**-144.22**
Weighted-average number of equity shares for basic EPS	**103.56**	**85.52**
Effect of dilution -- Preference shares other than those that qualify as equity	-	6.00
Weighted-average number of equity shares adjusted for the effect of dilution	**103.56**	**91.52**
Par value per share	10.00	10.00
Earnings/loss per share - Basic	**19.43**	**-1.69**
Earnings/loss per share - Diluted*	**19.43**	**-1.69**

*Considering that the impact of potentially convertible instruments is anti-dilutive in the year ended March 31, 2018, diluted EPS is considered same as basic EPS.

34 Tax expense

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	612.60	417.37
Deferred tax	80.35	78.93
	692.95	**496.30**

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	**2,705.20**	**352.08**
Statutory income tax rate	29.12%	34.94%
Expected income tax expense	**787.76**	**123.02**

	For the year ended March 31, 2019	For the year ended March 31, 2018
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax effect of permanent difference on Fair value change of preference shares	-54.32	390.17
Tax on expense not eligible for deduction	3.61	1.66
Impact of different tax rate on certain items	-53.79	-
Others	9.69	-18.55
Total income tax expense	**692.95**	**496.30**

35 Employee benefit obligations

Amount recognised in the balance sheet is as under:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Defined benefit plans			
Gratuity	2.78	4.05	3.27
Leave encashment	6.25	2.46	1.38

Gratuity

(i) The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

(ii) Amount recognised in the statement of profit and loss

Description	March 31, 2019	March 31, 2018
Current service cost	9.12	14.82
Interest cost (net)	0.26	0.64
Actuarial loss/(gain) recognised during the year	(4.49)	1.33
Amount recognised in total comprehensive income	**4.89**	**16.79**

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	March 31, 2019	March 31, 2018
Present value of defined benefit obligation as at the beginning of the year	32.96	16.38
Current service cost	9.12	14.82
Interest cost	2.45	1.53
Benefits paid	(2.34)	(3.39)
Actuarial (gain)/loss	(5.16)	3.62
Present value of defined benefit obligation as at the end of the year	**37.03**	**32.96**

(iv) Movement in the plan assets recognised in the balance sheet

Description	March 31, 2019	March 31, 2018
Fair value of plan assets at the beginning of the period	28.91	13.11
Expected return on plan assets	2.19	0.89
Contributions by employer	5.50	16.00
Benefits paid	(1.68)	(3.38)
Actuarial gain/(loss)	(0.67)	2.29
Fair value of plan assets at the end of the period	**34.25**	**28.91**

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	March 31, 2019	March 31, 2018
Actuarial loss/ (gain) on assets	**0.67**	**(2.29)**
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	(10.17)	-
Actuarial loss from change in financial assumption	1.24	(1.19)
Actuarial loss from experience adjustment	3.77	4.81
Total Actuarial (gain) / loss on liabilities	**(5.16)**	3.62
Total actuarial (gain)/loss	**(4.49)**	**1.33**

(vii) Actuarial assumptions used for determination of the liability of the Company:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Discount rate	7.05%	7.60%	8.00%
Rate of increase in compensation levels	7.00%	7.00%	7.00%
Retirement age	60 years	60 years	60 years
Expected average remaining working lives of employees (in years)	33.95	32.97	33.40

Notes to actuarial assumptions:

(a) Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.

(b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.

(c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.

(d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

35 Employee benefit obligations (Contd..)

(viii) Sensitivity analysis for gratuity liability

Description	March 31, 2019	March 31, 2018
Impact of change in discount rate		
Present value of obligation at the end of the year	37.03	32.96
- Impact due to increase of 0.50 %	(0.47)	(0.69)
- Impact due to decrease of 0.50 %	0.48	0.72
Impact of change in salary increase		
Present value of obligation at the end of the year	37.03	32.96
- Impact due to increase of 1 %	0.97	1.44
- Impact due to decrease of 1 %	(0.93)	(1.34)
Impact of change in attrition rate		
Present value of obligation at the end of the year	37.03	32.96
- Impact due to increase of 5 %	(2.61)	(1.50)
- Impact due to decrease of 5 %	2.90	1.51

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

(ix) Maturity profile of defined benefit obligation

Description	March 31, 2019	March 31, 2018
Within next 12 months	6.59	3.88
Between 1-5 years	27.19	18.48
Beyond 5 years	11.62	26.19

(x) Category of plan assets

Description	March 31, 2019	March 31, 2018
Fund managed by insurer	34.25	28.91

(xi) The Company expects to contribute ₹ 12.37 million (previous year ₹ 10.81 million) to its gratuity plan for the next year.

36 Related parties disclosures

Names of related parties

Nature of relationship	Name of the party
Holding Company	Muthoot Fincorp Limited
Entities in which KMP are able to exercise control or have significant influence	Muthoot Pappachan Technologies Limited
	Muthoot Pappachan Foundation
Key Management personnel (KMP)	Thomas George Muthoot, Director
	Thomas John Muthoot, Director
	Thomas Muthoot, Managing director
	Sadaf Sayeed, Chief Executive Officer

36 Related parties disclosures (Contd..)

Transactions with related parties

Nature	Name of the party	Year ended March 31, 2019	Year ended March 31, 2018
Cash management charges*	Muthoot Fincorp Limited	124.32	187.28
Commission income*	Muthoot Fincorp Limited	97.55	105.12
Software support charges*	Muthoot Pappachan Technologies Limited	32.18	30.00
Rent expenses*	Muthoot Fincorp Limited	3.96	4.06
	Thomas George Muthoot	1.20	0.39
	Thomas John Muthoot	0.59	0.47
	Thomas Muthoot	1.13	0.22
Reimbursement of expenses*	Muthoot Fincorp Limited	-	1.46
Rental deposits given/(refunded)	Muthoot Fincorp Limited	0.13	0.10
	Thomas George Muthoot	-	0.10
	Thomas John Muthoot	-	0.08
	Thomas Muthoot	-	0.18
CSR expenditure	Muthoot Pappachan Foundation	12.40	4.79
Travel expenses	Muthoot Fincorp Limited	5.77	3.17
Remuneration	Sadaf Sayeed	7.64	6.37

*excluding taxes

Balance at the end of the year

Nature	Name of the party	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash management charges payable	Muthoot Fincorp Limited	17.91	20.96	-
Other receivable (Commission income)	Muthoot Fincorp Limited	13.43	21.39	8.72
Other payables	Muthoot Fincorp Limited	-	0.68	-
Rent payable	Muthoot Fincorp Limited	0.67	-	0.01
	Thomas Muthoot	-	0.03	-
	Thomas George Muthoot	-	-	0.02
Travel charges payable	Muthoot Fincorp Limited	2.36	-	-
Balances with cash collection agents	Muthoot Fincorp Limited	-	6.89	25.99
Rental deposit	Thomas George Muthoot	0.10	0.10	-
	Thomas John Muthoot	0.08	0.08	-
	Thomas Muthoot	0.18	0.18	-
	Muthoot Fincorp Limited	1.57	1.54	1.44

Key management personnel remuneration includes the following expenses:

Name	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits (current)	6.64	5.37
Post-employment benefits	1.00	1.00
	7.64	**6.37**

37 Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities

Debt securities		Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	Outstanding as at		
S No.	Repayment terms					March 31, 2019	March 31, 2018	April 1, 2017
1	Principal: Bullet repayment Interest: Annual	Nov-16	Nov-19	12.00%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	249.48	248.70	247.92
2	Principal: Bullet repayment Interest: Half-year	Oct-16	Sep-21	12.30%		1,393.26	1,390.68	1,388.11
3	Principal: Bullet repayment Interest: Quarterly	Dec-16	Dec-19	12.00%	Exclusive charge over book debts equivalent to 110% of loan amount.	399.19	398.11	397.03
4	Principal: Bullet repayment Interest: Quarterly	Mar-18	Aug-23	11.63%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	748.14	747.73	-
						2,790.07	2,785.22	2,033.06

Debt securities		Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	Outstanding as at		
S No.	Repayment terms					March 31, 2019	March 31, 2018	April 1, 2017
1	Principal: Bullet repayment Interest: Monthly	Aug-16	Apr-22	13.75%	Unsecured	248.93	248.14	247.99
2	Principal: Compulsory convertible preference shares	Dec-16	Mar-19	0.001%	Unsecured	-	2,686.21	769.65
						248.93	2,934.35	1,017.64

Borrowings (other than debt securities)								Outstanding as at		
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2019	March 31, 2018	April 1, 2017
1	Monthly	24	10.42	Dec-17	Variable	MCLR + 2.90%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	83.23	207.69	-
2	Monthly	24	6.67	Oct-18	Variable	MCLR + 0.80%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	119.60	-	-
3	Monthly	33	15.15	Apr-18	Variable	MCLR + 2.85%	Cash margin of 5%.	317.31	497.88	-
4	Monthly	8	25.00	Jun-16	Variable	MCLR + 3.00%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	-	99.73
5	Monthly	21	71.43	Mar-18	Variable	MCLR + 2.25%	Cash margin of 5%.	142.58	426.45	-
6	Quarterly	21	71.43	Dec-18	Variable	MCLR + 2.10%	Cash margin of 5%.	356.07	-	-
7	Quarterly	21	21.43	Sep-17	Fixed	13%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	-	156.95	249.29
8	Quarterly	21	71.43	Apr-18	Fixed	11%	Cash margin of 2.50%.	214.17	499.19	-
9	Monthly	7	35.00	Jun-16	Variable	Base Rate + 2.25%	Exclusive charge over book debts equivalent to 112% of loan amount and Cash margin of 10%.	-	-	144.79
10	Monthly	36	6.90	Oct-17	Variable	MCLR + 2.50%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	125.64	208.16	-

37 Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities (Contd..)

Borrowings (other than debt securities)								Outstanding as at		
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2019	March 31, 2018	April 1, 2017
11	Monthly	33	7.23	Oct-18	Variable	MCLR + 1.40%	Exclusive charge over book debts equivalent to 100% of loan amount.	195.07	-	-
12	Monthly	24	4.17-4.16	Apr-16	Variable	MCLR + 1.25%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	-	49.95
13	Monthly	27	5.56	Sep-16	Variable	MCLR + 2.25%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	61.05	127.54
14	Monthly	24	19.20	Oct-18	Variable	T-bill + 4.42%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	385.09	-	-
15	Monthly	33	1.52	Jul-16	Variable	MCLR + 2.87%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	18.17	36.30
16	Monthly	22	22.73	Aug-18	Variable	MCLR + 2.05%	Cash margin of 5%.	317.27	-	-
17	Monthly	22	22.73	Dec-18	Variable	MCLR + 2.05%	Cash margin of 5%.	407.57	-	-
18	Monthly	21	19.05	May-16	Variable	MCLR + 2.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	-	200.74
19	Monthly	21	23.81	Oct-17	Variable	MCLR + 2.70%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	71.41	356.59	-
20	Monthly	21	14.29	Feb-18 Mar-18	Variable	MCLR + 2.65%	Cash margin of 5%.	164.12	505.69	-
21	Monthly	21	35.71	Dec-18	Variable	MCLR + 2.10%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	606.00	-	-
22	Monthly	22	2.27	Apr-17	Variable	Linked to MCLR	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	-	22.62	-
23	Monthly	22	11.36	Jun-17	Variable	Linked to MCLR	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	-	135.69	-
24	Monthly	22	9.09	Jun-17	Variable	Linked to MCLR	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	-	108.56	486.89
25	Monthly	22	45.45	Mar-18	Variable	MCLR + 3.30%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	408.39	950.60	-
26	Quarterly	10	30.00	Jul-16	Variable	MCLR + 3.20%	Exclusive charge over book debts equivalent to 113% of loan amount and Cash margin of 5%.	-	89.91	206.77
27	Monthly	24	12.50	Mar-18	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	136.91	285.00	-
28	Monthly	15	6.67	Jul-16	Variable	MCLR + 2.00%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	-	-	39.99
29	Monthly	36	4.17	Jun-16	Variable	Base Rate + 1.70%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	8.33	58.22	111.98
30	Monthly	36	13.89	Sep-17	Variable	Base Rate + 1.55%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	235.63	401.40	491.88
31	Monthly	36	27.78	Apr-18	Variable	MCLR + 1.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	664.77	995.80	-
32	Monthly	33	30.30	Jan-19	Variable	Interest + Spread	Cash margin of 10%.	900.59	-	-

37 Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities (Contd..)

Borrowings (other than debt securities)								Outstanding as at		
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2019	March 31, 2018	April 1, 2017
33	Quarterly	8	12.50	Apr-17	Fixed	14%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	49.79	99.06
34	Monthly	11	750.00	Jan-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	4,242.82	-	-
35	Monthly	24	16.67	Sep-17	Variable	MCLR + 3.00%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	183.04	382.10	297.34
36	Monthly	24	5.00-20.42	Jan-16	Variable	Base Rate + 3.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	-	-	81.70
37	Monthly	24	40.00	Jan-18	Variable	MCLR + 2.55%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	438.86	914.52	-
38	Monthly	33	3.79	Dec-15	Variable	MCLR + 2.55%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	-	18.79	64.11
39	Monthly	33	3.79	Dec-15	Variable	MCLR + 2.55%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	-	26.48	71.10
40	Monthly	24	10.42	Apr-18	Variable	MCLR + 1.50%	Exclusive charge over book debts equivalent to 110% of loan amount	114.43	238.96	-
41	Monthly	30	16.60	Oct-17	Fixed	12%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 2.50%.	200.75	398.55	495.99
42	Monthly	30	33.33	Jan-19	Fixed	12%	Cash margin of 2.50%.	896.71	-	-
43	Quarterly	36	16.67	Dec-17	Variable	MCLR + 1.85%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	99.77	166.06	198.91
44	Quarterly	30	50.00	Oct-17	Variable	MCLR + 1.95%	Exclusive charge over book debts equivalent to 110% of loan amount	199.72	398.84	497.41
45	Quarterly	30	50.00	Jun-18	Variable	MCLR + 1.95%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	299.27	498.05	-
46	Monthly	36	2.78	Jun-16	Variable	Base Rate + 2.25%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	5.55	38.83	69.31
47	Monthly	36	13.89	Mar-17	Variable	MCLR + 2.90%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	152.36	317.70	482.13
48	Monthly	30	25.00	Sep-17	Variable	MCLR + 2.65% + 0.10%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	273.59	572.36	716.70
49	Monthly	36	6.94	Mar-16	Variable	Base Rate + 2.50%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	-	76.16	158.73
50	Monthly	36	5.56	Nov-16	Variable	Base Rate + 2.50%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 10%.	38.82	105.10	171.02
51	Quarterly	33	9.00	Dec-16	Variable	MCLR + 3.05%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	19.00	45.90	90.04
52	Quarterly	30	25.00	Aug-18	Variable	MCLR + 3.05%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	174.77	249.44	-

37 Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities (Contd..)

Borrowings (other than debt securities)								Outstanding as at		
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2019	March 31, 2018	April 1, 2017
53	Monthly	24	10.42	Jan-16	Variable	Base Rate + 2.15%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 7.5%.	-	-	93.65
54	Monthly	30	16.67	Jan-17	Variable	Base rate + 2.15%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	49.99	249.85	449.53
55	Monthly	24	16.67	Oct-17	Variable	MCLR + 2.85%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	199.87	398.98	497.81
56	Monthly	36	11.11	Jan-18	Variable	MCLR + 1.20%	Exclusive charge over book debts equivalent to 105% of loan amount	232.96	365.76	-
57	Monthly	36	9.44	Dec-18	Variable	MCLR + 1.75%	Exclusive charge over book debts equivalent to 105% of loan amount	300.61	-	-
58	Monthly	24	10.42	Jul-16	Variable	MCLR + 1.75%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	-	31.22	150.99
59	Monthly	24	10.42	Oct-17	Variable	MCLR + 2.45%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	62.42	186.81	-
60	Monthly	24	4.17	Jul-18	Variable	MCLR + 1.20%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	61.63	776.64	-
61	Monthly	24	11.67	Apr-18	Variable	MCLR + 1.20%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	139.94	-	-
62	Monthly	24	20.83	Apr-18	Variable	MCLR + 1.20%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	249.89	-	-
63	Monthly	12	12.50	Jun-16	Fixed	13%	Exclusive charge over book debts equivalent to 100% of loan amount.	-	-	24.67
64	Monthly	36	1.36	Sep-15	Fixed	14%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of Nil.	-	6.61	20.78
65	Monthly	33	7.51	Oct-16	Fixed	12%	Exclusive charge over book debts equivalent to 110% of loan amount	55.64	142.39	219.26
66	Monthly	30	7.29	Oct-16	Fixed	12%	Exclusive charge over book debts equivalent to 110% of loan amount	78.35	162.56	233.53
67	Monthly	30	20.89	Dec-17	Fixed	11%	Exclusive charge over book debts equivalent to 110% of loan amount	200.30	442.28	-
68	Monthly	36	18.18	Aug-17	Fixed	12%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	108.78	181.15	-
69	Annually	36	35.00	Jun-18	Fixed	12%	Exclusive charge over book debts equivalent to 105% of loan amount	349.32	-	-
70	Quarterly	8	62.50	Feb-17	Fixed	13%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of Nil.	-	187.32	436.56
71	Monthly	24	5.00	Oct-16	Variable	LTLR - 5.65%	Exclusive charge over book debts equivalent to 110% of loan amount	5.00	64.69	123.90
72	Monthly	24	7.82	Oct-16	Fixed	14%	Exclusive charge over book debts equivalent to 110% of loan amount	67.23	156.94	234.64

37 Details of terms & conditions of Debt securities, Borrowings and Subordinate liabilities (Contd..)

Borrowings (other than debt securities)								Outstanding as at		
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2019	March 31, 2018	April 1, 2017
73	Monthly	24	6.90	Feb-18	Fixed	11%	Exclusive charge over book debts equivalent to 110% of loan amount	188.45	248.71	-
74	Monthly	18	15.52	Nov-15	Fixed	15%	Exclusive charge over book debts equivalent to 105% of loan amount.	-	-	14.53
75	Monthly	18	15.52	Oct-15	Fixed	13%	Exclusive charge over book debts equivalent to 105% of loan amount.	-	107.09	251.07
76	Monthly	46	4.25	Feb-16	Variable	Base Rate + 250bps	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	74.35	113.72
77	Monthly	30	6.17	Sep-16	Variable	Base Rate + 150bps	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	63.81	126.16
78	Monthly	22	6.82	Feb-17	Variable	MCLR + 1.02%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash margin of 5%.	-	54.45	135.83
79	Monthly	33	3.03	Apr-16	Variable	Base rate + 2.87%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	-	27.16	63.56
80	Monthly	60	0.01	Jul-16	Variable	Base Rate+0.00%	Hypothecation of motor car	0.31	0.43	0.53
81	Quarterly	4	125.00	May-19	Variable	MCLR + 2.1%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	497.68	-	-
82	Monthly	21	11.90	Jun-19	Variable	Base rate + 3.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 2.5%.	248.68	-	-
83	Quarterly	7	228.57	Aug-19	Fixed	11%	Exclusive charge over book debts equivalent to 110%	1,595.88	-	-
84	Monthly	21	9.52	Jul-19	Variable	MCLR - 1.35%	Exclusive charge over book debts equivalent to 110% of loan amount	198.89	-	-
85	Half Yearly	11	375.00	Jul-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	2,496.28	-	-
86	Monthly	36	8.06	May-19	Variable	MCLR + 155 bps	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	287.44	-	-
87	Monthly	24	25.00	Apr-19	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	598.95	-	-
								21,473.70	**14,412.45**	**8,930.12**

38 Assets pledged as security

The carrying amounts of assets pledged as security are:

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Financial assets			
First charge			
Loans	20,591.30	14,086.09	7,487.12
Term deposits with bank	1,109.19	1,004.43	874.37
Total financial assets pledged as security	**21,700.49**	**15,090.52**	**8,361.49**
Non financial assets			
First charge			
Vehicles	0.77	0.77	0.77
Total non financial assets pledged as security	**0.77**	**0.77**	**0.77**
Total assets pledged as security	**21,701.26**	**15,091.29**	**8,362.26**

39 Contingent liabilities and commitments

Credit enhancements (cash collateral and principal subordination) provided by the Company towards securitisation transactions aggregate to NIL (March 31, 2018: ₹ 267.99 million April 1, 2017: ₹ 630.32 million).

40 Financial instruments and Fair value disclosures

Financial instruments

A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

Particulars	Notes to schedule	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Financial assets measured at fair value				
Loans	5	20,055.10	11,685.46	8,628.25
Financial assets measured at amortised cost				
Cash and cash equivalents	2	6,700.10	5,712.16	3,162.28
Bank balances other than cash and cash equivalents	3	1,109.19	1,004.43	874.37
Other receivables	4	38.21	34.66	21.25
Loans	5	6,937.41	6,852.92	5,928.02
Other financial assets	6	19.67	12.94	7.12
Total		**34,859.68**	**25,302.57**	**18,621.29**
Financial liabilities measured at fair value				
Subordinated liabilities	14	-	2,686.21	769.65
Financial liabilities measured at amortised cost				
Other payables	11	54.92	51.71	29.90
Debt securities	12	2,790.07	2,785.22	2,033.06
Borrowings (other than debt securities)	13	21,473.70	14,412.45	8,930.12
Subordinated liabilities	14	248.93	248.14	247.99
Other financial liabilities	15	1,373.63	1,042.46	4,971.47
		25,941.25	**21,226.19**	**16,982.19**

B Fair values hierarchy

The fair value of financial instruments as referred to in note 'A' above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

B.1 Valuation framework

The following financial instruments of the Company are categorized in Level 3 of the fair value hierarchy:

- Loan assets carried at fair value through other comprehensive income
- Preference Shares other than those that qualify as equity carried at fair value through profit and loss

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure the quality and adequacy of the fair valuation. In order to arrive at the fair value of the above instruments, the Company obtains independent valuations. The valuation techniques and specific considerations for level 3 inputs are explained in detail below. The objective of the valuation techniques is to arrive at a fair value that reflects the price that would be received to sell the asset or paid to transfer the liability in the market at any given measurement date.

The fair valuation of the financial instruments and its ongoing measurement for financial reporting purposes is ultimately the responsibility of the finance team which reports to the Chief Financial Officer. The team ensures that final reported fair value figures are in compliance with Ind AS and will propose adjustments wherever required. When relying on third-party sources, the team is also responsible for understanding the valuation methodologies and sources of inputs and verifying their suitability for Ind AS reporting requirements.

B.2 Financial assets and liabilities measured at fair value - recurring fair value measurements

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans	-	-	20,055.10	**20,055.10**

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans	-	-	11,685.46	**11,685.46**
Liability at fair value through profit and loss				
Preference Shares other than those that qualify as Equity	-	-	2,686.21	**2,686.21**

As at April 1, 2017	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans	-	-	8,628.25	**8,628.25**
Liability at fair value through profit and loss				
Preference Shares other than those that qualify as Equity	-	-	769.65	**769.65**

40 Financial instruments and Fair value disclosures (Contd..)

B.3 Valuation techniques

B.3A Loan assets carried at fair value through other comprehensive income

Loan receivables valuation is carried out for two portfolios segregated on the basis of repayment frequency – monthly and weekly. The valuation of each portfolio is done by discounting the aggregate future cash flows with risk-adjusted discounting rate for the remaining portfolio tenor.

Following inputs have been used to calculate the fair value of loans receivables:

(i) Future cash flows: Include principal receivable, interest receivable and tenor information based on the repayment schedule agreed with the borrowers. Inputs include:

(ii) Risk-adjusted discount rate:This rate has been arrived using the cost of funds approach.

The following inputs have been used:

(i) Cost of funds

(ii) Credit spread of borrowers

(iii) Servicing Cost of a financial asset

(iv) Discount rate

Loan portfolio	Fair valuation as at March 31, 2019	Fair valuation as at March 31, 2018	Fair valuation as at April 1, 2017
Monthly	12,535.42	6,458.48	4,455.35
Weekly	7,327.17	5,195.13	4,171.26
Total	**19,862.59**	**11,653.61**	**8,626.61**

Fair value measurement sensitivity to significant unobservable inputs as at the end of each reporting period is as follows:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Impact on fair value if change in risk adjusted discount rate			
- Impact due to increase of 0.50 % for 2019, 0.50 % for 2018 and 0.50 % for 2017	-83.94	-44.08	-34.92
- Impact due to decrease of 0.50 % for 2019, 0.50 % for 2018 and 0.50 % for 2017	84.47	44.35	35.14
Impact on fair value if change in probability of default (PD)			
- Impact due to increase of 0.50 % for 2019, 0.50 % for 2018 and 0.50 % for 2017	-37.84	-19.87	-15.74
- Impact due to decrease of 0.50 % for 2019, 0.50 % for 2018 and 0.50 % for 2017	37.95	19.92	15.78
Impact on fair value if change in loss given default (LGD)			
- Impact due to increase of 0.50 % for 2019, 0.50 % for 2018 and 0.50 % for 2017	-0.83	-0.39	-0.01
- Impact due to decrease of 0.50 % for 2019, 0.50 % for 2018 and 0.50 % for 2017	0.83	0.39	0.01

40 Financial instruments and Fair value disclosures (Contd..)

B.3BPreference Shares other than those that qualify as equity carried at fair value through profit and loss

Fair valuation of Preference Shares other than those that qualify as equity ("preference shares") is arrived using the following methodology:

- Estimation of the equity value of the Company using one of the accepted valuation approaches
- Guideline Public Company ("GPC") Multiples method, particularly the Market Value of Equity to Revenue ("MVE/Revenue") and Market Value of Equity to Net Income ("MVE/Net Income") multiples.
- Allocation of the equity value to the different classes of shares using accepted allocation methods, Option Pricing Method , to capture the fair value of preference shares.
- Discounting the estimated value of preference shares to present value and taking the average over 100,000 iterations to conclude on the fair value of preference shares.

The following inputs have been used:

(i) Risk free rate

(ii) Guideline Public Company Multiples

- Equity/Revenue
- MVE/ Net Income

(iii) Volatility

B.4 Fair value measurement sensitivity to significant unobservable inputs as at the end of each reporting period is as follows:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Impact on fair value if change in Volatility			
- Impact due to increase of 10 % for 2019, 10% for 2018 and 10 % for 2017	-	0.90	3.95
- Impact due to decrease of 10 % for 2019, 10 % for 2018 and 10 % for 2017	-	(2.28)	(4.95)
Impact on fair value if change in Guideline Public Company Multiples			
- Impact due to increase of 10 % for 2019, 10 % for 2018 and 10 % for 2017	-	25.55	16.91
- Impact due to decrease of 10 % for 2019, 10 % for 2018 and 10 % for 2017	-	(25.95)	(15.60)

B.5 Reconciliation

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

Particulars	March 31, 2019		March 31, 2018	
	Loan assets	Preference Shares other than those that qualify as Equity	Loan assets	Preference Shares other than those that qualify as Equity
Opening balance	11,653.61	2,686.21	8,626.60	769.65
Loan originated/Prefernece shares issued	18,705.34	-	10,763.91	800.00
Sales/derecognition	-5,746.02	-	-5,328.94	-
Total gain and losses	-	-	-	-
in profit and loss	434.29	-140.36	0.91	1,116.56
in OCI	-	-	-	-
Settlements / conversion	-5,184.63	-2,545.85	-2,408.87	-
Balance at the end of the year	**19,862.59**	**-**	**11,653.61**	**2,686.21**

B.6 Fair value of instruments measured at amortised cost

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(i) The management assessed that fair values of the following financial instruments to be approximate their respective carrying amounts, largely due to the short-term maturities of these instruments:

Cash and cash equivalents

Bank balances other than cash and cash equivalents

Other receivables

Other payables

Other financial Assets and liabilities

(ii) Majority of the Company's borrowings are at a variable rate interest and hence their carrying values represent best estimate of their fair value as these are subject to changes in underlying interest rate indices.

(iii) The management assessed that fair values arrived by using the prevailing interest rates at the end of the reporting periods to be approximate their respective carrying amounts in case of the following financial instruments-

Loans

Debt Securities

Subordinated liabilities

41 Financial risk management

Introduction and risk profile

The Company has operations in India. The Company’s activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

41 Financial risk management (Contd..)

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, receivables, loans, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, and credit limits.
Liquidity risk	Payables, debt securities, borrowings, subordinated liabilities, and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - interest rate	Debt securities, borrowings, subordinated liabilities at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors

A Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, other receivables , loan assets, other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

A.1 Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets:

(i) Low credit risk on financial reporting date

(ii) Moderate credit risk on financial reporting date

(iii) High credit risk on financial reporting date

The Company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, other receivables, loans and other financial assets	12 month expected credit loss
Moderate credit risk	Identified loans	Life time expected credit loss or 12 month expected credit loss
High credit risk	Identified loans	Life time expected credit loss fully provided for

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a borrower declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made subsequently are recognized in the statement of profit and loss.

41 Financial risk management (Contd..)

A.2 Financial assets that expose the entity to credit risk

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) Low credit risk on financial reporting date			
Cash and cash equivalents	6,700.10	5,712.16	3,162.28
Bank balances other than cash and cash equivalents	1,109.19	1,004.43	874.37
Other receivables	38.21	34.66	21.25
Loans	25,831.43	17,833.39	14,078.65
Other financial assets	19.67	12.94	7.12
(ii) Moderate credit risk			
Identified loans	899.86	238.76	314.52
(iii) High credit risk			
Identified loans	642.20	726.31	263.66

* These represent gross carrying values of financial assets, without deduction for expected credit losses

A.3 Management of credit risk for financial assets other than loans

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is considered to be very low as the Company only deals with high rated banks. The risk is also managed by diversifying bank deposits and accounts in different banks across the country.

Other receivables

The Company faces very less credit risk under this category as most of the transactions are with Holding Company. Contracts with third parties from which commission is receivable are only entered with highly rated organisations.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes advances to employees and security deposits. Credit risk related to these financial assets is managed by monitoring the recoverability of such amounts continuously.

A.4 Expected credit losses for financial assets other than loans

March 31, 2019	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	6,700.10	-	-	6,700.10
Bank balances other than above	1,109.19	-	-	1,109.19
Other receivables	38.21	-	-	38.21
Other financial assets	19.67	-	-	19.67

March 31, 2018	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	5,712.16	-	-	5,712.16
Bank balances other than above	1,004.43	-	-	1,004.43
Other receivables	34.66	-	-	34.66
Other financial assets	12.94	-	-	12.94

41 Financial risk management (Contd..)

April 1, 2017	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	3,162.28	-	-	3,162.28
Bank balances other than above	874.37	-	-	874.37
Other receivables	21.25	-	-	21.25
Other financial assets	7.12	-	-	7.12

A.5 Management of credit risk for loans

Credit risk on loans is the single largest risk of the Company's business, and therefore the Company has developed several processes and controls to manage it. The Company is engaged in the business of providing micro financing business to women having limited source of income, savings and credit histories repayable in weekly, fortnightly or monthly instalments.

The Company duly complies with the RBI guidelines ('Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs - Directions) with regards to disbursement of loans namely:

- Loan amount does not exceed ₹. 60,000 in the first cycle and ₹ 1,00,000 in subsequent cycles;
- Total indebtedness of the borrower does not exceed ₹ 1,00,000

The credit risk on loans can be further bifurcated into the following elements:

(i) Credit default risk

(ii) Concentration risk

(i) Management of credit default risk:

Credit default risk is the risk of loss arising from a debtor being unlikely to pay the loan obligations in full or the debtor is more than 90 days past due on any material credit obligation. The Company majorly manages this risk by following ""joint liability mechanism"" wherein the loans are disbursed to borrowers who form a part of an informal joint liability group ("JLG"), generally comprising of four to ten members. Each member of the JLG provide a joint and several guarantees for all the loans obtained by each member of the group.

In addition to this, there is set critieria followed by the Company to process the loan applications. Loans are generally disbursed to the identified target segments which include economically active married women having regular cash flow engaged in the business of small shops, vegetable vendors, animal husbandry business, tailoring business and other self-managed business. Out of the people identified out of target segments, loans are only disbursed to those people who meet the set criterion - both finanical and non-financial as defined in the risk management policy of the Company. Some of the criteria include - annual income, per capita income, repayment capacity, multiple borrowings, age, group composition, health conditions, employment and economic activity etc. Some of the segments identified as non-target segments are not eligible for a loan. Such segments include - persons with large indebtness, low credit history, wine shop owners, political leaders, police & lawyers and people whose immediate family members are persons engaged in the business of running finance & chit funds etc.

(ii) Management of concentration risk:

Concentration risk is the risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations. It may arise in the form of single name concentration or industry concentration. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentration risks are controlled and managed accordingly.

A.5.1 Credit risk measurement - Expected credit loss measurement

Ind AS 109 outlines a ""three stage"" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as ""Stage 1"".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to ""Stage 2"" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to ""Stage 3"".

41 Financial risk management (Contd..)

ECL for depending on the stage of financial instrument:

- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months.
- Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

A.5.2Criteria for significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria are met.

(i) Quantitative criteria

The remaining lifetime probability of default at the reporting date has increased, compared to the residual lifetime probability of default expected at the reporting date when the exposure was first recognized. The Company considers loan assets as Stage 2 when the default in repayment is within the range of 30 to 90 days.

(ii) Qualitative criteria

If other qualitative aspects indicate that there could be a delay/default in the repayment of the loans, the Company assumes that there is significant increase in risk and loan is moved to stage 2.

The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

A.5.3Criteria for default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets the following criteria:

(i) Quantitative criteria

The Company considers loan assets as Stage 3 when the default in repayment has moved beyond 90 days.

(ii) Qualitative criteria

The Company considers factors that indicate unlikeliness of the borrower to repay the loan which include instances like the signficant financial difficulty of the borrower, borrower deceased or breach of any financial covenants by the borrower etc.

A.5.4Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of security or other credit support.

Probability of default (PD) computation model

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss given default (LGD) computation model

The loss rate is the likely loss intensity in case a borrower defaults. It provides an estimation of the exposure that cannot be recovered in the event of a default and thereby captures the severity of the loss. The loss rate is computed by factoring the main drivers for losses (e.g. joint group liability mechanism, historical recoveries trends etc.) and arriving at the replacement cost.

41 Financial risk management (Contd..)

A.6 Credit risk exposure

	As at March 31, 2019				As at March 31, 2018				As at April 1, 2017			
	ECL Staging				ECL Staging				ECL Staging			
Internal rating grade	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Category 1*	17,374.22	470.03	212.34	18,056.59	11,197.33	168.81	402.12	11,768.26	11,944.98	183.44	98.68	12,227.10
Category 2#	8,457.21	429.83	429.86	9,316.90	6,636.06	69.95	324.19	7,030.20	2,133.67	131.08	164.98	2,429.73
Gross carrying amount	**25,831.43**	**899.86**	**642.20**	**27,373.49**	**17,833.39**	**238.76**	**726.31**	**18,798.46**	**14,078.65**	**314.52**	**263.66**	**14,656.83**
Loss allowance	63.38	1.70	315.90	380.98	2.11	0.02	257.95	260.08	0.22	-	100.34	100.56
Carrying amount	**25,768.05**	**898.16**	**326.30**	**26,992.51**	**17,831.28**	**238.74**	**468.36**	**18,538.38**	**14,078.43**	**314.52**	**163.32**	**14,556.27**

* The company categorises loans disbursed to Kerala and Tamil Nadu under category 1.

The company categorises loans disbursed to states other than Kerala and Tamil Nadu under category 2.

A.7 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL.
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following table further explains changes in the gross carrying amount of the Loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above

Gross amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	12 months ECL	**Lifetime ECL**	**Lifetime ECL**	
Balance as at April 1, 2017	**14,078.65**	**314.52**	**263.66**	**14,656.83**
New assets originated	29,980.37	287.65	138.74	**30,406.76**
Assets derecognised or repaid (excluding write offs)	-25,830.55	-338.15	-20.36	**-26,189.06**
Transfers to Stage 1	18.62	-18.48	-0.14	**-**
Transfers to Stage 2	-97.70	97.97	-0.27	**-**
Transfers to Stage 3	-316.91	-104.75	421.66	**-**
Amounts written off	-	-	-76.98	**-76.98**
Change in fair value of loan assets	0.91	-	-	**0.91**
Balance as at March 31, 2018	**17,833.39**	**238.76**	**726.31**	**18,798.46**

Gross amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	12 months ECL	**Lifetime ECL**	**Lifetime ECL**	
Balance as at April 1, 2018	**17,833.39**	**238.76**	**726.31**	**18,798.46**
New assets originated	42,934.52	2,396.60	253.56	**45,584.68**
Assets derecognised or repaid (excluding write offs)	-35,044.77	-1,801.09	-429.95	**-37,275.81**
Transfers to Stage 1	0.75	-0.68	-0.07	**-**
Transfers to Stage 2	-100.48	100.57	-0.09	**-**
Transfers to Stage 3	-226.26	-34.30	260.56	**-**
Amounts written off	-	-	-168.12	**-168.12**
Change in fair value of loan assets	434.28	-	-	**434.28**
Balance as at March 31, 2019	**25,831.43**	**899.86**	**642.20**	**27,373.49**

41 Financial risk management (Contd..)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Loss allowance	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at April 1, 2017	**0.22**	**0.00**	**100.34**	**100.56**
New assets originated	2.06	0.01	61.96	**64.03**
Assets derecognised or repaid (excluding write offs)	-0.06	0.00	-6.94	**-7.00**
Transfers to Stage 1*	0.00	0.00	-0.01	**-0.01**
Transfers to Stage 2*	0.00	0.01	0.00	**0.01**
Transfers to Stage 3	-0.06	-0.07	64.65	**64.52**
Changes to models and inputs used for ECL calculation	-0.05	0.07	22.83	**22.85**
Amounts written off	-	-	-5.47	**-5.47**
Balance as at March 31, 2018	**2.11**	**0.02**	**237.36**	**239.49**
Additional credit loss provision created by management	-	-	20.59	20.59
Provision as per books	**2.11**	**0.02**	**257.95**	**260.08**

Loss allowance	Stage 1	Stage 2	Stage 3	Total
	12 months ECL	Lifetime ECL	Lifetime ECL	
Balance as at April 1, 2018	**2.11**	**0.02**	**257.95**	**260.08**
New assets originated	59.61	1.46	58.85	**119.92**
Assets derecognised or repaid (excluding write offs)	-1.18	-	-100.59	**-101.77**
Transfers to Stage 1*	0.00	-0.03	-0.04	**-0.07**
Transfers to Stage 2*	0.00	0.33	-9.40	**-9.07**
Transfers to Stage 3	-0.07	-0.08	95.53	**95.38**
Changes to models and inputs used for ECL calculation *	2.91	0.00	50.97	**53.88**
Amounts written off	-	-	-37.37	**-37.37**
Balance as at March 31, 2019	**63.38**	**1.70**	**315.90**	**380.98**
Additional credit loss provision created by management	-	-	-	-
Provision as per books	**63.38**	**1.70**	**315.90**	**380.98**

* The amounts are below rounding off criteria and hence appearing as Nil

Since the ECL as at reporting dates are lower than the provision as per policy of the company, i.e., 1.5% of total loan receivables, company had conservatively decided to continue with the existing provisioning policy.

41 Financial risk management (Contd..)

A.8 Concentration of credit risk

The Company monitors concentration of credit risk on the basis of industry of borrower and geopgraphy in which the borrower operates;

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Gross carrying amount of loans	**27,373.49**	**18,798.46**	**14,656.83**
Concentration by industry			
Agriculture	1,933.21	1,281.14	1,000.68
Animal husbandry	7,291.73	4,237.54	3,575.11
Manufacturing (Including MSME)	327.35	1,593.40	1,450.88
Services	3,592.28	5,844.53	4,913.12
Trading (Including MSME)	2,927.59	1,556.74	1,264.44
Consumption	8,834.64	295.75	169.21
Education	2,466.69	3,989.36	2,283.39
	27,373.49	**18,798.46**	**14,656.83**
Concentration by Geography			
Loans disbursed in Kerala and Tamil Nadu	18,056.59	11,768.26	12,227.10
Loans disbursed outside Kerala and tamil Nadu	9,316.90	7,030.20	2,429.73
Gross Carrying Amount	**27,373.49**	**18,798.46**	**14,656.83**

A.9 Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:

- Ceasing enforcement activity
- Where the Company's recovery method is foreclosing and there is no reasonable expectation of recovery in full.
- Receivable is overdue for more than a year

The Company may write off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended March 31, 2019 was ₹ 168.12 million (March 31, 2018 ₹ 76.98 million). The Company still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

41 Financial risk management (Contd..)

B.1 Maturities of financial liabilities

The tables below analyse the Company financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

March 31, 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	54.92	-	-	-	**54.92**
Debt securities	42.93	42.70	886.00	2,783.31	-	**3,754.94**
Borrowings (other than debt securities)	997.72	1,078.40	11,709.67	10,306.58	-	**24,092.37**
Subordinated liabilities	3.01	2.73	28.91	321.48	-	**356.13**
Other financial liabilities	243.47	1,130.16	-	-	-	**1,373.63**
Total	**1,287.13**	**2,308.91**	**12,624.58**	**13,411.37**	**-**	**29,631.99**

March 31, 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	51.71	-	-	-	**51.71**
Debt securities	43.00	54.00	235.00	2,963.00	-	**3,295.00**
Borrowings (other than debt securities)	898.00	1,547.00	6,787.00	6,801.00	-	**16,033.00**
Subordinated liabilities	3.00	6.00	26.00	356.00	-	**391.00**
Other financial liabilities	140.70	901.76	-	-	-	**1,042.46**
Total	**1,084.70**	**2,560.47**	**7,048.00**	**10,120.00**	**-**	**20,813.17**

April 1, 2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	29.90	-	-	-	**29.90**
Debt securities	42.81	54.51	193.05	3,212.87	124.09	**3,627.33**
Borrowings (other than debt securities)	395.73	708.87	3,575.99	5,822.64	-	**10,503.23**
Subordinated liabilities	2.92	5.74	25.71	137.59	252.92	**424.88**
Other financial liabilities	105.35	4,866.12	-	-	-	**4,971.47**
Total	**546.81**	**5,665.14**	**3,794.75**	**9,173.10**	**377.01**	**19,556.81**

C Market risk - Interest rate risk

C.1 Liabilities

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. At March 31, 2019, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits all pay fixed interest rates.

41 Financial risk management (Contd..)

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Debt securities			
Variable rate	-	-	-
Fixed rate	2,790.07	2,785.22	2,033.06
Borrowings (other than debt securities)			
Variable rate	17,511.09	11,673.04	6,650.56
Fixed rate	3,962.61	2,739.41	2,279.56
Subordinated liabilities			
Variable rate	-	-	-
Fixed rate	248.93	2,934.35	1,017.64

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

Particulars	March 31, 2019	March 31, 2018
Interest sensitivity*		
Interest rates – increase by 0.50%	(87.56)	(58.37)
Interest rates – decrease by 0.50%	87.56	58.37

* Holding all other variables constant

C.1.2Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

42 Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

42 Capital management (Contd..)

A Debt equity ratio

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Debt securities	2,790.07	2,785.22	2,033.06
Borrowings (other than debt securities)	21,473.70	14,412.45	8,930.12
Subordinated liabilities	248.93	2,934.35	1,017.64
Total borrowings	**24,512.70**	**20,132.02**	**11,980.82**
Less:			
Cash and cash equivalents	6,700.10	5,712.16	3,162.28
Bank balances other than cash and cash equivalents	1,109.19	1,004.43	874.37
	7,809.29	**6,716.59**	**4,036.65**
Net debt	**16,703.41**	**13,415.43**	**7,944.17**
Equity share capital	1,141.71	1,028.78	838.52
Other equity	7,716.19	3,000.62	672.24
Total equity	**8,857.90**	**4,029.40**	**1,510.76**
Net debt to equity ratio/gearing ratio	**1.89**	**3.33**	**5.26**

43 Share based payments

The Company has implemented an Employee Stock Option Plan called as Muthoot Microfin Employee Stock Option Plan 2016 ("ESOP 2016"). The objective is to reward employees for their association with the Company, their performance as well as to attract, retain and motivate employees to contribute to the growth and profitability of the Company.

Details of ESOP trust and plan:

ESOP trust	ESOP 2016
Date of grant	December 5, 2016 and February 22, 2018
Date of Board Meeting, where ESOP was approved	December 5, 2016
Date of Committee Meeting where grant of options were approved	December 5, 2016 and February 22, 2018
No. of options granted	964,000 out of 1,237,500
Method of settlement	Equity
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.
Vesting period	Option will be vested at the End of year 1: 25% from the grant of option End of year 2 : 25% from the grant of option End of year 3 : 25% from the grant of option End of year 4 : 25% from the grant of option
Exercise period	From the date of vesting of options and expire not later than 1 months from the vesting date of each grant of options
Pricing Formula	The market price was in accordance with the valuation of a registered valuer.

Details of grant and exercise of such options are as follows:

Particulars	Grant – 1 of ESOP 2016		Grant – 2 of ESOP 2016	
No. of options granted	6,65,000		2,99,000	
Date of grant of options	December 5, 2016		February 22, 2018	
No. of employee to whom such options were granted	4		61	
Exercise Price*	14.00	14.00	67.00	67.00
Financial year	F.Y. 2017-18	F.Y. 2018-19	F.Y. 2017-18	F.Y. 2018-19
No. of employees who have exercised the option	4.00	4.00	-	-
No. of options exercised	1,66,250	1,66,250	-	-

*Based on the valuation of a registered valuer. As per ESOP 2016, exercise price shall be equal to the fair market value as on the date of grant of options.

43 Share based payments (Contd..)

Summary of options granted under the plan:

Particulars	As at March 31, 2019		As at March 31, 2019	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding options at the beginning of the year	7,97,750	33.75	6,65,000	14.00
Granted during the year	-	-	2,99,000	66.69
Forfeited during the year	-	-	-	-
Exercised during the year	1,66,250	14.00	1,66,250	14.00
Expired/lapsed during the year	-	-	-	-
Outstanding options at the end of the year	6,31,500	38.95	7,97,750	33.75
Exercisable at the end of the year	-	-	-	-
Number of equity shares of ₹ 10 each fully paid up to be issued on exercise of option	6,31,500	38.95	7,97,750	33.75

Share options outstanding at the end of the year having the following expiry date and exercise price:

Grant Date	Expiry date	Exercise price ₹	Share options March 31, 2019	Share options March 31, 2018	Share options April 1, 2017
05-Dec-16	05-Dec-20	14.00	-	4,98,750	6,65,000
22-Feb-18	22-Feb-22	66.69	2,99,000	2,99,000	Nil
Total			**2,99,000**	**7,97,750**	**6,65,000**
Weighted average remaining contractual life of options outstanding at the end of the year (in years)			4.23	5.11	5.67

The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Grant Date	February 22, 2018	December 5, 2016
Vesting period	4 years	4 years
Exercise price	67.00	14.00
Expected volatility (%)*	49.98%	56.49%
Expected option life (in years)	6.25	6.25
Expiry date	February 22, 2022	December 5, 2020
Share price at grant date	66.69	18.50
Expected dividends yield	-	-
Risk free interest rate	7.58%	6.29%

*The expected volatility was determined based on historical volatility data of a comparable company whose are shares listed on the National Stock Exchange of India Limited.

Employee wise details (name of employee, designation, number of options granted during the year, exercise price)

Following employees have received a grant in the reporting year of option amounting to 5% or more of option granted during that year:

Name of Employee	Designation	No. of options granted during the reporting year	
		March 31, 2019	March 31, 2018
1. Mr. Sadaf Sayeed	Chief Executive Officer	25,000	5,00,000
2. Mr. Udeesh Ullas	Vice President	10,000	1,00,000
3. Mr. Subhransu Pattnayak	Vice President	10,000	35,000
4. Mr. Praveen T	Deputy CFO	5,000	30,000

There are no identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

The Company has ₹ 39.95 millions (March 31, 2018: ₹ 39.95 millions and April 1, 2017: ₹ 14.85 millions) recoverable from Muthoot Welfare Trust pursuant to ESOP schemes.

44 Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

In the course of its micro finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Company has securitized its loan assets to an unrelated and unconsolidated special purpose vehicles (SPV's). The Company does not hold any equity or other interest in the SPV and does not control these SPV's. As per the terms of the agreements, the Company is exposed to first loss default guarantee and cash collateral amounting in range of 2% to 8% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying loan assets. Hence, these loan assets are not derecognised and proceeds received are presented as other financial liabilities.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Securitisations			
Carrying value and fair value of securitised assets	-	362.70	4,010.39
Carrying value and fair value of associated liabilities	-	362.70	4,010.39

45 Operating segments

The company is primarily engaged in business of micro finance and the business activity falls within one operating segment, as this is how the chief operating decision maker of the Company looks at the operations. All activities of the Company revolve around the main business. Hence the disclosure requirement of Indian Accounting Standard 108 of “Segment Reporting” is not considered applicable.

46 Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Type of service		
Commission income	166.28	168.31
	166.28	**168.31**
Geographical markets		
India	166.28	168.31
Outside India	-	-
	166.28	**168.31**
Timing of revenue recognition		
Services transferred at a point in time	99.48	107.69
Services transferred over time	66.80	60.62
	166.28	**168.31**

Contract balances

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Other receivables	38.21	34.66	21.25
	38.21	**34.66**	**21.25**

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the year ended March 31, 2019 an amount of Nil (March 31, 2018: Nil) was recognised as provision for expected credit losses on other receivable as most of the balance constitute balance from Holding Company.

46 Revenue from contracts with customers (Contd..)

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue as per contract	166.28	168.31
Adjustments	-	-
Revenue from contract with customers	**166.28**	**168.31**

Revenue recognition for contract with customers - Commission income:

The Contract with customers through which the Company earns a commission income includes the following promises:

(i) Sourcing of loans

(ii) Servicing of loans

Both these promises are separable from each other and do not involve significant integration. Therefore, these promises constitute separate performance obligations.

No allocation of the consideration between both the promises was required as the management believes that the contracted price are close to the standalone fair value of these services.

Revenue recognition for both the promises:

(i) **Sourcing of loans:** The consideration for this service is arrived based on an agreed percentage/fee on the loans disbursed during the year. Revenue for sourcing of loans shall be recognized as and when the loans are disbursed. The revenue therefore, for this service, shall be recognized based on the disbursements actually made during each year.

(ii) **Servicing of loans:** The consideration for this service is arrived based on an agreed percentage on the actual collections during the year. The Company receives servicing commission only on actual collections. Revenue for servicing of loans shall be recognized over a period of time, as the customer benefits from the services as and when it is delivered by the Company. However, since the Company has a right to consideration from a customer in an amount that corresponds directly with the value of service provided to date, applying the practical expedient available under the standard, the Company shall recognise revenue for the amount to which it has a right to invoice.

47 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:

	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
Cash and cash equivalents	6,700.10	-	6,700.10	5,712.16	-	5,712.16	3,162.28	-	3,162.28
Bank balances other than cash and cash equivalents	-	1,109.19	1,109.19	-	1,004.43	1,004.43	-	874.37	874.37
Receivables									
Other receivables	38.21	-	38.21	34.66	-	34.66	21.25	-	21.25
Loans	16,855.41	10,137.10	26,992.51	12,545.66	5,992.72	18,538.38	10,548.32	4,007.95	14,556.27

47 Maturity analysis of assets and liabilities (Contd..)

	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other financial assets	3.39	16.28	19.67	2.44	10.50	12.94	0.46	6.66	7.12
Non-financial assets									
Current tax assets (net)	-	165.35	165.35	-	84.50	84.50	-	-	
Property, plant and equipment	-	205.18	205.18	-	131.02	131.02	-	70.63	70.63
Capital work-in-progress	-	6.58	6.58	-	-	-	-	5.25	5.25
Other intangible assets	-	1.56	1.56	-	0.89	0.89	-	1.15	1.15
Other non-financial assets	45.01	18.44	63.45	13.38	15.59	28.97	0.54	13.37	13.91
Total	**23,642.12**	**11,659.68**	**35,301.80**	**18,308.30**	**7,239.65**	**25,547.95**	**13,732.85**	**4,979.38**	**18,712.23**
Liabilities									
Financial liabilities									
Payables									
Other payables									
total outstanding dues to micro enterprises and small enterprises									
total outstanding dues to creditors other than micro enterprises and small enterprises	54.92	-	54.92	51.71	-	51.71	29.90	-	29.90
Debt securities	645.67	2,144.40	2,790.07	-	2,785.22	2,785.22	-	2,033.06	2,033.06
Borrowings (other than debt securities)	12,101.50	9,372.20	21,473.70	8,021.08	6,391.37	14,412.45	3,751.13	5,178.99	8,930.12
Subordinated liabilities	-	248.93	248.93	-	2,934.35	2,934.35	-	1,017.64	1,017.64
Other financial liabilities	1,373.63	-	1,373.63	1,042.46	-	1,042.46	4,971.47	-	4,971.47
Non financial liabilities									
Current tax liabilities (net)							20.99	-	20.99
Deferred tax liability (net)	-	460.92	460.92	-	252.82	252.82	-	174.03	174.03
Provisions	-	9.03	9.03	-	6.51	6.51	-	4.65	4.65
Other non financial liabilities	32.70	-	32.70	33.03	-	33.03	19.61	-	19.61
Total	**14,208.42**	**12,235.48**	**26,443.90**	**9,148.28**	**12,370.27**	**21,518.55**	**8,793.10**	**8,408.37**	**17,201.47**

48 Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2018	Cash flow		Non-cash			As at March 31, 2019
		Additions	Payment	Conversion into equity	Upfront fees and amortisation	Change in fair value	
Debt securities	2,785.22	-	-	-	4.85	-	2,790.07
Borrowings (other than debt securities)	14,412.45	16,878.60	(9,812.82)	-	(4.53)	-	21,473.70
Subordinated liabilities	2,934.35	-	-	(2,499.67)	0.81	(186.55)	248.93
Total liabilities from financial activities	**20,132.02**	**16,878.60**	**(9,812.82)**	**(2,499.67)**	**1.13**	**(186.55)**	**24,512.70**

Particulars	As at April 1, 2017	Cash flow		Non-cash			As at March 31, 2018
		Additions	Payment	Conversion into equity	Upfront fees and amortisation	Change in fair value	
Debt securities	2,033.06	750.00	-	-	2.16	-	2,785.22
Borrowings (other than debt securities)	8,930.12	10,008.82	(4,556.88)	-	30.39	-	14,412.45
Subordinated liabilities	1,017.64	800.00	-	-	0.14	1,116.56	2,934.35
Total liabilities from financial activities	**11,980.82**	**11,558.82**	**(4,556.88)**	**-**	**32.69**	**1,116.56**	**20,132.02**

49 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet as at April 1, 2017 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Ind AS optional exemptions

Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Share based payments

Ind AS 102 Share based payments requires an entity to recognise the equity settled shared based payment plans based on fair value of the stock options granted to employees instead of intrinsic value. Ind AS 101 permits a first time adopter to ignore such requirement for the options already vested as on transition date that is April 1, 2017. The Company has elected to apply this exemption for such vested options.

Revenue from Contracts

Ind AS 115 establishes a comprehensive framework for accounting of Revenue from Contracts with customers

The Company has adopted Ind AS 115 retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, subject to the practical expedients available under the new revenue standard.

The Company has opted for the following practical expedients available under the standard on initial application:

- The entity has not restated contracts that are completed contracts as on the date of initial application April 1, 2017.
- For all reporting periods presented before April 1, 2017, the Company need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue

Ind AS mandatory exceptions

Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

a) FVPTL / FVOCI – financial instruments

b) Impairment of financial assets based on expected credit loss model.

Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition. Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

49 First time adoption of Ind AS (Contd..)

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

a) The effects of the retrospective application or retrospective restatement are not determinable;

b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period; The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition principles of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

Reconciliation of total equity

Particulars	Notes	As at March 31, 2018	As at April 1, 2017
Total equity as per previous GAAP		6148.05	1890.16
Loans carried at amortised cost	Note - 1	476.92	185.12
Loans carried at fair value through other comprehensive income	Note - 2	389.04	372.93
Borrowings carried at amortised cost	Note - 3	69.43	102.14
At fair value through profit or loss	Note - 4	(2686.21)	(769.65)

Particulars	Notes	As at March 31, 2018	As at April 1, 2017
Recognition of loss allowance for expected credit losses	Note - 5	(5.52)	(61.07)
Consolidation of ESOP trust	Note - 6	(39.25)	-
Security deposits carried at amortised cost	Note - 7	(0.32)	-
Deferred tax on above adjustments	Note - 9	(322.74)	(208.87)
Total equity as per Ind AS		**4,029.40**	**1,510.76**

Reconciliation of total comprehensive income

Particulars	Notes	For the year ended March 31,2018
Profit for the year as per previous GAAP		760.07
Loans carried at amortised cost	Note - 1	288.85
Loans carried at fair value through other comprehensive income	Note - 2	18.18
Borrowings carried at amortised cost	Note - 3	-32.70
Preference Shares other than those that qualify as equity	Note - 4	-1,116.56
Recognition of loss allowance for expected credit losses	Note - 5	55.55
Consolidation of ESOP trust	Note - 6	-4.58
Security deposits carried at amortised cost	Note - 7	-0.32
Remeasurement of defined benefit obligations reclassified to OCI	Note - 8	1.33
Deferred tax on above adjustments	Note - 9	-114.04
Loss for the year as per Ind AS		**-144.22**

49 First time adoption of Ind AS (Contd..)

Reconciliation of total comprehensive income (contd..)

Particulars	Notes	For the year ended March 31,2018
Remeasurement of defined benefit obligations reclassified to OCI	Note - 8	-1.33
Loans carried at fair value through other comprehensive income	Note - 2	0.91
Deferred tax on above adjustments	Note - 9	0.14
Other comprehensive loss for the year as per Ind AS		(0.28)
Total comprehensive loss as per Ind AS		**(144.50)**

Note - 1

Loans carried at amortised cost

(i) Under previous GAAP, transaction costs received towards origination of loan assets were charged to statement of profit and loss on straight-line basis over the period of loan. Under Ind AS, such transaction costs are adjusted from the carrying amount of loans on initial recognition. These transactions costs are then recognized in the statement of profit and loss over the tenure of the such loans as part of the interest income by applying the effective interest rate method.

(ii) The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is retained by the Company is recognised as a separate asset.

Note - 2

Loans carried at fair value through other comprehensive income

(i) Under Ind AS 109 financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

As a result of assessment of business model in accordance with Ind AS 109, certain loans earlier classified at amortised cost under previous GAAP are now measured at fair value through other comprehensive income. The impact of reclassification and subsequent remeasurement is recognised in other comprehensive income until the assets are sold.

(ii) Under previous GAAP, transaction costs received towards origination of loan assets were charged to statement of profit and loss on straight-line basis over the period of loan. Under Ind AS, such transaction costs are adjusted from the carrying amount of loans on initial recognition. These transactions costs are then recognized in the statement of profit and loss over the tenure of the such loans as part of the interest income by applying the effective interest rate method.

Note - 3

Borrowings carried at amortised cost

Under previous GAAP, transaction costs incurred towards origination of borrowings were charged to statement of profit and loss on straight-line basis over the period of borrowing. Under Ind AS, such transaction costs are netted off from the carrying amount of borrowings on initial recognition. These transactions costs are then recognized in the statement of profit and loss over the tenure of the such borrowings as part of the interest expense by applying the effective interest rate method.

Note - 4

Preference Shares other than those that qualify as Equity

Under previous GAAP, preference share capital was a part of share capital. Under Ind AS, the instrument is evaluated to determine whether it is a liability, equity or contains both a liability and equity component. If there is a contractual obligation to deliver cash then, such instrument is recognised as a financial liability under Ind AS.

49 First time adoption of Ind AS (Contd..)

Note - 5

Recognition of loss allowance for expected credit losses

As the Company has elected to apply the de-recognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions, certain loan assets which were de-recognised under the previous GAAP did not qualify for de-recognition under Ind AS 109. Such loan assets are re-recognised and an impairment allowance has been created on them.

Note - 6

Consolidation of ESOP trust

Under Ind AS, an ESOP trust shall be consolidated in the standalone financial statements. There was no such requirement under the previous GAAP.

Note - 7

Security deposits carried at amortised cost

Under previous GAAP, security deposits were initially recognized at transaction price. Subsequently, finance income was recognized based on contractual terms, if any. Under Ind AS, such security deposits are initially recognized at fair value and subsequently carried at amortised cost determined using the effective interest rate. Any difference between transaction price and fair value is recognised in statement of profit and loss unless it quantifies for recognition as some other type of asset.

Note - 8

Remeasurement of defined benefit obligations reclassified to other comprehensive income

Under the previous GAAP these re-measurements were forming a part of profit and loss for the year. Under Ind AS, remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are reocognised in other comprehensive income instead of profit and loss.

Note - 9

Deferred tax on above adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

50 Additional disclosures as required by the Reserve Bank of India: -

(A) Disclosure as per Master Direction DNBR.PD.008/03.10.119/2016-17 (updated as on February 23, 2018) are as under:-

(i) Capital to Risk Assets Ratio ("CRAR"):-

Particulars	As at March 31, 2019	As at March 31, 2018
CRAR (%)	33.05%	29.22%
CRAR – Tier I capital (%)	32.49%	28.29%
CRAR – Tier II capital (%)	0.56%	0.93%
Amount of subordinated debt raised during the year included in Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

(ii) Investments

The Company does not have any investments as on 31 March 2019 (31 March 2018 and 1 April 2017: Nil).

(iii) Derivatives

The Company has no transactions/exposure in derivatives in the current and previous years.

The Company has no unhedged foreign currency exposure as on 31 March 2019 (31 March 2018 and 1 April 2017: Nil).

50 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

(iv) (a)Disclosures relating to securitisation:-

Particulars	As at March 31, 2019	As at March 31, 2018
SPVs relating to outstanding securitisation transactions	-	
Number of SPVs sponsored by the NBFC for securitisation transactions as on the date of the balance sheet (Nos)	-	4
Total amount of securitised assets as per books of the SPVs sponsored as on the date of the balance sheet		367.21
Total amount of exposures retained by the NBFC to comply with minimum retention requirement ('MRR')	-	-
Off-balance sheet exposures	-	-
First loss	-	-
Others	-	-
On-balance sheet exposures		
First loss (cash collateral)	-	155.19
Others (credit enhancement)	-	112.79
Amount of exposures to securitisation transactions other than MRR		
Off-balance sheet exposures		
Exposure to own securitizations		
First loss	-	-
Others	-	-
Exposure to third party securitisations		
First loss	-	-
Others	-	-
On-balance sheet exposures	-	-
Exposure to own securitizations	-	-
First loss (cash collateral)	-	-
Others	-	-
Exposure to third party securitisations	-	-
First loss		
Others		

(b) Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006.

Particulars	As at March 31, 2019	As at March 31, 2018
i) Total number of loan assets securitized during the year (Nos)	-	-
ii) Book value of loans assets securitized during the year	-	-
iii) Sale consideration received during the year	-	-
iv) Credit enhancement provided during the year	-	-
- Principal subordination		
- Cash collateral		
v) Unamortised interest spread as at year end	-	-
vi) Interest spread recognised in the statement of profit and loss during the year (including amortization of unamortised interest spread)	8.69	400.76

50 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

(v) Detail of assignment transactions undertaken:-

The Company has not sold any financial assets to Securitisation/Reconstruction companies for asset reconstruction in the current and previous year.

(vi) Detail of assignment transactions undertaken:-

Particulars	As at March 31, 2019	As at March 31, 2018
i) Total number of loans assets assigned during the year (Nos)	9,64,567	7,19,934
ii) Book value of loan assets assigned during the year	21,179.56	12,769.68
iii) Sale consideration received during the year	21,179.56	12,769.68
iv) Interest spread recognised in the statement of profit and loss during the year (including amortization of unamortised interest spread)	-	-

(vii) Details of non-performing financial assets purchased/sold

The Company has not purchased/sold non-performing financial assets in the current and previous year.

(viii) Asset Liability Management Maturity pattern of certain items of assets and liabilities:-*

As at March 31, 2019

Particulars	1 Day to 30/31 (One Month)	Over one to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
Liabilities									
Borrowings	870.52	951.47	909.66	3,803.45	6,257.24	10,130.62	1,608.06	50.00	**24,581.02**
Assets									
Advances	1,239.19	1,278.57	1,278.33	3,861.68	7,564.33	10,106.09	-	-	**25,328.19**
Deposits	5,976.30	14.21	81.89	160.04	416.69	374.31	-	-	**7,023.44**

As at March 31, 2018

Particulars	1 Day to 30/31 (One Month)	Over one to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
Liabilities									
Borrowings	772.86	602.63	723.59	2,062.09	3,897.86	7,056.20	1,650.00	750.00	**17,515.23**
Assets									
Advances	1,450.83	1,130.06	1,111.01	3,161.99	4,855.75	5,988.04	-	-	**17,697.68**
Deposits	5,169.65	10.56	49.62	94.46	285.37	474.89	50.00	-	**6,134.55**

* Asset Liability Management pattern is disclosed in accordance with "Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016" issued by Reserve Bank of India. The company is to disclose expected fund inflows and outflows and hence fair valuation/amortisation adjustments made on account of adoption of Ind AS is not considered here.

(ix) Exposures:-

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

(x) Details of financing of parent company products

The Company does not finance the products of the parent/holding company.

50 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

(xi) Unsecured advances

Refer note 10 for details of unsecured advances.

(xii) Registration obtained from other financial sector regulators:-

The Company is registered with the Ministry of Corporate Affairs.

(xiii) Disclosure of Penalties imposed by RBI & other regulators:-

No penalty has been imposed by RBI and other regulators during current and previous year.

(xiv) During the year, the Company's various instruments were rated, the details of these ratings for the year ended March 2019 are as under:-

Deposits instrument	Rating agency	Date of rating	Valid upto	Rating assigned	Borrowing limit ₹
Bank Loan Rating	CRISIL	30-Nov-18	Refer note below	A/Stable	25,000.00
Bank Loan Rating	India Rating & Research	23-Nov-18	Refer note below	IND A -	2,000.00
Comprehensive MFI grading	CRISIL	11-May-18	11-May-19	M1C1	Not applicable
NCD	India Rating & Research	23-Nov-18	Refer note below	IND A -	750.00
NCD	CRISIL	27-Jun-18	Refer note below	A/Stable	700.00
NCD	CRISIL	27-Jun-18	Refer note below	A/Stable	700.00
NCD	CRISIL	27-Jun-18	Refer note below	A/Stable	650.00

Note: the rating is subject to annual surveillance till final repayment/redemption of related facilities.

(xv) Provisions and contingencies:-

Break up of Provisions shown as expenditure in statement of profit and loss	For the year ended March 31, 2019	For the year ended March 31, 2018
Provision towards NPA	120.60	159.53
Provision made towards income tax	596.66	417.37
Provision for gratuity	4.23	16.78
Provision for compensated absences	8.29	2.58
Provision towards standard assets	0.30	-

(xvi) Draw down from reserves:-

There has been no draw down from reserve during the year ended 31 March 2019 (Previous year: ₹ Nil)

(xvii) Concentration of advances, exposures and NPAs:-

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Concentration of Advances		
Total advances to twenty largest borrowers	1.20	1.20
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	0.00%	0.01%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	1.20	1.20
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.00%	0.01%
Concentration of NPAs		
Total exposure to top four NPA accounts	0.24	0.24

50 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

(xviii) Sector-wise NPAs:-

Particulars	As at March 31, 2019	As at March 31, 2018
Sector	Percentage of NPAs to total advance to that sector	
Agriculture	4.11%	17.06%
Animal husbandry	2.41%	3.80%
Manufacturing	15.29%	3.72%
Services	5.06%	2.99%
Trading	5.30%	7.22%
Consumption	0.00%	0.00%
Education	0.00%	0.00%

(xix) Movement of Stage 3 assets:-

Particulars	As at March 31, 2019	As at March 31, 2018
Net stage 3 assets to Net Advances (%)	1.21%	2.53%
Movement of stage 3 assets (Gross)		
Opening balance	726.31	263.66
Additions during the year	514.12	560.40
Reductions during the year	(598.23)	(97.75)
Closing balance	**642.20**	**726.31**
Movement of net stage 3 assets		
Opening balance	468.36	163.32
Additions during the year	456.17	501.97
Reductions during the year	(598.23)	(196.93)
Closing balance	**326.30**	**468.36**
Movement of provisions for stage 3 assets		
a) Opening balance	257.95	100.34
b) Addition during the year	57.95	58.43
c) Transfer from provisions on standard assets	-	99.18
d) Closing balance	**315.90**	**257.95**

(xx) Customer complaints:-

Particulars	As at March 31, 2019	As at March 31, 2018
a) Number of complaints pending at the beginning of the year (Nos)	-	-
b) Number of complaint received during the year (Nos)	311	391
c) Number of complaint redressed during the year (Nos)	311	391
d) Number of complaint pending at the end of the year (Nos)	-	-

50 Additional disclosures as required by the Reserve Bank of India: - (Contd..)

(xxi) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company did not exceed the limits prescribed for Single and Group Borrower during the current and previous year.

(xxii) Overseas assets

The Company did not have any Joint Ventures or Subsidiaries abroad.

(xxiii)Off-balance sheet SPVs sponsored

There are no off-balance sheet SPVs sponsored which are required to be consolidated as per accounting norms as at end of current and previous year.

(xxiv)Information on Net Interest Margin :-

Particulars	As at March 31, 2019	As at March 31, 2018
Average Interest (a)	18.13%	17.47%
Average effective cost of borrowing (b)	9.65%	11.00%
Net Interest margin (a-b)	8.48%	6.47%

(xxv)Instances of fraud:-

Nature of fraud (cash embezzlement)	As at March 31, 2019			As at March 31, 2019		
	Less than 1 lakh	1 lakh to 5 lakh	5 lakh to 25 Lakh	Less than 1 lakh	1 lakh to 5 lakh	5 lakh to 25 Lakh
A) Persons involved						
Staff						
No. of accounts	-	-	95	-	-	1,134
Amount	-	-	3.54	-	-	3.13
B) Type of fraud						
Unauthorised credit facility extended	-	-	-	-	-	-
Misappropriation and criminal breach of trust						
No. of accounts	-	-	95	-	-	1,134
Amount	-	-	3.54	-	-	3.13
Cheating and forgery	-	-	-	-	-	-

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No.: 206229

Place: Kochi
Date: 14 May 2019

For and on behalf of the Board of Directors of
Muthoot Microfin Limited

Thomas Muthoot
Managing Director
DIN: 00082099

Thomas John Muthoot
Director
DIN: 00011618

Thomas George Muthoot
Director
DIN: 00011552

Praveen T
Chief Financial Officer

Neethu Ajay
Company Secretary

Place: Kochi
Date: 14 May 2019

Notes

Notes

PAPPACHAN
muthoot
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