

# Sharp & Tannan Associates

Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

**To the members of Muthoot Microfin Limited**

**Report on the audit of the standalone financial statements**

### Opinion

We have audited the accompanying standalone financial statements of **Muthoot Microfin Limited** (hereinafter referred as "the Company"), which comprise the balance sheet as at 31 March 2023, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and notes to the standalone 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 Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March 2023, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

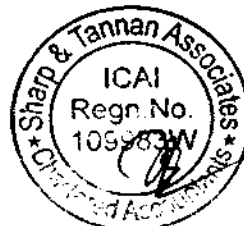
### Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred as "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's responsibilities for the audit of the standalone 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 standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

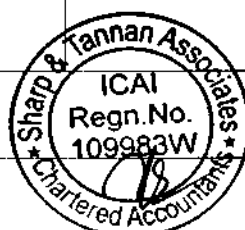
### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the key audit matters as described below:



Also at Ahmedabad, Baroda and Pune. Associate Offices at Bengaluru, Chennai, Hyderabad, New Delhi and Panjim (Goa).

Key Audit Matters	How our audit addressed the key audit matters
<p><b>Impairment of loans to customers:</b></p> <p>As at 31 March 2023, the Company has reported total gross loan assets of INR 71,987.02 million (March 2022: INR 46,197.26 million) against which an impairment loss of INR 1,720.17 million (March 2022: INR 2,216.15 million) has been recorded.</p> <p>The calculation of impairment losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans. The key areas where we identified greater levels of management judgement and therefore, increase level of audit focus in the Company's estimation of ECL's are:</p> <ul style="list-style-type: none"> <li>• Staging of loans and determining the criteria for a significant increase in credit risk.</li> <li>• Model estimations – the most significant judgement aspects are determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD")</li> <li>• Determining macro-economic factors impacting credit quality of receivables</li> </ul> <p>ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecast of future economic conditions which could impact the credit quality of the Company's loans and advances. In view of such high degree of Management's judgement involved in estimation of ECL, it is a key audit matter.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Review of the Company's accounting policies for impairment of loan assets in terms of accounting principles laid down in Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued from time to time.</li> <li>• Understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation so as to evaluate the reasonableness of the Management estimates.</li> <li>• Assessed and tested the design and operating effectiveness of key manual and automated controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals.</li> <li>• Tested the ECL model, including assumptions and underlying computation.</li> <li>• Performed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures;</li> <li>• Assessed disclosures included in the standalone financial statements in respect of expected credit losses.</li> </ul>



<p><b>IT systems and controls:</b></p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Accordingly, we identified IT systems and controls over financial reporting as a key audit matter for the Company.</p>	<ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.</li> <li>• Review of internal reports and samples used for testing of IT related general controls</li> <li>• We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized.</li> <li>• We tested requests of changes to systems for approval and authorization. We also tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.</li> </ul>
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#### **Information other than the standalone financial statements and auditor's report thereon**

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the Board's report and management discussion and analysis included in the annual report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Managements and Board of Directors responsibilities for the standalone financial statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of 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, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Company's Management and Board of Directors are 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 responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the standalone financial statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- A. Identify and assess the risks of material misstatement of the standalone 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.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 standalone 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.

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

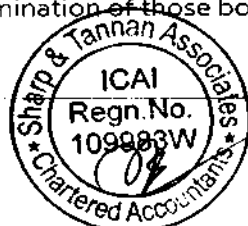
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

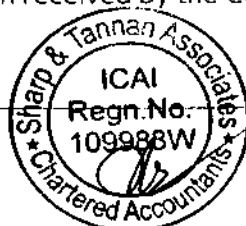
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or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

#### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act and based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- g) Based on our audit, we report that the company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
- h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigation which would impact its financial position as at 31 March 2023.
  - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses as at 31 March 2023.
  - iii. There were no amounts which were required to be transferred to the investor education and protection fund by the company during the year ended 31 March 2023.
  - iv. Reporting on rule 11(e):
    - (a) The Management has represented that, to the best of its knowledge and belief, as stated in note no. 50(xiii) no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (b) The Management has represented, that, to the best of its knowledge and belief, as stated in note no. 50(xiv), no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies),



including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

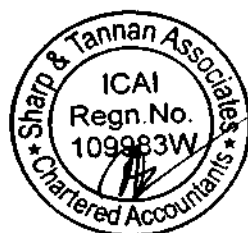
- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. During the previous year, the Company has not declared/paid dividend. Accordingly, reporting under section 123 of the Act is not applicable.
- vi. Proviso to rule 3(1) of the companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration no. 109983W

by the hand of



  
**CA Tirtharaj Khot**

Partner

Membership no.(F) 037457

UDIN: 23037457BGYRJS7058



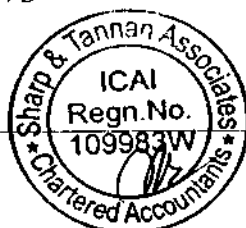
Pune, 6 May 2023

## **Annexure A to the Independent Auditor's Report**

(Referred to in paragraph 1 under the heading, "Report on Other Legal and Regulatory Requirements" of our report on even date

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company is maintained proper records showing full particulars of intangible assets.
- (b) During the year, the Property, Plant and Equipment were physically verified by the Management, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- (c) The company does not hold any immovable properties. Accordingly, reporting under paragraph 3(i)(c) of the order is not applicable.
- (d) During the year, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or Intangible Assets. Accordingly, reporting under paragraph 3(i)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, reporting under paragraph 3(i)(e) is not applicable.
- (ii) (a) the Company does not hold any inventory as it is primarily engaged in lending activities. Accordingly, reporting under paragraph 3(ii)(a) of the Order is not applicable.  
(b) During the year, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions. Accordingly, reporting under paragraph 3(ii)(b) of the Order is not applicable.
- (iii) The Company is a non-deposit taking non-banking financial company ("NBFC") registered with the Reserve Bank of India ("RBI").

During the year, the Company has not provided guarantee / security to companies, firms, limited liability partnerships and other parties. During the year, in the ordinary course of its business, the Company has made investments, granted loans and advances in the nature of loans, unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such investments, guarantees / security and loans and advances:





- (a) As the principal business of the Company is to give loans, the paragraph 3(iii)(a) of the Order is not applicable to the Company;
- (b) The company has not provided guarantees / security. Investment made and the terms and conditions of the grant of all loans and advances in the nature of loans in the normal course of business, prima facie are not prejudicial to the interest of the Company;
- (c) In respect of loans and advances in the nature of loans granted during the year in the ordinary course of business, the schedule of repayment of principal and payment of interest have been stipulated and the repayment of loan and receipts of interest are generally regular except there were cases which were not repaid / paid when they were due or were repaid / paid with a delay. Such loans have been accounted for in accordance with the Company's policy on asset classification and provisioning as described in note 1(xiii) to the standalone financial statements.

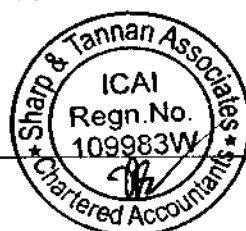
Having regard to the voluminous nature of loan transactions, it is not practicable to furnish party-wise details of irregularities in this report. However, such details are available with the Company. For details of total loans and advances which were overdue as of March 31, 2023, refer note 42 to the standalone financial statements.

- (d) The following amounts are overdue for more than ninety days from any other parties to whom loan has been granted. The Company has taken reasonable steps for recovery of the overdue amount of principal and interest.

(Amount in Rs)

Number of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue
3,95,949	1,45,81,95,436	31,27,05,083	1,77,09,00,519

- (e) The provisions of paragraph 3(iii)(e) of the Order are not applicable to the Company as its principal business is to give loans.
- (f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment.
- (iv) The Company has not advanced loans or made investments in or provided guarantees or security to parties covered by section 185 and 186 of the Companies Act, 2013. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable.
- (v) The Company is a non-banking finance company and consequently is exempt from provisions of section 73 or any other relevant provisions of the Companies Act. Accordingly, reporting under paragraph 3(v) of the Order is not applicable.



(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013, for the business activities carried out by the Company. Accordingly, reporting under paragraph 3 (vi) of the Order is not applicable.

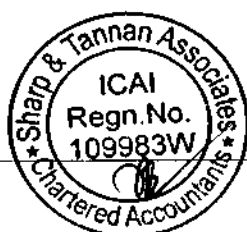
(vii) In respect of statutory dues:

- (a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax (GST), employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, any other statutory dues, as applicable, except for provident fund, to the appropriate authorities. According to the information and explanations given to us and based on verification carried out by us on test basis, there are arrears of statutory dues outstanding as on the last day of the financial year concerned for a period of more than six months from the date, they became payable.

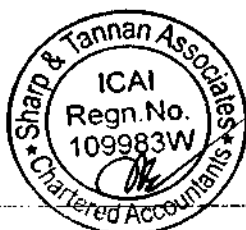
Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Employee's Provident Fund Act, 1952	Provident Fund	1,08,641	FY 2017-18 to FY 2022-23	Various due dates	Unpaid

Amount unpaid due to non-availability of Aadhar no.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of income tax, sales tax, service tax, GST, duty of customs, duty of excise, value added taxes etc.as at 31st March 2023, which have not been deposited.
- (viii) There are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) The company has not defaulted in repayment of loans/ other borrowings or in the payment of interest thereon to any lender except in case of interest payment of Rs.64.86 million towards ISIN-INE046W07180 which was due on December 5, 2022 and was paid on December 7, 2022 (Refer note 51 (xxvii)). As informed to us, the payment was made within the curing period hence as mentioned in the respective agreement it has not been considered as default.
- (b) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.



- (c) The term loans availed by the Company during the year, were applied by the Company for the purposes for which the loans were obtained.
- (d) According to the information and explanations given to us and based on verification carried out by us, funds raised on short term basis have not been utilised for long term purposes.
- (e) The Company does not have subsidiary, associate, or joint venture. Accordingly, reporting on paragraph 3(ix)(e) of the Order is not applicable.
- (f) The Company does not have subsidiary, associate, or joint venture. Accordingly, reporting on paragraph 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company has not raised monies by way of Initial Public Offer or Further Public Offer (including debt instruments) during the year.
- (b) In our opinion and according to the information and explanations given to us, the company has utilized funds raised by way of preferential allotment or private placement of shares for the purposes for which they were raised.
- (xi) (a) Except for cases aggregating to Rs. 64.57 million which largely pertains to cheating, forgery, misappropriation, criminal breach of trust and robbery we have neither come across any instance of fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported.
- (b) No report under section 143(12) of the Companies Act, 2013 has been filed during the year by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) No whistle-blower complaints were received during the year by the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

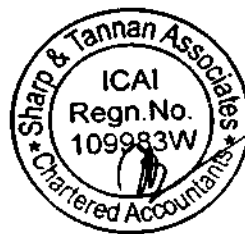


- (xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 ("RBI Act") and it has obtained the registration.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the RBI as the Company has been registered throughout the year.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting on paragraph 3(xvi)(c) of the Order is not applicable.
- (d) As informed to us, the Group does not have CIC. Accordingly, reporting on paragraph 3(xvi)(d) of the Order is not applicable
- (xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting on para 3(xviii) of the order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report, that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of section 135 of the said Act. Accordingly, reporting under paragraph 3(xx)(a) of the Order is not applicable for the year.



- (b) There is no unspent amount towards Corporate Social Responsibility (CSR) in respect of ongoing projects requiring a transfer to a special account in compliance with sub-section (6) of section 135 of the Act. Accordingly, reporting on para 3(xx)(b) of the order is not applicable.
- (xxi) The Company does not have subsidiary, associate or joint venture hence is not required to prepare consolidated financial statements. Accordingly, reporting on paragraph 3(xxi) of the Order is not applicable.

For **Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration no. 109983W  
by the hand of

A handwritten signature in black ink, appearing to be "Tirtharaj Khot".

**CA Tirtharaj Khot**  
Partner

Membership no.(F) 037457  
UDIN: 23037457BGYRJS7058

A small, circular, handwritten mark or stamp, possibly a date or initials, located below the UDIN number.

Pune, 6 May 2023

## **Annexure B to the Independent Auditor's Report**

Referred to in paragraph 2 (F) under the heading, "Report on other legal and regulatory requirements" of our report on 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")]**

#### **Opinion**

We have audited the internal financial controls over financial reporting of **Muthoot Microfin Limited** (hereinafter referred as "the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and 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 31 March 2023, based on the internal financial 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 (hereinafter referred as "the guidance note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

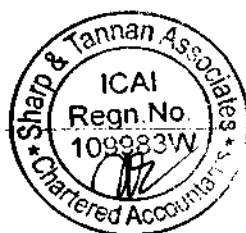
#### **Managements and Board of Directors responsibility for internal financial controls**

The Company's Management and Board of Directors are 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. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's responsibility**

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 and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 auditor's judgment, 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.

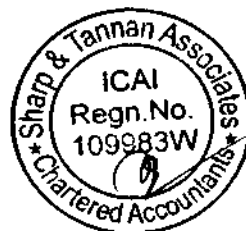
#### **Meaning of internal financial controls over financial reporting**

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 standalone 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 standalone 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 standalone 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.

For **Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration no. 109983W  
by the hand of



**CA Tirtharaj Khot**

Partner

Membership no.(F) 037457  
UDIN: 23037457BGYRJ57058

Pune, 6 May 2023

**Muthoot Microfin Limited**  
**Balance sheet as at March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

	Notes	As at March 31, 2023	As at March 31, 2022
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	7,594.55	7,058.27
Bank balances other than cash and cash equivalents	3	3,909.58	2,940.89
Receivables			
Other receivables	4	722.10	167.73
Loans	5	70,266.85	43,981.11
Investments	6	633.59	0.45
Other financial assets	7	40.61	33.68
		<b>83,167.28</b>	<b>54,182.13</b>
<b>Non-financial assets</b>			
Current tax asset (net)	8	104.60	395.45
Deferred tax asset (net)	18	57.75	47.75
Property, plant and equipment	9	594.37	420.45
Right-of-use assets	10	1,121.72	791.19
Other intangible assets	11	2.92	0.84
Other non-financial assets	12	243.35	76.77
		<b>2,124.71</b>	<b>1,732.45</b>
<b>Total</b>		<b>85,291.99</b>	<b>55,914.58</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Payables			
Other payables			
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	13	119.27	75.34
Debt securities	14	13,701.51	6,746.27
Borrowings (other than debt securities)	15	51,230.25	32,969.85
Subordinated liabilities	16	-	249.97
Lease liability	10	1,299.40	913.96
Other financial liabilities	17	2,582.70	1,492.80
		<b>68,933.13</b>	<b>42,448.19</b>
<b>Non Financial liabilities</b>			
Provisions	19	36.13	49.38
Other non financial liabilities	20	64.24	51.22
		<b>100.37</b>	<b>100.60</b>
<b>Equity</b>			
Share capital	21	1,401.98	1,333.33
Other equity	22	14,856.51	12,032.46
		<b>16,258.49</b>	<b>13,365.79</b>
<b>Total</b>		<b>85,291.99</b>	<b>55,914.58</b>
<b>Summary of Significant Accounting Policies</b>	<b>1</b>		

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

This is the balance sheet referred to in our report of even date.

For Sharp & Tannan Associates  
Chartered Accountants  
Firm's Registration No.: 109983W

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

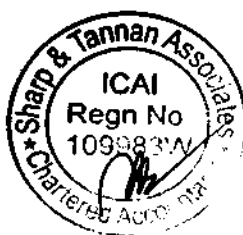
Tirtharaj Khot  
Partner  
Membership No.: 037457  
Place: Pune

Thomas Muthoot  
Managing Director  
DIN: 00082099  
Place: Kochi

Thomas John Muthoot  
Director  
DIN: 00011618  
Place: Kochi

Thomas George Muthoot  
Director  
DIN: 00011552  
Place: Kochi

Date: 06 May 2023



Neethu T  
Chief Financial Officer  
Place: Kochi

Neethu Ajay  
Company Secretary  
Place: Kochi





**Muthoot Microfin Limited**  
**Statement of profit and loss for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

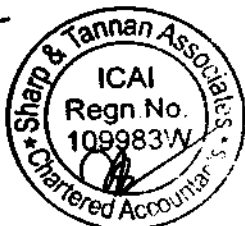
	Notes	Year ended March 31, 2023	Year ended March 31, 2022
<b>Revenue from operations</b>			
Interest income	23	12,906.45	7,286.23
Fees and commission income	24	173.22	61.59
Net gain on fair value changes	25	1,115.37	910.31
Income on investments	26	83.35	58.29
Sale of services		9.25	8.64
<b>Total revenue from operations</b>		<b>14,287.64</b>	<b>8,325.06</b>
Other income	27	175.80	104.35
<b>Total income</b>		<b>14,463.44</b>	<b>8,429.41</b>
<b>Expenses</b>			
Finance costs	28	5,490.10	3,401.55
Fees and commission expenses	29	275.41	178.49
Impairment on financial instruments	30	2,233.18	1,111.53
Employee benefits expenses	31	3,225.58	2,370.81
Depreciation and amortisation expense	32	266.06	207.84
Other expenses	33	844.41	511.98
<b>Total expenses</b>		<b>12,334.74</b>	<b>7,782.20</b>
<b>Profit before tax</b>		<b>2,128.70</b>	<b>647.21</b>
<b>Tax expense</b>			
Current tax	35	679.91	224.05
Deferred tax	35	(142.59)	(56.14)
Tax relating to prior years		(47.51)	5.32
<b>Profit for the Year (A)</b>		<b>1,638.89</b>	<b>473.98</b>
<b>Other Comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Remeasurement of the net defined benefit (liability)/asset		(22.09)	(17.14)
Income tax relating to the above		5.56	4.31
<b>Items that will be reclassified to profit and loss</b>			
Remeasurement of loan assets		548.84	449.13
Income tax relating to the above		(138.14)	(113.05)
<b>Other comprehensive income/(loss) for the Year, net of tax (B)</b>		<b>394.17</b>	<b>323.25</b>
<b>Total comprehensive income/(loss) for the Year (A+B)</b>		<b>2,033.06</b>	<b>797.23</b>
<b>Earning per equity share (face value of ₹ 10 each)</b>	34		
Basic (₹)		14.19	4.15
Diluted (₹)		11.98	3.97
<b>Summary of Significant Accounting Policies</b>	1		

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

This is the statement of profit and loss referred to in our report of even date.

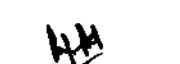
**For Sharp & Tannan Associates**  
Chartered Accountants  
Firm's Registration No.: 109983W


  
**Harharaj Khot**  
Partner  
Membership No.: 037457  
Place: Pune





Date: 06 May 2023

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

  
**Thomas Muthoot**  
Managing Director  
DIN: 00082099  
Place: Kochi

  
**Thomas John Muthoot**  
Director  
DIN: 00011618  
Place: Kochi

  
**Thomas George Muthoot**  
Director  
DIN: 00011552  
Place: Kochi

  
**Neethu T**  
Chief Financial Officer  
Place: Kochi

  
**Neethu Ajay**  
Company Secretary  
Place: Kochi



**Muthoot Microfin Limited**
**Cash flow statement for the Year ended March 31, 2023**
*(All amounts in INR millions, unless stated otherwise)*
**Cash flows from operating activities**
**Profit before tax**
**Adjustments**

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Profit before tax</b>	<b>2,128.70</b>	<b>647.21</b>
<b>Adjustments</b>		
Depreciation and amortisation	266.06	207.84
(Gain)/loss on sale of tangible assets	0.03	0.21
Provision for employee benefits	17.67	36.93
Impairment on financial instruments	2,233.18	1,111.53
Income from Investments	(83.35)	(58.29)
Interest income on security deposits	(3.31)	(3.23)
Gain on termination of lease	(2.46)	(4.50)
Gain on sale of loan asset through direct assignment	(1,115.37)	(910.31)
Adjustments towards effective interest rate in respect of loan assets	203.80	93.37
Adjustments towards effective interest rate in respect of debt securities, borrowings and subordinate liabilities	(106.91)	(137.53)
Share based payments	42.11	9.04
Adjustment on account of consolidation of ESOP trust	(0.60)	(1.24)
Finance cost on leases	128.93	96.74
<b>Operating profit before working capital changes</b>	<b>3,708.48</b>	<b>1,087.80</b>

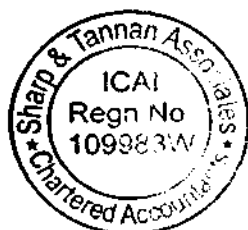
**Working capital changes**

(Increase)/decrease in loans	(27,058.51)	(10,872.01)
(Increase)/decrease in other receivables	(554.37)	(74.80)
(Increase)/decrease in other financial assets	(10.89)	(10.95)
(Increase)/decrease in other non financial assets	(165.85)	(32.42)
Increase/(decrease) in other payables	43.93	46.15
Increase/(decrease) in other financial liabilities	1,089.92	(410.08)
Increase/(decrease) in provisions	(53.00)	(51.07)
Increase/(decrease) in other non financial liabilities	13.02	12.29
<b>Cash (used in)/generated from operating activities</b>	<b>(22,987.27)</b>	<b>(10,305.10)</b>
Income taxes paid (net)	(341.54)	(530.67)
<b>Net cash (used in)/generated from operating activities</b>	<b>(23,328.81)</b>	<b>(10,835.76)</b>

**Cash flows from investing activities**

Purchase of tangible assets (including capital advances, capital creditors and capital work in progress) and intangible assets	(281.79)	(114.26)
Investment in term deposits with banks (net)	(968.69)	(681.86)
Investment in equity instruments	(633.14)	-
Proceeds from sale of tangible assets	(0.03)	(0.21)
Profit on sale of investments	83.35	58.29
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,800.30)</b>	<b>(738.03)</b>

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**Muthoot Microfin Limited****Cash flow statement for the Year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***Cash flows from financing activities**

	Year ended March 31, 2023	Year ended March 31, 2022
Proceeds from issue of equity shares	272.16	0.02
Proceeds from issue of preference shares	818.12	3,733.86
Share issue expenses	-	(78.86)
Proceeds from borrowings	36,394.80	23,837.50
Proceeds from debt securities	9,091.27	5,019.44
Proceeds from securitisation arrangement	13,092.63	4,857.22
Repayment of borrowings	(22,168.21)	(15,872.29)
Repayment of debt securities	(2,121.26)	(2,709.11)
Repayment of securitisation arrangement	(8,966.65)	(5,185.72)
Repayment of Subordinated Liabilities	(250.00)	-
Proceeds from treasury shares	(272.16)	6.79
Payment of lease liabilities	(225.30)	(167.56)
<b>Net cash (used in)/generated from financing activities</b>	<b>25,665.40</b>	<b>13,441.30</b>

**Net (decrease)/increase in cash and cash equivalents**

	536.28	1,867.51
Cash and cash equivalents as at the beginning of the Year	7,058.27	5,190.76
Cash and cash equivalents as at the end of the Year	7,594.55	7,058.27

**Operational cash flows from interest**

Interest paid	4,607.20	3,123.50
Interest received	11,441.52	6,488.46

\* The Statement of Cash Flows has been presented using indirect method as per the requirements of Ind AS 7 - Statement of Cash Flows

**Summary of Significant Accounting Policies (Refer note 1)**

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

This is the cash flow statement referred to in our report of even date.

**For Sharp & Tannan Associates**

Chartered Accountants

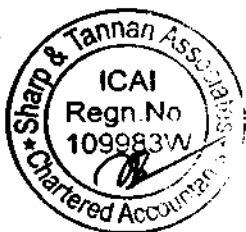
Firm's Registration No.: 109983W

**For and on behalf of the Board of Directors of****Muthoot Microfin Limited**  
Tirtharaj Khot

Partner

Membership No.: 037457

Place: Pune

  
Thomas Muthoot

Managing Director

DIN: 00082099

Place: Kochi

  
Thomas John Muthoot

Director

DIN: 00011618

Place: Kochi

  
Thomas George Muthoot

Director

DIN: 00011552

Place: Kochi

  
Praveen T

Chief Financial Officer

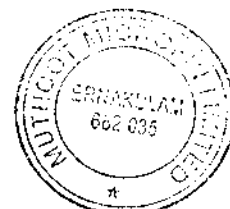
Place: Kochi

  
Neethu Ajay

Company Secretary

Place: Kochi

Date: 06 May 2023



Statement of changes in equity

A Equity share capital

Particulars	Balance as at April 1, 2021	Change in equity share capital during the year	Balance as at March 31, 2022	Change in equity share capital during the year	Balance as at March 31, 2023
Equity shares of ₹ 10 each, issued, subscribed and fully paid up	1,141.71	0.00	1,141.71	26.67	1,168.38

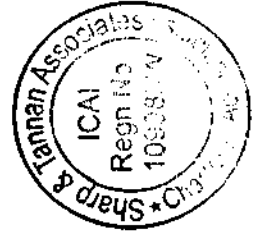
B Preference Share Capital

Particulars	Balance as at April 1, 2021	Change in preference share capital during the year	Balance as at March 31, 2022	Change in preference share capital during the year	Balance as at March 31, 2023
Compulsorily Convertible Preference Shares of ₹ 10 each, issued, subscribed and fully paid up	-	191.62	191.62	41.98	233.60

C Other equity

Particulars	Reserves and surplus						Other Comprehensive Income	Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Treasury shares	General reserves	Employee stock options outstanding	Retained earnings		
Balance as at April 1, 2021	4,988.74	697.92	(32.19)	3.25	9.66	1,732.98	356.83	7,757.19
Profit for the year	-	-	-	-	-	473.98	-	473.98
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	94.80	-	-	-	(94.80)	-	-
Provision for proposed dividend	-	-	-	-	-	(0.00)	-	(0.00)
Provision for tax on proposed dividend	-	-	-	-	-	(0.00)	-	(0.00)
Changes during the year in employee stock options outstanding	-	-	-	-	9.04	-	-	9.04
Proceeds on transfer during the year	-	-	6.79	6.47	(6.47)	-	-	6.79
Adjustment on account of consolidation of ESOP trust	-	-	-	(1.24)	-	-	-	(1.24)
Premium on issue of Equity shares	0.02	-	-	-	-	-	-	0.02
Premium on issue of Compulsorily Convertible Preference Shares	3,542.24	-	-	-	-	-	-	3,542.24
Share issue expenses	(78.96)	-	-	-	-	-	-	(78.86)
Other comprehensive income	-	-	-	-	-	(17.14)	449.13	431.99
Income tax relating to items of other comprehensive income	-	-	-	-	-	4.31	(113.05)	(108.73)
Balance as at March 31, 2022	8,452.14	792.72	(25.40)	8.48	12.23	2,099.37	692.92	12,032.46
Profit for the year	-	-	-	-	-	1,638.89	-	1,638.89
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	327.78	-	-	-	(327.78)	-	-
Provision for proposed dividend	-	-	-	-	-	-	-	-
Provision for tax on proposed dividend	-	-	-	-	-	-	-	-
Transfer during the year	-	-	-	-	-	-	-	-
Changes during the year in employee stock options outstanding	-	-	-	-	42.11	-	-	42.11
Proceeds on transfer during the year	-	-	-	-	-	-	-	-
Premium on issue of Equity shares	245.49	-	(272.16)	-	-	-	-	(272.16)
Premium on issue of Compulsorily Convertible Preference Shares	776.14	-	-	-	-	-	-	776.14
Adjustment on account of consolidation of ESOP trust	-	-	-	(0.60)	-	-	-	(0.60)
Other comprehensive income	-	-	-	-	-	(22.09)	548.84	526.75
Income tax relating to items of other comprehensive income	-	-	-	-	-	5.56	(138.14)	(132.58)
Balance as at March 31, 2023	9,473.77	1,120.50	(297.56)	7.89	54.34	3,393.95	1,103.62	14,856.51

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



**Muthoot Microfin Limited**

**Notes forming part of Financial Statements for the year ended March 31, 2023**

*(All amounts in INR millions, unless stated other wise)*

**1. Summary of significant accounting policies and other explanatory information**

**a) Company overview**

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

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

**b) Basis of preparation**

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

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

**(ii) Historical cost convention**

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

**c) Summary of significant accounting policies**

The financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where newly issued accounting standard is initially adopted.

**i. Property, plant and equipment**

**Recognition and initial measurement**

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

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

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

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

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

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

*De-recognition*

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss, when the asset is derecognised.

*Capital work-in-progress*

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



**ii. Intangible assets**

*Recognition and initial measurement*

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

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

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

**iii. Revenue recognition**

*Interest and processing fee income on loans*

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

*Income from assignment transactions*

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

*Commission income*

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

*Dividend income*

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

*Miscellaneous income*

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

**iv. Borrowing costs**

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

**v. Taxation**

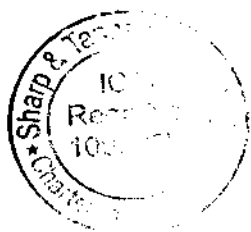
Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

#### **vi. Employee benefits**

##### *Short-term employee benefits*

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

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

##### *Defined Contribution plans*

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

##### *Defined benefit plans*

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

##### *Other long-term employee benefits*

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

#### **vii.Share based payments**

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

#### **viii.Impairment of non-financial assets**

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

##### *Compensation for impairment*

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



**ix. Impairment of financial assets**

*Loan assets*

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

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

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

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

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

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

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

*Trade receivables*

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

*Other financial assets*

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

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

*Write-offs*

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

**x. Cash and cash equivalents**

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

**xi. Provisions, contingent assets and contingent liabilities**

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

Contingent liability is disclosed for:

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

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





**xii. Leases**

**Company as a lessee**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception.

The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments, including payments which are substantively fixed;
- b) variable lease payments that depend on a rate, initially measured using the rate as at the commencement.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in a rate, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*Short-term leases and leases of low-value assets*

As permitted by Ind AS 116, the Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**xiii. Financial instruments**

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

*Initial recognition and measurement*

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

**Non-derivative financial assets**

*Subsequent measurement*

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

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

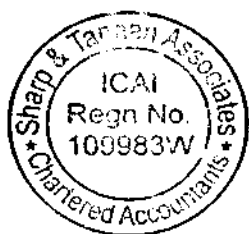
After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation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

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

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

*De-recognition of financial assets*

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



**Non-derivative financial liabilities**

*Other financial liabilities - Subsequent measurement*

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

*De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**First loss default guarantee**

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

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

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

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

**Offsetting of financial instruments**

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

**xiv. Earnings per share**

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

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

**xv. Segment reporting**

The Company identifies segments on the basis of the internal organization and management structure. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

**xvi. Foreign currency**

*Functional and presentation currency*

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

*Transactions and balances*

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

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



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

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

*Significant management judgements*

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

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

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

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

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

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

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

*Significant estimates*

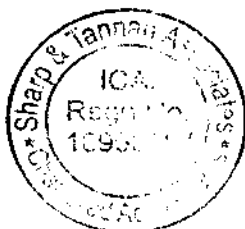
**Useful lives of depreciable/amortisable assets** - Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change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

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

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

**xviii. Implementation of Indian Accounting Standards by RBI**

The RBI issued Circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dt. March 13, 2020, which require Non-Banking Financial Companies (NBFCs) covered by Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 to comply with the respective circular while preparing the financial statements from financial year 2019-20 onwards.



**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***2 Cash and cash equivalents**

	As at March 31, 2023	As at March 31, 2022
Cash in hand	17.34	46.81
Balances with banks in current account	2,713.55	4,891.79
Balance with cash collection agents	58.01	48.59
Term deposits with residual maturity of 3 months or less with scheduled banks	4,805.65	2,071.06
	<b>7,594.55</b>	<b>7,058.27</b>

- (i) There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting year and prior years.
- (ii) Short-term deposits are made for varying periods of between seven days and three months, depending on the immediate cash requirements of the company, and to earn interest at the respective short-term deposit rates.
- (iii) The company has not taken bank overdraft, therefore the cash and cash equivalents for cash flow statement is same as for cash and cash equivalents.

**3 Bank balances other than cash and cash equivalents**

	As at March 31, 2023	As at March 31, 2022
Term deposits with bank not considered in Cash and cash equivalents	3,909.58	2,940.89
	<b>3,909.58</b>	<b>2,940.89</b>

- (i) There are no repatriation restrictions with respect to bank balances other than cash and cash equivalents as at the end of the reporting year and prior years.
- (ii) The Company earns a fixed rate of interest on these term deposits.
- (iii) Term deposits amounting to INR 3,908.44 millions (March 31, 2022: INR 2,911.19 millions ) are held as pledged against borrowings and other commitments.

**4 Other receivables**

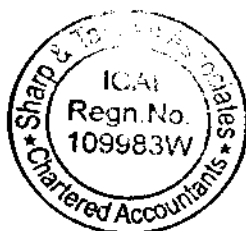
	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good	722.10	167.73
	<b>722.10</b>	<b>167.73</b>

**5 Loans**

	As at March 31, 2023	As at March 31, 2022
<b>At amortised cost</b>		
Term loans (refer note 5.1)	48,829.06	23,290.80
Employee loans (refer note 5.3)	1.10	0.90
	<b>48,830.16</b>	<b>23,291.70</b>
<b>At fair value through other comprehensive income</b>		
Term loans (refer note 5.2)	21,436.67	20,689.41
	<b>21,436.67</b>	<b>20,689.41</b>
	<b>70,266.85</b>	<b>43,981.11</b>

**5.1 Term loans (at amortised cost)**

	As at March 31, 2023	As at March 31, 2022
<b>Term loans</b>		
(i) Joint liability group loans	49,702.55	24,473.99
(ii) Individual loans	568.43	472.02
(iii) Corporate loans	164.45	45.08
<b>Total (gross)</b>	<b>50,435.43</b>	<b>24,991.09</b>
<b>Less: Allowance for impairment loss for loan assets</b>	<b>1,606.35</b>	<b>1,700.29</b>
<b>Total (net)</b>	<b>48,829.08</b>	<b>23,290.80</b>
<b>Secured</b>	<b>310.00</b>	<b>262.94</b>
<b>Unsecured</b>	<b>50,125.43</b>	<b>24,728.15</b>
<b>Total (gross)</b>	<b>50,435.43</b>	<b>24,991.09</b>
<b>Less: Allowance for impairment loss for loan assets</b>	<b>1,606.35</b>	<b>1,700.29</b>
<b>Total (net)</b>	<b>48,829.08</b>	<b>23,290.80</b>
<b>Loans in India</b>		
Public sector	-	-
Individuals	50,270.98	24,946.01
Corporate loans	164.45	45.08
<b>Total (gross)</b>	<b>50,435.43</b>	<b>24,991.09</b>
<b>Less: Allowance for impairment loss for loan assets</b>	<b>1,606.35</b>	<b>1,700.29</b>
<b>Total (net)</b>	<b>48,829.08</b>	<b>23,290.80</b>



**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
(All amounts in INR millions, unless stated otherwise)

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

Term loans
<b>Total (gross)</b>
Less: Allowance for impairment loss for loan assets
<b>Total (net)</b>
Secured
Unsecured
<b>Total (gross)</b>
Less: Allowance for impairment loss for loan assets
<b>Total (net)</b>
<b>Loans in India</b>
Public sector
Individuals
<b>Total (gross)</b>
Less: Allowance for impairment loss for loan assets
<b>Total (net)</b>

As at March 31, 2023	As at March 31, 2022
21,550.49	21,205.27
<b>21,550.49</b>	<b>21,205.27</b>
113.82	515.86
<b>21,436.67</b>	<b>20,689.41</b>
-	-
21,550.49	21,205.27
<b>21,550.49</b>	<b>21,205.27</b>
113.82	515.86
<b>21,436.67</b>	<b>20,689.41</b>
-	-
21,550.49	21,205.27
<b>21,550.49</b>	<b>21,205.27</b>
113.82	515.86
<b>21,436.67</b>	<b>20,689.41</b>

**5.3 Employee loans (at amortised cost)**

Employee loans
<b>Total (gross)</b>
Less: Allowance for impairment loss for employee loans
<b>Total (net)</b>
(i) Key managerial personnel
(ii) Other employees
<b>Total (gross)</b>
Less: Allowance for impairment loss for employee loans
<b>Total (net)</b>

As at March 31, 2023	As at March 31, 2022
1.10	0.90
1.10	0.90
-	-
<b>1.10</b>	<b>0.90</b>
-	-
1.10	0.90
<b>1.10</b>	<b>0.90</b>
-	-
<b>1.10</b>	<b>0.90</b>

- (i) All loans given to employees are without any security of assets or guarantee.  
(ii) Refer note 39 for loans pledged as security .  
(iii) Refer note 42 for expected credit loss related disclosures on loan assets .

**6 Investments**

<b>Investments at Carrying value</b>
Investment in ARC Trust
Investment in Associate Concern
<b>Total (gross)</b>
Less: Allowance for impairment loss
<b>Total (net)</b>
Investments in India
Investments outside India

As at March 31, 2023	As at March 31, 2022
633.14	-
0.45	0.45
<b>633.59</b>	<b>0.45</b>
-	-
<b>633.59</b>	<b>0.45</b>
633.59	0.45
-	-
<b>633.59</b>	<b>0.45</b>

**7 Other financial assets**

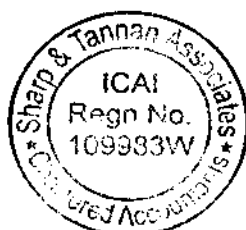
- (i) Security deposits (unsecured, considered good)  
(ii) Employee advances

As at March 31, 2023	As at March 31, 2022
38.14	30.46
2.47	3.22
<b>40.61</b>	<b>33.68</b>

**8 Current tax assets (net)**

Advance income tax (net)

As at March 31, 2023	As at March 31, 2022
104.60	395.45
<b>104.60</b>	<b>395.45</b>



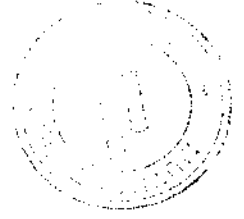
**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

**9 Property, plant and equipment**

	Computer and accessories	Furniture and fixtures	Office equipments	Vehicles	Electrical fittings	Total
<b>Gross block</b>						
Balance as at April 1, 2021	77.91	283.31	202.32	0.77	12.41	576.72
Additions	19.89	39.89	45.70	-	1.87	107.34
Disposals	(0.21)	-	(2.14)	-	(0.62)	(2.98)
Balance as at March 31, 2022	97.59	323.20	245.88	0.77	13.65	681.08
Additions	35.30	100.08	90.71	-	53.16	279.25
Disposals	(0.25)	(0.19)	(4.78)	-	(0.36)	(5.57)
Balance as at March 31, 2023	132.64	423.09	331.81	0.77	66.45	954.76
<b>Accumulated depreciation</b>						
Balance as at April 1, 2021	53.49	61.07	59.19	0.43	4.10	178.28
Charge for the year	15.82	28.34	39.21	0.09	1.24	84.71
Reversal on disposal of assets	(0.18)	-	(1.85)	-	(0.33)	(2.37)
Balance as at March 31, 2022	69.13	89.41	96.55	0.52	5.01	260.63
Charge for the year	18.05	34.73	48.45	0.10	3.52	104.85
Reversal on disposal of assets	(0.18)	(0.15)	(4.35)	-	(0.40)	(5.08)
Balance as at March 31, 2023	87.00	123.99	140.65	0.62	8.13	360.39
<b>Net block</b>						
Balance as at March 31, 2022	28.46	233.79	149.32	0.24	8.64	420.45
Balance as at March 31, 2023	45.64	299.10	191.16	0.15	58.32	594.37

\*Vehicles amounting to INR 0.15 million (March 31, 2022: INR 0.24 million) have been pledged as security.

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**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

**10 Right-of-use assets and lease liabilities**

**(i) Property, plant and equipment comprises owned and leased assets that do not meet the definition of investment property**

	As at March 31, 2023	As at March 31, 2022
Property, plant and equipment owned	594.38	420.45
Right-of-use assets	1,121.72	791.19
	<b>1,716.10</b>	<b>1,211.64</b>

**(ii) Carrying value of right of use of assets at the end of the reporting year by class**

	As at March 31, 2023	As at March 31, 2022
Balance as at April 1, 2022	791.19	700.16
Additions	504.59	239.91
Deletions	(29.82)	(45.43)
Deletion of Accumulated Depreciation	16.77	19.26
Depreciation charge for the year	(161.01)	(122.71)
Balance as at March 31, 2023	<b>1,121.72</b>	<b>791.19</b>

**(iii) Movement in lease liabilities**

	As at March 31, 2023	As at March 31, 2022
Balance as at April 1, 2022	913.96	779.89
Additions	497.32	235.56
Deletions	(15.51)	(30.67)
Interest on lease liabilities	128.93	96.74
Payment of lease liabilities	(225.30)	(167.56)
Balance as at March 31, 2023	<b>1,299.40</b>	<b>913.96</b>

**(iv) Maturity analysis of lease liabilities**

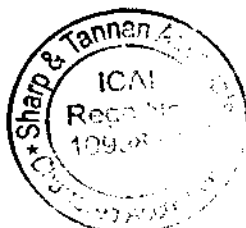
	As at March 31, 2023	As at March 31, 2022
Less than one year	272.74	195.58
One to five years	1,031.32	762.17
More than five years	592.53	374.74
<b>Total undiscounted lease liabilities as at March 31, 2023</b>	<b>1,896.59</b>	<b>1,332.49</b>
Current	258.88	741.18
Non Current	1,040.52	172.78
<b>Lease liabilities included in the statement of financial position</b>	<b>1,299.40</b>	<b>913.96</b>

**(v) Amounts recognised in profit and loss**

	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities (refer note 28)	128.93	96.74
Depreciation of right-of-use assets (refer note 32)	161.01	122.71
	<b>289.94</b>	<b>219.45</b>

**(vi) Amounts recognised in the statement of cash flows**

	As at March 31, 2023	As at March 31, 2022
Total cash outflow for leases	225.30	167.56

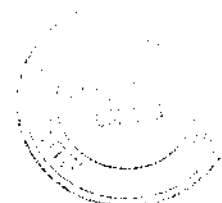
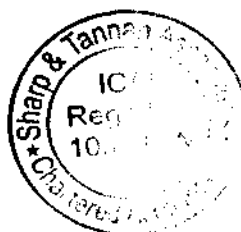


**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

**11 Intangible assets**

	<b>Software</b>
<b>Gross block</b>	
Balance as at April 1, 2021	<b>3.13</b>
Additions	-
Disposals	-
Balance as at March 31, 2022	<b>3.13</b>
Additions	2.56
Disposals	-
Balance as at March 31, 2023	<b>5.69</b>
<b>Accumulated depreciation</b>	
Balance as at April 1, 2021	<b>1.88</b>
Charge for the year	0.41
Reversal on disposal of assets	-
Balance as at March 31, 2022	<b>2.29</b>
Charge for the year	0.48
Reversal on disposal of assets	-
Balance as at March 31, 2023	<b>2.77</b>
<b>Net block</b>	
Balance as at March 31, 2022	<b>0.84</b>
Balance as at March 31, 2023	<b>2.92</b>

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**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***12 Other non-financial assets****Unsecured, considered good**

Capital advances
Balance with government authorities
Prepaid expenses
Advances

As at March 31, 2023	As at March 31, 2022
9.96	9.23
42.18	32.68
186.36	18.53
4.85	16.33
<b>243.35</b>	<b>76.77</b>

**13 Other payables**

Dues to micro enterprises and small enterprises (refer note (i) below)
Dues to creditors other than micro enterprises and small enterprises

As at March 31, 2023	As at March 31, 2022
-	-
119.27	75.34
<b>119.27</b>	<b>75.34</b>

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

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

As at March 31, 2023	As at March 31, 2022
-	-
-	-
-	-
-	-
-	-
-	-

**14 Debt securities****Secured (at amortised cost)**

Redeemable non-convertible debentures (refer note 38)

**Unsecured (at amortised cost)**

Commercial paper (refer note 38)

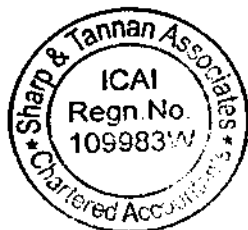
As at March 31, 2023	As at March 31, 2022
13,216.67	6,249.44
<b>13,216.67</b>	<b>6,249.44</b>
484.84	496.83
<b>484.84</b>	<b>496.83</b>
<b>13,701.51</b>	<b>6,746.27</b>
13,701.51	6,746.27
-	-
<b>13,701.51</b>	<b>6,746.27</b>

Borrowings in India

Borrowings outside India

(i) Refer note 38 for interest rates, repayment terms and nature of security of debt securities.

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**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***15 Borrowings (other than debt securities)****Borrowings carried at amortised cost****Term loans (Secured)**

- From banks (refer note 38)
- From financial institutions (refer note 38)
- Borrowings under securitisation arrangement (refer note 38)
- From financial institutions in Foreign Currency (ECB)(refer note 38)

**Term loans (Unsecured)**

- From financial institutions

**Borrowings in India****Borrowings outside India**

	As at March 31, 2023	As at March 31, 2022
	29,200.07	16,481.93
	11,678.52	11,687.60
	8,230.63	4,121.09
	2,047.76	-
	73.27	679.23
	<b>51,230.25</b>	<b>32,969.85</b>
	49,182.49	32,969.85
	2,047.76	-
	<b>51,230.25</b>	<b>32,969.85</b>

**16 Subordinated liabilities****At amortised cost****Unsecured term loan**

- From financial institutions (refer note 38)

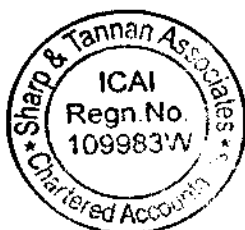
**Subordinated liabilities in India****Subordinated liabilities outside India**

	As at March 31, 2023	As at March 31, 2022
	-	249.97
	-	249.97
	-	249.97
	-	-
	-	249.97

**17 Other financial liabilities****Interest accrued but not due on borrowings****Employee related payable****Payables towards securitisation/ assignment transactions****Others**

	As at March 31, 2023	As at March 31, 2022
	946.80	299.75
	211.77	152.41
	907.17	109.62
	516.96	931.02
	<b>2,582.70</b>	<b>1,492.80</b>

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**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**  
(All amounts in INR millions, unless stated otherwise)

**18 Deferred tax asset / (liability) (net)**

**Tax effect of items constituting deferred tax liability:**

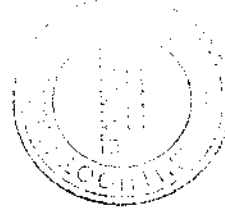
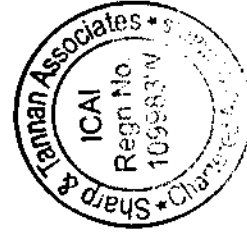
Direct assignment transactions	
Adoption of EIR for borrowing cost	
<b>Tax effect of items constituting deferred tax asset:</b>	
Provision for expected credit loss	
Adoption of EIR for loan assets	
Adoption of Ind AS 116	
Others	

	As at March 31, 2023	As at March 31, 2022
	(702.43)	(566.69)
	(86.51)	(59.60)
	562.81	498.92
	132.33	81.04
	50.88	33.78
	100.67	60.30
	<b>57.75</b>	<b>47.75</b>

**Movement in above mentioned deferred tax asset / (liability)**

Particulars	As at April 1, 2021	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2022	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2023
<b>Tax effect of items constituting deferred tax asset / (liability)</b>							
Provision for expected credit loss	464.57	34.35	-	498.92	63.89	-	562.81
Adoption of EIR for loan assets	57.54	23.50	-	81.04	51.29	-	132.33
Direct assignment transactions	(446.92)	(6.73)	(113.05)	(566.69)	2.41	(138.14)	(702.43)
Adoption of EIR for borrowing cost	(24.98)	(34.61)	-	(59.60)	(26.91)	-	(86.51)
Adoption of Ind AS 116	22.67	11.11	-	33.78	17.10	-	50.88
Others	27.47	28.52	4.31	60.30	34.81	5.56	100.67
	<b>100.35</b>	<b>56.14</b>	<b>(108.74)</b>	<b>47.75</b>	<b>142.59</b>	<b>(132.58)</b>	<b>57.75</b>

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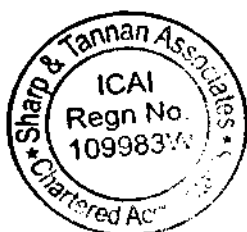
**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***19 Provisions**

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Gratuity (refer note 36)	34.00	37.42
Compensated absences (refer note 36)	2.13	11.96
	<b>36.13</b>	<b>49.38</b>

**20 Other non-financial liabilities**

	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	64.24	51.22
	<b>64.24</b>	<b>51.22</b>

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**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

**21 Equity share capital****Authorised share capital**

150,000,000 Equity shares of ₹ 10 each (March 31, 2022: 150,000,000)

50,000,000 Compulsorily convertible preference shares of ₹ 10 each (March 31, 2022: 50,000,000)

**Issued, subscribed and fully paid up share capital**

116,837,249 Equity shares of ₹ 10 each (March 31, 2022: 114,170,602)

23,360,260 Compulsorily Convertible Preference Shares of ₹ 10 each (March 31, 2022: 19,161,733)

	As at March 31, 2023	As at March 31, 2022
150,000,000 Equity shares of ₹ 10 each (March 31, 2022: 150,000,000)	1,500.00	1,500.00
50,000,000 Compulsorily convertible preference shares of ₹ 10 each (March 31, 2022: 50,000,000)	500.00	500.00
	<b>2,000.00</b>	<b>2,000.00</b>
116,837,249 Equity shares of ₹ 10 each (March 31, 2022: 114,170,602)	1,168.38	1,141.71
23,360,260 Compulsorily Convertible Preference Shares of ₹ 10 each (March 31, 2022: 19,161,733)	233.60	191.62
	<b>1,401.98</b>	<b>1,333.33</b>

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

The company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing annual general meeting, except interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the articles of association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

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

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Equity share capital of Rs. 10 each fully paid up				
Balance at the beginning of the year	11,41,70,602	1,141.71	11,41,70,502	1,141.71
Add: Issued during the year	26,66,647	26.67	100	0.00
Balance at the end of the year	<b>11,68,37,249</b>	<b>1,168.38</b>	<b>11,41,70,602</b>	<b>1,141.71</b>

**(iii) Rights, preferences and restrictions attached to compulsorily convertible preference shares:**

The company has issued Compulsorily Convertible Preference Shares (CCPS) having a par value of ₹ 10 per share. Each holder of CCPS is entitled to one vote per Equity Share on an As Converted Basis (with the Share Capital being calculated on an As Converted Basis). The holders of the CCPS shall be entitled to receive on their respective CCPS, a cumulative dividend at the rate of 0.001% (zero point zero zero one per-cent) of the face value of each CCPS per annum. The Company shall convert all the CCPS into Equity Shares if at any time the Company proposes to undertake a Qualified IPO.

**(iv) Reconciliation of compulsorily convertible preference shares outstanding at the beginning and at the end of the year**

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Preference share capital of Rs. 10 each fully paid up				
Balance at the beginning of the year	1,91,61,733	191.62	-	-
Add: Issued during the year	41,98,527	41.98	1,91,61,733	191.62
Balance at the end of the year	<b>2,33,60,260</b>	<b>233.60</b>	<b>1,91,61,733</b>	<b>191.62</b>

**(v) Shares held by the holding company**

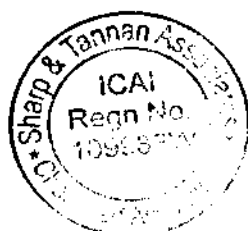
	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	8,45,44,263	72.36%	7,26,25,449	63.61%

**(vi) Shareholders holding more than 5% of shares of the Company as at balance sheet date:****Equity shares of Rs.10 each**

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	8,45,44,263	72.36%	7,26,25,449	63.61%
Creation Investments India LLC	1,30,06,778	11.13%	1,30,06,778	11.39%
Thomas Muthoot	35,56,959	3.04%	63,50,459	5.56%
Thomas John Muthoot	35,44,831	3.03%	63,28,806	5.54%
Thomas George Muthoot	35,43,909	3.03%	63,27,160	5.54%

**Compulsorily Convertible Preference Shares of Rs.10 each**

Greater Pacific Capital WIV Ltd.	2,33,60,260	100.00%	1,91,61,733	100.00%
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**Muthoot Microfin Limited**

Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

(vii) Shareholding of promoters as at balance sheet date:

	No. of shares	% of Total Shares	% Change during the year
Muthoot Fincorp Ltd	8,45,44,263	72.36%	8.75%
Thomas John Muthoot	35,44,831	3.03%	-2.51%
Thomas George Muthoot	35,43,909	3.03%	-2.51%
Thomas Muthoot	35,56,959	3.04%	-2.52%
Preethi John	15,13,904	1.30%	-1.07%
Nina George	15,14,826	1.30%	-1.07%
Remmy Thomas	15,01,776	1.29%	-1.06%
	<b>9,97,20,468</b>	<b>85.35%</b>	<b>-1.99%</b>

Note: The Company has issued 26,66,647 equity shares and 41,98,527 Compulsory Convertible Preference Shares (CCPS) (Both fully Paid up) during the Financial Year 2022-23.

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

(ix) Refer note 43 for disclosures related to capital management of the company.

**22 Other equity**

	As at March 31, 2023	As at March 31, 2022
Securities premium	9,473.77	8,452.14
Reserve fund u/s 45-IC of RBI Act 1934	1,120.50	792.72
Employee stock options outstanding	54.34	12.23
Loan assets through other comprehensive income	1,103.62	692.92
Retained earnings	3,393.95	2,099.37
Treasury shares	(297.56)	(25.40)
General reserve	7.89	8.48
	<b>14,856.51</b>	<b>12,032.46</b>

**Nature and purpose of reserves****Securities premium reserve**

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

**Reserve fund u/s 45-IC of RBI Act 1934**

The company creates a reserve fund in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount of equal to/more than twenty per cent of its net profit of the year, before declaration of dividend. Accordingly, during the year, the Company has transferred an amount of INR 327.78 million (March 31, 2022: INR 94.80 million).

**Employee stock options outstanding**

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

**Loan assets through other comprehensive income**

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

**Retained earnings**

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

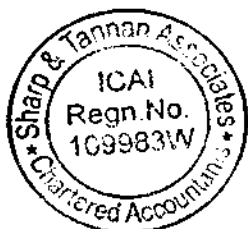
**Treasury shares**

Treasury shares represents company's own equity shares held by employee welfare trust.

**General reserve**

Represents the profits or losses made by the employee welfare trust on account of issue or sale of treasury stock.

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**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***23 Interest income**

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
<b>On financial assets measured at amortised cost</b>		
Interest on loan assets	10,313.32	6,399.18
Interest income on deposits from banks	178.51	125.97
	<b>10,491.83</b>	<b>6,525.15</b>
<b>On financial assets measured at fair value through other comprehensive income</b>		
Interest on loan assets	2,414.62	761.08
	<b>2,414.62</b>	<b>761.08</b>
	<b>12,906.45</b>	<b>7,286.23</b>

**24 Fees and commission income**

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Fee income recognised over a certain period of time (refer note 47)	19.91	4.36
Fee income that are recognised at point in time (refer note 47)	153.31	57.23
	<b>173.22</b>	<b>61.59</b>

**25 Net gain on fair value changes**

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Gain on sale of loans assets recognised through Profit & Loss account	1,115.37	910.31

**26 Income from investments**

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Income from investments	83.35	58.29
	<b>83.35</b>	<b>58.29</b>
Realised	83.35	58.29
Unrealised	-	-
	<b>83.35</b>	<b>58.29</b>

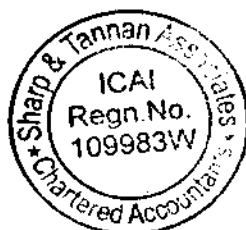
**27 Other income**

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Interest income on security deposits	3.31	3.23
Bad debt recovered	143.59	71.17
Miscellaneous income	28.90	29.95
	<b>175.80</b>	<b>104.35</b>

**28 Finance costs**

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
<b>On financial liabilities measured at amortised cost</b>		
Interest on borrowings other than debt securities	4,063.02	2,639.77
Interest on debt securities	1,295.20	630.41
Interest on subordinated liabilities	2.95	34.63
Interest cost on lease liabilities (refer note 10)	128.93	96.74
	<b>5,490.10</b>	<b>3,401.55</b>

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**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

**29 Fees and commission expenses**

Fees and commission expenses

For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
275.41	178.49
<b>275.41</b>	<b>178.49</b>

**30 Impairment on financial instruments**

Loans

Write off  
Waive off  
Provision for impairment on loan assets

For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
1,402.81	737.80
476.59	263.04
353.78	110.69
<b>2,233.18</b>	<b>1,111.53</b>

**31 Employee benefits expenses**

Salaries and wages  
Contribution to provident and other funds  
Share based payments  
Gratuity and compensated absence  
Staff welfare expenses

For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
2,876.80	2,115.03
234.01	186.28
42.11	9.04
17.67	36.93
54.99	23.53
<b>3,225.58</b>	<b>2,370.81</b>

**32 Depreciation and amortisation**

Depreciation (refer note 9)  
Depreciation on right-of-use assets (refer note 10)  
Amortisation (refer note 11)

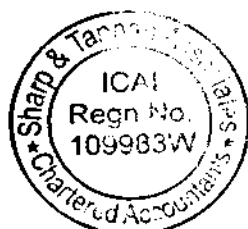
For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
104.57	84.72
161.01	122.71
0.48	0.41
<b>266.06</b>	<b>207.84</b>

**33 Other expenses**

Rent  
Rates and taxes  
Repairs and maintenance - others  
Communication expenses  
Printing and stationery  
Marketing expenses  
Auditors' remuneration  
Statutory audit  
Limited review  
Tax audit  
Other certifications  
Reimbursement of expenses  
Legal and professional charges  
Traveling and conveyance  
Software support charges  
Power and fuel  
Office expenses  
Corporate social responsibility expenses\*  
Miscellaneous expenses

For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
23.52	10.21
6.04	5.53
14.69	6.81
70.83	47.50
31.77	20.55
13.54	10.24
4.36	4.36
2.29	1.53
0.55	0.55
0.33	0.33
0.22	0.22
149.18	57.23
347.76	217.35
45.78	40.92
28.32	17.86
37.82	25.36
6.23	19.95
61.18	25.48
<b>844.41</b>	<b>511.98</b>

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**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***\*Corporate social responsibility expenses**

- (a) Gross amount required to be spent by the Company during the year ended March 31, 2023 is INR 6.23 million (March 31, 2022 INR 19.95 million).
- (b) Amount spent during the year :

- (i) Construction/ acquisition of any asset  
In cash  
Yet to be paid

- (ii) On purpose other than (i) above  
In cash  
Yet to be paid

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
	-	-
	-	-
	6.23	19.95
	-	-
	6.23	19.95
	6.23	19.95

**34 Earnings per share (basic and diluted)**

Net profit for the year	1,638.89	473.98
Weighted-average number of equity shares for basic EPS	115.51	114.17
Weighted-average number of equity shares adjusted for the effect of dilution	136.77	119.28
Par value per share	10.00	10.00
Earnings per share - Basic	14.19	4.15
Earnings per share - Diluted	11.98	3.97

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
	1,638.89	473.98
	115.51	114.17
	136.77	119.28
	10.00	10.00
	14.19	4.15
	11.98	3.97

**35 Tax expense**

Current tax  
Deferred tax

	For the Year Ended March 31, 2023	For the year ended March 31, 2022
	679.91	224.05
	(142.59)	(56.14)
	537.32	167.91

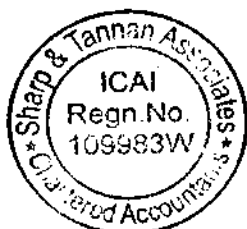
The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Profit before tax	2,128.70	647.21
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	535.75	162.89

Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense

Tax on expense not eligible for deduction	1.57	5.02
Tax effect of change in tax rate	-	-
Deferred tax liability relating to earlier years	-	-
Impact of different tax rate on certain items	-	-
Others	-	-
Total income tax expense	537.32	167.91

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**Muthoot Microfin Limited**

Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

**36 Employee benefit obligations****Defined benefit plans**

	As at March 31, 2023	As at March 31, 2022
Gratuity	34.00	37.42
Leave encashment	2.13	11.96

**A. Gratuity**

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

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

	As at March 31, 2023	As at March 31, 2022
Current service cost	24.97	23.28
Interest cost (net)	2.32	1.72
Actuarial loss/(gain) recognised during the year	22.09	17.14
Amount recognised in total comprehensive income	49.38	42.14

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

	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation as at the beginning of the year	140.22	102.25
Current service cost	24.97	23.28
Interest cost	8.68	5.88
Benefits paid	(18.21)	(8.80)
Actuarial loss/(gain)	22.80	17.61
Present value of defined benefit obligation as at the end of the year	178.46	140.22

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

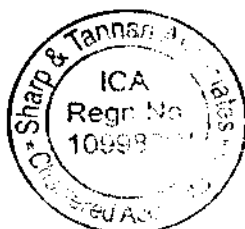
	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	102.80	71.92
Expected return on plan assets	6.36	4.16
Contributions by employer	52.80	35.05
Benefits paid	(18.21)	(8.80)
Actuarial (loss)/gain	0.71	0.47
Fair value of plan assets at the end of the year	144.46	102.80

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

	As at March 31, 2023	As at March 31, 2022
Present value of funded obligation as at the end of the year	178.46	140.22
Fair value of plan assets as at the end of the period funded status	144.46	102.80
Funded net liability recognized in balance sheet	34.00	37.42

**(vi) Actuarial (gain)/loss recognised in other comprehensive income:**

	As at March 31, 2023	As at March 31, 2022
Actuarial loss/(gain) on assets	(0.71)	(0.47)
Actuarial (gain)/loss on liabilities		
Actuarial (gain)/loss from change in demographic assumption	(4.56)	(3.60)
Actuarial (gain)/loss from change in financial assumption	(2.32)	(2.15)
Actuarial (gain)/loss from experience adjustment	29.68	23.36
Total Actuarial (gain)/loss on liabilities	22.80	17.61
Total actuarial (gain)/loss	22.09	17.14



**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

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

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.30%	6.19%
Rate of increase in compensation levels	7.75%	7.00%
Attrition rate		
Field employees	37.05%	33.58%
Other than field employees	29.59%	21.49%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	32.76	32.86

**Notes to actuarial assumptions:**

- Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.
- These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.
- The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**(viii) Sensitivity analysis for gratuity liability**

	As at March 31, 2023	As at March 31, 2022
<b>Present value of obligation at the end of the year</b>	<b>178.46</b>	<b>140.22</b>
a) <b>Impact of change in discount rate</b>		
- Impact due to increase of 0.50%	(1.99)	(2.25)
- Impact due to decrease of 0.50%	2.05	2.34
b) <b>Impact of change in salary increase</b>		
- Impact due to increase of 1%	3.94	4.50
- Impact due to decrease of 1%	(3.81)	(4.28)
c) <b>Impact of change in attrition rate</b>		
- Impact due to increase of 5%	(4.20)	(4.83)
- Impact due to decrease of 5%	4.69	5.49

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

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

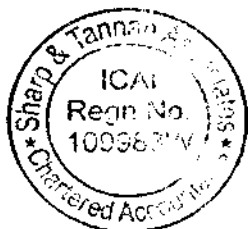
**(ix) Maturity profile of defined benefit obligation**

	As at March 31, 2023	As at March 31, 2022
Within next 12 months	46.93	26.20
Between 1-5 years	117.09	86.10
Beyond 5 years	52.07	65.31
	<b>216.08</b>	<b>177.61</b>

**(x) Category of plan assets**

	As at March 31, 2023	As at March 31, 2022
Fund managed by insurer	144.46	102.80

- The Company expects to contribute INR 39.93 millions (previous year INR 33.59 millions) to its gratuity plan for the next year.



**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

**B. Compensated absence**

- (i) The Company provides encashment of compensated absence based on the approved Company policy. Employees whose service is permanent will be eligible for privilege of compensated absence on calendar year basis, and it is mandatory that a minimum of 5 leaves need to be taken in an year.

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

	As at March 31, 2023	As at March 31, 2022
Current service cost	6.17	9.62
Interest cost (net)	0.57	1.01
Actuarial (gain)/loss recognised during the year	(16.40)	1.27
Amount recognised in total comprehensive income	(9.66)	11.90

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

	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation as at the beginning of the year	64.21	50.60
Current service cost	6.17	9.62
Interest cost	3.08	3.16
Benefits paid	(1.77)	(0.53)
Actuarial (gain)/loss	(15.40)	1.36
Present value of defined benefit obligation as at the end of the year	56.29	64.21

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

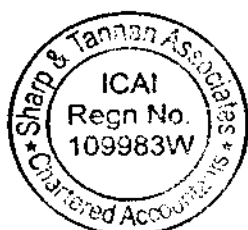
	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the Year	52.25	34.55
Expected return on plan assets	2.51	2.15
Contributions by employer	0.18	15.97
Benefits paid	(1.77)	(0.53)
Actuarial gain/(loss)	1.00	0.09
Fair value of plan assets at the end of the Year	54.15	52.25

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

	As at March 31, 2023	As at March 31, 2022
Present value of funded obligation as at the end of the year	56.29	64.21
Fair value of plan assets as at the end of the period funded status	54.15	52.25
Funded net liability recognized in balance sheet	2.14	11.96

**(vi) Actuarial (gain)/loss recognised in the statement of profit and loss**

	As at March 31, 2023	As at March 31, 2022
Actuarial (gain)/loss on assets	(1.00)	(0.09)
Actuarial (gain) / loss on liabilities		
Actuarial (gain)/loss from change in demographic assumption	(1.80)	(2.09)
Actuarial (gain)/loss from change in financial assumption	(0.19)	(0.48)
Actuarial (gain)/loss from experience adjustment	(13.41)	3.92
Total Actuarial (gain)/loss on liabilities	(15.40)	1.36
Total actuarial (gain)/loss	(16.40)	1.27



**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

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

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.30%	6.63%
Rate of increase in compensation levels	7.75%	7.00%
Attrition rate		
Field employees	37.05%	33.58%
Other than field employees	29.59%	21.49%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	31.41	31.68

**Notes to actuarial assumptions:**

- (a) Encashment of compensated absence is payable to the employees on death or resignation or on retirement at the attainment of superannuation age, and it is not applicable on termination and unserved notice period of an employee.
- (b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.
- (c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.
- (d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**(viii) Sensitivity analysis for compensated absence liability**

	As at March 31, 2023	As at March 31, 2022
<b>a) Impact of change in discount rate</b>		
Present value of obligation at the end of the year	56.29	64.21
- Impact due to increase of 0.50 %	(0.42)	(0.56)
- Impact due to decrease of 0.50 %	0.43	0.57
<b>b) Impact of change in salary increase</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 1 %	0.86	1.14
- Impact due to decrease of 1 %	(0.84)	(1.11)
<b>c) Impact of change in attrition rate</b>		
Present value of obligation at the end of the year		
- Impact due to increase of 5 %	(1.20)	(3.16)
- Impact due to decrease of 5 %	1.42	3.83

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

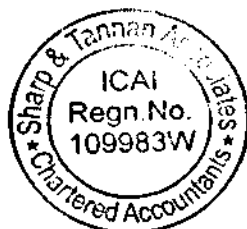
The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

**(ix) Maturity profile of defined benefit obligation**

	As at March 31, 2023	As at March 31, 2022
Within next 12 months	27.46	28.23
Between 1-5 years	32.24	38.01
Beyond 5 years	3.87	6.76
<b>Total</b>	<b>63.57</b>	<b>73.00</b>

**(x) Category of plan assets**

	As at March 31, 2023	As at March 31, 2022
Fund managed by insurer	54.15	52.25



**Muthoot Microfin Limited**
**Notes to financial statement for the year ended March 31, 2023**
*(All amounts in INR millions, unless stated otherwise)*
**37 Related parties disclosures**
**Names of related parties**

Nature of relationship	Name of the party
Holding Company	Muthoot Fincorp Limited
Entities in which KMP are able to exercise control or have significant influence	Muthoot Exim Private Limited
Fellow subsidiary	Muthoot Pappachan Foundation
Common directorship	Muthoot Pappachan Technologies Limited
	The Thinking Machine Media Private Limited
	M-Liga Sports Excellence Private Limited
Key Management Personnel (KMP)	Thomas Muthoot, Managing Director
	Thomas John Muthoot, Director
	Thomas George Muthoot, Director
	John Tyler Day, Director
	T S Vijayan, Independent Director
	Alok Prasad, Independent Director
	Bhama Krishnamurthy, Independent Director
	Pushpy B Muricken, Independent Director
	Akshaya Prasad, Non-executive Director
	R. Anand, Independent Director
	Sadaf Sayeed, Chief Executive Officer
	Praveen T, Chief Financial Officer
	Neethu Ajay, Company Secretary

Note : Mr. John Tyler Day (20.12.2022) and Mr. R. Anand (20.12.2022) were appointed during the year and Mr. Kenneth Dan Vander Weele (21.11.2022) and Mr. Thomas Muthoot John (27.03.2023) were resigned during the year.

**Transactions with related parties**

Nature	Name of the party	Year ended March 31, 2023	Year ended March 31, 2022
Cash management charges*	Muthoot Fincorp Limited	50.16	34.11
Commission income*	Muthoot Fincorp Limited	0.07	2.87
Commission income*	Muthoot Exim Private Limited	5.05	3.56
Software support charges*	Muthoot Pappachan Technologies Limited	12.15	12.88
Rent expenses*	Muthoot Fincorp Limited	2.31	3.15
Rent expenses*	Thomas Muthoot	2.90	2.69
Rent expenses*	Thomas George Muthoot	4.96	3.17
Rent expenses*	Thomas John Muthoot	1.29	1.16
Rental deposits given/(refunded)	Muthoot Fincorp Limited	(0.25)	0.13
CSR expenditure	Muthoot Pappachan Foundation	6.23	19.93
Travel expenses*	Muthoot Fincorp Limited	0.26	0.35
Trade mark Fees*	Thomas George Muthoot	0.03	0.20
Trade mark Fees*	Thomas John Muthoot	0.03	0.20
Trade mark Fees*	Thomas Muthoot	0.03	0.20
Sitting fees*	Pushpy B Muricken	0.54	0.66
Sitting fees*	T S Vijayan	0.66	0.63
Sitting fees*	Alok Prasad	0.75	0.78
Sitting fees*	Bhama Krishnamurthy	0.66	0.78
Sitting fees*	R. Anand	0.09	-
Remuneration	Sadaf Sayeed	37.31	43.17
Remuneration	Praveen T	4.95	4.17
Remuneration	Neethu Ajay	1.92	1.62
Gold Auction	Muthoot Exim Private Limited	0.91	-
Marketing Expenses*	M-Liga Sports Excellence Private Limited	5.00	-

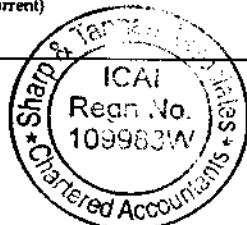
\*excluding taxes

**Balance at the end of the year**

Nature	Name of the party	Year ended March 31, 2023	Year ended March 31, 2022
Cash management charges and	Muthoot Fincorp Limited		
Commission payable	Muthoot Fincorp Limited	4.03	3.69
Other receivable (commission income)	Muthoot Fincorp Limited	0.00	0.03
Other receivable (commission income)	Muthoot Exim Private Limited	0.23	0.47
Rent payable	Muthoot Fincorp Limited	0.19	0.29
Rent payable	Thomas Muthoot	0.27	0.25
Rent payable	Thomas George Muthoot	0.66	0.29
Rent payable	Thomas John Muthoot	0.14	0.10
Rental deposit	Muthoot Fincorp Limited	0.54	0.79
Rental deposit	Thomas Muthoot	0.18	0.18
Rental deposit	Thomas George Muthoot	0.10	0.10
Rental deposit	Thomas John Muthoot	0.08	0.08
Travel charges payable	Muthoot Fincorp Limited	0.10	-
Trade mark fee payable	Thomas George Muthoot	0.04	0.04
Trade mark fee payable	Thomas John Muthoot	0.04	0.04
Trade mark fee payable	Thomas Muthoot	0.04	0.04
Sitting fee payable	Alok Prasad	0.02	-
Sitting fee payable	Bhama Krishnamurthy	0.03	-
Sitting fee payable	Pushpy Muricken	0.03	-
Sitting fee payable	T S Vijayan	0.03	-
Sitting fee payable	R. Anand	0.03	-
Investment in equity instruments	The Thinking Machine Media Private Limited	0.45	0.45

**Key management personnel remuneration includes the following expenses:**

Nature	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefits (current)	44.10	48.29
Post-employment benefits	0.08	0.67
	<b>44.18</b>	<b>48.96</b>



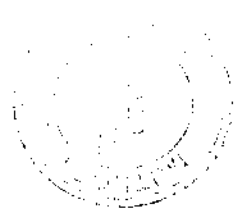
**Muthoot Microfin Limited**

Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

**38 Details of terms & conditions of debt securities, borrowings and subordinated liabilities**

Debt securities S No.	Repayment terms	Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	Outstanding as at	
						March 31, 2023	March 31, 2022
1	Principal: Bullet repayment, Interest: Half-yearly	Mar-18	Sep-23	11.90%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	749.81	749.39
2	Principal: Bullet repayment, Interest: Half-yearly	May-20	Nov-24	12.06%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	699.42	699.07
3	Principal: Bullet repayment, Interest: Half-yearly	May-21	Nov-23 and May-24	12.06%	Exclusive charge over book debts equivalent to 100% of loan and interest amount.	450.00	450.00
4	Principal: Bullet repayment, Interest: Half-yearly	May-21	May-22	10.50%	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	-	399.72
5	Principal: Bullet repayment, Interest: Bullet repayment	Dec-22	Dec-22	10.25%	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	-	737.27
6	Principal: Bullet repayment, Interest: Bullet repayment	Jul-23	Jul-23	10.50%	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	497.64	489.45
7	Principal: Bullet repayment, Interest: Bullet repayment	Mar-24	Mar-24	10.60%	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	1,137.46	1,120.91
8	Principal: Bullet repayment, Interest: Bullet repayment	Oct-23	Oct-23	10.40%	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	990.48	972.47
9	Principal: Bullet repayment, Interest: Bullet repayment	Sep-23	Sep-23	10.10%	Exclusive charge over book debts equivalent to 110% of loan and interest amount.	643.85	631.16
10	Principal: Bullet repayment, Interest: Bullet repayment	Apr-22	Apr-22	9.95%	Unsecured	-	248.64
11	Principal: Bullet repayment, Interest: Bullet repayment	Apr-22	Apr-22	9.95%	Unsecured	-	248.19
12	Principal: Bullet repayment, Interest: Half-yearly	Nov-22	May-25	11.46%	Exclusive charge over book debts equivalent to 105%	379.35	-
13	Principal: Bullet repayment, Interest: Half-yearly	Dec-22	Jun-25	11.55%	Exclusive charge over book debts equivalent to 105%	1,119.34	-



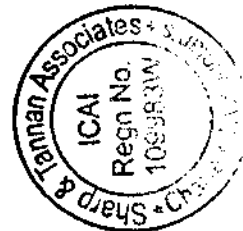
**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

Debt securities		Repayment terms	Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	Outstanding as at	
S No.							March 31, 2023	March 31, 2022
14		Principal: Half-yearly, Interest: Quarterly	Sep-22	Dec'24, Jun'25 and Dec'25	9.90%	Exclusive charge over book debts equivalent to 100%	929.70	-
15		Principal: Bullet repayment, Interest: Bullet repayment	Jan-24	Jan-24	10.45%	Exclusive charge over book debts equivalent to 110%	984.37	-
16		Principal: Bullet repayment, Interest: Bullet repayment	Apr-24	Apr-24	10.60%	Exclusive charge over book debts equivalent to 110%	686.50	-
17		Principal: Bullet repayment, Interest: Bullet repayment	Jan-24	Jan-24	10.45%	Exclusive charge over book debts equivalent to 110%	982.25	-
18		Principal: Bullet repayment, Interest: Bullet repayment	Jun-24	Jun-24	10.00%	Exclusive charge over book debts equivalent to 110%	984.06	-
19		Principal: Half-yearly, Interest: Monthly	Feb-23	Jan'24, Jul'24, Jan'25, Jul'25, Jan'26	11.00%	Exclusive charge over book debts equivalent to 110%	1,982.45	-
20		Principal: Bullet repayment, Interest: Bullet repayment	Sep-22	Sep-22	9.95%	Unsecured	-	-
21		Principal: Bullet repayment, Interest: Bullet repayment	Jul-23	Jul-23	9.65%	Unsecured	484.84	-
						<b>Total</b>	<b>13,701.51</b>	<b>6,746.27</b>

Subordinated liabilities		Repayment terms	Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	Outstanding as at	
S No.							March 31, 2023	March 31, 2022
1		Principal: Bullet repayment, Interest: Monthly	Aug-16	Apr-22	13.75%	Unsecured	-	249.97
							-	249.97



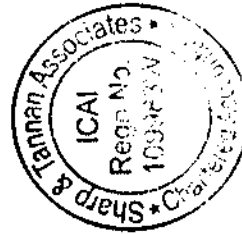


**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

Borrowings (other than debt securities) - from banks (Secured)										Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023	March 31, 2022		
1	Quarterly	12	29.00	May-21	Variable	MCLR + 4.00. %	Cash margin of 5%, Exclusive charge over book debts equivalent to 117%	117.81	233.24		
2	Monthly	30	50.00	Mar-20	Variable	MCLR+2.35%	Exclusive charge over book debts equivalent to 115% of loan amount and Cash margin of 5%.	-	349.41		
3	Monthly	36	8.06	May-19	Variable	MCLR + 155 bps	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	8.06		
4	Monthly	21	4.76	Mar-21	Fixed	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount	-	38.06		
5	Monthly	24	23.30	May-21	Fixed	11%	Exclusive charge over book debts equivalent to 110%	19.06	232.45		
6	Half Yearly	5	100.00	Dec-21	Variable	MCLR + 0.60%	Exclusive charge over book debts equivalent to 110%	199.09	397.25		
7	Monthly	24	29.17	Mar-21	Fixed	10.50%	Exclusive charge over book debts equivalent to 110% of loan amount	-	320.38		
8	Quarterly	12	166.70	Apr-21	Variable	MCLR + 3%	Exclusive charge over book debts equivalent to 133% of loan amount and Cash margin of 5%.	664.36	1,325.07		
9	Monthly	30	8.33	Apr-20	Variable	MCLR+2.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	0.00	49.95		
10	Monthly	30	16.67	Jul-20	Variable	MCLR+2.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	149.81		
11	Bullet payment	1	187.56	Jun-22	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	-	187.50		
12	Monthly	24	10.42	Jul-21	Variable	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin of 5%	31.22	155.54		
13	Monthly	36	12.44	Sep-21	Variable	EBMR + 7.4%	Exclusive charge over book debts equivalent to 110% of loan amount	194.80	313.68		
14	Monthly	32	15.63	Jan-22	Variable	MCLR + 1%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin of 5%	264.41	449.60		
15	Monthly	36	27.80	Oct-21	Variable	MCLR + 1.25%	Exclusive charge over book debts equivalent to 110% of loan amount	496.54	824.21		
16	Monthly	24	11.67	Oct-21	Variable	MCLR + 2.1%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	69.66	207.04		
17	Monthly	33	60.61	Jan-22	Variable	MCLR + 1.2%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 5%	-	1,807.40		
18	Monthly	36	27.78	Oct-21	Variable	MCLR + 2%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 5%	498.58	829.48		
19	Bullet payment	1	62.50	Oct-22	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	-	62.50		

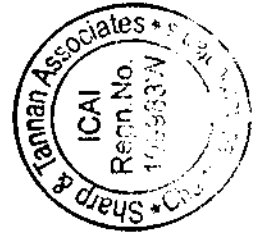


**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

Borrowings (other than debt securities) - from banks (Secured)								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023	March 31, 2022
20	Quarterly	8	100.00	Feb-22	Variable	8.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	299.75	698.58
21	Bullet payment	1	200.00	Nov-22	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	-	200.00
22	Monthly	24	12.92	Jan-22	Variable	MCLR +2.1%	Exclusive charge over book debts equivalent to 105% of loan amount	102.62	267.09
23	Quarterly	7	178.57	Jul-22	Variable	BB-EBR + 2.56%	Exclusive charge over book debts equivalent to 105% of loan amount	534.42	1,244.67
24	Quarterly	7	107.14	Sep-22	Variable	BB-EBR + 2.56%	Exclusive charge over book debts equivalent to 105% of loan amount	427.59	746.30
25	Monthly	22	68.18	Mar-22	Variable	MCLR +3.50%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 5%	612.25	1,424.41
26	Monthly	24	20.90	Feb-22	Variable	Repo rate + 6.25%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 5%	206.78	455.05
27	Half Yearly	5	100.00	Nov-22	Variable	MCLR + 0.85%	Exclusive charge over book debts equivalent to 110% of loan amount	399.14	498.08
28	Monthly	24	20.83	Mar-22	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 100% of loan amount	228.22	475.89
29	Bullet payment	1	412.50	Jan-23	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	-	412.50
30	Monthly	24	20.83	Jul-22	Variable	RRRLR + 350 bps	Exclusive charge over book debts equivalent to 100% of loan amount	312.08	498.61
31	Monthly	30	50.00	Sep-22	Variable	9.50%	Exclusive charge over book debts equivalent to 110% of loan amount	397.35	497.05
32	Monthly	23	31.25	Jun-22	Fixed	10.50%	Exclusive charge over book debts equivalent to 110% of loan amount	436.94	748.06
33	Bullet payment	1	375.00	Apr-22	Variable	9.75%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin 5%	-	375.00
34	Monthly	22	31.82	Sep-22	Variable	MCLR03 + 1.85%	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%	475.63	-
35	Monthly	22	2.27	Oct-22	Variable	MCLR03 + 1.85%	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%	36.22	-
36	Monthly	24	10.42	Jul-22	Variable	T Bill Rate + Spread	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%	155.99	-
37	Quarterly	10	25.00	Jan-23	Variable	Repo rate + 5.85%	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%	223.80	-

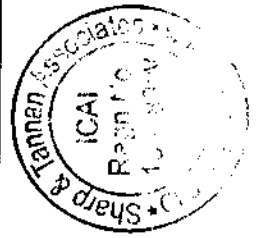


**Muthoot Microfin Limited**

Notes to financial statement for the year ended March 31, 2023

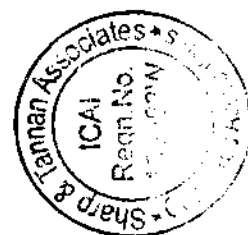
(All amounts in INR millions, unless stated otherwise)

Borrowings (other than debt securities) - from banks (Secured)								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023	March 31, 2022
38	Quarterly	8	25.00	Oct-22	Variable	MCLR + 300 bps	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%.	149.51	-
39	Monthly	24	10.42	Aug-22	Variable	3M T Bill +4.85%	Exclusive charge over book debts equivalent to 105% of loan amount, Cash margin of 5%.	166.05	-
40	Monthly	24	10.42	Mar-23	Variable	3M T Bill +4.85%	Exclusive charge over book debts equivalent to 105% of loan amount, Cash margin of 5%.	238.12	-
41	Quarterly	9	277.78	Dec-22	Variable	1 MCLR-3M+ Spread	Exclusive charge over book debts equivalent to 105% of loan amount, Cash margin of 5%.	1,936.84	-
42	Quarterly	11	272.73	Feb-23	Variable	6M MCLR +255 bps	Exclusive charge over book debts equivalent to 125% of loan amount, Cash margin of 5%.	2,702.14	-
43	Monthly	24	20.83	Dec-22	Variable	3M MCLR+Spread	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%.	412.41	-
44	Monthly	24	20.83	Feb-23	Variable	3M MCLR+Spread	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%.	454.63	-
45	Monthly	24	20.83	Oct-22	Variable	Repo rate+ Spread	Exclusive charge over book debts equivalent to 110% of loan amount	383.27	-
46	Monthly	35	42.86	Oct-22	Variable	MCLR +Spread	Exclusive charge over book debts equivalent to 117% of loan amount, Cash margin of 5%.	1,231.54	-
47	Quarterly	12	58.33	Dec-22	Variable	3M MCLR+300bps	Exclusive charge over book debts equivalent to 112% of loan amount, Cash margin of 10%.	576.63	-
48	Monthly	33	30.30	Dec-22	Variable	MCLR + 2.25%	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 10%.	867.45	-
49	Quarterly	12	83.33	Dec-22	Variable	MCLR+2.50%	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%.	822.00	-
50	Monthly	24	27.92	Jan-23	Variable	EBLR+5spread	Exclusive charge over book debts equivalent to 110% of loan amount	580.00	-
51	Quarterly	8	87.50	Feb-24	Fixed	10.10%	Exclusive charge over book debts equivalent to 105% of loan amount, Cash margin of 5%.	687.30	-
52	Monthly	24	16.67	Feb-23	Fixed	11.10%	Exclusive charge over book debts equivalent to 110% of loan amount	365.89	-
53	Monthly	24	4.17	May-23	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	100.00	-
54	Quarterly	7	285.71	Jun-23	Variable	EBR+Spread	Exclusive charge over book debts equivalent to 110% of loan amount	1,995.55	-
55	Monthly	24	16.67	Mar-23	Variable	3M MCLR +5spread	Exclusive charge over book debts equivalent to 100% of loan amount	380.75	-



(All amounts in INR millions, unless stated otherwise)

Borrowings (other than debt securities) - from financial institutions (Secured)								Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023	March 31, 2022
64	Quarterly	12	33.34	Jun-21	Fixed	11%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash margin of 5%.	133.14	266.14
65	Monthly	24	20.83	Jan-21	Variable	Mas PLR - 4.7%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%.	0.00	186.74
66	Monthly	28	35.72/35.56	Mar-20	Variable	Interest + Spread	Exclusive charge over book debts equivalent to 100% of loan amount	-	106.91
67	Monthly	11	750.00	Jan-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	199.88	399.55
68	Half Yearly	11	375.00	Jul-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 110% of loan amount	149.90	249.73
69	Half Yearly	11	7.50	Jan-20	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 112.74% of loan amount	88.00	275.00
70	Yearly	2	1,190.00	Dec-21	Fixed	7.05%	Exclusive charge over book debts equivalent to 112% of loan amount and Cash Margin of 10%.	-	510.00



**Muthoot Microfin Limited**

Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

Borrowings (other than debt securities) - from financial institutions (Secured)										Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023	March 31, 2022		
71	Monthly	30	66.66	Sep-20	Fixed	12%	Cash margin of 10.00%	-	732.81		
72	Monthly	24	9.31	May-21	Fixed	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	10.12	114.25		
73	Quarterly	12	12.50	Jun-21	Fixed	12%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	49.89	99.78		
74	Monthly	24	10.42	Sep-21	Variable	CGCL LTRR +/- applicable margin	Exclusive charge over book debts equivalent to 115% of loan amount	52.05	176.71		
75	Annually	2	1400 & 600	Jul-22	Fixed	7% & 9.25%	Exclusive charge over book debts equivalent to 113% of loan amount and Cash margin of 10%	-	2,000.00		
76	Quarterly	8	43.75	Feb-22	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	131.00	304.90		
77	Monthly	24	16.67	Feb-22	Variable	MAS PLR - 5.15%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	166.33	365.08		
78	Monthly	36	4.26	May-22	Fixed	11.10%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	94.47	129.38		
79	Monthly	36	4.92	May-22	Fixed	11.10%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	109.00	149.28		
80	Monthly	36	0.66	May-22	Fixed	11.10%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	14.53	19.90		
81	Monthly	10	100.00	May-22	Variable	Repo Rate + 2%	Exclusive charge over book debts equivalent to 110% of loan amount	-	999.02		
82	Monthly	30	33.33	Aug-22	Variable	Repo Rate + 6%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash Margin 10%	733.01	1,000.00		
83	Monthly	33	60.60	Jun-22	Fixed	5.15%	Exclusive charge over book debts equivalent to 100% of loan amount	1,385.16	1,979.83		
84	Quarterly	8	18.75	May-22	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	74.81	149.23		
85	Quarterly	12	25.00	Jun-22	Fixed	11.40%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	201.38	299.22		
86	Monthly	12	88.62	May-22	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	-	995.07		
87	Quarterly	12	25.00	Jun-22	Fixed	11.00%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 5%	103.00	179.07		



**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
 (All amounts in INR millions, unless stated otherwise)

Borrowings (other than debt securities) - from financial institutions (Secured)							Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023
88	Monthly	21	9.52	Aug-22	Fixed	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount	122.90
89	Monthly	21	14.29	Sep-22	Fixed	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount	199.73
90	Monthly	24	18.33	Jul-22	Variable	LTLR-8.80%	Exclusive charge over book debts equivalent to 110% of loan amount	273.08
91	Monthly	24	25.00	Aug-22	Variable	FFR+Spread	Exclusive charge over book debts equivalent to 115% of loan amount	412.15
92	Monthly	24	41.67	Oct-22	Variable	3M MCLR+Spread	Exclusive charge over book debts equivalent to 110% of loan amount	767.95
93	Quarterly	8	43.75	Dec-22	Fixed	11.50%	Exclusive charge over book debts equivalent to 111% of loan amount	261.40
94	Monthly	24	12.50	Oct-22	Fixed	11.75%	Exclusive charge over book debts equivalent to 110% of loan amount	231.07
95	Monthly	24	8.33	Oct-22	Variable	MAS PLR-5.60%	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%.	149.69
96	Quarterly	11	45.45	May-23	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	498.90
97	Monthly	21	23.81	May-23	Variable	PLR-925 bps	Exclusive charge over book debts equivalent to 110% of loan amount	497.83
98	Quarterly	11	272.73	Jun-23	Fixed	10.95%	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%.	2,999.49
99	Monthly	24	12.50	Feb-23	Variable	LTRR-Spread	Exclusive charge over book debts equivalent to 110% of loan amount	373.23
100	Monthly	24	12.50	Jan-23	Variable	MAS PLR-5.60%	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%.	262.25
101	Monthly	24	8.33	Feb-23	Variable	MAS PLR-5.60%	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%.	183.16
102	Monthly	24	31.25	Apr-23	Fixed	11.00%	Exclusive charge over book debts equivalent to 110% of loan amount	750.00



**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

Borrowings (other than debt securities) - from financial institutions (Unsecured)										Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023	March 31, 2022		
103	Monthly	24	47.31	Jan-21	Variable	FBLR - 1.3%	Unsecured	-	402.81		
104	Monthly	24	18.923	Aug-21	Variable	FBLR - 1.3%	Unsecured	73.27	276.42		
Borrowings (other than debt securities) - under securitisation arrangements										Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023	March 31, 2022		
105	Monthly	18	Based on Actual collection	Jan-21	Fixed	9.75%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash margin of 8%.	-	107.60		
106	Monthly	24	Based on Actual collection	Jan-21	Fixed	9.25% and 12%	Exclusive charge over book debts equivalent to 108.30% of loan amount and Cash margin of 10%.	-	34.51		
107	Monthly	15	Based on Actual collection	Apr-21	Fixed	9.00%	Exclusive charge over book debts equivalent to 108.0% of loan amount and Cash margin of 10%.	-	103.96		
108	Monthly	15	Based on Actual collection	Apr-21	Fixed	8.75% and 12%	Exclusive charge over book debts equivalent to 108.0% of loan amount and Cash margin of 8%.	-	77.82		
109	Monthly	17	Based on Actual collection	Apr-21	Fixed	9.25%	Exclusive charge over book debts equivalent to 110.0% of loan amount and Cash margin of 7.25%.	-	536.16		
110	Monthly	17	Based on Actual collection	Jul-21	Fixed	9.15%	Exclusive charge over book debts equivalent to 108.70% of loan amount and Cash margin of 12%.	-	235.94		
111	Monthly	21	Based on Actual collection	Sep-21	Fixed	9.60%	Exclusive charge over book debts equivalent to 111.11% of loan amount and Cash margin of 10%.	-	666.26		

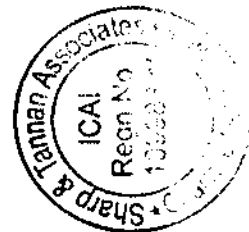


**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

Borrowings (other than debt securities) - under securitisation arrangements										Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023	March 31, 2022		
112	Monthly	18	Based on Actual collection	Nov-21	Fixed	9.15%	Exclusive charge over book debts equivalent to 108.68% of loan amount and Cash margin of 12%.	-	295.97		
113	Monthly	17	Based on Actual collection	Nov-21	Fixed	9.20%	Exclusive charge over book debts equivalent to 111.21% of loan amount and Cash margin of 10%.	-	355.83		
114	Monthly	19	Based on Actual collection	Jan-22	Fixed	9.15%	Exclusive charge over book debts equivalent to 108.70% of loan amount and Cash margin of 12%.	25.44	335.76		
115	Monthly	20	Based on Actual collection	Jan-22	Fixed	9.15%	Exclusive charge over book debts equivalent to 108.70% of loan amount and Cash margin of 12%.	-	504.71		
116	Monthly	18	Based on Actual collection	Feb-22	Fixed	9.50%	Exclusive charge over book debts equivalent to 111.12% of loan amount and Cash margin of 10%.	69.14	866.58		
117	Monthly	18	Based on Actual collection	Jun-22	Fixed	9.15%	Exclusive charge over book debts equivalent to 111% of loan amount,Cash margin of 10%.	209.69	-		
118	Monthly	18	Based on Actual collection	Jul-22	Fixed	9.50%	Exclusive charge over book debts equivalent to 111% of loan amount,Cash margin of 10%.	266.38	-		
119	Monthly	18	Based on Actual collection	Aug-22	Fixed	9.50%	Exclusive charge over book debts equivalent to 111% of loan amount,Cash margin of 10%.	290.79	-		
120	Monthly	17	Based on Actual collection	Aug-22	Fixed	9.50%	Exclusive charge over book debts equivalent to 114% of loan amount,Cash margin of 8%.	211.62	-		
121	Monthly	17	Based on Actual collection	Oct-22	Fixed	9.75%	Exclusive charge over book debts equivalent to 111% of loan amount,Cash margin of 12.50%.	338.62	-		
122	Monthly	17	Based on Actual collection	Sep-22	Fixed	9.25%	Exclusive charge over book debts equivalent to 114% of loan amount,Cash margin of 10%.	554.04	-		



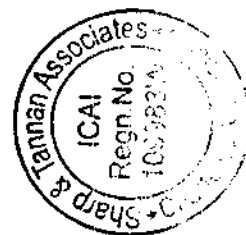


**Muthoot Microfin Limited**  
Notes to financial statement for the year ended March 31, 2023  
(All amounts in INR millions, unless stated otherwise)

Borrowings (other than debt securities) - under securitisation arrangements							Outstanding as at	
S No.	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest Type	Interest Rate terms	Nature of the security	March 31, 2023
123	Monthly	17	Based on Actual collection	Oct-22	Fixed	9.60%	Exclusive charge over book debts equivalent to 114% of loan amount, Cash margin of 7.4%.	940.72
124	Monthly	15	Based on Actual collection	Dec-22	Fixed	9.85%	Exclusive charge over book debts equivalent to 114% of loan amount, Cash margin of 9.5%.	575.73
125	Monthly	17	Based on Actual collection	Jan-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 114% of loan amount, Cash margin of 7.5%.	779.28
126	Monthly	18	Based on Actual collection	Mar-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 114% of loan amount, Cash margin of 5.5%	2,751.96
127	Monthly	17	Based on Actual collection	Apr-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 114% of loan amount, Cash margin of 5.5%.	1,267.23
							<b>Total</b>	<b>49,182.49</b>
								<b>32,969.85</b>

External Commercial Borrowing						Outstanding as at	
5 No.	Repayment terms	Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	March 31, 2023	March 31, 2022
1	Principal: Yearly, Interest: Half-yearly	Apr-23	Oct-24, Oct-25 and Oct-26	Limited to SOFR plus 500bps	Exclusive charge over book debts equivalent to 110%	1,232.10	-
2	Principal: Yearly, Interest: Half-yearly	May-23	Nov-24, Nov-25 and Nov-26	Limited to SOFR plus 500bps	Exclusive charge over book debts equivalent to 110%	815.66	-
					Total	2,047.76	-
						64,931.76	39,966.09

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**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***39 Assets pledged as security**

The carrying amounts of assets pledged as security are:

	As at March 31, 2023	As at March 31, 2022
<b>Financial assets</b>		
First charge		
Loans	63,733.11	35,017.39
Term deposits with bank	3,908.44	2,939.80
Second charge	-	-
<b>Total financial assets pledged as security</b>	<b>67,641.55</b>	<b>37,957.19</b>
<b>Non financial assets</b>		
First charge		
Vehicles	0.15	0.24
Second charge	-	-
<b>Total non financial assets pledged as security</b>	<b>0.15</b>	<b>0.24</b>
<b>Total assets pledged as security</b>	<b>67,641.70</b>	<b>37,957.43</b>

**40 Contingent liabilities and commitments**

Credit enhancements provided by the Company towards securitisation transactions aggregate to INR 3,381.96 million (March 31, 2022: INR 2,025.34 million).

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**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

**41 Financial instruments and Fair value disclosures**

**Financial instruments**

**A Financial assets and liabilities**

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

Particulars	Notes to schedule	As at March 31, 2023	As at March 31, 2022
<b>Financial assets measured at fair value</b>			
Loans	5	21,436.67	20,689.41
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents	2	7,594.55	7,058.27
Bank balances other than cash and cash equivalents	3	3,909.58	2,940.89
Other receivables	4	722.10	167.73
Loans	5	48,830.18	23,291.70
Investments	6	633.59	0.45
Other financial assets	7	40.61	33.68
<b>Total</b>		<b>83,167.28</b>	<b>54,182.13</b>
<b>Financial liabilities measured at amortised cost</b>			
Other payables	13	119.27	75.34
Debt securities	14	13,701.51	6,746.27
Borrowings (other than debt securities)	15	51,230.25	32,969.85
Subordinated liabilities	16	-	249.97
Lease liabilities	10	1,299.40	913.96
Other financial liabilities	17	2,582.70	1,492.80
<b>Total</b>		<b>68,933.13</b>	<b>42,448.19</b>

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## Muthoot Microfin Limited

### Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

#### B Fair values hierarchy

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

The categories used are as follows:

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

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

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

#### B.1 Valuation framework

Loan assets carried at fair value through other comprehensive income are categorized in Level 3 of the fair value hierarchy.

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

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

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

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

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans	-	-	21,436.67	21,436.67
As at March 31, 2022				
Asset at fair value through other comprehensive income				
Loans	-	-	20,689.41	20,689.41

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## Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

### B.3 Valuation techniques

### B.3 Valuation techniques

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

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

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

- (ii) Risk-adjusted discount rate:

**This rate has been arrived using the cost of funds approach.**

The following inputs have been used:

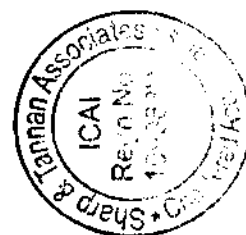
- (i) Cost of funds
- (ii) Credit spread of borrowers
- (iii) Servicing cost of a financial asset

Loan portfolio	Fair valuation as at March 31, 2023	Fair valuation as at March 31, 2022
Monthly	15,110.52	14,633.07
Weekly	4,883.33	6,593.81
<b>Total</b>	<b>19,993.85</b>	<b>21,226.88</b>

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

	March 31, 2023	March 31, 2022
<b>Impact on fair value if change in risk adjusted discount rate</b>		
- Impact due to increase of 0.50 %	(85.00)	(91.60)
- Impact due to decrease of 0.50 %	85.50	92.20
<b>Impact on fair value if change in probability of default (PD)</b>		
- Impact due to increase of 0.50 %	(34.70)	(31.60)
- Impact due to decrease of 0.50 %	34.80	31.70
<b>Impact on fair value if change in loss given default (LGD)</b>		
- Impact due to increase of 0.50 %	(1.40)	(8.90)
- Impact due to decrease of 0.50 %	1.40	8.90

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**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

**B.4 Reconciliation**

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

Particulars	March 31, 2023		March 31, 2022	
	Loan assets		Loan assets	
Opening balance	21,226.87		9,884.50	
Loan originated	19,917.62		20,655.89	
Sales/derecognition	(6,551.78)		(3,265.60)	
Total gain and losses in profit and loss in OCI	-		-	
Settlements / conversion	548.84		449.13	
	(15,147.70)		(6,497.05)	
Closing balance	19,993.85		21,226.87	

**B.5 Fair value of instruments measured at amortised cost**

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

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

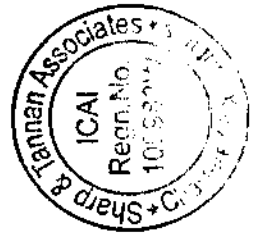
Cash and cash equivalents  
Bank balances other than cash and cash equivalents  
Other receivables  
Other payables

Other financial assets and liabilities

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

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

Loans  
Lease liabilities  
Debt securities  
Subordinated liabilities



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## Muthoot Microfin Limited

### Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

#### 42 Financial risk management

##### Introduction and risk profile

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

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

#### A Credit risk

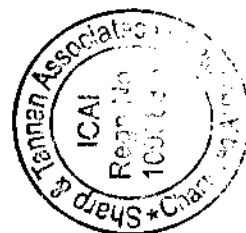
Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, other receivables, loan assets, investments and other financial assets. The Company continuously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

#### A.1 Credit risk management

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

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

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# Muthoot Microfin Limited

## Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

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

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

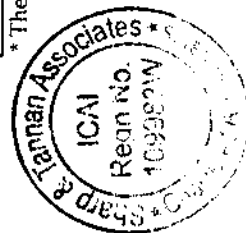
Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences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

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Low credit risk on financial reporting date		
Cash and cash equivalents	7,594.55	7,058.27
Bank balances other than cash and cash equivalents	3,909.58	2,940.89
Other receivables	722.10	167.73
Loans*	69,408.82	40,665.01
Investments	633.59	0.45
Other financial assets	40.61	33.68
(ii) Moderate credit risk		
Identified loans*	436.67	2,642.24
(iii) High credit risk		
Identified loans*	2,141.53	2,890.01

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





**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

*(All amounts in INR millions, unless stated otherwise)*

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

**Cash and cash equivalents and bank deposits**

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

**Other receivables**

The Company faces very less credit risk under this category as most of the transactions are entered with highly rated organisations and credit risk relating to these are managed by monitoring recoverability of such amounts continuously.

**Other financial assets measured at amortised cost**

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

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

	March 31, 2023	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents		7,594.55	-	-	7,594.55
Bank balances other than above		3,909.58	-	-	3,909.58
Other receivables		722.10	-	-	722.10
Investments		633.59	-	-	633.59
Other financial assets		40.61	-	-	40.61
	March 31, 2022	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents		7,058.27	-	-	7,058.27
Bank balances other than above		2,940.89	-	-	2,940.89
Other receivables		167.73	-	-	167.73
Investments		0.45	-	-	0.45
Other financial assets		33.68	-	-	33.68

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## Muthoot Microfin Limited

### Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

#### A.5 Management of credit risk for loans

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

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

- Microfinance loans are given to an individual having annual household income up to INR 3,00,000
- Maximum FOIR (Fixed Obligation to Income Ratio) should be 50%

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

- (i) Credit default risk
- (ii) Concentration risk

##### (i) Management of credit default risk:

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

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

##### (ii) Management of concentration risk:

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

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**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

*(All amounts in INR millions, unless stated otherwise)*

**A.5.1 Credit risk measurement - Expected credit loss measurement**

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

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

ECL for depending on the stage of financial instrument:

- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months.

- Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

**A.5.2 Criteria for significant increase in credit risk**

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

**(i) Quantitative criteria**

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

**(ii) Qualitative criteria**

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

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

**A.5.3 Criteria for default and credit-impaired assets**

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

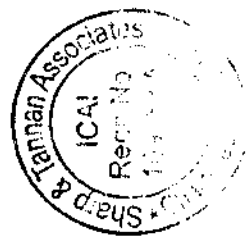
**(i) Quantitative criteria**

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

**(ii) Qualitative criteria**

The Company considers factors that indicate unlikelihood of the borrower to repay the loan which include instances like the significant financial difficulty of the borrower or breach of any financial covenants by the borrower etc

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**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

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

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

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

**Probability of default (PD) computation model**

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

**Loss given default (LGD) computation model**

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

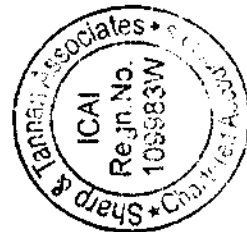
**A.6 Credit risk exposure**

	As at March 31, 2023				As at March 31, 2022			
	ECL Staging				ECL Staging			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Category 1*	29,980.48	302.05	1,437.52	31,720.05	22,524.80	2,093.50	1,451.77	26,070.07
Category 2#	39,428.34	134.62	704.01	40,266.97	18,140.21	548.74	1,438.24	20,127.19
Gross carrying amount	69,408.82	436.67	2,141.53	71,987.02	40,665.01	2,642.24	2,890.01	46,197.26
Loss allowance	383.14	53.84	1,283.19	1,720.17	580.94	47.49	1,587.72	2,216.15
<b>Carrying amount</b>	<b>69,025.68</b>	<b>382.83</b>	<b>858.34</b>	<b>70,266.85</b>	<b>40,084.07</b>	<b>2,594.75</b>	<b>1,302.29</b>	<b>43,981.11</b>

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

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

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**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

**A.6.1 Credit enhancements**

The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. The Company has evaluated that the analysis of forward-looking information reveal that the scenario applicable to the Company is "Base Case Scenario" which assumes that the that Macroeconomic conditions are normal and is similar to previous periods. In this case normal credit rating and corresponding PD & LGD is considered for ECL computation.

**A.7 Loss allowance**

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL.

- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period

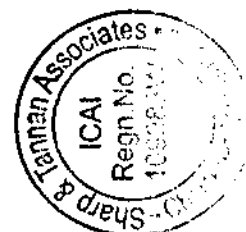
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models

- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

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

Gross amount	Stage 1		Stage 2		Stage 3		Total
	12 months ECL	Lifetime ECL	12 months ECL	Lifetime ECL	12 months ECL	Lifetime ECL	
Balance as at April 1, 2021	30,890.18	1,566.51	2,589.09				35,045.78
New assets originated	45,796.29	238.04	54.45				46,088.78
Assets derecognised or repaid (excluding write offs)	(33,308.97)	(668.49)	(671.18)				(34,648.64)
Transfers to Stage 1	466.06	(461.51)	(4.55)				0.00
Transfers to Stage 2	(2,566.96)	2,570.84	(3.87)				0.00
Transfers to Stage 3	(1,060.71)	(603.15)	1,663.87				-
Amounts written off	-	-	(737.80)				(737.80)
Change in fair value of loan assets	449.13	-	-				449.13
Balance as at March 31, 2022	40,665.01	2,642.24	2,890.01				46,197.26

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**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Gross amount</b>				
Balance as at April 1, 2022	40,665.01	2,642.24	2,890.01	46,197.26
New assets originated	79,078.08	127.33	34.87	79,240.28
Assets derecognised or repaid (excluding write offs)	(49,957.94)	(2,624.50)	(14.10)	(52,596.54)
Transfers to Stage 1	29.36	(29.04)	(0.32)	-
Transfers to Stage 2	(378.93)	379.29	(0.37)	-
Transfers to Stage 3	(575.60)	(58.65)	634.25	-
Amounts written off	-	-	(1,402.81)	(1,402.81)
Change in fair value of loan assets	548.84	-	-	548.84
Balance as at March 31, 2023	69,408.82	436.67	2,141.53	71,987.02

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

	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Loss allowance</b>				
Balance as at April 1, 2021	551.40	31.27	1,135.71	1,718.38
New assets originated	452.73	3.10	16.66	472.49
Assets derecognised or repaid (excluding write offs)	(206.17)	(0.01)	(132.34)	(338.53)
Transfers to Stage 1	3.50	(7.78)	(1.09)	(5.37)
Transfers to Stage 2	(46.91)	27.17	(0.80)	(20.54)
Transfers to Stage 3	(17.93)	(15.64)	435.11	401.54
Changes to models and inputs used for ECL calculation	(155.67)	9.37	99.30	(47.00)
Amounts written off	-	-	(350.95)	(350.95)
Balance as at March 31, 2022	580.94	47.49	1,201.60	1,830.03
Additional credit loss provided by Management*	-	-	386.12	386.12
Provision as per books	580.94	47.49	1,587.72	2,216.15

\* Management has given additional provision for increase in the delinquency situation due to COVID-19

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**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

*(All amounts in INR millions, unless stated otherwise)*

	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
<b>Loss allowance</b>				
Balance as at April 1, 2022	580.94	47.49	1,201.60	1,830.02
New assets originated	295.19	1.61	39.06	335.86
Assets derecognised or repaid (excluding write offs)	(242.62)	(23.50)	(768.39)	(1,034.51)
Transfers to Stage 1	0.14	(1.07)	(0.23)	(1.16)
Transfers to Stage 2	(10.48)	54.36	(0.46)	43.41
Transfers to Stage 3	(13.26)	(11.32)	614.25	589.68
Changes to models and inputs used for ECL calculation	(226.76)	(13.73)	157.16	(83.34)
Amounts written off	-	-	(44.74)	(44.74)
Balance as at March 31, 2023	383.14	53.84	1,198.24	1,635.21
Additional credit loss provided by Management	-	-	84.94	84.94
Provision as per books	383.14	53.84	1,283.18	1,720.16

**A.8 Concentration of credit risk**

The Company monitors concentration of credit risk by type of industry in which the borrower operates, further bifurcated into type of borrower, whether state or private.

Industry	As at March 31, 2023	As at March 31, 2022
<b>Gross carrying amount of loans</b>	<b>71,987.02</b>	<b>46,197.26</b>
<b>Concentration by industry</b>		
Agriculture	17,781.99	6,113.43
Animal husbandry	27,138.59	15,471.59
Manufacturing (Including MSME)	3,266.11	1,338.64
Services	16,994.81	6,107.21
Trading (Including MSME)	5,963.10	12,303.04
Consumption	307.64	247.07
Education	110.90	4,352.33
Personal Loan	259.43	218.95
Corporate Loan	164.45	45.00
	<b>71,987.02</b>	<b>46,197.26</b>
<b>Concentration by Geography</b>		
Loans disbursed in Kerala and Tamil Nadu	31,720.05	26,070.07
Loans disbursed outside Kerala and Tamil Nadu	40,266.97	20,127.19
<b>Gross Carrying Amount</b>	<b>71,987.02</b>	<b>46,197.26</b>



**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

*(All amounts in INR millions, unless stated otherwise)*

**A.9 Write off policy**

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

Indicators that there is no reasonable expectation of recovery include:

- Ceasing enforcement activity
- Where the Company's recovery method is foreclosing and there is no reasonable expectation of recovery in full.
- Specific identification by Management

The Company may write off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended March 31, 2023 was INR 1,402.81 million (March 31, 2022: INR 737.80 million). The Company still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

**B Liquidity risk**

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

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**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

**B.1 Maturities of financial liabilities**

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

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

March 31, 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	117.39	1.88	-	-	119.27
Debt securities	18.03	212.43	8,624.46	7,962.36	-	16,817.28
Borrowings (other than debt securities)	2,330.86	6,857.44	25,920.61	22,705.30	-	57,814.20
Subordinated liabilities	-	-	-	-	-	-
Lease liabilities	-	68.19	204.56	1,031.32	592.53	1,896.60
Other financial liabilities	175.52	1,738.90	593.12	75.16	-	2,582.70
<b>Total</b>	<b>2,524.41</b>	<b>8,994.35</b>	<b>35,344.63</b>	<b>31,774.14</b>	<b>592.53</b>	<b>79,230.06</b>

March 31, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Other payables	-	73.83	1.51	-	-	75.34
Debt securities	955.47	108.71	1,218.83	5,687.26	-	7,970.27
Borrowings (other than debt securities)	1,147.06	4,223.03	18,157.89	12,822.79	-	36,350.77
Subordinated liabilities	252.92	-	-	-	-	252.92
Lease liabilities	-	48.89	146.68	762.17	374.74	1,332.48
Other financial liabilities	299.75	1,193.04	-	-	-	1,492.79
<b>Total</b>	<b>2,655.20</b>	<b>5,647.50</b>	<b>19,524.91</b>	<b>19,272.22</b>	<b>374.74</b>	<b>47,474.57</b>

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**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

**C Market risk - Interest rate risk**  
**C.1 Liabilities**

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. At March 31, 2023, the Company is exposed to changes in market interest rates through borrowings at variable interest rates.

*Interest rate risk exposure*

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

Particulars	March 31, 2023	March 31, 2022
Debt securities		
Variable rate		
Fixed rate	13,701.51	6,746.27
Borrowings (other than debt securities)		
Variable rate	35,173.62	19,580.94
Fixed rate	16,056.63	13,388.91
Subordinated liabilities		
Variable rate		
Fixed rate		249.97

*Sensitivity*

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

Particulars	March 31, 2023	March 31, 2022
Interest sensitivity*		
Interest rates - increase by 50 basis points	(175.87)	(97.90)
Interest rates - decrease by 50 basis points	175.87	97.90

\* Holding all other variables constant

**C.1.2 Assets**

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



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**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***43 Capital management**

The Company's capital management objectives are

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

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

**A Net Debt equity ratio**

Particulars	March 31, 2023	March 31, 2022
Debt securities	13,701.51	6,746.27
Borrowings (other than debt securities)	51,230.25	32,969.85
Subordinated liabilities	-	249.97
Total borrowings	64,931.76	39,966.09
Less:		
Cash and cash equivalents	7,594.55	7,058.27
Bank balances other than cash and cash equivalents	3,909.58	2,040.89
	11,504.13	9,999.16
Net debt	53,427.63	29,966.93
Equity share capital	1,401.98	1,333.33
Other equity	14,856.51	12,032.46
Total equity	16,258.49	13,365.79
Net debt to equity ratio/gearing ratio	3.29	2.24

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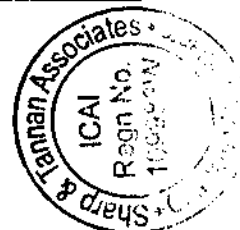
(All amounts in INR millions, unless stated otherwise)

The Company has implemented Employee Stock Option Plan under Muthoot Microfin Employee Stock Option Plan 2016 ("ESOP 2016") and Muthoot Microfin Limited Employee Stock Option Plan 2022 ("ESOP 2022"). The objective is to reward employees for their association with the Company, their performance as well as to attract, retain and motivate employees to contribute to the growth and profitability of the Company.

Particulars	ESOP 2016			ESOP 2022
	Grant -1	Grant -2	Grant -3	
Date of grant	December 5, 2016	February 22, 2018	November 9, 2021	November 04, 2022
Date of Board Meeting, where ESOP was approved		December 5, 2016		November 04, 2022
Date of Committee Meeting where grant of options were approved	December 5, 2016	February 22, 2018	November 8, 2021	November 04, 2022
No. of options granted	1,443,864 (Including 28,250 options lapsed due to resignation of employees). Total ESOP 2016 is 1,415,614 shares.			2,465,500 Shares
Method of settlement	Equity			
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options and such other conditions as mentioned in the ESOP Scheme.			
Vesting period	Options will be vested at the End of year 1 : 25% from the grant of option End of year 2 : 25% from the grant of option End of year 3 : 25% from the grant of option End of year 4 : 25% from the grant of option			
Exercise period	Vested Options can be exercised by the employees by giving in writing on or prior to a Liquidity event (Liquidity event means Listing of shares on any recognized stock exchange in India; or Any other event, which the Committee may designate as a Liquidity Event)			
Pricing Formula	The market price was in accordance with the valuation of a registered valuer.			

Particulars	ESOP 2016					ESOP 2022
	Grant - 1	Grant - 2	Grant - 3	Grant - 1		
No. of options granted	6,65,000	2,99,000	4,79,864	24,65,500		
Date of grant of options	December 5, 2016	February 22, 2018	November 9, 2021	November 04, 2022		
No. of employee to whom such options were granted	4	62	37	106		
Financial year	2022-23	2021-22	2022-23	2021-22	2021-22	
Exercise Price*	14.00	67.00	77.20	151.00	-	
No. of employees who have exercised the option	-	4	-	-	-	
No. of options exercised	-	1,66,250	-	48,250	-	

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



**Muthoot Microfin Limited**

Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

**Summary of options granted under the plan:**

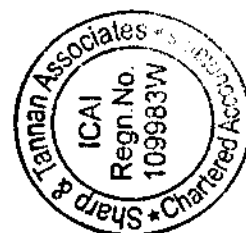
Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding options at the beginning of the year	7,85,864	61.96	5,64,750	35.63
Granted during the year	24,65,500	151.00	4,79,864	77.20
Forfeited during the year	24,625	70.69	44,250	66.69
Exercised during the year	-	-	2,14,500	25.85
Expired/lapsed during the year	-	-	-	-
Outstanding options at the end of the year	32,26,739	129.48	7,85,864	61.96
Shares Not Granted Under ESOP Plan at the end of the year	2,41,772	-	16,000	-
Number of equity shares of INR 10 each fully paid up to be issued on exercise of option	34,68,511	-	8,01,864	-
Exercisable at the end of the year	4,01,341	-	3,06,000	-

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

Grant	Grant Date	Expiry date	Exercise price INR	Share options March 31, 2023	Share options March 31, 2022
Grant 1 ESOP 2016	05-Dec-16	04-Jun-21	14.00	1,66,250	1,66,250
Grant 2 ESOP 2016	22-Feb-18	22-Feb-22	67.00	1,24,500	1,39,750
Grant 3 ESOP 2016	09-Nov-21	08-Nov-25	77.20	4,70,489	4,79,864
Grant 1 ESOP 2022	04-Nov-22	03-Nov-26	151.00	24,65,500	-
<b>Total</b>				<b>32,26,739</b>	<b>7,85,864</b>
Weighted average remaining contractual life of options outstanding at the end of the year (in years)				3.13	2.20

The Company has INR 312.11 millions (March 31, 2022: INR 39.95 millions ) recoverable from Muthoot Welfare Trust pursuant to ESOP schemes.

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# Muthoot Microfin Limited

## Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless stated otherwise)

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

Particulars	Grant 1 ESOP 2016	Grant 2 ESOP 2016	Grant 3 ESOP 2016	Grant 1 ESOP 2022
Vesting period	4 years	4 years	4 years	4 years
Exercise price	14.00	67.00	77.20	151.00
Expected volatility (%)	56.49%	49.98%	50.53%	52.28%
Expected option life (in years)	6.25	6.25	5.00	5.00
Expiry date	June 4, 2021	February 22, 2022	November 8, 2025	November 3, 2026
Share price at grant date	18.50	66.69	77.20	150.96
Expected dividends yield	-	-	-	-
Risk free interest rate	6.29%	7.58%	5.67%	7.34%

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

Number of options granted during the year - 2,465,500 shares (March 31, 2022 - 479,864 shares)

### 45 Operating segments

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

### 46 Transfer of financial assets

#### Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2023, the Company has sold some loans and advances measured at at fair value through other comprehensive income as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risks and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's balance sheet.

The Company has assessed the business model under Ind AS 109 "Financial Instruments" and consequently the financial assets are measured at fair value through other comprehensive income.

The gross carrying value of the loan assets derecognised during the year ended March 31, 2023 amounts to INR 18,322.48 millions (March 31, 2022: INR 16,391.08 millions) and the gain from derecognition during the year ended March 31, 2023 amounts to INR 1,363.16 millions (March 31, 2022: INR 1,130.79 millions)

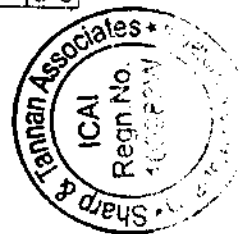
#### Transferred financial assets that are not derecognised in their entirety

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

#### Securitisation

	As at 31 March 2023	As at 31 March 2022
Carrying value and fair value of securitised assets	8,233.01	3,849.71
Carrying value and fair value of associated liabilities	8,256.39	4,130.42

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**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless stated otherwise)***47 Revenue from contracts with customers**

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

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
<b>Type of service</b>		
Commission income	173.22	61.59
	<u>173.22</u>	<u>61.59</u>
<b>Geographical markets</b>		
India	173.22	61.59
Outside India	-	-
	<u>173.22</u>	<u>61.59</u>
<b>Timing of revenue recognition</b>		
Services transferred over time	19.91	4.36
Services transferred at a point in time	153.31	57.23
	<u>173.22</u>	<u>61.59</u>
<b>Contract balances</b>		
	As at	As at
	March 31, 2023	March 31, 2022
Other receivables	159.85	8.90
	<u>159.85</u>	<u>8.90</u>

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the year ended March 31, 2023 an amount of Nil (March 31, 2022: Nil) was recognised as provision for expected credit losses on other receivable.

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

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Revenue as per contract	173.22	61.59
Adjustments	-	-
Revenue from contract with customers	<u>173.22</u>	<u>61.59</u>

**Revenue recognition for contract with customers - Commission income:**

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

- (i) Sourcing of loans
- (ii) Servicing of loans

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

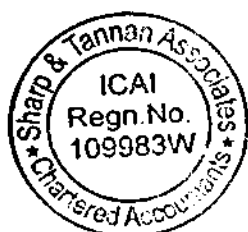
No allocation of the consideration between both the promises was required as the management believes that the contracted price are close to the standalone fair value of these services.

**Revenue recognition for both the promises:**

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

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

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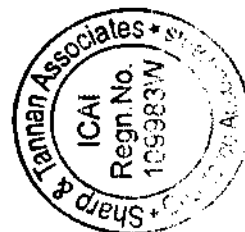
**Muthoot Microfin Limited**  
**Notes to financial statement for the year ended March 31, 2023**  
*(All amounts in INR millions, unless stated otherwise)*

**48 Maturity analysis of assets and liabilities**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	7,594.55	-	7,594.55	7,058.27	-	7,058.27
Bank balances other than cash and cash equivalents	1,596.94	2,312.64	3,909.58	1,865.40	1,075.49	2,940.89
Other receivables	707.28	14.82	722.10	133.88	33.85	167.73
Loans	43,459.47	26,807.38	70,266.85	28,601.19	15,379.92	43,981.11
Investments	-	633.59	633.59	-	0.45	0.45
Other financial assets	6.07	34.54	40.61	5.79	27.89	33.68
<b>Non-financial assets</b>						
Current tax assets (net)	-	104.60	104.60	-	395.45	395.45
Deferred tax asset (net)	-	57.75	57.75	-	47.75	47.75
Property, plant and equipment	-	594.37	594.37	-	420.45	420.45
Right of use assets	178.37	943.35	1,121.72	656.64	134.55	791.19
Other intangible assets	-	2.92	2.92	-	0.84	0.84
Other non-financial assets	242.68	0.67	243.35	76.77	-	76.77
<b>Total</b>	<b>53,785.36</b>	<b>31,506.63</b>	<b>85,291.99</b>	<b>38,397.94</b>	<b>17,516.64</b>	<b>55,914.58</b>
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Payables	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	119.27	-	119.27	75.34	-	75.34
Borrowings (other than debt securities)	7,058.89	6,642.62	13,701.51	2,074.44	4,671.83	6,746.27
Subordinated liabilities	30,222.93	21,007.32	51,230.25	20,694.74	12,275.11	32,969.85
Lease liability	-	-	-	249.97	-	249.97
Other financial liabilities	258.88	1,040.52	1,299.40	741.18	172.78	913.96
	2,507.54	75.16	2,582.70	1,492.80	-	1,492.80
<b>Non financial liabilities</b>						
Deferred tax liability (net)	-	-	-	-	-	-
Provisions	-	36.13	36.13	-	49.38	49.38
Other non financial liabilities	64.24	-	64.24	51.22	-	51.22
<b>Total</b>	<b>40,231.75</b>	<b>28,801.75</b>	<b>69,033.50</b>	<b>25,379.71</b>	<b>17,169.09</b>	<b>42,548.79</b>

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**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless stated otherwise)

**49 Reconciliation of liabilities from financing activities**

	Cash flow			Non-cash		
	As at April 1, 2022	Additions	Payment	Interest Expense	Additions to lease liabilities	Deletions to lease liabilities
Debt securities	6,746.27	9,091.27	(2,121.26)	-	-	(14.77)
Borrowings (other than debt securities)	32,969.84	49,487.43	(31,134.86)	-	-	(92.16)
Subordinated liabilities	249.98	-	(250.00)	-	-	0.03
Lease liabilities	913.96	-	(225.30)	128.93	497.32	(15.51)
<b>Total liabilities from financial activities</b>	<b>40,880.05</b>	<b>58,578.70</b>	<b>(33,731.42)</b>	<b>128.93</b>	<b>497.32</b>	<b>(106.90)</b>
						<b>66,231.16</b>

	Cash flow			Non-cash		
	As at April 1, 2021	Additions	Payment	Interest Expense	Additions to lease liabilities	Deletions to lease liabilities
Debt securities	4,524.69	5,019.44	(2,709.11)	-	-	(88.75)
Borrowings (other than debt securities)	25,382.26	28,694.72	(21,058.00)	-	-	(49.13)
Subordinated liabilities	249.63	-	-	-	-	0.35
Lease liabilities	779.89	-	(167.56)	96.74	235.55	(30.67)
<b>Total liabilities from financial activities</b>	<b>30,936.47</b>	<b>33,714.16</b>	<b>(23,934.67)</b>	<b>96.74</b>	<b>235.55</b>	<b>(137.53)</b>
						<b>40,880.05</b>

**50 Additional Regulatory information as per amendments in Schedule III of Companies Act, 2013 (MCA notification dated March 24, 2021)**

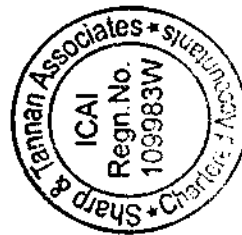
- The Company doesn't have any immovable property whose title deeds are not held in the name of the Company.
- Investments made by the Company is carried at amortized cost in the financials.
- The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) during the FY 2022-23.
- The Company has not revalued its intangible assets during the FY 2022-23.
- The Company has not given any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are a) repayable on demand; or b) without specifying any terms or period of repayment.
- Capital Work in Progress & Intangible Assets under Development are nil for current year & Previous year.
- The company doesn't hold any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder and no proceedings have been initiated or pending against the company for the same.
- The Company has not made any default in repayment of its financial obligations and is not declared wilful defaulter by any bank or financial Institution or other lender.
- The company doesn't have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- Tier 2 is no charges or satisfaction to be registered with ROC beyond the statutory period.
- The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- The Company has not traded/invested in crypto currency or virtual currency for the current financial year and previous year.
- The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



## (xv) Liquidity Coverage Ratio:-

Particulars	March 31, 2023		March 31, 2022	
	Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
<b>High Quality Liquid Assets</b>				
Cash in hand	17.34	17.34	46.81	46.81
Balances with banks in current account	2,713.55	2,713.55	4,891.79	4,891.79
Balance with cash collection agents	58.01	58.01	48.59	48.59
Term deposits with residual maturity of 3 months or less with scheduled banks	4,805.65	4,805.65	2,071.08	2,071.08
	<u>7,594.55</u>	<u>7,594.55</u>	<u>7,058.27</u>	<u>7,058.27</u>
<b>Cash Outflow</b>				
Deposits	-	-	-	-
Unsecured retail funding	6,497.72	7,472.38	2,534.38	2,914.53
Secured retail funding	1.11	1.28	102.02	117.32
Outflows related to derivative exposures and other collateral requirements	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-
Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,704.74	1,960.45	1,787.68	2,055.83
Other contingent funding obligations	-	-	-	-
	<u>8,203.57</u>	<u>9,434.10</u>	<u>4,424.07</u>	<u>5,087.68</u>
<b>Cash Inflows</b>				
Unsecured Lending	2,992.66	2,244.50	2,023.84	1,517.88
Inflows from fully performing exposures	-	-	-	-
Other cash inflows	-	-	-	-
	<u>2,992.66</u>	<u>2,244.50</u>	<u>2,023.84</u>	<u>1,517.88</u>
75% of Stressed Outflows		<u>7,075.58</u>		<u>3,815.76</u>
Total Net Cash Outflows		<u>7,189.60</u>		<u>3,569.80</u>
Liquidity Coverage Ratio		<u>105.63%</u>		<u>197.72%</u>

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**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

(All amounts in INR millions, unless otherwise stated)

**51 Additional disclosures as required by the Reserve Bank of India**

**(A) Disclosure as per Master Direction DNBR.PD.008/03.10.119/2016-17 (updated as on December 29, 2022) are as under:-**

**(i) Capital to Risk Assets Ratio ("CRAR"):-**

	As at March 31, 2023	As at March 31, 2022
CRAR (%)	21.87%	28.75%
CRAR - Tier I capital (%)	21.87%	28.38%
CRAR - Tier II capital (%)	0.00%	0.38%
Amount of subordinated debt raised during the year included in Tier-II	-	-
Amount raised by issue of perpetual debt instruments	-	-

**(ii) Investments**

The Investment of the company as on March, 31 2023 : INR 633.59 million (March 31, 2022: INR 0.45 Million). (Refer Note -6)

**(iii) Derivatives**

The Company has no transactions / exposure in derivatives in the current and previous years.

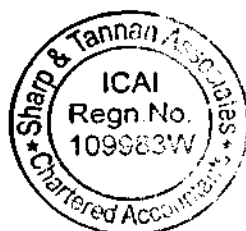
The Company has no unhedged foreign currency exposure as on March, 31 2023 (March 31, 2022: Nil).

**(iv) (a) Disclosures relating to securitisation:-**

	As at March 31, 2023	As at March 31, 2022
<b>SPVs relating to outstanding securitisation transactions</b>		
Number of SPVs sponsored by the NBFC for securitisation transactions as on the date of the balance sheet (Nos)	14	12
Total amount of securitised assets as per books of the SPVs sponsored as on the date of the balance sheet	8,256.39	4,130.42
Total amount of exposures retained by the NBFC to comply with minimum retention requirement ('MRR')		
Off-balance sheet exposures		
First loss	-	-
Others	-	-
On-balance sheet exposures		
First loss (cash collateral)	1,448.60	1,032.29
Others (credit enhancement)	1,933.36	993.05
Amount of exposures to securitisation transactions other than MRR		
Off-balance sheet exposures		
Exposure to own securitizations		
First loss	-	-
Others	-	-
Exposure to third party securitisations		
First loss	-	-
Others	-	-
On-balance sheet exposures		
Exposure to own securitizations		
First loss (cash collateral)	-	-
Others	-	-
Exposure to third party securitisations		
First loss	-	-
Others	-	-

**(iv) (b) Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006.**

	As at March 31, 2023	As at March 31, 2022
i) Total number of loan assets securitized during the year (Nos)	4,32,536	1,79,293
ii) Book value of loans assets securitized during the year	14,829.88	5,348.48
iii) Sale consideration received during the year	13,092.63	4,857.22
iv) Credit enhancement provided during the year	-	-
- Principal subordination	2,615.66	491.26
- Cash collateral	1,202.01	586.99



**Muthoot Microfin Limited****Notes to financial statement for the year ended March 31, 2023***(All amounts in INR millions, unless otherwise stated)***(v) Details of financial assets sold to securitization / reconstruction company for asset reconstruction:-**

	As at March 31, 2023	As at March 31, 2022
i) Total number of loans assets sold during the year (Nos)	1,42,791	-
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	2,096.91	-
iii) Aggregate consideration	900.00	-
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / loss over net book value	1,196.91	-

**(vi) Details of assignment transactions undertaken:-**

	As at March 31, 2023	As at March 31, 2022
i) Total number of loans assets assigned during the year (Nos)	5,37,668	5,27,134
ii) Book value of loan assets assigned during the year including MRR	18,322.48	16,391.08
iii) Sale consideration received during the year	16,133.49	14,104.09

**(vii) Details of non-performing financial assets purchased/sold**

The Company has not purchased / sold non-performing financial assets in the current and previous year. The non performing assets sold to Asset Reconstruction Company is mentioned in Note 50 (A)(v)

**(viii) Exposures:-**

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

There is no intra group exposure in the current and previous year

**(ix) Details of financing of parent company products**

The Company does not finance the products of the parent / holding company.

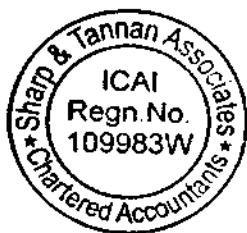
**(x) Unsecured advances**

Refer note 12 for details of unsecured advances.

**(xi) Registration obtained from other financial sector regulators:-**

The Company is not registered with any other financial sector regulators.

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# Muthoot Microfin Limited

Notes to financial statement for the year ended March 31, 2023

(All amounts in INR millions, unless otherwise stated)

## 51 Additional disclosures as required by the Reserve Bank of India (Cont'd)

(xii) Disclosure of Penalties imposed by RBI & other regulators:-

No penalty has been imposed by RBI or any other lending institutions in connection with any lending arrangements during current and previous year.

(xiii) Draw down from reserves:-

There has been no draw down from reserve during the year ended 31 March 2023 (31 March 2022: Nil)

(xiv) Asset Liability Management Maturity pattern of certain items of assets and liabilities:-\*

As at 31 March 2023

	1 to 7 Days	8 to 14 Days	15 to 30/31 Days	Over one to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
<b>Liabilities</b>											
Borrowings	159.10	338.08	1,207.56	2,740.21	3,115.58	10,457.52	19,538.41	24,164.25	1,500.09	-	63,220.71
Foreign Currency Liabilities	-	-	-	-	-	-	-	1,369.87	684.93	-	2,054.80
<b>Assets</b>											
Advances	1,010.63	1,098.46	883.57	3,414.16	3,350.80	10,496.24	20,318.27	26,993.27	725.54	-	68,290.94
Deposits	842.88	3,902.50	61.42	13.55	3.19	437.26	1,118.55	2,299.62	-	-	8,678.97
Investments	-	-	-	-	-	-	-	-	633.14	0.45	633.59

As at 31 March 2022

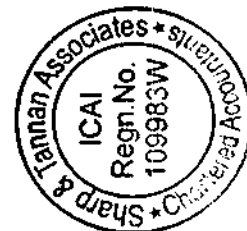
	1 to 7 Days	8 to 14 Days	15 to 30/31 Days	Over one to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 Year	Over 1 Year upto 3 Year	Over 3 Year upto 5 Year	Over 5 Year	Total
<b>Particulars</b>											
<b>Liabilities</b>											
Borrowings	166.85	354.53	1,266.32	2,025.82	1,702.67	6,681.27	10,743.47	17,262.02	-	-	40,202.93
<b>Assets</b>											
Advances	603.26	715.33	705.23	2,229.92	2,245.55	7,121.59	12,915.55	15,687.52	665.17	-	42,889.14
Deposits	-	2,000.41	102.92	-	79.77	539.14	1,185.98	1,059.41	15.00	-	4,982.64
Investments	-	-	-	-	-	-	-	-	-	0.45	0.45

\*Asset Liability Management pattern is disclosed in accordance with "Master Direction- Non Banking Financial Company- Non systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016" issued by Reserve Bank of India. The Company is to disclose expected fund inflows and outflows and hence fair valuation / amortisation adjustments made on account of adoption of Ind AS are not considered here.

(xv) During the year, the Company's various instruments were rated, the details of these ratings for the year ended March 2023 are as under:-

	Rating agency	Date of rating	Valid upto	Rating assigned	Borrowing limit
Bank Loan Rating	CRISIL	19-Jan-23	18-Jan-24	CRISIL A+ / Stable	45,000.00
MFI rating				(Reaffirmed)	
NCD	CRISIL	13-Jul-22	12-Jul-23	MICI	Not applicable
	CRISIL	19-Jan-23	18-Jan-24	CRISIL A+ / Stable	3,750.00
				(Reaffirmed)	
NCD	CRISIL	19-Jan-23	18-Jan-24	CRISIL A+ / Stable	5,000.00
				(Assigned)	
NCD-MLD	CRISIL	19-Jan-23	18-Jan-24	CRISIL PPMMLD A+/ Stable (Reaffirmed)	9,700.00
Commercial paper				AI+ (Reaffirmed)	500.00
Bank Loan Rating	CRISIL	19-Jan-23	18-Jan-24	IND A / Stable	2,000.00
	India Rating & Research	17-Nov-22	16-Nov-23	(Affirmed)	
NCD	India Rating & Research	17-Nov-22	16-Nov-23	IND A / Stable	750.00
				(Affirmed)	

Note: A fresh letter of revalidation from CRISIL is required if the proposed facilities are not availed within a period of 180 days from the date of rating.



**Muthoot Microfin Limited**
**Notes to financial statement for the year ended March 31, 2023**
*(All amounts in INR millions, unless otherwise stated)*
**51 Additional disclosures as required by the Reserve Bank of India (Cont'd)**
**(xvi) Provisions and contingencies:-**
**Break up of 'Provisions for loan losses and write-offs' shown under the head expenditure in statement of profit and loss**

	Year ended March 31, 2023	Year ended March 31, 2022
Provision towards NPA	545.23	73.34
Provision made towards income tax	679.91	224.05
Provision for gratuity	49.38	42.17
Provision for compensated absences	(9.63)	11.89
Provision towards standard assets	(191.45)	37.35

**(xvii) Concentration of advances, exposures and NPAs:-**
**Concentration of Advances**

	Year ended March 31, 2023	Year ended March 31, 2022
Total Advances to twenty largest borrowers	74.71	48.53
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.09%	0.10%

**Concentration of Exposures**

	Year ended March 31, 2023	Year ended March 31, 2022
Total Exposure to twenty largest borrowers / customers	162.77	47.53
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.23%	0.11%

**Concentration of NPAs**

	Year ended March 31, 2023	Year ended March 31, 2022
Total Exposure to top four NPA accounts	0.42	0.62

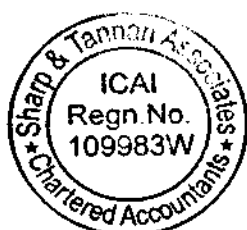
**(xviii) Sector-wise NPAs:-**

	Year ended March 31, 2023			Year ended March 31, 2023		
Sector	Gross carrying amount	Gross NPA	% of NPAs to total advance to that sector	Gross carrying amount	Gross NPA	% of NPAs to total advance to that sector
Agriculture	17,781.99	206.55	1.16%	6,113.43	274.51	4.49%
Animal husbandry	27,138.59	657.32	2.42%	15,471.59	773.56	5.00%
Manufacturing (Including MSME)	3,266.11	188.15	5.76%	1,338.64	230.43	17.21%
Services	16,994.81	768.11	4.52%	6,107.21	955.11	15.64%
Trading (Including MSME)	5,963.10	246.11	4.13%	12,303.04	341.54	2.78%
Consumption	307.64	4.97	1.62%	247.07	32.48	13.15%
Education	110.90	70.33	63.42%	4,352.33	282.38	6.49%
Personal Loan	259.43	-	-	218.95	-	-
Corporate Loan	164.45	-	-	45.00	-	-

**(xix) Movement of Stage 3 assets:-**

	Year ended March 31, 2023	Year ended March 31, 2022
Net stage 3 assets to net advances (%)	1.22%	2.96%
Movement of stage 3 assets (gross)		
Opening balance	2,890.01	2,589.09
Additions during the year	669.12	1,718.32
Reductions during the year	(1,417.60)	(1,417.39)
Closing balance	2,141.53	2,890.01
Movement of net stage 3 assets		
Opening balance	1,302.29	1,080.55
Addition during the year	-	1,167.25
Reductions during the year	(443.96)	(945.51)
Closing balance	858.33	1,302.29
Movement of provisions for stage 3 assets		
Opening balance	1,587.72	1,508.54
Addition during the year	810.47	551.06
Reduction/ write off during the year	(1,115.00)	(471.89)
Closing balance	1,283.19	1,587.72

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**Muthoot Microfin Limited**  
Notes to financial statement for the year ended March 31, 2023  
(All amounts in INR millions, unless otherwise stated)

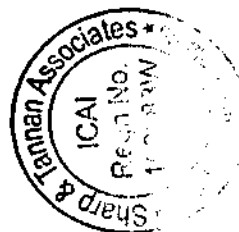
**51 Additional disclosures as required by the Reserve Bank of India (Cont'd)**

(xx) Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 >

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=(3-4)	6	7=(4-6)
<b>Performing Assets</b>						
Standard	Stage 1	69,408.82	383.14	69,025.68	13.15	369.99
Subtotal	Stage 2	436.67	53.84	382.82	2.78	51.06
		<b>69,845.49</b>	<b>436.98</b>	<b>69,408.50</b>	<b>15.93</b>	<b>421.05</b>
<b>Non-Performing Assets (NPA)</b>						
Standard	Stage 3	44.18	18.11	26.07	0.09	18.02
Substandard	Stage 3	1,238.29	652.47	585.82	674.70	(22.23)
Doubtful - up to 1 year	Stage 3	441.32	342.95	98.36	451.47	(108.51)
1 to 3 years	Stage 3	407.01	261.99	145.03	417.61	(155.63)
More than 3 years	Stage 3	10.74	7.67	3.07	13.40	(5.72)
Subtotal for doubtful		<b>2,141.53</b>	<b>1,283.19</b>	<b>858.35</b>	<b>1,557.26</b>	<b>(274.07)</b>
<b>Loss</b>						
Subtotal for NPA	Stage 3	<b>2,141.53</b>	<b>1,283.19</b>	<b>858.35</b>	<b>1,557.26</b>	<b>(274.07)</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1 Stage 2 Stage 3	- - -	- - -	- - -	- - -	- - -
Subtotal						
<b>Total</b>						
	Stage 1	69,408.82	383.14	69,025.68	13.15	369.99
	Stage 2	436.67	53.84	382.82	2.78	51.06
	Stage 3	2,141.53	1,283.19	858.35	1,557.26	(274.08)
	Total	<b>71,987.02</b>	<b>1,720.17</b>	<b>70,266.86</b>	<b>1,573.19</b>	<b>146.97</b>

(xxi) Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated May 5, 2021 (Resolution Framework 2.0) are given below:

	As at	As at
	March 31, 2023	March 31, 2022
a) Number of accounts where resolution plan has been implemented under this window	1,94,824	1,94,824
b) Exposure to accounts mentioned at (a) before implementation of the plan	4,506.81	4,506.81
c) Active number of accounts where the resolution plan is implemented	77,582	1,73,019
d) Exposure to accounts mentioned at (c) on the reporting date	1,227.22	3,862.65
e) Increase in provisions on account of the implementation of the resolution plan	68.77	268.91



**Muthoot Microfin Limited**
**Notes to financial statement for the year ended March 31, 2023**
*(All amounts in INR millions, unless otherwise stated)*
**51 Additional disclosures as required by the Reserve Bank of India (Cont'd)**
**(xxii) Instances of fraud:-**

	As at March 31, 2023				As at March 31, 2022			
	Less than 1 lakh	1 lakh to 5 lakh	5 lakh to 25 Lakh	More than 25 Lakh	Less than 1 lakh	1 lakh to 5 lakh	5 lakh to 25 Lakh	More than 25 Lakh
<b>Nature of fraud (cash embezzlement)</b>								
<b>A) Persons involved</b>								
<b>Staff</b>								
No. of accounts (Victims)	-	611	2,788	1,639	-	853	245	402
Amount	-	1.55	5.24	57.19	-	2.60	1.32	3.69
<b>B) Type of fraud</b>								
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Misappropriation and criminal breach of trust								
No. of accounts (Victims)	-	611	665	1,639	-	853	245	402
Amount	-	1.55	2.88	57.19	-	2.60	1.32	3.69
Cheating and forgery	-	-	-	-	-	-	-	-
No. of accounts (Victims)	-	-	2,123	-	-	-	-	-
Amount	-	-	2.36	-	-	-	-	-

(xxiii) Public disclosure on Liquidity Risk as on March 31, 2022 pursuant to RBI notification RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies:-

**(a) Funding concentration based on significant counterparty (both deposits and borrowings)**

	As at March 31, 2023	As at March 31, 2022
Number of significant counterparties	27	29
Amount	47,675.94	37,647.75
% of total deposits	-	-
% of total liabilities	73.42%	94.20%

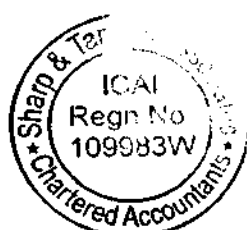
**(b) Top 20 large deposits and 10 borrowings**

	Outstanding Amount as at March 31, 2023	% of total liabilities
Top 20 large deposits	-	-
Top 10 large borrowings	32,235.32	49.64%
	Outstanding Amount as at March 31, 2022	% of total liabilities
Top 20 large deposits	-	-
Top 10 large borrowings	22,674.41	56.73%

**(c) Funding concentration based on significant instrument/product**

	Amount as at March 31, 2023	% of total liabilities
Term Loan	40,951.86	63.07%
Securitisation	8,230.63	12.68%
External Commercial Borrowing	2,047.76	3.15%
Non-convertible debentures	13,216.67	20.35%
Commercial paper	484.84	0.75%
Tier II	-	0.00%
<b>Total</b>	<b>64,931.77</b>	<b>100.00%</b>
	Amount as at March 31, 2022	% of total liabilities
Term Loan	28,848.75	72.18%
Securitisation	4,121.09	10.31%
Non-convertible debentures	6,249.44	15.64%
Commercial paper	496.83	1.24%
Tier II	249.97	0.63%
<b>Total</b>	<b>39,966.09</b>	<b>100.00%</b>

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**Muthoot Microfin Limited**
**Notes to financial statement for the year ended March 31, 2023**
*(All amounts in INR millions, unless otherwise stated)*
**51 Additional disclosures as required by the Reserve Bank of India (Cont'd)**
**(d) Stock ratios**

	March 31, 2023			
	Amount	% of public fund	% of total liabilities*	% of total assets
Commercial paper	484.84	0.75%	0.70%	0.57%
Non-convertible debentures	13,216.67	20.35%	19.15%	15.50%
	March 31, 2022			
	Amount	% of public fund	% of total liabilities*	% of total assets
Commercial paper	496.83	1.24%	1.17%	0.89%
Non-convertible debentures	6,249.44	15.64%	14.69%	11.18%

\*Total liabilities has been computed as sum of all liabilities as per balance sheet.

**(e) Institutional set-up for liquidity risk management**

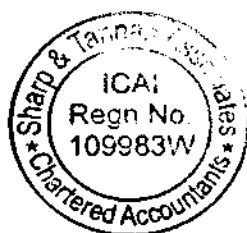
The Board has the overall responsibility for management of liquidity risk. The Company has a risk management committee responsible for evaluating the overall risks faced by the Company including liquidity risk. The asset liability management committee is also responsible for ensuring adherence to the risk tolerance and implementing the liquidity risk management strategy.

**(xxiv) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman:-**

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Complaints received by the Company from customers</b>		
a) Number of complaints pending at the beginning of the year (Nos)	3	-
b) Number of complaint received during the year (Nos)	433	428
c) Number of complaint disposed during the year (Nos)	428	425
d) Number of complaints rejected out of (c) (Nos)	-	-
e) Number of complaints pending at the end of the year (Nos)	8	3
<b>Maintainable complaints received by the Company from Office of Ombudsman</b>	-	-

**(xxv) Top five grounds of complaints received by the NBFC from customers**

Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, , number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Year ended March 31, 2023</b>					
Mis-selling	-	41	116%	-	-
Updation of repayment records	-	172	(38%)	1	-
Insurance claim settlement	3	192	56%	5	-
Digital transactions	-	9	125%	-	-
Fraud Conducted by staff	-	13	100%	2	-
Interest rates	-	1	0%	-	-
Updation/dispute on data in Credit Information Report (CIR)	-	5	100%	-	-
<b>Total</b>	<b>3</b>	<b>433</b>	<b>1.17%</b>	<b>8</b>	<b>-</b>
<b>Year ended March 31, 2022</b>					
Mis-selling or forced selling of third party products	-	19	375%	-	-
Updation of repayment records	-	279	253%	-	-
Insurance claim settlement	-	123	(7%)	3	-
Digital transactions	-	4	100%	-	-
Fraud Conducted by external agencies	-	2	100%	-	-
Interest rates	-	1	100%	-	-
<b>Total</b>	<b>-</b>	<b>428</b>	<b>99%</b>	<b>3</b>	<b>-</b>



51 Additional disclosures as required by the Reserve Bank of India (Cont'd)

(xxvi) Related party disclosure:-

Nature of relationship	Holding Company		Entities in which KMP are able to exercise control or have significant influence		Fellow subsidiary		Common directorship		Key Management Personnel (KMP)	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Items										
Cash management charges	50.16	34.11	-	-	-	-	-	-	-	-
Commission income	0.07	2.87	5.05	3.56	-	-	-	-	-	-
Software support charges	-	-	-	-	-	-	-	-	-	-
Rent expenses	2.31	3.15	-	-	12.15	12.88	-	-	-	-
Rental deposits given/(refunded)	(0.25)	0.13	-	-	-	-	-	-	9.15	7.02
CSR expenditure	-	-	-	-	-	-	-	-	-	-
Travel expenses	0.26	0.35	-	-	6.23	19.93	-	-	-	-
Trade mark Fees	-	-	-	-	-	-	-	-	0.10	0.60
Sitting fees	-	-	-	-	-	-	-	-	2.70	2.85
Remuneration	-	-	-	-	-	-	-	-	44.18	48.95
Gold Auction	-	-	0.91	-	-	-	-	-	-	-
Marketing Expenses	-	-	-	-	-	-	5.00	-	-	-

(xxvii) Breach of Covenant:-

Interest payment of Rs.64.86 million towards ISIN: INE046W07180 which was due on December 5, 2022 was paid on December 7, 2022. As the payment was made within the curing period, it has not been considered as default as per terms of respective agreement. The delay was a one-off event due to an inadvertent operational error. The Company had comfortable liquidity position with unencumbered cash and bank balance of Rs.2,131.73 Million and undrawn sanction in hand of Rs.9,370 Million as on December 5, 2022.

The Company has entered into financing arrangements with various non-banking financial institutions (Refer note 38) where the Company need to comply with various key performance indicators. The Company is not in compliance with KPI with three institutions, where the Company has submitted necessary waiver letters. The company has received one confirmation for waiver letter and awaiting two other responses. The Company will not have any adverse impact on the liquidity position even if the waiver request is rejected by the lenders.

(xxviii) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company did not exceed the limits prescribed for single and group borrower during the current and previous year.

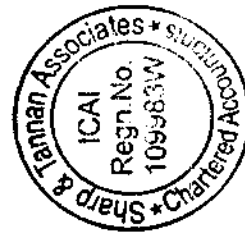
(xxix) Overseas assets

The Company did not have any joint ventures and subsidiaries abroad.

(xxx) Off-balance sheet SPVs sponsored

There are no off-balance sheet SPVs sponsored which are required to be consolidated as per accounting norms as at end of current and previous year.

<This section has been intentionally left blank>



**Muthoot Microfin Limited**

**Notes to financial statement for the year ended March 31, 2023**

*(All amounts in INR millions, unless otherwise stated)*

**52 Percentage of loans granted against collateral of gold jewellery to total assets**


Gold Loans granted against collateral of gold jewellery  
Total assets of the Company  
Percentage of Gold Loans to Total Assets

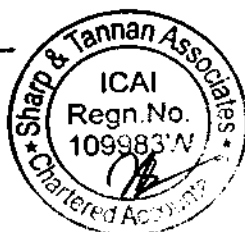
As at March 31, 2023	As at March 31, 2022
145.54	217.72
85,291.99	55,914.58
0.17%	0.39%


53 Previous year's figures have been regrouped and reclassified, wherever necessary to conform to current year's presentation / classification.


For Sharp & Tannan Associates  
Chartered Accountants  
Firm's Registration No.: 109983W


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

  
Tirtharaj Khot  
Partner  
Membership No.: 037457  
Place: Pune



  
Thomas Muthoot  
Managing Director  
DIN: 00082099  
Place: Kochi

  
Thomas John Muthoot  
Director  
DIN: 00011618  
Place: Kochi

  
Thomas George Muthoot  
Director  
DIN: 00011552  
Place: Kochi

  
Praveen T  
Chief Financial Officer  
Place: Kochi

  
Neethu Ajay  
Company Secretary  
Place: Kochi

Date: 06 May 2023

