RANGAMANI & CO.,
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MUTHOOT HOMEFIN (INDIA) LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 143(3) of the Act, we report that:

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

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

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

c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

d) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 A to the financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts ;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Kochi
Date: **May 3, 2019**

R Sreenivasan
Partner
Membership No. 020566

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Muthoot Homefin (India) Limited ('the Company')

(i) In respect of the Company's fixed assets:

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not hold any immovable property. Accordingly, the provisions of clause 3 (i) (c) of the Order is not applicable to the Company.

(ii) The Company is a Housing Finance Company engaged in the business of providing loans and therefore does not hold any physical inventories. Accordingly, the provisions of clause 3 (ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company and therefore, the provisions of the clause 3 (vi) of the Order are not applicable to the Company.

(vii) (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of Income Tax , Goods and Service Tax, duty of Customs, and which have not been deposited on account of any dispute other than those mentioned below:

Nature of dues	Amount (In Lakh Rs.)*	Period to which the amount relates	Forum where dispute is pending
Income Tax	8.50	2016-17	Commissioner of Income Tax (Appeals) Kochi

(viii) According to the records of the Company examined by us and the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders, as applicable.

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the moneys raised by way of term loans for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examinations of the records of the Company, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us during the year, the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence reporting under clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

R Sreenivasan

R Sreenivasan
Partner
Membership No. 020566

Place: Kochi
Date: May 3,2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of Muthoot Homefin (India) Limited ('the Company') as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Kochi
Date: May 3,2019

R Sreenivasan
Partner
Membership No. 020566

RANGAMANI & CO.,
CHARTERED ACCOUNTANTS

E-mail : info@rangamani.com
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Kochi - 682 019

INDEPENDENT AUDITORS' REPORT

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

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

(i) The company has obtained a certificate of registration dated 19th May 2014 from National Housing Bank;

(ii) The company has met the Net Owned Fund (NOF) requirement as prescribed under Section 29A of the National Housing Bank Act, 1987

(iii) The company has complied with Section 29C of the National Housing Bank Act, 1987;

(iv) According to the information and explanations given to us, the Board of Directors has passed a resolution for non-acceptance of any public deposits;

(v) According to the information and explanations given to us, the company has not accepted any public deposits during the year;

(vi) According to the information and explanations given to us, the total borrowings of the company are within the limits prescribed under paragraph 3(2) of the Housing Finance Companies (NHB) Directions, 2010;

(vii) According to the information and explanations given to us, the company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Housing Finance Companies (NHB) Directions, 2010;

(viii) According to the information and explanations given to us, the capital adequacy ratio as disclosed in the return submitted to National Housing Bank has been correctly determined by the company and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the National Housing Bank Directions;

(ix) The Company has furnished the Schedule- II Return to the Bank within the stipulated period as specified in the Housing Finance Companies (NHB) Directions, 2010;

(x) The Company has furnished the Schedule- III Return on Statutory Liquid Assets to the Bank within the stipulated period as specified in the Housing Finance Companies (NHB) Directions, 2010;

(xi) According to the information and explanations given to us, the company has complied with the requirements contained in the Housing Finance Companies (NHB) Directions, 2010 in respect of opening of new branches /offices or in the case of closure of existing branches/offices, as applicable;

(xii) According to the information and explanations given to us, the company has complied with the provisions contained in paragraph 38 and 38A of the Housing Finance Companies (NHB) Directions, 2010.

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

Place: Kochi
Date: May 3, 2019

R Sreenivasan
Partner
Membership No. 020566

Muthoot Homefin (India) Limited
Balance Sheet as at 31 March, 2019

Rs. in millions

Particulars	Notes	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
I ASSETS				
1 Financial assets				
a) Cash and cash equivalents	5	403.85	225.06	57.78
b) Loans	6	18,836.54	14,450.76	4,351.02
c) Investments	7	-	851.02	-
d) Other Financial assets	8	118.87	65.13	7.28
2 Non-financial Assets				
a) Deferred tax assets (Net)	28	-	1.94	6.93
b) Property, Plant and Equipment	9	76.16	35.83	19.52
c) Capital work-in-progress	9	-	-	0.03
d) Other Intangible assets	10	4.49	6.55	7.73
e) Current tax assets (Net)		4.84	-	-
f) Other non financial assets	11	27.70	38.71	3.83
Total assets		**19,472.45**	**15,675.00**	**4,454.12**
II LIABILITIES AND EQUITY				
1 Financial Liabilities				
a) (I) Trade Payable		-	-	-
(II) Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	12	11.90	20.71	4.68
b) Borrowings (other than debt securities)	13	15,381.99	13,466.56	3,561.61
c) Other Financial liabilities	14	121.25	102.70	27.39
2 Non-financial Liabilities				
a) Current tax liabilities (net)		-	0.64	2.77
b) Provisions	15	3.07	1.33	0.38
c) Deferred tax Liablities (Net)	28	4.26	-	-
d) Other non-financial liabilities	16	8.20	4.05	0.81
3 Equity				
a) Equity share capital	17	1,191.56	977.27	750.00
b) Other equity	18	2,750.22	1,101.74	106.48
Total Liabilities and Equity		**19,472.45**	**15,675.00**	**4,454.12**

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

For and on behalf of Board of Directors

For Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

R Sreenivasan
Partner
M. No. 020566
Date : May 3, 2019
Place : Kochi

George Alexander Muthoot
Director

Eapen Alexander
Whole time Director

Ramratthinam S
Chief Executive Officer

Pandurang A Kadam
Chief Financial Officer

Jinu Mathen
Company Secretary

MUTHOOT HOMEFIN (INDIA) LIMITED

Muthoot Homefin (India) Limited
Statement of Profit and Loss for the year ended 31 March, 2019

Rs. in millions

	Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
	Revenue from operations			
	(i) Interest income	20	2,122.66	1,022.83
	(ii) Sale of service		97.91	126.63
	(iii) Net gain on fair value changes	21	2.46	9.55
	(iv) Others		17.19	4.84
(I)	**Total Revenue from operations**		**2,240.22**	**1,163.85**
(II)	Other Income		17.07	6.76
(III)	**Total Income (I + II)**		**2,257.29**	**1,170.61**
	Expenses			
	(i) Finance cost	22	1,156.71	504.02
	(ii) Impairement of financial instruments	23	63.93	50.23
	(iii) Employee benefit expenses	24	316.95	126.38
	(iv) Depreciation, amortization and impairment	25	28.61	15.61
	(v) Other expenses	26	179.64	138.47
(IV)	**Total Expenses (IV)**		**1,745.84**	**834.71**
(V)	**Profit/(loss) before expceptional items and tax (III - IV)**		**511.45**	**335.90**
(VI)	**Exceptional items**		-	-
(VII)	**Profit/(loss) before tax (V- VI)**		**511.45**	**335.90**
(VIII)	**Tax Expense:**			
	(1) Current tax	27	142.65	108.34
	(2) Deferred tax	28	6.15	5.00
	(3) Earlier years adjustments		-	-
	Net Tax Expense (VIII)		**148.80**	**113.34**
(IX)	**Profit/(loss) for the period (VII-VIII)**		**362.65**	**222.56**
(X)	**Other Comprehensive Income**			
	(i) Items that will not be classified to profit or loss			
	(a) Remeasurements of the defined benefit plans		0.17	(0.04)
	(ii) Income tax relating to items that will not be reclassified to		(0.05)	0.01
	Subtotal (A)		0.12	(0.03)
	Other Comprehensive Income		0.12	(0.03)
(XI)	**Total Comprehensive Income for the period (IX + X)**		**362.77**	**222.53**
(XII)	**Earnings per equity share**	29		
	Basic (Rs.)		3.34	2.52
	Diluted (Rs.)		3.34	2.52

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

For and on behalf of Board of Directors

George Alexander Muthoot
Director

Eapen Alexander
Whole time Director

For Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

R Sreenivasan
Partner
M. No. 020566
Date : May 3, 2019
Place : Kochi

Ramratthinam S
Chief Executive Officer

Pandurang A Kadam
Chief Financial Officer

Jinu Mathen
Company Secretary

MUTHOOT HOMEFIN (INDIA) LIMITED

Muthoot Homefin (India) Limited
Cash Flow statement for the year ended 31 March, 2019 *Rs. in millions*

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

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

For and on behalf of Board of Directors

For Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

R Sreenivasan
Partner
M. No. 020566
Date : May 3, 2019
Place : Kochi

George Alexander Muthoot
Director

Eapen Alexander
Whole time Director

Ramratthinam S
Chief Executive Officer

Pandurang A Kadam
Chief Financial Officer

Jinu Mathen
Company Secretary

Muthoot Homefin (India) Limited
Statement of changes in Equity as at 31 March, 2019

Rs. in millions

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

	No.	Rs.
As at 1 April 2017	75,000,000	750.00
Issued during the year	22,727,272	227.27
As at 31 March 2018	**97,727,272**	**977.27**
Issued during the year	21,428,571	214.29
As at 31 March 2019	**119,155,843**	**1,191.56**

b. Other Equity

Particulars	Reserves and Surplus				Total
	Statutory Reserve	Share Premium Account	Retained Earnings	Other comprehensive	
Balance as at April 1, 2017	15.29	88.37	2.82		106.48
Transfer to/from retained earnings	91.88		(91.88)		-
Other Additions/ Deductions during the year					-
Premium received during the year	-	772.73	-		772.73
Profit (loss) for the year after income tax	-	-	222.56	-	222.56
Other Comprehensive Income for the year before income tax	-	-		(0.04)	(0.04)
Less: Income Tax				0.01	0.01
Balance as at March 31, 2018	**107.17**	**861.10**	**133.50**	**(0.03)**	**1,101.74**
Transfer to/from retained earnings	122.87	-	(122.87)		-
Other Additions/ Deductions during the period					-
Premium received during the period	-	1,285.71	-		1,285.71
Profit (loss) for the period after income tax	-	-	362.65		362.65
Other Comprehensive Income for the period before income tax	-	-		0.17	0.17
Less: Income Tax	-	-		(0.05)	(0.05)
Balance as at March 31, 2019	**230.04**	**2,146.81**	**373.28**	**0.09**	**2,750.22**

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

For and on behalf of Board of Directors

For Rangamani & Co
Chartered Accountants
(FRN: 003050 S)

R Sreenivasan
Partner
M. No. 020566
Date : May 3, 2019
Place : Kochi

George Alexander Muthoot
Director

Eapen Alexander
Whole time Director

Ramratthinam S
Chief Executive Officer

Pandurang A Kadam
Chief Financial Officer

Jinu Mathen
Company Secretary

Muthoot Homefin (India) Limited
Notes on accounts for the year ended 31 March 2019

1. Corporate Information

Muthoot Homefin (India) Limited was incorporated on 26 August 2011. The Company obtained the certificate of registration under the National Housing Bank ("NHB") as required under Section 29A of the NHB Act, 1987 on 19th May, 2014.

The Company is primarily engaged in the business of providing long term finance to construct, purchase, acquire, renovate, modify, extend, enlarge or repair any house, villa, flat, apartment on the terms and conditions as the company may deem fit.

2. Basis of preparation

2.1 Statement of Compliance

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

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

2.2. Basis of measurement

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

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

2.3 Functional and presentation currency

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

3. Significant accounting policies

3.1. Recognition of interest income

1. The Company recognises Interest income by applying the effective interest rate to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.
2. For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
3. For other credit-impaired financial assets, the Company applies effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.
4. The effective interest rate on a financial asset is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a

financial asset .While estimating future cash receipts, factors like expected behaviour and life cycle of the financial asset, probable fluctuation in collateral value etc are considered which has an impact on the EIR.

5. While calculating the effective interest rate, the Company includes all fees or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.
6. Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

3.2 Recognition of Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established. This is established when it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

3.3 Financial instruments

A. Financial Assets

3.3.1 Initial recognition and measurement

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

3.3.2 Subsequent measurement

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

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

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

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

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3.3.3 Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the changes in fair value through other comprehensive income (FVTOCI)

B. Financial Liabilities

3.3.4 Initial recognition and measurement

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

3.3.5 Subsequent Measurement

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

3.4 Derecognition of financial assets and liabilities

3.4.1 Financial Asset

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

3.4.2 Financial Liability

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

3.5 Offsetting

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

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

3.6 Impairment of financial assets

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

3.6.1 Overview of the Expected Credit Loss (ECL) model

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

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

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

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

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

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

<u>For non-impaired financial assets</u>

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

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

<u>For impaired financial assets:</u>

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

3.6.2 Estimation of Expected Credit Loss

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

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

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

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

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

Forward looking information

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

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral generally in the form of mortgages of Properties However, the fair value of collateral affects the calculation of ECLs. The collateral is majorly the property for which the loan is given. The fair value of the same is based on data provided by third party or management judgements.

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

3.7 Determination of fair value of Financial Instruments

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

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

i. In the principal market for the asset or liability, or

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

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

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

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

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

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

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

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

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

3.8 Cash and cash equivalents

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

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

3.9 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for

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its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

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

3.9.1 Depreciation

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

Leasehold Improvements are amortised in 10 years unless it has a shorter life.
The estimated useful lives are as follows:

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.10 Intangible assets

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

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

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

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

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

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

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

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

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

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

3.12 Employee Benefits Expenses

3.12.1 Short Term Employee Benefits

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

3.12.2 Post-Employment Benefits

A. Defined contribution schemes

All eligible employees of the company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the company contribute monthly at a stipulated percentage of the covered employee's salary. Contributions are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Statement of Profit & Loss

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at actuals. The company has no liability for future provident fund benefits other than its annual contribution.

B. Defined Benefit schemes

Gratuity

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

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

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

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

3.12.3 Provisions (other than employee benefits)

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

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

3.13 Taxes

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

3.13.1 Current Tax

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

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

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

3.13.2 Deferred tax

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

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

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

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

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

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

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

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

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

3.14 Contingent Liabilities and assets

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

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

3.15 Earnings Per Share

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

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

3.16 Leases

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

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

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

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4 Significant accounting judgements, estimates and assumptions

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

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

4.1 Business Model Assessment

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

4.2 Effective Interest Rate (EIR) method

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

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

4.3 Impairment of loans portfolio

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

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

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

4.4 Defined employee benefit assets and liabilities

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

4.5 Fair value measurement

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

4.6 Other estimates

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

4.7 New and amended standards

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

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

Rs. in millions

Note 5: Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	10.14	14.41	1.99
Balances with Banks			
- in current accounts	393.71	210.65	55.79
Total	**403.85**	**225.06**	**57.78**

Note 6: Loans

Particulars	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	Amortised Cost	At Fair value			Amortised Cost	At Fair value			Amortised Cost	At Fair value		
		Through Other Comprehensive Income	Through profit or loss	Designated at Through profit or loss		Through Other Comprehensive Income	Through profit or loss	Designated at Through profit or loss		Through Other Comprehensive Income	Through profit or loss	Designated at Through profit or loss
Housing Loans	17,369.03	-	-	-	13,668.98	-	-	-	4,368.65	-	-	-
Non Housing Loans	1,598.91	-	-	-	849.44	-	-	-	-	-	-	-
Total - Gross	**18,967.94**	-	-	-	**14,518.42**	-	-	-	**4,368.65**	-	-	-
Less : Impairment loss allowance	(131.40)	-	-	-	(67.66)	-	-	-	(17.63)	-	-	-
Total - Net	**18,836.54**				**14,450.76**				**4,351.02**			
Housing and Non Housing Loans												
I) Secured by tangible assets and intangible assets	**18,967.94**	-	-	-	**14,518.42**	-	-	-	**4,368.65**	-	-	-
II) Covered by Bank / Government Guarantees	-	-	-	-	-	-	-	-	-	-	-	-
III) Unsecured	-	-	-	-	-	-	-	-	-	-	-	-
i) Housing Loans	-	-	-	-	-	-	-	-	-	-	-	-
Total (III) - Gross	**18,967.94**	-	-	-	**14,518.42**	-	-	-	**4,368.65**	-	-	-
Less : Impairment loss allowance	(131.40)	-	-	-	(67.66)	-	-	-	(17.63)	-	-	-
Total (III) - Net	**18,836.54**	-	-	-	**14,450.76**	-	-	-	**4,351.02**	-	-	-
Total (I+II+III) - Net	**18,836.54**	-	-	-	**14,450.76**	-	-	-	**4,351.02**	-	-	-
Housing and Non Housing Loans												
i) Public Sector	-	-	-	-	-	-	-	-	-	-	-	-
ii) Others	18,967.94	-	-	-	14,518.42	-	-	-	4,368.65	-	-	-
Total - Gross	**18,967.94**	-	-	-	**14,518.42**	-	-	-	**4,368.65**	-	-	-
Less: Impairment Loss Allowance (A)*	(131.40)	-	-	-	(67.66)	-	-	-	(17.63)	-	-	-
Total - Net	**18,836.54**	-	-	-	**14,450.76**	-	-	-	**4,351.02**	-	-	-

**** ECL provision is made as per NPA provision norms specified in Housing Finance Companies(NHB)Directions 2010 vide circular number NHB (ND)/DRS/REG/MC-01/2016 dated 01 July 2016.***

Rs. in millions

Note 7: Investments

Particulars	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	Amortised cost	At fair value			Amortised cost	At fair value			Amortised cost	At fair value		
		Through Other Comprehensive Income	Through profit or loss	Designated at Through profit or loss		Through Other Comprehensive Income	Through profit or loss	Designated at Through profit or loss		Through Other Comprehensive Income	Through profit or loss	Designated at Through profit or loss
i) Mutual funds												
IDFC Cash Fund - Growth - Regular Nil (March 31, 2018: 47,609.93 Units (April 1,2017: Nil)	-	-	-	-	-	-	100.14	-	-	-	-	-
Mahindra Liquid Fund - Regular - Growth - Regular Nil (March 31, 2018: 133,810.31 Units (April 1,2017: Nil)	-	-	-	-	-	-	150.08	-	-	-	-	-
Mirae Asset Cash Management Fund - Regular Growth Plan- Regular Nil (March 31, 2018: 55,167.91 Units (April 1,2017: Nil)	-	-	-	-	-	-	100.06	-	-	-	-	-
Reliance Liquid Fund - Treasury Plan - Growth Nil (March 31, 2018: 47,439.56 Units (April 1,2017: Nil)	-	-	-	-	-	-	200.30	-	-	-	-	-
SBI Premier Liquid Fund - Regular Plan - Growth Nil (March 31, 2018: 55,328.84 Units (April 1,2017: Nil)	-	-	-	-	-	-	150.25	-	-	-	-	-
UTI Liquid Cash Plan - Institutional - Direct Plan - Growth Nil (March 31, 2018: 77,433.39 Units (April 1,2017: Nil)	-	-	-	-	-	-	150.19	-	-	-	-	-
Total Gross (A)	-				-		**851.02**				-	
i) Overseas investments	-	-	-	-	-	-	-	-	-	-	-	-
ii) Investments in India	-	-	-	-	-	-	851.02	-	-	-	-	-
Total Gross (B)	-	-	-	-	-	-	**851.02**	-	-	-	-	-
Less : Allowance for impairment loss (C)	-	-	-	-	-	-	-	-	-	-	-	
Total - Net D = (A) - (C)	-	-	-	-	-	-	**851.02**	-	-	-	-	-

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

Note 8: Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Security deposits	10.48	7.02	4.10
Other financial assets	108.39	58.11	3.18
Total	**118.87**	**65.13**	**7.28**

Rs. in millions

Note 9: Property, plant and equipment

Particulars	Furniture & Fixtures	Leasehold Improvements	Computer	Office Equipment	Servers and Networks	Total
Gross Carrying Amount:						
Deemed cost as At 1 April 2017	2.64	8.69	5.69	2.12	0.38	19.52
Additions	1.30	9.92	13.34	2.69	0.64	27.89
Disposals	-	-	-	-	-	-
At 31 March 2018 (A)	**3.94**	**18.61**	**19.03**	**4.81**	**1.02**	**47.41**
Additions	8.13	30.93	11.83	13.17	2.17	66.23
Disposals	0.06	0.47	-	0.12	-	0.65
At 31 March 2019 (B)	**12.01**	**49.07**	**30.86**	**17.86**	**3.19**	**112.99**
Depreciation and impairment:						
At 1 April 2017	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation charge for the year	0.80	2.99	6.15	1.38	0.26	11.58
At 31 March 2018 (C)	**0.80**	**2.99**	**6.15**	**1.38**	**0.26**	**11.58**
Disposals	0.03	0.20	-	0.08	-	0.31
Depreciation charge for the year	1.88	7.27	12.05	3.87	0.49	25.56
At 31 March 2019 (D)	**2.65**	**10.06**	**18.20**	**5.17**	**0.75**	**36.83**
Net book value:						
At 1 April 2017	**2.64**	**8.69**	**5.69**	**2.12**	**0.38**	**19.52**
At 31 March 2018 (A-C)	**3.14**	**15.62**	**12.88**	**3.43**	**0.76**	**35.83**
At 31 March 2019 (B-D)	**9.36**	**39.01**	**12.66**	**12.69**	**2.44**	**76.16**

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

Note 10: Other Intangible Assets

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

Note 11: Other Non-financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Prepaid expenses	15.95	6.07	2.93
Capital advances	2.22	-	-
Other receivable	8.98	23.84	0.90
Balance from government authorities	0.55	8.80	-
Total	**27.70**	**38.71**	**3.83**

MUTHOOT HOMEFIN (INDIA) LIMITED *

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

Rs. in millions

Note 12: Other Trade Payable

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11.90	20.71	4.68
Total	**11.90**	**20.71**	**4.68**

Note 13: Borrowings (other than debt securities)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	At amortised cost	At fair through profit or loss	Designated at fair value through proft or loss	At amortised cost	At fair through profit or loss	Designated at fair value through proft or loss	At amortised cost	At fair through profit or loss	Designated at fair value through proft or loss
(a) Term loan									
(i) from banks									
Term loan	10,874.06	-	-	7,521.74	-	-	2,145.75	-	-
(Secured by way of pari passu charge on receivables of the company)	-	-	-	-	-	-	-	-	-
(b) Loans repayable on demand	-	-	-	-	-	-	-	-	-
Book Overdraft	781.16	-	-	2,361.38	-	-	1,388.26	-	-
Working Capital Demand Loan from Banks	100.00	-	-	100.00	-	-	-	-	-
Cash Credit	-	-	-	-	-	-	27.60	-	-
(c) Loans from related party									
Holding Company	2,500.00	-	-	-	-	-	-	-	-
Directors and Relatives	-	-	-	-	-	-	-	-	-
(d) Intercorporate Deposit (ICD)									
Holding Company	390.00	-	-	2,250.00	-	-	-	-	-
(e) Commercial Paper*	736.77	-	-	1,233.44	-	-	-	-	-
Total (A)	**15,381.99**			**13,466.56**			**3,561.61**		
Borrowings in India	15,381.99			13,466.56			3,561.61		
Borrowings outside India	-			-			-		

*net of unexpired discount

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

Rs. in millions

		Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total		Total	
Original maturity of loan	Interest rate	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installment	Amount	Ind AS Adjustment	Amount
Monthy repayment schedule	8%-10%	12	86.40	12	86.40	4	26.80		-		-		-	28	199.60		
Quarterly repayment schedule	8%-10%	54	883.04	60	1,097.62	45	874.74	28	400.88	24	285.26	10	118.28	221	3,659.82		
Half yearly repayment schedule	8%-10%	19	545.63	26	895.63	25	864.38	24	833.13	24	833.53	19	817.44	137	4,789.74		
Yearly repayment schedule	8%-10%	2	133.33	4	383.33	4	383.33	4	383.33	4	383.33	5	583.33	23	2,249.98		
At the end of tenure	8%-10%					2	2,890.00							2	2,890.00		
		87	1,648.40	102	2,462.98	80	5,039.25	56	1,617.34	52	1,502.12	34	1,519.05	411	13,789.14	25.08	13,764.06

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

		Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total		Total	
Original maturity of loan	Interest rate	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installment	Amount	Ind AS Adjustment	Amount
Quarterly repayment schedule	8%-10%	37	553.33	45	764.29	47	843.46	37	633.07	24	359.21	25	309.94	215	3,463.30		
Half yearly repayment schedule	8%-10%	10	279.13	19	545.73	22	645.73	21	614.03	20	583.13	31	900.96	123	3,568.71		
Yearly repayment schedule	8%-10%	-	-	1	83.33	1	83.33	1	83.33	1	83.33	2	166.67	6	499.99		
At the end of tenure	10%-12%					1	2,250.00							1	2,250.00		
		47	832.46	65	1,393.35	71	3,822.52	59	1,330.43	45	1,025.67	58	1,377.57	345	9,782.00	10	9,771.74

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

		Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Total		Total	
Original maturity of loan	Interest rate	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	Ind AS Adjustment	Amount
Quarterly repayment schedule	8%-10%	3	51.60	16	290.71	16	290.71	15	269.87	12	207.37	17	289.73	79	1,399.99		
Half yearly schedule	8%-10%	1	31.30	6	145.87	6	145.87	6	145.87	5	114.17	8	166.93	32	750.01		
		4	82.90	22	436.58	22	436.58	21	415.74	17	321.54	25	456.66	111	2,150.00	4.25	2,145.75

MUTHOOT HOMEFIN (INDIA) LIMITED

Notes to the financial statements for the year ended 31 March 2019 Rs. in millions

Note 14: Other Financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Others	121.25	102.70	27.39
Total	**121.25**	**102.70**	**27.39**

Note 15: Provisions

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits			
- Gratuity	3.07	1.33	0.38
Total	**3.07**	**1.33**	**0.38**

Note 16: Other Non-financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory dues payable	8.20	4.05	0.81
Total	**8.20**	**4.05**	**0.81**

MUTHOOT HOMEFIN (INDIA) LIMITED

Muthoot Homefin (India) Limited
Notes to the financial statements for the year ended 31 March 2019

Rs. in millions

Note 17: Equity share capital

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised: 150,000,000 Equity Shares of Rs. 10/- each (31 March 2018: 100,000,000 April 01, 2017: 100,000,000 Equity Shares of Rs. 10/- each)	1,500.00	1,000.00	1,000.00
Issued, subscribed and fully paid up 119,155,843 Equity Shares of Rs. 10/- each (31 March 2018 : 9,77,27,272 April 01, 2017: 7,50,00,000 Equity Shares of Rs. 10/- each)	1,191.56	977.27	750.00
Total Equity	**1,191.56**	**977.27**	**750.00**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	No. of shares	Amount
As at 1 April 2017	75,000,000	750.00
Issued during the year	22,727,272	227.27
As at 31 March 2018	**97,727,272**	**977.27**
Issued during the year	21,428,571	214.29
As at 31 March 2019	**119,155,843**	**1,191.56**

Terms/ rights attached to equity shares

a) The Company has only one class of equity shares having par value of Rs.10 per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting.

b) In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders

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

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class	No. of shares	% holding in the class
Muthoot Finance Limited	119,155,843	100%	97,727,272	100%	66,200,000	88.27%

Note 18: Other equity

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory reserve (Pursuant to section 29 C of National Housing Bank Act, 1987)*			
Opening balance	107.17	15.29	
Add: Transfer from surplus balance in the Statement of Profit and	122.87	91.88	
Closing balance	**230.04**	**107.17**	**15.29**
Security Premium			
Opening balance	861.10	88.37	
Add: Securities premium received during the year	1,285.71	772.73	
Closing balance	**2,146.81**	**861.10**	**88.37**
Retained Earnings	-	-	-
Opening balance	**133.47**	**2.82**	
Add: Profit for the period	**362.65**	**222.56**	
Less Appropriation :-			
Transfer to Statutory Reserve	(122.87)	(91.88)	
OCI for the year	0.12	(0.03)	
Total appropriations	**(122.75)**	**(91.91)**	-
Closing balance	**373.37**	**133.47**	**2.82**
Total	**2,750.22**	**1,101.74**	**106.48**

Note 19: Nature and purpose of reserve

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

Retained earnings

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

Statutory reserve

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

Muthoot Homefin (India) Limited
Notes to the financial statements for the year ended 31 March 2019

Rs. in millions

Note 20: Interest Income

Particulars	For the year ended 31 March 2019				For the year ended 31 March 2018			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total
Interest on Loans								
Interest income on loan	-	2,121.85	-	2,121.85	-	1,021.58	-	1,021.58
Other interest income	-	0.81	-	0.81	-	1.25	-	1.25
Total	-	**2,122.66**	-	**2,122.66**	-	**1,022.83**	-	**1,022.83**

Note 21: Net gain on fair value changes

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
On investment portfolio	-	-
- Investments	2.46	9.55
Total Net gain/(loss) on fair value changes (A)	2.46	9.55
Fair Value changes:		
- Realised	2.46	8.52
- Unrealised	-	1.03
Total Net gain/(loss) on fair value changes	**2.46**	**9.55**

Note 22: Finance Cost

Particulars	For the year ended 31 March 2019			For the year ended 31 March 2018		
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total
Interest Expense on Borrowings:						
Interest on borrowing	-	1,151.05	1,151.05	-	503.69	503.69
Other borrowing costs	-	5.66	5.66	-	0.33	0.33
Total	-	**1,156.71**	**1,156.71**	-	**504.02**	**504.02**

MUTHOOT HOMEFIN (INDIA) LIMITED

Rs. in millions

Note 23: Impairment of financial instruments

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument.

Particulars	For the year ended 31 March 2019			For the year ended 31 March 2018		
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total
Loans	-	63.93	63.93	-	50.23	50.23
Bad Debts Written Off	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total	-	**63.93**	**63.93**	-	**50.23**	**50.23**

Note 24: Employee Benefit Expenses

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

Note 25: Depreciation, amortization and impairment

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

MUTHOOT HOMEFIN (INDIA) LIMITED

Muthoot Homefin (India) Limited
Notes to the financial statements for the year ended 31 March 2019
Note 26: Other Expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rent	38.77	22.35
Electricity Charges	5.92	3.32
Business Promotion Expenses	7.57	6.62
Advertisement	3.03	16.55
Repairs & Maintenance	12.90	5.50
Credit Rating Fees	5.20	2.35
Credit Verification Charges	9.69	13.40
Postage, Telegram and Telephone	12.97	7.46
Printing and Stationery	11.25	7.12
Rates & Taxes	6.00	1.20
Legal & Professional Charges	28.43	29.40
Travelling and Conveyance	18.13	9.69
Bank Charges	2.05	1.89
Franking & Stamp Paper Charges	0.62	0.85
General Office Expenses	6.85	2.37
House Keeping Charges	2.20	1.41
Newspaper and Periodicals	0.01	0.01
Vehicle Hire & Maintenance	0.12	0.08
Payments to Auditor	0.55	0.13
Directors' Sitting Fee	0.84	0.36
Commission	0.25	0.44
Insurance	0.14	-
Network Maintenance Charges	2.08	-
Technical Verification charges	0.55	5.97
Loss on sale of asset	0.32	-
CSR Expense	3.20	-
Total	**179.64**	**138.47**

*Auditor fees

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

Details of CSR expenditure:

Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
a) Gross amount required to be spent by the Company during the year	3.15	0.41
b) Amount spent during the period		
i) Construction/acquisition of any asset - In cash	-	-
Yet to be paid in cash	-	-
Total	-	-
ii) On purpose other than (i) above - In cash	3.20	-
Yet to be paid in cash	-	-
Total	3.20	-

Notes to the financial statements for the year ended 31 March 2019 Rs. in millions

Note 27: Income Tax

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

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

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at tax rate applicable to the company. A reconciliation between the tax expense and the accounting profit multiplied by sustantively enacted tax rate for the year ended 31 March 2019 and year ended 31 March 2018 is, as follows:

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

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

Note 28: Deferred tax

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

Deferred tax relates to the following:

	Balance sheet			Statement of profit and loss	
	As at March 31, 2019	**As at March 31, 2018**	**As at April 01, 2017**	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Fixed assets: Impact of difference between tax depreciation and depreciation as per books of account	5.34	0.91	1.28	(4.43)	0.37
Statutory Reserve	(66.99)	(36.51)	(4.71)	30.48	31.80
Provision for NPA	16.15	2.71	-	(13.44)	(2.71)
Prepaid expense	(1.51)	(0.95)	(0.55)	0.56	0.40
Security Deposit	1.59	0.99	0.58	(0.60)	(0.41)
Bank Borrowings	(7.30)	(2.99)	(1.22)	4.31	1.77
Housing Loans processing fees	47.56	37.67	11.44	(9.89)	(26.23)
Investments		(0.30)		(0.30)	0.30
Provision for Gratuity	0.90	0.41	0.11	(0.49)	(0.30)
Actuarial gain or loss on OCI	-	-	-		
Net deferred tax asset / (liabilities), net	**(4.26)**	**1.94**	**6.93**		
Deferred tax charge/(credit)				**6.20**	**4.99**

Reconciliation of deferred tax assets/(liabilities)

	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance as of 1 April	1.94	6.93
Tax income/(expense) during the period recognised in profit or loss	(6.15)	(5.00)
Tax income/(expense) during the period recognised in OCI	(0.05)	0.01
Closing balance	(4.26)	1.94

Notes to the financial statements for the year ended 31 March 2019 Rs. in millions

Note 29: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the

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

Notes to the financial statements for the year ended 31 March 2019 Rs. in millions

Note 30: Retirement Benefit Plan

Defined Benefit Plan

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan in Indian Rupees

Statement of Profit and Loss

Net employee benefit expense recognised in the employee cost

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

Balance Sheet

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Defined benefit obligation	3.07	1.33	0.38
Fair value of plan assets	-	-	-
Asset/ (liability) recognized in the balance sheet	(3.07)	(1.33)	(0.38)
Experience adjustments on plan liabilities (gain)/ loss	(0.23)	0.09	(0.03)
Experience adjustments on plan assets gain / (loss)	NA	NA	NA

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Opening defined benefit obligation	1.33	0.38	0.07
Transfer in/ (out)	-	-	-
Current service cost	1.81	0.88	0.32
Interest Cost	0.10	0.03	0.01
Benefits paid	-	-	-
Past Service Cost	-	-	-
Actuarial loss / (gain) on obligation	(0.17)	0.04	(0.02)
Closing defined benefit obligation	**3.07**	**1.33**	**0.38**

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	7.0% p.a	7.0% p.a	7.4% p.a
Attrition rate	15% p.a.	15% p.a.	15% p.a.
Expected rate of return on assets	NA	NA	NA

Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity Level	**1% increase**	**1% decrease**	**1% increase**	**1% decrease**
Impact on defined benefit obligation (31 March, 2019)	DBO decreases by Rs 0.24	DBO increases by Rs 0.27	DBO increases by Rs 0.27	DBO decreases by Rs 0.24
Impact on defined benefit obligation (31 March , 2018)	DBO decreases by Rs 0.11	DBO increases by Rs 0.12	DBO increases by Rs 0.12	DBO decreases by Rs 0.11

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

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

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

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

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Note 31: Maturity analysis of assets and liabilities

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

Particulars	As at 31 March 2019			As at 31 March 2018			As at 01 April 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	403.85	-	403.85	225.06	-	225.06	57.78	-	57.78
Loans	1,265.72	17,570.82	18,836.54	2,059.36	12,391.40	14,450.76	74.17	4,276.85	4,351.02
Investments	-	-	-	851.02	-	851.02	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Other financial assets	108.39	10.48	118.87	58.11	7.02	65.13	3.18	4.10	7.28
Non-financial Assets									
Current tax assets (Net)	4.84		4.84						
Deferred tax assets (net)	-	-	-	-	1.94	1.94	-	6.93	6.93
Investment property			-	-	-	-	-	-	-
Property, plant and equipment	-	76.16	76.16	-	35.83	35.83	-	19.52	19.52
Capital Work In Progress	-	-	-	-	-	-	0.03	-	0.03
Other intangible assets	-	4.49	4.49	-	6.55	6.55		7.73	7.73
Other non financial assets	25.48	2.22	27.70	23.84	14.87	38.71	0.90	2.93	3.83
Total assets	**1,808.28**	**17,664.17**	**19,472.45**	**3,217.39**	**12,457.61**	**15,675.00**	**136.06**	**4,318.06**	**4,454.12**
Liabilities									
Financial Liabilities									
Trade Payable	11.90	-	11.90	20.71	-	20.71	4.68	-	4.68
Borrowings (other than debt securities)	1,644.71	13,737.28	15,381.99	4,426.15	9,040.41	13,466.56	1,512.20	2,049.41	3,561.61
Other Financial liabilities	102.18	19.07	121.25	90.41	12.29	102.70	23.75	3.64	27.39
Non-financial Liabilities									
Current tax liabilities (net)	-	-	-	0.64	-	0.64	2.77	-	2.77
Provisions	-	3.07	3.07	-	1.33	1.33	-	0.38	0.38
Deferred tax liabilities (net)	4.26	-	4.26	-	-	-	-	-	-
Other non-financial liabilities	8.20		8.20	4.05	-	4.05	0.81	-	0.81
Total Liabilities	**1,771.25**	**13,759.42**	**15,530.67**	**4,541.96**	**9,054.03**	**13,595.99**	**1,544.21**	**2,053.43**	**3,597.64**
Networth			3,941.78			2,079.01			856.48

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Notes to the financial statements for the year ended 31 March 2019 Rs. in millions

Note 32: Change in liabilities arising from financing activities

Particulars	As at 31 March 2018	Cash Flows	Other	As at 31 March 2019
Borrowings other than debt securities	13,466.56	1,940.51	(25.08)	15,381.99
Other Financial liabilities	102.70	18.55	-	121.25
Total liabilities from financing activities	**13,569.26**	**1,959.06**	**(25.08)**	**15,503.24**

Particulars	As at 1 April 2017	Cash Flows	Other	As at 31 March 2018
Borrowings other than debt securities	3,561.61	9,915.21	(10.26)	13,466.56
Other Financial liabilities	27.39	75.31	-	102.70
Total liabilities from financing activities	**3,589.00**	**9,990.52**	**(10.26)**	**13,569.26**

Note 33: Contingent liabilities, commitments and leasing arrangements

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

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

Notes to the financial statements for the year ended 31 March 2019 Rs. in millions

Note 34: Related Party Disclosures

Name of the entity	Name of relationship
Muthoot Finance Limited	Holding Company
Muthoot Insurance Broker Private Limited	Fellow Subsidiary
Belstar Investment and Finance Private Limited	Fellow Subsidiary
Asia Asset PLC	Fellow Subsidiary
Muthoot Money Private Limited	Fellow Subsidiary
Muthoot Trustee Private Limited	Fellow Subsidiary
Muthoot Asset Management Private Limited	Fellow Subsidiary

b) Name of the Key management personnel (KMP)

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

Related Party transactions during the year:

Particulars	Holding Company			Key Management Personnel		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Loan availed				200.00	990.00	300.00
Loan repaid				200.00	990.00	300.00
Interest paid to KMP on account of loan				1.05	4.80	1.06
Remuneration paid				6.90	4.90	1.20
Director sitting fees paid				0.77	0.34	0.09
ICD taken	8,550.00	5,060.00	440.00			
ICD repaid	10,410.00	2,810.00	440.00			
Interest on ICD	107.05	14.04	1.54			
Rent on account of infrastructure sharing	2.59	2.23	1.86			
Fixed Assets purchased	-	0.86	-			
Term loan availed	2,500.00	-	-			
Interest on account of term loan availed	117.74	-	-			
Balance outstanding as at the year end:						
Term Loan by Muthoot Finance Limited	2,500.00	-	-			
ICD by Muthoot Finance Limited	390.00	2,250.00	-			
Loan from KMP	-	-		-	-	-
Rent payable to Muthoot Finance Ltd	-	-	-			

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

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

Particulars	31-Mar-19	31-Mar-18	1-Apr-17
Contribution to PF (defined contribution)	0.20	0.14	0.08
Short term benefits	21.99	16.48	9.31
Termination benefits	0.14	0.11	0.05
	22.33	16.73	9.44

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

Rs. in millions

Note 35: Capital Risk Management

Capital Management

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

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

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

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the NHB.

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Notes to the financial statements for the year ended 31 March 2019 Rs. in millions

Note 36: Fair Value Measurement

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

Fair Value Hierarchy of assets and liabilities

The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2018 is as follows:

Particulars	At FVTPL			
	Level-1	Level-2	Level-3	Total
Investment*	851.02	-	-	851.02

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

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

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

Particulars	Level	Carrying Value			Fair Value		
		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Financial assets							
Cash and cash equivalents	2	403.85	225.06	57.78	403.85	225.06	57.78
Bank Balance other than above	2	-	-	-	-	-	-
Loans	3	18,836.54	14,450.76	4,351.02	18,836.54	14,450.76	4,351.02
Other Financial assets	2	118.87	65.13	7.28	118.87	65.13	7.28
Total financial assets		**19,359.26**	**14,740.95**	**4,416.08**	**19,359.26**	**14,740.95**	**4,416.08**
Financial Liabilities							
Trade Payable	3	11.90	20.71	4.68	11.90	20.71	4.68
Borrowings (other than debt security)	2	15,381.99	13,466.56	3,561.61	15,381.99	13,466.56	3,561.61
Other Financial liabilities	2	121.25	102.70	27.39	121.25	102.70	27.39
Financial Liabilities		**15,515.14**	**13,589.97**	**3,593.68**	**15,515.14**	**13,589.97**	**3,593.68**

There have been no transfers between the level 1 and level 2 during the period.
The fair value of cash and cash equivalents, bank balances, trade receivables, trade payables and other financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments hence carrying value of these approximates fair value. .
Investments
Investments in liquid and short- term mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.
Loans
The company provides housing loans at variable rate of interest rate. Hence, the fair value of the loans will be same as the carrying value of loan .
Financial liability at amortised cost
The fair values of financial liability held-to-maturity are estimated using a effective interest rate model based on contractual cash flows using actual yields.

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Note 37: Risk Management

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

At the other hand Company's principal financial assets include loans and cash and cash equivalents that derive directly from its operations.

The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors, Audit Committee and Risk Management Committee

Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance. The major types of risk Company face in businesses are credit risk, liquidity risk and market risk.

A) Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances and trade receivables.
The credit risk management policy of the Compaany seeks to have following controls and key metrics that allows credit risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

Risk assessment and measurement

Muthoot Homefin is having a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment.

- Selection of client base - Adequate due diligence is carried out for borrowers and regulatory checks are done.
- Credit assessment - credit rating and credit bureau check
- Follow up and regular monitoring of the borrowers through their regularity of payments

Risk Mitigation

The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan Origination - site screening, independent vist by manager, adequate training to officers.
- Loan underwriting - Risk rating, independent assessment, etc.
- Loan Pre and Post Disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - credit officers to attend group meeting, reminder of payment of emis on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances,

Impairment assessment

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount have been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

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

Rating	Loans Days	Stages
High grade	Not yet due	*Stage I*
Standard grade	1-30 DPD	*Stage I*
Standard grade	30-60 DPD	*Stage II*
Standard grade	60-89 DPD	*Stage II*
Individually impaired	90 DPD or	*Stage III*

Exposure at Default (EAD)

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

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and purcahse of credit impaired asset (POCI) financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Probability of default (PD)

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated using Incremental NPA approach considering fresh slippage of past years. For those pools where historical information is not available, the PD/ default rates as stated by external reporting agencies is considered.
Based on its review of macro-economic developments and economic outlook, the Company has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD.

Loss Given Default

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

B) Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. Our resource mobilisation team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilisation team is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed.

The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance withthe prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The table below provides details regarding the contractual maturities of significant financial assets and liabilities as on:-

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

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

Rs. in millions

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

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

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	Ind AS Adjustment	Total
Borrowings	377.60	350.00	688.26	14.81	81.71	868.39	732.97	452.12	3,565.86	4.25	3,561.61
Other financial liabilities	7.73	9.61	6.41	-	-	-	-	3.64	27.39	-	27.39
Loans	5.89	5.95	6.01	18.41	38.59	310.85	359.71	3,645.32	4,390.73	39.71	4,351.02
Other financial assets	-	-	-	-	3.18	-	-	6.10	9.28	2.00	7.28

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31-Mar-19						
Other undrawn commitments to lend	147.62	492.05	590.46	-	-	1,230.13
Total commitments	**147.62**	**492.05**	**590.46**	**-**	**-**	**1,230.13**
31-Mar-18						
Other undrawn commitments to lend	147.00	855.00	77.74	-	-	1,079.74
Total commitments	**147.00**	**855.00**	**77.74**	**-**	**-**	**1,079.74**
1-Apr-17						
Other undrawn commitments to lend	158.83	201.24	-	-	-	360.07
Total commitments	**158.83**	**201.24**	**-**	**-**	**-**	**360.07**

C) Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The Company is exposed to two types of market risk as follows:

Notes to the financial statements for the year ended 31 March 2019 Rs. in millions

Interest Rate Risk

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

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

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

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

Finance department ensures that the risk is mitigated by availing funds at very competitive rates through diversified instruments and by retaining a high credit rating.
The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of loans and borrowings affected. With all other variables

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

On Borrowings			
1% increase	132.48	58.21	4.28
1% decrease	(132.48)	(58.21)	(4.28)

Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual fundsand other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

Prepayment risk

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

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

D) Operational and business risk

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

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Note 38: Micro Enterprises and Small Enterprises

Based on and to the extent on information received by the Company from the Suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006(MSMED Act) there are no amounts due to the suppliers registered under MSMED Act, 2006.

Note 39: Segment Information

The Company is primarily engaged in the business of Housing Finance. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographical segments other than India. As such there are no separate reportable segments as per Ind AS -108 "Operating Segments"

Note 40: First-time Adoption of Ind AS

These financial statements, for the year ended 31 March 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended 31 March 2019, together with the comparative period data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

Exemptions applied:

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

Deemed Cost

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

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

Classification and Measurement of financial assets

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

Estimates

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

> Impairment of financial assets based on expected credit loss model

> FVOCI on debt instrument

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

MUTHOOT HOMEFIN (INDIA) LIMITED

Muthoot Homefin (India) Limited
Notes to the financial statements for the year ended 31 March 2019 *Rs. in millions*
Equity reconciliation for 1 April 2017

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		57.78	-	57.78
Loans (net of provision)	a	4,390.73	(39.71)	4,351.02
Other financial assets	d	9.28	(2.00)	7.28
Total (A)		**4,457.79**	**(41.71)**	**4,416.08**
Non-financial assets				
Deferred tax assets (net)		-	6.93	6.93
Property, plant and equipment		19.52	-	19.52
Capital work-in-progress		0.03	-	0.03
Other Intangible assets		7.73	-	7.73
Other non-financial assets	d	1.92	1.91	3.83
Total (B)		**29.20**	**8.84**	**38.04**
Total Assets (A+B)		**4,486.99**	**(32.87)**	**4,454.12**
Liabilities and equity				
Liabilities				
Financial liabilities				
Payables				
(I) Trade Payables		-	-	-
(I) Other Payables		-	-	-
(i) total outstanding dues of creditors other than micro enterprises and small enterprises		4.68	-	4.68
Borrowings (other than debt securities)	b	3,565.86	(4.25)	3,561.61
Other financial liabilities		27.39	-	27.39
Total (C)		**3,597.93**	**(4.25)**	**3,593.68**
Non-financial liabilities				
Current tax liabilities (net)		2.77		2.77
Deferred tax liabilities (net)		3.43	(3.43)	-
Provisions		0.38	-	0.38
Other non-financial liabilities		0.81	-	0.81
Total (D)		**7.39**	**(3.43)**	**3.96**
Total Liabilities (C+D)		**3,605.32**	**(7.68)**	**3,597.64**
Equity Share Capital		750.00	-	750.00
Other Equity		131.67	(25.19)	106.48
Total equity		**881.67**	**(25.19)**	**856.48**
Total liabilities and equity		**4,486.99**	**(32.87)**	**4,454.12**

MUTHOOT HOMEFIN (INDIA) LIMITED *

Muthoot Homefin (India) Limited
Notes to the financial statements for the year ended 31 March 2019 *Rs. in millions*
Equity reconciliation for 31 March 2018

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
ASSETS				
Financial Assets				
Cash and cash equivalents		225.06		225.06
Loans	a	14,580.15	(129.39)	14,450.76
Investments	c	850.00	1.02	851.02
Other financial asset	d	68.55	(3.42)	65.13
Total (A)		**15,723.76**	**(131.79)**	**15,591.97**
Non-financial assets				
Deferred tax assets (net)		-	1.94	1.94
Property, plant and equipment		35.83		35.83
Other Intangible assets		6.55		6.55
Other non-financial assets	d	35.46	3.25	38.71
Total (B)		**77.84**	**5.19**	**83.03**
Total Assets (A+B)		**15,801.60**	**(126.60)**	**15,675.00**
Liabilities and equity				
Liabilities				
Financial liabilities				
Payables				
(I) Trade Payables				
(I) Other Payables				
(i) total outstanding dues of creditors other than micro enterprises and small enterprises		20.71	-	20.71
Borrowings (other than debt securities)	b	13,476.84	(10.28)	13,466.56
Other financial liability		102.70	-	102.70
Total (C)		**13,600.25**	**(10.28)**	**13,589.97**
Non-financial liabilities				
Current tax liabilities (net)		0.64		0.64
Deferred tax liabilities (net)		35.60	(35.60)	-
Provisions		1.33		1.33
Other non-financial liabilities		4.05		4.05
Total (D)		**41.62**	**(35.60)**	**6.02**
Total Liabilities (C+D)		**13,641.87**	**(45.88)**	**13,595.99**
Equity Share Capital		977.27		977.27
Other Equity		1,182.46	(80.72)	1,101.74
Total equity		**2,159.73**	**(80.72)**	**2,079.01**
Total liabilities and equity		**15,801.60**	**(126.60)**	**15,675.00**

MUTHOOT HOMEFIN (INDIA) LIMITED

Muthoot Homefin (India) Limited
Notes to the financial statements for the year ended 31 March 2019 *Rs. in millions*
Profit reconciliation for the year ended 31 March 2018

Particulars	Notes	Previous GAAP	Ind AS Adjustments	Ind AS
Revenue from operations				
Interest income	a	999.59	23.24	1,022.83
Net gain on fair value changes	c	8.52	1.03	9.55
Sale of services		239.04	(112.41)	126.63
Others		4.84	-	4.84
Total revenue from operations		**1,251.99**	**(88.14)**	**1,163.85**
Other Income		6.76	-	6.76
Total Income		**1,258.75**	**(88.14)**	**1,170.61**
Expenses				
Finance costs	b	510.03	(6.01)	504.02
Impairment on financial instruments		50.23	-	50.23
Employee benefits expenses	e	126.42	(0.04)	126.38
Depreciation, amortisation and impairment		15.61	-	15.61
Other expenses	d	137.89	0.58	138.47
Total expenses		**840.18**	**(5.47)**	**834.71**
Profit /(loss) before exceptional items and tax		418.57	(82.67)	335.90
Exceptional items		-	-	-
Profit/(loss) before tax		**418.57**	**(82.67)**	**335.90**
Tax Expense:				
(1) Current tax		108.34		108.34
(2) Deferred tax (credit)		32.17	(27.17)	5.00
Profit/(loss) for the period		**278.06**	**(55.50)**	**222.56**
Other Comprehensive Income				
(i) Items that will not be classified to profit or loss	e	-	(0.04)	(0.04)
(ii) Income tax relating to items that will not be reclassified to profit or loss	e	-	0.01	0.01
Other Comprehensive Income		-	**(0.03)**	**(0.03)**
Total comprehensive income		**278.06**	**(55.53)**	**222.53**

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

Effective interest rate impact

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

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

Investments

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

Security deposits paid

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

Other comprehensive income

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

Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

As a result of Ind AS adjustments, the deferred tax as on 31 March 2017 has decreased by Rs. 10.36 millions. For the year ended 31 March 2018 , deferred tax credit of Rs 27.18 millions.

Statement of cash flows

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

Standards issued but not effective

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IndAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is evaluating the requirements of Ind AS 116 and its effect on the financial statements.

Muthoot Homefin (India) Limited

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

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

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	95.33	11.62
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987	11.84	3.67
c) Total	**107.17**	**15.29**
Addition/ Appropriation/ Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	106.39	83.71
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987 in addition to (a) above	16.48	8.17
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	201.72	95.33
b) Amount of Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act, 1987	28.32	11.84
c) Total	**230.04**	**107.17**

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

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

3 LOANS & ADVANCES

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

3.1 Non Housing Loan includes top-up loan given against residential housing property and loan against poperty.

3.2 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Non Housing Loan. The insurance portion amounting to Rs. 1219.04 million to meet the cost of the insurance premium to secure the borrower's life and thereby further secure the loan portfolio by way of risk mitigation method and to secure the Company's Housing Loan Portfolio against any eventuality.

Muthoot Homefin (India) Limited

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

4 CURRENT INVESTMENTS

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

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

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

5 The Company is required to comply with Section 135 of the Companies Act, 2013 with respect to Corporate Social Responsibility (CSR) from the financial year 2017 -18. Accordingly, the Company has constituted a CSR Committee as prescribed under the Act. The Company has spent Rs. 3.2 millions on CSR activities as prescribed under the Act and the Rules made thereunder.

6 Advances are classified as performing and non-performing assets in accordance with directions on prudential norms issued by National Housing Bank (NHB). Provisions on standard assets, sub-standard assets, doubtful assets and loss assets have been made as per NHB Directions, 2010 as amended from time to time. Details are given hereunder:

Loans	Standard	Sub-Standard	Doubtful	Loss	Total	Ind AS Adjustments	Total
Housing Loans	17,396.21	46.59	89.60	-	17,532.40	163.37	17,369.03
(Previous Year)	(13,736.25)	(62.12)	-	-	(13,798.37)	129.39	(13,668.98)
Non Housing Loans	1,592.72	3.99	2.20	-	1,598.91	-	1,598.91
(Previous Year)	(849.44)	-	-	-	(849.44)	-	(849.44)
Provisions made	75.96	7.59	47.86	-	131.41	-	131.41
(Previous Year)	(58.34)	(9.32)	-	-	(67.66)	-	(67.66)

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

7.1 Exposure

(i) Exposure to Real Estate Sector

	Category	As at 31 March 2019	As at 31 March 2018
a)	Direct Exposure		
(i)	Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
	Individual housing loans upto 15 Lakhs	14,308.00	10,647.52
	Individual housing loans above 15 Lakhs	4,823.31	4,000.30
(ii)	Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	NIL	NIL
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	NIL	NIL
	A Residential Exposure	NIL	NIL
	B Commercial Real Estate	NIL	NIL
b)	Indirect Exposure	NIL	NIL
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	NIL	NIL

Muthoot Homefin (India) Limited

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

(ii) The Company does not have any exposure to Capital Market during the financial year (PY - Nil). Hence disclosure under Para. 3.7.2 to Annex- 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.

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

(iv) The Company has not exceeded exposure limits as stipulated by the NHB prudential norms during the year with reference to Single Borrower Limit(SGL)/Group Borrower Limit(GBL). Hence, disclosure under Para 3.7.4 to Annex- 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.

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

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

9 The Company has not entered into any securitisation transactions during the financial year (PY - Nil). Hence, disclosure under Para 3.5 to Annex- 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable

10 Remuneration of Non Executive Directors consist of Rs. 0.77 millions towards sitting fees.

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

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

12 Break up of Loans & Advances and Provisions thereon

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

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

14 The Company being a non-deposit taking HFC, disclosure under Para 5.3.1 to Annex- 4 of the Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 is not applicable.

15 Concentration of Loans and Advances

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

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

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

MUTHOOT HOMEFIN (INDIA) LIMITED

Muthoot Homefin (India) Limited

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

17 Concentration of NPAs

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

18 Sector-wise NPAs

Sr. No.	Sector	% of NPAs to Total Advances in that sector
A.	**Housing Loans:**	
1	Individuals	0.78%
2	Builders/Project Loans	
3	Corporates	-
4	Others	-
B.	**Non-Housing Loans:**	-
1	Individuals	0.39%
2	Builders/Project Loans	-
3	Corporates	-
4	Others	-

19 Movement of NPAs

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

20 The Company does not have any overseas assets as on 31.3.2019.

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

22 Details of Customers Complaints

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

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