Blue is Belief

Muthoot Microfin Limited
Annual Report 2024-25

Winning with the Double Bottom Line:

Driving Sustainable Impact and Profit

A Muthoot Pappachan Group Company

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Currency and Units of Presentation
All references to:

"Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and "USD" or "US$" or "$" are to United States Dollar, the official currency of the United States of America.

Our Company has presented certain numerical information in this Annual Report in "million" units or in "Mn" or whole numbers where the numbers have been too small to represent in such units. One million or Mn represents 1,000,000, one billion or Bn represents 1,000,000,000 and one trillion or Tn represents 1,000,000,000,000.

Some Figures may be expressed in denominations other than millions such as lakh, crores and such figures have units marked against them at appropriate places.

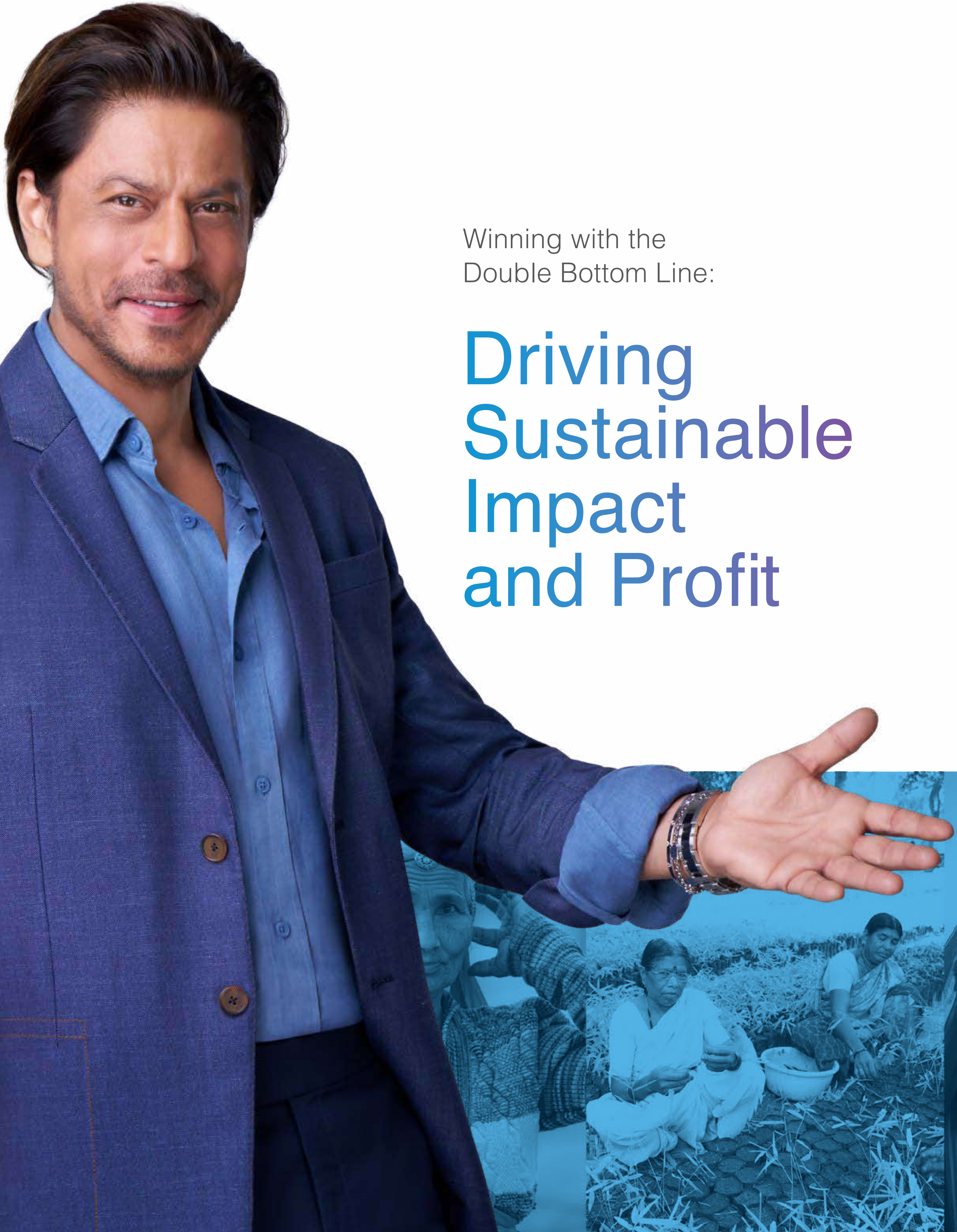
Forward-looking statement

Some information in this report may contain forward-looking statements. We have based these forward looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward-looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and actual results can be material, depending on the circumstances.

PAPPACHAN MUTHOOT
FOUNDER
(1927 - 2004)

The true measure of our success in life is not what we achieve for ourselves, but what we do for others.

Financial Services | Hospitality | Automotive | Real Estate | IT Services
Precious Metals | Alternate Energy | Sports | Muthoot Pappachan Foundation



Winning with the
Double Bottom Line:

Driving Sustainable Impact and Profit

At Muthoot Microfin, our journey is defined by purpose and performance. As a financial services provider rooted in trust and inclusion, we are committed to delivering meaningful impact while generating sustainable value.

Our pan-India network, legacy of integrity, and customer-centric approach enable us to extend financial solutions that not only improve lives but also foster long-term economic empowerment. With each step, we move closer to our goal of creating prosperity that is both measurable and meaningful—for individuals, communities, and stakeholders alike.

For Muthoot Microfin, our definition of success extends beyond financial returns; it is measured by the real-world impact we make to both society and the environment. We firmly believe in achieving a double bottom line, where our pursuit of profit is intrinsically linked to purpose driven growth.

Our values, an inclusive culture and guiding principles form the bedrock of our long-term success and shape our operational competence, particularly when navigating headwinds. Despite a challenging year for the microfinance sector, we have progressed with confidence. By insulating our balance sheet, strategically expanding our branch network and prioritising customer acquisition, we have laid a robust foundation for future growth.

Further, within just sixteen months of our public listing, we achieved an ESG score of 72.2—the highest-ever ESG rating awarded by CARE ESG Ratings in the Indian financial services sector. This milestone is not merely a number; it reflects the strength of our governance practices, the depth of our social impact, and our unwavering commitment to environmental stewardship. It underscores how deeply embedded sustainability is in our strategy—ranging from customer-centric innovations and ethical lending practices to inclusive workforce policies and transparent disclosures. This rating validates our conviction that long-term value creation must go hand in hand with responsible business conduct.

We will continue to win with a double bottom line, making sustainable impact and driving growth. As we deliver financial services to the masses, with a particular focus on women within underserved communities, offering affordable services, quick turnaround times and hassle-free processing, we are writing a new narrative of growth. On this ongoing journey, we continue to serve our customers - helping them turn aspirations into reality.

Striding Together

Towards Prosperity

Sangeetha, Rupali and Sunchu Renuka exemplify how Muthoot Microfin's timely financial support and guidance empower women entrepreneurs across India. From expanding businesses to recovering from disasters and increasing incomes, these stories reflect the transformative impact of accessible microfinance on improving livelihoods and fostering community resilience.

Threads of Transformation

Sangeetha, a 34-year-old from Dharmapuri, Puducherry, has been a pillar of her community for 15 years, meticulously crafting bags in her stitching shop. She began her journey with a modest capital, fueled by an entrepreneurial spirit. Over the years, she navigated the complexities of financial access, seeking assistance from various MFIs. A pivotal moment arrived when Muthoot Microfin extended a loan of ₹ 35,000. This timely financial support, coupled with invaluable guidance on financial literacy, transformed Sangeetha's business. Later, she availed multiple loans and currently in her third cycle she was granted 53,000. She learned to manage her finances more effectively, understand market dynamics, and strategies for growth. Today, her profits have more than doubled, shows her dedication and the crucial boost provided by Muthoot Microfin.

Empowered to Thrive

In Nalgonda, Andhra Pradesh, 46-year-old Sunchu Renuka toiled daily, selling milk door-to-door from their single cow. Her meager income barely sustained her family, leaving her children's educational aspirations unfulfilled. Then, Muthoot Microfin offered a lifeline. With a loan amount of ₹ 50000, Renuka acquired a second cow. This seemingly small step transformed their lives. No longer wandering, they began supplying milk to procuring centers and serving a steady base of daily customers. Their weekly income surged from 3,000 to 6,000. This newfound stability allowed Renuka and her husband to achieve their greatest dream: enrolling their children in a good school and furnishing their home with necessities.

Sheltered by Trust

Rupali Bhukta, a 36-year-old resident of Arambagh, West Bengal, approached Muthoot Microfin for a loan. During her visit, the Branch Manager recommended Griha Suraksha Insurance plan, which she accepted, not realising how crucial it would soon become. Shortly after, monsoon rains caused severe flooding in Arambagh, leaving Rupali's home inundated and significantly damaged. Distraught, she contacted her Branch Manager, who quickly processed her insurance claim. To her immense relief, Rupali received a claim benefit of ₹ 12,500.

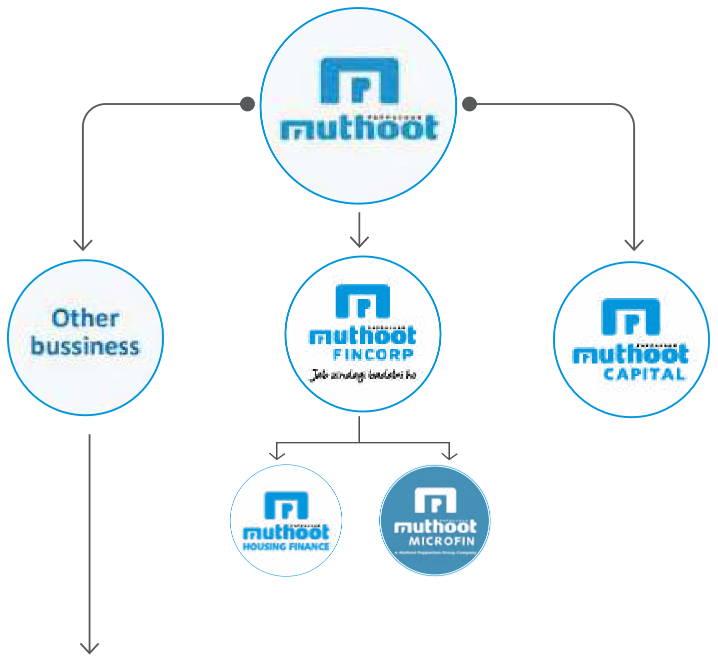
Anchored in Excellence

Overview of Muthoot Pappachan Group

Muthoot Microfin Limited is part of the Muthoot Pappachan Group (MPG), a renowned and diversified Indian conglomerate with a rich legacy of serving the underserved.

Muthoot Microfin Limited is part of the Muthoot Pappachan Group (MPG), a renowned and diversified Indian conglomerate with a rich legacy of serving the underserved. Established over a century ago, MPG is a multi-sector enterprise guided by ethical practices, customer trust, and a strong commitment to inclusive development. The Group operates across a wide spectrum of sectors, including financial services, automotive, hospitality, real estate, information technology, infrastructure, precious metals, and renewable energy.

Delivering Impact Through Enterprise



Automotive | Real Estate | Infrastructure | Alternate Energy Sectors | Hospitality | Precious Metals | Information Technology

At the core of the Group's diversified portfolio lies its financial services business, which forms the backbone of MPG's operations. This vertical includes:

- Muthoot FinCorp, the flagship company for the group and our holding company, renowned for its leadership in Gold Lending.
- **Muthoot Microfin, that is Ourself, the second-largest financial services company within MPG by Assets Under Management (AUM), focused on empowering women through microfinance solutions.**
- Muthoot Capital, another listed company within the group and a prominent player in vehicle financing.
- Muthoot Housing Finance, which provides affordable home loans tailored for low- and middle-income families.

Being a part of MPG provides us with strong brand recognition, strong promoter backing, established banking relationships, market reach and invaluable support across marketing and operations. Additionally, our microfinance business also benefits from inherent synergies with MPG's extensive financial services.

MPG operates in sectors that touch everyday lives. Each business vertical of the Group is driven by the unifying vision of "Empowering Human Ambitions", with a strong focus on addressing the needs of India's middle- and low-income segments.

Years of Legacy

The Muthoot Pappachan Group traces its origins back to 1887, carrying forward a longstanding family tradition built on financial prudence, social responsibility, and service to the community. Currently led by the third generation of leadership, MPG stands for reliability and innovation.

138+
Years of Legacy

5,300+
Branches

The MPG Advantage

2nd Largest Company
by AUM Under the Muthoot Pappachan Group

Within Muthoot Pappachan Group (MPG), We, serve as the entry point for million of customers into the formal financial system. As the financial needs of our customers evolve, we remain their trusted financial ally offering bespoke solutions through our interconnected group entities. Whether their journey begins with a basic requirement or grows to encompass more sophisticated financial products, we build enduring relationships and cater to their requirements through our ecosystem.

We strategically leverage our existing MFI client base and their engagement across key retail lending segments to create meaningful growth opportunities. Through data-driven segmentation and targeted outreach, we identify the right moments to cross-sell and up-sell products that align with our customers' evolving needs.

This approach helps us deepen customer relationships by offering diversified products like Group loans, Suvidha, Sanitation etc to eligible clients, while directing other opportunities to the most suitable Muthoot FinCorp Limited (MFL) entities. This focused outreach maximises the potential of our entire ecosystem while delivering more value to our customers.

Customer-Centric Legacy

MPG's deep understanding of rural women's financial needs helps us tailor lending products that are aligned with real needs, effectively.

Expanding Customer Base & Footprint

With MPG's support, Muthoot Microfin continues to grow its customer base and rural presence, expanding to underserved regions where formal financial access remains limited.

Operational Support from Muthoot FinCorp

MFL's expertise in cash, gold assessment, and storage strengthens our field-level efficiency.

Unified Digital Platform (Under Development)

A Group-wide platform is currently under development to integrate loan products across entities. This will enable cross-selling and further streamline the customer experience.

Who We Are and Why We Exist

Unlocking Inclusive Growth and Financial Empowerment Across India

Muthoot Microfin Limited is the second largest Microfinance Institution (NBFC-MFI) in India#. Since 2011, we have remained focused on inclusive growth by offering collateral-free loans to women entrepreneurs from low-income households.

Through our offerings, we help women build sustainable livelihoods, gain financial independence, and uplift their families and communities. Our approach combines a deep understanding of local aspirations with strong governance and a relationship-led lending model. With a presence across India through 1,699* branches, we deliver financial solutions that are both customer-centric and digitally enabled.

While benefiting from the strategic guidance and operational support of the Muthoot Pappachan Group (MPG), we operate with significant autonomy as a distinct entity within the conglomerate. This independence is underscored by our dedicated professional management team, an independent Board of Directors, a network of separate branches, and a specialised in-house technology team. This robust organisational structure allows us to effectively leverage the inherent strength, established legacy, and extensive brand equity of the broader Group. Concurrently, it enables us to cultivate our unique identity as a focused and leading microfinance institution, singularly dedicated to empowering women borrowers across India.

Our work is grounded in trust, transparency and long-term impact. We continue to make a measurable social and economic impact, while contributing to national development priorities and Sustainable Development Goals.

Vision

To be the most innovative and successful financial institution serving the needs of the unserved and underserved in a timely, transparent, and affordable manner.

Mission

Transform the lives of 10 Mn households by 2030, providing innovative financial solutions that enable economic independence, enhance livelihoods, and promote social equity.

Why trust Muthoot Microfin

- 2nd Largest MFI Player in India by AUM
- Group Legacy & Brand Strength
- Women centric and financial inclusion
- Ethical, Transparent and Client-first policies
- Strong Community and Brand presence
- Trusted brand ambassadors and campaigns
- Industry recognition and ratings
- Strong Promoter Backing
- Independent and Stable management
- Strong digital powerhouse, first-of-its-kind customer app, Inhouse tech team
- Industry leading underwriting practises rapidly getting acceptance
- Customer centric welfare initiatives like NATCAT insurance and E-clinics

As per MFIN Micrometer
*as on Mar 31, 2025

20
States and Union Territories

1699
Branches

3.43 Mn+
Client Base

83.1
Overall Transparency Score

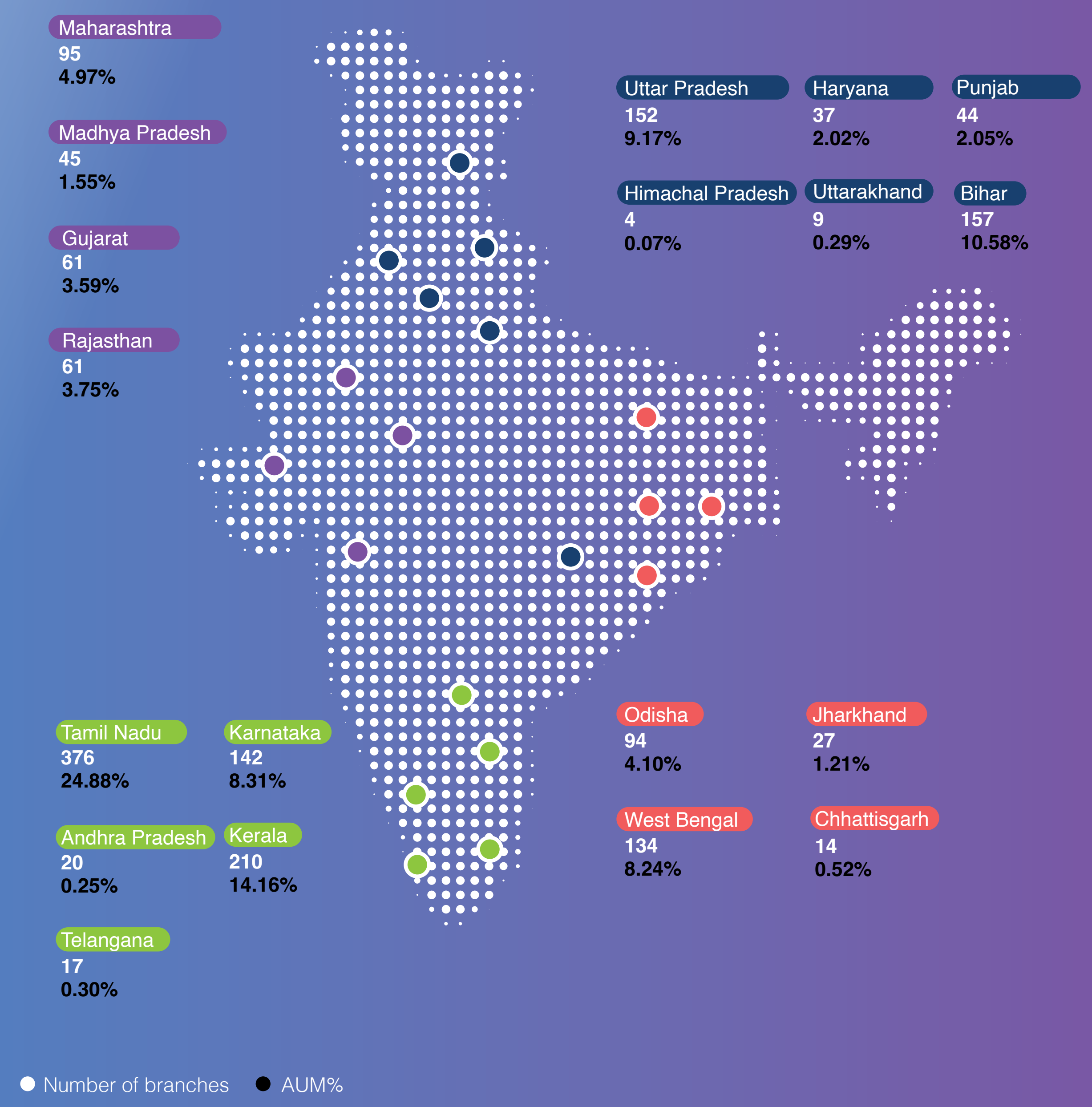
Our Journey

Guided by our mission of financial inclusion, we have steadily expanded our footprint and deepened our impact. Each milestone marks a step forward in empowering underserved communities across India.

Reaching Far and Wide

Region wise Portfolio

South	North	East	West
48%	24%	14%	14%
States	**States**	**States**	**States**
Kerala	Uttar Pradesh	Odisha	Maharashtra
Tamil Nadu	Haryana	Jharkhand	Gujarat
Karnataka	Punjab	West Bengal	Madhya Pradesh
Andhra Pradesh	Himachal Pradesh	Chhattisgarh	Rajasthan
Telangana	Uttarakhand		
	Bihar		



Milestones that Matter

2011

Muthoot Pappachan Group starts **microfinance** business as a division of the flagship company **Muthoot Fincorp Ltd.**

2013

Microfinance division crosses **1,000** Crore disbursement.

2,000 employees.

6 lakh active customers.

2014

Emerged **No. 1** Microfinance NBFC in Kerala.

Emerges as one of the top **10 MFIs** in India as per MFIN.

Reached **1,000** Crore AUM.

Crossed **3,000** employees.

2015

Receives **NBFC-MFI** license from RBI.

Hives off microfinance division into a company **"Muthoot Microfin Limited."**

2016

Raised up to **₹50 Crore** in private equity from the US based fund Creation Investments Capital Management.

2017

Total employees crossed **5,000** mark.

Raised **₹50 Crore** of investment during the year from Creation.

2018

Wins the **Golden Peacock Award** 2018 for Business Excellence.

Received the highest grading in **Capacity Assessment** and **Code of Conduct Assessment of M1C1** by CRISIL.

Wins MFIN Award in **'Microfinance Plus Activities'** category.

Won **"Finance Company of the Year – India"** award at the ABF Retail Banking Awards 2018.

Awarded **'Best NBFC'** by CIMSME.

Muthoot Microfin certified **Great Place To Work.**

Economic Times recognised Muthoot Microfin by conferring **Champions of Rural Markets Award.**

Raised **₹55 Crore** of investment for the year from Creation.

2019

Portfolio surpassed **4,000 Crores**.

Crossed **600** branches.

Muthoot Microfin CFO, Praveen T selected to Annual CFO100 Roll of Honour.

Crosses **10,000 Crore** total disbursement.

Muthoot Microfin signs MoU with **Water.org.**

Muthoot Microfin certified **best place to work** in industry.

Muthoot Microfin signs MoU with **Indian Bank** to jointly lend to the MSME borrowers.

Won **'Golden Peacock Global Award** for Corporate Governance Excellence.

CRISIL upgraded the rating to A Stable for bank facilities and debt instruments.

2020

Wins **'Microfinance Company of the Year -2019'** award by Dhanam Business Magazine.

Launches new Website.

2021

Secures **$25 Mn** Private Equity investment from Greater Pacific Capital.

Received special honours from **Great Place To Work** Institute.

Crosses **800** branches.

AUM Crossed **₹5,000 Crore.**

Launches Customer App – **Muthoot Mahila Mitra.**

2022

Started offering **digital healthcare** to customers through **e-clinics**.

Crossed **2 Mn** active customers.

Crossed **7000 Crore** Asset Under Management.

Secures **$35 Mn** additional capital investment from Greater Pacific Capital.

CEO received **"The Economic Times Inspiring CEOs 2022"** Award.

Entered **Uttarakhand.**

Entered **Himachal Pradesh.**

CRISIL reaffirms **M1C1** grading.

Opens **1000th** branch.

Raises **$25 Mn** in External Commercial Borrowing.

Honoured with **IT innovation awards.**

CRISIL upgraded the rating to **A+ Stable** for long-term **bank** facilities and **debt** programmes.

2023

Great Place To Work certified for the 4th time.

Crossed **10,000** employees.

Crossed **10,000 Crore** Asset Under Management

Awarded **'ASSOCHAM Outstanding Financial Performance Award'**.

Listed in Indian Stock exchange with **highest subscribed MFI IPO** compared to its listed peers.

Gold Level Certification for Client Protection by M-CRIL.

2024

Entered Telangana & Andhra Pradesh

Raised **USD128 Mn** via ECB.

Crossed **12,000 Crore** AUM.

Awarded **'Microfinance Company of the Year'** at ET Business Awards 2024.

Recognised among India's top **50 Best Workplaces™** in Health and Wellness 2023.

Great Place To Work certified for the **5th time**.

Crossed **1600 branches**.

2025

Secured **e-KYC** License for Aadhaar-enabled digital onboarding.

Received an ESG Score of **72.2** with Care ESG **1 Rating**, the highest tier from CareEdge.

Best Workplace in Health & Wellness, ET Best Organisation for Women.

Great Place To Work certified for the **6th time**.

'Year mentioned is calendar year'

Our Performance

FY 2024–25 was a year of resilience, growth, and operational discipline. This section captures how we navigated external challenges, delivered consistent performance, and stayed aligned with our long-term strategic vision.

Impact in Action: Highlights from the Year

Financial highlights

₹25,644 Mn
Income

₹15,512 Mn
NIM

₹8,676 Mn
PPOP

₹26,322 Mn
Net Worth

27.85%
CAR (Capital Adequacy Ratio)

4.84%
GNPA
(Gross Non-Performing Asset)

1.34%
NNPA (Net Non-Performing Asset)

99.5%
X-Bucket Collection Efficiency

Operational highlights

₹1,23,567 Mn
AUM

₹88,725 Mn
Disbursements

1699
Branches

20
States and Union Territories

388
Districts presence

3.43 Mn
Active borrowers

15,989
Employees

ESG Highlights

72.2
ESG Score

ESG-1
Care Edge ESG Rating

78.9
Governance score

90.2
BRSR transparency score

50
Branches with Solar rooftop

718+
e-clinics

6
Times Great Places to Work Certified

ET Now
Best Organisation for Women

From the Chairman's Desk: Charting a Future of Inclusive Growth

Our customer-centric initiatives extends beyond lending. With downloads exceeding 1.8 Mn, the Muthoot Mahila Mitra app has enabled our customers to digitally manage their finances. In addition to transactions, users gain access to financial knowledge and health education through the app.

Dear Shareholders,

As we conclude the fiscal year 2024-25, I am pleased to present the Annual Report of Muthoot Microfin Limited. During the year, our resilience and adaptability came to the fore in the face of significant challenges. While we navigated regulatory changes, market disruptions and economic uncertainties, we remained firm on building a business that balances profitability and social impact.

This report articulates our journey over the last fiscal and highlights our achievements and strategic vision moving forward. At Muthoot Microfin, we are dedicated to our 'double bottom line' approach, which continues to guide our decisions and actions.

The Microfinance Landscape in India

The microfinance industry is India plays an instrumental role in advancing financial inclusion, particularly for underserved communities. It continues to augment access of credit by serving Mns of individuals, predominantly women, who are often overlooked by conventional banking channels. However, the sector has witnessed its share of challenges, including issues of excessive debt, regulatory scrutiny and the need for sustainable lending practices.

Overexpansion in the aftermath of the pandemic, heightened competition and rising borrower leverage exacerbated by political unrest and 'Karza Mukti' movements disrupted collections in certain regions. Borrower discipline recovered at a measured pace, affecting repayment timelines and new disbursements. However, regulatory measures by SROs, such as MFIN and Sa-Dhan introduced essential discipline, stabilising the sector. In Karnataka, the ordinance against coercive lending, though initially disruptive, is envisioned to strengthen the sector's long-term health. At Muthoot Microfin, we remain committed to sustainable practices, leveraging digital solutions to bolster recovery and nurture inclusive growth.

Commitment to the Double Bottom Line

Our commitment to the 'double bottom line', balancing social impact with financial profitability, lies at the heart of our business model. Despite the adversities faced this year, we have been resolute on our focus of creating value for all our stakeholders.

Although the year was marked by a tempered financial performance, we have taken proactive measures to strengthen our balance sheet and ensure long-term stability. We are confident that the implementation these measures will pave our way for growth in the years ahead.

Socially, our impact remains profound. We have augmented our reach, serving over 3.43 Mn customers, with a substantial emphasis on women empowerment. Our initiatives, such as the Muthoot Mahila Mitra app has facilitated financial transactions and provided a platform for accessing education and health services through our e-clinics. We are proud to be a 'double bottom line business,' where profitability and social impact go hand in hand.

ESG Ratings and Sustainability

I am proud to announce that Muthoot Microfin has been awarded an ESG score of 72.2 and has been rated CareEdge-ESG 1, the highest rating tier by CARE ESG Ratings Limited. This esteemed recognition places us among India's ESG frontrunners in the financial services sector, setting benchmarks for ethical governance, community-centric finance and responsible growth. Our governance score of 79, markedly surpassing the industry median, reflects our enduring dedication towards transparency and ethical practices.

Our social initiatives continue to drive meaningful change. Through our e-clinics, we have provided over 10.2 lakh consultations, ensuring the access of essential healthcare services to our customers. Additionally, our NatCat insurance product has provided crucial protection to customers affected by natural calamities, demonstrating the care and dedication we bring to supporting their overall well-being and resilience.

Further, we remain resolute on minimising our carbon footprint. We are promoting the utilisation of renewable energy solutions by financing solar lanterns and sanitation facilities and undertaking sapling plantations across our operational geographies. Through these initiatives, we advance environmental goals and community development alike.

At the SKOCH Awards 2025, our 'Mahila Mitra' digital financial inclusion initiative and our 'Griha Raksha' insurance solution were honoured with two gold awards, showcasing our innovative spirit and commitment to customer-centric solutions.

Inclusive Growth and Customer-Centric Initiatives

Inclusion forms the bedrock of our business. We take pride in serving a customer base primarily composed of women. We strive to empower them through financial access and a range of supportive services. Our workforce, with notable women representation across leadership and operational roles further reflects our commitment.

Our customer-centric initiatives extends beyond lending. With downloads exceeding 1.8 Mn, the Muthoot Mahila Mitra app has enabled our customers to digitally manage their finances. In addition to transactions, users gain access to financial knowledge and health education through the app. Further, our tele-calling centre ensures routine follow-ups and provide tailored support and guidance. This has augmented customer satisfaction and has driven positive results in both repayment rates and overall portfolio quality.

In times of natural calamities, our NatCat insurance product has been instrumental in standing by our customers, aiding them rebuild their lives and livelihoods. I can assure you that this initiative has made a tangible difference in the resilience of our customer base.

Looking Ahead

Looking ahead, we are optimistic about the prospects for Muthoot Microfin. Notwithstanding the hurdles the past year, we have laid a strong foundation for growth. Our strategic initiatives, including diversification into secured loan products and expansion into new markets, will drive our next phase of development.

We remain resolute on our commitment towards sustainability and meaningful impact. Our ESG framework will guide us in driving positive social and environmental impact while ensuring financial resilience. We aim to build a sustainable enterprise that delivers financial returns while continuing to be the lender our customers trust and prefer.

In closing, I want to thank our customers for their trust, our employees for their dedication and our shareholders for their continued support. Together, we are building a sustainable enterprise that makes a meaningful difference in the lives of Mn.

Sincerely,

Thomas Muthoot
Chairman & Non-Executive Director
Muthoot Microfin Limited

From the Executive Director: A New Chapter of Leading with Purpose

As we step into FY 2025–26, our vision is to evolve into a technology-driven, future-ready organisation that redefines the contours of traditional microfinance. We aim to deepen our impact by expanding into new markets such as Andhra Pradesh and Telangana, leveraging our robust digital infrastructure to drive operational excellence and strengthen portfolio quality.

Dear Shareholders,

It is with great pride and optimism that I address you as the newly appointed Executive Director of Muthoot Microfin Limited.

Reflecting on FY 2024–25, I am pleased to share how our prudent financial stewardship, strategic foresight, and unwavering commitment to financial inclusion have guided us through an evolving and often challenging microfinance landscape. Our journey continues to be shaped by resilience, innovation, and a deep focus on empowering underserved communities—especially women—across the country.

Microfinance Industry

The microfinance sector in India faced significant headwinds in FY 2024-25, marked by a sharp contraction in gross loan portfolio (GLP) along with a surge in non-performing assets (NPAs). Disbursals plummeted across the board, driven by regulatory scrutiny, overleveraging concerns, and regional disruptions. Portfolio at Risk (PAR) rose sharply, reflecting heightened credit stress. Despite these challenges, the sector remains a pillar of financial inclusion, serving more than 75 million active borrowers, primarily women.

Muthoot Microfin has remained resilient amid these volatile industry trends through proactive risk management and strategic interventions. Our Asset Under Management (AUM) grew marginally, our NPAs faired better than the industry levels, thanks to robust underwriting and improved collection mechanisms. By leveraging technology and adhering to responsible lending practices, we have enhanced our portfolio quality while expanding our reach.

Navigating a Challenging Landscape with Resilience and Responsibility

The year brought with it a complex set of challenges—from election-related disruptions and climatic shocks to regulatory shifts and rising asset quality concerns stemming from borrower overleveraging. We responded decisively with a multi-faceted approach to strengthen operational resilience while protecting our balance sheet.

To mitigate the effects of climate-related adversities such as floods, heavy rainfall, and cyclones, we effectively leveraged our NATCAT insurance cover. This not only protected our borrowers from the financial impact of these events but also ensured continuity in repayments and preserved portfolio stability.

The industry-wide challenge of borrower overleveraging—largely a result of indiscriminate lending practices and disregard for FOIR (Fixed Obligation to Income Ratio) norms by some players—called for robust risk controls. Thankfully, we had already institutionalized some of the most advanced credit risk mitigation protocols in the sector. These included a sophisticated scorecard-based assessment model, a dedicated credit vertical, in-depth bureau checks covering both borrowers and their household members, and end-use tracking mechanisms designed to detect and prevent early-stage delinquencies.

Our specialised collections team, focused on 90+ DPD cases, proved instrumental in managing asset quality through targeted recovery efforts. Recognising the industry scenario, we took a calibrated approach to disbursements while maintaining strong liquidity buffers.

Despite these proactive and robust measures, the magnitude, velocity, and wide-spread nature of the crisis—exacerbated by a largely overlapping borrower base across the industry—meant we too felt its ripple effects.

We welcomed the intervention of Self-Regulatory Organizations (SROs), which introduced Guardrails 1.0 and 2.0 to stabilize the ecosystem. While these frameworks came with short-term challenges, we view them as necessary and timely measures in the long-term interest of the sector. Thanks to our technological preparedness and stringent credit standards already in place, we were able to implement these regulatory expectations swiftly and well within the stipulated timelines.

Technology as a Catalyst for Inclusion

Our technology-driven capabilities are integral to our mission to redefine financial inclusion —making access to finance faster, safer, and more meaningful for underserved communities. While our future is undeniably digital, trust remains at the heart of everything we do. We view technology not just as a tool for scale, but as a means to strengthen relationships. From app-based disbursals to AI-driven credit scoring, modernising our processes is essential—but it must be grounded in a deeply human approach.

The Mahila Mitra app, with 1.8 million downloads, has empowered rural women by providing seamless access to financial services, contributing ~25% of total collections through digital repayments. The recent acquisition of our e-KYC license marks a pivotal milestone. By enabling Aadhaar-based authentication, it will significantly streamline customer onboarding, enhance regulatory compliance, and act as a key safeguard against borrower overleveraging.

Digital empowerment does not replace the human connection. Our Relationship Officers (ROs) continue to play a vital, complementary role. They guide customers during centre meetings, explain new app features and help them navigate the app easily using QR codes on loan cards. We have actively embraced digital payment platforms such as UPI, QR codes, and BBPS, encouraging adoption among our rural customers through targeted incentives and awareness initiatives. These efforts are driving a shift toward cashless transactions, reinforcing convenience, transparency, and financial discipline at the last mile.

In parallel, our technology-led co-lending partnerships—powered by seamless API integrations—have significantly expanded our outreach and enabled efficient capital deployment, strengthening our ability to serve a broader segment of underserved borrowers.

Our end-to-end digitisation of the loan lifecycle—from origination to servicing and collections—has yielded meaningful ESG outcomes: significantly reducing paper consumption (Environment), empowering women through greater financial access (Social), and enhancing transparency and accountability across operations (Governance). These efforts are deeply aligned with our broader commitment to responsible and sustainable growth. Our identity is—and will always be—rooted in the relationships we build and the trust we nurture.

(*as of June 2025)

Strengthening Communities and Workforce

Beyond delivering financial services, Muthoot Microfin is deeply committed to fostering social impact through a range of community-focused initiatives. From hosting medical and employee wellness camps to conducting awareness and training programs, we continue to integrate purpose into our operations. In FY 2024–25, we extended our financial inclusion efforts through a series of impactful workshops and outreach programs.

Notably, we conducted an online workshop focused on cervical cancer awareness and menstrual health for our female employees—reflecting our commitment to women's health and empowerment. In May 2025, we organized medical camps in Nagamangalam and Sompet, Tamil Nadu, offering free health check-ups and medicines to underserved communities. We also played a vital role in promoting rural employment through large-scale job fairs conducted across 13 states in September 2024, facilitating over 1,500 job placements. These efforts directly aligned with the Government of India's "Viksit Bharat" initiative, strengthening youth skilling and rural development. Currently, women make upto 10%* of our Relationship Officers (ROs). We are committed to significantly increasing this representation through various initiatives, including exclusive hiring drives for women across India.

Our ongoing initiatives have earned national recognition, including the "Microfinance Company of the Year" at the ET Business Awards 2024 and the Times Business Awards Kerala 2024. We were also honored as the "Top Performing Microfinance Institution" at the Water.org and Sa-Dhan Conference 2024. Most significantly, Muthoot Microfin received two prestigious Gold Awards at the SKOCH Awards 2025. These accolades affirm our unwavering dedication to inclusive finance, digital empowerment, and community resilience.

Vision for a Transformative Future

As we step into FY 2025–26, our vision is to evolve into a technology-driven, future-ready organisation that redefines the contours of traditional microfinance. We aim to deepen our impact by expanding into new markets such as Andhra Pradesh and Telangana, leveraging our robust digital infrastructure to drive operational excellence and strengthen portfolio quality. Anchored in the principles of responsible lending and guided by Self-Regulatory Organisation (SRO) frameworks, we remain committed to sustainable, inclusive growth—ensuring the long-term well-being of our borrowers while delivering value to all stakeholders.

I am confident that, with the support of our talented team and your continued trust, we will keep innovating and empowering millions of underserved women—driving inclusive and sustainable growth. Together, we will shape a future where access to finance is seamless, equitable, and truly transformative.

Sincerely,

Thomas Muthoot John
Executive Director
Muthoot Microfin Limited

From the CEO's Desk: Leading with Intention

Dear Shareholders,

The year gone by, 2024-25, was one of the most challenging year for microfinance industry. The year was filled with complexities, unforeseen interventions and macroeconomic challenges. It was also a year which tested ability of microfinance company to adapt, maintain liquidity and contain asset quality in a sustainable manner. I am happy to share with you that Muthoot Microfin not only has been able to maintain its AUM, we have also been able to maintain healthy liquidity, reasonable asset quality and more than sufficient capital adequacy of 27.85%. Most importantly MML has emerged as the second largest NBFC-MFI in the country.

Sadaf Sayeed
Chief Executive Officer
Muthoot Microfin Limited

Microfinance institutions faced multiple challenges during FY25, It started with slowdown in disbursements post Lok Sabha elections and a change in credit cycle with general unfavourable view towards unsecured lending. This resulted in slowdown in overall micro lending across sectors, which in turn impacted the cash flow of rural borrowers, and that coupled with high food inflation and excessive lending in previous two years post covid, resulted in over-leveraging among segment of borrowers. To counter this industry bodies / SROs introduced certain self-regulatory guardrails. Post the introduction of guardrails and cautious lending approach adopted by MFIs, to a great extent, excessive leverage has wounded down in the sector. While the sector is recovering during later part of FY some state level legislations were enacted by State of Karnataka and Tamil Nadu to prevent coercive collection practices followed by unregulated entities. While the intent of the regulations was right as it is aims at protecting the vulnerable low-income borrowers from coercive collection practices, but some miscommunication of such legislation led to disturbance in collections in sate of Karnataka. No such negative impact has been noted in TN though. I am proud to tell you that through this challenging time, We have held fast to our mission, stayed close to our customers, and relied on the principles that have always guided us: prudence, trust, and the resolute belief that finacial services must be a force for good.

This was not an easy year. And yet, as I reflect on the period, I am reminded of the strength of our foundations. We stayed resilient. We responded with clarity, compassion and discipline. We continued to grow, to adapt, and invest in the future, even as we addressed the realities of the present. And most significantly, we kept the customer at our heart implementing rate cuts making microfinance more accessible and affordable.

Delivering Through Dynamic Conditions

This message is more than a reflection on the past year. It is a look at how we responded to challenges, where we stood firm and how we plan to move forward. It captures the key milestones we achieved, the pressures we absorbed, and the road ahead as we continue to uplift and empower Mns of women who drive our purpose forward.

Performance with Impact

At Muthoot Microfin, we are proud to embody a double bottom line approach—where financial performance and social impact are not just aligned, but mutually reinforcing. Our industry-leading ESG score of 72.2 and CareEdge-ESG 1 rating—the highest tier by CARE ESG Ratings—affirm our commitment to responsible growth, strong governance, and ethical transparency.

Our social performance initiatives go well beyond creating credit credit access. We have disbursed more than ₹ 3,065 Mn in sanitation loans and ₹ 292 Mn in solar product loans, helping our clients access safe sanitation and clean energy. Around 10.2 lakh clients have accessed telemedicine consultations via our Mahila Mitra App so far, and over 90,000 natural catastrophe claims have been processed in FY25, with ₹18.3 Crore disbursed to impacted households—offering resilience to climate-affected communities. With a focus on empowering women, both as customers and within our workforce, and with national recognition such as dual gold wins at the SKOCH Awards 2025, we remain steadfast in delivering

> This was not an easy year. And yet, as I reflect on the period, I am reminded of the strength of our foundations. We stayed resilient. We responded with clarity, compassion and discipline.

inclusive growth while creating long-term value for all stakeholders.

Our financial performance this year reflects both the external challenges we navigated and the conscious decisions we made to safeguard the organisation's long-term resilience. Total income grew by 13.7% to ₹25,644 Mn. However, we reported a loss of ₹2,225 Mn in profit after tax (PAT), primarily due to our prudent approach toward strengthening the balance sheet.

One of our key priorities this year was insulating the balance sheet from uncertainty. In doing so, we took a conservative approach to provisioning—reflected in a credit cost of 9.4%, which includes a management overlay of ₹2,296 Mn to address risks, particularly in Karnataka and amid broader macroeconomic pressures.

Our asset quality saw some impact, with Gross NPA rising to 4.84% and Net NPA at 1.34%, mirroring trends seen across the sector. That said, key financial indicators remained robust—Net Interest Margin (NIM) held steady at 12.36%, and our Capital Adequacy Ratio (CAR) stood strong at 27.85%, well above regulatory norms. We also enhanced our provision coverage ratio for Stage 3 assets to 73.3%, underscoring our commitment to proactive risk management and recovery preparedness.

Resilient Operational Growth

Operationally, we continued to expand and deepen our footprint, reinforcing our position as the second-largest NBFC-MFI in India. Our AUM stood at 1,23,567 Mn, a modest 1.3% growth over the previous year. Our client base grew to 3.43 Mn, a 2.3% increase year-on-year, with a remarkable 95% retention rate,

> The past year undoubtedly tested our endurance. Yet, it also affirmed the strength of our business model and the enduring trust placed in us by our 3.43 Mn clients. I am deeply grateful to our employees, whose passion and commitment fuel our purpose every day.

punctuating the relentless trust and loyalty of our customers.

During the year, we entered Andhra Pradesh, and PAN India maintained a high rural penetration of ~96.4%. We added 190+ new branches, taking our total to 1,699 branches across 388 districts.

We now have 15,989 employees in our team, representing a 15.3% increase, which highlights our focus on investing in both scale and service quality. Our "feet-on-street" model, supported by data-driven backend systems, ensures credit delivery is not only efficient but also empathetic and culturally relevant.

These are not just numbers. They represent lives touched, opportunities created, and a growing network of trust in underserved regions.

Advancing Through Digital Innovation

At Muthoot Microfin, technology plays a pivotal role in enhancing efficiency and deepening customer engagement. Our 'Mahila Mitra' app has seen strong adoption, with 1.8 Mn cumulative downloads by the end of FY25. Digital payments contributed to 25% of overall collections, reflecting our progress in digitising customer transactions.

We strengthened our onboarding process through e-KYC using Aadhaar-enabled verification, reducing fraud risk and improving data reliability. With our e-KYC license secured, we are on way to launch a faster, paperless onboarding system featuring biometric and OTP-based authentication. This will help address sectoral concerns like overleveraging, support compliance, and streamline access to financial products. To ensure inclusivity, the e-KYC rollout will span all operating states, accompanied by financial literacy programs in regional languages to guide rural customers through digital services.

In FY25, digital transactions totaled 2,296.60 crore across 1.52 crore transactions, underlining the growing trust in our digital ecosystem.

Strategic Realignment and Diversification

In an evolving external environment that required both clarity and adaptability, Muthoot Microfin took deliberate steps to recalibrate its strategy. We had already institutionalized several industry firsts — such as a dedicated credit vertical, scorecard-based assessments via Equifax, and detailed credit and retail bureau checks for both borrowers and their families— many of which saw rapid adoption during this crisis and put us ahead of the curve. These practices helped us maintain better asset quality compared to peers during the crisis. Our separate collections team, which managed 90+ DPD cases, also proved to be a strong pillar of resilience.

Our focus during this period remained clear and disciplined:

- We disbursed responsibly—evaluating customers thoroughly, prioritizing hygiene factors, and balancing growth with asset quality.
- We strengthened our engagement with existing customers with strong repayment histories while maintaining a calibrated approach towards the new-to-Muthoot segment.
- We built upon our core strengths, such as our independent credit vertical and structured risk assessment tools.
- We swiftly implemented industry guardrails as recommended by Self-Regulatory Organizations (SROs).
- We maintained a sharp focus on Southern markets, which remained resilient—barring Karnataka, where the impact is viewed as transitional.
- We continued investing in branch expansion, confident that current market disruptions are temporary.
- We received our IRDA license, which positions us to offer tailored insurance products aligned with customer needs.
- With the e-KYC license now in place, we are well-prepared to address sector-wide concerns like overleveraging, improve compliance, and simplify access to financial products.
- We took proactive steps to address branch level attrition such as introduction to residential branches, offering dormitory facility, onboarding more women employees including those in frontline.

Looking Ahead

In the year ahead, Muthoot Microfin's key priorities will revolve around balancing growth with profitability, especially in the wake of challenges in Karnataka and Tamil Nadu that have impacted asset quality. With the new industry guardrails limiting borrower access to three lenders, our focus will shift toward serving existing customers more deeply, increasing repeat lending, and building long-term customer loyalty.

At the same time, we will look to diversify our product portfolio within the new relaxed qualifying asset norms, expand into new geographies like Andhra Pradesh and Telangana, and make better use of our IRDA license to offer more value-added products like insurance. We also plan to scale up e-KYC implementation across India, which will make onboarding faster and safer. Our wide branch network will be used more strategically to support growth in both lending and cross-selling.

Alongside business goals, we will continue to give strong attention to our ESG commitments, and take steps to increase the number of women in our workforce, especially in frontline and leadership roles—staying true to our mission of inclusive growth.

Our aim is to return to a growth trajectory, with a conservative AUM growth estimate of 5%-10%. We anticipate our NIM to stabilise between 12.4% and 12.7%. We also expect credit costs to moderate supported by improved collection efficiency and enhanced underwriting practices.

The past year undoubtedly tested our endurance. Yet, it also affirmed the strength of our business model and the enduring trust placed in us by our 3.43 Mn clients. I am deeply grateful to our employees, whose passion and commitment fuel our purpose every day. And to you, our shareholders, I thank you for standing with us through it all. As we move forward, we do so with resolve, grounded in our legacy, strengthened by technology, and guided always by the belief that financial empowerment can transform lives in meaningful and lasting ways.

Yours sincerely,

Sadaf Sayeed
Chief Executive Officer
Muthoot Microfin Limited

Our Business Model: Product Portfolio

At Muthoot Microfin, we offer a diverse range of loan products tailored to support the aspirations of women across rural India. Anchored in the Grameen lending model, our approach focuses exclusively on female customers, who are often excluded from formal financial systems. We provide unsecured loans, empowering women to start their entrepreneurship journey, follow their home improvement plans or ensure family well-being without the need for collateral.

Our Income Generation Loans (IGL) form the core of our portfolio, enabling women to start or expand their businesses, increase household income and build sustainable livelihoods. These offerings are simple and accessible, making it easier for customers to make informed financial decisions. We strive to provide solutions that help in boosting confidence, encouraging independence and contributing to the upliftment of families and communities.

Our Product Basket

₹ 11,798 Mn
AUM

30K-120K
Ticket size range

32,636
Average o/s per loan

Livelihood solutions

Our livelihood solutions are crafted to empower women with the financial support and tools they need to create lasting income opportunities. These solutions focus on providing capital through income-generating loans that help women start or expand small businesses across sectors such as retail, agriculture, food processing, and services.

We offer a flexible a range of products, including group-based loans, interim support through Pragathi loans, and individual loans for long-term customers, that grow with the borrower. These loans are more than financial tools. They are enablers of dignity, growth and self-reliance.

Our Product Basket

- IGL
- Pragathi
- Suvidha
- Emergency
- Suraksha
- Vyapar
- Individual

Our Business Model: Product Portfolio (Contd...)

₹ 904 Mn
AUM

2K-30 K
Ticket size range

3,345
Average o/s per loan

Solutions That Uplift Daily Life

Our Life Betterment Solutions go beyond income generation to enhance the overall well-being of our customers. These offerings help customers invest in essential needs such as sanitation, clean energy, mobile phones, and household appliances. By supporting access to basic amenities, we enable customers to create safer, healthier, and more stable living environments. These loans include - Education Loan, Mobile Phone loan, Solar Lighting Product Loan and Household Appliances Loan

Our Product Basket

- Education
- TPP

Our Business Model: Product Portfolio (Contd...)

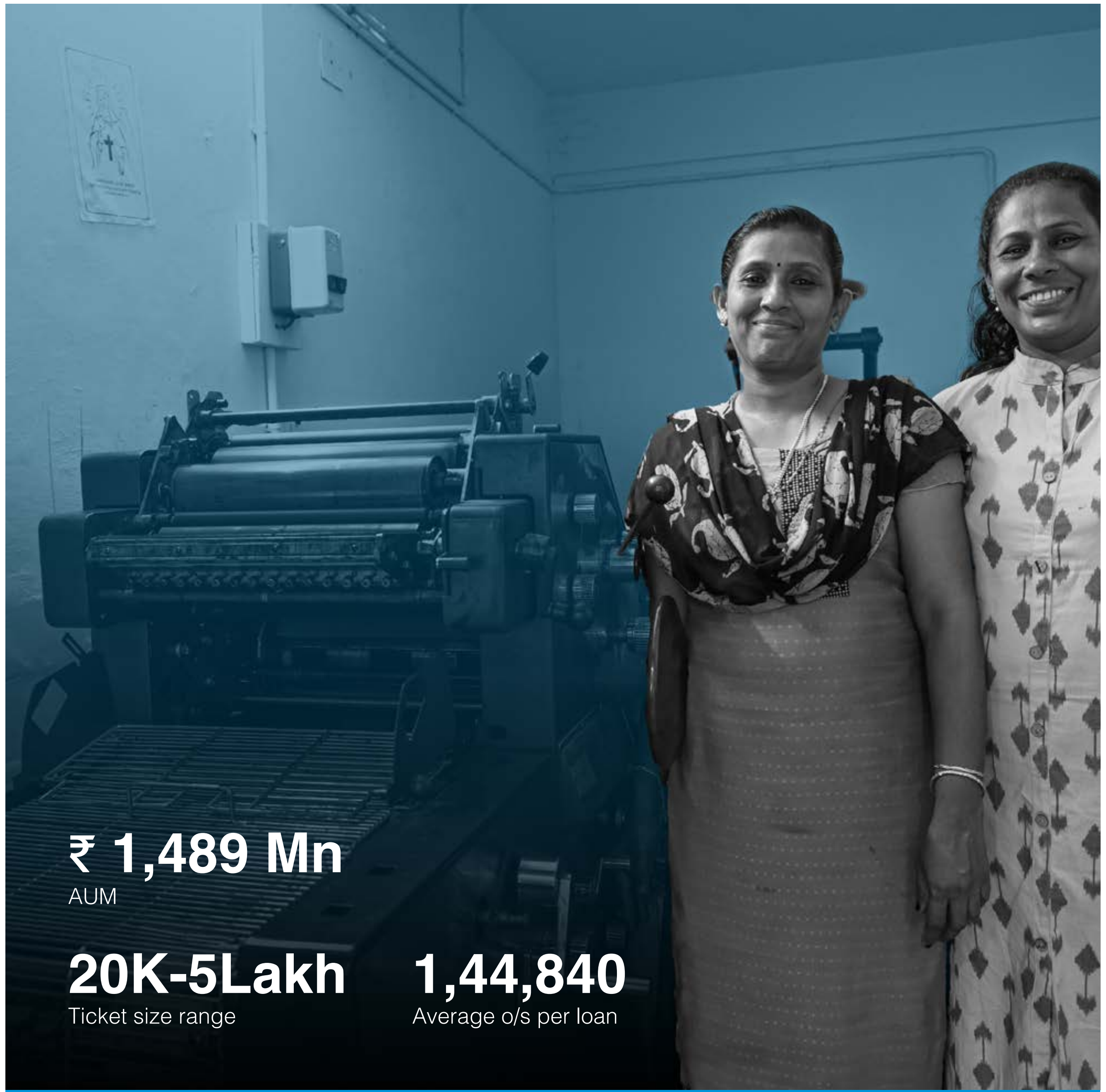
Health and Hygiene

In alignment with the Government of India's Swachh Bharat initiative, we offer water and sanitation loans that help improve hygiene and living conditions in rural communities. These loans enable our customers to construct or upgrade toilets, install clean water connections, and invest in water purifiers.

Our Product Basket

- Sanitation

Our Business Model: Product Portfolio (Contd...)



Secured Loans

The Muthoot MSME. LAP and Gold backed loans are tailored to empower our long-standing customers with access to higher loan amounts, enabling them to scale their businesses with confidence.

Our Product Basket

- MSGB
- Micro Lap
- High Tickets Loans
- Business Corrospondence
- MMGL

Operational Highlights

Operations Data

Branches
(Nos.)

FY'21	FY'22	FY'23	FY'24	FY'25
755	905	1,172	1,508	1,699

States and Union Territories
(Nos.)

FY'21	FY'22	FY'23	FY'24	FY'25
17	16	18	19	20

District
(Nos.)

FY'21	FY'22	FY'23	FY'24	FY'25
249	281	321	353	388

AUM
(in Million)

FY'21	FY'22	FY'23	FY'24	FY'25
49,867.11	62,549.42	92,082.96	121,935.0	123,567.2

Disbursements
(in Million)

FY'21	FY'22	FY'23	FY'24	FY'25
26,367.66	46,469.63	81,044.74	106,616.12	88,725

Active Borrowers
(in Lakhs)

FY'21	FY'22	FY'23	FY'24	FY'25
18.56	20.51	27.73	33.53	34.29

GNPA
(in %)

FY'21	FY'22	FY'23	FY'24	FY'25
7.39	6.26	2.97	2.29	4.84

NNPA
(in %)

FY'21	FY'22	FY'23	FY'24	FY'25
1.42	1.55	0.60	0.35	1.34

Zone wise exposure

North
(%)

FY'21	FY'22	FY'23	FY'24	FY'25
15.02	15.42	20.83	23.13	24.17

East
(%)

FY'21	FY'22	FY'23	FY'24	FY'25
8.07	9.81	12.01	14.52	14.07

West
(%)

FY'21	FY'22	FY'23	FY'24	FY'25
10.19	9.94	11.20	11.86	13.86

South
(%)

FY'21	FY'22	FY'23	FY'24	FY'25
66.72	64.82	55.96	50.49	47.90

Financial Highlights

Revenue
(₹ in Mn)

FY'21	FY'22	FY'23	FY'24	FY'25
6,962.81	8,429.41	14,463.44	22,489.33	25,616.9

PPOP
(₹ in Mn)

FY'21	FY'22	FY'23	FY'24	FY'25
1,412.79	1,758.74	4,361.88	7,543.81	8,676.37

PAT
(₹ in Mn)

FY'21	FY'22	FY'23	FY'24	FY'25
70.54	473.98	1,638.89	4,495.83	(2,225.23)

EPS
(in ₹)

FY'21	FY'22	FY'23	FY'24	FY'25
0.62	3.97	11.98	30.92	(13.29)

Net worth
(₹ in Mn)

FY'21	FY'22	FY'23	FY'24	FY'25
8,899	13,366	16,258	28,044	26,322

Capital Adequacy ratio (CAR)
(in %)

FY'21	FY'22	FY'23	FY'24	FY'25
22.55	28.75	21.87	28.97	27.85

Collection efficiency
(in ₹)

FY'21	FY'22	FY'23	FY'24	FY'25
67.52	85.75	95.83	98.41	93.62

Our Edge

At Muthoot Microfin, our business model is designed to stand resilient in challenging cycles and stay relevant through evolving market needs. What truly sets us apart is a combination of institutional strength, differentiated operational architecture, and a customer-first mindset. We do not just aim to scale; we are committed to doing so responsibly—with discipline, empathy, and foresight. From superior underwriting to meaningful product innovation, our operating model blends technology, governance, and purpose to deliver long-term value.

What Sets Us Apart

01 Strong Group Legacy and Promoter Commitment

Muthoot Microfin is part of the Muthoot Pappachan Group, a diversified conglomerate with a strong presence in financial services, especially among underserved and aspirational lower-middle-income households. This association gives us an unmatched brand recall and trust advantage, particularly in southern India. The Group's customer base spans microloans, two-wheeler finance, housing finance, and small business loans—allowing us to retain customer ownership across their lifecycle.

Seamless Customer Continuity:

As our customers evolve and graduate from microloans to other financial products, we can cross-sell a wide range of group offerings—ensuring customer loyalty and unlocking additional commission income streams.

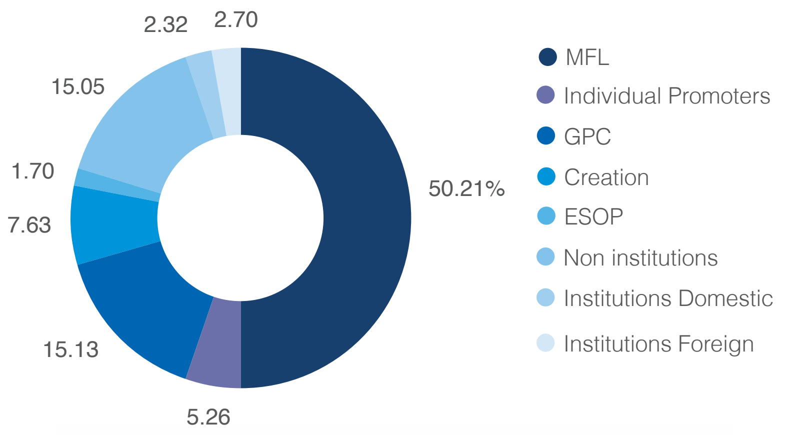
Majority Promoter Stake:

Unlike many listed microfinance peers where promoters have diluted or exited, our promoters maintain over 55% stake, signalling long-term conviction and alignment with the company's mission.

Professionally Governed:

Despite strong promoter backing, Muthoot Microfin is managed independently by a team of seasoned professionals across risk, finance, technology, and operations—ensuring a balance between legacy and innovation.

Shareholding Mix (in %)



02 Digital Collection Leadership

We lead in true digital adoption, with nearly 25% of our collections coming directly from customers' wallets our bank accounts. Our digital collection ecosystem continues to grow, supported by tech-enabled field operations, first-of-its-kind customer app, e-kyc initiatives, and on-ground customer education programes.

This digital maturity enhances not only convenience and agility but also provides real-time repayment visibility, reduces operational friction, and increases accountability on the ground. All platforms are developed in-house, giving us control over security, agility, and user experience. Our Digital-first products like the Suvidha Loan simplify access for eligible borrowers. By integrating technology into every layer of operations, we are not just enhancing efficiency—we are enabling a more transparent, empowering financial journey for our customers.

03 Deeply Embedded Credit Risk Architecture

Risk management is not an afterthought—it is a central pillar of how we operate. We've institutionalised several forward-thinking practices that ensure credit discipline without compromising customer service.

Dedicated Credit Officers at Branch Level: Each branch has a credit officer fully independent of the business and branch hierarchy. While the field and branch teams focus on customer engagement, the credit officer is responsible for due diligence, policy compliance, and portfolio quality.

Proprietary Risk-based Scoring: Our lending is guided by a proprietary scorecard developed with Equifax, leveraging data from 65 Mn loan accounts. This machine-learning-based tool evaluates 40+ parameters to categorise customers into risk bands—very low, low, medium, and high. This segmentation informs our loan decisions, wallet share, and exposure strategy.

Pre-emptive Collection Strategy: Our collections team is independently staffed, with a clear mandate to engage on accounts beyond 90+ DPD. This ring-fenced setup ensures no conflict of interest and maintains the focus on recovery while preserving relationships.

04 Customer-Centric Offerings

Natural Calamity Insurance

Our Natural Calamity Insurance provides asset protection during floods, cyclones, earthquakes and other natural events. At an affordable premium, borrowers receive asset coverage up to 1,00,000, which ensures not only timely repayments but sustains his business continuity in adverse events.

E-Clinics

Our E-Clinic programme is active in 718+ branches and offers teleconsultation services to borrowers and their families at a nominal fee. Health has emerged as the top priority among customers and this initiative not only supports well-being but also builds customer loyalty and financial resilience.

05 Leveraging Regulatory Approvals

We are actively utilising our IRDA license to offer relevant and affordable insurance solutions that protect borrowers during unexpected life events. Also, our e-KYC license enables Aadhaar-based authentication, streamlining the customer onboarding process and enhancing data accuracy and compliance.

Creating value

Enabling Change

Our purpose extends beyond financial inclusion- we are committed to creating sustainable value for all our stakeholders while driving meaningful change across underserved communities. Through a well-defined value creation model and continuous stakeholder engagement, we ensure that our operations generate long-term impact, balancing economic growth with social progress and environmental responsibility.

Value Creation Model

Inputs

Financial Capital
- Net Worth - **₹ 26,322 Mn**
- Diversified lender base
- Sufficient liquidity on Balance sheet

Infrastructure capital
- Investments in branch infrastructure across underserved regions
- **1,699 branches** across **388 districts**
- CRM systems, app infrastructure, digitised KYC process
- Integrated field tools (Geo-tagging, audit, LOS/LMS)
- IRDA license; e-kyc license.

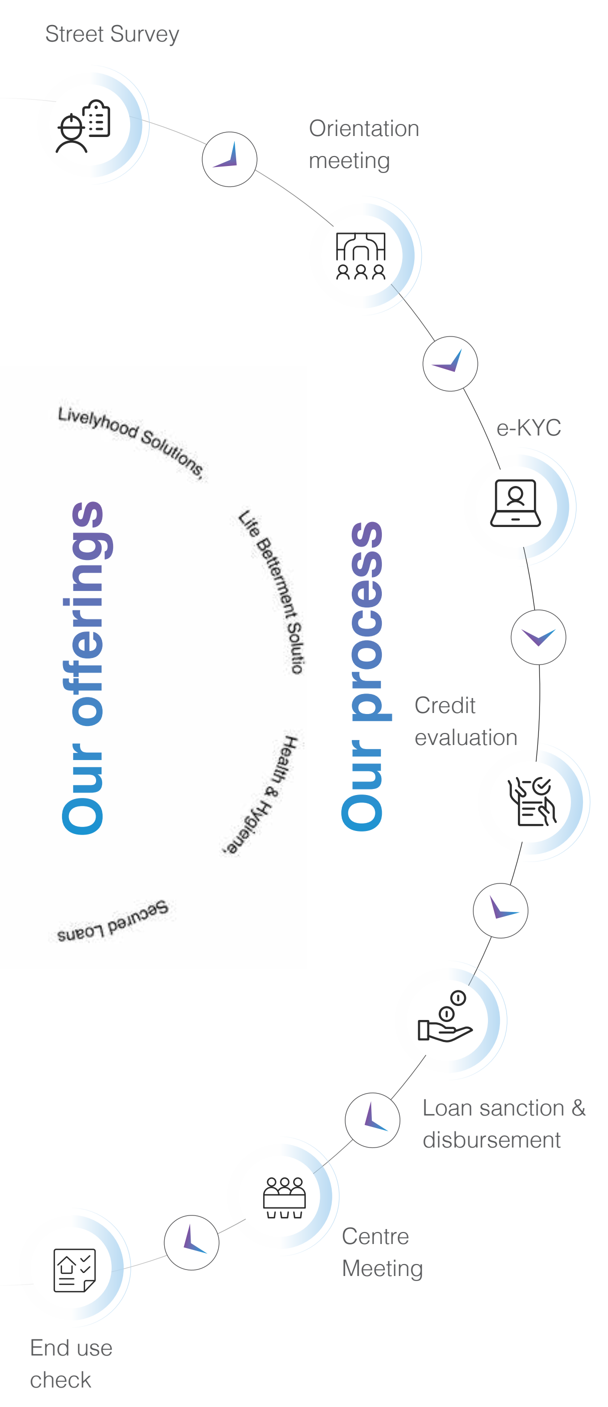
Human Capital
- Focused hiring of female staff across regions
- **15,989** on-roll employees **9,748 loan** officers
- Training in ethics, digital tools, and risk management
- Smart hiring via job fairs under 'Viksit Bharat'

Intellectual Capital
- Mahila Mitra App (**1.8 Mn installs**)
- Equifax based scorecard, FOIR-based lending
- ECL & AI-based risk modelling, internal audit strength

Social & Relationship Capital
- CSR under HEEL framework
- Collaboration with M-Swasth, Sa-Dhan, RBI
- Use of SRK as brand ambassador
- Co-lending agreement with SBI
- Customer incentives for digital collections
- Financial literacy camps conducted

Natural Capital
- Solar in **50** branches
- Green finance (such as Solar loans, Sanitation loans)
- NATCAT climate insurance for clients

Our ecosystem



Outputs

- Income ₹ 25644 Mn
- ₹ 88,725 Mn disbursed
- AUM - ₹ 1,23,567Mn
- Active Borrowers – 3.43Mn
- Capital Adequacy – 27.85%
- A+/Stable CRISIL credit rating

- Network growth +12.7% YoY
- 190+ new branches added in FY25
- Successfully entered new geographies - Andhra Pradesh and Telangana.

- Confirmed Employee Turnover at 12.3%
- 6% Women workforce
- Conducted Job fairs across states

- 95% paperless transactions
- Stage 2 provisioning increased to 30.8%
- 25% digital collection share
- Transparency in hands of customer
- Better Asset Quality

- 718+ e-clinics, 10.2 Lakh health consultations
- 86 financial literacy workshops, 5,022 participants
- Pan-India recognition and rural engagement
- CSR spend – ₹ 31.5 Million
- Increased digital repayment through Mahila Mitra and QR channels

- ~93,000 NATCAT insurance claims filed with 97%+ settlement
- Paper use reduced
- Printer replacement with inkjet units for low e-waste
- Scope 2 emissions intensity per employee decreased

Outcomes

- Liquidity cushion
- Sustained client lending even in crisis
- GNPA among the lowest in peer set
- Healthy CAR of 27.85%
- Restored investor confidence
- Raised **$113 Mn** via ECB from global and domestic lenders
- Total Income, PPOP, and NIM saw steady growth despite industry challenges.
- Multiple rate cuts to borrowers.
- Comfortable debt equity ratio

- Deeper reach into rural and semi-urban areas
- Reduced TAT, improved collection efficiency
- Enhanced governance, customer satisfaction
- Diversified regional exposure beyond South India

- Empowerment of the local workforce
- Professional, compliant, and efficient teams
- Upskilling and employment of rural youth
- Onboarded more female staff to promote diversity
- Incentivised employees to promote digital collections and financial inclusion.

- Increased operational efficiency and trust
- Enhanced credit resilience through Separate credit vertical, Credit scorecard, Customer app
- Implemented Guardrails 1.0 and 2.0 to strengthen governance and risk monitoring.

- Better client health and retention
- Enhanced borrower trust and loyalty
- Elevated financial awareness
- Boosted brand credibility and trust

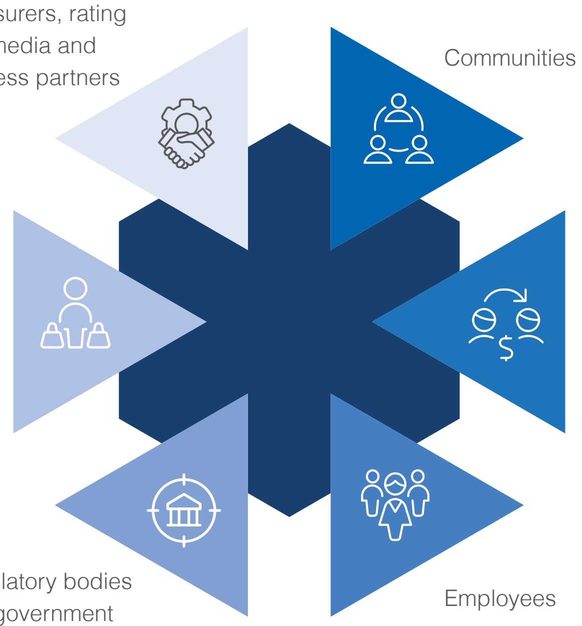
- Lower carbon footprint
- Climate risk resilience for rural clients
- Robust ESG score underscored our commitment to responsible and inclusive growth.

Partners in Progress

We believe that meaningful and transparent engagement with our stakeholders is key to building lasting trust and enabling inclusive progress. Our approach is built on listening actively, responding responsibly, and aligning our actions with the expectations of those we serve. From customers and employees to investors, regulators and community partners, we value every voice in our ecosystem.

By promoting open dialogue and sustained interaction. We ensure that our strategy reflects shared priorities. Through this continuous exchange, we strive to create long-term value while fulfilling our mission of empowering underserved communities across India.

Stakeholders identified



Whom we serve	What we deliver	How we engage	Frequency of engagement
Shareholders and Investors	▪ Protecting and enhancing shareholder value through responsible, long-term growth. ▪ Maintain transparency through regular financial disclosures and updates ▪ Uphold strong governance and ethical business practices	Investor/analysts calls & Conference Quarterly results General body meeting Annual report Media releases SMS Phone Website Branch visit	**Ongoing, quarterly and annually**

Whom we serve	What we deliver	How we engage	Frequency of engagement
Customers	▪ Offer affordable, need-based financial products tailored for rural customers ▪ Support to our customers through NATCAT, e-clinics ▪ Trust through our apps ▪ Provide doorstep services, less efforts by e-kyc and easy access to credit ▪ Support financial literacy and promote economic self-reliance	SMS Phone Website Centre Meetings Branches	**Ongoing and as when basis**
Employees	▪ Foster a supportive, inclusive, and growth-oriented work environment ▪ Pink hiring and HER initiatives for gender equity ▪ Invest in training, career development, and employee welfare ▪ Encourage performance, innovation, and long-term engagement	SMS Phone Email Website HRMS software Strategy meets Training and development	**As and when basis**
Regulatory bodies and government	▪ Comply fully with applicable laws and regulations ▪ Support national initiatives like financial inclusion, Swachh Bharat, etc. ▪ Engage constructively to uphold ethical standards and industry best practices	SMS Phone Email Website Regulatory reporting Meetings	**Continuous and as and when basis**
Lenders, insurers, rating providers, media and other business partners	▪ Maintain strong, transparent relationships based on trust and performance ▪ Honour commitments and maintain sound credit discipline ▪ Share timely, accurate information to support collaborative success	SMS, Phone, Email, Meetings, Website	**Periodic and as and when basis**
Communities	▪ Promote inclusive growth through microfinance and social initiatives ▪ Focus on health, hygiene, sanitation, education, and skill development for nation development ▪ Empower communities by supporting women-led progress	SMS Phone Email Meetings Website	**Ongoing and as when basis**

Driving Impact

that Powers Progress

We empower women with access to finance, helping them build better lives for themselves and their families. Each loan creates opportunities, drives local growth and brings lasting change to underserved communities.

Our Lending Philosophy: Credit with a Conscience

Our lending philosophy is rooted in financial inclusion, trust, and empowerment. We focus on reaching underserved women in rural and semi-urban India through a robust group lending model supported by a well-integrated digital and physical infrastructure. Our approach strikes a careful balance between responsible credit practices, risk diversification and long-term sustainable growth.

Group Lending Model

We follow the Joint Liability Group (JLG) model of microfinance- one of the most effective ways to extend credit to underserved women in rural and semi-urban India. This approach is built on principles of mutual trust, peer accountability, and community-based support systems, ensuring both social and financial empowerment. Our microfinance operations are designed to promote entrepreneurship and drive inclusive growth by offering financial assistance through products such as Income Generating Loans (IGL) to women engaged in small businesses. Through this support, we help women identify new economic opportunities and expand their existing sources of income.

Under this model, we form small groups of women who voluntarily come together from similar socio-economic backgrounds. These groups collectively apply for loans and assume collective responsibility for repayment. No collateral is required, and the group dynamics encourage responsible borrowing and timely repayments.

58,93,218

Women benefitted under JLG model upto FY25

Distribution Platform

Our extensive branch network combined with digital capabilities enables us to reach last mile borrowers. We operate through 1,699 branches across 388 districts, ensuring deep rural outreach. While we are primarily rooted in South India, we have established a pan-India presence, actively serving customers across multiple regions. In FY25, we further expanded our national footprint by entering into Andhra Pradesh to promote financial inclusion across the nation.

Our Mahila Mitra app simplifies onboarding, e-signing, and repayment processes for borrowers. We also have LMS to support employee engagement and productivity. Both Mahila mitra and LMS are our in house developed applications, underscoring our efficiency in leveraging technology.

We have digitised collections through UPI, QR codes, and BBPS. Tools such as geo-tagging, Aadhaar-based eKYC, and real-time credit bureau checks enhance customer verification and credit evaluation. Our end-to-end digitised loan management system ensures quicker turnaround times and an improved customer experience. One such loan which can be availed through our app is Suvidha, our digital loan product. With this we give power to women in terms of digital literacy and transparency of data.

~97%

AUM Come from Rural Areas.

Funding Profile

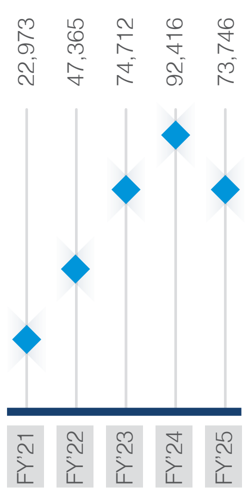
We manage a diversified and stable funding mix to ensure cost optimization and long-term financial resilience. Our funds are sourced from public and private sector banks, foreign lenders, NBFCs, and debt instruments.

We continue to maintain a strong credit profile, with CRISIL assigning an A+/Stable rating for long-term borrowings, ECBs, and NCDs. Additionally, our MFI grading stands at M1C1, reflecting our stable and well-managed financial structure.

Fund mobilisation for FY25 stood at 73,746 Mn, marginally lower than the previous year. This reflects a calibrated approach to funding, aligned with our business strategy and prevailing market conditions. We continue to maintain adequate liquidity and financial strength, positioning us well to meet future capital requirements with agility.

Mobilisation of Funds

(₹ in Mn)

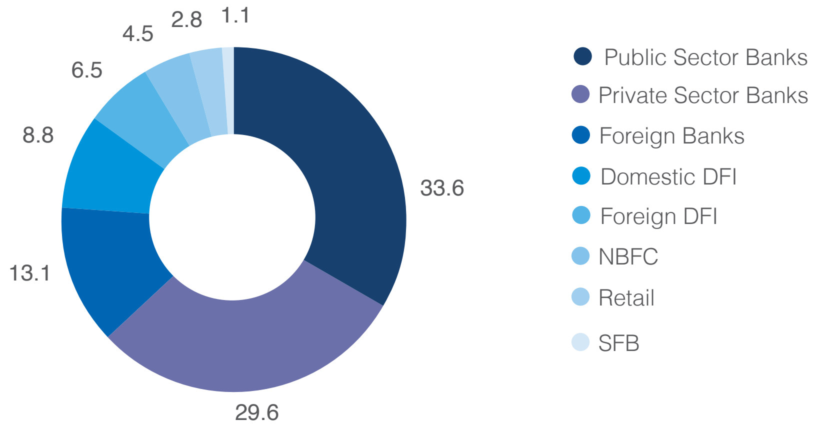


Institution Mix

Our shareholding and lender profile reflects a healthy mix of promoters, institutional investors and retail stakeholders. Key investors include GPC, Creation Investments and our promoters. On the lending side, we are supported by a diverse base comprising public and private sector banks, foreign banks, NBFCs and debt investors. To further strengthen our capital structure and reduce cost of funds, we are actively focusing on diversifying our liability mix across various instruments.

1. We raised USD 113 Mn through external commercial borrowings (ECBs) securing long-tenor foreign currency funding at competitive rates. The ECB was participated by several e international investors like Bank of Bahrain and Kuwait B.S.C, Doha Bank, RakBank (National Bank of Ras Al Khaimah) etc.
2. We had a total pool of 16,324 million pending through Direct Assignment (DA) and Pass-Through Certificates (PTC) to enable us manage our Asset-Liability Management (ALM) profile more efficiently.
3. Our cost of funds decreased year-on-year to 11.0% in FY25. Incremental CoF stood at 10.3%, reflecting our continued focus on optimising borrowing costs in a dynamic interest rate environment.
4. We had 6,973 Mn in liquid funds and 5,960 Mn in unutilised term funding sanctions, providing a robust and diversified liquidity buffer to support future growth.

Lender Wise Outstanding, FY25 (%)

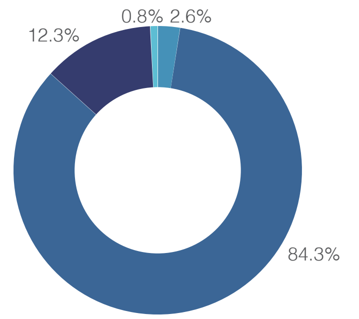


Note: The lenderwise outstanding figures include amounts related to both borrowings and Direct Assignment (DA) transactions.

Broad-Based Lending for Inclusive Growth

We continue to maintain a well-diversified portfolio across geographies to ensure limited exposure in any single district. We aim to reduce concentration risk and enhance long-term stability with our strong multi-national and multi-regional presence. Our diverse product portfolio is designed to cater to the varied financial needs of our customers to enable them pursue livelihoods, education, healthcare and micro-enterprises with confidence and independence.

- 84.3% or 327 of our districts have less than 0.5% exposure to our Gross Loan Portfolio (GLP), a well-diversified presence with minimal concentration risk.
- 12.3% or 48 of the districts have an exposure ranging between 0.5%-1%.
- 2.6% or 10 districts fall in the 1%-2% exposure range.
- Only 0.8% or 3 districts contribute between 2%-3% of our GLP.



	% of Total Districts
<0.5%	84.3%
0.5%-1%	12.3%
1%-2%	2.6%
2%-3%	0.8%

Empowering Inclusion through Innovation

Technology plays a central role in driving operational efficiency, enhancing customer experience, and enabling financial inclusion across rural and semi-urban India. We have made significant strides in digitising our processes, improving risk management, and empowering customers and employees through intuitive and accessible digital tools.

Mahila Mitra App

Android: 4.2★

MML is expanding the use of the Mahila Mitra App and digital onboarding processes to shift to paperless transactions. This initiative is being supported by the adoption of e-signatures and secure, cloud-based document storage across operational units.

A regional language interface ensures ease of access and broader adoption.

1.79 Mn
Downloads

Built-in financial literacy modules help users make informed borrowing decisions.

The Mahila Mitra app underwent significant UI improvements. Push notifications were added to encourage timely repayments via the app.

Real-time repayment tracking promotes financial discipline and better credit performance.

75%
Active Customers

e-KYC and Fraud Mitigation Systems

- Aadhaar-based e-KYC for instant, secure customer onboarding
- Biometric authentication to reduce identity fraud
- Real-time credit bureau checks ensure quality lending
- Automated detection of blacklisted or repeat applicants
- Faster turnaround times and reduced employee-driven fraud

AI-Powered Risk Scorecard and Analytics

- Equifax scorecard integration for borrower risk segmentation by implementing credit bureau checks (MFI and retail)
- An Early Warning Signal (EWS) system, developed by our vendor, helps detect potential delinquency risks in advance.
- We use the SEP (Socio-Economic Profile) score, which incorporates macroeconomic factors to assess external risk.
- FOIR-based dynamic lending to prevent over-leveraging

Digital Collections Infrastructure

- Multiple payment modes: BBPS, UPI, QR codes, WhatsApp, BHIM
- Real-time SMS confirmations enhance customer confidence
- Launched the 'Parivartan' training programme for staff and clients to promote digital literacy and familiarise them with digital platforms, enhancing efficiency, productivity, time savings and ease of use.
- Introduced a cashback incentive on the Mahila Mitra app to promote digital collections and encourage wider adoption of digital payments among clients
- We enabled static QR codes directly on customer loan cards to allow clients to make repayments independently, without support from field officers.
- We promoted cashback offers through targeted WhatsApp messages to ensure wider awareness and engagement among clients.
- A first-of-its-kind incentive programme, where high-performing branches in digital collections were rewarded with a domestic flight trip to boost morale and adoption.,

25%
Digital Repayments

Parivartan Training Programme

We launched the 'Parivartan' training initiative for both staff and clients to promote digital fluency. Through state-wide workshops and training booklets we empowered our employees to adopt digital tools confidently. Clients were educated on the benefits of using the Mahila Mitra app for transactions and financial tracking.

Automated Loan Origination & Management (LOS/LMS)

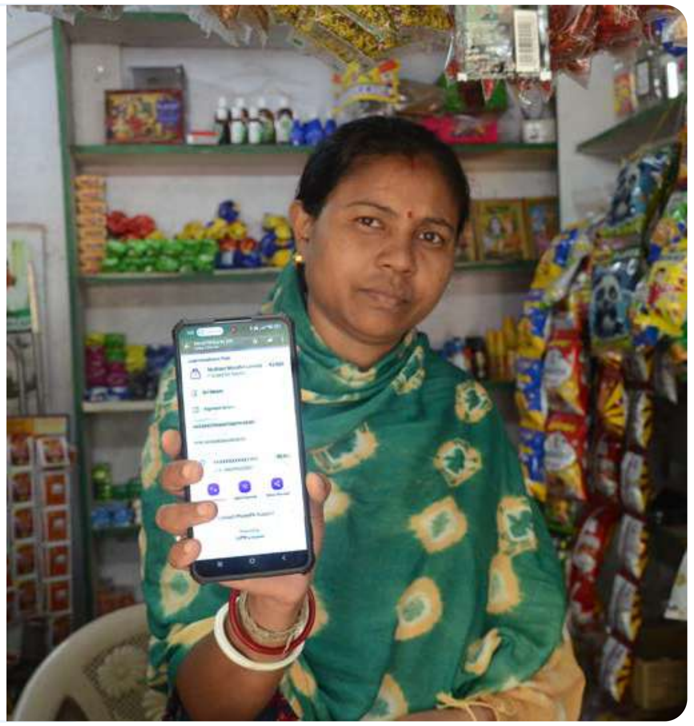
- Fully digital loan journey covering application, scoring, e-signing and disbursement
- Penny-drop and bank account verification through instant credit bureau check via Aadhar card verification to reduce transaction errors
- Geo-tagging of customer centres ensures regulatory and operational compliance
- Dynamic QR codes and digital receipts enable real-time tracking and transparency
- A facial recognition feature was introduced in the Loan Origination System (LOS) during sanction to authenticate customer identity, enhancing fraud prevention.
- The branch Cash Book was fully automated to reduce manual errors and standardize branch-level cash flow tracking.

Customer First, Always

Our customers' growth drives our growth. We are committed to building meaningful relationships by understanding their needs and delivering solutions that make a real difference. Guided by our mission to empower women and uplift rural communities, we continue to strengthen our customer-first approach through accessible financial products, personalised engagement, and digital innovation. This commitment drives trust and inclusion and fuels long-term impact and sustainable growth.

Mahila Mitra App to Empower Digital Access

The Mahila Mitra App serves as a one-stop digital platform for our customers. It allows users to access loan details, make digital repayments, and submit service feedback effortlessly. With regional language support, the app is both inclusive and user-friendly. Built-in financial literacy modules help promote responsible borrowing and informed financial decisions. A real-time feedback loop ensures continuous product and service improvement based on customer insights.



Financial Literacy Programs

In FY25, we conducted 86 workshops across 8 states in partnership with RBI and Sa-Dhan, reaching 5,022 participants. An additional 27 workshops were held with MFIN, benefiting 1,538 women. These initiatives aim to increase awareness of responsible credit use, savings habits, and financial rights among rural women. The sessions are designed to be practical, interactive, and delivered in local languages for better engagement and impact.

Women-Centric Offerings

Our lending model is designed to uplift and protect women borrowers at every stage. Rooted in community accountability and responsible credit behaviour, our offerings are designed to improve living conditions. We launched a digital upskilling pilot to build confidence among borrowers in using financial tools and services independently. Our scorecard-based lending framework enables eligible borrowers to access top-up or secured loans without overleveraging.

NATCAT

NATCAT is a comprehensive insurance cover that protects customer assets from natural disasters such as floods, cyclones and earthquakes. We offer a coverage of ₹ 1,00,000 at a highly affordable premium. In the event of a calamity, the customer receives reimbursement for asset damage, while we ensure repayment continuity on loans.

e-clinics

In direct response to insights from a comprehensive customer survey, where health and well-being were identified as the foremost priority, we introduced e-Clinics. It provides customers with access to teleconsultations with certified doctors, offering timely and stigma-free healthcare in rural and semi-urban areas. Designed as a preventive healthcare solution, e-clinics aims to help families avoid the financial strain associated with illnesses, which can often deplete household savings and impact loan repayment capacity.

718+
e-clinics

10.2 Lacs+
e-clinic consultations

230+
Health camps

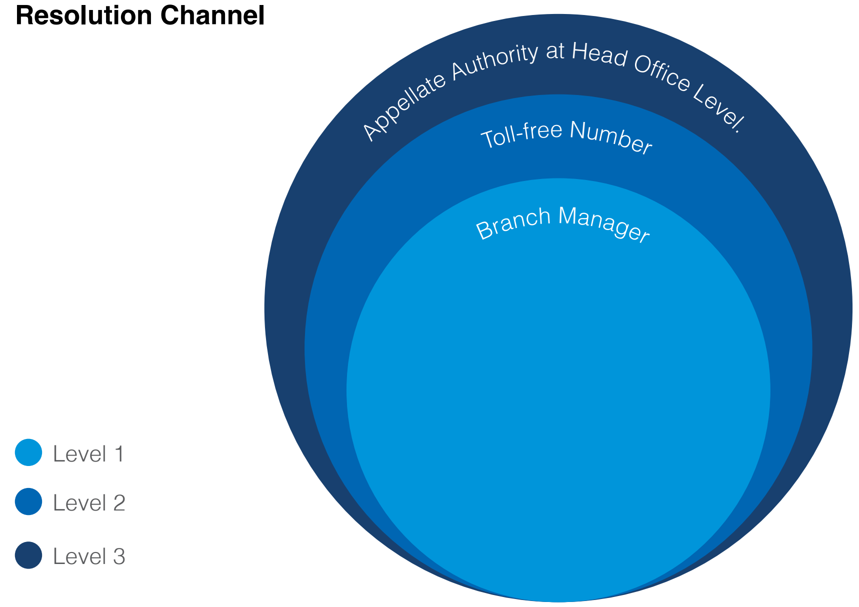
87%
Patients' condition Improved after treatment

Grievance Redressal: Turning Feedback to Trust

We believe that every concern raised by our customers is an opportunity to strengthen trust. Our Grievance Redressal Mechanism is accessible, responsive, and transparent, especially for rural women who often face systemic barriers in voicing financial issues.

We deploy intelligent chatbots to address customer queries regarding our products, processes, and service touchpoints to ensure instant and consistent assistance. We follow a structured, three-tier grievance redressal framework to ensure timely and fair resolution.

Resolution Channel



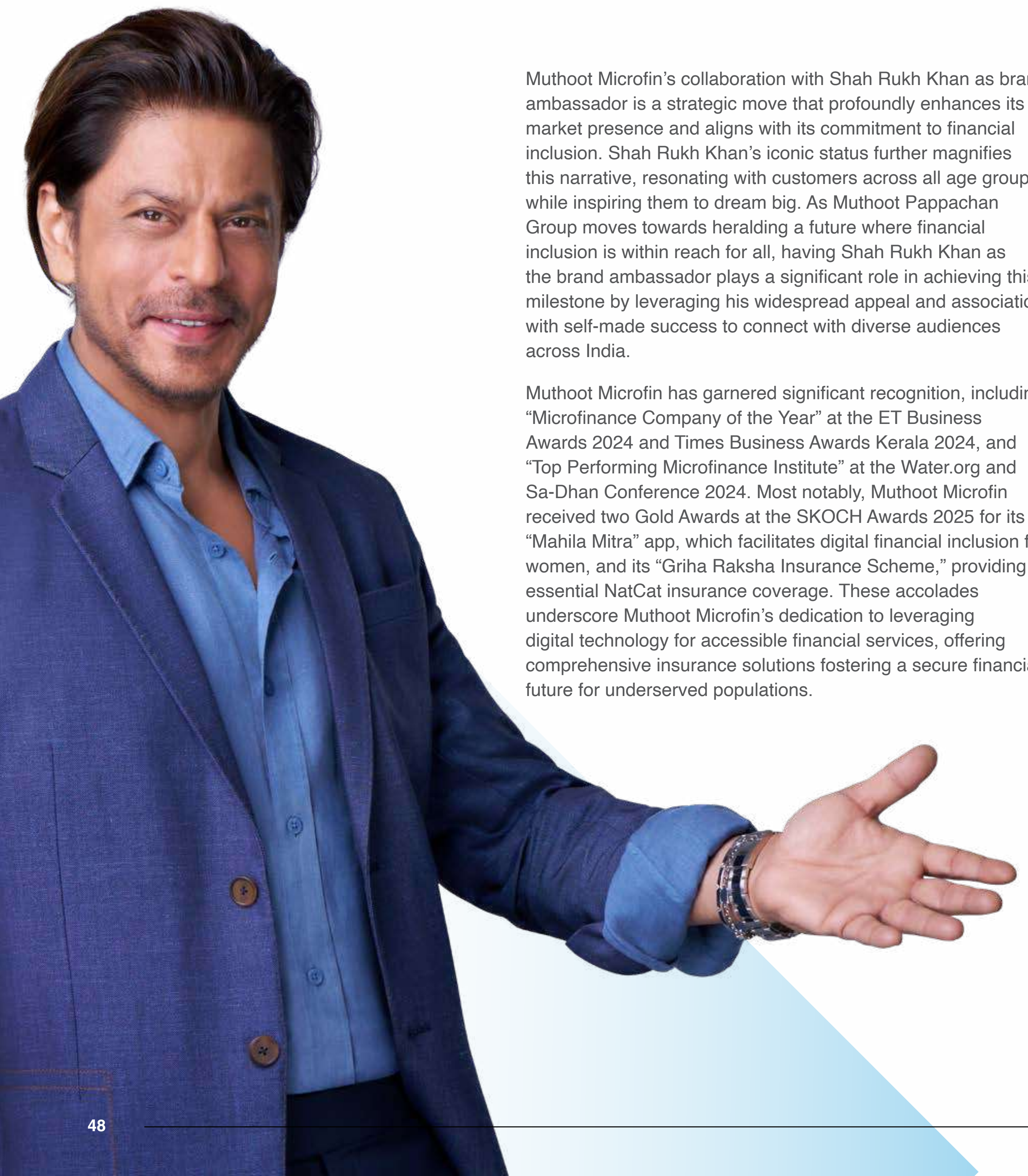
1467
Grievances Received

97%
Resolution Rate Within Timeline

116
Digital Grievance Submissions

Branding With Purpose

Muthoot Microfin's branding efforts in the past year have strategically centered on enhancing its market presence and promoting financial inclusion. Key initiatives include a high-profile collaboration with brand ambassador Shahrukh Khan, amplified through extensive digital PR and social media campaigns, to boost brand advocacy and engagement. The company also demonstrated its commitment to social development by conducting large-scale job fairs across 13 states in September 2024, creating over 1500 job opportunities in rural India, directly supporting the "Viksit Bharat" initiative and youth skilling.

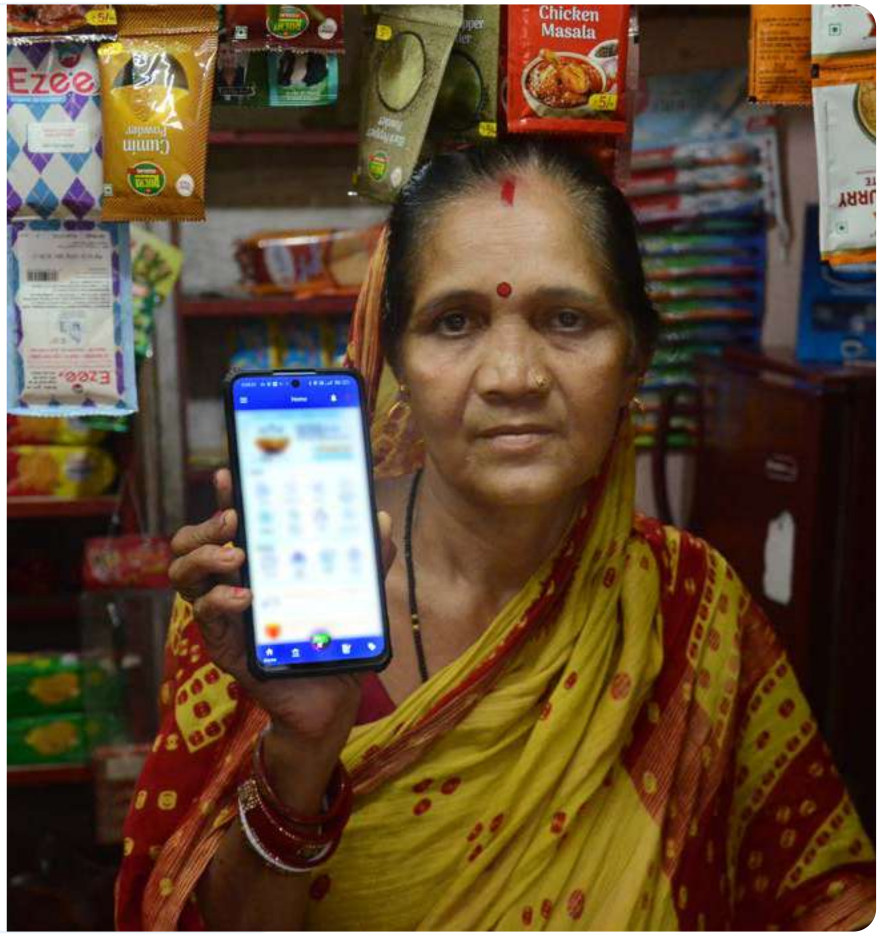


Muthoot Microfin's collaboration with Shah Rukh Khan as brand ambassador is a strategic move that profoundly enhances its market presence and aligns with its commitment to financial inclusion. Shah Rukh Khan's iconic status further magnifies this narrative, resonating with customers across all age groups, while inspiring them to dream big. As Muthoot Pappachan Group moves towards heralding a future where financial inclusion is within reach for all, having Shah Rukh Khan as the brand ambassador plays a significant role in achieving this milestone by leveraging his widespread appeal and association with self-made success to connect with diverse audiences across India.

Muthoot Microfin has garnered significant recognition, including "Microfinance Company of the Year" at the ET Business Awards 2024 and Times Business Awards Kerala 2024, and "Top Performing Microfinance Institute" at the Water.org and Sa-Dhan Conference 2024. Most notably, Muthoot Microfin received two Gold Awards at the SKOCH Awards 2025 for its "Mahila Mitra" app, which facilitates digital financial inclusion for women, and its "Griha Raksha Insurance Scheme," providing essential NatCat insurance coverage. These accolades underscore Muthoot Microfin's dedication to leveraging digital technology for accessible financial services, offering comprehensive insurance solutions fostering a secure financial future for underserved populations.

Digital Presence

Our digital presence was amplified through regional language content, social media storytelling, and targeted financial literacy campaigns. We leveraged various digital platforms to reach over 1.8 million customers, promoting digital collections, encouraging the adoption of digital tools, and deepening customer engagement. These platforms included WhatsApp, Facebook, LinkedIn, Instagram, X, YouTube, and SMS, all strategically utilized to disseminate information and connect with our audience effectively.



Strategic Collaborations and Partnerships

Muthoot Microfin has actively forged strategic alliances to broaden its reach and amplify its impact. Key collaborations include partnerships with Water.org and M-SWASTH to expand essential services and outreach. Additionally, joint efforts with industry bodies like Sa-Dhan and MFIN, alongside the RBI, have been instrumental in advancing financial literacy and fostering trust within the communities we serve.

Strategic Roadmap to Sustainable Growth

Our strategy is deeply rooted in advancing inclusive growth while maintaining financial resilience. In FY25, we navigated regulatory shifts, climatic issues, and macroeconomic changes with agility and foresight, strengthening our foundation for sustainable progress. Our roadmap for the next phase of growth is designed to make us future-ready.

Geographic Diversification

- We are working towards a balanced AUM distribution, targeting a 50:50 split between South and other geographies.
- We aim to deepen penetration in Andhra Pradesh and Telangana, where there is significant underserved potential.
- We are expanding into aspirational districts to increase financial inclusion in high-potential but underbanked areas.
- In FY25, we opened over 190 new branches, reaffirming our commitment to growth even in a challenging environment.

Risk and Governance Strengthening

- We are enhancing our credit scorecard framework to improve borrower selection and ensure that all new customer onboarding is aligned with FOIR norms and internal risk thresholds to reduce the likelihood of future delinquencies.
- X-bucket tracking has been introduced to closely monitor early-stage delinquencies (SMA 0/1) to enable timely interventions and course correction.
- Guardrails 2.0 have been fully implemented in line with SRO guidelines to curb borrower overleveraging and enhance portfolio resilience.

Product & Revenue Stream Expansion

- We are integrating secured products such as gold loans and Micro LAP etc to diversify offerings.
- In FY26, our focus will shift toward serving existing customers more deeply, increasing repeat lending, and building long-term customer loyalty.
- With the IRDAI Corporate Agent License, we can now directly distribute tailored insurance products that enhance customer protection.
- Through a co-lending partnership with SBI, we began disbursing loans ranging from ₹ 10,000 to ₹ 3 lakh to Joint Liability Groups engaged in agriculture and allied income activities. The collaboration facilitates cost-effective credit delivery and deeper market penetration.
- We are rolling out Green Loans, Griha Raksha and NATCAT, to build climate resilience and household security.

Digital & Process Transformation

- With the grant of our Aadhaar-based e-KYC license in March 2025, we are now ready to fully digitise our customer onboarding journey and enable greater scalability.
- Strengthened our ecosystem by on-boarding more women as ground-level staff through initiatives such as pink hiring. We believe women demonstrate equal efficiency, exhibit lower attrition rates and possess a greater aptitude for engaging with our predominantly female customer base.

ESG

We remain committed to strengthening ESG oversight through monthly KPI tracking and structured Board level reviews. Further, we strive to embed sustainability across all key functions.

Integrity

at the Core

Our growth is rooted in responsibility. Through strong governance, environmental stewardship and social impact, we are building a future that is inclusive, ethical and sustainable.

MML and Sustainable Development Goals (SDGs)

At Muthoot Microfin, we are committed to building a sustainable and inclusive economy by aligning our efforts with the Sustainable Development Goals (SDGs) set by the United Nations. We are steadily embedding the SDGs into our core operations and services, with a clear focus on enhancing social well-being, protecting the environment and promoting inclusive economic growth.

Our approach includes measuring our impact through these lenses and adopting sustainability-driven policies that support responsible business practices. We embrace structured frameworks that carefully balance exclusions and inclusions, helping us institutionalise sustainable growth across the organisation. MML's ESG strategy is aligned with 14 ESG goals.

Through our inclusive services, we directly/indirectly contribute to the following SDGs:

1 NO POVERTY — Empower individuals and communities by providing access to financial resources, reducing poverty, and promoting economic inclusion.

2 ZERO HUNGER — Enable small farmers and food producers to invest in agriculture, leading to increased food production and food security.

3 GOOD HEALTH AND WELL-BEING — Voluntary health insurance promotes good health well-being of the borrowers.

4 QUALITY EDUCATION — Provide training and education on financial literacy, business management and other skills.

5 GENDER EQUALITY — Promote gender equality by targeting their services to women-led businesses, providing financial education, and training to women, and implementing gender-inclusive policies.

6 CLEAN WATER AND SANITATION — Provide water and sanitation loans.

8 DECENT WORK AND ECONOMIC GROWTH — Support small businesses and entrepreneurship, contributing to economic growth and job creation along with improving social protection.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — Access to microfinance facilitates the growth of small businesses and entrepreneurial activities, contributing to innovation and economic development.

10 REDUCED INEQUALITIES — Help reduce economic disparities by providing financial services to marginalized and low-income populations.

11 SUSTAINABLE CITIES AND COMMUNITIES — Contribute to sustainable community development by providing financial access, affordable basic infrastructure through the JLG model.

17 PARTNERSHIPS FOR THE GOALS — Collaboration between MFIs, funders, governments, and other stakeholders enhances the effectiveness of efforts to achieve various SDGs.

Protecting What Sustains Us

We recognize that environmental responsibility is essential to long-term value creation for both the communities we serve and the ecosystems we rely on. Our approach integrates sustainability into operations, risk frameworks, and product design. We are actively reducing our environmental footprint while promoting green choices among our clients and employees. These efforts are especially important in rural India, where climate vulnerability is high, and sustainable solutions can have a truly transformative impact.

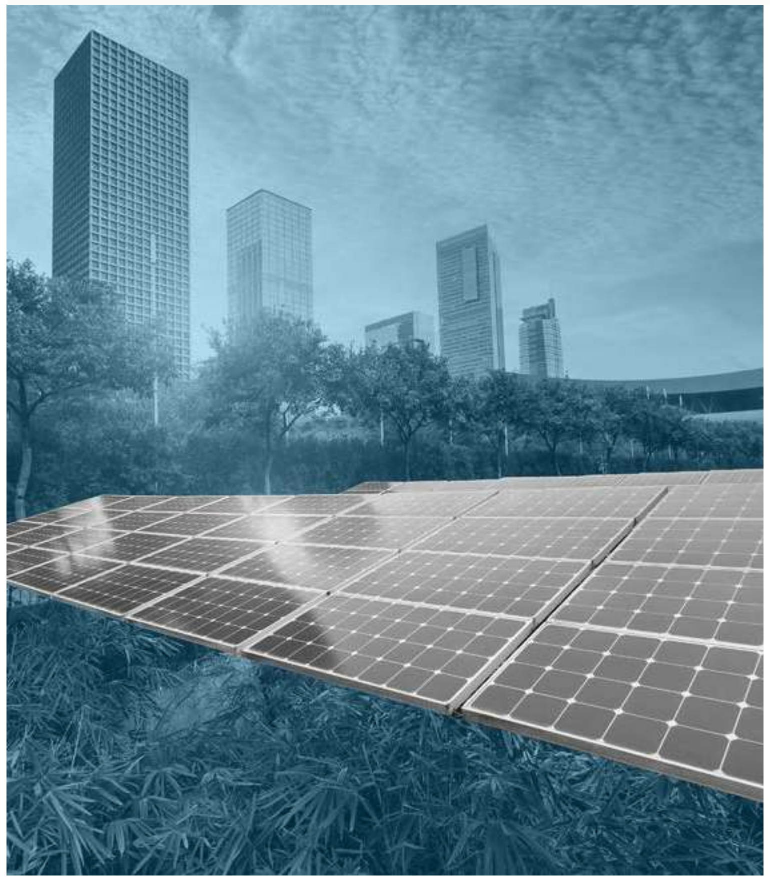
Driving Sustainability in Operations

- We are embedding sustainability into our daily operations, infrastructure and lending practices to lower our carbon footprint and promote eco-conscious behaviour.

Disbursed ₹ 29.2 Crore in Solar product loans and ₹ 306.5 Crore in Sanitation loans in green loans for solar energy and sanitation facilities.

- Transitioned 85% of printers to eco-friendly inkjet models. Striving to become paperless through tech-driven solutions
- Rolled out a Climate Risk Framework approved by the Board and integrated into our enterprise risk structure.
- Introduced employee EV financing to support cleaner mobility choices.

87%
Paper Usage Reduction



Renewable Energy at Branches

We are progressively shifting to cleaner energy sources across our physical branch network to reduce reliance on fossil fuels.

- Installed solar panels at 50+ branches in high-energy-use locations.
- Generated clean energy, reducing Scope 2 emissions and power costs.
- Upgraded branches with energy-efficient appliances to optimise solar utilisation.

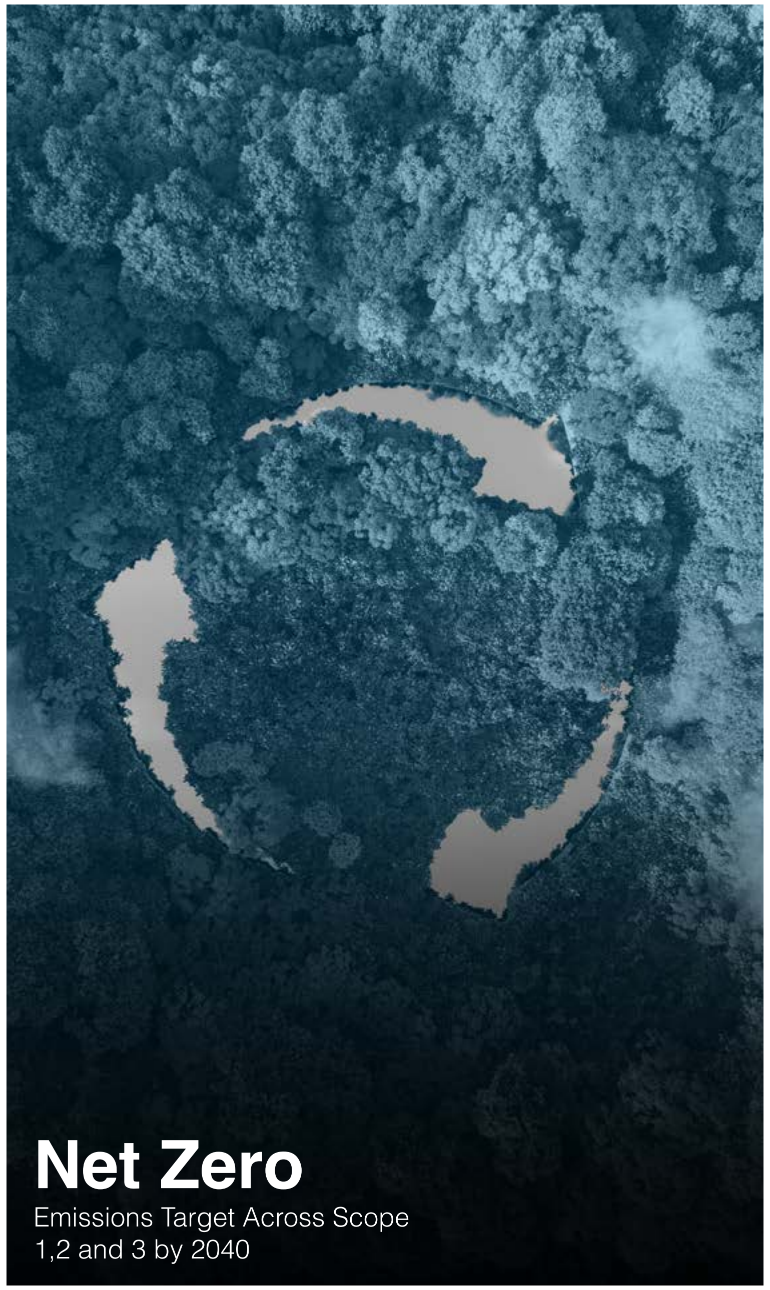
Looking Ahead

- Expand solar installations.
- Launch a Green Finance Framework to scale environment-linked loan offerings.
- Implement energy efficiency targets at the branch level.

Emission Management

Climate action is woven into our business strategy through measurable emission reduction and monitoring efforts.

- Achieved a 3% year-on-year reduction in Scope 2 emissions per employee, supported by increased solar and digital adoption.
- Initiated planning to incorporate Scope 3 emissions in future carbon accounting.
- Reduced emissions from branch travel and logistics through digital processes such as e-sign, cloud storage, and remote servicing.
- Developed and institutionalised a Climate Risk Register as part of our enterprise risk framework.
- Established monthly environmental KPI tracking across branch locations.



Waste Management

Muthoot Microfin is committed to reducing its environmental footprint through proactive and responsible waste management. Our initiatives are aimed at minimising waste generation, ensuring regulatory compliance and embedding sustainable practices across our operational ecosystem.

Key Initiatives Undertaken:

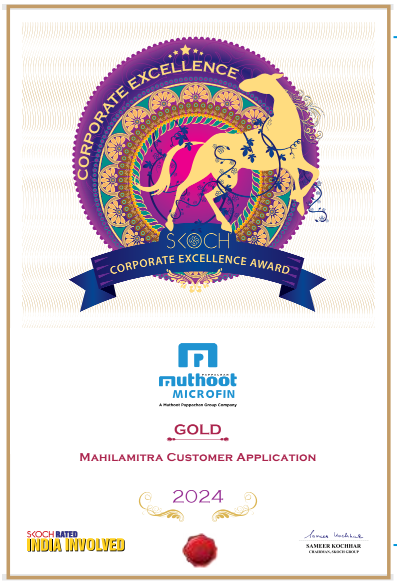
- We have replaced 85% of laser printers at branches with ink tank printers to reduce toner cartridge waste and lowering overall electronic waste.
- A focused drive towards paperless operations and optimisation of printing infrastructure has helped significantly reduce paper consumption across branches and offices.
- Obsolete IT assets and accessories are disposed of through authorised e-waste recyclers, fully complying with environmental norms.
- Dry and wet waste is segregated at source and handed over to approved vendors for appropriate treatment and disposal.
- Efforts are underway to phase out single-use plastics from administrative offices and branches.

Transforming Lives, Sustaining Growth

We believe that true progress lies in uplifting communities and creating pathways for inclusive growth. Our social impact agenda stems from a deep-rooted commitment to transforming lives, especially those of women in underserved and rural areas. We aim to address their core social needs alongside financial inclusion.

Our interventions are designed to tackle ground realities such as limited access to healthcare, low digital literacy, environmental vulnerabilities, and livelihood gaps. We adopt a multi-dimensional approach to social betterment through our initiatives.

Through the Muthoot Pappachan Foundation, our dedicated CSR arm, and the active involvement of our employees, we continue to invest in scalable, high-impact programs aligned with the UN Sustainable Development Goals (SDGs). These efforts reflect our broader purpose- to enable lasting social change, empower women entrepreneurs, and build resilient communities for the future.



The company earned **two Gold Awards at the SKOCH Awards 2025**- one for its Mahila Mitra app under the Digital Financial Inclusion category and another for its Griha Raksha Insurance Scheme.

Employee-Centric Developments

We believe in empowering our people so they can, in turn, empower others. Our employee development programmes are designed to create inclusive workplaces, build future-ready skills, and promote ethical conduct.

Key Initiatives

- **ESG and ethics training coverage to strengthen responsible business practices.**
- **EV financing schemes to support sustainable and cost-effective employee commuting.**
- **Digital upskilling programmes aimed at building a tech-enabled, agile workforce.**
- **Gamified incentive systems integrated into digital platforms to boost productivity and morale.**

Community Outreach Programs

Our social development efforts are anchored to our HEEL framework to ensure holistic, community-based impact.

Health | Education | Environment | Livelyhood

Key Highlights

Health

We are committed to improving access to affordable healthcare and supporting vulnerable groups through a combination of rural health infrastructure and specialised care initiatives.

- Free breast cancer screening camps held in rural areas, focused on early detection and awareness.
- Support for paediatric cancer patients through treatment and care under the Muthoot Pappachan Foundation.
- Strengthening of public health infrastructure in underserved locations.
- Partnership with Mission Smile under the 'Smile Please' initiative to facilitate free cleft lip surgeries, speech therapy and nutritional support.
- During Women's Day 2025, Muthoot Microfin organized multi-state virtual workshops on cervical cancer awareness and menstrual health, reaching over 850 attendees across 19 states. Female employees also received free diagnostic health check-up vouchers covering 70 vital health parameters

Education

We promote financial literacy and digital education to empower women entrepreneurs and enhance decision-making capabilities. We conducted digital financial literacy workshops in partnership with the RBI and Sa-Dhan, specifically tailored for women entrepreneurs in rural and semi-urban areas. In collaboration with MFIN and Sa-Dhan, we also organised regional workshops focused on financial awareness, digital access, and rights-based training.

Our internal learning culture is nurtured through continuous training and skill development programmes for employees, fostering personal and professional growth. We also promote inclusive policymaking through participative governance and cross-functional collaboration, ensuring that diverse voices are heard and reflected in our initiatives.

Environment

We play a proactive role in environmental conservation, especially in climate-vulnerable rural regions. Our Access to Water Project in Rajasthan has transformed farming practices in 15 villages through the construction of rainwater harvesting structures, afforestation efforts and watershed management.

We also rolled out sanitation awareness and eco-friendly lifestyle campaigns across branch locations to encourage behavioural change at the grassroots level. These initiatives were customised for local contexts, promoting sustainable practices and environmental consciousness among rural communities.

Livelyhood

At the heart of our business model lies a deep commitment to enhancing the livelihoods of rural women. Every loan we disburse is more than just credit—it's an opportunity for women to build sustainable income sources, gain financial independence, and uplift their families and communities. Whether it's supporting small-scale enterprises, agriculture, or home-based businesses, our tailored financial products are designed to empower women at the grassroots, enabling them to become active economic contributors. This focus on livelihood generation not only drives inclusive growth but also creates a ripple effect of socio-economic transformation across rural India.

Nurturing Employee Well-being

We remain committed to investing in the development of a future-ready, inclusive and inspired workforce. From reimagining our approaches to recruitment, training and talent development to fostering a culture of care, our HR practices are designed to unlock the full potential of every employee.

15,989
Total Employee Count

6%
Women workforce

1,090
Refresher training sessions

608
Role-transition sessions

944
POSH training sessions

Automated Core HR Processes:

We successfully automated all core HR processes this year using an upgraded platform. This has streamlined recruitment, onboarding, payroll, and statutory compliance, leading to:

- Improved data accuracy.
- Reduced administrative workload.
- Faster, more informed decision-making.
- More time for HR teams to focus on strategic initiatives.

Talent Pipeline Development:

To build a strong entry-level talent pipeline, our recruitment teams participated in around 230 job fairs across various states, engaging with over 7,700 candidates. This proactive approach has resulted in:

- Strengthened access to quality talent.
- A steady flow of suitable candidates.
- Improved hiring efficiency.
- Reduced time-to-fill for critical roles.

Increased Female Representation in Frontline Roles:

In the previous financial year, we strategically focused on recruiting women for frontline roles to improve retention in our Regional Offices. This initiative led to a 44% increase in the number of women employees, contributing to:

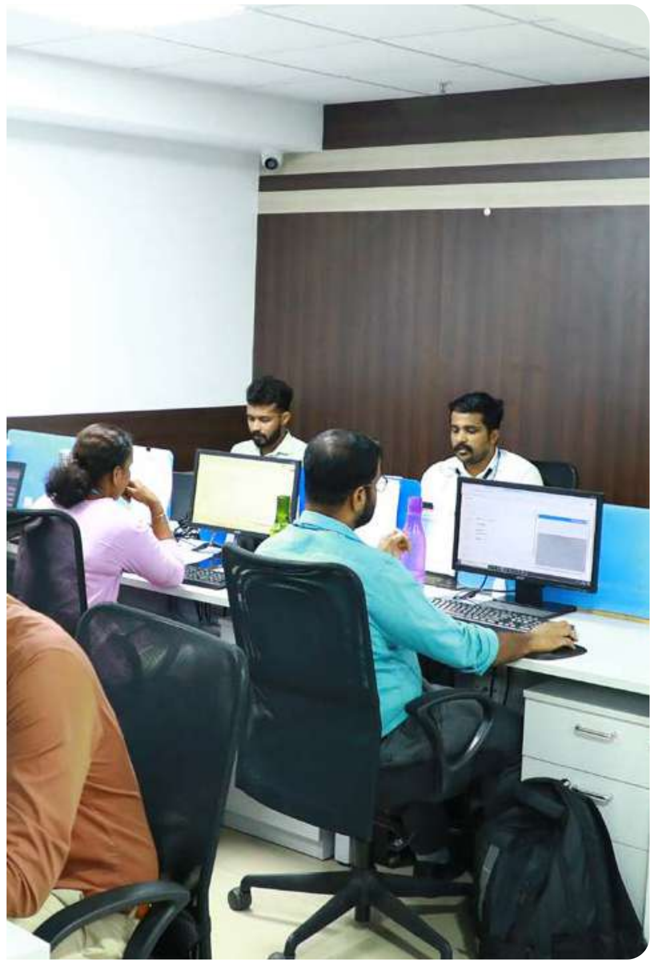
- Better retention.
- Enhanced team performance.
- Greater customer empathy.
- Stronger community engagement.
- A more diverse and inclusive workplace.

Cybersecurity and Data Privacy Training:

Last year, our training initiatives focused on cybersecurity and data privacy. We conducted in-person sessions across multiple states and supplemented them with e-learning modules. These efforts have:

- Strengthened internal controls.
- Ensured employees remain vigilant and informed in a digital environment.

State Wise	Count	Female	%
Andhra Pradesh	145	25	17%
Bihar	1724	19	1%
Chhattisgarh	99	10	10%
Delhi	32	9	28%
Gujarat	544	4	1%
Haryana	359	5	1%
Himachal Pradesh	26	3	12%
Jharkhand	246	7	3%
Karnataka	1154	28	2%
Kerala	2327	418	18%
Madhya Pradesh	408	4	1%
Maharashtra	844	48	6%
Odisha	840	117	14%
Puducherry	111	5	5%
Punjab	364	5	1%
Rajasthan	585	0	0%
Tamil Nadu	3096	149	5%
Telangana	138	13	9%
Uttar Pradesh	1653	25	2%
Uttarakhand	77	0	0%
West Bengal	1217	138	11%
Grand Total	15989	1032	6%



Employee retention

A motivated and valued workforce is fundamental to our continued success. We actively listen to our people, act upon their feedback and create an environment where everyone can flourish.

- Earned the Great Place to Work® certification, a reflection of our positive and inclusive work culture.
- Collected regular employee feedback through the GPTW survey, Voice Survey and internal platforms.
- Launched accommodation facilities for field employees, benefiting 985 employees and improving work-life balance.
- Resolved over 2,074 queries through the HRMS platform, fostering open and ongoing communication between teams and HR.
- ET now Best Organisation for Women

Thriving Teams

We want our people to feel heard, respected and supported. This year, our cultural initiatives focused on open dialogue, women empowerment and holistic well-being.

- **Illuminare -** A direct communication forum between leadership and employees, reaching over 2,000 employees and resolving 500+ queries.
- **HER -** A women-centric platform that promotes safety, inclusion, and empowerment in the workplace.
- **Mental Health Cell -** Provided access to licensed psychologists to support emotional well-being and reduce stress.
- **Health and wellness for women -** Hosted a cervical cancer awareness workshop attended by 850+ women and partnered with Reliance for medical check-ups.

Diversity and inclusion

We are committed to creating a diverse workforce where everyone has equal opportunities. In FY25, we achieved tangible progress in driving gender inclusion at all levels of our organisation.

- Increased female representation from 3% in Q1 to 7% in Q4, especially in operational and field roles.
- Organised female-focused recruitment drives and inclusive onboarding practices in Pan India.
- Strengthened internal support through HER, leadership programmes and sensitisation workshops.
- Branches with higher women representation also showed improved productivity, underlining the power of inclusion.
- Achieved a 20% rise in women hires across key regions.

Rewards and recognition

We have implemented performance-linked rewards that extend beyond mere numerical targets. Our aim is to celebrate commitment, excellence and team spirit at every level of the organisation.

- Introduced the Star Branch Programme to reward branches excelling in sourcing, portfolio quality and service. In FY25, 17 branches were awarded the Star Branch status.
- Top performers were elevated to Super Star, Mega Star and Iconic Branches with associated benefits such as:
  - Incentives and salary enhancements
  - Team outings and recognition events
  - Leadership interactions and career growth opportunities

Leading with Accountability

At Muthoot Microfin, strong governance is the foundation of our relationship with stakeholders. We are guided by the principles of transparency, accountability, and ethical leadership in all our actions. Our governance practices are designed to enable responsible decision-making, effective oversight, and sustainable growth across the organisation.

Our approach reflects our long-term commitment to integrity and stakeholder value. Through a well-structured committee system and a robust policy framework, we strive to stay ahead of regulatory expectations while promoting a culture of openness, compliance and responsibility.

Our Policies

Our policy framework serves as the backbone of responsible governance. Each policy is crafted to uphold the highest standards of ethics, compliance, and transparency across all levels of our operations. These guiding principles not only ensure adherence to regulatory norms but also reflect our commitment to stakeholder trust, employee integrity, and sustainable business conduct.

To know more about our policies, visit https://muthootmicrofin.com/policies/

Our Committees

Our Board-level committees play a crucial role in ensuring effective oversight, strategic direction, and accountability across all levels of our organisation. Each committee operates within a well-defined mandate to oversee key areas such as audit, risk, remuneration, sustainability, and stakeholder engagement.

Through regular meetings, independent oversight, and structured governance processes, these committees help uphold transparency, strengthen decision-making, and align our operations with long-term business goals and regulatory expectations.

- **Audit Committee**
- **Nomination & Remuneration Committee**
- **Stakeholders Relationship Committee**
- **Risk Management Committee**
- **Borrowing Committee**
- **Corporate Social Responsibility Committee**
- **IT Strategy Committee**
- **Asset Liability Management Committee**
- **Debenture Issue and Allotment Committee**

Our Board

The composition of our Board is in compliance with Regulation 17(1) of the Listing Regulations and the Act. All Independent Directors have been appointed as per the provisions of the Act, Listing Regulations, and the Governance Guidelines for Board Effectiveness adopted by us.

10	50%	20%
Board Members	Independent Directors	Women on Board

Skills of our Board

- Microfinance
- Finance
- Management
- Business Development
- Marketing
- Risk Management
- Audit management
- Legal, Regulatory & Compliance
- Banking
- Information Technology

Risk management

Our risk management is integral to our sustainable growth and financial stability. We adopt a proactive and structured approach to identifying, assessing, and mitigating risks across credit, operational, market, regulatory, and reputational domains. Our risk framework is closely aligned with our business model and is designed to safeguard stakeholder interests, ensure compliance, and enhance institutional resilience in serving rural and semi-urban women borrowers. We continue to strengthen our ability to anticipate emerging risks and build long-term trust.

Risk Management Process

Identifying risk → **Assessment of risk** → **Measuring the impact of risk** → **Risk management strategy**

Awards and Recognitions

Awarded '**Microfinance Company of the Year**' at the ET Business Awards 2024.

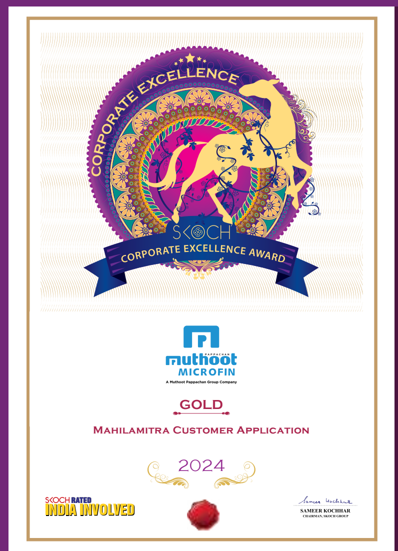
Awarded **"Microfinance Company of the Year"** by Times Business Awards Kerala 2024

Certified as a '**Best Workplace in Health & Wellness** by the Great Place to Work Institute, India

Certified as a '**Great Place to Work' for the sixth time** by the Great Place to Work Institute, India

Won the '**Best Cyber Security Initiative**' Award from Banking Frontiers DNA Awards 2024.

Won the **Quantic Business Media CX Excellence Award** for 'Best Use of Mobile App to Deliver Customer Service'.



Received double Gold at the SKOCH Awards 2025 for its '**Mahila Mitra**' app

Won the '**Best Security Focused Digital Transformation Initiative**' Award from Banking Frontiers DNA Awards 2024.

Awarded '**Corporate Excellence Award**' at the 100^{th} SKOCH Summit

Muthoot Microfin graded **M1C1** by CRISIL

Recognised as 'Most Trusted Brand' by NextBrands Inc.

Awarded '**Best Organisation for Women**' at the ET Business Awards 2025.

Recognised as the '**Top Performing Microfinance Institute**' at the Water.org and Sa-Dhan Conference 2024.

The Force Behind Purposeful Progress

Board of Directors

Mr. Thomas Muthoot
Chairman, Non-Executive Director

Mr. Thomas Muthoot John
Executive Director

Mr. Thomas George Muthoot
Non-Executive Director

Mr. Akshaya Prasad
Non-Executive Director

Mr. John Tyler Day
Non-Executive Director

Mr. Alok Prasad
Independent Director

Mrs. Pushpy B Muricken
Independent Director

Mrs. Bhama Krishnamurthy
Independent Director

Mr. T. S. Vijayan
Independent Director

Mr. Anil Sreedhar
Independent Director

Key Managerial Personnel & Senior Management Personnel

Mr. Sadaf Sayeed
Chief Executive Officer

Mr. Praveen T
Chief Financial Officer

Ms. Neethu Ajay
Chief Compliance Officer and Company Secretary

Mr. Udeesh Ullas
Chief Operating Officer

Mr. Subhransu Pattnayak
Chief Human Resource Officer

Mr. Jinsu Joseph
Chief Risk Officer

Mr. Linson C Paul
Chief Technology Officer

Mr. Dileep Kumar Pathak
Chief Internal Auditor

Mr. Deepu S
Chief Information Security Officer

Corporate Information

Board of Directors

Mr. Thomas Muthoot
Chairman, Non-Executive Director

Mr. Thomas Muthoot John
Executive Director

Mr. Thomas George Muthoot
Non-Executive Director

Mr. Akshaya Prasad
Non-Executive Director

Mr. John Tyler Day
Non-Executive Director

Mr. Alok Prasad
Independent Director

Mrs. Pushpy B Muricken
Independent Director

Mrs. Bhama Krishnamurthy
Independent Director

Mr. T S Vijayan
Independent Director

Mr. Anil Sreedhar
Independent Director

Key Managerial Personnel

Mr. Sadaf Sayeed
Chief Executive Officer

Mr. Praveen T
Chief Financial Officer

Ms. Neethu Ajay
Chief Compliance Officer and Company Secretary

Senior Management Personnel

Mr. Udeesh Ullas
Chief Operating Officer

Mr. Subhransu Pattnayak
Chief Human Resource Officer

Mr. Jinsu Joseph
Chief Risk Officer

Mr. Linson C Paul
Chief Technology Officer

Mr. Dileep Kumar Pathak
Chief Internal Auditor

Mr. Deepu S
Chief Information Security Officer

Statutory Auditor

M/s. Suresh Surana & Associates LLP
Chartered Accountants
8th Floor, Bakhtawar
229, Nariman Point, Mumbai - 400021

Secretarial Auditor

M/s. SEP & Associates
Company Secretaries,
Building No CC 31/1590,
Felix Road, Thammanam
Cochin 682032

Internal Auditor

M/s. Ernst & Young LLP
14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West), Mumbai - 400028

Debenture Trustees

Catalyst Trusteeship Limited
901, 9th Floor, Tower-B,
Peninsula Business Park,
Senapati Bapat Marg,
Lower Parel (W) – 400013

Vardhman Trusteeship Pvt Ltd.
The Capital, A Wing, 412A, Bandra
Kurla Complex, Bandra (East)
Mumbai 400 051.

Registrar & Transfer Agent

KFin Technologies Limited
Selenium Building, Tower-B,
Plot No 31 & 32,
Financial District,Nanakramguda,
Serilingampally, Hyderabad,
Telangana, India - 500 032.

Registered Office

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

Administrative Office

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

Our Financiers

- AXIS Bank Ltd
- Bajaj Finserv
- Bandhan Bank
- Bank of Baroda
- Bank of Bahrain and Kuwait
- Bank of India
- Bank of Maharashtra
- Blue Orchard
- Canara Bank
- Capital SFB
- Credit Saison
- DCB Bank Limited
- DBS Bank
- Dhanlaxmi Bank Ltd
- Doha Bank
- Equitas SFB
- Federal Bank Ltd
- HDFC Bank Ltd
- Hero Fincorp
- Hinduja Leyland Finance
- HSBC
- ICICI Bank
- ICBC Bank
- IDBI
- IDFC Bank
- Indian bank
- Indus Ind Bank
- Jana SFB
- Karnataka Bank
- Karur Vysya Bank
- Kookmin Bank
- Kotak Mahindra Bank
- Manaveeya Development and Finance Private Limited
- Mega international Commercial Bank
- National Bank of Ras Al Khaimah
- Northern Arc Capital Limited
- MUDRA
- NABARD
- Nabkissan
- Nabsamrudhhi
- Piramel Capital and Housing Finance
- Poonawalla Fincorp
- Punjab National Bank
- Punjab and Sindh Bank
- ResponsAbility
- SBM Bank
- State Bank of India
- Standard Chartered Bank
- Sundaram Finance
- South Indian Bank
- SIDBI
- Tata Capital
- Triple Jump
- UCO Bank
- Union Bank of India
- Water Equity
- Woori Bank
- Yes Bank

DIRECTORS' REPORT

To the Members of Muthoot Microfin Limited,

Your directors are pleased to present the 33rd Board's Report of Muthoot Microfin Limited ("The Company") together with the Audited Financial Statements for the financial year ended March 31, 2025.

1. Financial Highlights

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, circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time. The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013, applicable to NBFCs as notified by the Ministry of Corporate Affairs (MCA).

₹ in Millions

	March 31, 2025	March 31, 2024*
Revenue from operations	25,616.93	22,489.33
Other Income	27.47	63.46
Profit/(loss) before Depreciation, Finance Costs, Exceptional items and Tax Expense	6,840.38	14,833.21
Less: Depreciation/ Amortisation/ Impairment	428.37	354.37
Profit /(loss) before Finance Costs, Exceptional items and Tax Expenses	6,412.01	14,478.84
Less: Finance Costs	9,301.05	8,660.42
Profit /(loss) before Exceptional items and Tax Expenses	**(2,889.04)**	**5,818.42**
Add/(less): Exceptional items	-	-
Profit /(loss) before Tax Expenses	(2,889.04)	5,818.42
Less: Tax Expenses (Current & Deferred)	(663.81)	1,322.59
Profit /(loss) for the year (1)	**(2,225.23)**	**4,495.83**
Total Comprehensive Income/(loss) (2)	419.38	136.77
Total comprehensive income/(loss) for the year (1+2)	**(1,805.85)**	**4,632.60**
Add: Balance of profit /(loss) for earlier years	8,374.57	4,559.80
Add: Consolidation of ESOP Trust	56.28	81.34
Less: Transfer to Reserves	-	899.17
Balance carried forward	**6,625.00**	**8,374.57**

*Figures of March 31, 2024 has been restated during the financial year

2. State of affairs of the Company

As of March 31, 2025, the Company had 3.43 million active customers spread across 1,699 branches, with a gross loan portfolio of ₹ 1,23,567.18 million as compared to ₹ 121,935.00 million as of March 31, 2024.

The net worth of the Company as on March 31, 2025 was ₹ 26,322.27 million and capital adequacy as on March 31, 2025 was 27.85% which is well in excess of the mandated 15%.

During the year, the Company's revenue from operations and other income was ₹ 25,644.40 million and incurred a loss of ₹ 2,225.23 million. The funding source for the Company was through private placement of Non-Convertible Debentures ("NCDs") and borrowings from banks/ financial institutions by way of Term Loans, PTCs and ECBs, Outstanding details as summarized below.

(₹ in Million)

Financial Year	2024-25	2023-24
Privately placed Non-Convertible Debenture	5,593.35	9,657.00
Term Loan	49,119.40	55,133.14
Pass-Through Certificate	11,344.08	14,246.42
External Commercial Borrowings	12,864.52	4,960.17
Total	**78,921.35**	**83,996.73**

Your Company's Operational Highlights for the financial year ended March 31, 2025 are as follows:

(₹ in Million)

Financial Year	March 31, 2025	March 31, 2024
Number of Branches	1,699	1,508
Amount disbursed	88,724.83	106,616
Number of active loans	39,98,731	41,00,011
Total Assets under management including securitized and assigned portfolio (Gross Loan Portfolio)	1,23,567.18	121,935
BC Portfolio (Managed for Yes Bank)	9.7	9.8
BC Portfolio (Managed for SIDBI)	619.75	836.97
MSGB (Managed for MFL)	116.67	117.22

3. Share Capital

Authorized Share Capital:

During the year under review, the authorized share capital of the Company was ₹ 250,00,00,000 (Rupees Two Hundred and Fifty crores only) divided into 20,00,00,000 (Twenty Crore) equity shares of ₹ 10/- each aggregating to ₹ 200,00,00,000 (Rupees Two Hundred Crore only) and 5,00,00,000 (Five Crore) preference shares of ₹10/- each aggregating to ₹ 50,00,00,000/- (Rupees fifty Crore only).

Issued, Subscribed and Paid-up Share Capital:

As on March 31, 2025, the issued, subscribed and paid-up share capital of the Company was ₹ 1,704.92 million comprising of fully paid-up equity shares of face value ₹ 10/- each. During the year under review, there is no change on the issue, subscribed and paid-up share capital of the Company.

Type of share capital	Number of shares	Face value (₹)	Aggregate value (₹)
Equity shares	17,04,92,176	10	1,70,49,21,760

There was no re-classification or sub-division of the authorized share capital, reduction of share capital, buy-back of shares, change in the capital structure resulting from restructuring, or change in voting rights in respect of any class of the share capital of the company during the financial year.

As on March 31, 2025, none of the Directors of the Company holds instruments which were convertible into Equity Shares of the Company.

Further, Out of the Issued and Paid-up Capital of the Company, 28,94,636 Equity shares are held by MML Employee Welfare Trust set up by the Company for administration of Employee Stock option plans in compliance with SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021.

4. Listing of Shares

The equity shares of the Company were listed on National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE). The listing fee for the financial years 2024-25 and 2025-26 were paid to both the Stock Exchanges.

5. Dividend

The Board of Directors of your Company has not recommended any dividend for the financial year under review.

Pursuant to Regulation 43A of the Listing Regulations, the Company has formulated a Dividend Distribution Policy, setting out the parameters for the declaration and distribution of dividend. The Policy is available on the website of the Company at: https://muthootmicrofin.com/policies/

6. Transfer to Investor Education and Protection Fund

During the period under review, the Company does not have any amount due to be credited to the Investor Education and Protection Fund as provided in the provisions of Section 125 of the Companies Act, 2013.

7. Amount transferred to Reserves

The Company has not transferred any amount to the reserves during the year.

8. Employee Stock Option Plan (ESOP)

Stock Options are granted to the eligible employees and KMPs of the Company pursuant to the Muthoot Microfin Employee Stock Option Plan 2016 ("ESOP 2016") and Muthoot Microfin Limited Employee Stock Option Plan 2022 ("ESOP 2022"), as decided by the Nomination & Remuneration Committee. Company has not granted any option during the financial year 2024-25.

During the year under review, 1,10,250 options were cancelled due to separation of employees. The cancelled options were added to the respective plans and will form part of the future grants to be made.

The disclosure pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Section 62(1)(b) of the Act, read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is provided in **Annexure- I** which forms part of this Report.

9. Debentures, bonds or any non-convertible securities

Non-convertible Debentures: During the period under review, your Company has issued debentures (Listed, Secured, Non-convertible Debentures) aggregating to ₹ 664 million and Listed, Unsecured Bond for an amount of $ 15 million. The debentures outstanding ₹ 5,593.35 million for Listed, Secured NCD and $ 15 million for Listed, Unsecured Bond as on March 31, 2025, are as follows:

	Series	MML-15	MML-16	MML-17
a.	Date of issue of the securities	25-05-2022	01-06-2022	09-06-2022
b.	Date of allotment of Securities	27-05-2022	03-06-2022	15-06-2022
c.	Number of securities	380	1120	932
d.	Whether the issue of the securities was by way of preferential allotment, private placement or public issue	Private Placement	Private Placement	Private Placement
e.	Brief details of the debt restructuring pursuant to which the securities are issued	NA	NA	NA
f.	Issue price	10,00,000	10,00,000	10,00,000
g.	Coupon rate	11.45%	11.55%	9.90%
h.	Maturity date	27-05-2027	03-06-2027	15-12-2025
i.	Amount raised (In ₹ million)	380	1120	932
j.	Amount Outstanding (In ₹ million)	380	1120	699

MML-22	MML-23	MML-24	MML-25	MML-26	MML-27
25-01-2023	02-02-2023	02-06-2023	06-07-2023	31-07-2023	02-08-2024
27-01-2023	09-02-2023	05-06-2023	07-07-2023	01-08-2023	06-08-2024
10,000	10,000	14985*	7500	7500	6640
Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement
NA	NA	NA	NA	NA	NA
1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
11.00%	11.00%	11%	10.75%	10.75%	8.97%
27-01-2026	27-01-2026	05-06-2026	07-07-2026	01-08-2026	06-08-2028
1000	1000	1500	750	750	664
400	400	899.10	468.75	562.5	664

Note : *put option exercised for 15 debentures

	Series	Bond-1	Bond-2
a.	Date of issue of the securities	21-08-2024	22-10-2024
b.	Date of allotment of Securities	26-08-2024	28-10-2024
c.	Number of securities	1200	300
d.	Whether the issue of the securities was by way of preferential allotment, private placement or public issue	Private Placement	Private Placement
e.	Brief details of the debt restructuring pursuant to which the securities are issued	NA	NA
f.	Issue price	10,000 USD	10,000 USD
g.	Coupon rate	6 Months SOFR + 3.75%	6 Months SOFR + 3.75%
h.	Maturity date	27-08-2029	26-10-2029
i.	Amount raised (In ₹ million)	12 Million USD	3 Million USD
j.	Amount Outstanding (In ₹ million)	12 Million USD	3 Million USD

10. Capital Adequacy

The Capital Adequacy Ratio was 27.85% as on March 31, 2025. The Net Owned Funds (NOF) as on that date was ₹ 21,925.83 million. The minimum capital adequacy requirement stipulated for your Company by Reserve Bank of India is 15%.

11. Annual Return

Pursuant to Section 134 and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, a copy of the Annual Return is placed on the website of the Company.

The web–link is: https://muthootmicrofin.com/stakeholders-information/?tab=5.

12. Achievements

During the current Financial Year, your company has won several awards and accolades. Selected few awards/recognitions are listed hereunder:

- Muthoot Microfin Limited has been recognised among India's top 50 Best Workplaces™ in Health and Wellness 2024 by Great Place To Work Institute.
- Muthoot Microfin Limited retained the Great Place To Work® certification for the 6th time for its commitment to foster a culture of pride, trust, reliability, teamwork, and credibility amongst its employees.
- Muthoot Microfin receives the Corporate Agent License from IRDAI.
- Muthoot Microfin Limited receives M1C1 Comprehensive Microfinance Grading by CRISIL.
- Muthoot Microfin secures $15 Million from Tripple Jump in non-convertible debentures.
- Muthoot Microfin received WASH awards for bringing change in the sanitation and water access scenario of the underserved at Sa-Dhan Conclave'24 and WASH Awards
- Muthoot Microfin wins Best Cyber Security Initiative Awards at the 4th Edition Banking Frontiers DNA Awards 2024.
- Muthoot Microfin wins Innovative Customer Service Award from CX Excellence Award 2024
- SBI enters into a co-lending partnership with Muthoot Microfin Limited.
- Muthoot Micorifn recognised as Most Trusted Microfinance Brand of The Year at Brand Vision: India 2030 Leadership Conclave
- Muthoot Microfin Secures E-KYC License.
- Muthoot Microfin Limited has been honoured as a winner in ET NOW Awards as "Best Organisation for Women 2025"
- Muthoot Microfin won Gold in SKOCH Awards in the "Best Customer Application on Digital Financial Inclusion" category for its Mahila Mitra initiative (1.73 million downloads, 4.2-star average rating), and another Gold for "Best Insurance Scheme" for its Griha Suraksha Shield (2.66 million insured beneficiaries).
- Muthoot Microfin secured ESG score of 72.2 by SEBI-licenced ESG rating provider CareEdge Ratings Limited, outperforming Industry Medians across ESG Pillars.

13. Particulars of Loans, Guarantees or Investments

The Company, being an NBFC registered with RBI and engaged in the business of giving loans in the ordinary course of its business, is exempt from complying with the provisions of section 186 (2) of the Companies Act, 2013 with respect to loans, guarantees and investments. Accordingly, the Company is exempt from complying with the requirements to disclose in the financial statement the full particulars of the loans given, investment made or guarantee given or security provided.

The Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and Rules made thereunder. The details of Loans, Guarantees or Investments made by the Company are given below:

(₹)

Name of Companies	Nature of Transactions	Investments
The Thinking Machine Media Private Limited	Equity investment	4,50,000/-

Details on the loans given and investments made under the provisions of this section are disclosed in the financial statements. The Company has not given any guarantees or security on behalf of a third party.

14. Change in Nature of Business, if any

There was no change in the nature of business of the Company during the financial year 2024-25.

15. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

There have been no material changes or commitments which affect the financial position of the company which has occurred between the end of the financial year to which the financial statements relate and the date of this Report.

16. Revision of financial statement or the Report

The Company has not revised its Financial Statement or Board's Report during the financial year.

17. Credit Rating

The credit rating awarded to various instruments of the Company as on March 31, 2025, were as follows:

Credit Rating Agency	Instrument	March 31, 2025	March 31, 2024
CRISIL	Organization grading	M1C1	M1C1
	Bank Lines	A+/ Stable	A+/ Stable
	Non-convertible debentures	A+ /Stable	A+ /Stable
	Commercial paper	Rating Withdrawn	A1+
	Principal Protected Market Linked Debenture	Rating Withdrawn	PPMLD A+ / Stable

The Credit Rating of different instruments of the Company as on March 31, 2025, was mentioned under note 55 (xix) of the Financial Statements under RBI disclosures.

18. Directors and Key Managerial Personnel

I. Composition of the Board of Directors

As on March 31, 2025, the Board of your Company comprised of Ten Directors with one Executive Director, four Non-Executive Directors and five Independent Directors. The composition of the Board of Directors meets the requirement of provisions of Regulation 17 of the Listing Regulations and Section 149 of the Act.

Details of the Directors are as follows:

Category	Name of Director
Executive Director	Mr. Thomas Muthoot John
Non-Executive Independent Directors	Mr. Alok Prasad
	Ms. Pushpy B Muricken
	Mr. Thai Salas Vijayan
	Ms. Bhama Krishnamurthy
	Mr. Anil Sreedhar
Non-Executive Directors	Mr. Thomas Muthoot
	Mr. Thomas George Muthoot
	Mr. John Tyler Day
	Mr. Akshaya Prasad

A. Change in Composition of the Board of Directors

During the year under review, the following changes were on the composition of Board of Directors ('Board'):

- Mr. R Anand, Independent Director (DIN 00243485) has tendered his resignation on account of health-related matters and the Board considered the same with effect from December 2, 2024.
- On December 19, 2024, Mr. Thomas John Muthoot, Non-Executive Director has resigned from the Board due to preoccupation. Also, Mr. Thomas Muthoot relinquished form the position of Managing Director and continued as the Non-Executive Director.
- Mr. Thomas Muthoot John, Executive Director, was inducted to the Board effective from December 19, 2024 and requisite approvals were received for his appointment from the shareholder by way of postal ballot.
- Inducted Mr. Anil Sreedhar, Independent Director, to the Board with effect from December 30, 2024 and requisite approvals were received for his appointment from the shareholder by way of postal ballot.

i. Directors retiring by rotation

At the 32nd Annual General Meeting held on July 18, 2024, Mr. Thomas George Muthoot, Director (DIN 00011552) retired by rotation in compliance with the provisions of Section 152 of the Companies Act, 2013 and was reappointed.

Mr. Thomas Muthoot, Director (DIN: 00082099) is due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

ii. Re-appointment of Independent Directors

During the current financial year 2024-25, there were no re-appointment of Independent Directors.

iii. Approval of the Members will be sought at the forthcoming Annual General Meeting to the following appointments.

There is no approval of the members sought with respect to the Composition of Board of Directors at the forthcoming Annual General Meeting of the Company.

iv. **Cessations**

During the year under review, Mr. R Anand (DIN 00243485) (Non-Executive Independent Director) and Mr. Thomas John Muthoot (DIN 00011618) (Non-Executive Director) resigned from the Board of Directors of the Company effective from December 2, 2024 and December 19, 2024 respectively.

B. Change in the composition of the Board of Directors after the end of the financial year and up to the date of this Report

There were no changes in the composition of the Board of Directors after the end of the financial year and up to the date of this Report.

II. Key Managerial Persons

The Key Managerial Persons of the Company in accordance with Regulation 2(1)(bb) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations and Section 2(51) of the Companies Act, 2013 are as follows:

Name	Designation
Mr. Thomas Muthoot John	Executive Director
Mr. Sadaf Sayeed	Chief Executive Officer
Mr. Praveen T	Chief Financial Officer
Ms. Neethu Ajay	Chief Compliance Officer and Company Secretary

III. Woman Director

In terms of the provisions of Section 149 of the Act and Regulation 17(1)(a) of Listing Regulations, the Company is required have at least one-woman director on the Board.

The Company has Ms. Bhama Krishnamurthy (DIN: 02196839) and Ms. Pushpy B Muricken (DIN: 03431198) as Independent Woman Directors on the Board.

IV. Declaration by Independent Directors and statement on compliance with the code of conduct

The Company has received necessary declarations with respect to independence from all the independent directors in compliance of Section 149 (7) of the Companies Act, 2013.

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013 and the Code of Conduct for Directors and senior management personnel formulated by the Company.

V. Nomination & Remuneration Policy

The Nomination and Remuneration Committee has formulated the Nomination and Remuneration Policy which sets out the criteria for determining qualifications, positive attributes and independence of Directors. It also lays down criteria for determining qualifications, positive attributes of KMPs and senior management and other matters provided under Section 178(3) of the Act and Listing Regulations. The Nomination and Remuneration Policy of the Company as approved and adopted by the Board is available on the website of the Company at: https://muthootmicrofin.com/policies/

The policy is in compliance with the provisions of Section 178 of the Companies Act, 2013, SEBI (LODR) regulations and guidelines of the Reserve Bank of India on Corporate Governance Norms for NBFCs. The policy covers the following:

1. Objectives, composition and responsibilities of the Nomination and Remuneration Committee
2. Guidelines for NRC on appointment and removal of directors/KMP and senior management
3. Fit and proper criteria to determine the suitability of the person for appointment / continuing to hold appointment as a Director on the Board of the Company.
4. Criteria for independence - for directors to be appointed as independent directors on board of the company.
5. Criteria to be considered while appointing KMP, senior management personnel
6. Removal of a director, KMP or senior management
7. Remuneration of directors, key managerial personnel and senior management
8. Evaluation of performance of the Directors and the overall Board broadly on the basis of the laid-out criteria.
9. Criteria for review of the policy due to change in regulations or as may be felt appropriate by the Committee subject to the approval of the Board of Directors.

19. Board Meeting

During the financial year 2024-25, our Board has met eleven (11) times, and the meetings were held on May 06, 2024, May 11, 2024, June 08, 2024, June 27, 2024, August 09, 2024, August 30, 2024, November 05, 2024, December 19, 2024, December 30, 2024, February 06, 2025, and March 20, 2025.

The requisite quorum was present for all the Meetings. The intervening gap between the Meetings was within the period prescribed under the Act and Listing Regulations.

The Company provides all the Board Members with the facility to participate in the meetings of Board and its committee through Video Conferencing or Other Audio-Visual Means. The details of the meetings have been enclosed in the Corporate Governance Report, which forms part of this report.

Pursuant to the requirements of Schedule IV to the Act and the Listing Regulations, a separate Meeting of the Independent Directors of the Company was held on March 29, 2025, and the Directors reviewed the matters enumerated under Schedule IV(VII)(3) to the Act and Regulation 25(4) of the Listing Regulations. All the Independent Directors attended the said meeting.

20. Committees of Board

The Company has various Committees which have been constituted as part of good corporate governance practices and the same follow the requirements of the relevant provisions of applicable laws and statutes.

The Committees of the Board are the Audit Committee, the Nomination and Remuneration Committee, the Borrowing Committee, the Corporate Social Responsibility Committee, the Stakeholder's Relationship Committee, the IT Strategy Committee, the Asset Liability Management Committee, Debenture Issue and Allotment Committee and the Risk Management Committee.

The details with respect to the composition, powers, roles, terms of reference, meetings held and attendance of the directors at such meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

21. Recommendations of the Audit Committee

There was no instance during the year where the Board has not accepted the recommendations of the Audit Committee requiring disclosure pursuant to Section 177(8) of the Companies Act, 2013.

22. Company's policy on Directors' appointment and remuneration

The Company, pursuant to the provisions of Section 178 of the Companies Act, 2013, has formulated and adopted a policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 which is available on the website of the Company at : https://muthootmicrofin.com/policies/

23. Annual Evaluation of Board, Committees, and Individual Directors

The meeting of the Board of Directors held on March 20, 2025, conducted an evaluation of its own performance and that of its committees and individual directors.

The evaluation process is carried out by collecting feedback from each of the Directors /committee members about the Board/committee's performance and feedback about each of the other directors.

The feedback was collected through structured questionnaires. The Board then evaluated all the feedback received and expressed their satisfaction.

Aspects covered in the feedback inter alia are:

a. Composition of Board/committees.

b. Appropriateness of its size, experience and expertise.

c. Effective participation, integrity and credibility.

d. Ability to handle conflict collectively, Interpersonal skills, and willingness to address issues proactively.

e. Performance against set goals.

f. Adequacy of terms of reference to serve the purpose.

The Board of Directors has conducted these evaluations through electronic mode by distributing electronic evaluation forms to the Directors.

24. Compliance

The Company is registered with the Reserve Bank of India ("the RBI") as a NBFC-MFI. As per the Framework for Scale Based Regulation for Non-Banking Financial Companies issued by the RBI vide circular dated October 22, 2021 ('SBR Framework'), the Non-Banking Finance Companies are categorised into four layers, NBFC - Base Layer (NBFC-BL), NBFC - Middle Layer (NBFC-ML), NBFC - Upper Layer (NBFC-UL) and NBFC - Top Layer (NBFC-TL) based on size, activity, and risk perceived. According to the said regulation, the Company has been categorised as NBFC – ML.

The Company has listed its equity shares in the BSE Limited and the National Stock Exchange of India Limited and has various Non- Convertible Debt Instruments listed in the BSE Limited.

The Company has complied with and continues to comply with all applicable Laws, Rules, Circulars, Regulations, etc. including Directions of RBI for NBFC-MFIs and various SEBI Listing Regulations, and does not carry on any activities other than those specifically permitted by RBI for NBFC-MFIs.

25. Code of Conduct for Board and Senior Management

In compliance with Regulation 26(3) of the Listing Regulations and the Act, the Company has framed and adopted a Code of Conduct for Directors and Senior Management ("the Code"), which provides guidance on ethical conduct of business and compliance with laws and regulations.

All members of the Board and Senior Management personnel have affirmed their compliance with the Code as of March 31, 2025. A declaration to this effect, signed by the Managing Director/Executive Director in terms of the Listing Regulations, is given in the Report of Corporate Governance forming part of this Annual Report. The Code is made available on the Company's website at https://muthootmicrofin.com/stakeholders-information/?tab=1

26. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

The Board has formulated the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Fair Disclosure Code), for the fair disclosure of events and occurrences that could impact the price discovery in the market for the Company's securities. The Fair Disclosure Code also provides for maintaining uniformity, transparency and fairness in dealings with all stakeholders and ensuring adherence to applicable laws and regulations. The same is available on the website of the Company at https://muthootmicrofin.com/policies/

27. Prevention of Insider Trading

The Board of Directors of the Company has formulated and adopted a Code of Conduct to regulate, monitor and report the trading of shares by insiders. This code lays down the guidelines and procedures to be followed and disclosures to be made by the insiders while dealing with shares of the Company and cautioning them of the consequences of non-compliance. The same is available on the website of the Company at https://muthootmicrofin.com/policies/

28. Subsidiary Company, Joint Ventures and Associate Companies

The Company does not have any subsidiary, Joint venture or Associate Company.

29. Deposit

During the financial year, your Company has not accepted any deposits from the public within the meaning of provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 or any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Therefore, the disclosures required under Rule 8(5)(v) of Companies (Accounts) Rules, 2014 and Rule 2(1)(c) of Companies (Acceptance of Deposits) Rules, 2014 are not applicable.

30. Remuneration Details of Directors, KMPs and Employees

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

Sl No.	Particulars	Details
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Executive Director- 18.3 : 1 Other than remuneration to Executive Director, Company only pays sitting fees to Independent Director.
2	*The percentage increase in remuneration of:	
	a) Managing Director / Executive Director	NA
	b) Chief Executive Officer	15%
	c) Chief Financial Officer	41%
	d) Chief Compliance Officer & Company Secretary	75%
3	Percentage increase in the median remuneration of employees in the financial year	4.99%

Sl No.	Particulars	Details
4	Number of permanent employees on the rolls of the Company	10,646
5	The Company has a remuneration policy, and the remuneration is as per the remuneration policy of the company	Yes
6	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Employees – 5.17% Managerial Personnels – 10.39%

Note:

Post employment benefits are included in the remuneration.

* The percentage increase in the remuneration of the CEO, CFO, and CCO & CS has been calculated based on their base salary, as the ESOP component varies depending on individual exercise by each employee.

(Information as per Rule 5 of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

Top 10 employees in terms of remuneration drawn during the year

Employee name	Designation	Remuneration in FY 2024-25 (in ₹ Million)	Nature of employment, whether contractual or otherwise;	Educational Qualification & Experience	Date of Joining	Age	Last employment before joining the company;	Whether relative of any Director or Manager
Sadaf Sayeed	Chief Executive Officer	56.04	Permanent	MBA	26-08-2015	44	Satin Credit Care Network Ltd.	No
Praveen T	Chief Financial Officer	13.42	Permanent	CA	26-01-2016	39	Ark Power Controls Pvt Ltd.	No
Subhransu Pattnayak	Chief Human Resource Officer	13.06	Permanent	MBA	26-08-2015	47	ICICI Bank Limited	No
Udeesh Ullas	Chief Operating Officer	12.12	Permanent	MBA	26-02-2016	42	Fullerton India Credit Company Ltd.	No
Dileep Kumar Pathak	Chief Internal Auditor	11.11	Permanent	MBA	26-01-2016	42	Satin Credit Care Network Ltd	No
Paras Kumar Wasnik	Deputy COO	9.60	Permanent	MA	24-07-2019	44	Asirvad Microfinance Ltd	No
Linson C Paul	Chief Technology Officer	7.97	Permanent	MBA-MSC	21-07-2022	50	Joy Alukkas India Limited	No
Nitin Sadashiv Awati	Deputy Vice President	7.73	Permanent	MBA	24-09-2018	42	Bharat Financial Inclusion Ltd	No
Jinsu Joseph	Chief Risk Officer	7.15	Permanent	CA	26-10-2016	45	Tamilnad Mercantile Bank	No
Srinivas Vadla	Senior Vice President	7.07	Permanent	B.sc	26-10-2016	45	Share Microfin Ltd	No

Employees who are employed throughout the financial year and was in receipt of remuneration for the FY 2024-25, in the aggregate, was not less than ₹ 1,02,00,000/- (One crore and two lakh rupees)

Employee name	Designation	Remuneration in FY 2024-25 (in ₹ Million)	Nature of employment, whether contractual or otherwise;	Educational Qualification & Experience	Date of Joining	Age	Last employment before joining the company;	Whether relative of any Director or Manager
Sadaf Sayeed	Chief Executive Officer	56.04	Permanent	MBA	26-08-2015	44	Satin Credit Care Network Ltd.	No
Praveen T	Chief Financial Officer	13.42	Permanent	CA	26-01-2016	39	Ark Power Controls Pvt Ltd.	No
Subhransu Pattnayak	Chief Human Resource Officer	13.06	Permanent	MBA	26-08-2015	47	ICICI Bank Limited	No
Udeesh Ullas	Chief Operating Officer	12.12	Permanent	MBA	26-02-2016	42	Fullerton India Credit Company Ltd.	No
Dileep Kumar Pathak	Chief Internal Auditor	11.11	Permanent	MBA	26-01-2016	42	Satin Credit Care Network Ltd	No

Employees who are employed for a part of the FY 2024-25 and was in receipt of remuneration for any part of that year at a rate which, in the aggregate, was not less than ₹ 8,50,000/- (Eight lakh and fifty thousand rupees) per month

Employee name	Designation	Remuneration in FY 2024-25	Nature of employment, whether contractual or otherwise;	Educational Qualification & Experience	Date of Joining	Age	Last employment before joining the company;	Whether relative of any Director or Manager
NIL								

Note: Post employment benefits are included in the remuneration.

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

31. Criteria for making payments to Non-Executive Directors

Apart from the sitting fee paid to the Independent Directors, expenses incurred by the Company on behalf of the Directors for their travel and accommodation and reimbursement of expenses incurred by the Directors during and for the purpose of attending Board and Committee meetings, the Company has made no other payment to its Non-Executive Directors.

32. Directors' Responsibility Statement

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

i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure;

ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2025, and of the profit and loss of the Company for that period;

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

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

v) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

vi) The Directors has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

33. Adequacy of Internal Audit and Financial Controls

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

During the year, the review of Internal Financial Controls was done, and the report was placed before the Audit Committee. As per the report the Controls are effective and there are no major concerns. The internal financial controls are adequate and operating effectively to ensure orderly and efficient conduct of business operations.

34. Fair Practices Code

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

35. Statutory Auditors

M/s. Suresh Surana & Associates LLP Indian member of RSM International, Chartered Accountants, (Firm Registration No. 121750W/W-100010), having a valid Peer review Certificate issued by the Peer Review Board of ICAI, in accordance with Section 139 of the Companies Act, 2013 read with RBI Circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22, were appointed as the Statutory Auditor of the Company for a term of three consecutive years, at the 32nd Annual General Meeting held on July 18, 2024.

The auditors have submitted their Report on the accounts of the Company for the Financial Year ended March 31, 2025, to the Board of Directors. The Board has duly examined the Statutory Auditors' Report which is self-explanatory. The Report does not contain any qualifications, reservations or adverse remarks.

36. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. SEP Associates, Company Secretaries, Kochi to conduct the Secretarial Audit of the Company for the Financial Year 2024-25. The Secretarial Audit Report for the financial year ended March 31, 2025, is annexed to this report as **Annexure II**.

The Secretarial Audit Report for the financial year 2024-25 does not contain any qualification, reservation, adverse remark or disclaimer except in respect of the matter mentioned in Annexure II to this report along with the Management response provided in clause 38 herein.

37. Internal Auditor

The Company has an independent internal audit department headed by Chief Internal Auditor, Mr. Dileep Kumar Pathak. The internal audit department broadly assesses and contribute the overall improvement of the organization's governance, risk management, and control processes using a systematic and disciplined approach. The internal audit team follows Risk Based Internal Audit which helps the organization to identify the risks and address them accordingly based on the risk priority and direction provided by the board of directors. The Internal audit reports are presented to the Audit Committee of the Board on a quarterly basis. Based on the reports of the internal audit team, the process owners undertake corrective action in their respective areas.

Pursuant to the provisions of Section 138 of the Act, the Board of Directors, on the recommendation of the Audit Committee appointed M/s. Ernst & Young (E&Y) India LLP, as the Internal Auditor of the Company for a period of two years from financial year 2024-25 to 2025-2026 for providing co-sourced internal audit services.

38. Explanation or Comments on Qualifications, Reservations or Adverse Remarks or Disclaimers made by the Statutory Auditor / Secretarial Auditor in their Reports

The Statutory Auditors have given their report 'with an unmodified opinion', on the Financial Statements of the Company for Financial Year 2024-25.

There has been no qualification, reservation, adverse remark or disclaimer made by the Statutory Auditor in their Report for the year under review.

With respect to the remark made by the Secretarial Auditors in their report, the Company was imposed fine on two instances reasoning delay in submission of prior intimation/non submission of intimation about the meeting of Board of Directors in accordance with Regulation 29(2)/29(3) and regulation 50 (1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, on receipt of communication from the stock exchanges, the Company has promptly provided the details of meeting along with prior intimation acknowledgments. As a good governance practice, the Company has honored the payment and made representation for waiver of fines imposed. Company is awaiting response from the stock exchanges.

39. Compliance with Secretarial Standards

During the Financial year, the Company has complied with the provisions of applicable Secretarial Standards viz. Secretarial Standard on meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2).

40. Corporate Social Responsibility

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 the Company has established the Corporate Social Responsibility Committee (CSR Committee) in the year 2015 and the composition and function thereof are mentioned in the Corporate Governance Report.

The Board has adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the website of the Company at: https://muthootmicrofin.com/policies/

Company's CSR initiatives are mainly implemented through the Muthoot Pappachan Foundation (MPF), a Public Charitable Trust - the CSR arm of Muthoot Pappachan Group (MPG). MPF tackles issues affecting the communities in which our businesses operate.

The CSR initiatives of MPG revolve around the theme 'HEEL', covering 'Health, Education, Environment and Livelihood'. Detailed information report on the CSR policy and the CSR initiatives undertaken during the Financial Year 2024-25 is given in the **Annexure III**–'Annual Report on CSR activities'.

41. Business Responsibility and Sustainability Report

In accordance with Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility and Sustainability Report (BRSR), covering disclosures on the Company's performance on Environment, Social and Governance parameters for the reporting period, which forms part of this Annual Report as **Annexure IV**.

The BRSR provides a comprehensive account of the Company's business performance and impacts, and it is aligned with the NGRBC (National Guidelines on Responsible Business Conduct) on Social, Environmental and Economic Responsibilities of Business, issued by the Ministry of Corporate Affairs.

42. Management Discussion and Analysis Report

Pursuant to Regulation 34(2)(e) of the Listing Regulations, a detailed Management Discussion and Analysis Report for the Financial Year under review is presented in a separate section, forming part of the Annual Report.

The state of the affairs of the business along with the financial and operational developments has been discussed in detail in the Management Discussion and Analysis Report.

43. Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI.

The Report on Corporate Governance as required under Regulation 34(3) read with Schedule V of the Listing Regulations forms part of this Report.

Further, as required under Regulation 17(8) of the Listing Regulations, a certificate from the Chief Executive Officer and Chief Financial Officer is annexed with the Annual Report.

A certificate from CS Lakshmi Pradeep and Associates, Practicing Company Secretary, confirming the compliance of the Company with the conditions of Corporate Governance, as stipulated under the Listing Regulations, is attached to the Report of Corporate Governance

44. Details of the auctions of Gold conducted during the financial year.

Details of auctions of Gold conducted during the financial year is as follows:

(₹ in million)

Instrument	March 31, 2025	March 31, 2024
Number of loan accounts	1539	1063
Outstanding amounts	103.01	37.69
Value fetched	111.54	40.62
Whether any sister concerns participated in the auction	No	Yes

45. Related Party Transaction

All contracts/arrangements/transactions entered by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis.

During the year under review, your Company had not entered into any contract/arrangement/transaction with Related Parties which could be considered material in accordance with the Policy on Related Party Transactions. Further, there were no materially significant related party transactions entered by the Company with Promoters, Directors, KMP or other persons which may have potential conflicts with the interests of the Company.

The particular of contracts or arrangements made with related parties pursuant to Section 188 of the Companies Act, 2013 in the prescribed Form AOC-2 is appended as **Annexure V** which forms part of this report. Details of Related Party Transactions as required under Indian Accounting Standard (Ind AS-24) are reported in Note no. 36 forming part of the Financial Statements.

Disclosure on Related Party Transactions, in compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable accounting standards, are made in the financial statements. Also, the Company has adopted the policy on Materiality and Dealing with Related Party Transaction which is available on the website of the Company at: https://muthootmicrofin.com/policies/

Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results is provided in the financial statements.

46. Details of Frauds reported by Auditors

Pursuant to sub-section 12 of Section 143 of the Act, the Statutory Auditors and the Secretarial Auditors of the Company have not reported any instances of material frauds committed in the Company by its officers or employees, except few instances of cheating, forgery, misappropriation and criminal breach of trust, which are duly identified by the Company and are disclosed as Note 55 (xxvi) to the Financial Statements.

47. Risk Management

As a NBFC- MFI focusing on unorganized and under serviced sector, risk management is an integral part of our business. Your Company has a Board approved comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework, established system and adequate controls for identification, assessment, measurement, reporting, mitigation and/or managing of risks. The processes, policies and procedures are periodically reviewed by the Risk Management Committee and the Board of Directors. Regular review, stress testing and scenario analysis of portfolios, self-assessments of controls and monitoring of key risk indicators enhances the effectiveness of risk management framework in your Company. Risk Management Committee evaluates and monitors Credit, Operational, IT, Financial, Regulatory, Market and Reputational risks and its all-associated risks.

Your Company's internal control systems, organizational structure, processes, policies, and code of conduct together form a robust mechanism of internal controls that govern efficient functioning of the business, and the existing risk management measures are being regularly upgraded to ensure risk avoidance and risk mitigation. There are no risks which in the opinion of the Board threaten the existence of your Company.

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

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

Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings - ₹ 1.59 million

Foreign Exchange Outgo - ₹ 2,021.91 million

49. Vigil Mechanism

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

Any incidents reported are investigated and suitable actions are taken in line with the whistle blower policy. The Whistle Blower Policy is also available on your Company's website at: https://muthootmicrofin.com/policies/

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

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

51. Corporate Insolvency Resolution Process initiated under The Insolvency and Bankruptcy Code, 2016 (IBC)

There were no applications filed for corporate insolvency resolution process, by any financial or operational creditor of the Company or by the company itself, under the IBC before the NCLT.

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

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

The company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.The Company has constituted the Prevention of Sexual Harassment Committee to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed of during the period under review:

(a) Number of complaints pending at the beginning of the year: **Nil**

(b) Number of complaints received during the year: **Nil**

(c) Number of complaints disposed off during the year: **Nil**

(d) Number of cases pending at the end of the year: **Nil**

53. Details of Debenture Trustee

During the financial year, the following debenture trustees are associated with the Company:

Catalyst Trusteeship Limited	Vardhman Trusteeship Pvt Ltd.
901, 9th Floor, Tower-B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W) – 400013 Tel +91(022)4922 0555	The Capital, A Wing, 412A, Bandra Kurla Complex, Bandra (East) Mumbai 400 051. Tel: 022-42648335

54. Acknowledgment

Your Directors wish to place on record their appreciation for the assistance, co-operation and guidance received by the Company from the Customers, Shareholders, Debenture Holders, the Central Government, the State Government, the Reserve Bank of India, the Registrar of Companies, Mumbai, the Securities and Exchange Board of India, the BSE Limited, the National Stock Exchange of India Limited, Debenture Trustees, Depositories, Registrar and Share Transfer Agent, Credit Rating agencies and other Regulatory Authorities and Bankers during the year under review and look forward to their continued support. Your directors also wish to place on record their deep sense of appreciation for the committed services of the Employees of the Company.

For and on behalf of the Board of Directors

	Thomas Muthoot John	**Thomas Muthoot**
Kochi	Executive Director	Director
08.05.2025	(DIN 07557585)	(DIN 00082099)

ANNEXURE - I

DISCLOSURES IN COMPLIANCE WITH REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021 AND RULE 12 OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014

1. Disclosure in terms of Guidance note on accounting for employee share-based payments issued by ICAI or any other relevant accounting standards as prescribed from time to time

Disclosed in the notes to financial statements - Refer to Note 47 of Standalone Financial Statements for FY 2024-25 which forms the part of this Annual Report

2. Material Changes in the Scheme

No material change has been carried out during the financial year under review. The Schemes were aligned as per the provisions and requirements under the SEBI (Share Based Employee Benefits) Regulations, 2015 and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

3. Diluted EPS on issue of shares pursuant to ESOS: ₹ (13.07)

4. i. Details related to ESOS

Particulars	ESOP 2016				ESOP 2022	
Date of Shareholders' Approval	December 05, 2016				August 24, 2022	
Tranches	I - ₹. 14	II - ₹. 67	III - ₹. 77.20	IV - ₹. 197	I - ₹. 151	II - ₹. 197
Grant Date	05.12.2016	22.02.2018	09.11.2021	10.08.2023	04.11.2022	10.08.2023
Total Number of Options approved under the Plan	14,15,614				26,66,647	
Vesting Requirements	Options are granted with a vesting period of 4 years and vesting shall be on such conditions as per the Grant.					
Exercise Price or Pricing Formula	Valuation from Registered Valuer					
Maximum term of option granted	Grant + 4 Years					
Source of Shares (Primary, Secondary or Combination)	Secondary					
Variation in terms of options	No Variation					
Method used for accounting of ESOS	Fair Value Method					
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and EPS of the Company	Company ESOP Plan is at fair value					

Option movement during the year

Particulars	ESOP 2016				ESOP 2022	
Tranches	I - ₹. 14	II - ₹. 67	III - ₹. 77.20	IV - ₹. 197	I - ₹. 151	II - ₹. 197
Number of options granted and outstanding at the beginning of the year			2,21,182	71,000	18,14,625	2,37,147
Number of Options exercisable at the beginning of the year	7,500	97,250	1,61,182		6,04,875	
Number of Options Granted during the year	Nil	Nil	Nil	Nil	Nil	Nil
Number of options Vested during the year	-	-	1,08,841	13,875	5,83,375	59,287
Number of options Exercised during the year	7,500	75,750	1,35,250	-	1,11,625	-
Number of shares arising as a result of exercise of options;	7,500	75,750	1,35,250	-	1,11,625	-
Number of Options lapsed during the year	-	2,500	2,000	1,000	23,500	1,250
Number of options cancelled during the year	-	-	8,500	18,500	79,500	3,750
Exercise Price	₹. 14	₹. 67	₹. 77.2	₹. 197	₹. 151	₹. 197
Money realized by exercise of options;	1,05,000	50,75,250	1,04,41,300	0	1,68,55,375	0
Number of Options outstanding at the end of the year	**-**	**-**	**1,03,841**	**38,625**	**11,51,750**	**1,74,110**
Number of options exercisable at the end of the year	**-**	**19,000**	**1,32,773**	**12,875**	**10,53,125**	**58,037**
Loan repaid by the trust during the year from the exercise price received	NA	NA	NA	NA	NA	NA
Employee wise details of Options granted						
1. Key Managerial Personnel	NIL					
2. Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during that year	NIL					
3. Identified Employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant	NIL					
Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility,	1. Weighted Average Price per Share - ₹14 2. Expected Volatility – 56.49%	1. Weighted Average Price per Share - ₹67 2. Expected Volatility – 49.98%	1. Weighted Average Price per Share - ₹77.2 2. Expected Volatility – 50.53%	1. Weighted Average Price per Share - ₹197 2. Expected Volatility – 51.09%	1. Weighted Average Price per Share - ₹151 2. Expected Volatility – 52.28%	1. Weighted Average Price per Share - ₹197 2. Expected Volatility – 51.09%

Particulars	ESOP 2016				ESOP 2022	
expected dividends and the price of the underlying share in market at the time of grant of the option	3. Vesting Period - 4 years 4. Risk-free interest rate – 6.29 5. Expected dividends – Nil 6. Expected Life – 6.25 years	3. Vesting Period - 4 years 4. Risk-free interest rate – 7.58 5. Expected dividends – Nil 6. Expected Life – 6.25 years	3. Vesting Period - 4 years 4. Risk-free interest rate – 5.67 5. Expected dividends – Nil 6. Expected Life -5 years	3. Vesting Period - 4 years 4. Risk-free interest rate – 7.03 5. Expected dividends – Nil 6. Expected Life -5.01 years	3. Vesting Period - 4 years 4. Risk-free interest rate – 7.34 5. Expected dividends – Nil 6. Expected Life -5 years	3. Vesting Period - 4 years 4. Risk-free interest rate – 7.03 5. Expected dividends – Nil 6. Expected Life – 5.01 years
For Options granted during the year weighted average exercise prices and weighted average fair value of the options shall be disclosed seperately for options whose exercise price either equals or is less than the market price of the stock.	Not Applicable					
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	The expected volatility was determined based on annualized standard deviation of the continuously compounded rates of return on the comparable stock over a period of time.					
The method used and the assumptions made to incorporate the effects of expected early exercise;	Black-Scholes option pricing model					
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Not Applicable					

ANNEXURE - II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31.03.2025

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

To,
The Members,
MUTHOOT MICROFIN LIMITED
13th Floor, Parinee Crescenzo,
Bandra Kurla Complex, Bandra East,
Mumbai, Maharashtra, India, 400051

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MUTHOOT MICROFIN LIMITED (CIN: L65190MH1992PLC066228)** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2025, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have conducted verification of the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March, 2025 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder.

(ii) The Securities Contracts (Regulation) Act, 1956 (SCRA') and the rules made thereunder.

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable during the audit period)

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

a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Last amended on March 12, 2025]

b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 [Last amended on February 10, 2025]

c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Last amended on March 28, 2025]

d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 [Last amended on December 11, 2024]

e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Last amended on March 8, 2025]

f) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

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

a) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 [Last Updated as on February 27, 2025].

b) Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions - 2024 dated February 27, 2024.

c) Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022.

d) Prudential Framework for Resolution of Stressed Assets dated June 07, 2019.

e) Framework For Compromise Settlements and Technical Write-Offs dated June 08, 2023.

f) Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021.

g) Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies) dated July 15, 2024

h) Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016.

i) Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 7, 2023

j) Master Direction on Outsourcing of Information Technology Services dated April 10, 2023

k) Master Direction- Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016.

l) Guidelines on Liquidity Risk Management updated as on November 10, 2023.

m) Framework for Compliance Function and Role of Chief Compliance Officer (CCO)- NBFCs, RBI Circular dated April 11, 2022.

n) Reserve Bank Commercial Paper Directions, 2017 dated August 10, 2017.

o) Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024

p) Reserve Bank - Integrated Ombudsman Scheme, 2021.

q) Guidelines on digital lending dated September 02, 2022.

r) Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024 dated February 27, 2024

(vii) The Prevention of Money Laundering Act, 2002 and the Regulations and Bye-laws framed thereunder.

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

(i) Secretarial Standard relating to Board (SS 1) and General Meetings (SS 2) issued by the Institute of Company Secretaries of India.

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

- The Company had received notices from stock exchanges namely BSE Limited (BSE) and National Stock Exchange Limited (NSE) on account of levy of fine pursuant to delayed compliance of certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).

Sl. No	Particulars	Penalty Amount	Levied by
1	Delay in furnishing prior intimation about the meeting of the board of directors (Regulation 29 (2)/ 29 (3) of SEBI (LODR) Regulations, 2015)	10,000 /- (exclusive of GST)	BSE and NSE
2	Non-submission of Intimation of Board Meeting in accordance with Regulation 50(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Rs. 5000/- (exclusive of GST	BSE

*Representation has been made by the Company for waiver of fees and is still under process.

We have noticed that such delays have been sufficiently addressed by the Board by taking note of the same in the Board Meetings.

We further report that:

The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no further changes in the composition of the Board of Directors during the period under review except as mentioned below and the present composition of the Board of Directors is in compliance with the provisions of the Act.

Following changes have occurred in the Board during the period under review:

1. Shri. Anand Raghavan (DIN 00243485) has tendered his resignation from the position of Non-Executive Independent Director effective from the closure of the business hours of December 2, 2024;

2. Shri. Thomas John Muthoot (DIN 00011618) has tendered his resignation from the position of Non-Executive Director effective from the closure of the business hours of December 19, 2024;

3. Shri. Thomas Muthoot John (DIN: 07557585) has been appointed as the Whole Time Director to the Board of the company with effect from 19.12.2024;

4. Shri. Thomas Muthoot (DIN: 00082099) has been redesignated from the position of Managing Director to Non-Executive Director with effect from 19.12.2024; and

5. Shri. Anil Sreedhar (DIN: 07536707) has been appointed as the Non-Executive - Independent Director to the Board of the Company with effect from 30.12.2024;

Adequate notice is given to all directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting except in the case of Shorter Notice.

Decisions at the meetings of the Board of Directors of the Company were carried out on the basis of majority and the same was captured and recorded as part of the minutes. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that there are adequate systems and processes in the Company commensurate with its size and the operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, allotment of the following securities has taken place:

Sl. No	Method of Issue	Date of Allotment	Particulars
1.	Private Placement	06/08/2024	Allotment of 6,640 Rated, Listed, Secured, Redeemable, Taxable Non-Convertible Debentures of the face value of INR 1,00,000/- aggregating to Rs. 66,40,00,000/-.
2.	Private Placement	26/08/2024	Allotment of 1,200 Fully paid, senior, unsecured, united states dollar denominated bonds/ debentures ("Bonds/Debentures") of the face value of USD 10,000/- aggregating to USD 12,000,000/-.
3.	Private Placement	28/10/2024	Allotment of 300 Senior, Unsecured, United states dollar denominated bonds/ debentures ("Bonds/Debentures") having face value of USD 10,000/- aggregating to USD 3,000,000/-.

We further report that the Company has redeemed following debentures during the period under review.

ISIN Number	Issuance Date	Maturity Date*	Coupon Rate	Payment Frequency	Amount Issued (in Crores)
INE046W07230 (Part Redemption)	25-Jan-23	31-Jul-24	11%	Monthly	200
INE046W07230 (Part Redemption)	25-Jan-23	31-Jan-25	11%	Monthly	200
INE046W07248 (Part Redemption)	02-Jun-23	31-May-24	11%	Monthly	150
INE046W07248 (Part Redemption-Put Option)	02-Jun-23	31-Aug-24	11%	Monthly	150
INE046W07248 (Part Redemption)	02-Jun-23	30-Nov-24	11%	Monthly	150
INE046W07255 (Part Redemption)	06-Jul-23	30-Sep-24	10.75%	Monthly	75
INE046W07255 (Part Redemption)	06-Jul-23	31-Dec-24	10.75%	Monthly	75

ISIN Number	Issuance Date	Maturity Date*	Coupon Rate	Payment Frequency	Amount Issued (in Crores)
INE046W07255 (Part Redemption)	06-Jul-23	31-Mar-25	10.75%	Monthly	75
INE046W07263 (Part Redemption)	31-Jul-23	31-Oct-24	10.75%	Monthly	75
INE046W07263 (Part Redemption)	31-Jul-23	31-Jan-25	10.75%	Monthly	75
INE046W07214	29-Jul-22	29-Apr-24	10.60%	Maturity	70
INE046W07115	25-Nov-20	24-May-24	11.40%	Semi Annualy	45
INE046W07222	22-Dec-22	21-Jun-24	10.00%	Maturity	100
INE046W07065	20-Nov-19	27-Nov-24	11.40%	Half Yearly	70
INE046W07198 (Part Redemption)	09-Jun-22	31-Dec-24	9.90%	Quarterly	93.2

*Maturity date of part redemptions are mentioned with the redeemed date.

We further report that the company vide special resolution dated 18.07.2024 increased the borrowing limits from ₹ 10,000 crores to ₹ 15,000 crores and has also approved the proposal for creation of Charge on the assets/receivables of the Company to secure the amount borrowed by the Company or any third party from time to time for the due payment of the Principal together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the maximum extent of the indebtedness secured by the assets/ receivables of the Company does not exceed ₹ 15,000 Crores (Rupees Fifteen Thousand Crores Only) at any time in accordance with Section 180(1)(c) and 180(1)(a) of Companies Act, 2013 respectively.

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

(i) Issuance of securities including Public/ Right/ Preferential issue of securities other than those mentioned above.

(ii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 other than mentioned above;

(iii) Buy-back of securities

(iv) Merger/amalgamation/ reconstruction.

(v) Foreign technical collaborations.

This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

Yours faithfully,

For SEP & Associates
Company Secretaries
(The Peer Review Certificate no. 3693/2023)

UDIN: F003050G000296453

CS Puzhankara Sivakumar
Managing Partner
M. No.: 3050 COP No.: 2210
Place: Ernakulam
Date: 08.05.2025

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To
The Members
MUTHOOT MICROFIN LIMITED
13th Floor, Parinee Crescenzo,
Bandra Kurla Complex, Bandra East,
Mumbai, Maharashtra, India, 400051

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

1. The compliance of the provisions of all laws, rules, regulations, and standards applicable to **MUTHOOT MICROFIN LIMITED** (hereinafter called the "Company") is the responsibility of management of the Company. Our examination was limited to the verification of the records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of the Secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to issue a Secretarial Audit Report, based on the audit of the relevant record maintained and furnished to us by the Company, along with explanations where so required.

3. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial and other records, legal compliance mechanism and corporate conduct. We believe that the process and practices we followed provide a reasonable basis for our Secretarial Audit Report.

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

5. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2025 but before issue of the Report.

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

For SEP & Associates
Company Secretaries
(The Peer Review Certificate no. 3693/2023)

UDIN: F003050G000296453

CS Puzhankara Sivakumar
Managing Partner
M. No.: 3050 COP No.: 2210
Place: Ernakulam
Date: 08.05.2025

ANNEXURE - III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

1. A brief outline of the Company's CSR policy

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

The objectives of CSR Policy of the Company are to:

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

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

c) build a corporate brand through CSR; and

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

2. The Composition of the CSR Committee

Sl. No	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Thomas Muthoot	Non- Executive Director	2	2
2	Mr. Thomas George Muthoot	Non- Executive Director	2	2
3	Mr. Thomas Muthoot John*	Executive Director	2	-
4	Mr. Alok Prasad	Independent Director	2	2

* Inducted as the Member of the Committee in accordance with the re-constitution of CSR Committee dated December 19, 2024.

During FY 2024-25, Mr. Thomas John Muthoot ceased from the committee on account of resignation from the Board of the Company.

3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: https://muthootmicrofin.com/stakeholders-information/?tab=8

4. Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable

5. (a) Average net profit of the company as per sub-section (5) of section 135

Sl. No	Financial Years	Net Profit as per section 198 (₹)
1.	Ending 31st March, 2022	64,72,12,149
2.	Ending 31st March 2023	2,12,87,12,307
3.	Ending 31st March 2024	5,81,79,43,117
	Average Net Profit	**2,86,46,22,524.60**

(b) Two percent of average net profit of the company as per section 135(5): ₹ 5,72,92,451

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(d) Amount required to be set off for the financial year, if any: Not applicable

(e) Total CSR obligation for the financial year ((b)+(c)-(d)): ₹ 5,72,92,451

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 3,14,79,156

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year (6a+6b+6c): ₹ 3,14,79,156

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
3,14,79,156	2,58,13,295	25.04.2025	NA	NA	NA

(f) Excess amount for set-off, if any:

Sl. No	Particulars	Amount (₹)
1	Two percent of average net profit of the company as per Section 135(5)	5,72,92,451
2	Total amount spent for the Financial Year	3,14,79,156
3	Excess amount spent for the financial year [(2) - (1)]	NIL
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
5	Amount available for set off in succeeding financial years [(3) - (4)]	NIL

7. Details of Unspent CSR amount for the preceding three financial years: Nil

1	2	3	4	5	6		7	8
Sl. No	Preceding Financial Years(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section(5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	FY-2023-24	Nil	Nil	Nil	Nil	Nil	Nil	Not Applicable
2	FY-2022-23	Nil	Nil	Nil	Nil	Nil	Nil	Not Applicable
3	FY-2021-22	Nil	Nil	Nil	Nil	Nil	Nil	Not Applicable

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If yes, enter the number of Capital assets created/acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
NA	NA	NA	NA	NA	NA	NA	NA

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135:

The amount unspent is on account of the ongoing project of the Sports Infrastructure & Training to promote sports program engaged by the Company.

For and on behalf of the CSR Committee and Board of Directors

Thomas George Muthoot
(Member, CSR Committee)
Director
(DIN 00011552)

Thomas Muthoot
(Chairman, CSR Committee)
Director
(DIN 00082099)

Kochi
08.05.2025

ANNEXURE - IV

Business Responsibility and Sustainability Report

SECTION A : GENERAL DISCLOSURES

I. Details of the listed entity

Sl. No	Required Information	
1	Corporate Identity Number (CIN) of the Listed Entity	L65190MH1992PLC066228
2	Name of the Listed Entity	Muthoot Microfin Limited
3	Year of incorporation	1992
4	Registered office address	13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai - 400051
5	Corporate address	5th Floor, Muthoot Towers, M.G Road, Kochi - 682035
6	E-mail	info@muthootmicrofin.com
7	Telephone	+91 4844277500
8	Website	https://muthootmicrofin.com/
9	Financial year for which reporting is being done	2024-2025
10	Name of the Stock Exchange(s) where shares are listed	BSE, NSE
11	Paid-up Capital	170,49,21,760
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Ammaar Mohammad, AVP-Investor Relations & ESG ammaar@muthootmicrofin.com +91 9899088588
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosures are on standalone basis
14	Name of Assurance Provider	No Assurance conducted (As the Company does not fall under top 250 listed entities)
15	Type of Assurance obtained	No Assurance conducted (As the Company does not fall under top 250 listed entities)

II. Products/services

16 Details of business activities (accounting for 90% of the turnover):

Sl. No	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Microfinance	Providing financial assistance through micro loans such as income generating loans to women engaged in small businesses	94%

17 Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sl. No	Product / Service	NIC Code	% of total Turnover contributed
1	Microfinance and related matters	64990	94%

III. Operations

18 Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	N/A	1727 (1 Head office and 26 Regional Office)	1727
International	N/A	Nil	Nil

19 Market Served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	20
International (No. of Countries)	Nil

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil

C. A brief on type of customers

The company is focused on providing micro-loans to women entrepreneurs with a focus on rural regions of India.

IV. Employees

20 Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Sl. No	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No.(C)	% (C/A)
	Employees					
1	Permanent (D)	10646	10122	95%	524	5%
2	Other than Permanent (E)	5343	4835	90%	508	10%
3	**Total employees (D+E)**	**15989**	**14957**	**94%**	**1032**	**6%**
	Workers					
4	Permanent (F)	-	-	-	-	-
5	Other than Permanent (G)	-	-	-	-	-
6	**Total workers (F+G)**	**-**	**-**	**-**	**-**	**-**

b. Differently abled Employees and workers:

Sl. No	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No.(C)	% (C/A)
	Differently Abled Employees					
1	Permanent (D)	1	1	100%	0	0%
2	Other than Permanent (E)	0	0	0%	0	0%
3	**Total differently abled employees (D+E)**	**1**	**1**	**100%**	**0**	**0%**
	Differently Abled Workers					
4	Permanent (F)	-	-	-	-	-
5	Other than Permanent (G)	-	-	-	-	-
6	**Total differently abled workers (F+G)**	**-**	**-**	**-**	**-**	**-**

21 Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	2	20%
Key Management Personnel	4	1	25%

22 Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2024-25 (Turnover rate in current FY)			FY 2023-24 (Turnover rate in previous FY)			FY 2022-23 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	27.06%	0.97%	28.03%	22.80%	0.99%	23.79%	25.85%	1.10%	26.95%
Permanent Workers	-	-	-	-	-	-	-	-	-

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23 (a) Name of holding / subsidiary / associate companies / joint ventures

Sl. No	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Muthoot Fincorp Limited	Holding	50.21%	No

VI. CSR Details

24 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes

(ii) Turnover (in ₹) 26,17,68,84,715

(iii) Net worth (in ₹) 26,43,09,87,815

VII. Transparency and Disclosure Compliances

25 Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2024 - 25			FY 2023 - 24		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, https://muthootmicrofin.com/disclosures/	Nil	Nil	-	Nil	Nil	-
Investors (other than shareholders)		16	Nil	-	903	Nil	-
Shareholders		Nil	Nil	-	Nil	Nil	-
Employees and workers		262	Nil	-	229	Nil	-
Customers		1467	38	-	640	21	-
Value Chain Partners		Nil	Nil	-	Nil	Nil	-
Other (please specify)		Nil	Nil	-	Nil	Nil	-

26 Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sl. No	Material issue identified	Indicate whether Risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Digitization and Innovation	Opportunity	**Opportunity:** Digitization and innovation enable Muthoot Microfin (MML) to enhance customer experience, improve operational efficiency, reduce costs, and expand outreach, especially in remote areas. Leveraging digital tools also supports better data management, credit assessment, and product customization, fostering scalability and long-term competitiveness.	-	**Positive Implication:** Digitization and innovation can lead to reduced operational costs, increased loan processing speed, lower customer acquisition costs, and improved repayment rates through better monitoring and communication—ultimately enhancing profitability and enabling scalable growth.
2	Lending practices	Opportunity	**Opportunity:** Lending practices present an opportunity for MML to drive financial inclusion, expand its customer base, and strengthen community ties. By offering responsible and need-based credit, the company can improve client retention, reduce default rates, and build a strong reputation in underserved markets, supporting sustainable business growth.	-	**Positive Implication:** strong lending practices include increased loan disbursements, higher interest income, improved customer retention, and lower default rates. These outcomes contribute to stable cash flows, portfolio quality, and long-term profitability for the company.
3	Employee Well-Being	Opportunity	**Opportunity:** MML recognizes that employee wellbeing is essential for maintaining a motivated, productive, and loyal workforce. By focusing on health, safety, mental wellness, and work-life balance, the organization can foster a more engaged and resilient team, which directly contributes to operational excellence and service quality.	MML provides health insurance, accident insurance, maternity & paternity benefits to all its employees across branches. The company also implements proactive wellbeing programs including mental health support, wellness initiatives, flexible work arrangements, and regular employee engagement activities. MML monitor employee feedback and act promptly on concerns.	**Positive Implication:** Investing in employee wellbeing initiatives can lead to reduced absenteeism, lower attrition rates, and higher employee satisfaction. These outcomes contribute to improved organizational performance, lower recruitment and training costs, and enhanced brand reputation as an employer of choice.

Sl. No	Material issue identified	Indicate whether Risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
		Risk	**Risk:** Neglecting employee wellbeing can result in increased stress, burnout, absenteeism, and high turnover rates. This negatively affects productivity, morale, and overall organizational performance, and can damage the company's reputation as an employer.		**Negative Implication:** Failure to address employee wellbeing may lead to higher healthcare and recruitment costs, reduced efficiency, and weakened employee morale, ultimately affecting profitability and long-term sustainability.
4	Human Capital Development	Opportunity	**Opportunity:** Presents a strategic opportunity for Muthoot Microfin as investing in employee training, well-being, and career growth enhances productivity, service quality, and employee retention. A skilled and motivated workforce directly contributes to business growth, innovation, and customer satisfaction.	MML provides training on skill upgradation and conducts performance and career development reviews for employees to enhance their capabilities, support professional growth, and align individual goals with organizational objectives.	**Positive Implication:** Investing in employee growth and development leads to higher retention rates. When employees see clear pathways for advancement, they are more likely to stay committed, which supports sustained business growth and organizational resilience.
		Risk	**Risk:** Inadequate focus on human capital can lead to high attrition, low morale, skill gaps, and reduced operational efficiency. This can impact service delivery, increase recruitment and training costs, and harm the company's reputation as an employer of choice.		**Negative Implication:** Failure to retain human resources in the long term can adversely impact business performance. Consequences include reduced productivity, higher recruitment expenses, and diminished achievement of business targets.
5	Financial Inclusion	Opportunity	**Opportunity:** For MML, Financial Inclusion presents an opportunity by allowing the company to expand its services to underserved communities, thereby increasing its customer base. By providing access to credit and other financial services, MML can foster economic empowerment, enhance its social impact, and strengthen its position in emerging markets	-	**Positive Implication:** Increased revenue from a larger customer base, higher loan disbursements, improved profitability, and better risk management through diversified portfolios. Additionally, it enhances access to capital and boosts investor confidence, supporting long-term growth.

Sl. No	Material issue identified	Indicate whether Risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6	Privacy and Data Security	Risk	**Risk:** Due to its reliance on digital platforms and the handling of sensitive customer information, privacy and data security pose a risk. Any breach or misuse of data can lead to regulatory penalties, financial loss, reputational damage, and erosion of customer trust—impacting business continuity and stakeholder confidence.	The company has implemented a comprehensive Privacy and Personal Data Protection Policy to safeguard customer information, ensuring compliance with relevant regulations and minimizing risks associated with data breaches.	**Negative Implication:** A breach in privacy or data security can result in significant financial losses due to regulatory fines, legal liabilities, customer compensation, and increased cybersecurity costs. It can also lead to customer attrition and reduced investor confidence, affecting revenue and long-term profitability.
7	Customer Satisfaction	Opportunity & Risk	**Opportunity:** High customer satisfaction fosters loyalty, encouraging repeat business, timely loan repayments, and customer retention. It also increases the promoter score, expanding the customer base and enhancing market reach. **Risk:** Customer dissatisfaction can result in diminishing repeat business, reducing loan repayments, and ultimately affecting revenue streams. If the dissatisfaction is driven by unethical practices or non-compliance, it can trigger regulatory scrutiny.	The company has implemented a comprehensive grievance handling system with a structured three-tier procedure, ensuring efficient resolution of customer concerns. Dedicated support channels for seamless customer assistance and ongoing staff training for quick issue resolution. Additionally, the company actively gathers customer feedback through regular surveys and reviews to enhance service quality.	**Positive Implication:** Satisfied customers are more likely to take out additional loans, make timely repayments, and return for future services. High customer satisfaction reduces the frequency of complaints and disputes. **Negative Implication:** Addressing customer complaints, incurs higher operational expenses. Negative feedback can harm the company's reputation, leading to a loss of potential clients and limiting business growth and profitability.
8	Regulatory & Legal Compliances	Risk	**Risk:** Ensuring compliance with evolving RBI guidelines is critical to avoiding legal or financial penalties and maintaining the company's reputation. It also upholds fair lending practices and safeguards the interests of low-income borrowers, aligning with Muthoot Microfin's commitment to responsible finance.	MML maintains a dedicated compliance team to monitor regulatory changes and ensure timely implementation across its operations. The company also reviews its products, procedures, policies, and control mechanisms, while conducting periodic internal audits and compliance checks.	**Negative Implication:** Compliance with regulatory standards demands ongoing investment in legal support, dedicated teams, training, and technology, all of which can raise operational costs. Moreover, even unintentional non-compliance can attract financial penalties or lead to regulatory restrictions.

Sl. No	Material issue identified	Indicate whether Risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9	Risk Management	Risk	**Risk:** Identifying risks early enables Muthoot Microfin to prevent disruptions, fraud, and financial losses. A structured approach to risk management ensures alignment with RBI requirements and strengthens trust among investors, customers, and partners.	The company has a robust risk management framework, supported by a Board-level Risk Management Committee. This committee oversees risk identification, assessment, and mitigation, ensuring alignment with business goals and regulatory requirements.	**Negative Implication:** Ineffective risk management can result in a rise in NPAs ultimately impacting profitability and balance sheet strength. Additionally, lapses in risk controls may attract regulatory penalties, damage institutional credibility, and increase the cost of borrowing due to heightened perceived risk.
10	Corporate Accountability and Ethical Practices	Risk	**Risk:** Shortcomings in these areas can lead to reputational damage, legal consequences, and erosion of stakeholder trust. Inadequate accountability and unethical practices may also result in operational inefficiencies and undermine long-term business sustainability.	MML mitigates ethical and accountability risks through the implementation of internal audits, employee training programs on ethical conduct, a whistle-blower policy for reporting unethical behaviour, and regular compliance reviews to ensure adherence to regulatory standards.	**Negative Implication:** Legal penalties, reputational damage, and loss of customers can lead to reduced revenue and market share. Additionally, diminished investor confidence and increased operational costs due to inefficiencies or fraud can negatively impact financial performance.

SECTION B : MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1 a Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c Web Link of the Policies, if available	https://muthootmicrofin.com/disclosures/								
2 Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Disclosure Questions		
4 Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Muthoot Microfin Limited has been recognised among India's top 50 Best Workplaces™ in Health and Wellness 2024 by Great Place To Work Institute.	P3: Employee Wellbeing & Engagement
	Muthoot Microfin Limited retained the Great Place To Work® certification for the 6th time for its commitment to foster a culture of pride, trust, reliability, teamwork, and credibility amongst its employees.	P3: Employee Wellbeing & Engagement
	Muthoot Microfin receives the Corporate Agent License from IRDAI.	P4: Governance, Ethics & Transparency
	Muthoot Microfin Limited receives M1C1 Comprehensive Microfinance Grading by CRISIL.	P4: Governance, Ethics & Transparency
	Muthoot Microfin secures $15 Million from Tripple Jump in non-convertible debentures.	P4: Governance, Ethics & Transparency
	Muthoot Microfin received WASH awards for bringing change in the sanitation and water access scenario of the underserved at Sa-Dhan Conclave'24 and WASH Awards.	P8: Inclusive and Equitable Growth
	Muthoot Microfin wins Best Cyber Security Initiative Awards at the 4th Edition Banking Frontiers DNA Awards 2024.	P9: Customer Focus
	Muthoot Microfin wins Innovative Customer Service Award from CX Excellence Award 2024	P9: Customer Focus
	SBI enters into a co-lending partnership with Muthoot Microfin Limited.	P4: Stakeholder Responsiveness
	Muthoot Micorifn recognised as Most Trusted Microfinance Brand of The Year at Brand Vision: India 2030 Leadership Conclave.	P9: Customer Focus
	Muthoot Microfin Secures E-KYC License.	P6: Technology & Innovation for Sustainability

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Muthoot Microfin Limited has been honoured as a winner in ET NOW Awards as "Best Organisation for Women 2025"							P3: Employee Wellbeing & Engagement	
	Muthoot Microfin won Gold in SKOCH Awards in the "Best Customer Application on Digital Financial Inclusion" category for its Mahila Mitra initiative (1.73 million downloads, 4.2-star average rating), and another Gold for "Best Insurance Scheme" for its Griha Suraksha Shield (2.66 million insured beneficiaries).							P9: Customer Focus	
	Muthoot Microfin secured ESG score of 72.2 by SEBI-licenced ESG rating provider CareEdge Ratings Limited outperforming Industry Medians across ESG Pillars.							P1-P9: Overall ESG Performance	
	Muthoot Microfin has adopted ISO 22301:2012 as the standard based on which the Business Continuity Management System (BCMS) is designed, implemented and monitored							P9: Customer focus	
	In addition, the above Standard, the select clauses of the Control Group 17 of ISO 27002:2013 relating to Information Security Aspects of Business Continuity has also been adopted							P9: Customer focus	
5 Specific commitments, goals and targets set by the entity with defined timelines, if any.	**Environment:** • Promote the adoption of renewable energy solutions across operational locations wherever feasible • Accelerate the shift toward digital processes to reduce reliance on paper-based transactions • Progressively reduce GHG emissions through operational improvements and clean energy initiatives **Social:** • Foster a diverse and inclusive workplace culture, with a strong focus on improving gender diversity across all organizational levels • Ensure 100% employee coverage on training, upskilling programs, and professional development opportunities • Strengthen employee engagement and workplace satisfaction to support long-term retention and reduce attrition • Uphold employee well-being through robust grievance redressal mechanisms and a safe working environment • Strengthen the existing customer satisfaction survey process by institutionalizing a structured feedback mechanism to drive continuous service improvements and elevate customer experience **Governance:** • Ensure effective ESG oversight through regular Board-level review and strategic alignment • Uphold high standards of transparency, ethics, and accountability in governance practices • Strengthen sustainability disclosures by progressively aligning with recognized reporting frameworks and enhancing the depth and quality of reported information								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6 Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	**Environment:** • Adopted an Energy Management Policy and is actively pursuing the integration of renewable energy solutions to reduce its environmental footprint • Ensures responsible disposal of all generated waste through engagement with authorized and certified waste management contractors and recyclers. • Accelerated the adoption of digital solutions across operations to minimize reliance on paper-based processes and promote resource efficiency • Initiated the monitoring and preliminary reporting of Scope 3 emissions for select categories **Social:** • Upholds the principles of equal opportunity and implements inclusive recruitment practices to build a diverse and equitable workforce • Provides regular and need-based training on diverse topics across all staff levels across all staff levels and monitors participation to drive continuous learning and improvement • Offers a comprehensive range of employee benefits aimed at enhancing well-being, while fostering engagement through structured internal practices • Conducts periodic customer satisfaction surveys to assess service quality and inform improvements in customer experience • Promotes financial inclusion by extending services to underserved communities and supporting local development through community engagement initiatives **Governance:** • Established an ESG/Sustainability Committee to ensure active oversight and strategic direction on sustainability practices • Promote a culture of integrity by upholding ethical business conduct and delivering regular training on ethics and compliance • Implement a comprehensive Environmental and Social Management System (ESMS) policy to identify, assess, and manage ESG risks and opportunities effectively								
Governance, leadership and oversight									
7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	At Muthoot Microfin, our focus on ESG reflects our dedication to creating long-term value through responsible practices. As we scale our operations, we continue to navigate regulatory shifts, stakeholder expectations, and the need to embed ESG principles into every aspect of our business. Our journey has demonstrated meaningful impact of financial inclusion on communities and individuals throughout India. It gives us immense pride that our unwavering commitment to providing access to finance for the unserved and underserved, fostering women entrepreneurship, and promoting sustainable livelihoods has continued to deliver meaningful impact throughout this financial year. In the past year, we have made significant strides in our ESG journey by improving resource efficiency across branches, expanding our social impact through community initiatives, and strengthening the integration of ESG risk management throughout our operations Looking ahead, we are committed to deepening our ESG integration by setting more ambitious sustainability goals and enhancing ESG data disclosures. We remain committed to delivering long-term value through responsible and transparent business practices.								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Thomas Muthoot (DIN 00082099), Director								
9 Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, the Board of Directors of the Company at their meeting held on December 19, 2024 constituted ESG/ Sustainability Committee to ensure effective oversight, advisory, and guidance on Muthoot Microfin Limited's Environmental, Social, and Governance (ESG) practices.								

10 Details of Review of NGRBCs by the Company:

Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes									All policies are reviewed periodically and as on need basis								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes									All policies are reviewed periodically and as on need basis								

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11 Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	Yes, CareEdge Advisory has undertaken a comprehensive review of the company's existing policies, mapping them against the requirements of the BRSR framework. Based on this assessment, relevant policies were developed and strategic recommendations were provided to ensure alignment and strengthen adherence to BRSR expectations.								

12 If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

	P1	P2	P3	P4	P5	P6	P7	P8	P9
a. The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
b. The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
c. The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
d. It is planned to be done in the next financial year (Yes/No)									
e. Any other reason (please specify)									

SECTION C : PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1 Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	5	Insider Trading Regulations; Cyber Security Awareness; ESG; Regulatory Updates; Risk Management	100%
Key Managerial Personnel	5	Cyber Security, Data Protection& Data Privacy, POSH, Anti Bribery & Anti-Corruption, Compliance obligations under SEBI PIT Regulations, 2015, NBFC-MFI industry overview	100%
Employees	2082	Code of Conduct, Client Protection Principle, Fair Practices Code, Cyber Security, Data Protection& Data Privacy, Human Rights, ESG, Grievance Redressal, POSH, Prohibition of Insider Trading	100%
Workers	-	-	-

2 Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/ No)
Penalty/ Fine	Principle 1	BSE	5000 plus GST	Non-submission of Intimation of Board Meeting	The company has remitted the fine and made a waiver representation to the Stock Exchanges. The matter is pending before the Stock Exchange.
	Principle 1	NSE	10000 plus GST	Delay in furnishing prior intimation about the meeting of Board of Directors	The company has remitted the fine and made a waiver representation to the Stock Exchanges. The matter is pending before the Stock Exchange.
	Principle 1	BSE	10000 plus GST	Delay in furnishing prior intimation about the meeting of Board of Directors	The company has remitted the fine and made a waiver representation to the Stock Exchanges. The matter is pending before the Stock Exchange.
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil

Non- Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil

3 Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Nil	

4 Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the company has established a robust Anti-Corruption and Anti-Bribery Policy to promote ethical conduct and ensure zero tolerance towards any form of bribery or corrupt practices.

The policy can be accessed on the company's website: https://muthootmicrofin.com/wp-content/uploads/2024/11/Anti-Bribery-Policy.pdf

5 Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6 Details of complaints with regard to conflict of interest:

	FY 2024-25 (Current Financial Year)		FY 2023-24 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

7 Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

8 Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Number of days of accounts payable	As Muthoot Microfin operates in the services sector, the applicability of this metric is relatively limited. Nevertheless, the company maintains a robust payment process, ensuring that all invoices are settled within the stipulated timeframe.	

9 Openness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Not Applicable due to the nature of business operations	
	b. Number of trading houses where purchases are made from		
	c. Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a. Sales to dealers/ distributors as % of total sales		
	b. Number of dealers / distributors to whom sales are made		
	c. Sales to top 10 dealers/distributors as % of total sales to dealers / distributors		
Shares of RPTs in	a. Purchases (Purchases with related parties/ total purchases)		
	b. Sales (Sales to related parties/ total sales)		
	c. Loans & advances (Loans & advances given to related parties / total loans and advances)	Nil	Nil
	d. Investments (Investments in related parties / total investments made)	0.013%	0.096%

Leadership Indicators

1 Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil		

2 Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same

Yes. The company has a Code of Conduct for Board and senior management in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Directors and Senior Management Personnel of the Company should not enter into any transaction or engage in any practice, directly or indirectly, that would tend to influence him/her to act in any manner other than in the best interests of the Company.

PRINCIPLE 2

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1 Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R & D	As the company is in the business of financial services, direct R&D and capital expenditure in environmental or social technologies is limited. Nevertheless, the company continues to invest in digital platforms and technology-driven solutions that enhance customer outreach, operational efficiency, and financial inclusion.		
Capex			

2 a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes, we are now promoting solar inverters in our branches and have implemented solar inverters in 3% of our total branches. Solar inverters contribute to the reduction of greenhouse gas emissions by harnessing clean energy. We have replaced 95% of laser printers in branches with inkjet printers. Inkjet printers typically generate less waste compared to traditional laser printers, as they often use cartridges that can be recycled or refilled, thus reducing landfill waste. We have also reduced our paper usage by 90%. The significant reduction in paper usage minimizes deforestation and reduces waste generation, leading to the conservation of natural resources.

b. **If yes, what percentage of inputs were sourced sustainably?**

3%

3 Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

As an NBFC, our core operations do not involve the direct manufacturing, handling, or distribution of physical consumer products. However, we recognize our responsibility towards environmental sustainability and have instituted appropriate processes for the safe disposal and recycling of plastic and e-waste generated as part of our administrative and operational functions.

(a) Plastics (including packaging): - We have adopted environmentally responsible practices to minimize the generation of plastic waste within our premises. Plastic packaging materials such as those received from office supplies etc. are segregated at source and sent to authorized recyclers in compliance with local municipal and environmental regulations. We also encourage the use of biodegradable, recyclable, or reusable alternatives wherever feasible and actively reduce the use of single-use plastic plastics in office operations**.**

(b) E-waste: - Our organization follows a structured process for the responsible management of e-waste, such as obsolete IT and electronic equipment. End-of-life electronic items are inventoried, assessed for potential reuse or refurbishment, and where applicable, redeployed internally. Non-reusable items are handed over to authorized e-waste recyclers and disposal agencies. We maintain disposal records and ensure proper documentation and traceability.

(c) **Hazardous waste:** Not Applicable

(d) **Other waste:** Not Applicable

4 Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not Applicable

Leadership Indicators

1 Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnovercontributed	Boundary for which the Life Cycle Perspective / Assessment wasconducted	Whether conducted byindependent externalagency (Yes/No)	Results communicatedin public domain (Yes/No) If yes, providethe web-link.
Not Applicable					

2 If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Not Applicable		

3 Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Not Applicable		

4 Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2024-25 (Current Financial Year)			FY 2023-24 (Previous Financial Year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	-			-		
E-waste	Not Applicable			Not Applicable		
Hazardous waste						
Other waste						

5 Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	

PRINCIPLE 3

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1 a **Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities*	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	10122	10122	100%	10122	100%	N/A	N/A	10122	100%	183	2%
Female	524	524	100%	524	100%	524	100%	N/A	N/A	111	21%
Total	**10646**	**10646**	**100%**	**10646**	**100%**	**524**	**100%**	**10122**	**100%**	**294**	**3%**
Other than Permanent employees											
Male	4835	4835	100%	4835	100%	N/A	N/A	-	-	12	0.2%
Female	508	508	100%	508	100%	-	-	N/A	N/A	17	3%
Total	**5343**	**5343**	**100%**	**5343**	**100%**	**-**	**-**	**-**	**-**	**29**	**0.5%**

*Note: Day care facilities are available at Head Office only.

b **Details of measures for the well-being of workers:**

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities*	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other than Permanent workers											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

c **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –**

	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Cost incurred on well-being measures as a % of total revenue of the company	0.27%	0.19%*

*Note: Last year's figure has been updated based on the change in methodology as per Industry Standards on BRSR Core Indicators (Dec 24)

2 Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2024-25			FY 2023-24		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	15983*	-	Y	13862**	-	Y
Gratuity	15989	-	Y	13866	-	Y
ESI	10692	-	Y	9790	-	Y
Others	6*	-	-	4**	-	-

*Note: (Out of total 15989 employees, 6 employees have not opted for EPF)

**Note: (Out of total 13866 employees, 4 employees have not opted for EPF)

3 Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

The company is progressively aligning its offices and premises with the accessibility for differently-abled employees. As part of this commitment, the company has initiated measures such as installing ramps at branch entrances, ensuring availability of accessible washrooms in key offices, and sensitizing staff through awareness and inclusion training programs.

4 Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the company has a Gender Equality in the Workplace Policy that underscores its commitment to fostering a non-discriminatory and inclusive environment. The policy ensures equal opportunities in recruitment, career advancement, and workplace facilities for all employees, including persons with disabilities.

The policy can be accessed on the company's website: https://muthootmicrofin.com/wp-content/uploads/2022/09/Gender-Equal-Opportunity.pdf

5 Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	99%	-	-
Female	56% returned to work and 44% are still on leave as per policy	84%	-	-
Total	**95%**	**97%**	**-**	**-**

6 Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	N/A
Other than Permanent Workers	N/A
Permanent Employees Other than Permanent Employees	Yes, the Company has instituted a formal Grievance Redressal Mechanism that enables employees to raise concerns constructively, ensuring timely resolution and fostering a positive work environment. An Employee Grievance Cell is established at the Head Office, with the HR Department serving as the nodal body for grievance management. Employees can register concerns through multiple channels, including phone, email, the HR360 portal, mobile app, or written communication. Upon receipt, the HR team reviews the grievance, seeks clarification if required, and presents it to the designated official of the relevant department. A resolution is provided within seven working days, and the HR team communicates the outcome to the employee. Additionally, the CEO remains accessible to personally engage with employees regarding their concerns.

7 Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2024-25			FY 2023-24		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	Nil			Nil		
Male						
Female						
Total Permanent Workers						
Male						
Female						

8 Details of training given to employees and workers:

Category	FY 2024-25					FY 2023-24				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
Employees										
Male	14957	10562	71%	10891	73%	13338	9453	71%	8402	63%
Female	1032	668	65%	580	56%	528	320	61%	344	65%
Total	**15989**	**11230**	**70%**	**11471**	**72%**	**13866**	**9773**	**70%**	**8746**	**63%**
Workers										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

9 Details of performance and career development reviews of employees and worker:

Category	FY 2024-25			FY 2023-24		
	Total (A)	No.(B)	% (B/A)	Total (C)	No.(D)	% (D/C)
Employees						
Male	14957	14581	97%	13338	13036	98%
Female	1032	989	96%	528	528	100%
Total	**15989**	**15570**	**97%**	**13866**	**13564**	**98%**
Workers						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

10 Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, Muthoot Microfin Ltd. is deeply committed to ensuring a safe and healthy work environment for all employees through a well-defined Occupational Health & Safety (OHS) Policy. Fire safety systems - including extinguishers, alarms, and sprinklers—have been installed across offices as per regulatory standards. Field staff, who travel extensively to engage with customers, are supported by clear SOPs, regular safety audits, and control mechanisms to manage occupational risks. Employees receive training on hazard identification, emergency procedures, and health and safety practices relevant to their roles. Asides all the work premises are equipped with CCTV surveillance. Emergency preparedness is further strengthened through regular drills and response protocols for fire incidents, medical emergencies (supported by the M-SWASTH healthcare program), and natural disasters - ensuring all employees are equipped to respond swiftly and safely.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Hazard identification is conducted through regular workplace walkthroughs, review of past incidents and near-miss events, and by actively promoting employee reporting and participation. Regular trainings are conducted to build awareness about occupational health and safety. Periodic branch and field visits by internal audit team, business support (quality control) team, risk team and field senior visits help in capturing any deviations and timely corrective actions.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, Muthoot Microfin has a formal employee grievance redressal mechanism in place to ensure workplace concerns are addressed promptly and fairly. The system promotes open communication, protects employee rights, and helps maintain a positive and transparent work environment.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the company provides comprehensive employee welfare support, including insurance coverage, Employees' State Insurance (ESI), access to basic healthcare services, and online doctor consultations facilitated through the M-Swasth platform.

11 Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2024-25	FY 2023-24
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	-	-
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	-	-
No. of fatalities	Employees	Nil	Nil
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	-	-

12 Describe the measures taken by the entity to ensure a safe and healthy work place.

Muthoot Microfin is committed to maintaining a safe and secure work environment through a range of proactive health and safety measures. Regular assessments are carried out to identify potential workplace hazards, complemented by routine branch visits and safety audits to ensure ongoing compliance. Employees receive comprehensive training on safety protocols, emergency response procedures, evacuation drills, and first aid.

Prior to acquiring any premises, all branches and offices undergo strict safety validation to ensure structural and operational safety. Each location is equipped with fire safety systems, and preventive measures are in place to mitigate electrical hazards. The company has developed and implemented detailed emergency response plans for situations such as fires, natural disasters, and medical emergencies.

As a part of its risk-informed expansion strategy, Muthoot Microfin avoids securing ground-floor spaces in flood-prone areas to prioritize employee safety. These measures collectively reflect the organization's commitment to fostering a workplace where employees feel protected, valued, and empowered to carry out their responsibilities safely and confidently.

13 Number of Complaints on the following made by employees and workers:

	FY 2024-25			FY 2023-24		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil			Nil		
Health & Safety						

14 Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15 Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

Leadership Indicators

1 Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, the company provides life insurance coverage for its employees, ensuring financial support for their families in the event of an untimely death - maximum up to Rs. 2 crores

2 Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The statutory dues are filed individually by the respective departments, with the concerned government authorities and monitored by compliance team. It is also audited by internal and external auditors.

3 Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024-25	Category	FY 2024-25	FY 2023-24
Employees	Not Applicable			
Workers				

4 Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, the company provides transition assistance through retiral benefits such as gratuity, leave encashment, and pension, supporting employees in managing career transitions following retirement or separation from the organization.

5 Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Nil
Working Conditions	Nil

6 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable

PRINCIPLE 4

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1 Describe the processes for identifying key stakeholder groups of the entity:

The company identifies its key stakeholder groups by assessing their relationship to the organization specifically, whether they are impacted by the company or have the potential to influence its value-creation process. This identification process considers factors such as dependency, urgency, accountability, vulnerability, and influence.

Yes, stakeholders are broadly categorized into internal groups (such as employees and shareholders) and external groups (including customers, investors, communities, regulatory bodies, and other partners). Engagement is strategically prioritized based on each stakeholder group's level of interest in and potential impact on the company's operations and strategic goals. To ensure stakeholder relevance and responsiveness, the company regularly reviews and updates its stakeholder mapping in alignment with changing business priorities, emerging risks, and evolving industry dynamics.

2 List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customer	Yes	SMS, Phone, Website, Centre Meetings, Branches	Ongoing and as on need basis	Loan service and addressing the queries, grievance etc
Employee	No	SMS, Phone, Email, Website, HRMS software, strategy meets, training and development	Ongoing and as on need basis	Upskilling training programs, performance appraisal, feedback, suggestions and grievances, reward and recognition etc
Shareholders & Investors	No	Investor/analysts calls & Conference, Quarterly results, General body meeting, Annual report, Media releases, Website	Ongoing, quarterly and annually	Updates on business performance, to answer queries raised
Government & Regulatory Bodies	No	SMS, Phone, Email, Website, regulatory reporting, meetings	Periodic and as on need basis	Ensuring compliance with all regulatory requirements, ensuring good governance, responding to communications seeking clarifications and explanations, payment of all statutory dues and taxes
Communities	Yes, beneficiaries of CSR initiatives	SMS, Phone, Email, Meetings, Website	Periodic and as on need basis	To promote development and wellbeing of society, advancing livelihood, environmental preservation, etc.
Lenders, Media and other business partners	No	SMS, Phone, Email, Meetings, Website	Periodic and as on need basis	Providing update on business performance, financial results, updating key issue & concerns

Leadership Indicators

1 Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

Muthoot Microfin is committed to creating long-term value for all its stakeholders, including employees, customers, partners, vendors, government bodies, and the wider community. The company actively engages with these groups to understand their expectations, incorporate their feedback, and address their needs in a meaningful and responsive manner.

As part of its sustainability efforts, Muthoot Microfin undertook a comprehensive stakeholder engagement and materiality assessment exercise. This process aimed to identify and prioritize key environmental, social, governance, and economic issues that are most relevant to the company and its stakeholders. Each material issue was mapped against potential risks, and appropriate mitigation strategies were formulated. The outcomes of this assessment were presented to the senior leadership and the Board of Directors to seek their insights and align the company's sustainable growth strategy with stakeholder priorities.

Engagements with stakeholders are conducted on a regular and need-based basis, with the online or offline mode, tailored to suit the nature, preferences, and expectations of each stakeholder group. The Board is kept informed of significant developments through regular updates, and their feedback is actively integrated into strategic decision-making processes.

2 Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Stakeholder feedback and suggestions are carefully considered and incorporated wherever feasible, forming an integral part of the company's decision-making process. Engagement with stakeholders is conducted through diverse channels and is treated as a continuous, evolving process to ensure relevance and responsiveness.

The company's material issues were identified by evaluating their significance to both internal and external stakeholders, as well as their potential impact on business operations. These insights serve as critical inputs in setting the company's Environmental, Social, and Governance (ESG) goals and targets.

For a detailed overview of the material issues identified through the stakeholder engagement process, please refer to Section A – Q26.

3 Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Muthoot Microfin's microfinance model is designed to foster women's entrepreneurship and promote inclusive growth by offering income-generating loans to women engaged in small businesses. Its financial inclusion efforts are centered on providing affordable, timely, and accessible financial services to underserved and rural communities. Complementing this approach, the company's CSR initiatives focus on empowering marginalized groups by creating sustainable opportunities for social and economic upliftment.

PRINCIPLE 5

Businesses should respect and promote human rights

Essential Indicators

1 Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	10646	4677	44%	6204	Nil	Nil
Other than permanent	5343	2084	39%	7662	Nil	Nil
Total Employees	**15989**	**6761**	**42%**	**13866**	**Nil**	**Nil**
Workers						
Permanent	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-
Total Workers	**-**	**-**	**-**	**-**	**-**	**-**

2 Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2024-25 Current Financial Year					FY 2023-24 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
Employees										
Permanent	**10646**	**892**	**8%**	**9754**	**92%**	**6204**	**3602**	**58%**	**2602**	**42%**
Male	10122	735	7%	9387	93%	5984	3489	58%	2495	42%
Female	524	157	30%	367	70%	220	113	51%	107	49%
Other than permanent	**5343**	**527**	**10%**	**4816**	**90%**	**7662**	**6874**	**90%**	**788**	**10%**
Male	4835	395	8%	4440	92%	7354	6610	90%	744	10%
Female	508	132	26%	376	74%	308	264	86%	44	14%
Workers										
Permanent	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Other than permanent	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

3 Details of remuneration/salary/wages, in the following format:

a. Median remuneration / wages:

Gender	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	3	9,45,000	2	13,20,000
Key Managerial Personnel	3	90,98,150	1	51,98,150
Employees other than BoD and KMP	14954	2,53,989	1031	2,29,548
Workers	-	-	-	-

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
Gross wages paid to females as % of total wages	5.22%	4.11%

4 Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the company has constituted a Prevention of Sexual Harassment Committee (PSHC) at the workplace for addressing and resolving all complaints pertaining to sexual harassment at work place.

5 Describe the internal mechanisms in place to redress grievances related to human rights issues.

Employees can raise grievances through multiple channels, including phone calls, email, the HR 360 website, mobile application, or written letters. Upon receiving a grievance, the HR Department reviews the issue and, if necessary, seeks clarification from the complainant. A formal note is then prepared and forwarded to the designated authority within the relevant department. The designated person is expected to respond within 7 working days of receiving the note. Once a response is received, the HR Department communicates the outcome to the complainant, ensuring clarity and closure. Additionally, the company's CEO remains personally accessible to address employee concerns, reinforcing a culture of openness and support.

6 Number of Complaints on the following made by employees and workers:

Benefits	FY 2024-25 Current Financial Year			FY 2023-24 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	-	Nil	Nil	-
Discrimination at workplace	Nil	Nil	-	Nil	Nil	-
Child Labour	Nil	Nil	-	Nil	Nil	-
Forced Labour/ Involuntary Labour	Nil	Nil	-	Nil	Nil	-
Wages	Nil	Nil	-	Nil	Nil	-
Other Human rights related issues	Nil	Nil	-	Nil	Nil	-
Others*	262	Nil	-	229	Nil	-

*Note: Complaints categorized under 'Others' pertained to matters such as attendance, compensation, transfers, EPF, Mediclaim, and exit procedures. All such issues were duly addressed and resolved within the stipulated timeframe.

7 Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2024-25 Current Financial Year	FY 2023-24 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees / workers	Nil	Nil
Complaints on POSH upheld	Nil	Nil

8 Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

The Company is committed to fostering a discrimination-free work environment. All complaints of discrimination will be promptly investigated, and appropriate disciplinary action will be taken to address and prevent inappropriate behaviour. Creating an inclusive and respectful workplace is a shared responsibility of every employee. To support this, the company encourages anyone who experiences, witnesses, or suspects any form of discrimination—whether during official duties, at company-sponsored events, or throughout the recruitment process—to report the matter immediately by submitting a written complaint to grievance@muthootmicrofin.com or whistleblower@muthootmicrofin.com

9 Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

10 Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100% (internal assessment)
Forced/involuntary labour	100% (internal assessment)
Sexual harassment	100% (internal assessment)
Discrimination at workplace	100% (internal assessment)
Wages	100% (internal assessment)
Others – please specify	-

11 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above

Nil

Leadership Indicators

1 Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

The MML Communication Meet was introduced in response to employee feedback gathered through an internal survey. This platform enabled open dialogue and collaboration, leading to the launch of the company's first digital collection initiative, "PARIVARTHAN.

2 Details of the scope and coverage of any Human rights due-diligence conducted.

The company upholds the principle of Human Rights across all its operations, policies, and stakeholder engagements

3 Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the company has made several premises accessible to differently abled visitors by incorporating ramps, handrails, and wheelchair-friendly entryways. The company is also progressively upgrading other locations to ensure full compliance.

4 Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Nil
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No such instance has been reported to the company

PRINCIPLE 6

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1 Details of total energy consumption (in GJ) and energy intensity, in the following format:

Parameter	FY 2024-25	FY 2023-24
From renewable sources		
Total electricity consumption (A)	233.28	189.54*
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	**233.28**	**189.54**
From non-renewable sources		
Total electricity consumption (D)	16548.54	15175.06
Total fuel consumption (E)	-	-
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	**16548.54**	**15175.06**
Total energy consumed (A+B+C+D+E+F)	**16781.82**	**15364.60**
Energy intensity per rupee of turnover (Total energy consumed / Turnover in crores)	6.41	6.77
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Turnover adjusted for PPP in crores)	-	-
Energy intensity in terms of physical output (Total energy consumed / Full Time Equivalent)	1.58	2.48
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

*Note: Electricity consumption from renewable sources has been updated for FY24

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency, **No**

2 Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3 Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2024-25*	FY 2023-24*
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	190668.83	165976.02
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**190668.83**	**165976.02**
Total volume of water consumption (in kilolitres)	**190668.83**	**165976.02**
Water intensity per rupee of turnover (Total water consumption / turnover in crores)	72.84	73.11
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Turnover adjusted for PPP in crores)	-	-
Water intensity in terms of physical output (Total water consumption / Full Time Equivalent)	17.91	26.75
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

*Note: The estimated water consumption is taken as 45 litres per head per working day in accordance with Industry Standards on BRSR Core Indicators (Dec 24) for both the years (working days = 265 days for FY25 and 266 days for FY24)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency **No**

4 Provide the following details related to water discharged:

Parameter	FY 2024-25*	FY 2023-24*
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
(v) Others (Municipal Sewers)	152535.06	132780.82
No treatment	152535.06	132780.82
With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**152535.06**	**132780.82**

*Note: It is assumed that 80% of the total volume of water consumption is discharged

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency **No**

5 Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not Applicable. Being a provider of financial services, the company only uses water for human consumption.

6 Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2024-25	FY 2023-24
NOx	-	The company is in the financial sector, and hence, this has limited applicability to Muthoot Microfin	
SOx	-		
Particulate matter (PM)	-		
Persistent organic pollutants (POP)	-		
Volatile organic compounds (VOC)	-		
Hazardous air pollutants (HAP)	-		
Others – please specify	-		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency **No**

7 Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2024-25	FY 2023-24
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) *	tCO2e	0.83	0.74
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	3341.89	3064.52
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Turnover in crores)	tCO2e/ crores	1.28	1.35

Parameter	Unit	FY 2024-25	FY 2023-24
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Turnover adjusted for PPP in crores)	-	-	-
Total Scope 1 and Scope 2 emission intensity in terms of physical output (Total Scope 1 and Scope 2 GHG emissions / Full Time Equivalent)	tCO2e/FTE	0.31	0.49
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

*Note: The company does not operate any owned vehicles or diesel generator (DG) sets. Therefore, Scope 1 emissions are limited to fugitive emissions from refrigerant use in air-conditioning systems in Head office and regional offices.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **No**

8 Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

As a service-driven organization, our direct environmental footprint is inherently modest. However, we firmly acknowledge our role in supporting the transition to a low-carbon economy. Reflecting this responsibility, we have actively pursued clean energy initiatives, with a particular focus on solar power.

In alignment with our sustainability goals, we have significantly expanded the deployment of solar-powered UPS systems across our branch network. By FY 2024-25, a total of 50 branches are now equipped with solar UPS units - an increase from 39 branches in the previous year. This initiative not only reduces our reliance on conventional energy sources but also demonstrates our commitment to integrating renewable energy solutions into our day-to-day operations.

9 Provide details related to waste management by the entity, in the following format:

Parameter	FY 2024-25	FY 2023-24
Total Waste generated (in metric tonnes)		
Plastic waste (A)	-	-
E-waste (B)	0.69	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	5.18	18.72
Radioactive waste (F)	-	-
Other Hazardous waste (Oil-soaked cotton waste, DG filters, paint cans, chemical cans, paint residue, oil sludge, DG chimney soot, coolant oil and used oil). Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	5.76	51.06*
Total (A+B + C + D + E + F + G + H)	**11.63**	**69.78**
Waste intensity per rupee of turnover (Total waste generated / Turnover in crores)	0.004	0.031
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Turnover adjusted for PPP in crores)	-	-
Waste intensity in terms of physical output (Total waste generated / Full Time Equivalent)	0.001	0.011
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	**-**	**-**

Parameter	FY 2024-25	FY 2023-24
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations (through recyclers)	11.63	69.78
Total	**11.63**	**69.78**

*Note: In FY 23-24, existing physical documents were extensively scanned and securely shredded as part of the digitisation drive.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency **No**

10 Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

The types of waste generated in the company primarily includes e-waste, dry waste (mainly paper), and wet waste (largely cafeteria-related). The waste from Head Office, Regional Offices and branches are disposed off safely with support from City Corporation and Municipality waste disposal mechanism, without any environmental impact. The Company engages only authorized contractors and recyclers to handle and dispose of all categories of waste responsibly.

Sustainable Waste Management and Resource Efficiency Initiatives at MML –

- Electronic devices are repaired and reused wherever possible. E-waste, when generated, is routed through certified personnel to prevent hazardous materials from reaching landfills.
- MML actively promotes digital alternatives to minimize paper consumption across operations, transactions, and customer communications.
- Paper usage is monitored and printing practices are regulated across offices to reduce waste.
- Old records/documentation records are responsibly disposed off through environmentally sound methods.
- The use of plastic is minimized across all office premises and public-facing activities, including marketing and outreach programs.
- MML ensures that domestic wastewater from its offices and branches is not discharged into water bodies without proper treatment.

11 If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sl. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
Nil			

12 Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Nil					

13 Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Sl. No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Yes, the company complies with all the applicable environmental law/ regulations/ guidelines in India				

Leadership Indicators

1 Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area **Not Applicable**

(ii) Nature of operations **Not Applicable**

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2024-25	FY 2023-24
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not Applicable	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	Not Applicable	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency **No**

2 Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2024-25*	FY 2023-24
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	11687.32	-
Total Scope 3 emissions per rupee of turnover (Total Scope 3 emissions / Turnover in crores)	tCO2e/ crores	4.46	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

*Note: Initiated the tracking of Scope 3 emissions in FY 2024-25, covering Employee Commute and Business Travel.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency **No**

3 With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4 If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sl. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Desktops and Laptops are set to Standby mode in an idle time of 5-10 minutes	-	Thus, reducing the consumption of electricity
2	Replacing Desktops with Laptops in Branches	-	Thus, reducing the consumption of electricity
3	Usage of LED Bulbs across the Offices	-	Thus, reducing the consumption of electricity
4	Usage of R410A Refrigerants	-	Making it more environmentally friendly
5	Replacement of Dot Matrix and Laser Printers with Inkjet Printers	-	Helps to reduce Carbon footprints
6	Reduced 90% of paper usage by digitization in various processes	-	Significant reduction in paper usage minimizes deforestation and reduces waste generation, leading to the conservation of natural resources
7	Encourages usage of Public transport / Vehicle pooling	-	Conserve fuel to reduce Carbon footprints
8	Drastically reduced the use of Toilet papers	-	Significant reduction in paper usage minimizes deforestation and reduces waste generation, leading to the conservation of natural resources
9	Drastically reduced the usage of Plastic by 75% through Digitalization and other means	-	Making more environmentally friendly and reduction in GHG

5 Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Muthoot Microfin Ltd maintains a robust Information Security Risk Assessment process under its ISMS framework, integrating Business Continuity Planning (BCP) requirements. A dedicated Business Continuity Policy covers critical IT systems, supported by periodic Disaster Recovery Drills conducted by the IT team to validate the effectiveness of the BCP setup.

The company's preparedness to handle business disruptions is regularly assessed to ensure service continuity at an acceptable level, while protecting its financial health and competitive edge in both the short and long term. The legal entities within the Muthoot Pappachan Group (MPG) have aligned their Business Continuity Management System (BCMS) with ISO 22301:2012, and have also adopted relevant clauses from ISO 27002:2013 (Control Group 17) concerning information security aspects of business continuity.

6 Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard **Nil**

7 Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts. **Nil**

8 How many Green Credits have been generated or procured:

a. By the listed entity **Nil**

b. By the top ten (in terms of value of purchases and sales, respectively) value chain partners **Nil**

PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1 a. Number of affiliations with trade and industry chambers/ associations

The Company is a member of two industry chambers/ associations

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sl. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State / National)
1	Microfinance Instituion	National
2	Sa-Dhan	National

2 Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
	Nil	

Leadership Indicators

1 Details of public policy positions advocated by the entity:

Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
		Nil		

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1 Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Nil					

2 Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sl. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not Applicable						

3 Describe the mechanisms to receive and redress grievances of the community.

The company has established Customer and Stakeholder Grievance Redressal to ensure prompt and fair resolution of customer and stakeholder concerns, reinforcing its commitment to transparency and client-centric service.

4 Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2024-25	FY 2023-24
Directly sourced from MSMEs/ small producers	75%	70%
Directly sourced within India	100%	100%

5 Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2024-25 (Current Financial Year)	FY 2023-24 (Previous Financial Year)
Rural	86.02%	86.72%
Semi-urban	-	-
Urban	5.08%	5.00%
Metropolitan	8.90%	8.28%

(Place categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1 Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

2 Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sl. No	State	Aspirational District	Amount spent (In INR)
1	Uttar Pradesh	No Aspirational District Involved	
2	Kerala	No Aspirational District Involved	

3 (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) (b) From which marginalized /vulnerable groups do you procure? (c) What percentage of total procurement (by value) does it constitute?

The company operates within the Financial Services sector, which inherently limits the scope of its procurement requirements. For routine operational needs, such as daily consumables, the company sources from local vendors at fair prices.

4 Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sl. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable				

5 Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

6 Details of beneficiaries of CSR Projects:

Sl. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Blue Butterflies (Paediatric Cancer - Treatment Support)	89	100%
2	MPCES Consultancy (External Resources)	-	100%
3	MPCES Sports Infrastructure (Palakkad)	-	100%
4	Nutrition support programme-blue butterflies	55	100%
5	Rajasthan Project with RRF and JRF	200	100%
6	Smile please mission expenses	50	100%
7	Support for Sports training through MPCES	20	100%
8	Support to sports academy-volleyball	50	100%
9	Expenses for Cricket Academy	50	100%

PRINCIPLE 9

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1 Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Muthoot Microfin Ltd, a customer-centric and financially compliant organization, follows a structured Grievance Redressal Mechanism guided by the following principles:

1. Fair and respectful treatment of clients at all times.
2. Timely and courteous resolution of customer complaints.
3. Clear communication of grievance channels and escalation procedures.
4. Efficient and fair handling of complaints within defined turnaround timelines.
5. Grievance officers act impartially and in the best interest of the client.

The Company ensures transparency and accountability in grievance redressal through a three-tier process:

- **Level 1:** Resolution initiated at the branch level.
- **Level 2:** Toll-free helpline for customers to register queries and complaints.
- **Level 3:** Escalation to the Appellate Authority at the Head Office for further resolution.

For more in-depth information, please refer to the following link: https://muthootmicrofin.com/grievance-redressal-mechanism/

2 Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	
Recycling and/or safe disposal	

3 Number of consumer complaints in respect of the following:

	FY 2024-25			FY 2023-24		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil	-	Nil	Nil	-
Advertising	Nil	Nil	-	Nil	Nil	-
Cyber-security	Nil	Nil	-	Nil	Nil	-
Delivery of Products	33	1	-	34	3	-
Quality of Products	3	Nil	-	2	Nil	-
Restrictive Trade Practices	Nil	Nil	-	Nil	Nil	-
Unfair Trade Practices	Nil	Nil	-	Nil	Nil	-
Other*	1431	37	-	604	18	-

*Note: Other complaints are mainly associated with loan and insurance-related issues

4 Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Not Applicable	
Forced recalls		

5 Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the company has implemented a comprehensive Privacy and Personal Data Protection Policy that outlines its commitment to safeguarding personal information and ensuring data is collected, stored, and processed responsibly and in compliance with applicable regulations.

The policy can be accessed on the company's official website: https://muthootmicrofin.com/wp-content/uploads/2025/02/Privacy-and-Personal-Data-Protection-Policy-v1-1.pdf

6 Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services

No such instance has occurred during the reporting period

7 Provide the following information relating to data breaches:

a. Number of instances of data breaches **Nil**

b. Percentage of data breaches involving personally identifiable information of customers **Nil**

c. Impact, if any, of the data breaches **Nil**

Leadership Indicators

1 Channels / Platforms where information on products and services of the entity can be accessed (provide web link, if available).

Muthoot Microfin provides comprehensive information on its products and services through multiple accessible channels to ensure customer convenience and transparency. These include:

- Regular centre meetings and branch offices, where customers can interact with representatives for information and assistance
- A dedicated Customer Support Service helpline to address queries and provide support
- The Mahila Mitra mobile application, which offers customers a user-friendly platform to access services, track loan details, and receive updates

Additionally, detailed insights into the company's offerings, updates, and financial services can be accessed on the official website: https://muthootmicrofin.com/

2 Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

All new customers undergo a comprehensive 3-day group training program, which is followed by a Group Recognition Test to assess their understanding. Additionally, customers are re-educated on the loan terms and conditions at the time of loan sanction and disbursement to ensure complete awareness.

3 Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services

We maintain direct engagement with our customers through regular center meetings, where all relevant information regarding our products and services is clearly communicated. Additionally, customers are kept informed through multiple digital channels, including the customer mobile application, SMS alerts, and automated call notifications, ensuring timely and accessible updates.

4 Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, all loan-related information is transparently communicated to customers. A loan card containing key terms and conditions, along with a detailed pricing fact sheet, is provided to each customer at the time of disbursal. Additionally, this information is accessible through the Mahila Mitra customer mobile application and the company's official website: https://muthootmicrofin.com/

Yes, customer satisfaction surveys are conducted periodically to gather feedback on products, services, and overall customer experience.

ANNEXURE - V

FORM NO. AOC -2

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

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

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

   There were no contracts or arrangements or transactions entered into by the Company during the financial year 2024-25 which were not at arm's length basis.

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

   a) With M/s. Muthoot Fincorp Limited

Sl No.	Particulars	Details
1.	Name (s) of the related party & nature of the relationship	Muthoot Fincorp Limited (Promoter & Holding Company)
2.	Nature of contracts/arrangements/ transaction	Commission payment for gold loan sourcing
3.	Duration of the contracts/ arrangements/ transaction	Five years
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Source customer for gold loan by way of Lead identification and lead handover by the Company to Muthoot Fincorp Limited, parent company, on commission basis.
5.	Date of approval by the Board	February 05, 2025
6.	Amount paid as advances, if any	NIL

   b) With M/s. Muthoot Capital Services Limited

Sl No.	Particulars	Details
1.	Name (s) of the related party & nature of the relationship	Muthoot Capital Services Limited (Group Company)
2.	Nature of contracts/arrangements/ transaction	Lead generation to MCSL -Two-wheeler loan sourcing
3.	Duration of the contracts/ arrangements/ transaction	Five years
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Source customer for Two Wheeler loan by way of Lead identification and lead handover by the Company to Muthoot Capital Services Limited on commission basis.
5.	Date of approval by the Board	March 20, 2025
6.	Amount paid as advances, if any	NIL

For and on behalf of the Board of Directors

	Thomas Muthoot John	**Thomas Muthoot**
Kochi	Executive Director	Director
08.05.2025	(DIN 07557585)	(DIN 00082099)

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance of Muthoot Microfin Limited (MML /the Company) for the Financial Year ended March 31, 2025, as stipulated in the relevant provisions of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time ('the Listing Regulations'), is set out below:

CORPORATE GOVERNANCE PHILOSOPHY

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

Your Company's philosophy on code of governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

The Board of Directors (the Board) is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short- and long-term interests of shareholders and other stakeholders.

Muthoot Microfin Limited is committed to maintaining a high standard of corporate governance in complying with Companies Act, 2013, ("the Act"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulations") Directions,2023, Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, Non-Banking Financial Companies-Corporate Governance (Reserve Bank) Direction, 2015 and other relevant Circulars/Directions/Guidelines issued by the Reserve Bank of India ("RBI Guidelines").

BOARD OF DIRECTORS

I. Composition of the Board

As on March 31, 2025, the Company has ten Directors including one Executive Director, Five Independent Directors, and Four Non-Executive Non-Independent Directors. The composition of the Board is in conformity with Regulation 17(1) of the Listing Regulations and the Act. All Independent Directors of the Company have been appointed as per the provisions of the Act, Listing Regulations, and the Governance Guidelines for Board Effectiveness adopted by the Company. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website https://muthootmicrofin.com/

All the Independent Directors have declared that they meet the criteria of 'Independence' as required under the provisions of Section 149 of the Companies Act, 2013 (the 'Act') read with the provisions of Regulation 16 of the Listing Regulations.

None of the Directors held directorship in more than 20 (twenty) Indian companies, with no more than 10 (ten) public limited companies. In compliance with Section 165 of the Companies Act, 2013.

The directorship of all the Directors of the Company is in compliance with Regulation 17A of the Listing Regulations. None of the Directors held directorship in more than 7 (seven) listed companies. Further, none of the Independent Directors of the Company served as an Independent Director in more than 7 (seven) listed companies. None of the Independent Directors of the Company is serving as a whole-time director/managing director in any listed entity. Further, the Executive Director & Chief Executive Officer do not serve as an Independent Director in any listed company.

None of the Directors of the Company is a member of more than ten committees or Chairman of more than five committees across all public companies in which he/she is a director, as per Regulation 26(1) of the Listing Regulations. All the Directors have made necessary disclosures regarding their directorships as required under Section 184 of the Act and on the Committee, positions held by them in other companies.

The requisite quorum was present at all the Board and Committee meetings. Video conferencing facilities were used as and when required to facilitate Directors at other locations to participate at the meetings.

During the year under review the Board of Directors met Eleven (11) times on May 06, 2024, May 11, 2024, June 08, 2024, June 27, 2024, August 09, 2024, August 30, 2024, November 05, 2024, December 19, 2024, December 30, 2024, February 06, 2025, and March 20, 2025.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the financial year and at the last AGM and the number of directorships and committee Chairmanships/ Memberships held by them in other public limited companies are given below:

Name	Category	No. of Board Meetings held and attended during FY 2024-25		Whether attended last AGM held on July 18, 2024
		Held	Attended	
Mr. Thomas Muthoot*	Non-Independent Non-Executive	11	10	Yes
Mr. Thomas George Muthoot	Non-Independent Non-Executive	11	9	Yes
Mr. Thomas John Muthoot*	Non-Independent Non-Executive	8	7	No
Mr. Thomas Muthoot John[@]	Executive	3	3	NA
Mr. John Tyler Day	Non-Independent Non-Executive	11	8	No
Mr. Akshaya Prasad	Non-Independent Non-Executive	11	11	No
Mr. Thai Salas Vijayan	Independent Non-Executive	11	11	Yes
Mr. Alok Prasad	Independent Non-Executive	11	11	Yes
Ms. Bhama Krishnamurthy	Independent Non-Executive	11	11	Yes
Ms. Pushpy B Muricken	Independent Non-Executive	11	11	Yes
Mr. Anand Raghavan^	Independent Non-Executive	7	7	Yes
Mr. Anil Sreedhar[@]	Independent Non-Executive	2	2	NA

*During the current financial year, with effect from December 19, 2024, Mr. Thomas Muthoot relinquished from the position of Managing Director and was re-designated as Non-Executive Director and Mr. Thomas John Muthoot, Non-Executive Director, resigned from his position.

[@] Inducted Mr. Thomas Muthoot John, as Executive Director effective from December 19, 2024 and Mr. Anil Sreedhar as Non-Executive Independent Director effective from December 30, 2024.

^ Mr. R Anand, Independent Director ceased directorship from December 2, 2024.

Name	No. of Directorships in other Indian Public Limited Companies[1] (as on March 31, 2025)	No. of Committee positions held in other Indian Public Companies[2] (as on March 31, 2025)		Number of Equity shares / Convertible Instruments[3] held (as on March 31, 2025)
		Member	Chairman	
Mr. Thomas Muthoot	2	2	Nil	29,93,935
Mr. Thomas George Muthoot	2	2	Nil	29,81,749
Mr. Thomas Muthoot John	Nil	Nil	Nil	Nil
Mr. John Tyler Day	2	1	Nil	Nil
Mr. Akshaya Prasad	Nil	Nil	Nil	Nil
Mr. Thai Salas Vijayan	2	3	Nil	Nil
Mr. Alok Prasad	1	2	1	Nil
Ms. Bhama Krishnamurthy	5	7	Nil	Nil
Ms. Pushpy B Muricken	1	1	1	Nil
Mr. Anil Sreedhar	Nil	Nil	Nil	Nil

[1] Excluding Directorship in private limited companies, foreign companies and companies under Section 8 of the Act;

[2] Audit Committee and Stakeholders' Relationship Committee in Public Limited Companies alone are considered.

[3] None of the directors hold any convertible instruments of the Company.

The other Indian listed entities where Directors of the Company hold directorship as on March 31, 2025, are as follows:

Name of the Director	Other Indian Listed Entity Directorships*	Category of Directorship
Mr. Thai Salas Vijayan	Shriram Properties Limited	Independent Director
Mr. Alok Prasad	Arman Financial Services Limited	
Ms. Bhama Krishnamurthy	Thirumalai Chemicals Limited Five Star Business Finance Limited Just Dail Limited Cholamandalam Investment and Finance Company Limited	Independent Director
Ms. Pushpy B Muricken	Service Care Limited	Independent Director

* Directorship held in other Indian listed entities include only those whose equity shares are listed on stock exchanges

The Company has in place a policy on Board Diversity, which is being ensured through consideration of various factors including but not limited to skills, regional and industry experience, background and other qualities. The Directors have identified the list of core skills/expertise/competencies as required for them to function effectively as follows and the Board believes that Directors of the Company possess these skills/expertise/competencies, which helps the Company function effectively: Banking, Microfinance, Finance, Management, Business Development, Marketing, Audit, Legal, Risk Management, Information Technology etc.

Name of the Director	Area of skills/expertise/competence
Mr. Thomas Muthoot	Microfinance, Finance, Management, Business Development, Marketing, Risk Management
Mr. Thomas George Muthoot	Finance, Management, Business Development, Marketing, Risk Management
Mr. Thomas Muthoot John	Finance, Management, Business Development, Marketing, Risk Management, Information Technology
Mr. John Tyler Day	Microfinance, Finance, Management, Business Development, Marketing
Mr. Akshaya Prasad	Finance, Management, Business Development, Marketing
Mr. Thai Salas Vijayan	Finance, Audit, Legal, Management
Mr. Alok Prasad	Banking, Microfinance, Finance, Management, Risk Management, Regulatory & Compliance
Mrs. Bhama Krishnamurthy	Banking, Finance, Management, Business Development, Risk Management, Regulatory & Compliance
Mrs. Pushpy B Muricken	Finance, Audit, Legal, Information Technology, Regulatory & Compliance
Mr. Anil Sreedhar	Information Technology, Regulatory & Compliance, Management, Business Development

The gap between two Board meetings did not exceed 120 days. The required information as enumerated in Part A of Schedule II of the Listing Regulations is made available to the Board of Directors for discussions and consideration at Board meetings.

The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the financial year ended March 31, 2025, except for payment of sitting fees and reimbursement of expenses incurred in the discharge of their duties.

The inter-se relationship between the Directors is as follows:

Name of Directors	Relationship
Mr. Thomas George Muthoot and Mr. Thomas Muthoot	Brothers
Mr. Thomas Muthoot John	Nephew of Mr. Thomas Muthoot and Mr. Thomas George Muthoot

None of the other Directors have any inter–se relationship

Information provided to the Board of Directors

The Company provides complete information to the Board/ Committees by circulating detailed notes on the agenda with sufficient notice well in advance of the date of the Board/Committee meetings, except for the meetings called at shorter notice, if any.

The Company diligently ensures that the information furnished by Management to the Board is comprehensive and of a very high order. The Board reviews periodical compliances of all applicable laws, rules and regulations and the statements submitted by the Management. The members of the Board have a conducive environment to express their opinion on the Board matters and the decisions are taken after detailed deliberations.

Separate Meeting of Independent Directors

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of Management, were held on March 29, 2025 as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25(3) of the Listing regulations. All independent Directors attended the meeting, and discussed the following matters.

- review the performance of non-independent directors and the board of directors as a whole;
- review the performance of the chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board of directors to effectively and reasonably perform their duties; and
- other matters.

Familiarization Program for Independent Directors

The Company familiarizes its Independent Directors with the Company's business, strategy and operations, their roles, rights, responsibilities in the Company, the nature of the industry in which the Company operates, the business model of the Company, etc., through various programs. These include regular business updates in the Board Meetings, orientation program upon their induction as well as other initiatives to update the Directors on a continuing basis. The details of familiarization programs imparted to the Independent Directors are disclosed on the Company's website: https://muthootmicrofin.com/stakeholders-information/?tab=1

Confirmation regarding the independence of Independent Directors

In the opinion of the Board, the Independent Directors fulfill the conditions of independence as specified in the Listing Regulations and the Companies Act, 2013 and are independent of the Management. Further, the Independent Directors have in terms of Section 150 of the Act read with rules framed thereunder, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs ('IICA').

Detailed reason for the resignation of the Independent Director before the expiry of his/her tenure along with confirmation that there are no material reasons other than those provided

During the year under review, Mr. R Anand, Independent Director, had resigned reasoning health related matters from the Board effective from December 2, 2024, which was before the expiry of his tenure. On receipt of the formal resignation letter, Company has duly intimated the same with stock exchanges in accordance with Regulation 30 read with Schedule III - Para A (7B) of Part A of the Listing Regulations and SEBI Circulars issued in this regard. Also, Mr. R Anand has confirmed in his resignation letter that there were no material reasons other than health-related matters.

II. Committees of Board

The Board has inter-alia, constituted the below mentioned committees as required under the Act, SEBI Regulations and RBI Guidelines to delegate particular matters that require greater and more focused attention in the affairs of the Company.

A. Audit Committee

B. Nomination and Remuneration Committee

C. Stakeholders' Relationship Committee

D. Risk Management Committee

E. Corporate Social Responsibility Committee

F. Asset Liability Management Committee

G. Borrowing Committee

H. Debenture Issue and Allotment Committee

I. IT Strategy Committee

There were no instances during the year where the Board of Directors of the Company did not accept the recommendation of any of the Committees.

The Board takes all decisions pertaining to the constitution of committees, fixes the terms of reference of Committees and delegates powers from time to time. The Minutes of the Meetings are placed before the Board. The details of composition of these Committees, details of Meetings held during the year and the related attendance, are provided below:

A. Audit Committee

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

The Audit Committee inter-alia oversees the financial reporting process and reviews, with the Management, the financial statements to ensure that the same are correct and credible. The Audit Committee has the ultimate authority and responsibility to select and evaluate the Independent Auditors in accordance with the applicable laws. The Audit Committee also reviews performance of the Statutory Auditors, the Internal Auditors, adequacy of the internal control system and whistle-blower mechanism.

As on March 31, 2025, the Audit Committee comprised of six (6) members out of which four (4) are Independent Directors. During the Financial Year 2024-25, Mr. R Anand and Mr. Thomas John Muthoot ceased to be the members of Audit Committee and the Committee was re-constituted on December 19, 2024 in compliance with the applicable provisions of Companies Act., 2013.

During the year under review the Audit Committee met Ten (10) times on May 03, 2024, May 06, 2024, June 26, 2024, August 09, 2024, September 25, 2024, November 05, 2024, January 29, 2025, February 05, 2025, February 06, 2025 and March 20, 2025. The requisite quorum was present at all the meetings. The list of Audit Committee members along with the attendance during the financial year 2024-25 is mentioned below:

Name of Director	Designation		No. of Committee Meetings attended during the Financial Year 2024-25	
			Held	Attended
Mrs. Pushpy B Muricken	Independent	Chairperson	10	10
Mrs. Bhama Krishnamurthy	Independent	Member	10	10
Mr. Alok Prasad	Independent	Member	10	10
Mr. Thai Salas Vijayan*	Independent	Member	4	4
Mr. Anand Raghavan*	Independent	Member	5	5
Mr. Thomas Muthoot	Non-Executive	Member	4	4
Mr. Thomas John Muthoot*	Non-Executive	Member	6	6
Mr. Akshaya Prasad	Non-Executive	Member	10	10

*Mr. R Anand, Independent Director, ceased to be the member of the Committee w.e.f December 2, 2024 due to his resignation. Further, on December 19, 2024, Mr. Thomas John Muthoot, Non-Executive Director, also resigned from the Board and ceased to be the member of the Committee. Board has reconstituted the Audit Committee by inducting Mr. Thai Salas Vijayan, Independent Director and Mr. Thomas Muthoot, Non Executive Director on December 19, 2024.

The Audit Committee meetings are usually attended by the Managing Director/ Executive Director, Chief Executive Officer, Chief Financial Officer, representatives of the Statutory Auditor and the Internal Auditors of the Company. The Company Secretary acts as the Secretary of the Audit Committee.

Minutes of the Audit Committee Meetings are circulated to the members of the Board, discussed and taken note of.

The Chairman of the Audit Committee, Mrs. Pushpy B Muricken was present at the Annual General Meeting held on July 18, 2024. The Chairperson of the Audit Committee briefs the Board members about the significant discussions held at the Audit Committee meetings.

The Terms of reference as approved by the Board of Directors of the Company are given below:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient, and credible.

2. Recommending to the Board the appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of the Company and the fixation of audit fee.

3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of the audit process.

4. Approving payments to statutory auditors for any other services rendered by the statutory auditors.

5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, as amended.

    b. Changes, if any, in accounting policies and practices and reasons for the same.

    c. Major accounting entries involving estimates based on the exercise of judgment by management.

    d. Significant adjustments made in the financial statements arising out of audit findings.

    e. Compliance with listing and other legal requirements relating to financial statements.

    f. Disclosure of any related party transactions; and

    g. Modified opinion(s) in the draft audit report.

6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.

7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential

issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed Offer by the Company.

8. Approval or any subsequent modifications of transactions of the Company with related parties.

9. Scrutiny of inter-corporate loans and investments.

10. Valuing of undertakings or assets of the Company, wherever it is necessary.

11. Evaluation of internal financial controls and risk management systems.

12. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances.

13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems.

14. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

15. Discussing with internal auditors on any significant findings and follow up there on.

16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

17. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

18. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

19. Reviewing the functioning of the whistle blower mechanism.

20. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate,

21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

22. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision; and

23. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

Powers of the Audit Committee

a. To investigate any activity within its terms of reference;

b. To seek information from any employee;

c. To obtain outside legal or other professional advice;

d. To secure attendance of outsiders with relevant expertise, if it considers necessary; and

e. Such powers as may be prescribed under the Companies Act and Listing Regulations and other applicable laws.

Mandatory review by Audit Committee

1. Management discussion and analysis of financial condition and results of operations;

2. Management letters/ letters of internal control weaknesses issued by the statutory auditors;

3. Internal audit reports relating to internal control weaknesses;

4. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and

5. Statement of deviations in terms of the SEBI Listing Regulations:

    (a) quarterly statement of deviation(s) including the report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32 (1) of the SEBI Listing Regulations; and

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32 (7) of the SEBI Listing Regulations.

6. To review the financial statements, in particular, the investments made by any unlisted subsidiary; and

7. Such information as may be prescribed under the Companies Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Vigil Mechanism/Whistle Blower Policy

The Board of Directors on the recommendation of the Audit Committee has approved and adopted a Whistle Blower Policy that provides a formal mechanism for all Directors and employees of the Company to approach the Chairman of the Audit Committee and make protective disclosure about the unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. No personnel have been denied access to the Audit Committee. The said Policy is available on the Company's website https://muthootmicrofin.com/policies/

B. Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee is constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Company has a Board-approved Nomination and Remuneration Policy in place. The policy is placed in the website of the Company. Web Link: https://muthootmicrofin.com/policies/

As on March 31, 2025, the Nomination and Remuneration Committee comprised of (6) members out of which four (4) are Independent Directors. During the Financial Year 2024-25, Mr. R Anand, Independent Director, ceased to be a member of the Committee with effect from December 2, 2024 due to his resignation. Further, on December 19, 2024, Mr. Thomas John Muthoot, Non-Executive Director, also resigned from the Board and ceased to be the member of the Committee. Board has reconstituted the Nomination and Remuneration Committee by inducting Mrs. Pushpy B Muricken, Independent Director and Mr. Thomas Muthoot, Non- Executive Director on December 19, 2024.

During the year 2024-25, the Nomination and Remuneration Committee met Eight (8) times on May 3, 2024, May 11, 2024, August 9, 2024, August 30, 2024, November 5, 2024, December 19, 2024, December 30, 2024, and March 20, 2025. The requisite quorum was present at all the meetings. The list of Nomination and Remuneration Committee members along with the attendance during the financial year 2024-25 is mentioned below:

Name of Director	Designation		No. of Committee Meetings attended during the Financial Year 2024-25	
			Held	Attended
Mr. Thai Salas Vijayan	Independent	Chairman	8	8
Mrs. Bhama Krishnamurthy	Independent	Member	8	8
Mr. Alok Prasad	Independent	Member	8	8
Mrs. Pushpy B Muricken*	Independent	Member	2	2
Mr. Thomas Muthoot*	Non-Executive	Member	2	2
Mr. Thomas John Muthoot*	Non-Executive	Member	6	6
Mr. John Tyler Day	Non-Executive	Member	8	6
Mr. Anand Raghavan*	Independent	Member	5	5

*Mr. R Anand, Independent Director, ceased to be a member of the Committee with effect from December 2, 2024 due to his resignation. Further, on December 19, 2024, Mr. Thomas John Muthoot, Non-Executive Director, also resigned from the Board and ceased to be the member of the Committee. Board has reconstituted the Nomination and Remuneration Committee by inducting Mrs. Pushpy B Muricken, Independent Director and Mr. Thomas Muthoot, Non-Executive Director on December 19, 2024

The Chairman of the Nomination and Remuneration Committee, Mr. Thai Salas Vijayan was present at the Annual General Meeting held on July 18, 2024.

Annual Evaluation of Board, Committees, and Individual Directors

In accordance with the provisions of Section 178 of the Act and Part D to Schedule II of SEBI Regulations, the Company has devised a process and criteria for performance evaluation, as recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board.

The evaluation process is carried out by collecting feedback from each of the Directors /committee members about the Board/committee's performance and feedback about each of the other directors. Details with respect to annual evaluation of Board, Committee and Individual Directors are covered under the Directors' Report which forms part of this Annual Report.

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

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors of the Company a policy relating to the remuneration of the Directors, key managerial personnel and other employees ("Remuneration Policy"). The Nomination and Remuneration Committee, while formulating the Remuneration policy, should ensure that:

    i. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;

    ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

    iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

2. formulation of criteria for evaluation of performance of independent directors and the Board;

3. for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

    i. use the services of an external agencies, if required;

    ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and

    iii. consider the time commitments of the candidates.

4. devising a policy on Board diversity;

5. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director's performance (including independent directors);

6. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

7. recommend to the Board, all remuneration, in whatever form, payable to senior management;

8. carrying out any other activities as may be delegated by the Board of Directors and functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

C. Stakeholders Relationship Committee

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

As on March 31, 2025, the Stakeholders Relationship Committee comprises of three (3) directors, out of which one (1) is under independent category. During the Financial Year 2024-25, the Stakeholders Relationship Committee was reconstituted on December 19, 2024, to comply with the applicable provisions of the Companies Act, 2013, Mr. Thomas John Muthoot, Non-Executive Director, ceased to be the member of the Committee on the same day due to his resignation. Further the Board of Director has reconstituted the Committee by inducting Mr. Thomas George Muthoot, Non-Executive Director.

During the year 2024-25, the Stakeholders Relationship Committee met Two (2) times on August 09, 2024 and March 20, 2025. The requisite quorum was present at all the meetings. The list of Stakeholders Relationship Committee members along with the attendance during the financial year 2024-25 is mentioned below:

Name of Director	Designation		No. of Committee Meetings attended during the Financial Year 2024-25	
			Held	Attended
Mr. Thomas John Muthoot*	Non-Executive	Member	1	1
Mr. Alok Prasad	Independent	Member	2	2
Mr. Thomas Muthoot	Non- Executive	Member	2	2
Mr. Thomas George Muthoot*	Non- Executive	Member	1	1

* The Stakeholders Relationship Committee was reconstituted on December 19, 2024, to comply with the applicable provisions of the Companies Act, 2013, Mr. Thomas John Muthoot, Non-Executive Director, ceased to be the member of the Committee on the same day due to his resignation. Further the Board of Director has reconstituted the Committee by inducting Mr. Thomas George Muthoot, Non-Executive Director.

The Chairman of the Stakeholders' Relationship Committee, Mr. Thomas John Muthoot has authorised Mr. Thomas Muthoot to attend the Annual General Meeting held on July 18, 2024 on his behalf.

The terms of reference of the Stakeholders Relationship Committee include the following:

1. Resolving the grievances of the securities holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;

2. Review of measures taken to exercise of voting rights by shareholders;

3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;

4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company; and

5. Carrying out any other function required to be carried out by the Stakeholders' Relationship Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Name and Designation of the Compliance Officer:

Neethu Ajay
Chief Compliance Officer & Company Secretary
5th Floor, Muthoot Towers, M.G Road
Cochin, Kerala – 682035
Tel: +91 484 – 4277580
Email: neethu.ajay@muthootmicrofin.com

Details of investor complaints received and redressed during the Financial Year 2024-25 are as under:

Particulars	No. of Complaints
Pending at the beginning of the year	Nil
Add: Received during the year:	
1. No. of Direct Complaint:	15
2. No. of Complaints received through SEBI Scores:	1
3. No. of Complaints received through Exchanges:	Nil
Less: Disposed during the year	16
Pending Complaints at the end of the year	Nil

D. Risk Management Committee

The Risk Management Committee is constituted in compliance with the provisions of the Companies Act, 2013, Regulation 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**) and RBI Circular DNBR (PD) CC.No.053/03.10.119/2015-16 July 01, 2015.

The Company follows well-established and detailed risk assessment and minimization procedures as prescribed under applicable laws. The functions of the Risk Management Committee include monitoring and reviewing risk management plan, risk management policy, operational risk, Credit risk, integrity risk, cyber security risk etc., and initiating strategic actions in mitigating risk associated with the business. The risk assessment and mitigation measures are reviewed by the risk management committee periodically. The Company has a Board approved Risk Management Policy in place.

As on March 31, 2025, the Risk Management Committee comprises of Six (6) members, out of which two (2) are under independent category. During the year 2024-25, the Risk Management Committee met Five (5) times on May 8, 2024, August 7, 2024, November 23, 2024, February 25, 2025 and March 20, 2025. The requisite quorum was present at all the meetings. The list of Risk Management Committee members along with the attendance during the financial year 2024-25 is mentioned below:

Name of Members	Designation		No. of Committee Meetings attended during the Financial Year 2024-25	
			Held	Attended
Mr. Thomas John Muthoot*	Non-Executive Director	Member	3	3
Mr. Thomas Muthoot John*	Executive Director	Member	2	2
Mr. Thomas George Muthoot	Non-Executive Director	Member	5	5
Mr. Thomas Muthoot	Non-Executive Director	Member	5	5
Mr. Alok Prasad	Independent Director	Member	5	5
Mrs. Bhama Krishnamurthy	Independent Director	Member	5	5
Mr. Sadaf Sayeed	Chief Executive Officer	Member	5	5

* On December 19, 2024, Mr. Thomas John Muthoot, Non-Executive Director, resigned from the Board and ceased to be the member of the Committee. The Board of Directors has reconstituted the Risk Management Committee by inducting Mr. Thomas Muthoot John, Executive Director on the said date.

Mr. Jinsu Joseph, Chief Risk Officer of the Company, acts as a permanent invitee to the Committee Meetings.

The terms of reference of the Risk Management Committee include the following:

1. To monitor and review the risk management plan;
2. To review operational risk
3. To take strategic actions to mitigate the risk associated with the nature of the business;
4. To appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy;

E. Corporate Social Responsibility Committee (CSR)

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

As on March 31, 2025, the Corporate Social Responsibility Committee comprises of Four (4) Directors, out of which one (1) is under independent category. During the year 2024-25, the Corporate Social Responsibility Committee met two (2) time on May 3, 2024 and August 2, 2024. All the members were present at the meeting. The list of Corporate Social Responsibility Committee members is mentioned below:

Name of Director	Designation	
Mr. Thomas Muthoot John*	Executive	Member
Mr. Thomas Muthoot	Non-Executive	Member
Mr. Thomas George Muthoot	Non-Executive	Member
Mr. Thomas John Muthoot*	Non-Executive	Member
Mr. Alok Prasad	Independent	Member

*On December 19, 2024, Mr. Thomas John Muthoot, Non-Executive Director, resigned from the Board and ceased to be the member of the Committee. The Board of Directors has reconstituted the Corporate Social Responsibility Committee by inducting Mr. Thomas Muthoot John, Executive Director on the said date.

The terms of reference of the CSR Committee are in accordance with Section 135 (3) of the Companies Act, 2013 and include the following:

1. Formulate and recommend to the Board, a Corporate Social Responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, as amended
2. Recommend the amount of expenditure to be incurred on the CSR activities referred to in (1) above;
3. Monitor the Corporate Social Responsibility policy of the Company and its implementation from time to time; and
4. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time and/or as may be required under applicable law, as and when amended from time to time.

F. Asset Liability Management Committee (ALCO)

The Company has constituted an Asset Liability Management Committee in terms of RBI Circular DNBR (PD) CC.No.053/03.10.119/2015-16 July 03, 2015. The Company complies with the provisions prescribed under the Guidelines on Liquidity Risk Management Framework in the NBFC Scale Based Regulations

ALCO is vested with the responsibility of monitoring the risk and making suitable strategies to control it and the Company has a Board approved Asset Liability Management Policy in place.

As on March 31, 2025, the ALCO comprises of Four (4) members, out of which One (1) is Chief Executive Officer of the Company. During the year 2024-25, the ALCO met Four (4) times on May 3, 2024, August 2, 2024, October 28, 2024 and January 29, 2025. The requisite quorum was present at all the meetings. The list of ALCO Committee members along with the attendance during the financial year 2024-25 is mentioned below:

Name of Members	Designation		No. of Committee Meetings attended during the Financial Year 2024-25	
			Held	Attended
Mr. Thomas John Muthoot*	Non-Executive Director	Member	3	3
Mr. Thomas Muthoot John*	Executive Director	Member	1	1
Mr. Thomas George Muthoot	Non-Executive Director	Member	4	4
Mr. Thomas Muthoot	Non-Executive Director	Member	4	3
Mr. Sadaf Sayeed	Chief Executive Officer	Member	4	4

*On December 19, 2024, Mr. Thomas John Muthoot, Non-Executive Director, resigned from the Board and ceased to be the member of the Committee. The Board of Directors has reconstituted the Asset Liability and Management Committee by inducting Mr. Thomas Muthoot John, Executive Director on the said date.

The terms of reference of the ALCO include the following:

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

G. Borrowing Committee

The Company has constituted a Borrowing Committee to exercise the powers with respect to the borrowing of money (otherwise than by issue of debentures) and matters connected therewith within the limit as approved by the Shareholders of the Company.

As on March 31, 2025, the Borrowing Committee comprises of Mr. Thomas Muthoot, Non-Executive Director, Mr. Thomas Muthoot John, Executive Director, Mr. Sadaf Sayeed, Chief Executive Officer and Mr. Praveen T, Chief Financial Officer of the Company.

During the year 2024-25, the Borrowing Committee met Sixteen (16) times i.e, on May 30, 2024, June 10, 2024, June 28, 2024, July 11, 2024, July 29, 2024, August 2, 2024, August 29, 2024, September 30, 2024, October 22, 2024, November 6, 2024, November 29, 2024, December 30, 2024, January 30, 2025, February 12, 2025, March 21, 2025 and March 26, 2025. All the members as per constitution were present at the meetings held during the year.

On December 19, 2024, Mr. Thomas John Muthoot, Non-Executive Director, resigned from the Board and ceased to be the member of the Committee. The Board of Directors has reconstituted the Borrowing Committee by inducting Mr. Thomas Muthoot John, Executive Director on the said date.

The terms of reference of the Borrowing Committee include the following:

1. To borrow any amounts within the limit of Borrowing Powers of the Company
2. To Invest the funds of the Company
3. To grant loans or give guarantee or provide security in respect of loans;
4. To assign/ sell the loan portfolio of the Company to any Banks/ Financial Institution
5. To open and operate Bank accounts
6. To sub-delegate its powers to the officers/ representatives of the Company, and

7. Other matters which are not expressly restrained by Section 179 of the Companies Act, 2013

H. Debenture Issue and Allotment Committee

The Company has constituted a Debenture Issue and Allotment Committee to determine and approve and to exercise all the powers of the Board deemed necessary or desirable in connection with the Issue and allotment of Debentures.

As on March 31, 2025, the Debenture Issue and Allotment Committee comprises of Mr. Thomas Muthoot, Non-Executive Director, Mr. Thomas Muthoot John, Executive Director and Mr. Thomas George Muthoot, Non-Executive Director of the Company.

During the year 2024-25, the Debenture Issue and Allotment Committee met Four (4) times i.e, on July 11, 2024, August 6, 2024, August 26, 2024 and October 28, 2024. All the members as per constitution were present at the meetings held during the year.

On December 19, 2024, Mr. Thomas John Muthoot, Non-Executive Director, resigned from the Board and ceased to be the member of the Committee. The Board of Directors has reconstituted the Debenture Issue and Allotment Committee by inducting Mr. Thomas Muthoot John, Executive Director on the said date.

The terms of references of the Debenture Issue and Allotment Committee includes the following:

1. Identifying the select group of persons to whom Debentures on Private Placement will be made;
2. Determining the number of tranches/series in which the Debentures on Private Placement and/or Debentures on Public Issue shall be raised;
3. Appoint debenture trustees to act for and on behalf of the holders of the Debentures on Private Placement and/or Debentures on Public Issue under each tranche/series;
4. Finalizing the terms and conditions upon which each tranche/series of the Debentures on Private Placement and/or Debentures on Public Issue shall be issued;
5. Procure rating for the Debentures on Private Placement and/or Debentures on Public Issue under each tranche/series from an accredited rating agency;
6. Determining the security to be provided in relation to each tranche/series of the Debentures on Private Placement and/or Debentures on Public Issue as determined from time to time;
7. Authorising persons to execute/ caused to be executed/issue the information memorandum, debenture trust deed, debenture trustee agreement and the security documents such as the deed of hypothecation, mortgage deed and the relevant power(s) of attorney to be entered into between the Company and the debenture trustee, and such other documents as may be required to be entered into in relation to each tranche/series the Debentures on Private Placement and/or Debentures on Public Issue and authorizing affixing of common seal; and
8. Allotment of the Debentures on Private Placement and/or Debentures on Public Issue.

I. IT Strategy Committee

The Company has an IT Strategy Committee in compliance with Master Direction No. DNBS. PPD. No. 04/66.15.001/2016-17 dated June 08, 2017 and Master Direction DoS.CO.CSITEG/ SEC.7/31.01.015/2023-24 dated November 7, 2023 ((Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 issued by the Reserve Bank of India to carry out the review of IT strategies in line with the corporate strategies of the Company, Board Policy reviews, cyber security arrangements and other matters related to IT Governance.

As on March 31, 2025, the IT Strategy Committee comprises Mr. Thomas Muthoot, Non-Executive Director, Mr. Thomas George Muthoot, Non-Executive Director, Mr. Thomas Muthoot John, Executive Director, Mr. Anil Sreedhar, Independent Director and Mr. Linson C Paul, Chief Technology Officer of the Company. The IT Strategy Committee met Three (3) times i.e, on July 26, 2024, October 28, 2024 and January 29, 2025 during the year under review and the requisite quorum was present at all the meetings.

During the Financial Year 2024-25, the IT Strategy Committee was reconstituted on December 30, 2024, to comply with the applicable provisions, and inducted Mr. Anil Sreedhar, Independent Director and Mr. Thomas Muthoot John, Executive Director. Mrs. Pushpy B Muricken, Independent Director, ceased to be the member of the Committee on the said date.

The list of IT Strategy Committee members along with the attendance during the financial year 2024-25 is mentioned below:

Name of Members	Designation	No. of Committee Meetings attended during the Financial Year 2024-25	
		Held	Attended
Mrs. Pushpy B Muricken*	Independent Director	2	2
Mr. Thomas Muthoot John*	Executive Director	1	1
Mr. Anil Sreedhar*	Independent Director	1	1
Mr. Thomas Muthoot	Non- Executive Director	3	3
Mr. Thomas George Muthoot	Non- Executive Director	3	3
Mr. Linson C Paul	Chief Technology Officer	3	3

*On December 30, 2024, to comply with the applicable provisions, and inducted Mr. Anil Sreedhar, Independent Director and Mr. Thomas Muthoot John, Executive Director. Mrs. Pushpy B Muricken, Independent Director, ceased to be the member of the Committee on the said date.

The terms of reference of the IT Strategy Committee include the following:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;

2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;

3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls

III. Remuneration of Directors

In accordance with the approval of the shareholder, Company has paid remuneration to Mr. Thomas Muthoot John, Executive Director of the Company. No other directors were paid any remuneration during the period except sitting fees paid to the Independent Directors for attending the Board and Committee meetings. Details of the same forms part of the Related Party Transaction Note 40 of the Financial Statement.

IV. General Body Meetings

Details of last three Annual General Meeting held are given below;

Annual General Meeting	Date	Time	Venue
32nd AGM	July 18, 2024	03.00 P.M	Video Conferencing
31st AGM	June 14, 2023	05.50 P.M	Video Conferencing
30th AGM	August 24, 2022	05.30 P.M	Video Conferencing

All resolutions moved at the last three AGMs were passed with the requisite majority by the shareholders.

The following are the special resolutions passed at the Annual General Meeting held during the last three years:

Annual General Meeting held on	Special Resolution Passed	Summary
July 18, 2024	Yes	1. Enhancement of borrowing limits from Rs. 10,000 crores to Rs. 15,000 crores in accordance with 180(1)(C) 2. Creation of Charge on the assets/receivables of the Company in accordance with 180(1)(a) 3. Ratification of Muthoot Microfin Employee Stock Option Plan 2016 (“ESOP 2016”) of the Company 4. Ratification of Muthoot Microfin Limited Employee Stock Option Plan 2022 (“ESOP 2022”) of the Company 5. Alteration of object clause of the Memorandum of Association of the Company 6. Adoption of Memorandum of Association as per the provisions of the Companies Act, 2013
June 14, 2023	Yes	1. Re-appointment of Mrs. Pushpy B Muricken (DIN: 03431198), as an Independent Director of the Company for the second term of 5 years. 2. Re-appointment of Mr. T S Vijayan (DIN: 00043959) as an Independent Director of the Company for the second term of 5 years. 3. Re-appointment of Mrs. Bhama Krishnamurthy (DIN: 02196839) as an Independent Director of the Company for the second term of 5 years. 4. Approval of Initial Public Offer of Equity Shares of the Company. 5. Increase in the authorized share capital of the company and amendment of the capital clause of the Memorandum of Association.
August 24, 2022	Yes	1. Appointment of M/S. Sharp & Tannan Associates as Statutory Auditors of the Company for a term of two years. 2. Re-appointment of Mr. Alok Prasad (DIN: 00080225) as an independent director of the company for a second term of 5 years. 3. Approval of the ‘Muthoot Microfin Limited Employee Stock Option Plan 2022 4. Issue, offer and allotment of Equity Shares on a preferential basis to Muthoot Microfin Limited Employee Welfare Trust. 5. Approval of grant of loan to the MML Employee Welfare Trust upto a limit of ₹ 27,21,57,992.82/- (Indian Rupees Twenty Seven Crores Twenty One Lakhs Fifty Seven Thousand Nine Hundred and Ninety Two and Eighty Two Paise only) 6. Enhancement of borrowing limits from 7500 Crores to 10,000 Crores. 7. Approval of creation of charge on the assets/receivables of the Company not exceeding 10,000 Crores.

Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the Financial Year 2024-25

Postal Ballot:

During the year under review, the Company has issued a Postal Ballot Notice dated January 20, 2025 with respect to the below mentioned items;

1. Appointment of Mr. Thomas Muthoot John (DIN: 07557585) as Director of the Company
2. Appointment of Mr. Thomas Muthoot John (DIN: 07557585) as a Whole Time Director of the Company and the remuneration payable to him
3. Appointment of Mr. Anil Sreedhar (DIN: 07536707) as the Independent Director of the Company

All resolutions moved were passed with the requisite majority by the shareholders.

Other than mentioned, Company has not moved any resolution through Postal Ballot.

V. Means of Communications

The quarterly, half-yearly, and annual financial results along with the press release, Annual Report, Investor Presentation made to the Investors/ Analyst are hosted on the website of the Company at https://muthootmicrofin.com/investor-relations/

The reports/information mentioned above are filed by the Company from time to time with both the stock exchanges and are made available on the website at https://muthootmicrofin.com/investor-relations/ in accordance with the Listing Regulations.

Corporate Filings with Stock Exchanges

The Company is regular in filing various reports, certificates, intimations, etc. to the BSE Limited and National Stock Exchange of India Limited. This includes filing of audited and unaudited financial results, Investor Grievances, Shareholding pattern, Report on Corporate Governance, Analyst Call Intimation, Trading Window closure disclosure, intimation of Board Meeting/ general meeting and its proceedings.

Investor Service

The Company has authorised KFin Technologies Limited, Registrar and Share Transfer Agent of the Company to attend to investors' grievances. The Company also provides all necessary assistance to the Registrar and Share Transfer Agent in resolving various investor grievances. Details of the Registrar and Share Transfer Agent is covered under the 'General Shareholders Information' mentioned below.

VI. General shareholder Information

Annual General Meeting Day, Date and Time	Thursday, July 24, 2025 at 03.30 P.M (IST)
Annual General Meeting – Venue	In accordance with General Circulars issued by the Ministry of Corporate Affairs, Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/ 2022 dated May 05, 2022 and General Circular No. 70/ 2022 dated December 28, 2022, General Circular No. 09/2023 dated September 25, 2023 and General Circular No. 09/2024 dated September 19, 2024, AGM of the Company will be held through Video Conferencing/ Other Audio Visual Means.
Financial Year	April 1, 2025 to March 31, 2026
Dividend Payment Date	No Dividend declared
Listing on Stock Exchanges	As on March 31, 2025, the Company has listed its Equity shares on BSE Limited and National Stock Exchange of India Limited. Also, the Company's Privately Placed Non-Convertible Debentures are listed on the BSE Limited
Adress of Stock Exchanges	**BSE Ltd.** Phiroze Jeejeebhoy Towers, Dalal street, Mumbai – 400001 **National Stock Exchange of India Ltd.** Exchange plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla complex, Bandra – East, Mumbai – 400051
ISIN	INE046W01019
Listing Fees	The Company has paid annual listing fees to BSE Ltd. and to National Stock Exchange of India Limited (NSE) for Financial Year 2024-25 and 2025-26.
Registration details	The Company is registered in the State of Maharashtra. CIN of the Company is L65190MH1992PLC066228. The Company being a Nonbanking financial Company- Micro Finance Institution (NBFC – MFI), is registered with the Reserve Bank of India (Certificate of Registration Number: 13.00365).

ISIN and Value of Privately Placed Non-Convertible Debentures

BSE – NCDs	Value (₹ in Millions.)
INE046W07172	380.00
INE046W07180	1,120.00
INE046W07198	699.00
INE046W07230	400.00
INE046W07230	400.00
INE046W07248	899.00
INE046W07255	469.00
INE046W07263	563.00
INE046W07271	664.00
Total	**5,593.00**

Bonds

Ind INX-USD Denominated Bond	Amount Outstanding (In USD Million)
INIFD1805016	12
INIFD1805024	3
Total	15

Debenture Trustee Details	**Catalyst Trusteeship Limited** 901, 9th Floor, Tower-B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W) – 400013 **Tel:** +91(022)4922 0555 **Vardhman Trusteeship Pvt Ltd.** The Capital, A Wing, 412A, Bandra Kurla Complex, Bandra (East) Mumbai 400 051. **Tel:** 022-42648335
Registrar and Share transfer Agent	**KFin Technologies Limited** (Formerly known as KFin Technologies Private Limited) **CIN:** L72400TG2017PLC117649 SEBI Registration Number: INR000000221 Office Address: Selenium Building, Tower-B, Plot No-31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana, India – 500 032 **Tel:** +91 4067162222 Toll-free: 1800 309 4001 **E-mail:** einward.ris@kfintech.com Website: www.kfintech.com
Share Transfer system & Dematerialization of shares and liquidity (as on March 31, 2025)	SEBI vide Notification dated June 8, 2018 had restricted effecting transfer of shares in physical form with effect from April 01, 2019. As on March 31, 2025, 100% shareholding was in Dematerialised mode.
Plant Location	Being a NBFC-MFI (Financial Service Company), the Company has no plant locations.

Distribution Schedule of shareholding as on March 31, 2025

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	1,53,256	95.534818	1,08,67,551	10,86,75,510	6.374223
5001- 10000	4,765	2.970346	35,50,734	3,55,07,340	2.082638
10001- 20000	1,311	0.817235	19,18,717	1,91,87,170	1.125399
20001- 30000	434	0.270542	10,82,524	1,08,25,240	0.634941
30001- 40000	168	0.104726	6,05,739	60,57,390	0.355288
40001- 50000	136	0.084778	6,32,932	63,29,320	0.371238
50001- 100000	207	0.129037	15,02,053	1,50,20,530	0.881010
100001& Above	142	0.088518	15,03,31,926	1,50,33,19,260	88.175264
Total	**1,60,419**	**100.00**	**17,04,92,176**	**1,70,49,21,760**	**100.00**

Category of Shareholders as on March 31, 2025

Category	No. of Holders	Total Shares	% To Equity
PROMOTERS	7	9,45,65,832	55.466376
FOREIGN INSTITUTIONAL INVESTORS	2	3,88,09,387	22.763148
RESIDENT INDIVIDUALS	1,54,479	2,46,88,665	14.480820
FOREIGN PORTFOLIO - CORP	22	46,09,920	2.703889
QUALIFIED INSTITUTIONAL BUYER	9	39,41,256	2.311693
BODIES CORPORATES	245	16,70,266	0.979673
H U F	4,640	8,82,060	0.517361
KEY MANAGEMENT PERSONNEL	4	6,33,476	0.371557
NON RESIDENT INDIANS	575	3,71,380	0.217828
NON RESIDENT INDIAN NON REPATRIABLE	432	3,08,239	0.180794
NBFC	2	11,394	0.006683
TRUSTS	1	300	0.000176
CLEARING MEMBERS	1	1	0.000001
Total	**1,60,419**	**17,04,92,176**	**100.00**

Outstanding global depository receipts or warrants convertible instruments

Particulars	No of Securities	Conversion Date	Impact on equity shares
ADR	Nil	Nil	Nil
GDR			
Warrants			
Compulsorily Convertible Preference Shares			

Commodity price risk or foreign exchange risk and hedging activities

Since the Company is into the business of Microfinance, except for the market risk associated with the natural calamities like drought, Flood etc, there was no direct exposure for the Company to the Commodity Price Risk.

Foreign exchange risk and hedging activities

The Company have raised funds by the way of External Commercial Borrowings which are foreign currency loans. The repayment liability is also in foreign currency. The amount of ECB availed as on 31.03.2024 are as follows:

Amount	Cost of fund (Including hedging cost)	Date of repayment
USD $ 15 Million*	12.48%	Partial Repayment on October 7, 2024, October 7, 2025, and October 7, 2026
USD $ 10 Million#	12.48%	Partial Repayments on November 22, 2024, November 24, 2025 and November 23, 2026
USD $ 10 Million	12.25%	October 19, 2028
USD $ 25 Million	9.90%	June 21, 2027
USD $ 40 Million	9.995%	June 21,2027
USD $ 10 Million	9.995%	June 21,2027
USD $ 38 Million	9.92%	June 21,2027
USD $ 12 Million	10.6%	August 27,2029
USD $ 3 Million	10.815%	October 26,2029

* Partially repaid on October 7, 2024, and the outstanding balance as on 31.03.2025 is USD 10 Million

Partially repaid on November 22, 2024, and the outstanding balance as on 31.03.2025 is USD 6.67 Million

Further, in order to mitigate the exchange rate risk associated with the interest and principal repayments of ECBs, the Company have entered into hedging transactions with Federal Bank and Standard Chartered Bank. The details of which are as follows:

Bank	Amount of forex liability covered
Federal Bank Ltd	USD $ 16.67 Million
Standard Chartered Bank	USD $ 123 Million
The Hongkong and Shanghai Banking Corporation Limited	USD $ 15 Million

Address for Correspondence

Muthoot Microfin Limited
CIN: L65190MH1992PLC066228
Administrative Office: 5th Floor, Muthoot Towers, M.G Road, Kochi - 682035
Registered Office: 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai – 400051

Credit Rating

Sr. No.	Name of the Instrument	Name of Credit Rating Agency	Amount Rated (Face Value) (₹ million)	Current Rating	Previous Rating
1	Bank Lines	CRISIL	10,00,000.00	A+/Stable	A+/Stable
2	Non-convertible debentures	CRISIL	3,800.00	A+/Stable	A+/Stable
3	Non-convertible debentures	CRISIL	11,200.00	A+/Stable	A+/Stable
4	Non-convertible debentures	CRISIL	9,320.00	A+/Stable	A+/Stable
5	Non-convertible debentures	CRISIL	10,000.00	A+/Stable	A+/Stable

Sr. No.	Name of the Instrument	Name of Credit Rating Agency	Amount Rated (Face Value) (₹ million)	Current Rating	Previous Rating
6	Non-convertible debentures	CRISIL	10,000.00	A+/Stable	A+/Stable
7	Non-convertible debentures	CRISIL	15,000.00	A+/Stable	A+/Stable
8	Non-convertible debentures	CRISIL	7,500.00	A+/Stable	A+/Stable
9	Non-convertible debentures	CRISIL	7,500.00	A+/Stable	A+/Stable
10	Non-convertible debentures	CRISIL	6,640.00	A+/Stable	A+/Stable

VII. Other Disclosures

a) Transactions with related parties are disclosed in the Notes to the Standalone Balance Sheet and Statement of Profit and Loss Account in the Annual Report.

b) The Company has not entered into any materially significant related party transactions during the reporting period. The Company has formulated a policy on Related Party Transactions which is disclosed on the Company's website: https://muthootmicrofin.com/policies/

c) The Company has complied with the requirements of the Stock Exchanges/ Securities and Exchange Board of India (SEBI) and statutory authorities on all matters related to the capital markets during the last three years except for instances disclosed in clause XIII of this report:

d) The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

The status of compliance with the non-mandatory requirements is as under:

- The financial statements of the Company are with unmodified audit opinion.
- The Internal Auditor reports are presented to the Audit Committee.

e) The Company manages foreign exchange risk and hedges to the extent considered necessary and when required. The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated 15th November 2018 is not required to be given.

f) During the financial year, there were no instances where the recommendation of any Committee of the Board is not accepted by the Board of Directors.

g) An amount of ₹ 9.21 million (including out-of-pocket expenses and excluding GST) was paid by the Company, on a consolidated basis, to the Statutory Auditors and all the entities in the network firm/ network entity of which the Statutory Auditor is a part, during the Financial Year 2024-25.

h) Disclosures as required under Schedule V(C) (10) (l) of the Listing Regulations in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is disclosed in the Board's Report.

i) The Company and its subsidiaries have not made any Loans and Advances in the nature of loans to firms/ companies during the year in which Directors are interested.

j) The Company does not have any subsidiaries.

k) The Company has not raised funds through preferential allotment or qualified institutions placement and hence there is no disclosure on the utilization of funds raised in accordance with Regulation 32 of the SEBI(LODR) Regulations, 2015.

VIII. A certificate has been received from CS Lakshmi Pradeep, Practicing Company Secretary, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI, Ministry of Corporate Affairs or any such statutory authority. The Certificate forms part of this Annual Report.

IX. The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27, Part C of Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations and amended thereto, as applicable with regard to Corporate Governance. CS Lakshmi Pradeep, Practicing Company Secretary have certified that the Company has complied with the mandatory requirements as stipulated under SEBI Regulations. The Certificate on Corporate Governance forms part of the Annual Report.

X. CEO and CFO Certification

The Chief Executive Officer and Chief Financial Officer of the Company have given a certificate to the Board in compliance with Regulation 17 of SEBI Listing Regulations. The said certificate forms part of the Annual Report.

XI. Equity Shares In The Demat Suspense Account

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations, the Company reports that there are no equity shares lying in the demat suspense account, which were issued in dematerialized form pursuant to the public issue of the Company.

XII. Key Managerial Personnel and Senior Management Personnel

As on March 31, 2025, the following persons forms part of the Key Managerial personnel and Senior Management:

Sl No.	Name	Designation
Key Managerial Personnel		
1.	Mr. Thomas Muthoot John	Executive Director
2.	Mr. Sadaf Sayeed	Chief Executive Officer
3.	Mr. Praveen T	Chief Financial Officer
4.	Ms. Neethu Ajay	Chief Compliance Officer & Company Secretary
Senior Management Personnel		
1.	Mr. Udeesh Ullas	Chief Operating Officer
2.	Mr. Jinsu Joseph	Chief Risk Officer
3	Mr. Subhransu Pattnayak	Chief Human Resource Officer
4.	Mr. Dileep Kumar Pathak	Chief Internal Auditor
5.	Mr. Linson C Paul	Chief Technology Officer
6.	Mr. Deepu S	Chief Information Security Officer

XIII. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or board or any statutory authority, on any matter related to capital markets, during the last three years:

During the last three year, there have been no instances of non-compliance by the Company on any matters relating to the Companies Act, RBI Regulations, SEBI Regulations, Labour Laws, Income Tax and GST Laws and other applicable Acts, Rules, and Regulations except for the details mentioned below:

FY 2024-25

Company has received notice from BSE Ltd. with respect to Non-submission of Intimation of Board Meeting in accordance with Regulation 50(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Company has requested for the waiver of fine on account of interpretation of Law. Request for waiver is under process and the Company is awaiting positive response.

Also, Company received notice from the both the stock exchanges with respect to Delay in furnishing prior intimation about the meeting of the board of directors (Regulation 29 (2)/ 29 (3) of SEBI (LODR) Regulations, 2015). Company has requested the waiver of fine mentioning that no action triggering the requirement of notice has occurred during the current financial year. Request for waiver is under process and the Company is awaiting positive response.

FY 2023-24

As per Regulation 60(2) SEBI (LODR) Regulation, 2015, the listed entity shall give notice in advance of at least seven working days to the recognized stock exchange(s) of the record date. The Company has delayed submission of the notice of Record Date for one instance and a fine of ₹ 10,000/- was imposed by the BSE Limited. The Company has paid the required fine amount.

FY 2022-23

As per Regulation 50(1) of the SEBI (LODR) Regulations, 2015, the listed entity shall give prior intimation to the stock exchange at least two working days in advance about the Board Meeting in which certain matters are to be considered. The Company made a delay in furnishing intimation about the Board Meeting in one instance, for which a fine of ₹ 5,000/- was imposed by the BSE Limited. The Company has paid the required fine amount.

As per Regulation 57(4) of SEBI (LODR) Regulations, 2015, the listed entity shall within five working days prior to the beginning of the quarter provide details for all the non-convertible securities for which interest/dividend/principal obligations shall be payable during the quarter. The Company has not submitted the details of payable interest/dividend/principal obligations for the quarter ending March 2022, for which a fine of ₹ 2,000/- was imposed by BSE Limited. The Company has paid the required fine amount.

As per Regulation 60(2) SEBI (LODR) Regulations, 2015, the listed entity shall give notice in advance of at least seven working days to the recognized stock exchange(s) of the record date. The Company has delayed submission of the notices of Record Date for some instances and a fine of ₹ 1,00,000/- was imposed by BSE Limited. The Company has paid the required fine amount.

As per Regulation 57(1) SEBI (LODR) Regulations, 2015, the listed entity shall submit a certificate to the stock exchange within one working day of the interest or dividend or principal becoming due regarding the status of payment in case of non-convertible securities. The Company has delayed submission of the said certificate in one instance for which a fine of ₹ 2,000/- was imposed by BSE Limited. The Company has paid the required fine amount.

XIV. Breach of Covenants

Other than mentioned below, there was no other breach of covenants of loans availed or debt securities issued by the Company as on March 31, 2025.

During the current financial year, the Company has witnessed a surge in delinquencies due to multiple factors such as the macro-economic, socio-political events, over leveraging and climatic shocks. This induced disruption caused many of the borrowers across the microfinance industry to face challenges in servicing their loans on-time resulting in elevated PAR, GNPA, write offs and accelerated provisioning. Though the Company has been regular in servicing all its borrowings, including interest and principal obligations, without any defaults during the year, there have been instances of breach of covenants relating to certain loans and debt securities outstanding as at March 31, 2025. The breaches primarily pertain to financial performance thresholds, including deterioration in key asset quality parameters such as Portfolio at Risk (PAR), Gross Non-Performing Assets (GNPA), and elevated credit costs, which arose due to sector-wide stress in the Microfinance industry. The Company was not immune to this industry trend and witnessed breach of some of the covenants. All instances of breach of covenant of loan availed or debt securities issued are outlined in the below table:

	As at March 31, 2025		As at March 31, 2024	
Instrument Type	Amount Involved (₹ in Millions)	No of Instances	Amount Involved (₹ in Millions)	No of Instances
Debt Securities	2,863	4	Nil	Nil
erm Borrowings in Foreign Currency (ECB)	12,864	5	Nil	Nil
Term Loans	9,813	12	Nil	Nil
	25,540	**21**		

Matrix	Description of Key Financial Covenant	Covenant Threshold	Status as of March 31, 2025
Profitability	Return on Assets (ROA)	> 1%	Negative
Profitability	Profit After Tax (PAT) (Quarterly)	Positive	Negative
Profitability	Profit After Tax (PAT)	Positive	Negative
Profitability	ROE (Return on Equity)	> 10%	Negative
Portfolio Quality	Write-off as % of Average 5 Quarter AUM	< 2%	2.93%
Portfolio Quality	Composite Risk Indicator: PAR30 (On book) + RSL + Net Charge-off as % of GLP	< 10%	12.05%
Portfolio Quality	PAR30 (On book) + Write-off (12M rolling)	< 7%	11.90%
Portfolio Quality	PAR30 (On book) + Security Receipts (SR) + Restructured Loans (RL) to GLP	< 10%	11.08%
Portfolio Quality	GNPA (Gross Non-Performing Assets)	< 3 - 4.5%	4.84%
Portfolio Quality	PAR30 (On book only)	< 5%	8.66%
Portfolio Quality	NNPA (Net Non-Performing Assets)	< 1%	1.34%

Despite the covenant breaches, the Company has engaged in discussions with its lenders and has not received any notice of adverse action, such as invocation of penal interest clauses, downgrade in facility rating, or recall of facilities etc. The management, therefore, does not expect any material impact on the Company's financial position as of the date of the financial statements.

Further, there was no breach of covenant of loans availed or debt securities issued by the Company during the year ended March 31, 2024.

XV. Declaration of Code of Conduct

In compliance with the provisions of Schedule V(D) of the Listing Regulations, it is hereby affirmed that all the Board members and Senior Management personnel have complied with the Code of Conduct of the Company.

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Muthoot Microfin Limited
Corporate Identity Number: L65190MH1992PLC066228
13th Floor, Parinee Crescenzo, Bandra Kurla Complex,
Bandra East, Mumbai, Maharashtra, India, 400051

We have examined the compliance with conditions of Corporate Governance by Muthoot Microfin Limited ('the Company'), for the financial year ended on March 31, 2025, as per Regulations 17 to 27, clauses (b) to (i) and (t) of Regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance with conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and paragraphs C and D of Schedule V of the Listing Regulations during the financial year ended March 31, 2025.

We further state that this Certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and shall not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

For **Lakshmi Pradeep**
Company Secretary in Practice
Membership No. FCS 10160
CP No. 13155
UDIN: F010160G000294763
ICSI Peer Review Certificate No: 3303/2023

Place: - Palakkad
Date: - 08/05/2025

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and RBI Circular DOR.ACC.REC. No. 20/21.04.018/2022-23 dated April 19, 2022 read with Schedule V Para C of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s **Muthoot Microfin Limited (CIN: L65190MH1992PLC066228)** having registered office at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai-400051 (hereinafter referred to as the "Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) and RBI Circular DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 read with Schedule V Para C Clause 10 Sub Clause (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below, for the Financial Year ending on 31st March, 2025 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

SL. No	Name of Director	DIN	Date of First Appointment
1	Thomas George Muthoot	00011552	08/05/2017
2	Thomas Muthoot	00082099	08/05/2017
3	John Tyler Day	07298703	20/12/2022
4	Akshaya Prasad	02028253	06/12/2021
5	Pushpy B Muricken	03431198	31/03/2018
6	Thai Salas Vijayan	00043959	15/05/2018
7	Bhama Krishnamurthy	02196839	15/05/2018
8	Alok Prasad	00080225	10/05/2017
9	Thomas Muthoot John	07557585	19/12/2024
10	Anil Sreedhar	07536707	30/12/2024

Ensuring the eligibility for the appointment /continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on this based on our verification. This certificate is neither an assurance as to the future viability of the Company, nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Lakshmi Pradeep**
Company Secretary in Practice
Membership No. FCS 10160
CP No. 13155
UDIN: F010160G000294895
ICSI Peer Review Certificate No: 3303/2023

Place: - Palakkad
Date: - 08/05/2025

CEO/CFO COMPLIANCE CERTIFICATION TO THE BOARD

[Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Sadaf Sayyed, Chief Executive Officer and Praveen T, Chief Financial Officer of Muthoot Microfin Limited hereby certifying that:

A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2025 and that to the best of their knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

   (1) That there are no significant changes in internal control over financial reporting during the year;

   (2) That there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (3) That we are not aware of instances of any significant fraud of with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **Muthoot Microfin Limited,**

Date: May 8, 2025
Place: Ernakulam

Sadaf Sayeed
Chief Executive Officer

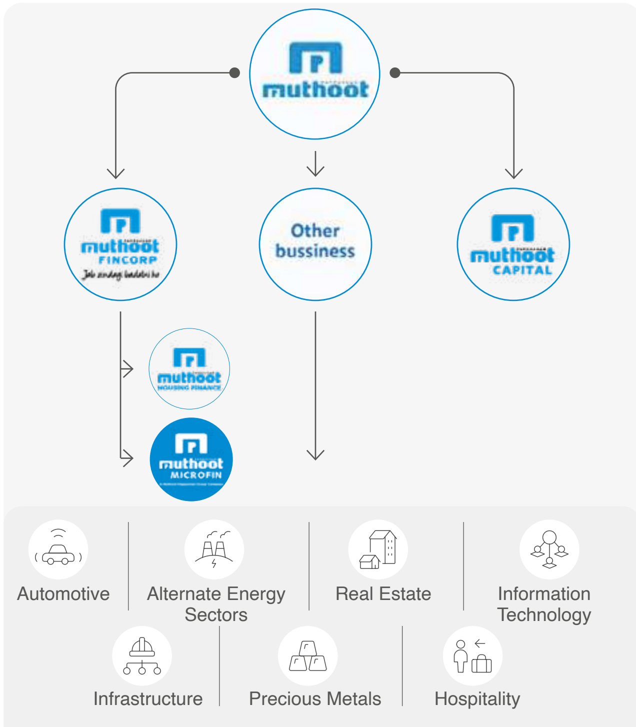
Praveen T
Chief Financial Officer

Management Discussion and Analysis

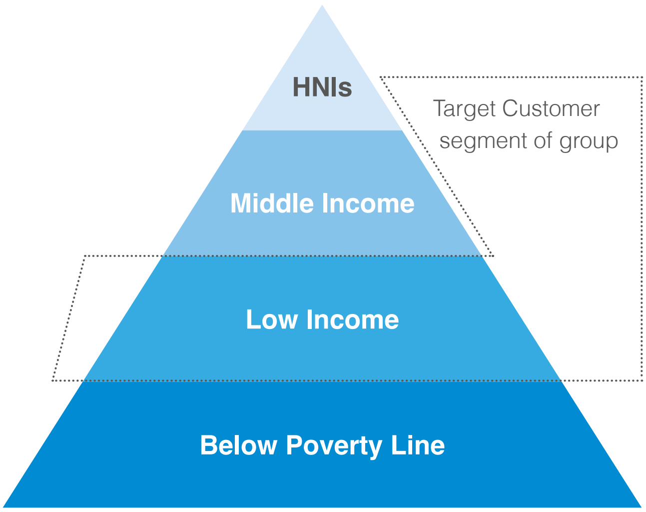
Muthoot Pappachan Group (MPG)

The Muthoot Pappachan Group, known as the Muthoot Blue, was founded in 1887 by Ninan Mathai. Having established a reputation for offering quality products, it enhanced customer satisfaction and maintained steady growth over the years. Now it stands as a well-diversified conglomerate, with a presence in various sectors including financial services, automotive, hospitality, real estate, information technology infrastructure, precious metals and alternate energy sectors. Deploying new-age technology, innovative approaches to serve customers and adhering to core beliefs, forms the backbone of MPG.

Our relationship with the Muthoot Pappachan Group provides us with brand recall and significant marketing and operational benefits. Further, there are significant synergies between the financial services business of the group and our micro-finance business.



Target Customer Segment of MPG



Position of Muthoot Microfin Limited (MML) in the Group

Amongst all the companies of the Muthoot Pappachan Group, MML stands as the second largest Company. The strong brand recall, enhanced marketing and operational support from the group bolsters MML's performance and outreach to their borrowers. Moreover, MML empowers women entrepreneurs, from economically backward backgrounds, with entry-level opportunities in their financial institution.

With MPG's development of a platform that allows access to all the group's loan offering, MML will gain enhanced cross-selling of its financial products, thereby, meeting the varying customer demands.

The strong presence of the MPG in the rural region, enables MML to cater to the requirements of women with curated solutions.

Building upon MML's branch network, cash management systems, gold assessment expertise and storage facilities of Muthoot Fincorp Limited (MFL) under the MPG, it envisages to improve its operational efficiencies.

By leveraging the MPG group's established brand trust, infrastructure and its strong presence nationwide, MML envisions to strengthen their customer base and expand geographical footprints.

MML

> MML remained the second largest NBFC-MFI in India in terms of both Loan Amount Disbursed and AUM

MML being the microfinance arm of the Muthoot Pappachan Group (NBFC-MFI), it empowers women and supports inclusive growth, emerging as one of the fastest-growing microfinance institutions in India. MML was able to boost its marketing and operational efforts as well as increase brand recall thanks to the partnership with MPG. The Company with its joint liability group model of microfinance, exclusively caters to women from low-income homes, thereby, improving their earnings and providing wider access to credit.

The business model of MML curates financial services, supporting the livelihood of women across rural India through the promotion of entrepreneurship that encourages inclusive growth. The financial assistance is offered through micro loans such as income generating loans to women who are engaged in small businesses. Additionally, the MML has developed in-house information technology that provides high-quality customer services, thereby, strengthening its market position. Moreover, it adopts an integrated multi-layered approach to credit underwriting and risk monitoring via advanced scoring systems. Equifax enables MML to accurately assess the creditworthiness of its customers during loan origination.

Highlights of FY 2025

1,699
Branches

3.43 Mn
Active Client Base

15,989
Employees

2.3%
YoY Client Growth

₹ 88,725 Mn
Disbursement

95%
Client Retention

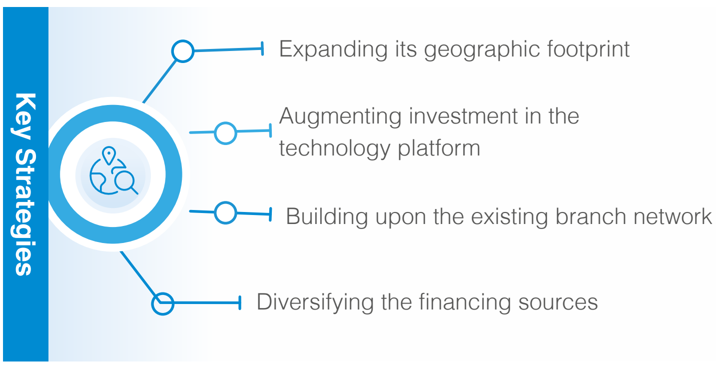
93.6%
Overall Collection Efficiency

1.34%
Net Non-Performing Assets (NNPA)

4.84%
Gross Non-Performing Assets (GNPA)

₹25,644 Mn
Income

₹ 1,23,567 Mn
Asset Under Management (AUM)

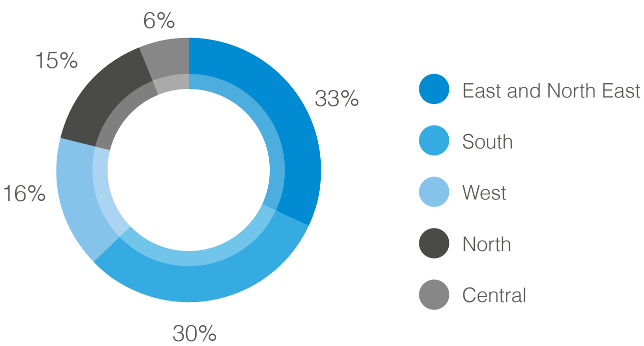


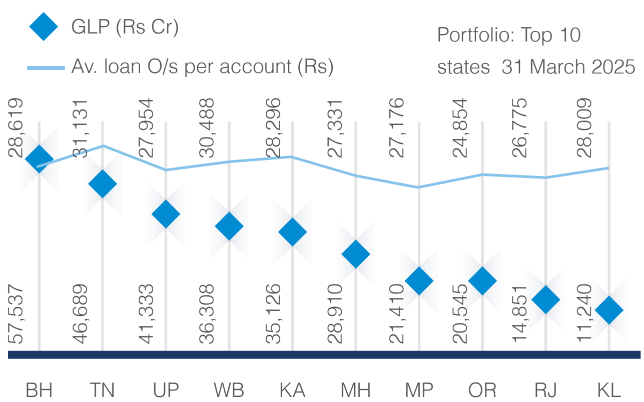
Impact of Non-Banking Financial Companies and Microfinance Institutions (NBFC-MFI) Sector's Performance on Muthoot Microfin

There has been a significant expansion in the Indian microfinance industry and it has contributed to driving the socio-economic transformation across the underserved region. The microfinance industry aims to empower and support individuals who lack access to traditional banking services. Although the MFI sector in India showed symptoms of stress with an increase in delinquencies across all types of lenders and ticket sizes, the total loan portfolio in the reported year was Rs 3,85,348 Cr, including a DPD 180+ portfolio of Rs 37,548 Cr. There were 7.9 crore unique borrowers and a total of Rs 13.9 crore in active loan accounts. Additionally, the East and North-East regions accounted for the highest proportion of portfolio in the given year, followed by the Southern area. Along with this, the top states accounted for 84.0% of GLP in FY 2025. Bihar remained the largest state in portfolio outstanding followed by Tamil Nadu and Uttar Pradesh.

To extend microfinance services across India, the Micro Finance Institution (MFI)-led approach is widely adopted. The microfinance industry includes banks, small finance banks, the Non-Banking Financial Companies-Microfinance Institutions (NBFC-MFIs) and NBFCs across the country. Among the key players in the microfinance industry, NBFC-MFI emerged as a dominant player. Over the years, NBFC-MFIs have expanded significantly, thereby empowering 8.1 crore borrowers in the reporting year.[1]

Regional distribution of portfolio March 31, 2025





Non-Banking Financial Companies and Microfinance Institutes (NBFC-MFI)

NBFC-MFIs are the largest provider of microcredit, with a loan amount outstanding of Rs 1,50,282 Cr, or 39.0% of the overall industry portfolio, while banks and SFBs holds 32.8% and 16.3% of the total micro credit portfolio. Moreover, NBFC accounted for 11.3% and other FIs accounted for 0.6% of the micro credit industry. The NBFC-MFIs play a vital role in promoting financial inclusion, offering microloans and other financial services to low-income individuals. This supports the economy in mitigating poverty, thereby, ensuring economic empowerment. NBFC-MFI, a non-deposit taking NBFC, was categorised separately in NBFC via a Sub-Committee of the Central Board of the Reserve Bank, chaired by Shri Y. H. Malegam. Moreover, the committee had further suggested the industry association for monitoring the compliance by NBFC-MFI.

The categorisation of NBFC-MFI depends on the Asset Under Management (AUM) size, wherein the AUM less than Rs 500 Cr is classified as small, with AUM between Rs 500 Cr to Rs 2,000 Cr being categorised as medium and AUM more than Rs 2000 Cr is identified as large. In the reported year, the aggregate AUM, both owned and managed, was Rs 1,42,695 Cr. Moreover, the regional distribution in Eastern and North-Eastern regions, demonstrates NBFC-MFI's AUM's significant presence. Additionally, the debt funding of NBFC-MFIs was Rs 12,921 Cr, with 86% of its contribution by the banks.

Although during the reported year the Gross Loan Portfolio (GLP) has de grown by 11.1%, however, the unique client base increased to 7.9 crores from 7.4 crores. This caused reduction in client level exposure level by 12.3% in comparison to the previous financial year.

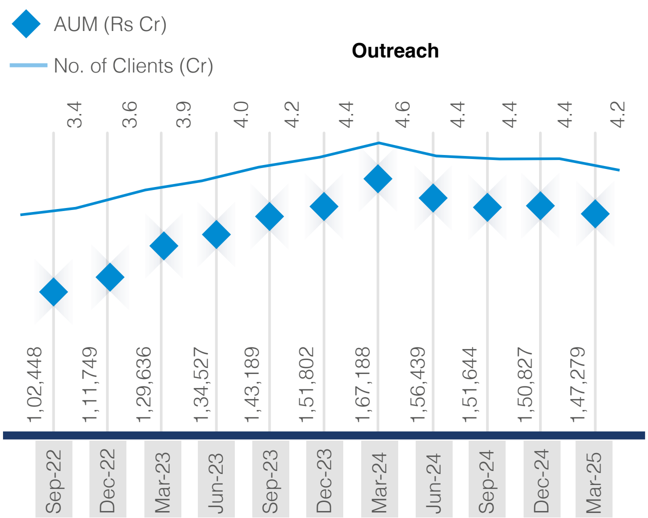
To counter the NBFC and NBFC-MFIs' rising interest rate charges, the RBI stepped up its supervisory action in the latter half of the reporting year. Additionally, the Reserve Bank of India (RBI) announced several regulatory measures, addressing concerns about the rising unsecured loans and reliance of NBFCs on bank funding. Few introduced measures are heightened risk weights on consumer credit, including personal loans/credit cards and consumer durables, etc. Additionally, upon RBI's notification, the Board of Directors of the lenders have been asked to set exposure limits for unsecured credit.

The Micro Finance Industry Network (MFIN) is the first Self-regulatory Organisation (SRO) in India, that has been ensuring the crucial role played by the operations of microfinance in the development of India. MFIN issued directives such as Guardrails, thereby, restricting the number of microfinance lenders by capping the total loan disbursements. Consequently, this resulted in a negative short-term impact on the NBFC-MFI sector, leading to measured asset growth within the sector, which decelerated business volumes, with output of lower returns in the reported year.

[1]https://www.infomerics.com/admin/uploads/MFI-Industry-feb25.pdf

MML also announced a USD 103 million syndicated social term loan in the form of an External Commercial Borrowings (ECB) during the reporting year. The ECB was implemented in compliance with the RBI's policy of diversifying NBFC funding sources. This funding structure enabled MML to improve its Asset and Liability Management (ALM) position while reducing funding expenses.

NBFC-MFI Trends in FY 2025



Key challenges faced by MFI in FY 2025

- Prolonged financial instability across affected region due to isolated political movement and local unrest in certain regions have disrupted borrower repayments and regional loan recovery efforts
- Extreme weather conditions such as torrential rainfall, heat waves, dry spells have negatively affected the low-income households and this undermined their repayment ability
- Heavy reliance on wholesale borrowing from banks and capital markets makes the industry vulnerable to fluctuations in interest rates and market conditions
- MFI sector in India faced challenges especially due to the Karnataka Micro Loan and Small Loan (Prevention of Coercive Actions) Ordinance, 2025 initiative by the State government. It was initiated to help the MFI Industry on a long-term basis but it became challenging for the short term
- MFIs remained focused on collections to reduce delinquency rates and this limited new loan disbursements. Therefore, impacting the credit availability amount the borrowers, which disrupted the customer cash flows and face challenges in maintaining repayments.

Performance of MML

Throughout the reported year, MML remained resilient in the face of multiple challenges, such as various natural disasters, political and regulatory alterations. The heavy rainfall, floods and cyclones disrupted the livelihood of the borrower, thereby, declining savings and loan defaults, which therefore, negatively impacted the operations of MML. However, via NATCAT, insurance covered 100% of the loans, with approximately 46% of these claims settled. Moreover, the implementation of the Guardrails further impacted the number of customers eligible for the disbursements. Additionally, the implementation of guardrails 1.0, the AUM growth of +8.3% YoY, -0.9% QoQ at INR 124bn and guardrail 2.0 prompted revision of AUM guidance for FY 2025 to 5-7% in contrast to the previous guidance of 10-12%. GS3/NS3 was up +33bps QoQ, +30bps QoQ to +3%/1.3% driven by industry stress. However, amidst the ongoing headwinds in the NBFC-MFI sector, MML remained resilient, adaptive and sustained its position in the industry.

MML prioritised asset quality and customer engagement over short-term profitability. The customer acquisition activities remained consistent in FY 2025, with MML's total customer count accounting to 34,30,000, thereby, highlighting the 2.3% growth in comparison to last financial year. Moreover, the branch expansion, reinforced the reach to a wider customer range across various regions. Additionally, the AUM remained at Rs 12,357 Crores, exhibiting 1.3% growth.

The underwriting policies supported by a data-driven scorecard and strong collection team propelled MML to minimise the negative effect of its industry on their operations. During the reported year, MML initiated multiple rate cuts for its borrowers and the provision coverage ratio of MML registered significant improvement.

In FY 2025, MML acquired an eKYC license from the Aadhaar authority, that enables its customers to avail the process of eKYC. This further strengthened MML's ability to prevent fraud. Moreover, the Muthoot Mahila Mitra App demonstrated robust performance with 18 lakh customers downloading it. Therefore, on the digital front, it has promoted financial inclusion among its customers. Additionally, in Andhra Pradesh and Telangana, MML has projected 100% on time collection. Thus, MML with 740 e-clinics, offering around 10.2 lakh customers with health consultancy, enhanced customer retention in the reported year.

Co-lending Agreement between MML and the State Bank of India (SBI)

In FY 2025, MML initiated a co-lending agreement with SBI to extend its financial services to women entrepreneurs across rural and semi-urban India. This collaboration was undertaken to help MML expand its reach by offering diversified financial services, thereby creating a sustained positive impact on rural Indian women.

Key Offerings

Life betterment solutions such as education loan, mobile phones loans, solar lighting product loans and household appliances product loans

Offers livelihood solutions such as income generating loans, Pragathi loans and individual loans

Secured loans in the form of MSME Lap Loans to financially support the existing customers

Health and hygiene loans such as sanitation improvement loans, to promote health and hygiene

Financial Performance

Particulars	As of/ for the year ended March 31, 2025	As of/ for the year ended March 31, 2024
Gross Loan Portfolio (million)	1,23,567.18	1,21,935.00
Period on period growth in gross loan portfolio (%)	1.34%	32.42%
Disbursements (million)	88,725	1,06,616.12
Period on period growth in disbursements (%)	(16.78%)	31.55%
Number of loans disbursed (million)	1.18	2.42
Customers to whom loans were disbursed during the period (million)	1.38	1.77
New customers (million)	0.56	1.00
Active customers (million)	3.43	3.35
Customers with Mahila Mitra app downloads (million)	1.79	1.63
Customers who transacted digitally with us (million)	2.20	2.30
Overall digital collection (million)	22,965.97	21,128.24
Revenue from operations (million)	25,616.93	22,489.33
Net Interest Income (NII) (million)	15,511.51	13,569.19
Net Interest Margin (NIM)	12.36%	12.63%
Ratio of operating expenses to monthly average gross loan portfolio	6.21%	5.94%
Ratio of provisions and write offs to monthly average gross loan portfolio	9.36%	1.42%
Pre-provision operating profit before tax (million)	8,676.37	7,543.81
Profit After Tax (PAT) (million)	(2,225.23)	4,495.83
Total comprehensive income for the year (million)	(1,805.85)	4,632.60
Debt to Equity (DE) (times)	3.22	3.00
Return on Assets (RoA)	(1.80%)	4.19%
Return on Equity (RoE)	(8.19%)	20.30%
Net Worth	26,322.27	28,043.52
Cost to Income Ratio (CIR) (%)	46.91%	45.70%
Average annual cost of borrowings (%)	11.02%	11.17%
Impairment allowance coverage ratio (%)	73.32%	58.98%
Capital to Risk Assets Ratio (CRAR) (%)	27.85%	28.97%
Insurance premium collected (million)	4,331.05	4,864.60
Life insurance (million)	2,835.56	3,384.52
Medical insurance (million)	1,036.25	811.11
Natural calamity insurance (million)	459.25	668.97

Key Components of Our Profit and Loss Statement

The description of the key components of our profit and loss statement are mentioned below.

Income

Revenue from Operations

Revenue from operations comprises interest income, fees and commission income, net gain on fair value changes, income on investments and sale of services. Interest income includes interest on loan portfolio (measured at amortised cost), interest on deposits from banks and interest on loan assets (measured at fair value through other comprehensive income). Fees and commission income is comprised of facilitation fees that the Company earns from manufacturers and distributors which sell their products to customers at the Company's branches. MML provides loans to its customers for the purchase of such products (for example, solar lamps and pressure cookers). Fees and commission income involves the income from business correspondence services, consisting of commissions earned from partnerships for the Prayaas loan scheme, a direct credit scheme for micro enterprises, including existing customers. Net gain on fair value changes consists of net gain on the sale of loan assets recognised through its profit and loss account. It relates to the fair value changes of the Company's loan assets that it assigns pursuant to its assignment transactions. Income from investments is the income earned from investments in Government Securities and mutual funds. Sale of services includes the income which the Company receives in relation to collection services that it provides for the portion of loans assigned.

Other Income

Other income comprises interest income on security deposits, gain on termination of lease and miscellaneous income.

Expenses

Expenses include finance costs, fees and commission expenses, net loss on derecognition of financial instruments under amortised cost category, impairment on financial instruments, employee benefit expenses, depreciation and amortisation expense and other expenses.

Finance Cost

Finance costs comprise interest on borrowings (other than debt securities), interest on debt securities and interest cost on lease liabilities.

Fees and Commission Expenses

Fees and commission expenses comprise fees and commission expenses, which relate to expenses incurred in outsourcing the cash management operations to MFL and third-party cash management agencies.

Net Loss on derecognition of financial instrument under amortised cost category

Net Loss on derecognition of financial instrument under amortised cost category is the difference between the net carrying value of the loan assets sold to Asset Reconstruction Company and the purchase consideration received for the same.

Impairment on Financial Instruments

Impairment on financial instruments comprises write-off of loans and other receivables, waiver of credit impaired loans as a result of settlements entered with its delinquent customers, financial guarantee expenses and provision for impairment on loan assets and other receivables and netted off with the bad debts recovered.

Employee Benefit Expenses

Employee benefit expenses include salaries and wages, contributions to provident and other funds, share-based payments, gratuity, compensated absence and staff welfare expenses.

Depreciation and Amortisation Expenses

Depreciation and amortisation expense includes depreciation on property, plant and equipment, depreciation on right-of-use assets and amortisation.

Tax Expenses

The tax expenses are comprised of current tax, deferred tax and tax associated to prior periods.

Results of Operations for FY 2025 and FY 2024

Particulars	Financial year 2025		Financial year 2024	
	(₹ in million)	% of total Income	(₹ in million)	% of total Income
Income				
Revenue from operations	25,616.93	99.89%	22,489.33	99.72%
Other income	27.47	0.11%	63.46	0.28%
Total income	**25,644.40**	**100.00%**	**22,552.79**	**100.00%**
Expenses				
Finance costs	9,301.05	36.27%	8,660.42	38.40%
Fees and commission expenses	253.62	0.99%	271.85	1.21%
Impairment on financial instruments	1,142.17	4.45%	0.00	0.00%
Employee benefits expenses	10,423.24	40.65%	1,725.39	7.65%
Depreciation and amortisation expense	5,339.07	20.82%	4,464.26	19.79%
Other expenses	428.37	1.67%	354.38	1.57%
Total expenses	**28,533.44**	**111.27%**	**16,734.37**	**74.20%**
Profit before tax	**(2,889.04)**	**(11.27%)**	**5,818.42**	**25.80%**
Tax expenses	**(663.81)**	**(2.59%)**	**1,322.59**	**5.86%**
Current tax	468.41	1.83%	1,456.31	6.37%
Deferred tax	(1,100.71)	(4.29%)	104.80	0.46%
Tax relating to prior years	(31.51)	(0.12%)	(238.52)	(1.04%)
Profit for the year	**(2,225.23)**	**(8.68%)**	**4,495.83**	**19.93%**

FY 2025 Compared to FY 2024

Income

Revenue from operations

Our revenue from operations increased by 13.91% to ₹25,616.93 million for the Financial Year 2025 from ₹ 22,489.33 million for the Financial Year 2024, primarily due to an increase in interest income to ₹ 23,694.79 million for the Financial Year 2025 from ₹ 19,735.78 million for the Financial Year 2024, which was primarily attributable to increases in interest on loan portfolio to ₹ 23,311.23 million for the Financial Year 2025 from ₹ 19,424.19 million for the Financial Year 2024. The increase in interest on loan portfolio was in line with increases in (i) active customers to 3.43 million as of March 31, 2025, from 3.35 million as of March 31, 2024, and (ii) gross loan portfolio to ₹1,23,567.18 million as of March 31, 2025, from ₹1,21,935.00 million as of March 31, 2024. These increases were because of an expansion in the number of our branches to 1,699 as of March 31, 2025, from 1,508 as of March 31, 2024, and districts where we operate to 388 as of March 31, 2025, from 353 as of March 31, 2024. The Company reduced its interest on loan portfolio during the Financial Year 2025, as a result, our net interest margins, which is the ratio of our net interest income to our average monthly gross loan portfolio, reduced to 12.36% for the Financial Year 2025 from 12.63% for the Financial Year 2024.

The increase in revenue from operations was also due to an increase in fees and commission income to ₹ 973.04 million for the Financial Year 2025 from ₹ 409.09 million for the Financial Year 2024, primarily due to increases in (i) facilitation and branding fees to ₹ 910.31 million for the Financial Year 2025 from ₹ 361.05 million for the Financial Year 2024 and (ii) income from business correspondence services to ₹ 62.73 million for the Financial Year 2025 from ₹ 48.03 million for the Financial Year 2024 (iii) income on investments to ₹ 236.84 million for the Financial Year 2025 from ₹ 156.78 million for the Financial Year 2024, primarily attributable to an increase in profits arising from the sale of short-term investments in mutual funds and interest on investment in government securities (iv) sale of services to ₹17.00 million for the Financial Year 2025 from ₹ 10.83 million for the Financial Year 2024, both of which were primarily attributable to an increase in buyout portfolio. Revenue from Operations were also impacted by the reduction in the Net gain on fair value changes to ₹ 695.26 million for Financial Year 2025 from ₹ 2,176.85 million for Financial Year 2024.

Other Income

Other income decreased by 56.71% to ₹ 27.47 million for the Financial Year 2025 from ₹ 63.46 million for the Financial Year 2024. The decrease was primarily due to a reduction in miscellaneous income to ₹ 16.75 million for the Financial Year 2025 from ₹ 54.80 million for the Financial Year 2024.

Expenses

Finance cost

Finance costs increased by 7.40% to ₹ 9,301.05 million for the Financial Year 2025 from ₹ 8,660.42 million for the Financial Year 2024, primarily due to increases in (i) interest on borrowings (other than debt securities) to ₹ 8,208.93 million for the Financial Year 2025 from ₹ 6,698.69 million for the Financial Year 2024, primarily attributable to increases in borrowings from banks and under securitization arrangements, and amounts raised from external commercial borrowings, and (ii) interest cost on lease liabilities to ₹ 185.67 million for the Financial Year 2025 from ₹ 160.20 million for the Financial Year 2024, primarily attributable to an increase in number of lease contracts that we entered into, as our number of branches increased to 1,699 as of March 31, 2025, from 1,508 as of March 31, 2024. Finance cost is also affected positively by the reduction in interest on debt securities to ₹ 906.45 million for the Financial Year 2025 from ₹ 1,800.97 million for the Financial Year 2024, primarily attributable to redemption of non-convertible debentures during the Financial Year 2025.

Fees and commission expenses

Fees and commission expenses decreased by 6.71% to ₹253.62 million for the Financial Year 2025 from ₹ 271.85 million for the Financial Year 2024, primarily due to increases in digital collections to ₹ 22,965.97 million for the Financial Year 2025 from ₹ 21,128.24 million for the Financial Year 2024.

Net Loss on derecognition of financial instruments under amortised cost category

Net Loss on derecognition of financial instruments comes to ₹ 1,142.17 million in Financial Year 2025, compared to Nil in Financial Year 2024. This was due to the sale to Asset Reconstruction Company undertaken in the Financial Year 2025.

Impairment on financial instruments

Impairment on financial instruments increased by 504.11% to ₹ 10,423.24 million for the Financial Year 2025 from ₹ 1,725.39 million for the Financial Year 2024, primarily due to increase in (i) loans written off to ₹ 3,180.94 million for the Financial Year 2025 from ₹ 1,319.20 million for the Financial Year 2024, (ii) loans waived off to ₹ 924.35 million for the Financial Year 2025 from ₹ 342.00 million for the Financial Year 2024, primarily attributable to an increase in settlements with our customers during the Financial Year 2025, and (iii) provision for impairment on loan assets to ₹ 6,204.86 million for the Financial Year 2025 from ₹ 125.54 million for the Financial Year 2024, primarily attributable to an increase in Non-Performing Assets to ₹ 4,511.67 million for the Financial Year 2025 from ₹ 2,207.89 million for the Financial Year 2024.

Employee benefits expenses

Employee benefits expense increased by 19.60% to ₹ 5,339.07 million for the Financial Year 2025 from ₹4,464.26 million for the Financial Year 2024, primarily due to increases in (i) salaries and wages to ₹ 4,735.15 million for the Financial Year 2025 from ₹ 3,946.52 million for the Financial Year 2024, and (ii) contribution to provident and other funds to ₹ 396.33 million for the Financial Year 2025 from ₹ 314.04 million, which were primarily attributable to an increase in our headcount to expand our business operations and branch network, and an annual increase in salaries and bonuses of our employees. We have 15,989 employees as of March 31, 2025, as compared to 13,866 employees as of March 31, 2024. Further, the increase in employee benefits expense was also attributable to an increase in Staff welfare expenses to ₹ 91.03 million for the Financial Year 2025 from ₹ 62.84 million for the Financial Year 2024, and Gratuity and compensated absence to ₹ 63.64 million for the Financial Year 2025 from ₹ 47.14 million for the Financial Year 2024.

Depreciation and amortisation expense

Depreciation and amortization costs increased by 20.88% to ₹ 428.37 million for the Financial Year 2025 from ₹ 354.38 million for the Financial Year 2024, primarily due to increases in (i) depreciation on property, plant and equipment to ₹ 172.87 million for the Financial Year 2025 from ₹ 140.20 million for the Financial Year 2024, and (ii) depreciation on right-of-use assets to ₹ 254.86 million for the Financial Year 2025 from ₹ 213.34 million for the Financial Year 2024, which were primarily attributable to the expansion of our business and corresponding increases in (a) net carrying amount of property, plant and equipment to ₹ 767.73 million as of March 31, 2025 from ₹ 732.82 million as of March 31, 2024, and (b) branches to 1,699 as of March 31, 2025 from 1,508 as of March 31, 2024.

Other Expenses

Other expenses increased by 30.83% to ₹ 1,645.92 million for the Financial Year 2025 from ₹ 1,258.07 million for the Financial Year 2024, primarily due to an increase in expenses relating to (i) legal and professional charges to ₹ 342.09 million for the Financial Year 2025 from ₹ 227.53 million for the Financial Year 2024, (ii) traveling and conveyance to ₹ 568.87 million for the Financial Year 2025 from ₹ 455.92 million for the Financial Year 2024, (iii) Communication expenses to ₹ 162.53 million for the Financial Year 2025 from ₹ 97.47 million for the Financial Year 2024, (iv) rent expenses to ₹ 72.11 million for the Financial Year 2025 from ₹ 36.73 million for the Financial Year 2024, and (v) Corporate social responsibility expenses to ₹ 57.31 million for the Financial Year 2025 from ₹ 19.11 million for the Financial Year 2024.

Profit before Tax

As a result of the foregoing, the Company incurred a loss of ₹ 2,889.04 million for the Financial Year 2025, compared to profit of ₹ 5,818.42 million for the Financial Year 2024.

Tax Expense

Current tax reduced by 67.84% to ₹ 468.41 million for the Financial Year 2025 from ₹ 1,456.31 million for the Financial Year 2024, primarily due to an reduction in taxable income to ₹ 2,202.40 million for the Financial Year 2025 from ₹ 6,197.88 million for the Financial Year 2024.

As a result of timing differences in making provisions for loan assets, gratuity and leave encashment and Ind AS adjustments, we had deferred tax reversal of ₹ 1,100.71 million as of March 31, 2025.

As a result of excess provision created for tax in Financial Year 2024, we had tax reversal relating to prior years of ₹ 31.51 million as of March 31, 2025.

Profit after Tax

As a result of the foregoing, our loss after tax came to ₹2,225.23 million for the Financial Year 2025 against profit of 4,495.83 million for the Financial Year 2024.

(₹ in million)

Particulars	As of March 31, 2025	As of March 31, 2024
Assets:		
Total financial assets	1,04,411.13	1,13,279.22
Total non-financial assets	4,159.08	2,623.04
Total Assets	**1,08,570.21**	**1,15,902.26**
Liabilities and Equity:		
Total financial liabilities	82,044.93	87,489.47
Total non-financial liabilities	203.01	369.27
Total liabilities	**82,247.94**	**87,858.74**
Total equity	**26,322.27**	**28,043.52**
Total liabilities and equity	**1,08,570.21**	**1,15,902.26**

Assets

We had total assets of 1,08,570.21 million as of March 31, 2025, compared to 1,15,902.26 million as of March 31, 2024. The decrease in total assets were due to decrease in financial assets.

Financial assets

Our total financial assets decreased by 7.83% to 1,04,411.13 million as of March 31, 2025 from 1,13,279.22 million as of March 31, 2024, primarily due to decrease in (i) loan assets to 87,401.91 million as of March 31, 2025 from 92,863.61 million as of March 31, 2024, (ii) cash and cash equivalents to 6,972.50 million as of March 31, 2025 from 9,276.49 million as of March 31, 2024, and (iii) bank balances other than cash and cash equivalent to 4,725.22 million as of March 31, 2025 from 6,488.24 million as of March 31, 2024, in line with decrease in disbursements.

Non-financial assets

Our total non-financial assets increased by 58.56% to 4,159.08 million as of March 31, 2025 from 2,623.04 million as of March 31, 2024 primarily due to increases in (i) Deferred tax assets (net) to 938.19 million as on March 31, 2025 from deferred tax liability of 93.04 million as on March 31, 2024, (ii) current tax assets (net) to 802.17 million as of March 31, 2025 from 131.13 million as of March 31, 2024, (iii) right-of-use assets to 1,456.84 million as of March 31, 2025 from 1,410.87 million as of March 31, 2024, and (iv) property, plant and equipment to 767.73 million as of March 31, 2025 from 732.82 million as of March 31, 2024, which were primarily attributable to the expansion of our business and increase in branches.

Liabilities

We had total liabilities of 82,247.94 million as of March 31, 2025, compared to 87,858.74 million as of March 31, 2024 due to decrease in financial and non-financial liabilities.

Financial liabilities

Our total financial liabilities decreased by 6.22% to 82,044.93 million as of March 31, 2025 from 87,489.47 million as of March 31, 2024, primarily due to decrease in (i) debt securities to 5,636.63 million as on March 31, 2025 from 9,986.20 million as on March 31, 2024, (ii) borrowings (other than debt securities) to 73,627.58 million as of March 31, 2025 from 74,261.65 million as of March 31, 2024, primarily attributable to redemption of Non-Convertible Debentures and repayment of borrowings from banks and financial institutions, under Securitisation arrangement and External Commercial Borrowing. Decrease in total financial liabilities was also due to decrease in other financial liabilities to ₹ 757.90 million in Financial Year 2025 from H 1,346.11 in Financial Year 2024.

Non-financial liabilities

Our total non-financial liabilities decreased by 45.02% to 203.01 million as of March 31, 2025 from 369.27 million as of March 31, 2024 primarily due to decrease in Deferred tax liabilities (net) from 93.04 million as on March 31, 2024 to deferred tax asset of 938.19 as on March 31, 2025, and decrease in other non-financial liabilities to 91.25 million as of March 31, 2025 from 166.14 million as of March 31, 2024.

Equity

Our total equity decreased by 6.14% to 26,322.27 million as of March 31, 2025 from 28,043.52 million as of March 31, 2024 primarily due to decrease in other equity to 24,646.30 million as of March 31, 2025 from 26,370.85 million as of March 31, 2024, primarily attributable to decrease in (a) retained earnings to 4,728.77 million as of March 31, 2025 from 6,963.65 million as of March 31, 2024, due to the loss incurred during the year.

Liquidity and Capital Resources

Liquidity

As of March 31, 2025, we had cash available for use in our operations of 6,972.50 million. We currently invest our surplus cash in fixed deposits with various banks and debt mutual funds.

We regularly monitor our funding levels to ensure we have sufficient liquidity to discharge our liabilities. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by short-term and long-term borrowings from banks and other financial institutions, recovery on our loan portfolio, proceeds from securitization and assignment of loans, issue of debentures, sales of equity securities and retained earnings.

(₹ in million)

Particulars	FY 2025	FY 2024
Net cash used in operating activities	(13,820.28)	(12,716.92)
Net cash used in investing activities	(1,277.86)	(2,253.28)
Net cash used/ generated from financing activities	(14,846.41)	16,710.15
Net (decrease)/increase in cash and cash equivalents	**(2,303.99)**	**1,739.95**

Operating Activities

Net cash generated from operating activities was ₹ 13,820.28 million for the Financial Year 2025. We had loss before tax of ₹ 2,889.04 million, which was primarily adjusted for impairment on financial instruments of ₹ 10,423.24 million, net loss on derecognition of financial instruments under amortised cost category of ₹ 1,142.17, finance cost on borrowings of ₹ 9,115.38, depreciation and amortisation of 428.37 million, working capital changes such as decrease in other receivables of ₹ 1,919.96 million and decrease in other financial assets of ₹ 1,266.60 million. This was also offset by the increase in loan assets of ₹ 5,093.54 million.

Net cash used in operating activities was ₹ 12,716.92 million for the Financial Year 2024. We had profit before tax of ₹ 5,818.42 million for the Financial Year 2024, which was primarily adjusted for impairment on financial instruments of 1,819.58 million, finance cost on borrowings of ₹ 8,500.22, depreciation and amortisation of ₹354.38 million, and adjustments towards effective interest rate in respect of loan assets of ₹285.64 million. This was also offset by the increase in loans of ₹ 23,700.50 million, gain on sale of loan asset through direct assignment of ₹2,176.85 million and an increase in other receivables of 1,705.14 million.

Investing Activities

Net cash used in investing activities was 1,277.86 million for the Financial Year 2025, which primarily related to investment in security receipts of 1,933.80, investment in government securities of 1,254.11, and purchase of tangible assets (including capital advances) and intangible assets of 207.32 million, which was partially offset by redemption of term deposits with banks (net) of 1,763.02 million.

Net cash used in investing activities was 2,253.28 million for the Financial Year 2024, which primarily related to investment in term deposits with banks (net) of 2,301.04 million, and purchase of tangible assets (including capital advances) and intangible assets of 276.34 million.

Financing Activities

Net cash used in financing activities was 14,846.41 million for the Financial Year 2025. This primarily related to repayment of borrowings of 39,341.64 million, repayment of securitization arrangement of 18,538.96 million, repayment of debt securities of 4,727.65 million and finance cost paid of 9,428.12 million. It was offset by proceeds from borrowings of 41,232.25 million, proceeds from securitization arrangement of 15,636.62 million, and proceeds from debt securities of 664.00 million.

Net cash generated from financing activities was 16,710.15 million for the Financial Year 2024. This primarily resulted from proceeds from issue of equity shares of 7,600.00 million, proceeds from borrowings of 44,949.44 million, proceeds from securitization arrangement of 21,197.21 million, and proceeds from debt securities of 3,000.00 million, partially offset by repayment of borrowings of 28,055.55 million, repayment of securitization arrangement of 15,206.02 million, repayment of debt securities of 7,163.84, payment of finance cost of 8,207.57 million and share issue expenses of 549.81 million.

(₹ in million)

Particulars	For the FY 2025	For the FY 2024
Tangible Assets (including capital advances and capital work-in-progress)	207.32	275.57
Intangible Assets (including capital advances and capital work-in-progress)	Nil	0.77
Total	**207.32**	**276.34**

Assignment Arrangements

During FY 2025 and 2024, the Company has assigned loans of 18,463.91 million and 27,133.93 million, respectively. The following table sets forth information regarding our direct assignment activity during the financial years.

(₹ in million)

Particulars	For the FY 2025	For the FY 2024
Total book value of the loan asset assigned	18,463.91	27,133.93
Sale consideration received for the loan asset assigned	16,213.09	23,269.07

Contingent Liabilities and Commitments

In FY 2025, the credit enhancements provided by the Company towards securitisation transactions aggregated to 4,096.69 million.

Capital to Risk Asset Ratios

The NBFC-SI Master Directions require all NBFC-MFIs to maintain a capital adequacy ratio consisting of Tier I and Tier II capital that is not less than 15.00% of their aggregate risk-weighted assets. The Company's capital to risk assets ratio as of March 31, 2025 and March 31, 2024, was 27.85% and 28.97%, respectively.

The capital adequacy information as of the periods indicated below is as follows:

Key financial ratios

(₹ in million)

Particulars	FY 2025	FY 2024
Tier I capital (1)	21,925.83	24,842.52
Tier II capital (2)	368.07	-
Total Tier I and Tier II capital	22,293.90	24,842.52
Total risk-weighted assets	80,038.89	85,757.43
Tier I capital to risk assets ratio (%)	27.39%	28.97%
Tier II capital to risk assets ratio (%)	0.46%	-
Total capital to risk assets ratio(%) (3)	27.85%	28.97%

Notes:

(1) Tier I capital include (i) paid-up capital (ordinary shares), statutory reserves and other disclosed free reserves, if any; (ii) perpetual non-cumulative preference shares eligible for inclusion as Tier I capital, subject to laws in force from time to time; (iii) innovative perpetual debt instruments eligible for inclusion as Tier I capital; and (iv) capital reserves representing surplus arising out of sale proceeds of assets, as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances, including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund as defined in the Master Circular on Prudential Norms on Capital Adequacy, Basel I Framework dated July 1, 2015 issued by the RBI.

(2) Tier II capital include undisclosed reserves, revaluation reserves, general provisions and loss reserves, hybrid capital instruments, subordinated debt and investment reserve account to the extent the aggregate does not exceed Tier I capital.

(3) The total capital to risk assets ratio is calculated as capital funds (Tier I capital plus Tier II capital) divided by risk-weighted assets (the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI).

Human Resource

Muthoot Microfin won the Great Place to Work Certification, again, in FY 2025

A strong workforce and an experienced management team plays a significant role in driving the Company's growth. By consistently emphasising on recruiting the right talent and implementing effective retention policies, the Company seeks to align its workforce with its organisational culture and long-term growth strategies. MML also undertook an employee background verification process that assessed the candidate's employment history, reference checks, fraud and criminality database searches, and address confirmation. Further, the Company focuses on building internal capabilities by encouraging skill development of its personnel through targeted learning programmes. Every new employee receives a complete onboarding program that includes on-the-job training (OJT), allowing them to easily adapt to the job requirements. MML was able to improve its workforce's skills by conducting periodic reviews of their job performance. Moreover, the compensation strategy is based on both the qualitative and quantitative components of the employees' performance.

It also held several mandatory training programs, including Prevention of Sexual Harassment (POSH), Code of Conduct, Client Protection Principles, Environmental & Social Management Systems (ESMS), Human Rights, Cyber Security, and Data Privacy, to foster an MML culture and promote clear communication among employees. In addition, the staff retention strategy implemented during the reported year included increasing organisational diversity and encouraging employee health and wellness.

MML promotes a diversified work culture where female employees receive equal opportunities and recognition. Muthoot Microfin supports a conducive work environment—one that promotes employee engagement and collaboration. These efforts are complemented by a rewarding work culture that acknowledges the hard work of employees, which is instrumental in building and retaining a cohesive team.

Employee retention strategy

Gender diversity

MML persisted in building a diverse working environment in which women were given equal growth possibilities. Furthermore, it has been designated as the 'Best Workplace for Women' for supporting a women-friendly culture.

Health and wellness

Muthoot Microfin arranged experienced psychologists to help its personnel handle stress and mental health difficulties, ensuring employee health and well-being.

15.3%
YoY Employee Growth

Environment, Social and Governance (ESG)

The ESG initiatives of Muthoot Microfin involves community upliftment through developmental activities and implementation of strategies to promote environmental conservation. MML has adapted strong governance policies, thereby prioritising transparency, accountability and ethical leadership across its operations. Compliance to the governance practices have accorded MML with a 79 point score during the reporting year.

Risk Management

Intensity of the risk	Risk name	Causes of the risk	Impact on the Company	Action taken to mitigate the risk
Medium	Credit Risk	• Sudden political instability • Natural calamities • Client over-indebtedness	• Loss of loans due to the deterioration of the borrower's credit quality • Increased provisioning to cover potential losses from NPAs	• Robust credit underwriting and assessment, and scorecard-based assessment of the borrowers • Credit bureau checks of its borrowers • Regular monitoring and loan utilisation checks
Medium	Operational Risk	• Inadequate staff training • Weak internal control • Key employees leaving the organisation	• Inadequate management resulting in financial loss • Reduced operational efficiency • Increase in fraudulent activities	• Maintaining SOP and audit trails • Conducting process automation • Imparting relevant training to its employees

Intensity of the risk	Risk name	Causes of the risk	Impact on the Company	Action taken to mitigate the risk
Low	Regulatory Risk	• Sudden changes in RBI/MFIN guidelines	• Charged with legal penalties • Increased audit scrutiny	• Adhering to timely reporting practices • Regular training on legal updates • Establishment of a strong compliance department
Low	Political/Social Risk	• Local protests • Adopting aggressive collection practices	• Undermine business operations • Reputational damage • Employee safety risk	• Adopting community engagement activities • Ensuring ethical collection practices • Introducing conflict-sensitive policies
Low	Liquidity Risk	• Implementation of inefficient cash flow management strategies • Delayed funding and repayment	• Failure to repay borrowings timely manner • Losing investors' confidence	• Maintaining a liquidity buffer • Diversifying funding sources • Conducting cash flow forecasting
Low	Reputation Risk	• Unattended customer grievances • Widespread negative perception about the Company	• Loss of customers • Employee attrition • Facing difficulty in raising funds	• Promoting transparent communication • Maintaining a grievance redressal mechanism • Strengthening the relationship with stakeholders
Low	Technology Risk	• Cyber attacks • System downtimes • Data breaches	• Disrupted services • Loss of customer trust and confidence	• Maintaining data backups • Conducting Disaster Recovery (DR) drill • Implementing measures to ensure cybersecurity • Conducting IT and IS audits
Medium	Strategic Risk	• Failure to forecast the market trends properly • Inability to attain the targets	• Missed growth opportunities • Negatively impacting the profitability and undermining financial efficiencies	• Regularly reviewing the strategies • Conducting market research • Implementing scenario planning strategies

Internal Control Systems and their Adequacy

The Company has established a comprehensive internal control system that comprises well documented operational and financial policies and procedures. This framework builds a fair degree of trust in the accuracy of financial reporting and ensures the maintenance of accurate accounting records. It also enables effective monitoring of operations, protects assets from unauthorised use or loss and assures compliance with relevant rules.

Cautionary Statement

The Management Discussion and Analysis report outlines the Company's goals, assumptions, forecasts and expectations. However, the actual outcomes may vary significantly. A number of factors, such as changes in tax laws, governmental regulations, the Indian economy, or unforeseen circumstances, could affect the Company's performance.

Financial Statements

Independent Auditors' Report

To
The Members of
Muthoot Microfin Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Muthoot Microfin Limited** ("the Company"), which comprise the balance sheet as at 31 March 2025, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, its loss 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 of the financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 financial statements for the financial year ended 31 March 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the key audit matter
1. Impairment of loans as at the balance sheet date (including determination of expected credit losses) As at 31 March 2025, the carrying value of loan assets carried at amortised cost and fair value to other comprehensive income (FVOCI) aggregated Rs 87,401.91 million (net of allowance for impairment loss for loan assets Rs. 5,769.40 million) constituting approximately 80.50% of the Company's total assets has been recorded as at reporting date in accordance with Ind AS 109 – Financial Instruments ('Ind AS 109'). The Company provide for impairment of its loans using the Expected Credit Loss ("ECL") model. ECL involves an estimation of probability weighted loss on financial assets over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Company's loans. In the process, a significant degree of judgement has been applied by the management for: a) Staging of loans and defining qualitative/ quantitative factors for 'significant increase in credit risk' ("SICR") and 'default'.	**Principal audit procedure performed:** Our audit procedures included the following: • Considered the Company's accounting policies for impairment of loans and assessed compliance of the policies with Ind AS 109: Financial Instruments and the governance framework approved by the Board of Directors pursuant to applicable Reserve Bank of India guidelines, ("the RBI Guidelines"). • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions. Tested the internal controls around extraction, validation and computation of the input data used in such estimation. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 (i.e. default in repayment is within the range of 31 to 90 days) or stage or 3 (i.e. the default in repayment is more than 90 days).

Key Audit Matters	How our audit addressed the key audit matter
b) Categorization of borrowers (Joint liability group loans portfolio) based on homogeneity for estimating probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”); c) Determining effect of less frequent past events on future probability of default. d) Determining macro-economic factors impacting credit quality of loans. During the year, the Company created a management overlay of Rs. 2,296.53 million to address residual credit risks not fully captured by the ECL model. This was driven by macroeconomic uncertainty in microfinance industry, Karnataka ordinance on coercive lending, regulatory measures by SROs etc. The overlay reflects management's cautious stance and involves significant judgement. In view of the high degree of management's judgement involved in estimation of ECL, impairment of loans as at the balance sheet date (including expected credit losse) is considered as a key audit matter. (Note 1 (viii) of the financial statements)	• Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Assessed the adequacy of disclosures included in the financial statements with the relevant requirements of Ind AS 107 and 109. • Performed an overall assessment of the ECL provision at each stage including management's assessment on management overlay to determine if they were reasonable considering the Company's portfolio, risk profile and the macroeconomic environment etc. • Assessed the rationale, assumptions and methodology used for determining the management overlay and evaluated the appropriateness of judgments applied.
2. IT systems and controls Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Hence, we identified IT systems and controls over financial reporting as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	**Principal audit procedure performed:** • 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. • 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. • Tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • Tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

Information Other than the 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 information included in the annual report namely Directors' Report, Annexures to Board Report, Management Discussion and Analysis, Corporate Governance Report, Business Responsibility Statement, but does not include the financial statements and our auditor's report thereon. The Reports are expected to be made available to us after the date of this auditors' report.

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

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

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

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

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

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 Financial Statements

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

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

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

- Obtain an understanding of internal financial controls 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 with reference to the financial statements in place and the operating effectiveness of such controls.

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 financial statements of the current financial year 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, 2020 ("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, 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 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e) On the basis of written representations received from the directors as on 31 March 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025, 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 control over financial reporting;

   g) In our opinion, the managerial remuneration for the year ended 31 March 2025 has been paid/provided by the Company to its director in accordance with the provisions of section 197 read with Schedule V to the Act;

   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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigation which would impact its financial position as at 31 March 2025;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 14 to the financial statements;

      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 2025.

      iv. (a) The management has represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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, whether, 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 also represented to us, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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, whether, directly or indirectly, lend to 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 such audit procedures that were 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. The Company has not declared or paid any dividend during the year and has not proposed a final dividend for the year.

vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

Ramesh Gupta
Partner
Membership No. 102306
UDIN: 25102306BMHKMV8115

Place: Mumbai
Dated: 08 May 2025

ANNEXURE 'A' to the Independent Auditors' Report

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

I. **In respect of the Company's Property, Plant and Equipment and Intangible Assets:**

(a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment and relevant details of right of use assets.

(B) The Company has maintained proper records showing full particulars of its Intangible assets.

(b) The Company has a policy of conducting physical verification of property, plant, and equipment for each branch in a phased manner to ensure that the verification is completed within a 180-day cycle, and in our opinion, the same is reasonable having regard to the size of the Company and the nature of its business. Pursuant to the programme, certain Property, Plant and equipment have been physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties. Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.

(d) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use Assets) and intangible assets during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

II. (a) The Company is a non-banking financial company (hereinafter referred to as "the NBFC") primarily engaged in investing and financing activities. Accordingly, it does not hold any inventories and hence, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

(b) According to information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate at any point of time, from banks or financial institutions on the basis of security of current assets. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company:

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) The Company is a NBFC whose principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) According to information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the investments made and terms and conditions of the loans given and advances in the nature of loans is in the normal course of business, prima facie are not prejudicial to the interest of the Company

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the schedule of repayment of principal and interest has been stipulated and the receipts of principal and interests are regular wherever due; 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 (viii) and (xi) to the 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, 2025 refer note 45, A.7.2 to the financial statements

(d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report, total amount overdue including principal and/or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 45, A.7.2 to the financial statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.

(e) The Company is a NBFC whose principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, reporting under clause 3(iii)(f) is not applicable to the Company.

IV. In our opinion and according to information and explanations given to us and based on the audit procedures performed, the Company has not given loan to any director in accordance with the provisions of Section 185 of the Companies Act, 2013. The Company has not given any loans or guarantees and being a Non-banking financial company, due to which its investments are exempted under Section 186(11) (b), Accordingly, reporting under paragraph 3(iv) of the Order is not applicable.

V. According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

VI. The Company is a NBFC whose principal business is to give loans and Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company. Accordingly, the clause 3(vi) of the Order is not applicable to the Company.

VII. According to the information and explanations given to us, in respect of statutory dues:

a. The Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of customs, cess and any other statutory dues as applicable to the appropriate authorities.

There are no arrears of undisputed amounts payable in respect of aforesaid statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable; and

b. There are no dues referred in sub clause (a) which have not been deposited with the appropriate authorities on account of any dispute as on 31 March 2025.

VIII. According to the information and explanations given to us, no transactions relating to previously unrecorded income were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the clause 3(viii) of the Order is not applicable to the Company.

IX. According to the information and explanations given to us, in respect of borrowings:

(a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(c) Term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been prima facie used for long-term purposes during the year by the Company.

(e) The Company does not have subsidiary, associate, or joint venture. Accordingly, reporting on paragraph 3(ix)(e) of the Order is not applicable to the Company.

(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 did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year and hence, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable to the Company.

XI. (a) Except for cases aggregating to Rs. 13.61 Million which largely pertains to cheating, forgery, misappropriation and criminal breach of trust, 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 Act in the Form ADT – 4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended from time to time) has been filed with the Central Government for the period covered by our audit. Accordingly, reporting under clause (xi)(b) of paragraph 3 of the Order is not applicable to the Company

(c) According to the information and explanations given to us and based on our examination of the books of account of the Company, no whistle blower complaints have been received during the year by the Company. Accordingly, reporting under clause (xi)(c) of paragraph 3 of the Order is not applicable to the Company.

XII. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provision of the clause 3(xii) of the Order is not applicable to the Company.

XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 188 and 177 of the Act, and details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

XIV. (a) Based on the information and explanations given to us and our audit procedures, the Company has an adequate internal audit system commensurate with the size and the nature of its business; and

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto 31 March 2025 in determining the nature, timing and extent of our audit procedures in accordance with the guidance provision in SA 610 "Using the work of Internal Auditors".

XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year. Accordingly, the provision of the clause 3(xv) of the Order is 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 and the Company has obtained the required registration.

(b) Based on our audit procedures and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) According to the information and explanations given to us, the Company is not a Core Investment Company ('CIC') as defined under the Regulations by the Reserve Bank of India. Accordingly, reporting on paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, the provisions of the clause 3(xvi) of the Order is not applicable to the Company.

XVII. According to the information and explanations given to us, the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

XVIII. There has been no resignation by the statutory auditor of the Company during the year. Accordingly, clause 3(xviii) of the Order is not applicable to the Company.

XIX. According to the information and explanations given to us and 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 the 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) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013 (the "Act"), in compliance with second proviso to sub section 5 of section 135 of the Act.

This matter has been disclosed in note 36 to the financial statements.

(b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the current financial year, to a Special account within a period of 30 days from the end of the current financial year in compliance with the provision of section 135(6) of the Act.

This matter has been disclosed in note 36 to the financial statements.

XXI. The Company does not have subsidiary, associate or joint venture and hence, is not required to prepare consolidated financial statements. Accordingly, reporting on clause 3(xxi) of the Order is not applicable to the Company.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

Ramesh Gupta
Partner
Membership No. 102306
UDIN: 25102306BMHKMV8115

Place: Mumbai
Dated: 08 May 2025

ANNEXURE 'B' to the Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of Muthoot Microfin Limited ("the Company") as of 31 March 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting. 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2025, 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.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

Ramesh Gupta
Partner
Membership No. 102306
UDIN: 25102306BMHKMV8115

Place: Mumbai
Dated: 08 May 2025

BALANCE SHEET

as at March 31, 2025

(All amounts in INR millions, unless stated otherwise)

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
Assets			
Financial assets			
Cash and cash equivalents	2	6,972.50	9,276.49
Bank balances other than cash and cash equivalents	3	4,725.22	6,488.24
Receivables			
(a) Trade receivables	4	221.12	145.18
(b) Other receivables	5	488.24	2,408.20
Loans	6	87,401.91	92,863.61
Investments	7	3,543.42	467.09
Other financial assets	8	1,058.72	1,630.41
		1,04,411.13	**1,13,279.22**
Non-financial assets			
Current tax asset (net)	9	802.17	131.13
Deferred tax assets (net)	20	938.19	-
Property, plant and equipment	10	767.73	732.82
Right-of-use assets	11	1,456.84	1,410.87
Other intangible assets	12	1.67	2.86
Other non-financial assets	13	192.48	345.36
		4,159.08	**2,623.04**
Total		**1,08,570.21**	**1,15,902.26**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Derivative financial instruments	14	76.86	-
Payables			
Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises	15	-	24.79
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	15	190.25	217.06
Other payables			
(a) total outstanding dues of micro enterprises and small enterprises	16	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	16	6.48	8.63
Debt securities	17	5,636.63	9,986.20
Borrowings (other than debt securities)	18	73,627.58	74,261.65
Lease liabilities	11	1,749.23	1,645.03
Other financial liabilities	19	757.90	1,346.11
		82,044.93	**87,489.47**
Non Financial liabilities			
Deferred tax liabilities (net)	20	-	93.04
Provisions	21	111.76	110.09
Other non financial liabilities	22	91.25	166.14
		203.01	**369.27**
Equity			
Share capital	23	1,675.97	1,672.67
Other equity	24	24,646.30	26,370.85
		26,322.27	**28,043.52**
Total		**1,08,570.21**	**1,15,902.26**
Corporate information and Material Accounting Policies	1		

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

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No.: 121750W/W100010

For and on behalf of the Board of Directors of
Muthoot Microfin Limited
CIN : L65190MH1992PLC066228

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai

Thomas Muthoot John
Executive Director
DIN: 07557585
Place: Kochi

Thomas Muthoot
Director
DIN: 00082099
Place: Kochi

Thomas George Muthoot
Director
DIN: 00011552
Place: Kochi

Sadaf Sayeed
Chief Executive Officer
Place: Kochi

Praveen T
Chief Financial Officer
Place: Kochi

Neethu Ajay
Chief Compliance Officer
& Company Secretary
Membership No.: A34822
Place: Kochi

Date: 08 May 2025

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

Particulars	Notes	Year ended March 31, 2025	Year ended March 31, 2024
Revenue from operations			
Interest income	25	23,694.79	19,735.78
Fees and commission income	26	973.04	409.09
Net gain on fair value changes	27	695.26	2,176.85
Income on investments	28	236.84	156.78
Sale of services		17.00	10.83
Total revenue from operations		**25,616.93**	**22,489.33**
Other income	29	27.47	63.46
Total income		**25,644.40**	**22,552.79**
Expenses			
Finance costs	30	9,301.05	8,660.42
Fees and commission expenses	31	253.62	271.85
Net Loss on derecognition of financial instruments under amortised cost category	32	1,142.17	-
Impairment on financial instruments	33	10,423.24	1,725.39
Employee benefits expense	34	5,339.07	4,464.26
Depreciation and amortisation expense	35	428.37	354.38
Other expenses	36	1,645.92	1,258.07
Total expenses		**28,533.44**	**16,734.37**
Profit / (Loss) before tax		**(2,889.04)**	**5,818.42**
Tax expense			
Current tax	38	468.41	1,456.31
Deferred tax	38	(1,100.71)	104.80
Tax relating to prior years		(31.51)	(238.52)
Profit / (Loss) for the Year (A)		**(2,225.23)**	**4,495.83**
Other Comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of gain/ (loss) on defined benefit plan (net)		(12.89)	(36.04)
Tax impact on above		3.24	9.07
Items that will be reclassified to profit and loss			
Remeasurement of financial assets carried at fair value through OCI		921.16	218.81
Net movement on effective portion of Cashflow hedge		(426.41)	-
Fair value change in FVOCI Debt Securities		7.00	-
Tax impact on above		(72.72)	(55.07)
Other comprehensive income/(loss) for the Year, net of tax (B)		**419.38**	**136.77**
Total comprehensive income/(loss) for the Year (A+B)		**(1,805.85)**	**4,632.60**
Earning per equity share (face value of ₹ 10 each)	37		
Basic (₹)		(13.29)	30.92
Diluted (₹)		(13.07)	30.25
Corporate information and Material Accounting Policies	1		

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

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

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No.: 121750W/W100010

For and on behalf of the Board of Directors of
Muthoot Microfin Limited
CIN : L65190MH1992PLC066228

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai

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Executive Director
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Chief Executive Officer
Place: Kochi

Praveen T
Chief Financial Officer
Place: Kochi

Neethu Ajay
Chief Compliance Officer & Company Secretary
Membership No.: A34822
Place: Kochi

Date: 08 May 2025

STATEMENT OF CASH FLOW

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

	Year ended March 31, 2025	Year ended March 31, 2024
Cash flows from operating activities		
Profit before tax	**(2,889.04)**	**5,818.42**
Adjustments		
Depreciation and amortisation	428.37	354.38
(Gain)/loss on sale of tangible assets	1.32	(0.82)
Provision for employee benefits	63.78	47.13
Net Loss on derecognition of financial instruments under amortised cost category	1,142.17	-
Impairment on financial instruments	10,423.24	1,819.58
Income from Investments	(236.84)	(156.78)
Interest income on security deposits	(4.78)	(4.12)
Gain on termination of lease	(5.94)	(4.54)
Gain on sale of loan asset through direct assignment	(695.26)	(2,176.85)
Adjustments towards effective interest rate in respect of loan assets	(89.01)	285.64
Adjustments towards effective interest rate in respect of debt securities and borrowings	54.94	(59.30)
Share based payments	52.92	93.72
Adjustment on account of consolidation of ESOP trust	3.35	(12.39)
Finance cost on borrowings	9,115.38	8,500.22
Finance cost on leases	185.67	160.20
Operating profit before working capital changes	**17,550.27**	**14,664.49**
Working capital changes		
(Increase)/decrease in loans	(5,093.54)	(23,700.50)
(Increase)/decrease in trade receivables	(75.94)	(112.14)
(Increase)/decrease in other receivables	1,919.96	(1,705.14)
(Increase)/decrease in other financial assets	1,266.60	(155.66)
(Increase)/decrease in other non financial assets	152.73	(105.10)
Increase/(decrease) in derivative financial instruments (net)	76.86	-
Increase/(decrease) in trade payables	(51.61)	241.86
Increase/(decrease) in other payables	(2.15)	(222.28)
Increase/(decrease) in other financial liabilities	(665.07)	(461.86)
Increase/(decrease) in provisions	(75.00)	(9.21)
Increase/(decrease) in other non financial liabilities	(74.89)	92.95
Cash (used in)/generated from operating activities	**14,928.22**	**(11,472.59)**
Income taxes paid (net)	(1,107.94)	(1,244.33)
Net cash (used in)/generated from operating activities	**13,820.28**	**(12,716.92)**
Cash flows from investing activities		
Purchase of property plant and equipment (including capital advances) and intangible assets	(207.32)	(276.34)
Investment in term deposits with banks (net)	1,763.02	(2,301.04)
Investment in Security Receipts	(1,933.80)	-
Proceeds from redemption of Security Receipts	118.58	166.50
Investment in Government Securites	(1,254.11)	-
Interest received on Government Securities	43.56	-
Purchase of Mutual Funds	(46,550.00)	(42,390.00)
Redemption of Mutual Funds	46,743.28	42,546.78
Proceeds from sale of property plant and equipment	(1.07)	0.82
Net cash (used in)/generated from investing activities	**(1,277.86)**	**(2,253.28)**

STATEMENT OF CASH FLOW

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

	Year ended March 31, 2025	Year ended March 31, 2024
Cash flows from financing activities		
Proceeds from issue of equity shares (including securities premium)	-	7,600.00
Share issue expenses	-	(549.81)
Amount retained in IPO proceed account	-	(277.62)
Proceeds from borrowings	41,232.25	44,949.44
Proceeds from debt securities	664.00	3,000.00
Proceeds from securitisation arrangement	15,636.62	21,197.21
Repayment of borrowings	(39,341.64)	(28,055.55)
Repayment of debt securities	(4,727.65)	(7,456.50)
Repayment of securitisation arrangement	(18,538.96)	(15,206.02)
Finance cost paid	(9,428.12)	(8,207.57)
Proceeds from exercise of employee stock option	28.32	20.91
Payment of lease liabilities	(371.23)	(304.34)
Net cash (used in)/generated from financing activities	**(14,846.41)**	**16,710.15**
Net (decrease)/increase in cash and cash equivalents	(2,303.99)	1,739.95
Cash and cash equivalents as at the beginning of the Year	9,276.49	7,536.54
Cash and cash equivalents as at the end of the Year	**6,972.50**	**9,276.49**
Components of cash and cash equivalents		
Cash in hand	26.93	28.47
Balances with banks in current account	6,114.20	6,023.61
Term deposits with residual maturity of 3 months or less with scheduled banks	831.37	3,224.41
	6,972.50	**9,276.49**
Operational cash flows from interest		
Interest paid	9,483.06	8,903.65
Interest received	21,153.20	18,608.32

i) The Statement of Cash Flows has been presented using indirect method as per the requirements of Ind AS 7 - "Statement of Cash Flows".

ii) Figures in brackets indicate cash outflow.

iii) Income taxes refund/ (paid) is treated as arising from operating activities and is not bifurcated between investing and financing activities.

Corporate information and Material Accounting Policies (Refer note 1)

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

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No.: 121750W/W100010

For and on behalf of the Board of Directors of
Muthoot Microfin Limited
CIN : L65190MH1992PLC066228

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai

Thomas Muthoot John
Executive Director
DIN: 07557585
Place: Kochi

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Director
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Praveen T
Chief Financial Officer
Place: Kochi

Neethu Ajay
Chief Compliance Officer & Company Secretary
Membership No.: A34822
Place: Kochi

Date: 08 May 2025

STATEMENT OF CHANGES IN EQUITY

(All amounts in INR millions, unless stated otherwise)

A Equity share capital

As at March 31, 2025

Particulars	Balance as at April 1, 2024	Change in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting year	Change in equity share capital during the year	Balance as at March 31, 2025
Equity shares of ₹ 10 each, issued, subscribed and fully paid up	1,672.67	-	1,672.67	3.30	1,675.97

As at March 31, 2024

Particulars	Balance as at April 1, 2023	Change in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting year	Change in equity share capital during the year	Balance as at March 31, 2024
Equity shares of ₹ 10 each, issued, subscribed and fully paid up	1,133.68	-	1,133.68	538.99	1,672.67

B Preference Share Capital

As at March 31, 2025

Particulars	Balance as at April 1, 2024	Change in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting year	Change in preference share capital during the year	Balance as at March 31, 2025
Compulsorily Convertible Preference Shares of ₹ 10 each, issued, subscribed and fully paid up	-	-	-	-	-

As at March 31, 2024

Particulars	Balance as at April 1, 2023	Change in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting year	Change in preference share capital during the year	Balance as at March 31, 2024
Compulsorily Convertible Preference Shares of ₹ 10 each, issued, subscribed and fully paid up	233.60	-	233.60	(233.60)	-

STATEMENT OF CHANGES IN EQUITY

(All amounts in INR millions, unless stated otherwise)

C Other equity

Particulars	Reserves and surplus					Other Comprehensive Income			Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	General reserves	Employee stock options outstanding	Retained earnings	Fair Value of Loans carried at FVOCI	Fair Value of Investment carried at FVOCI	Effective portion of Cashflow hedge	
Balance as at April 1, 2023	**9,210.89**	**1,120.50**	**7.89**	**54.34**	**3,393.95**	**1,103.62**	**-**	**-**	**14,891.19**
Changes in accounting policy/ prior period error	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	**9,210.89**	**1,120.50**	**7.89**	**54.34**	**3,393.95**	**1,103.62**	**-**	**-**	**14,891.19**
Profit for the year	-	-	-	-	4,495.83	-	-	-	4,495.83
Remeasurement of financial assets carried at fair value through OCI	-	-	-	-	-	218.81	-	-	218.81
Remeasurement of gain/ (loss) on defined benefit plan	-	-	-	-	(36.04)	-	-	-	(36.04)
Income tax relating to items of other comprehensive income	-	-	-	-	9.07	(55.07)	-	-	(46.00)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**4,468.86**	**163.74**	**-**	**-**	**4,632.60**
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	899.17	-	-	(899.17)	-	-	-	-
Changes during the year in employee stock options outstanding	-	-	-	93.72	-	-	-	-	93.72
Proceeds on transfer of treasury shares during the year	18.47	-	-	-	-	-	-	-	18.47
Adjustment on account of consolidation of ESOP trust	-	-	(12.39)	-	-	-	-	-	(12.39)
Premium on issue of Equity shares	7,338.66	-	-	-	-	-	-	-	7,338.66
Share issue expenses	(549.81)	-	-	-	-	-	-	-	(549.81)
Adjusted for CCPS conversion	(41.60)	-	-	-	-	-	-	-	(41.60)
Balance as at March 31, 2024	**15,976.61**	**2,019.67**	**(4.50)**	**148.06**	**6,963.65**	**1,267.36**	**-**	**-**	**26,370.85**
Changes in accounting policy/ prior period error	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	**15,976.61**	**2,019.67**	**(4.50)**	**148.06**	**6,963.65**	**1,267.36**	**-**	**-**	**26,370.85**
Profit for the year	-	-	-	-	(2,225.23)	-	-	-	(2,225.23)
Fair Value change on Derivatives designated as Cashflow Hedge	-	-	-	-	-	-	-	(426.41)	(426.41)
Remeasurement of financial assets carried at fair value through OCI	-	-	-	-	-	921.16	-	-	921.16
Remeasurement of gain/ (loss) on defined benefit plan	-	-	-	-	(12.89)	-	-	-	(12.89)

STATEMENT OF CHANGES IN EQUITY

(All amounts in INR millions, unless stated otherwise)

C Other equity (Contd..)

Particulars	Reserves and surplus					Other Comprehensive Income			Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	General reserves	Employee stock options outstanding	Retained earnings	Fair Value of Loans carried at FVOCI	Fair Value of Investment carried at FVOCI	Effective portion of Cashflow hedge	
Fair value change in FVOCI Debt Securities	-	-	-	-	-	-	7.00		7.00
Income tax relating to items of other comprehensive income	-	-	-	-	3.24	(178.28)	(1.76)	107.32	(69.48)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**(2,234.88)**	**742.88**	**5.24**	**(319.09)**	**(1,805.85)**
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	-	-	-	-	-	-	-	-
Changes during the year in employee stock options outstanding	-	-	-	52.92	-	-	-	-	52.92
Proceeds on transfer of treasury shares during the year	25.03	-	-	-	-	-	-	-	25.03
Adjustment on account of consolidation of ESOP trust	-	-	3.35	-	-	-	-	-	3.35
Transfer during the year	-	-	21.83	(21.83)	-	-	-	-	-
Balance as at March 31, 2025	**16,001.64**	**2,019.67**	**20.68**	**179.15**	**4,728.77**	**2,010.24**	**5.24**	**(319.09)**	**24,646.30**

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

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No.: 121750W/W100010

For and on behalf of the Board of Directors of
Muthoot Microfin Limited
CIN : L65190MH1992PLC066228

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai

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Place: Kochi

Neethu Ajay
Chief Compliance Officer & Company Secretary
Membership No.: A34822
Place: Kochi

Date: 08 May 2025

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

1. Summary of material accounting policies and other explanatory information

a) Corporate information

Muthoot Microfin Limited (the 'Company') was incorporated as a private limited company in the year 1992 under the erstwhile Companies Act, 1956, having it's registered office at 13th Floor, Parinee Crescenzo, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra - 400051. Effective 18 March 1998, the Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is classified under "Middle Layer" pursuant to Master Direction– Reserve Bank of India (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023 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'). During the year ended March 31, 2024, the Company has completed Initial Public Offer (IPO) of its shares. Pursuant to IPO, shares were listed on National Stock Exchange (NSE) and BSE Limited (BSE) on December 26, 2023. The Company has secured a corporate agent license on June 18, 2024 from the Insurance Regulatory and Development Authority of India (IRDAI) with Registeration Number - CA0953.

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.

Financial statements were subject to review and recommendation of the Audit Committee and approval of the Board of Directors. On 8 May 2025, the Board of Directors of the Company approved and recommended the financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

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, circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time. 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.

(iii) Presentation of financial statements

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013, applicable to NBFCs as notified by the Ministry of Corporate Affairs (MCA). The financial statements are presented in Indian Rupees (₹) in millions except otherwise, which is also the functional currency of the Company, with rounding off to two decimals as permitted by Schedule III to the Act, indicated. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

a. The normal course of business

b. The event of default

c. The event of insolvency or bankruptcy of the Company and/ or its counterparties

c) Summary of material accounting policies

The financial statements have been prepared using the material 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

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

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 and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

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

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

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

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

De-recognition

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

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 basisfrom the date when the assets are available for use. Depreciation on intangible assets 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.

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.

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 consists of interest and other cost that the Company incurred in connection with the borrowing of funds.

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

Notes forming part of Financial Statements

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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.

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 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 quarterly with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to availed after one year from the Balance Sheet date is estimated 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.

Notes forming part of Financial Statements

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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 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.

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 other income in statement of profit and loss.

ix. 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.

x. 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

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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.

xi. 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.

Derivative financial instruments

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks through cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedge.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive

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income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in "statement of profit and loss".

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other equity is recognised immediately in statement of profit and loss.

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.

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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' or avails any facilities like Term Loans, Securitization transactions etc. Any amounts forfeited by the banks or financial institutions on account of any payment failure will be adjusted in the books accordingly.

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.

xii. Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on 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 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 including the treasury shares held by the Company to satisfy the exercise of the share options by the employees. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

xiii. 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').

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.

xiv. 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

Notes forming part of Financial Statements

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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.

xv. 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.

xvi. Recent Accounting Pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. April 1, 2024. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its financial statements.

Notes forming part of Financial Statements

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2. Cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Cash in hand	26.93	28.47
Balances with banks in current account	6,114.20	6,023.61
Term deposits with residual maturity of 3 months or less with scheduled banks	831.37	3,224.41
	6,972.50	**9,276.49**

(i) There are no repatriation restrictions with respect to cash and cash equivalents as at the end of the reporting period 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 statement of cash flows is same as for cash and cash equivalents.

3. Bank balances other than cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Balances with banks in current account (Refer note (iv))	277.62	277.62
Term deposits with bank not considered in Cash and cash equivalents (Refer note (iii))	4,447.60	6,210.62
	4,725.22	**6,488.24**

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

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

(iii) Term deposits amounting to INR 3,961.24 millions (March 31, 2024: INR 5,957.35 millions) are held as pledged against borrowings,Credit enhancement in securitisation transactions (cash collateral towards PTC transactions) and other commitments.

(iv) Balance with banks in current account represents restricted bank balance of INR 277.62 millions with Axis Bank, in which proceeds from IPO have been received. The remaining balance out of this account will be paid to selling shareholders post deduction of expenses incurred in relation to IPO.

4. Trade receivables

	As at March 31, 2025	As at March 31, 2024
Receivables considered good- Secured	-	-
Receivables considered good- Unsecured	194.13	145.18
Receivables which have significant increase in credit risk	-	-
Receivables credit impaired	-	-
Unbilled Trade receivables	26.99	-
	221.12	**145.18**
Less: Allowance for Impairment loss	-	-
	221.12	**145.18**

Notes forming part of Financial Statements

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(All amounts in INR millions, unless stated otherwise)

4. Trade receivables (Contd..)

The Company has not granted any loans or advances in the nature of loans, to promoters, Directors, KMPs and related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that are either repayable on demand or without specifying any terms or period of repayment during the year. Trade receivables are non-interest bearing and short term in nature, hence does not involve any significant interest risk.

Ageing of trade receivables as on March 31, 2025

Particulars	Outstanding from transaction date							
	Unbilled	Not due for Payment	Less than 6 months	6 months - 1 year	1-2 year	2-3 years	More than 3 years	Total
Undisputed Trade Receivables:-								
i) Considered good-Unsecured	26.99	-	143.53	50.60	-	-	-	221.12
ii) which have significant increase in credit risk	-	-	-	-	-	-	-	-
iii) credit impaired	-	-	-	-	-	-	-	-
Disputed Trade Receivable:-								
i) Considered good-Unsecured	-	-	-	-	-	-	-	-
ii) which have significant increase in credit risk	-	-	-	-	-	-	-	-
iii) credit impaired	-	-	-	-	-	-	-	-

Ageing of trade receivables as on March 31, 2024

Particulars	Outstanding from transaction date							
	Unbilled	Not due for Payment	Less than 6 months	6 months - 1 year	1-2 year	2-3 years	More than 3 years	Total
Undisputed Trade Receivables:-								
i) Considered good-Unsecured	-	-	145.18	-	-	-	-	145.18
ii) which have significant increase in credit risk	-	-	-	-	-	-	-	-
iii) credit impaired	-	-	-	-	-	-	-	-
Disputed Trade Receivable:-								
i) Considered good-Unsecured	-	-	-	-	-	-	-	-
ii) which have significant increase in credit risk	-	-	-	-	-	-	-	-
iii) credit impaired	-	-	-	-	-	-	-	-

5. Other receivables

	As at March 31, 2025	As at March 31, 2024
Other Receivables considered good- Secured	-	-
Other Receivables considered good- Unsecured	488.24	2,408.20
Other Receivables which have significant increase in credit risk	-	-
Other Receivables credit impaired	77.93	44.00
	566.17	**2,452.20**
Less: Allowance for Impairement loss	77.93	44.00
	488.24	**2,408.20**

Notes forming part of Financial Statements

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6. Loans

	As at March 31, 2025	As at March 31, 2024
At amortised cost		
Term loans (refer note 6.1)	32,844.59	63,295.49
Employee loans (refer note 6.3)	0.24	0.36
	32,844.83	**63,295.85**
At fair value through other comprehensive income		
Term loans (refer note 6.2)	54,557.08	29,567.76
	54,557.08	**29,567.76**
	87,401.91	**92,863.61**

6.1 Term loans (at amortised cost)

	As at March 31, 2025	As at March 31, 2024
Term loans		
(i) Joint liability group loans	36,414.24	62,704.94
(ii) Individual loans	1,113.27	2,191.92
(iii) Corporate loans	94.63	56.46
Total (gross)	**37,622.14**	**64,953.32**
Less: Allowance for impairment loss for loan assets	4,777.55	1,657.83
Total (net)	**32,844.59**	**63,295.49**
Secured by tangible assets	822.64	1,476.46
Unsecured	36,799.50	63,476.86
Total (gross)	**37,622.14**	**64,953.32**
Less: Allowance for impairment loss for loan assets	4,777.55	1,657.83
Total (net)	**32,844.59**	**63,295.49**
Loans in India		
Public sector	-	-
Individuals	37,527.51	64,896.86
Corporate loans	94.63	56.46
Total (gross)	**37,622.14**	**64,953.32**
Less: Allowance for impairment loss for loan assets	4,777.55	1,657.83
Total (net)	**32,844.59**	**63,295.49**

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

	As at March 31, 2025	As at March 31, 2024
Joint liability group loans	55,548.93	29,732.58
Total (gross)	**55,548.93**	**29,732.58**
Less: Allowance for impairment loss for loan assets	991.85	164.82
Total (net)	**54,557.08**	**29,567.76**
Secured by tangible assets	-	-
Unsecured	55,548.93	29,732.58
Total (gross)	**55,548.93**	**29,732.58**
Less: Allowance for impairment loss for loan assets	991.85	164.82
Total (net)	**54,557.08**	**29,567.76**

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for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

6. Loans (Contd..)

	As at March 31, 2025	As at March 31, 2024
Loans in India		
Public sector	-	-
Individuals	55,548.93	29,732.58
Total (gross)	**55,548.93**	**29,732.58**
Less: Allowance for impairment loss for loan assets	991.85	164.82
Total (net)	**54,557.08**	**29,567.76**

6.3 Employee loans (at amortised cost)

	As at March 31, 2025	As at March 31, 2024
Employee loans	0.24	0.36
Total (gross)	**0.24**	**0.36**
Less: Allowance for impairment loss for employee loans	-	-
Total (net)	**0.24**	**0.36**
(i) Key managerial personnel	-	-
(ii) Other employees	0.24	0.36
Total (gross)	**0.24**	**0.36**
Less: Allowance for impairment loss for employee loans	-	-
Total (net)	**0.24**	**0.36**

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

(ii) Refer note 42 for loans pledged as security.

(iii) Refer note 45 for expected credit loss related disclosures on loan assets.

(iv) The Company has not granted any loans or advances in the nature of loans, to promoters, Directors, KMPs and related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that are either repayable on demand or without specifying any terms or period of repayment during the year.

(v) Refer Note 55 (xxiii) for Loans where fraud has been committed and reported for the year.

(vi) The Company has securitised certain term loans and managed servicing of such loan accounts. The carrying value of these assets have not been de-recognised in the books. Refer Note 49 for securitised term loans not derecognised in their entirety.

(vii) Secured Loans granted by the Company are secured or partly secured by one or a combination of equitable mortgage of property, Hypothecation of assets including Gold.

(viii) The above loan excludes microfinance loans assigned to a third party on direct assignment in accordance with RBI Guidelines which qualify for derecognisation as per Ind AS 109. The amounts given are of minimum retention retained in the books.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

7. Investments

	As at March 31, 2025	As at March 31, 2024
Investments at fair value through other comprehensive income		
- **in Security Receipts** (Refer note (i) below)		
393,637 units of ₹1,000 in Rare ARC 054 Trust	393.64	466.64
551,216 units of ₹1,000 in Paras-149 Trust	551.22	-
1,337,004 units of ₹1,000 in Paras-160 Trust	1,337.00	-
- **in equity instruments - unquoted, fully paid-up**		
45,000 equity shares of ₹10 each in The Thinking Machine Media Private Limited	0.45	0.45
- **in Government Securities (Quoted)** - (Refer note (ii) below)		
12,000,000 units of 7.26% Govt Stock 2033 ₹100 each	1,261.11	-
Total (gross)	**3,543.42**	**467.09**
Less: Allowance for impairment loss	-	-
Total (net)	**3,543.42**	**467.09**
Investments in India	3,543.42	467.09
Investments outside India	-	-
	3,543.42	**467.09**

(i) There is no impairment allowance for existing Investment Security receipts (ARC) considering the performance of the underlying loans and the risk cover.

(ii) The Company has invested in Government Securities which are sovereign in nature. Hence, the Company has not provided for any impairment allowance on these investments.

8. Other financial assets (at amortised cost)

	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good unless stated otherwise		
(i) Security deposits (unsecured, considered good)	81.87	77.97
(ii) Employee advances	5.27	15.05
(iii) Excess interest spread on Securitization	987.74	1,549.29
	1,074.88	**1,642.31**
Less: Allowance for impairment loss	16.16	11.90
	1,058.72	**1,630.41**

9. Current tax assets/(liability) (net)

	As at March 31, 2025	As at March 31, 2024
Advance income tax including TDS (net of provision for taxation)	802.17	131.13
	802.17	**131.13**

(includes provision for income tax INR 468.41million as at 31 March 2025 (INR 1,456.31 as at 31 March 2024)

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

10. Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equipments	Vehicles	Electrical fittings	Lease Hold Improvements	Total
Gross block							
Balance as at March 31, 2023	**132.64**	**64.81**	**331.81**	**0.77**	**12.88**	**411.85**	**954.76**
Additions	41.12	23.93	61.96	-	4.99	147.60	279.60
Disposals	(0.21)	(0.20)	(7.04)	-	-	(0.21)	(7.66)
Balance as at March 31, 2024	**173.55**	**88.52**	**386.73**	**0.77**	**17.87**	**559.25**	**1,226.70**
Additions	41.39	17.43	26.84	-	8.13	115.61	209.40
Disposals	(0.09)	(0.59)	(7.96)	-	(0.32)	-	(8.96)
Balance as at March 31, 2025	**214.86**	**105.36**	**405.61**	**0.77**	**25.68**	**674.86**	**1,427.14**
Accumulated depreciation							
Balance as at March 31, 2023	**87.00**	**17.80**	**140.65**	**0.62**	**3.43**	**110.89**	**360.39**
Charge for the year	24.08	7.09	61.86	0.09	1.48	45.73	140.33
Reversal on disposal of assets	(0.11)	(0.16)	(6.40)	-	(0.02)	(0.14)	(6.84)
Balance as at March 31, 2024	**110.97**	**24.73**	**196.11**	**0.71**	**4.88**	**156.48**	**493.88**
Charge for the Year	35.66	51.52	66.74	0.02	12.53	6.41	172.88
Reversal on disposal of assets	(0.02)	(0.26)	(6.84)	-	(0.23)	-	(7.35)
Balance as at March 31, 2025	**146.60**	**75.99**	**256.01**	**0.73**	**17.18**	**162.88**	**659.41**
Net block							
Balance as at March 31, 2024	**62.58**	**63.79**	**190.62**	**0.06**	**12.99**	**402.77**	**732.82**
Balance as at March 31, 2025	**68.25**	**29.37**	**149.60**	**0.04**	**8.50**	**511.98**	**767.73**

11. 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, 2025	As at March 31, 2024
Property, plant and equipment owned	767.73	732.82
Right-of-use assets	1,456.84	1,410.87
	2,224.57	**2,143.69**

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

	As at March 31, 2025	As at March 31, 2024
Balance as at April 1, 2024	1,410.87	1121.72
Additions	314.00	516.61
Deletions	(76.99)	(48.78)
Deletion of Accumulated Depreciation	63.82	34.66
Depreciation charge for the year	(254.86)	(213.34)
Balance as at March 31, 2025	**1,456.84**	**1,410.87**

(iii) Movement in lease liabilities

	As at March 31, 2025	As at March 31, 2024
Balance as at April 1, 2024	1,645.03	1,299.40
Additions	308.86	508.43
Deletions	(19.10)	(18.66)
Interest on lease liabilities	185.67	160.20
Payment of lease liabilities	(371.23)	(304.34)
Balance as at March 31, 2025	**1,749.23**	**1,645.03**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

11. Right-of-use assets and lease liabilities (Contd..)

(iv) Contractual maturities of lease liabilities on an undiscounted basis:

	As at March 31, 2025	As at March 31, 2024
Less than one year	399.28	350.76
One to five years	1,400.39	1,298.74
More than five years	685.17	743.30
Total undiscounted lease liabilities as at March 31, 2025	**2,484.84**	**2,392.80**
Current	379.04	332.98
Non Current	1,370.19	1,312.05
Lease liabilities included in the statement of financial position	**1,749.23**	**1,645.03**

(v) Amounts recognised in profit and loss

	As at March 31, 2025	As at March 31, 2024
Interest on lease liabilities (refer note 30)	185.67	160.20
Depreciation of right-of-use assets (refer note 35)	254.86	213.34
	440.53	**373.54**

(vi) Amounts recognised in the statement of cash flows

	As at March 31, 2025	As at March 31, 2024
Total cash outflow for leases	371.23	304.34

(vii) The effective interest rate for lease liabilities is 11% with maturity between 2025 and 2035.

12. Intangible assets

	Software
Gross block	
Balance as at March 31, 2023	**5.69**
Additions	0.77
Disposals	-
Balance as at March 31, 2024	**6.46**
Additions	-
Disposals	(3.77)
Balance as at March 31, 2025	**2.69**
Accumulated depreciation	
Balance as at March 31, 2023	**2.77**
Charge for the year	0.83
Reversal on disposal of assets	-
Balance as at March 31, 2024	**3.60**
Charge for the Year	0.64
Reversal on disposal of assets	(3.22)
Balance as at March 31, 2025	**1.02**
Net block	
Balance as at March 31, 2024	**2.86**
Balance as at March 31, 2025	**1.67**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

13.Other non-financial assets

	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good unless stated otherwise		
Capital advances	6.72	6.87
Balance with government authorities	108.19	72.43
Prepaid expenses	74.77	265.85
Advance against expenses	2.80	0.21
	192.48	**345.36**

14. Derivative financial instruments

		As at March 31, 2025	As at March 31, 2024
14.A	**Details of derivative instruments Part I**		
	(i) Currency derivatives:		
	- Cross currency interest rate swaps		
	Notional amount	12,864.52	4,960.18
	Fair value - assets	-	-
	Fair value - liabilities	76.86	-
	Net Asset / (Liabilities)	**(76.86)**	**-**
	(ii) Other derivatives:	-	-
	Total derivative (i+ii)	**(76.86)**	**-**
14.B	**Part II**		
	Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
	(i) Cash flow hedging:		
	- Currency derivatives		
	Notional amount	12,864.52	4,960.18
	Fair value - assets	-	-
	Fair value - liabilities	76.86	-
	Net Asset / (Liabilities)	(76.86)	-
	(ii) Undesignated derivatives		
	- Currency derivatives	-	-
		-	-
	Total derivative financial instruments (i+ii)	**(76.86)**	**-**

(i) The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging of foreign currency borrowings. The Asset Liability Management Committee periodically monitors and reviews the risk involved.

(ii) The Company borrows in Foreign currency for its External Commercial Borrowing("ECB") programme. These borrowings are governed by RBI guidelines which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the ECB exposure (principal and coupon). The Company hedges its entire ECB exposure for the full tenure of the ECB. For its ECB, the Company evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs and manages its currency risks by entering derivative contracts as hedge positions.

(iii) The Company is exposed to foreign currency fluctuation risk for its external commercial borrowing(ECB).The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of its ECB exposure (Principal & coupon).As a matter of prudence, the Company has hedged the entire ECB exposure for the full tenure.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

14. Derivative financial instruments (Contd..)

(iv) The Company evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs for raising ECB.The Company manages its currency risks by entering into over the counter derivatives contracts as hedge positions. Refer note 45C.4 for Hedging activities and derivatives.

15. Trade Payables

	As at March 31, 2025	As at March 31, 2024
Dues to micro enterprises and small enterprises (refer note (i) below)	-	24.79
Dues to creditors other than micro enterprises and small enterprises	190.25	217.06
	190.25	**241.85**

Ageing of trade payables as on March 31, 2025

Particulars	Outstanding for following periods from transaction date				
	Less than 1 year	1-2 year	2-3 years	More than 3 years	Total
Undisputed Trade Payables:-					
i) MSME	-	-	-	-	-
ii) others	187.25	1.27	1.38	0.35	190.25
Disputed Trade Payables:-					
i) MSME	-	-	-	-	-
ii) others	-	-	-	-	-

Ageing of trade payables as on March 31, 2024

Particulars	Outstanding for following periods from transaction date				
	Less than 1 year	1-2 year	2-3 years	More than 3 years	Total
Undisputed Trade Payables:-					
i) MSME	24.79	-	-	-	24.79
ii) others	213.78	2.44	0.28	0.56	217.06
Disputed Trade Payables:-					
i) MSME	-	-	-	-	-
ii) others	-	-	-	-	-

16. Other payables

	As at March 31, 2025	As at March 31, 2024
Dues to micro enterprises and small enterprises (refer note (i) below)	-	-
Dues to creditors other than micro enterprises and small enterprises	6.48	8.63
	6.48	**8.63**

(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. Based on and to the extent of information received by the Company from the suppliers regarding their status under the Micro, Small and Medium

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

16. Other payables (Contd..)

Enterprises Development Act, 2006 (MSMED Act), 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:

	As at March 31, 2025	As at March 31, 2024
i) Principal amount remaining unpaid (but within due date as per the Micro, Small and Medium Enterprises Development Act, 2006)	-	24.79
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.	0.56	-
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	-	0.56
v) Interest accrued and remaining unpaid	-	-
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

17. Debt securities

	As at March 31, 2025	As at March 31, 2024
Secured (at amortised cost)		
Redeemable non-convertible debentures (refer note 41)	5,636.63	9,986.20
	5,636.63	**9,986.20**
Unsecured (at amortised cost)		
Commercial paper (refer note 41)	-	-
	-	-
	5,636.63	**9,986.20**
Debt securities in india	5,636.63	9,986.20
Debt securities outside india	-	-
	5,636.63	**9,986.20**

18. Borrowings (other than debt securities)

	As at March 31, 2025	As at March 31, 2024
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks (refer note 41)	36,216.63	39,373.31
- From financial institutions (including NBFCs) (refer note 41)	12,662.82	14,906.54
- Borrowings under securitisation arrangement (refer note 41)	11,363.43	14,219.99
- From financial institutions in Foreign Currency (ECB)(refer note 41)	13,199.42	5,071.80
Term loans (Unsecured)		
- From financial institutions (including NBFCs) (refer note 41)	185.28	690.00
	73,627.58	**74,261.64**
Borrowings in India	60,428.16	69,189.84
Borrowings outside India	13,199.42	5,071.80
	73,627.58	**74,261.64**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

18. Borrowings (other than debt securities) (Contd..)

(i) Borrowings under securitisation arrangements represents securities issued by the special purpose vehicles ('SPVs') to the investors pursuant to the securitisation arrangement. Since such arrangements do not fulfil the derecognition criteria under Ind AS 109, the Company has recognised the associated liabilities with corresponding loans. Refer Note 49 for securitised term loans not derecognised in their entirety.

(ii) The Company holds derivative instrument i.e. Interest rate cross currency swap to mitigate the risk of change in interest rates and exchange rates on foreign currency exposure. The tenure of ECBs and derivative Instruments are same and hence are treated as perfectly hedged.

19. Other financial liabilities

	As at March 31, 2025	As at March 31, 2024
Interest payable others	-	0.56
Employee related payable	231.75	231.61
Payables towards securitisation/assignment transactions	172.35	512.12
Financial guarantee liability	62.10	-
Others *	291.70	601.82
	757.90	**1,346.11**

* Other liabilities majorly includes share issue expenses payable, unapplied receipts, FLDG received from third-party product vendors and insurance settlement amount.

20. Deferred tax assets / (liabilities) (net)

	As at March 31, 2025	As at March 31, 2024
Tax effect of items constituting deferred tax liability:		
Direct assignment transactions	(244.53)	(336.37)
EIR adjustment for borrowing cost	(87.61)	(101.44)
Change in Fair Value of Investments	(1.76)	-
Remeasurement of financial assets carried at fair value through OCI	(676.09)	(497.81)
Tax effect of items constituting deferred tax asset:		
Provision for expected credit loss	1422.87	472.79
EIR adjustment for loan assets	181.70	204.10
Fair Value change on Derivatives designated as Cashflow Hedge	107.32	-
Adjustment of Ind AS 116	80.86	66.12
Remeasurement of gain/ (loss) on defined benefit plan (net)	33.35	30.11
Others	122.08	69.45
	938.19	**(93.04)**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

20. Deferred tax assets / (liabilities) (net) (Contd..)

Movement in above mentioned deferred tax assets / (liabilities)

Particulars	As at April 1, 2023	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2024	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at March 31, 2025
Tax effect of items constituting deferred tax assets / (liabilities)							
Provision for expected credit loss	562.81	(90.02)	-	472.79	950.08	-	1,422.87
EIR adjustment for loan assets	132.33	71.77	-	204.10	(22.40)	-	181.70
Remeasurement of financial assets carried at fair value through OCI	(442.74)	-	(55.07)	(497.81)	-	(178.28)	(676.09)
Direct assignment transactions	(259.69)	(76.68)	-	(336.37)	91.84	-	(244.53)
EIR adjustment for borrowing cost	(86.51)	(14.93)	-	(101.44)	13.83		(87.61)
Fair Value change on Derivatives designated as Cashflow Hedge	-	-	-	-	-	107.32	107.32
Adjustment of Ind AS 116	50.88	15.24	-	66.12	14.74	-	80.86
Change in Fair Value of Investments	-	-	-	-	-	(1.76)	(1.76)
Remeasurement of gain/ (loss) on defined benefit plan (net)	21.04	-	9.07	30.11	-	3.24	33.35
Others	79.63	(10.18)	-	69.45	52.63	-	122.08
	57.75	**(104.80)**	**(46.00)**	**(93.04)**	**1,100.71**	**(69.48)**	**938.19**

21. Provisions

	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits (funded)		
Gratuity (refer note 39)	93.76	100.04
Compensated absences (refer note 39)	18.00	10.05
	111.76	**110.09**

22. Other non-financial liabilities

	As at March 31, 2025	As at March 31, 2024
Statutory dues payable	84.50	157.19
Creditors for capital goods	6.75	8.95
	91.25	**166.14**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

23. Equity share capital

	As at March 31, 2025	As at March 31, 2024
Authorised share capital		
200,000,000 Equity shares of ₹ 10 each (March 31, 2024: 200,000,000)	2,000.00	2,000.00
50,000,000 Compulsorily convertible preference shares of ₹ 10 each (March 31, 2024: 50,000,000)	500.00	500.00
	2,500.00	**2,500.00**
Issued, subscribed and fully paid up share capital (A)		
170,492,176 Equity shares of ₹ 10 each (March 31, 2024: 170,492,176)	1,704.92	1,704.92
Nil Compulsorily Convertible Preference Shares of ₹ 10 each (March 31, 2024: Nil)	-	-
	1,704.92	**1,704.92**
Treasury shares held through ESOP trust (B)		
2,894,636 Equity shares of ₹ 10 each (March 31, 2024: 3,224,761)	(28.95)	(32.25)
Equity shares [net of treasury shares] [A + B]	**1,675.97**	**1,672.67**

Treasury shares

Treasury shares represents Company's own equity shares held by MML Employee Welfare Trust for implementing Employee Stock Option Plan of the Company. The Company treats ESOP trust as its extension and the Treasury shares are presented as a deduction from total equity.

(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.

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	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	17,04,92,176	1,704.92	11,68,37,249	1,168.37
Add: Issued during the year	-	-	5,36,54,927	536.55
Balance at the end of the year	**17,04,92,176**	**1,704.92**	**17,04,92,176**	**1,704.92**

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	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	-	-	2,33,60,260	233.60
Add: Issued/ (Converted) during the year	-	-	(2,33,60,260)	(233.60)
Balance at the end of the year	**-**	**-**	**-**	**-**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

23. Equity share capital (Contd..)

(iv) Reconciliation of treasury shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2025		As at March 31, 2024	
	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	32,24,761	32.25	34,68,511	34.69
Add: Issued during the year	-	-	-	-
Less: Equity shares transferred upon exercise of options under employee share option plan	(3,30,125)	(3.30)	(2,43,750)	(2.44)
Balance at the end of the year	**28,94,636**	**28.95**	**32,24,761**	**32.25**

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 Trust is consolidated in the financial statements of the Company. Refer note 47.

(v) Shares held by the holding Company

Particulars	As at March 31, 2025		As at March 31, 2024	
	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	8,55,95,744	50.21%	8,55,95,744	50.21%

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

Equity shares of Rs.10 each

Particulars	As at March 31, 2025		As at March 31, 2024	
	No. of shares	% holding	No. of shares	% holding
Muthoot Fincorp Limited	8,55,95,744	50.21%	8,55,95,744	50.21%
Creation Investments India LLC	1,30,06,778	7.63%	1,30,06,778	7.63%
Greater Pacific Capital WIV Ltd.	2,58,02,609	15.13%	2,58,02,609	15.13%

(vii) Shareholding of promoters as at March 31, 2025

	No. of shares	% of Total Shares	% Change during the Year
Muthoot Fincorp Ltd	8,55,95,744	50.21%	0.00%
Thomas John Muthoot	29,82,456	1.75%	0.00%
Thomas George Muthoot	29,81,749	1.75%	0.00%
Thomas Muthoot	29,93,935	1.76%	0.00%
Preethi John	3,996	0.00%	0.00%
Nina George	3,989	0.00%	0.00%
Remmy Thomas	3,963	0.00%	0.00%
	9,45,65,832	**55.47%**	**0.00%**

Shareholding of promoters as at March 31, 2024

	No. of shares	% of Total Shares	% Change during the Year
Muthoot Fincorp Ltd	8,55,95,744	50.21%	(22.15%)
Thomas John Muthoot	29,82,456	1.75%	(1.28%)
Thomas George Muthoot	29,81,749	1.75%	(1.28%)
Thomas Muthoot	29,93,935	1.76%	(1.28%)
Preethi John	3,996	0.00%	(1.30%)
Nina George	3,989	0.00%	(1.30%)
Remmy Thomas	3,963	0.00%	(1.29%)
	9,45,65,832	**55.47%**	**(29.88%)**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

23. Equity share capital (Contd..)

(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.

24. Other equity *

	As at March 31, 2025	As at March 31, 2024
Securities premium	16,001.64	15,976.61
Reserve fund u/s 45-IC of RBI Act 1934	2,019.67	2,019.67
Employee stock options outstanding	179.15	148.06
Loan assets through other comprehensive income	2,010.24	1,267.36
Fair value through other comprehensive income	5.24	-
Retained earnings	4,728.77	6,963.65
General reserve	20.68	(4.50)
Effective portion of Cashflow hedge	(319.09)	-
	24,646.30	**26,370.85**

* For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2025 and March 31, 2024.

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 equal to/more than twenty per cent of its net profit of the year, before declaration of dividend. Accordingly, during the year ended March 31, 2025, the Company has transferred an amount of INR Nil (March 31, 2024: INR 899.17 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.

General reserve

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

Effective portion of Cashflow hedge

The amount refers to changes in the fair value of derivative financial Contracts which are designated as effective Cash flow Hedge.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

25. Interest income

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
On financial assets measured at amortised cost		
Interest on loan assets	16,326.14	14,360.56
Interest income on deposits from banks	383.56	311.59
	16,709.70	**14,672.15**
On financial assets measured at fair value through other comprehensive income		
Interest on loan assets	6,985.09	5,063.63
	6,985.09	**5,063.63**
	23,694.79	**19,735.78**

26. Fees and commission income

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Fee income recognised over a certain period of time (refer note 50)	233.41	48.05
Fee income that are recognised at point in time (refer note 50)	739.63	361.04
	973.04	**409.09**

27. Net gain on fair value changes

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Gain on sale of loans assets recognised through Profit & Loss account	**695.26**	**2,176.85**
Fair value changes		
Realised	695.26	2,176.85
Unrealised	-	-
	695.26	**2,176.85**

28. Income from investments

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Income from investments	236.84	156.78
	236.84	**156.78**
Realised	236.84	156.78
Unrealised	-	-
	236.84	**156.78**

29. Other income

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Interest income on security deposits	4.78	4.12
Gain on termination of lease	5.94	4.54
Miscellaneous income	16.75	54.80
	27.47	**63.46**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

30. Finance costs

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
On financial liabilities measured at amortised cost		
Interest on borrowings other than debt securities	8,208.93	6,698.69
Interest on debt securities	906.45	1,800.97
Interest cost on lease liabilities (refer note 11)	185.67	160.20
Others	-	0.56
	9,301.05	**8,660.42**

31. Fees and commission expenses

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Fees and commission expenses	253.62	271.85
	253.62	271.85

32. Net Loss on derecognition of financial instrument under amortised cost category

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Net Loss on derecognition of financial instrument under amortised cost category	1,142.17	-
	1,142.17	**-**

33. Impairment on financial instruments

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Loans		
Write off	3,180.94	1,319.20
Waive off	924.35	342.00
Provision for impairment on loan assets	6,204.86	125.54
Bad debt recovered	(126.68)	(94.18)
Others		
Write off	139.48	-
Provision for other receivables (Refer note 5)	33.93	29.87
Provision for Excess Interest Spread (Refer note 8)	4.26	2.96
Financial Guarantee expenses (Refer note 19)	62.10	-
	10,423.24	**1,725.39**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

34. Employee benefits expense

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Salaries and wages	4,735.15	3,946.52
Contribution to provident and other funds	396.33	314.04
Share based payments (Refer note 47)	52.92	93.72
Gratuity and compensated absence (Refer note 39)	63.64	47.14
Staff welfare expenses	91.03	62.84
	5,339.07	**4,464.26**

The Indian Parliament has approved the Code on Social Security, 2020, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the code becomes effective and related rules are published.

35. Depreciation and amortisation expenses

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Depreciation (refer note 10)	172.87	140.20
Depreciation on right-of-use assets (refer note 11)	254.86	213.34
Amortisation (refer note 12)	0.64	0.83
	428.37	**354.37**

36. Other expenses

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Rent	72.11	36.73
Rates and taxes	8.88	7.17
Repairs and maintenance - others	12.72	7.27
Communication expenses	162.53	97.47
Printing and stationery	20.27	27.41
Marketing expenses	49.36	28.53
Auditors' remuneration		
Statutory audit	4.91	4.36
Limited review	2.65	2.29
Tax audit	0.65	0.55
Other certifications	1.27	0.33
Reimbursement of expenses	0.58	0.22
Legal and professional charges	342.09	227.53
Traveling and conveyance	568.87	455.92
Software support charges	139.09	178.12
Power and fuel	49.59	38.94
Office expenses	63.47	52.17
Corporate social responsibility expenses (Refer note 36.1)	57.31	19.11
Miscellaneous expenses	89.57	73.95
	1,645.92	**1,258.07**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

36. Other expenses (Contd..)

36.1 Corporate social responsibility expenses

		For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
(a)	Gross amount required to be spent by the Company during the year	57.31	19.11
(b)	Excess amount spent in previous financial year carried forward	-	-
(c)	Net amount required to be spent by the Company during the year	57.31	19.11
(d)	Amount spent during the year on :		
	(i) Construction/ acquisition of any asset	-	-
	(ii) On purpose other than (i) above	31.50	19.11
(e)	Excess/ (shortfall) at the end of the year (d-c)	(25.81)	-
(f)	Total of previous years excess/ (shortfall)	(25.81)	-
(g)	Reason for shortfall	Refer note (i)	N.A
(h)	Nature of CSR activities	Refer note (ii)	Refer note (ii)
(i)	Details of related party transaction (refer note 40)	31.48	19.00

		As at March 31, 2025	As at March 31, 2024
(j)	Where a provision is made with respect to a liability incurred by entering a contractual obligation -		
	Opening balance of the provision	-	-
	Provision created during the year	25.81	-
	Amount spent during the year	-	-
	Closing provision balance	**25.81**	**-**

(i) During the year, the Company contributed towards the ongoing projects which remained unspent as on March 31, 2025 resulting in shortfall. The unspent amount was transferred to a separate Bank account on April 25, 2025, which will be spent during the FY 2025-26.

(ii) CSR programs of the Company is bound by the theme HEEL: Health, Education, Environment, and Livelihood.

(iii) Section 198(4)(a) allows usual working charges to be deducted while computing the net profits for the purpose of section 198. The usual working charges can be interpreted as the expenditure incurred by the Company in the ordinary course of the business. Being an NBFC, the Company provides loans to various customers with or without collaterals. Given the fact that the Company is into the lending business, any credit losses incurred by the Company could be construed and 'usual working charges' i.e. credit losses are integral part of the lending business and should not be considered as capital in nature. Accordingly, Expected Credit Loss (ECL) provision has been treated as an allowable expenditure for the purpose of calculation of profits under section 198 of the Companies Act, 2013 for Corporate Social Responsibility.

37. Earnings per share (basic and diluted)

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Net profit for the year	(2,225.23)	4,495.83
Weighted-average number of equity shares for basic EPS	167.50	145.40
Weighted-average number of equity shares adjusted for the effect of dilution	170.24	148.62
Par value per share	10.00	10.00
Earnings per share - Basic	(13.29)	30.92
Earnings per share - Diluted	(13.07)	30.25

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

38. Tax expense

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Current tax	468.41	1,456.31
Deferred tax	(1,100.71)	104.80
	(632.30)	**1,561.11**

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

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Profit before tax	(2,889.04)	5,818.42
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	**(727.11)**	**1,464.38**

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

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Tax on expense not eligible for deduction (CSR ependiture)	14.42	4.81
Tax benefit on Chapter VIA deduction u/s 80JJAA	(85.88)	-
Deferred tax liability relating to earlier years	166.28	91.92
Total income tax expense	**(632.30)**	**1,561.11**

39. Employee benefit obligations

The Company operates the following post employment plans -

i. Defined contribution plan

The Company makes contributions, determined as specific percentage of employee salaries, in respect of qualified employees towards provident fund and other fundswhich are defined contribution plans. The Company has no obligation other than this to make the specified contribution. The contribution is charged to Statement of Profit and Loss as they accrue.

	As at March 31, 2025	As at March 31, 2024
Contribution to provident fund	318.50	258.76
Contribution to employee state insurance	75.94	53.63
Contribution to labour welfare fund	1.89	1.66

ii. Defined benefit plans

	As at March 31, 2025	As at March 31, 2024
Gratuity	93.76	100.04
Compensated absence	18.00	10.05

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

39. Employee benefit obligations (Contd..)

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, 2025	As at March 31, 2024
Current service cost	43.69	31.49
Interest cost (net)	7.19	2.48
Amount recognised in the statement of profit and loss	**50.88**	**33.97**

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

	As at March 31, 2025	As at March 31, 2024
Present value of defined benefit obligation as at the beginning of the year	**230.77**	**178.46**
Current service cost	43.69	31.49
Interest cost	16.57	13.03
Benefits paid	(38.90)	(23.37)
Actuarial loss/ (gain)	17.69	31.16
Present value of defined benefit obligation as at the end of the year	**269.82**	**230.77**

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

	As at March 31, 2025	As at March 31, 2024
Fair value of plan assets at the beginning of the year	130.73	144.46
Expected return on plan assets	9.38	10.55
Contributions by employer	70.05	3.97
Benefits paid	(38.90)	(23.37)
Actuarial (loss)/gain	4.80	(4.88)
Fair value of plan assets at the end of the year	**176.06**	**130.73**

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

	As at March 31, 2025	As at March 31, 2024
Present value of funded obligation as at the end of the year	269.82	230.77
Fair value of plan assets as at the end of the Year funded status	(176.06)	(130.73)
Funded net liability recognized in balance sheet	**93.76**	**100.04**

Notes forming part of Financial Statements
for the year ended March 31, 2025
(All amounts in INR millions, unless stated otherwise)

39. Employee benefit obligations (Contd..)

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

	As at March 31, 2025	As at March 31, 2024
Actuarial (gain)/loss on assets	**(4.80)**	**4.88**
Actuarial (gain)/loss on liabilities		
Actuarial (gain)/loss from change in demographic assumption	(3.07)	1.18
Actuarial (gain)/loss from change in financial assumption	(7.53)	0.61
Actuarial (gain)/loss from experience adjustment	28.29	29.37
Total Actuarial (gain)/loss on liabilities	**17.69**	**31.16**
Total actuarial (gain)/loss	**12.89**	**36.04**

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

	As at March 31, 2025	As at March 31, 2024
Discount rate	6.55%	7.18%
Rate of increase in compensation levels	6.13%	7.75%
Attrition rate		
Field employees	42.69%	39.19%
Other than field employees	20.50%	20.34%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	32.44	32.77

Notes to actuarial assumptions:

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

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

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

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

(viii) Sensitivity analysis for gratuity liability

	As at March 31, 2025	As at March 31, 2024
Present value of obligation at the end of the year	269.82	230.77
a) Impact of change in discount rate		
- Impact due to increase of 0.50%	(4.00)	(3.50)
- Impact due to decrease of 0.50%	4.16	3.64
b) Impact of change in salary increase		
- Impact due to increase of 1%	7.74	6.73
- Impact due to decrease of 1%	(7.37)	(6.41)
c) Impact of change in attrition rate		
- Impact due to increase of 5%	(4.86)	(4.70)
- Impact due to decrease of 5%	4.87	5.28

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

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

39. Employee benefit obligations (Contd..)

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, 2025	As at March 31, 2024
Within next 12 months	62.88	53.06
Between 1-5 years	159.73	136.84
Beyond 5 years	119.16	112.63
	341.77	**302.53**

(x) Category of plan assets

	As at March 31, 2025	As at March 31, 2024
Fund managed by insurer	176.06	130.73

(xi) The Company expects to contribute INR 64.04 millions (previous year INR 50.50 millions) to its gratuity plan for the next year.

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, 2025	As at March 31, 2024
Current service cost	18.69	11.20
Interest cost (net)	0.73	0.17
Actuarial (gain)/loss recognised during the year	(6.66)	1.80
Amount recognised in total comprehensive income	**12.76**	**13.17**

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

	As at March 31, 2025	As at March 31, 2024
Present value of defined benefit obligation as at the beginning of the year	**69.92**	**56.29**
Current service cost	18.69	11.20
Interest cost	5.03	4.12
Benefits paid	(4.21)	(1.06)
Actuarial (gain)/loss	(3.92)	(0.63)
Present value of defined benefit obligation as at the end of the year	**85.51**	**69.92**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

39. Employee benefit obligations (Contd..)

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

	As at March 31, 2025	As at March 31, 2024
Fair value of plan assets at the beginning of the year	59.87	54.15
Expected return on plan assets	4.30	3.95
Contributions by employer	4.81	5.26
Benefits paid	(4.21)	(1.06)
Actuarial gain/(loss)	2.74	(2.43)
Fair value of plan assets at the end of the year	**67.51**	**59.87**

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

	As at March 31, 2025	As at March 31, 2024
Present value of funded obligation as at the end of the year	85.51	69.92
Fair value of plan assets as at the end of the Year funded status	(67.51)	(59.87)
Funded net liability recognized in balance sheet	**18.00**	**10.05**

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

	As at March 31, 2025	As at March 31, 2024
Actuarial (gain)/loss on assets	**(2.74)**	**2.43**
Actuarial (gain) / loss on liabilities		
Actuarial (gain)/loss from change in demographic assumption	(0.62)	1.85
Actuarial (gain)/loss from change in financial assumption	(1.43)	0.12
Actuarial (gain)/loss from experience adjustment	(1.87)	(2.60)
Total Actuarial (gain)/loss on liabilities	**(3.92)**	**(0.63)**
Total actuarial (gain)/loss	**(6.66)**	**1.80**

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

	As at March 31, 2025	As at March 31, 2024
Discount rate	6.55%	7.18%
Rate of increase in compensation levels	6.13%	7.75%
Attrition rate		
Field employees	42.69%	39.19%
Other than field employees	20.50%	20.34%
Retirement age	60 years	60 years
Expected average remaining working lives of employees (in years)	31.53	31.17

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.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

39. Employee benefit obligations (Contd..)

(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, 2025	As at March 31, 2024
Present value of obligation at the end of the year	85.51	69.92
a) Impact of change in discount rate		
- Impact due to increase of 0.50 %	(0.68)	(0.60)
- Impact due to decrease of 0.50 %	0.70	0.62
b) Impact of change in salary increase		
- Impact due to increase of 1 %	1.40	1.23
- Impact due to decrease of 1 %	(1.37)	(1.20)
c) Impact of change in attrition rate		
- Impact due to increase of 5 %	(1.94)	(1.81)
- Impact due to decrease of 5 %	2.33	2.20

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, 2025	As at March 31, 2024
Within next 12 months	38.71	31.43
Between 1-5 years	47.42	41.11
Beyond 5 years	7.33	7.80
Total	**93.46**	**80.34**

(x) Category of plan assets

	As at March 31, 2025	As at March 31, 2024
Fund managed by insurer	67.51	59.87

(xi) The Company expects to contribute INR 25.44 millions (previous year INR 17.09 millions) to its leave benefit plan for the next year.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

40. 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
	Muthoot Pappachan Foundation
Fellow subsidiary	Muthoot Pappachan Technologies Limited
	Muthoot Housing Finance Company Limited
Common directorship	Muthoot Capital Services Limited
	The Thinking Machine Media Private Limited
	M-Liga Sports Excellence Private Limited
	Credavenue Private Limited
Key Management Personnel (KMP)	Thomas Muthoot, Non-Executive Director (designation changed to Non-Executive w.e.f 19-12-2024)
	Thomas John Muthoot, Non-Executive Director (upto 19-12-2024)
	Thomas George Muthoot, Non-Executive Director
	Thomas Muthoot John, Executive Director (w.e.f 19-12-2024)
	Akshaya Prasad, Non-Executive Director
	John Tyler Day, Non-Executive Director
	Thai Salas Vijayan, Non-Executive Independent Director
	Alok Prasad, Non-Executive Independent Director
	Bhama Krishnamurthy, Non-Executive Independent Director
	Pushpy B Muricken, Non-Executive Independent Director
	Anand Raghavan, Non-Executive Independent Director (upto 02-12-2024)
	Anil Sreedhar, Non-Executive Independent Director (w.e.f 30-12-2024)
	Sadaf Sayeed, Chief Executive Officer
	Thoroppady Praveen, Chief Financial Officer
	Neethu Ajay, Chief Compliance Officer & Company Secretary
Other Related Parties	MML Employee Welfare Trust
	Hannah Muthoot, Chief Strategy Officer

Transactions with related parties

Nature	Name of the party	Year ended March 31, 2025	Year ended March 31, 2024
Cash management charges & Commission expenses*	Muthoot Fincorp Limited	55.32	55.10
Commission income*	Muthoot Fincorp Limited	0.02	0.04
Commission income*	Muthoot Exim Private Limited	15.01	3.23
Software support charges*	Muthoot Pappachan Technologies Limited	12.07	12.18
Rent expenses*	Muthoot Fincorp Limited	1.85	2.18
Rent expenses*	Thomas Muthoot	3.27	3.10
Rent expenses*	Thomas George Muthoot	7.53	7.36
Rent expenses*	Thomas John Muthoot	1.89	1.80
Rental deposits given/(refunded)	Muthoot Fincorp Limited	(0.25)	-
CSR expenditure	Muthoot Pappachan Foundation	31.48	19.00
Travel expenses*	Muthoot Fincorp Limited	0.02	1.06
Trade mark Fees*	Thomas George Muthoot	0.03	0.03
Trade mark Fees*	Thomas John Muthoot	0.03	0.03
Trade mark Fees*	Thomas Muthoot	0.03	0.03
Sitting fees & Expense reimbursement*	Pushpy B Muricken	1.17	1.02

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

40. Related parties disclosures (Contd..)

Nature	Name of the party	Year ended March 31, 2025	Year ended March 31, 2024
Sitting fees & Expense reimbursement*	Thai Salas Vijayan	1.14	0.93
Sitting fees & Expense reimbursement*	Alok Prasad	1.53	1.29
Sitting fees & Expense reimbursement*	Bhama Krishnamurthy	1.47	1.26
Sitting fees & Expense reimbursement*	Anand Raghavan	0.75	1.14
Sitting fees & Expense reimbursement*	Anil Sreedhar	0.23	-
Remuneration	Sadaf Sayeed	56.04	73.97
Remuneration	Thoroppady Praveen	13.42	7.04
Remuneration	Neethu Ajay	6.12	3.95
Remuneration	Thomas Muthoot John	2.42	-
Remuneration	Hannah Muthoot	0.43	-
Gold Auction	Muthoot Exim Private Limited	-	3.34
Professional Charges	Credavenue Private Limited	8.27	8.99

*excluding taxes and reimbursement of expenses

Balance at the end of the year

Nature	Name of the party	(Payable)/ Receivable as at March 31, 2025	(Payable)/ Receivable as at March 31, 2024
Cash management charges and Commission payable	Muthoot Fincorp Limited	(4.13)	(5.30)
Trade receivable (commission income)	Muthoot Fincorp Limited	0.00	0.00
Trade receivable (commission income)	Muthoot Exim Private Limited	(0.59)	(4.18)
Software support charges payable	Muthoot Pappachan Technologies Limited	-	-
Rent payable	Muthoot Fincorp Limited	(0.14)	(0.20)
Rent payable	Thomas Muthoot	(0.30)	(0.28)
Rent payable	Thomas George Muthoot	(0.69)	(0.67)
Rent payable	Thomas John Muthoot	(0.17)	(0.17)
Rental deposit	Muthoot Fincorp Limited	0.29	0.54
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	0.00	(0.65)
CSR Payable	Muthoot Pappachan Foundation	(25.81)	-
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, 2025	Year Ended March 31, 2025
Short-term employee benefits (current)	78.02	83.11
Post-employment benefits	0.41	1.85
	78.43	**84.96**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities

Debt securities		Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	Carrying value as at	
S No.	Repayment terms					March 31, 2025	March 31, 2024
1	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.	-	728.53
2	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.	-	234.06
3	Principal: Bullet repayment, Interest: Half-yearly, Put/call option on 27-05-2025	Nov-22	May-25	11.46%	Exclusive charge over book debts equivalent to 105%	394.73	394.56
4	Principal: Bullet repayment, Interest: Half-yearly, Put/call option on 03-06-2025	Dec-22	Jun-25	11.55%	Exclusive charge over book debts equivalent to 105%	1,161.74	1,161.82
5	Principal: Half-yearly, Interest: Quarterly	Sep-22	Dec'24, Jun'25 and Dec'25	9.90%	Exclusive charge over book debts equivalent to 100%	698.64	930.70
6	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.	-	9.21
7	Principal: Bullet repayment, Interest: Bullet repayment *	Apr-24	Apr-24	10.60%	Exclusive charge over book debts equivalent to 110%	-	827.64
8	Principal: Bullet repayment, Interest: Bullet repayment *	Jun-24	Jun-24	10.00%	Exclusive charge over book debts equivalent to 110%	-	1,126.18
9	Principal: Half-yearly, Interest: Monthly, Put option on 30-04-2024	Feb-23	Jan'24, Jul'24, Jan'25, Jul'25, Jan'26	11.00%	Exclusive charge over book debts equivalent to 110%	797.78	1,591.71
10	Principal: Half-yearly, Interest: Monthly, Put option on 31-08-2024	Jun-23	May'24, Nov'24, May'25, Nov'25, Jun'26	11.00%	Exclusive charge over book debts equivalent to 110% of loan amount	896.09	1,491.24
11	Principal: Quarterly, Interest: Monthly, Put option on 30-06-2025	Jul-23	Sep'24, Dec'24, Mar'25, Jun'25, Sep'25, Dec'25, Mar'26, Jul'26	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount	467.18	745.39

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Debt securities		Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	Carrying value as at	
S No.	Repayment terms					March 31, 2025	March 31, 2024
12	Principal: Quarterly, Interest: Monthly, Put option on 31-07-2025	Aug-23	Oct'24, Jan'25, Apr'25, Jul'25, Oct'25, Jan'26, Apr'26, Aug'26	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount	560.74	745.16
13	Principal: Half-yearly, Interest: Quarterly	Aug-24	Mar'27, Sep'27, Mar'28 and Aug'28	8.97%	Exclusive charge over book debts equivalent to 100%	659.73	-
					Total of Debt Securities	**5,636.63**	**9,986.20**

* The NCDs other than Market linked debentures (MLDs) are issued with fixed coupon rate and redeemable at par. NCDs in the nature of MLDs are G-Sec linked and the interest is payable on maturity.

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
1	Monthly	36	12.44	Sep-21	Variable	EBMR + 7.4%	Exclusive charge over book debts equivalent to 100% of loan amount	-	63.81
2	Monthly	32	15.63	Jan-22	Variable	MCLR + 1%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash Margin of 5%	-	62.68
3	Monthly	36	27.80	Oct-21	Variable	MCLR + 1.25%	Exclusive charge over book debts equivalent to 110% of loan amount	-	166.71
4	Monthly	36	27.78	Oct-21	Variable	MCLR + 2%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 5%	-	166.54
5	Half Yearly	5	100.00	Nov-22	Variable	MCLR + 0.85%	Exclusive charge over book debts equivalent to 110% of loan amount	-	199.68
6	Monthly	24	20.83	Jul-22	Variable	RRLR + 350 bps	Exclusive charge over book debts equivalent to 110% of loan amount	-	41.68

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
7	Monthly	30	50.00	Sep-22	Variable	9.50%	Exclusive charge over book debts equivalent to 111% of loan amount and Cash margin of 5%.	-	198.99
8	Monthly	23	31.25	Jun-22	Fixed	10.50%	Exclusive charge over book debts equivalent to 110% of loan amount	-	62.48
9	Monthly	22	31.82	Sep-22	Variable	MCLR03 + 3.45%	Exclusive charge over book debts equivalent to 110% of loan amount,Cash margin of 5%.	-	95.41
10	Monthly	22	2.27	Oct-22	Variable	MCLR03 + 3.45%	Exclusive charge over book debts equivalent to 110% of loan amount,Cash margin of 5%.	-	9.08
11	Quarterly	10	25.00	Jan-23	Variable	Repo rate + 5.85%	Exclusive charge over book debts equivalent to 111% of loan amount,Cash margin of 5%.	25.11	125.28
12	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%.	-	49.96
13	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%.	-	41.62
14	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%.	-	114.21
15	Quarterly	9	277.78	Dec-22	Variable	I MCLR-3M+ Spread	Exclusive charge over book debts equivalent to 110% of loan amount,Cash margin of 5%.	-	838.79

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
16	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%.	534.44	1,625.83
17	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%.	-	166.05
18	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%.	-	207.57
19	Monthly	24	20.83	Oct-22	Variable	Repo rate+ Spread	Exclusive charge over book debts equivalent to 110% of loan amount	-	137.15
20	Monthly	35	42.86	Oct-22	Variable	MCLR +Spread	Exclusive charge over book debts equivalent to 117% of loan amount, Cash margin of 5%.	214.03	725.04
21	Quarterly	12	58.33	Dec-22	Variable	3M MCLR+300bps	Exclusive charge over book debts equivalent to 120% of loan amount,Cash margin of 10%.	116.34	347.77
22	Monthly	33	30.30	Dec-22	Variable	MCLR +2.25%	Exclusive charge over book debts equivalent to 111% of loan amount,Cash margin of 10%.	151.18	511.14
23	Quarterly	12	83.33	Dec-22	Variable	MCLR+2.50%	Exclusive charge over book debts equivalent to 111% of loan amount,Cash margin of 5%.	165.98	495.82

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
24	Monthly	24	27.92	Jan-23	Variable	EBLR+Spread	Exclusive charge over book debts equivalent to 110% of loan amount	-	252.38
25	Quarterly	8	87.50	Feb-24	Fixed	10.10%	Exclusive charge over book debts equivalent to 105% of loan amount,Cash margin of 5%.	262.12	608.51
26	Monthly	24	16.67	Feb-23	Fixed	11.10%	Exclusive charge over book debts equivalent to 110% of loan amount	-	166.82
27	Monthly	24	4.17	May-23	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	4.18	54.33
28	Quarterly	7	285.71	Jun-23	Variable	EBR+Spread	Exclusive charge over book debts equivalent to 110% of loan amount	-	1,152.61
29	Monthly	24	16.67	Mar-23	Variable	3M MCLR +Spread	Exclusive charge over book debts equivalent to 100% of loan amount	-	182.58
30	Quarterly	8	62.50	Mar-23	Variable	MCLR+0.75%	Exclusive charge over book debts equivalent to 110% of loan amount	-	186.33
31	Monthly	24	20.83	Feb-23	Variable	MCLR+ 1.00%	Exclusive charge over book debts equivalent to 110% of loan amount.	-	206.83
32	Monthly	22	28.64	Apr-23	Variable	MCLR03 + 1.85%	Exclusive charge over book debts equivalent to 110% of loan.	-	285.56

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
33	Quarterly	8	237.50	May-23	Fixed	10.60%	Exclusive charge over book debts equivalent to 110% of loan amount,Cash margin of 5%.	-	949.11
34	Monthly	36	27.78	Apr-23	Variable	1Y MCLR + 2.50%	Exclusive charge over book debts equivalent to 111% of loan amount,Cash margin of 10%.	334.57	665.20
35	Quarterly	9	61.11	Jul-23	Variable	I-MCLR- 1Y + Spread	Exclusive charge over book debts equivalent to 110% of loan amount,Cash margin of 5%.	122.92	367.60
36	Monthly	21	119.05	Jul-23	Variable	MCLR+120bps spread	Exclusive charge over book debts equivalent to 110% of loan amount	0.00	1,417.50
37	Quarterly	8	31.25	Nov-23	Variable	Repo rate + 3.7%	Exclusive charge over book debts equivalent to 111% of loan amount,Cash margin of 5%.	62.43	186.75
38	Monthly	22	16.82	Aug-23	Variable	MCLR03 + 1.85%	Exclusive charge over book debts equivalent to 110% of loan amount	33.61	234.55
39	Quarterly	8	29.69	Aug-23	Variable	3M NIBOR+ 3.74% Spread	Exclusive charge over book debts equivalent to 110% of loan amount,Cash margin of 5%	29.70	148.38
40	Quarterly	9	31.11	Oct-23	Variable	I-MCLR- 1Y + Spread 2.10% p.a	Exclusive charge over book debts equivalent to 105% of loan amount, Cash margin of 5%.	93.81	218.37

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
41	Monthly	24	20.83	Jul-23	Fixed	10.50%	Exclusive charge over book debts equivalent to 110% of loan amount	62.42	313.84
42	Quarterly	8	50.00	Sep-23	Variable	MCLR+200 Bps	Exclusive charge over book debts equivalent to 110% of loan amount	49.94	249.10
43	Monthly	24	31.25	Oct-25	Variable	MCLR + 225 Bps	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%	187.13	560.49
44	Monthly	24	41.67	Oct-25	Variable	MCLR+Spread	Exclusive charge over book debts equivalent to 110% of loan amount, Cash margin of 5%	290.27	782.44
45	Monthly	24	20.83	Aug-25	Variable	MCLR+Spread	Exclusive charge over book debts equivalent to 105% of loan amount, Cash margin of 5%	104.07	352.57
46	Monthly	24	20.83	Aug-25	Variable	MCLR+Spread	Exclusive charge over book debts equivalent to 105% of loan amount, Cash margin of 5%	104.07	352.57
47	Monthly	24	16.67	Sep-25	Variable	EBLR + 3% Spread	Exclusive charge over book debts equivalent to 110% of loan amount	100.53	300.12
48	Quarterly	8	29.69	Aug-25	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount,Cash margin of 5%.	59.38	178.03

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
49	Quarterly	11	454.50	Aug-26	Variable	MCLR + 225 Bps	Exclusive charge over book debts equivalent to 125% of loan amount, Cash margin of 5%	2,701.56	4,507.91
50	Monthly	24	20.83	Jun-25	Variable	Linked to 91 days T-Bill	Exclusive charge over book debts equivalent to 100% of loan amount	145.31	393.48
51	Quarterly	9	18.89	Dec-25	Variable	MCLR + 2.10% Spread	Exclusive charge over book debts equivalent to 105% of loan amount, Cash margin of 5%	75.89	151.42
52	Monthly	24	8.33	Sep-25	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 105% of loan amount, Cash margin of 5%	49.93	149.45
53	Quarterly	8	62.50	Dec-25	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 110% of loan amount	187.10	435.43
54	Monthly	22	68.18	Jan-24	Variable	MCLR + 1.55%	Exclusive charge on book debts equivalent to 110% of loan amount	476.66	1,291.27
55	Quarterly	12	83.33	Dec-23	Variable	MCLR + 1.90%	Exclusive charge on book debts equivalent to 111.11% of loan amount	498.55	829.48
56	Monthly	24	20.83	Dec-23	Fixed	10.50%	Exclusive charge on book debts equivalent to 110% of loan amount	166.21	417.73
57	Quarterly	10	50.00	Jul-24	Variable	MCLR + 0.75%	Exclusive charge on book debts equivalent to 110% of loan amount	351.53	498.20

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
58	Quarterly	12	41.67	Feb-24	Variable	MCLR + 45 BPS	Exclusive charge on book debts equivalent to 110% of loan amount	289.31	452.91
59	Monthly	22	22.73	Feb-24	Variable	MCLR + 1.55%	Exclusive charge on book debts equivalent to 110% of loan amount	181.68	453.78
60	Monthly	24	41.67	Mar-24	Variable	MCLR + Margin	Exclusive charge on book debts equivalent to 110% of loan amount, Cash margin of 5%	454.93	943.13
61	Quarterly	8	112.50	Mar-24	Variable	MCLR + 1.35%	Exclusive charge on book debts equivalent to 112% of loan amount, Cash margin of 5%	49.81	99.57
62	Monthly	23	20.83	Feb-24	Variable	MCLR + Spread	Exclusive charge on book debts equivalent to 110% of loan amount	206.77	450.61
63	Quarterly	12	33.33	Mar-24	Variable	MCLR + 2.25 Bps	Exclusive charge on book debts equivalent to 120% of loan amount, Cash margin of 6%	231.28	362.11
64	Half Yearly	4	81.64	Jul-24	Variable	MCLR/ MIBOR	Exclusive charge on book debts equivalent to 110% of loan amount, Cash margin of 5%	163.37	326.76
65	Quarterly	8	29.69	Nov-23	Variable	MCLR/ MIBOR	Exclusive charge on book debts equivalent to 110% of loan amount, Cash margin of 5%	118.82	237.64

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
66	Monthly	22	54.55	May-24	Variable	MCLR + 1.55%	Exclusive charge on book debts equivalent to 110% of loan amount	598.86	1,195.20
67	Quarterly	8	112.50	Jun-24	Variable	MCLR + 1.35%	Exclusive charge on book debts equivalent to 112% of loan amount, Cash margin of 5%	448.33	895.66
68	Monthly	35	57.14	Feb-24	Variable	1.90% over 1 year MCLR + 0.25% Spread	Exclusive charge on book debts equivalent to 117% of loan amount, Cash margin of 5%	1,139.46	1,819.69
69	Monthly	35	57.14	Jan-24	Variable	1.90% over 1 year MCLR + 0.25% Spread	Exclusive charge on book debts equivalent to 117% of loan amount, Cash margin of 5%	1,192.21	1,866.47
70	Monthly	24	62.50	Mar-24	Fixed	10.50%	Exclusive charge on book debts equivalent to 110% of loan amount	685.74	1,443.34
71	Monthly	24	62.50	Apr-24	Variable	3 Month T-Bill + Spread%	Exclusive charge on book debts equivalent to 115% of loan amount	748.61	1,494.48
72	Monthly	24	41.67	Apr-24	Fixed	10.50%	Exclusive charge on book debts equivalent to 110% of loan amount	498.62	996.36
73	Quarterly	8	62.50	Jun-24	Variable	MCLR + 1.35%	Exclusive charge on book debts equivalent to 112% of loan amount, Cash margin of 5%	248.84	497.26

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
74	Quarterly	8	25.00	Sep-24	Variable	MCLR + 0.15% Spread	Exclusive charge on book debts equivalent to 110% of loan amount	124.79	199.41
75	Quarterly	8	187.50	Oct-24	Variable	MCLR + 2.10% Spread	Exclusive charge on book debts equivalent to 110% of loan amount	929.86	49.54
76	Quarterly	12	166.70	Jun-24	Variable	MCLR + 1.30% Spread	Exclusive charge on book debts equivalent to 111% of loan amount	1,323.96	89.15
77	Quarterly	8	50.00	Oct-24	Variable	MCLR + 0.15%	Exclusive charge over book debts equivalent to 1.10 times of loan amount	299.51	-
78	Quarterly	8	37.50	Jun-25	Variable	MCLR + 0.15%	Exclusive charge over book debts equivalent to 1.10 times of loan amount	299.28	-
79	Monthly	26	35.42	Jul-24	Variable	T-Bill + 3.09%	Exclusive charge over book debts equivalent to 100% of loan amount	528.71	-
80	Quarterly	9	111.11	Sep-24	Variable	MCLR + 1.40%	Exclusive charge over book debts equivalent to 115% of loan amount	669.75	-
81	Quarterly	8	62.50	Sep-24	Variable	EBR + 3.65%	Exclusive charge over book debts equivalent to 110% of loan amount	311.08	-
82	Quarterly	8	156.25	Nov-24	Variable	EBR + 3.65%	Exclusive charge over book debts equivalent to 110% of loan amount	932.99	-

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
83	Quarterly	12	41.67	Sep-24	Variable	MCLR + 0.15%	Exclusive charge over book debts equivalent to 10% on standard loan receivables	372.33	-
84	Quarterly	12	41.67	Nov-24	Variable	MCLR + 0.15%	Exclusive charge over book debts equivalent to 10% on standard loan receivables	413.74	-
85	Half yearly	4	75.00	Jan-25	Variable	MCLR + 1.50%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin 5%	225.13	-
86	Half yearly	4	89.06	Jan-25	Variable	MCLR + 1.50%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin 5%	267.34	-
87	Half yearly	4	109.47	May-25	Variable	MCLR + 1.45%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin 5%	438.14	-
88	Half yearly	4	74.22	Jun-25	Variable	MCLR + 1.60%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin 5%	297.05	-
89	Half yearly	4	18.75	Aug-25	Variable	MCLR + 1.60%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin 5%	75.04	-
90	Half yearly	4	42.68	Aug-25	Variable	MCLR + 1.60%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin 5%	170.80	-

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
91	Half yearly	4	89.06	Sep-25	Variable	MCLR + 1.60%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin 5%	356.25	-
92	Monthly	24	31.25	Oct-24	Variable	MCLR + 0.85%	Exclusive charge over book debts equivalent to 110% of loan amount	562.02	-
93	Monthly	24	10.42	Nov-24	Variable	MCLR + 0.85%	Exclusive charge over book debts equivalent to 110% of loan amount	197.74	-
94	Monthly	24	20.83	Nov-24	Fixed	10.50%	Exclusive charge over book debts equivalent to 1.1 times of loan amount	395.83	-
95	Monthly	24	41.67	Dec-24	Fixed	10.50%	Exclusive charge over book debts equivalent to 1.1 times of loan amount	834.05	-
96	Monthly	24	20.83	May-25	Fixed	10.50%	Exclusive charge over book debts equivalent to 1.1 times of loan amount	495.39	-
97	Monthly	22	56.82	Nov-24	Variable	MCLR + 1.55%	Exclusive charge over book debts equivalent to 110% of loan amount	962.61	-
98	Monthly	22	11.36	Dec-24	Variable	MCLR + 1.55%	Exclusive charge over book debts equivalent to 110% of loan amount	203.93	-
99	Monthly	22	13.64	Feb-25	Variable	MCLR + 1.55%	Exclusive charge over book debts equivalent to 110% of loan amount	271.87	-

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
100	Monthly	22	11.36	Apr-25	Variable	MCLR + 1%	Exclusive charge over book debts equivalent to 110% of loan amount	249.16	-
101	Monthly	22	22.73	May-25	Variable	MCLR + 1%	Exclusive charge over book debts equivalent to 110% of loan amount	499.25	-
102	Monthly	21	80.95	Dec-24	Variable	MCLR + 0.05%	Exclusive charge over book debts equivalent to 1.1 times of loan amount	1,376.19	-
103	Monthly	21	119.05	Jun-25	Variable	MCLR + 0.40%	Exclusive charge over book debts equivalent to 1.1 times of loan amount	2,500.00	-
104	Monthly	24	20.83	Nov-24	Variable	BR + 4%	Exclusive charge over book debts equivalent to 1.1 times of loan amount	398.60	-
105	Monthly	24	10.42	Nov-24	Variable	BR + 4%	Exclusive charge over book debts equivalent to 1.1 times of loan amount	199.29	-
106	Monthly	24	41.67	Oct-24	Variable	3 Month T-Bill + 2.76	Exclusive charge over book debts equivalent to 1.1 times of loan amount	750.00	-
107	Monthly	24	41.67	Nov-24	Variable	3 Month T-Bill + 2.83	Exclusive charge over book debts equivalent to 1.1 times of loan amount	792.28	-
108	Monthly	24	18.46	Feb-25	Fixed	10.00%	Exclusive charge over book debts equivalent to 110% of loan amount	351.52	-

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from banks (Secured)								Carrying value 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, 2025	March 31, 2024
109	Quarterly	12	58.33	May-25	Variable	MCLR + 2.05%	Exclusive charge over book debts equivalent to 110% of loan amount	696.65	-
110	Monthly	24	20.83	Apr-25	Variable	Repo Rate + 3.55%	Exclusive charge over book debts equivalent to 1.15 times of loan amount	497.32	-
111	Monthly	24	39.60	Apr-25	Variable	MCLR + 1.40%	Exclusive charge over book debts equivalent to 15% Margin of loan amount	929.55	-
							Total of Term Loans from Banks (Secured)	**36,216.63**	**39,373.31**

Borrowings (other than debt securities) - from financial institutions (including NBFCs) (Secured)								Carrying value 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, 2025	March 31, 2024
1	Half Yearly	11	375.00	Jul-19	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 111% of loan amount	-	50.93
2	Half Yearly	11	7.50	Jan-20	Variable	As per RBI norms	Exclusive charge over book debts equivalent to 113% of loan amount	-	44.00
3	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%.	4.29	51.95
4	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%.	4.95	59.94
5	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%.	0.66	7.99

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from financial institutions (including NBFCs) (Secured)								Carrying value 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, 2025	March 31, 2024
6	Monthly	30	33.33	Aug-22	Variable	Repo Rtae + 6%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin 10%	-	335.78
7	Monthly	33	60.60	Jun-22	Fixed	5.15%	Exclusive charge over book debts equivalent to 100% of loan amount	-	666.89
8	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%.	-	100.77
9	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%.	-	9.22
10	Monthly	21	9.52	Aug-22	Fixed	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount	-	9.60
11	Monthly	21	14.29	Sep-22	Fixed	10.75%	Exclusive charge over book debts equivalent to 110% of loan amount	-	28.80
12	Monthly	24	25.00	Aug-22	Variable	FFR+Spread	Exclusive charge over book debts equivalent to 118% of loan amount	-	110.15
13	Monthly	24	41.67	Oct-22	Variable	3M MCLR+Spread	Exclusive charge over book debts equivalent to 110% of loan amount	-	272.69
14	Quarterly	8	43.75	Dec-22	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	-	87.85
15	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%.	-	50.06

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from financial institutions (including NBFCs) (Secured)								Carrying value 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, 2025	March 31, 2024
16	Quarterly	11	45.45	May-23	Fixed	11.50%	Exclusive charge over book debts equivalent to 110% of loan amount	136.12	317.64
17	Monthly	21	23.81	May-23	Variable	PLR-925 bps	Exclusive charge over book debts equivalent to 110% of loan amount	-	239.69
18	Quarterly	11	272.73	Jun-23	Fixed	10.95%	Exclusive charge over book debts equivalent to 110% of loan amount,Cash margin of 5%.	809.95	1,889.78
19	Monthly	24	12.50	Feb-23	Variable	LTRR-Spread	Exclusive charge over book debts equivalent to 110% of loan amount	-	188.31
20	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%.	-	112.69
21	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%.	-	83.59
22	Monthly	24	31.25	Apr-23	Fixed	11.00%	Exclusive charge over book debts equivalent to 110% of loan amount	-	396.80
23	Monthly	20	50.00	Jul-23	Fixed	10.95%	Exclusive charge over book debts equivalent to 110% of loan amount	-	521.48
24	Monthly	24	41.67	Jul-23	variable	MCLR+2.40% Spread	Exclusive charge over book debts equivalent to 110% of loan amount	134.22	654.24

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from financial institutions (including NBFCs) (Secured)								Carrying value 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, 2025	March 31, 2024
25	Monthly	30	12.40	Jul-26	Fixed	11.30%	Exclusive charge over book debts equivalent to 110% of loan amount	211.03	349.52
26	Monthly	30	3.10	Jul-26	Fixed	11.30%	Exclusive charge over book debts equivalent to 110% of loan amount	52.76	87.38
27	Monthly	24	20.83	Aug-25	Fixed	10.75%	Exclusive charge over book debts equivalent to 118% of loan amount	113.60	365.66
28	Quarterly	8	62.50	Aug-25	Variable	MCLR + 2.20% Spread	Exclusive charge over book debts equivalent to 110% of loan amount	125.49	375.87
29	Quarterly	8	35.00	Aug-25	Variable	MCLR + 2.20% Spread	Exclusive charge over book debts equivalent to 110% of loan amount	70.27	210.48
30	Quarterly	8	5.00	Aug-25	Variable	MCLR + 2.20% Spread	Exclusive charge over book debts equivalent to 110% of loan amount	10.04	30.06
31	Monthly	24	18.75	Sep-25	Variable	HBLR - 1.10%	Exclusive charge over book debts equivalent to 110% of loan amount	122.54	348.04
32	Monthly	31	80.65	Sep-26	Variable	MCLR + 205 Bps	Exclusive charge over book debts equivalent to 100% of loan amount, Cash margin of 5%	1,459.03	2,429.52
33	Monthly	36	13.89	Sep-26	Variable	LTLR - 11.25% Spread	Exclusive charge over book debts equivalent to 110% of loan amount	264.09	429.48
34	Monthly	36	80.70	Dec-23	Variable	MCLR + Spread	Exclusive charge over book debts equivalent to 100% of loan amount and Cash Margin 5%	1,539.42	2,510.42

Notes forming part of Financial Statements

for the year ended March 31, 2025
(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from financial institutions (including NBFCs) (Secured)								Carrying value 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, 2025	March 31, 2024
35	Bullet Payment	1	1,500.00	Dec-26	Fixed	7.75%	Exclusive charge over book debts equivalent to 100% of loan amount and Cash Margin 10%	1,491.75	1,479.25
36	Monthly	24	20.83	Aug-24	Variable	HDFC MCLR + 0.85%	Exclusive charge over book debts equivalent to 1.15 times of loan amount and Cash Margin Nil	333.75	-
37	Quarterly	12	54.17	Dec-24	Fixed	10.35%	Exclusive charge over book debts equivalent to 110% of loan amount and Cash Margin Nil	540.22	-
38	Monthly	36	32.27	Nov-24	Fixed	10.00%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin Nil	881.93	-
39	Monthly	36	16.13	Dec-24	Fixed	10.00%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin Nil	450.96	-
40	Monthly	24	34.78	Nov-24	Variable	HBLR - 2%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin Nil	607.84	-
41	Quarterly	11	225.00	Mar-25	Fixed	10.50%	Exclusive charge over book debts equivalent to 1.10 times of loan amount and Cash Margin Nil	2,249.17	-
42	Quarterly	10	50.00	Jun-25	Fixed	10.55%	Exclusive charge over book debts equivalent to 105% of loan amount and Cash Margin Nil	498.63	-

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from financial institutions (including NBFCs) (Secured)								Carrying value 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, 2025	March 31, 2024
43	Quarterly	8	68.75	Jun-25	Fixed	10.40%	Exclusive charge over book debts equivalent to 1.1 times of loan amount and Cash Margin Nil	550.11	-
						Total of Borrowings from Financial Institutions (including NBFCs) (Secured)		**12,662.82**	**14,906.54**

Borrowings (other than debt securities) - under securitisation arrangements								Carrying value 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, 2025	March 31, 2024
1	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%.	-	462.38
2	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%.	-	207.81
3	Monthly	16	Based on Actual collection	Jul-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 114% of loan amount,Cash margin of 7.5%.	-	475.85
4	Monthly	17	Based on Actual collection	Jun-23	Fixed	Series 1 - 9.15% Series 2 - 12%	Exclusive charge over book debts equivalent to 116% of loan amount,Cash margin of 5.5%.	-	334.23
5	Monthly	17	Based on Actual collection	Jul-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 115% of loan amount,Cash margin of 5.5%.	-	608.86
6	Monthly	18	Based on Actual collection	Aug-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 115% of loan amount,Cash margin of 5.5%.	-	1,023.10
7	Monthly	17	Based on Actual collection	Aug-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 116% of loan amount,Cash margin of 5.5%.	-	403.63

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - under securitisation arrangements								Carrying value 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, 2025	March 31, 2024
8	Monthly	16	Based on Actual collection	Aug-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 116% of loan amount,Cash margin of 5.5%.	-	615.27
9	Monthly	17	Based on Actual collection	Oct-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 116% of loan amount,Cash margin of 5.5%.	-	951.28
10	Monthly	17	Based on Actual collection	Dec-23	Fixed	9.25%	Exclusive charge over book debts equivalent to 116% of loan amount,Cash margin of 5.5%.	-	1,656.56
11	Monthly	15	Based on Actual collection	Jan-24	Fixed	9.15%	Exclusive charge over book debts equivalent to 116% of loan amount,Cash margin of 5.5%.	-	805.27
12	Monthly	18	Based on Actual collection	Jan-24	Fixed	9.00%	Exclusive charge over book debts equivalent to 114% of loan amount,Cash margin of 7%.	-	1,605.39
13	Monthly	18	Based on Actual collection	Feb-24	Fixed	9.00%	Exclusive charge over book debts equivalent to 115% of loan amount,Cash margin of 5.5%.	252.59	1,562.98
14	Monthly	16	Based on Actual collection	Mar-24	Fixed	9.25%	Exclusive charge over book debts equivalent to 114% of loan amount,Cash margin of 5.5%.	-	689.27
15	Monthly	16	Based on Actual collection	Mar-24	Fixed	9.00%	Exclusive charge over book debts equivalent to 114% of loan amount,Cash margin of 5.5%.	184.01	1,773.18
16	Monthly	18	Based on Actual collection	May-24	Fixed	9.00%	Exclusive charge over book debts equivalent to 112% of loan amount,Cash margin of 5%.	322.52	1,044.93

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - under securitisation arrangements								Carrying value 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, 2025	March 31, 2024
17	Monthly	21	Based on Actual collection	Jul-24	Fixed	9.25%	Overcollateralization (11.0% of initial pool principal) and Cash collateral of 5%	1,000.97	-
18	Monthly	21	Based on Actual collection	Jul-24	Fixed	8.75%	Overcollateralization (12.50% of initial pool principal) and Cash collateral of 7%	504.86	-
19	Monthly	20	Based on Actual collection	Nov-24	Fixed	8.75%	Overcollateralization (12.70% of initial pool principal) and Cash collateral of 5%	688.63	-
20	Monthly	21	Based on Actual collection	Dec-24	Fixed	8.75%	Overcollateralization (12.00% of initial pool principal) and Cash collateral of 5%	2,373.90	-
21	Monthly	20	Based on Actual collection	Dec-24	Fixed	8.70%	Overcollateralization (14.50% of initial pool principal) and Cash collateral of 5%	1,122.73	-
22	Monthly	21	Based on Actual collection	Jan-25	Fixed	8.65%	Overcollateralization (12.00% of initial pool principal) and Cash collateral of 5%	1,641.02	-
23	Monthly	21	Based on Actual collection	Jan-25	Fixed	8.50%	Overcollateralization (13.50% of initial pool principal) and Cash collateral of 7%	556.53	-
24	Monthly	21	Based on Actual collection	Apr-25	Fixed	8.75%	Overcollateralization (10.00% of initial pool principal) and Cash collateral of 5%	1,632.09	-
25	Monthly	21	Based on Actual collection	May-25	Fixed	8.50%	Overcollateralization (14.50% of initial pool principal) and Cash collateral of 5%	1,083.58	-
						Total of Borrowings under Securitization arrangements		**11,363.43**	**14,219.99**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

41. Details of terms & conditions of debt securities, borrowings and subordinated liabilities (Contd..)

Borrowings (other than debt securities) - from financial institutions in Foreign Currency (ECB)						Carrying value as at	
S No.	Repayment terms	Interest commencement month	Principal repayment month	Interest rate p.a	Nature of the security	March 31, 2025	March 31, 2024
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%	902.83	1,307.32
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%	593.01	853.39
3	Principal: Bullet repayment, Interest: Half-yearly	Oct-23	Apr-28	6 Months SOFR + 4.5%	Exclusive charge over book debts equivalent to 105% of loan amount	898.51	865.83
4	Bullet Repayment	Jun-24	Jun-27	3 Months SOFR + 2.85%	Exclusive charge over book debts equivalent to 120% of loan amount	2,297.33	2,045.26
5	Principal: Bullet repayment, Interest: Quarterly	Jun-24	Jun-27	3 Months SOFR + 2.85%	Exclusive charge over book debts equivalent to 120% of loan amount	3,314.09	-
6	Principal: Bullet repayment, Interest: Quarterly	Jun-24	Jun-27	3 Months SOFR + 2.85%	Exclusive charge over book debts equivalent to 120% of loan amount	785.81	-
7	Principal: Bullet repayment, Interest: Quarterly	Jun-24	Jun-27	3 Months SOFR + 2.85%	Exclusive charge over book debts equivalent to 120% of loan amount	3,127.34	-
8	Principal: Bullet repayment, Interest: Half-yearly	Feb-25	Aug-29	6 Months SOFR +3.75%	Unsecured	1,028.91	-
9	Principal: Bullet repayment, Interest: Half-yearly	Apr-25	Oct-29	6 Months SOFR +3.75%	Unsecured	251.59	-
				Total of Borrowings from Financial Institutions in Foreign Currency		**13,199.42**	**5,071.80**

Borrowings (other than debt securities) - from financial institutions (including NBFCs) (Unsecured)								Carrying value 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, 2025	March 31, 2024
1	Monthly	24	41.67	Jul-25	Variable	FBLR + 3.80% Spread	Unsecured	185.28	690.00
						Total of Borrowings from Financial Institutions (including NBFCs) (Unsecured)		**185.28**	**690.00**
Total of Borrowings (other than debt securities)								**73,627.58**	**74,261.65**
Total Borrowings								**79,264.21**	**84,247.85**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

42. Assets pledged as security

The carrying amounts of assets pledged as security are:

	As at March 31, 2025	As at March 31, 2024
Financial assets		
First charge		
Loans	78,837.74	82,410.22
Term deposits with bank	3,961.24	5,957.35
Second charge	-	-
Total financial assets pledged as security	**82,798.98**	**88,367.57**
Non financial assets		
First charge	-	-
Second charge	-	-
Total non financial assets pledged as security	**-**	**-**
Total assets pledged as security	**82,798.98**	**88,367.57**

43. Contingent liabilities and commitments

A. Contingent liabilities

Credit enhancements provided by the Company towards securitisation transactions aggregate to INR 4,096.69 millions (March 31, 2024: INR 5,498.00 millions).

B. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounted to INR 12.50 millions (March 31, 2024: INR 13.67 millions).

44. 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, 2025	As at March 31, 2024
Financial assets measured at fair value through other comprehensive income			
Loans	6	54,557.08	29,567.76
Investments	7	3,543.42	467.09
Financial assets measured at amortised cost			
Cash and cash equivalents	2	6,972.50	9,276.49
Bank balances other than cash and cash equivalents	3	4,725.22	6,488.24
Trade Receivables	4	221.12	145.18
Other receivables	5	488.24	2,408.20
Loans	6	32,844.83	63,295.85
Other financial assets	8	1,058.72	1,630.41
Total		**1,04,411.13**	**1,13,279.22**
Financial liabilities measured at fair value through other comprehensive income			
Derivative financial instruments	14	76.86	-

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

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

Particulars	Notes to schedule	As at March 31, 2025	As at March 31, 2024
Financial liabilities measured at amortised cost			
Trade Payables	15	190.25	241.85
Other payables	16	6.48	8.63
Debt securities	17	5,636.63	9,986.20
Borrowings (other than debt securities)	18	73,627.58	74,261.65
Lease liabilities	11	1,749.23	1,645.03
Other financial liabilities	19	757.90	1,346.11
Total		**82,044.93**	**87,489.47**

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, 2025	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans at FVOCI	-	-	54,557.08	54,557.08
Investments in equity instruments	-	-	0.45	0.45
Investments in Government Securities	1,261.11	-	-	1,261.11
Investments in Security Receipts	-	-	2,281.86	2,281.86
Total financial assets	**1,261.11**	**-**	**56,839.39**	**58,100.50**
Liabilities at fair value through other comprehensive income				
Cross Currency Interest Rate Swaps	-	-	76.86	76.86
Total financial liabilities	**-**	**-**	**76.86**	**76.86**

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

As at March 31, 2024	Level 1	Level 2	Level 3	Total
Asset at fair value through other comprehensive income				
Loans at FVOCI	-	-	29,567.76	29,567.76
Investments in equity instruments	-	-	0.45	0.45
Investments in Security Receipts	-	-	466.64	466.64
Total financial assets	**-**	**-**	**30,034.85**	**30,034.85**

B.3 Valuation techniques

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

Loan receivables valuation is carried out for two portfolios segregated on the basis of repayment frequency – monthly and weekly. The valuation of each portfolio is done by discounting the aggregate expected future cash flows with risk-adjusted discounting rate for the remaining portfolio tenor. The discounting factor is applied assuming the cashflows will be evenly received in a month. The overdue cashflows upto 30days are considered in the sixth month and 31-90 days are considered in 12th month. For Stage 3 loans, the outstanding principal after applying LGD is considered in the 12th month cashflow.

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

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

(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, 2025 *	Fair valuation as at March 31, 2024 *
Monthly	44,260.75	23,366.46
Weekly	9,938.27	6,120.09
Total	**54,199.02**	**29,486.55**

* Fair value excluding interest accrued and EIR adjustment

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

	March 31, 2025	March 31, 2024
Impact on fair value if change in risk adjusted discount rate		
- Impact due to increase of 0.50 %	(234.80)	(103.30)
- Impact due to decrease of 0.50 %	236.30	103.90
Impact on fair value if change in probability of default (PD)		
- Impact due to increase of 0.50 %	(121.10)	(50.10)
- Impact due to decrease of 0.50 %	121.50	50.30
Impact on fair value if change in loss given default (LGD)		
- Impact due to increase of 0.50 %	(8.60)	(1.80)
- Impact due to decrease of 0.50 %	8.60	1.80

Notes forming part of Financial Statements

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

B.3B Investment in Security Receipts carried at fair value through other comprehensive income

For investment in Security Receipts, the Company has considered the Net Asset Value declared by the Trust.

B.3C Investment in equity instruments carried at fair value through other comprehensive income

For investment in equity instruments, the Company has assessed the fair value on the basis of using a market comparable book value multiple.

B.3D Investment in government securities carried at fair value through other comprehensive income

For investment in government securities, the Company has assessed the fair value on the basis of the closing price published by FBIL and are classified as level 1.

B.4 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, Trade receivables and Other receivables, Trade payables and 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 and Debt securities.

45. 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
Operational risk	Inadequate or failed internal processes, people or systems, or from external events.	Internal Control System	Manages operational risks through comprehensive internal control systems and procedures
Compliance risk	Failure to comply with laws, regulations, rules, supervisory instructions and codes of conduct, etc., applicable to its business activities	Compliance framework	The Company has a strong compliance framework to ensure compliance standards are robust across all divisions of the Company

Notes forming part of Financial Statements

for the year ended March 31, 2025

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45. Financial risk management (Contd..)

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

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

	As at March 31, 2025	As at March 31, 2024
(i) Low credit risk on financial reporting date		
Cash and cash equivalents	6,972.50	9,276.49
Bank balances other than cash and cash equivalents	4,725.22	6,488.24
Trade Receivables	221.12	145.18
Other receivables	488.24	2,408.20
Loans*	85,102.11	91,433.39
Investments	3,543.42	467.09
Other financial assets	1,058.72	1,630.41
(ii) Moderate credit risk		
Identified loans*	3,557.53	1,044.98
(iii) High credit risk		
Identified loans*	4,511.67	2,207.89

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

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

45. Financial risk management (Contd..)

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, 2025	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	6,972.50	-	-	6,972.50
Bank balances other than above	4,725.22	-	-	4,725.22
Trade Receivables	221.12	-	-	221.12
Other receivables	566.17	-	77.93	488.24
Investments	3,543.42	-	-	3,543.42
Other financial assets	1,074.88	-	16.16	1,058.72

March 31, 2024	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	9,276.49	-	-	9,276.49
Bank balances other than above	6,488.24	-	-	6,488.24
Trade receivables	145.18	-	-	145.18
Other receivables	2,452.20	-	44.00	2,408.20
Investments	467.09	-	-	467.09
Other financial assets	1,642.31	-	11.90	1,630.41

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 instalments.

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

- 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

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

45. Financial risk management (Contd..)

(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 forty 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.

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.

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45. Financial risk management (Contd..)

(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 unlikeliness of the borrower to repay the loan which include instances like the significant financial difficulty of the borrower, borrower deceased or breach of any financial covenants by the borrower etc

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.

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45. Financial risk management (Contd..)

A.6 Credit risk exposure

Internal rating grade	As at March 31, 2025				As at March 31, 2024			
	ECL Staging				ECL Staging			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Category 1*	34,494.27	775.17	848.97	36,118.41	37,588.78	359.80	790.40	38,738.98
Category 2#	50,607.84	2,782.36	3,662.70	57,052.90	53,844.61	685.18	1,417.49	55,947.28
Gross carrying amount	**85,102.11**	**3,557.53**	**4,511.67**	**93,171.31**	**91,43.39**	**1,044.98**	**2,207.89**	**94,686.26**
Loss allowance	1,367.17	1,094.19	3,308.04	5,769.40	509.41	11.10	1,302.14	1,822.65
Carrying amount	**83,734.94**	**2,463.34**	**1,203.63**	**87,401.91**	**90,923.98**	**1,033.88**	**905.75**	**92,863.61**

* 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.

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 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	Lifetime ECL	
Balance as at April 1, 2023	**69,408.82**	**436.68**	**2,141.53**	**71,987.03**
New assets originated	1,05,923.88	661.02	285.59	1,06,870.49
Assets derecognised or repaid (excluding write offs)	(82,423.02)	(306.43)	(341.42)	(83,070.87)
Transfers to Stage 1	6.87	(3.38)	(3.49)	-
Transfers to Stage 2	(488.58)	488.80	(0.22)	-
Transfers to Stage 3	(1,213.39)	(231.71)	1,445.10	-
Amounts written off	-	-	(1,319.20)	(1,319.20)
Change in fair value of loan assets	218.81	-	-	218.81
Balance as at March 31, 2024	**91,433.39**	**1,044.98**	**2,207.89**	**94,686.26**

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45. Financial risk management (Contd..)

Gross amount	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at April 1, 2024	**91,433.39**	**1,044.98**	**2,207.89**	**94,686.26**
New assets originated	84,611.39	2,096.67	1,517.53	88,225.59
Assets derecognised or repaid (excluding write offs)	(82,141.80)	(371.27)	(4,967.69)	(87,480.76)
Transfers to Stage 1	83.07	(31.62)	(51.45)	-
Transfers to Stage 2	(1,763.94)	1,764.09	(0.15)	-
Transfers to Stage 3	(8,041.16)	(945.32)	8,986.48	-
Amounts written off	-	-	(3,180.94)	(3,180.94)
Change in fair value of loan assets	921.16	-	-	921.16
Balance as at March 31, 2025	**85,102.11**	**3,557.53**	**4,511.67**	**93,171.31**

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

Loss allowance	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at April 1, 2023	**383.14**	**53.84**	**1,198.24**	**1,635.22**
New assets originated	437.23	7.27	157.29	601.79
Assets derecognised or repaid (excluding write offs)	(199.09)	(25.81)	(152.32)	(377.22)
Transfers to Stage 1	1.49	(0.49)	(2.59)	(1.59)
Transfers to Stage 2	(6.80)	3.34	(0.27)	(3.73)
Transfers to Stage 3	(11.53)	(6.01)	756.48	738.94
Changes to models and inputs used for ECL calculation	(95.03)	(21.04)	39.94	(76.13)
Amounts written off	-	-	(694.63)	(694.63)
Balance as at March 31, 2024	**509.41**	**11.10**	**1,302.14**	**1,822.65**

Loss allowance	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balance as at April 1, 2024	**509.41**	**11.10**	**1,302.14**	**1,822.65**
New assets originated	547.61	33.61	714.23	1,295.45
Assets derecognised or repaid (excluding write offs)	(223.82)	(0.47)	11.13	(213.16)
Transfers to Stage 1	0.01	(0.08)	(0.86)	(0.93)
Transfers to Stage 2	(21.35)	13.95	(0.17)	(7.57)
Transfers to Stage 3	(33.89)	(0.79)	1,891.02	1,856.34
Changes to models and inputs used for ECL calculation	(102.46)	(9.60)	10.33	(101.73)
Amounts written off	-	-	(1,178.18)	(1,178.18)
Balance as at March 31, 2025	**675.51**	**47.72**	**2,749.64**	**3,472.87**
Additional credit loss provided by Management (refer note A.7.1)	691.66	1,046.47	558.40	2,296.53
Provision as per books	**1,367.17**	**1,094.19**	**3,308.04**	**5,769.40**

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45. Financial risk management (Contd..)

A.7.1 Management Overlay

The microfinance sector in India faced many challenges during the financial year 2024-25. The overall market conditions are improving but has impacted the portfolio quality and performance. Following are the major factors contributed to the impacts.

Industry level challenges:

We have witnessed a rapid industry growth post-pandemic recovery has led to over-heating in the segment. Increased competition among MFIs for market share, causing stress on lending practices and risk management. This has resulted in increased leverage among the Microfinance lenders in terms of portfolio outstanding and number of lenders. Isolated political movements and local unrest have disrupted normal economic activities in certain regions. We have seen revival of Karza Mukti related activities which led to prolonged nancial instability in affected areas. Centre and borrower disciplines is taking time to fall in place; leading to higher time consumption for Regular collections. MFIs are focusing on collections to reduce delinquency rates, further limiting new loan disbursements. This has impacted the credit availability among the borrowers, which disrupted the customer cash flows and face challenges in maintaining repayments. Self-Regulatory Organizations (SROs) have implemented guardrails to control the delinquency situation and aggressive lending practices in sector. This has brought in necessary discipline in the sector.

Karnataka Crisis:

The micronance sector in Karnataka has been affected by The Karnataka Micro Loan and Small Loan (Prevention of Coercive Actions) Ordinance, 2025, an initiative by the state government. The act is to prevent un-registered money lenders in the state and against coercive collection practices. The act is expected to help the MFI Industry and registered regulated entities on a long-term basis but had made disruptions in the short term. This has contributed to uctuations in portfolio performance; though the same peaked in February 2025, the same is currently getting resolved gradually with improved portfolio performance in March 2025.

The management wish to take the impact of the crisis incurred in FY 25 in the current financial year and we have provided a management overlay to absorb the impact. The overlay mode and amount is as highlighted below:-

Particulars	As at March 31, 2025	As at March 31, 2024
Karnataka related impact	1,325.32	-
General Impact	971.21	-
Total Overlay	**2,296.53**	**-**

A.7.2 In respect of loans granted by the Company -

i) The schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 433,296 cases having loan outstanding balance at year end aggregating to ₹ 9,355.05 Million wherein the repayments of principal and interest are not regular; and

ii) The total amount overdue for more than 90 days as at the balance sheet date are ₹ 942.90 Million (Principal amount ₹ 744.42 Million and Interest amount ₹ 198.48 Million) for 238,391 cases. Necessary steps are being taken by the Company for recovery thereof.

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45. Financial risk management (Contd..)

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, 2025	As at March 31, 2024
Gross carrying amount of loans	**93,171.31**	**94,686.26**
Concentration by industry		
Agriculture	25,348.61	28,735.56
Animal husbandry	21,983.35	28,894.65
Manufacturing (Including MSME)	6,170.22	4,920.78
Services	29,365.12	23,441.55
Trading (Including MSME)	9,810.38	7,814.80
Consumption	274.05	605.73
Education	0.75	4.13
Personal Loan	124.20	212.60
Corporate Loan	94.63	56.46
	93,171.31	**94,686.26**
Concentration by Geography		
Loans disbursed in Kerala and Tamil Nadu	36,118.41	38,738.98
Loans disbursed outside Kerala and Tamil Nadu	57,052.90	55,947.28
Gross Carrying Amount	**93,171.31**	**94,686.26**

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, 2025 was INR 3,320.42 million (March 31, 2024: INR 1,319.20 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.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

45. Financial risk management (Contd..)

B.1 Maturities of financial liabilities

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

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

March 31, 2025	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Derivative financial instruments	-	-	-	76.86	-	76.86
Trade Payables	-	186.74	3.51	-	-	190.25
Other payables	-	6.48	-	-	-	6.48
Debt securities	118.22	907.67	2,276.06	3,103.99	-	6,405.94
Borrowings (other than debt securities)	3,612.11	10,613.01	34,352.11	33,886.13	-	82,463.36
Finance lease obligation*	-	99.82	299.46	1,400.39	685.17	2,484.84
Other financial liabilities	-	367.22	327.90	62.78	-	757.90
Total	**3,730.33**	**12,180.94**	**37,259.04**	**38,530.15**	**685.17**	**92,385.63**

March 31, 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Trade Payables	-	241.86	-	-	-	241.86
Other payables	-	8.63	-	-	-	8.63
Debt securities	876.54	1,923.56	2,755.38	5,828.89	-	11,384.37
Borrowings (other than debt securities)	4,246.78	10,389.74	37,271.69	30,850.89	-	82,759.10
Finance lease obligation*	-	87.69	263.07	1,298.74	743.30	2,392.80
Other financial liabilities	1,786.27	223.60	109.04	1.93	-	2,120.84
Total	**6,909.59**	**12,875.08**	**40,399.18**	**37,980.45**	**743.30**	**98,907.60**

*Contractual maturities of financial lease obligation are on undiscounted basis.

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. 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, 2025	March 31, 2024
Debt securities		
Variable rate	-	-
Fixed rate	5,636.63	9,986.20
Borrowings (other than debt securities)		
Variable rate	47,916.82	43,526.80
Fixed rate	25,710.76	30,734.84

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

45. Financial risk management (Contd..)

Sensitivity

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

Particulars	March 31, 2025	March 31, 2024
Interest sensitivity*		
Interest rates – increase by 50 basis points	(239.58)	(217.63)
Interest rates – decrease by 50 basis points	239.58	217.63

* Holding all other variables constant

As at the end of the reporting year, the Company had the following cross currency interest rate swap contracts outstanding:

Particulars	As at March 31, 2025			As at March 31, 2024		
	Weighted average interest rate	Balance	% of total loans	Weighted average interest rate	Balance	% of total loans
Cross Currency Interest Rate Swaps	10.43%	13,199.42	17.93%	11.36%	5,071.80	6.83%

C.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.

C.3 *Foreign Exchange Rate Risk*

In the normal course of its business, the Company does not deal in foreign exchange in a significant way. Any foreign exchange exposure on account of foreign exchange borrowings is fully hedged to safeguard against exchange rate risk. The Company's treasury risk management policy covers the framework for managing currency risk including hedging. The Company determines hedge effectiveness for hedging instrument at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Exposure to currency risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from banks and External Commercial Borrowings (ECB).

In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as cross currency interest rate swaps and forwards contracts are entered to hedge certain foreign currency risk exposures and variable interest rate exposures, the Company's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Company's operating units.

The Company follows a conservative policy of hedging its foreign currency exposure through Forwards and / or Cross Currency Interest Rate Swaps in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company's profit before tax (PBT) and equity.

Particulars	Amount Outstanding	
	In INR	In USD
Borrowing as on March 31, 2025	13,199.42	154.67
Borrowing as on March 31, 2024	5,071.80	60.00

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

45. Financial risk management (Contd..)

Since the Company has entered into derivative transaction to hedge this borrowing, the Company is not exposed to any currency risk on this borrowing.

C.4 Hedging activities and derivatives

Derivatives designated as hedging instruments

The foreign currency and interest rate risk on borrowings have been actively hedged through cross currency interest rate swaps.

The Company is exposed to interest rate risk arising from its foreign currency borrowings amounting to USD 154.67 Million (March 31, 2024 USD 60 Million). Interest on the borrowing is payable at a floating rate linked to SOFR. The Company hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

The Company uses Cross Currency Interest Rate Swaps (IRS) Contracts (Floating to Fixed) to hedge its risks associated with interest rate and currency fluctuations arising from external commercial borrowings. The Company designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per IND AS. These contracts are stated at fair value at each reporting date.

The Company uses Critical Terms Matching to determine Hedge effectiveness. If the hedge is ineffective, then the movement in the Fair Value is charged to the Statement of Profit and Loss. If the hedge is effective, the movement in the Fair Value of the underlying and the derivative instrument is transferred to "Other Comprehensive Income" in Other Equity.

There is an economic relationship between the hedged item and the hedging instrument as the critical terms of the Cross Currency Interest Rate Swaps match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the Cross currency interest rate swaps are identical to the hedged risk components.

For the year ended 31 March 2025, the Company has reassessed the accounting treatment and has applied cash flow hedge accounting, with the effective portion of changes in fair value of the derivative instruments recognised in Other Comprehensive Income (OCI) under the hedge reserve.

Based on a materiality assessment, the Company did not apply hedge accounting in the financial statements for the year ended March 31, 2024, and March 31, 2023, even though the hedge relationship met the eligibility criteria under Ind AS 109. However, the Company had prepared the required hedge documentation, including identification of hedged items, hedging instruments, risk management strategy, and method of assessing hedge effectiveness, at the inception of the hedge relationship. Accordingly, the comparative figures for the previous financial year have not been restated. Resultant impact of cash flow hedge accounting in Other Comprehensive Income (OCI) under the hedge reserve is Rs.19.83 millions for the previous year ended March 31, 2024.

Particulars	March 31, 2025	March 31, 2024
Notional amount	12,864.52	4,960.18
Carrying amount - Asset / (Liability)	13,199.42	-
Line item in the statement of financial position	Derivative financial instrument	
Change in fair value used for measuring ineffectiveness for the year	-	-

Impact of hedging item	March 31, 2025	March 31, 2024
Change in fair value	(76.86)	-
Cash flow hedge reserve	(319.09)	-
Fair value change charged in Statement of Profit & Loss	-	-

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

45. Financial risk management (Contd..)

The reconciliation of cash flow hedge reserve for the years ended March 31, 2025 and March 31, 2024 are as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Cash flow hedge reserve at the beginning of the year	-	-
Gain/(loss) recognised in OCI during the year	(426.41)	-
Less:Tax impact on the above	107.32	-
Amount classified to Profit/loss account	-	-
Cash flow hedge reserve at the end of the year	(319.09)	-

The below table shows the details of the derivative instruments held by the Company:

Particulars	As at March 31, 2025	As at March 31, 2024
Derivatives designated as cash flow hedges:		
(i) Cross currency interest rate swaps	76.86	-
(ii) Other derivatives	-	-
Total derivative financial instrument	**76.86**	**-**

D Operational Risk

Operational risk is the risk arising from inadequate or failed internal processes, people or systems, or from external events. The Company manages operational risks through comprehensive internal control systems and procedures laid down around various key activities in the Company viz. loan acquisition, customer service, IT operations, finance function etc. This enables the Management to evaluate key areas of operation risks and the process to adequately mitigate them on an ongoing basis.

E Compliance Risk

Compliance Risk is the risk of legal or regulatory sanctions, penalties, material financial loss or damage to reputation an entity may suffer as a result of its failure to comply with laws, regulations, rules, supervisory instructions and codes of conduct, etc., applicable to its business activities. The Company has a strong compliance framework to ensure compliance standards are robust across all divisions of the Company.

46. 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.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

46. Capital management (Contd..)

A Net Debt Equity ratio

Particulars	March 31, 2025	March 31, 2024
Debt securities	5,636.63	9,986.20
Borrowings (other than debt securities)	73,627.58	74,261.64
Total borrowings	**79,264.21**	**84,247.84**
Less:		
Cash and cash equivalents	6,972.50	9,276.49
Bank balances other than cash and cash equivalents	4,725.22	6,488.24
	11,697.72	**15,764.73**
Net debt	**67,566.49**	**68,483.11**
Equity share capital	1,675.97	1,672.67
Other equity	24,646.30	26,370.85
Total equity	**26,322.27**	**28,043.52**
Net debt to equity ratio/gearing ratio	**2.57**	**2.44**

47. Share based payments

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. The Trust is consolidated in the financial statements of the Company.

Details of Employees Stock Option Plan 2016:

Particulars	Grant -1	Grant -2	Grant -3	Grant -4
Date of grant	December 5, 2016	February 22, 2018	November 9, 2021	August 10, 2023
Date of Board Meeting, where ESOP was approved	December 5, 2016			
Date of Committee Meeting where grant of options were approved	December 5, 2016	February 22, 2018	November 8, 2021	August 10, 2023
No. of options granted	15,14,864 options (Including 99,250 options lapsed/cancelled due to resignation of employees). Total ESOP 2016 is 14,15,614 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	Option will be vested at the End of year 1: 25% from the grant of option End of year 2 : 25% from the grant of option End of year 3 : 25% from the grant of option End of year 4 : 25% from the grant of option			
Exercise period	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.			

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

47. Share based payments (Contd..)

Details of Employees Stock Option Plan 2022:

Particulars	Grant -1	Grant -2
Date of grant	November 04, 2022	August 10, 2023
Date of Board Meeting, where ESOP was approved	November 04, 2022	
Date of Committee Meeting where grant of options were approved	November 04, 2022	August 10, 2023
No. of options granted	27,02,647 options (Including 36,000 options lapsed/cancelled due to resignation). Total ESOP 2022 is 26,66,647 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	Option will be vested at the End of year 1: 25% from the grant of option End of year 2 : 25% from the grant of option End of year 3 : 25% from the grant of option End of year 4 : 25% from the grant of option	
Exercise period	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.	

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

Particulars	ESOP 2016							
	Grant – 1		Grant – 2		Grant – 3		Grant – 4	
No. of options granted	6,65,000		2,99,000		4,79,864		71,000	
Date of grant of options	December 5, 2016		February 22, 2018		November 9, 2021		August 10, 2023	
No. of employee to whom such options were granted	4		62		37		13	
Reporting year	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Exercise Price*	14.00		67.00		77.20		197.00	
No. of employees who have exercised the option during the year	1	3	30	4	20	3	-	-
No. of options exercised	7,500	1,58,750	75,750	25,000	1,35,250	60,000	-	-

Particulars	ESOP 2022			
	Grant -1		Grant -2	
No. of options granted	24,65,500		2,37,147	
Date of grant of options	November 04, 2022		August 10, 2023	
No. of employee to whom such options were granted	106		13	
Reporting year	2024-25	2023-24	2024-25	2023-24
Exercise Price*	151.00		197.00	
No. of employees who have exercised the option during the year	41	-	-	-
No. of options exercised	1,11,625	-	-	-

*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.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

47. Share based payments (Contd..)

Summary of options granted under the plan:

Particulars	As at March 31, 2025		As at March 31, 2024	
	No. of options	Weighted average exercise price (INR)	No. of options	Weighted average exercise price (INR)
Outstanding options at the beginning of the year	32,14,761	143.76	32,26,739	129.48
Granted during the year	-	-	3,08,147	197.00
Forfeited/Lapsed during the year	1,40,500	152.01	76,375	121.34
Exercised during the year	3,30,125	98.31	2,43,750	34.96
Outstanding options at the end of the year	27,44,136	148.81	32,14,761	143.76
Shares Not Granted Under ESOP Plan at the end of the year	1,50,500		10,000	
Number of equity shares of INR 10 each fully paid up to be issued on exercise of option	28,94,636		32,24,761	
Exercisable at the end of the year	12,75,810		8,70,807	

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, 2025	Share options March 31, 2024
Grant 1 ESOP 2016	05-Dec-16	04-Jun-21	14.00	-	7,500
Grant 2 ESOP 2016	22-Feb-18	22-Feb-22	67.00	19,000	97,250
Grant 3 ESOP 2016	09-Nov-21	08-Nov-25	77.20	2,36,614	3,82,364
Grant 4 ESOP 2016	10-Aug-23	09-Aug-27	197.00	51,500	71,000
Grant 1 ESOP 2022	04-Nov-22	03-Nov-26	151.00	22,04,875	24,19,500
Grant 2 ESOP 2022	10-Aug-23	09-Aug-27	197.00	2,32,147	2,37,147
Total				**27,44,136**	**32,14,761**
Weighted average remaining contractual life of options outstanding at the end of the year (in years)				1.58	2.47

The Company has INR 312.11 millions (March 31, 2024: INR 312.11 millions) recoverable from Muthoot Welfare Trust pursuant to ESOP schemes.

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 4 ESOP 2016	Grant 1 ESOP 2022	Grant 2 ESOP 2022
Vesting period	4 years	4 years	4 years	4 years	4 years	4 years
Exercise price	14.00	67.00	77.20	197.00	151.00	197.00
Expected volatility (%)*	56.49%	49.98%	50.53%	51.09%	52.28%	51.09%
Expected option life (in years)	6.25	6.25	5.00	5.01	5.00	5.01
Expiry date	June 4, 2021	February 22, 2022	November 8, 2025	August 09, 2027	November 3, 2026	August 09, 2027
Share price at grant date	18.50	66.69	77.20	196.70	150.96	196.70
Expected dividends yield	-	-	-	-	-	-
Risk free interest rate	6.29%	7.58%	5.67%	7.03%	7.34%	7.03%

*The expected volatility was determined based on the annualized standard deviation of the continuously compounded rates of return on the comparable stocks over a period of time.

Number of options granted during the period - Nil (Previous year - 308,147 shares)

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

48. 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.

49. Transfer of financial assets

Transferred financial assets that are derecognised in their entirety

During the year ended March 31, 2025, the Company has sold some loans and advances measured 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, 2025 amounts to INR 18,463.91 millions (March 31, 2024: INR 27,133.93 millions) and the gain from derecognition during the year ended March 31, 2025 amounts to INR 1,379.65 millions (March 31, 2024: INR 2,231.66 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 March 31, 2025	As at March 31, 2024
Carrying value and fair value of securitised assets	10,241.70	12,754.22
Carrying value and fair value of associated liabilities	11,344.08	14,246.42

50.A. 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, 2025	For the Year Ended March 31, 2024
Type of service		
Commission income	973.04	409.09
	973.04	**409.09**
Geographical markets		
India	973.04	409.09
Outside India	-	-
	973.04	**409.09**
Timing of revenue recognition		
Services transferred over time	233.41	48.05
Services transferred at a point in time	739.63	361.04
	973.04	**409.09**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

50. (Contd..)

Contract balances

	As at March 31, 2025	As at March 31, 2024
Trade receivables	221.12	145.18
	221.12	**145.18**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the year ended March 31, 2025 an amount of Nil (March 31, 2024: Nil) was recognised as provision for expected credit losses on trade receivable.

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

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
Revenue as per contract	973.04	409.09
Adjustments	-	-
Revenue from contract with customers	**973.04**	**409.09**

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.

B. Details of segment wise income from insurance partners as required by Insurance Regulatory and Development Authority of India (IRDAI) are as below:

	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
(i) Income from insurance intermediation		
Commission income - Life insurance	162.80	-
Commission income - General insurance	7.87	-
(ii) Other income/reimbursement of cost	-	-
	170.67	**-**

Notes forming part of Financial Statements

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(All amounts in INR millions, unless stated otherwise)

51. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months or after 12 months. With regard to loans and advances to customers, the Company uses the same basis of expected repayment as used for estimating the Effective Interest Rate (EIR).

	As at March 31, 2025			As at March 31, 2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	6,972.50	-	6,972.50	9,276.49	-	9,276.49
Bank balances other than cash and cash equivalents	3,523.80	1,201.42	4,725.22	4,086.92	2,401.32	6,488.24
Trade Receivables	221.12	-	221.12	145.18	-	145.18
Other receivables	487.15	1.09	488.24	2,369.80	38.40	2,408.20
Loans	53,974.30	33,427.61	87,401.91	58,635.57	34,228.04	92,863.61
Investments	-	3,543.42	3,543.42	-	467.09	467.09
Other financial assets	942.26	116.46	1,058.72	1,558.68	71.73	1,630.41
Non-financial assets						
Current tax assets (net)	-	802.17	802.17	-	131.13	131.13
Deferred tax asset (net)	-	938.19	938.19	-	-	-
Property, plant and equipment	-	767.73	767.73	-	732.82	732.82
Right of use assets	252.88	1,203.96	1,456.84	226.67	1,184.20	1,410.87
Other intangible assets	-	1.67	1.67	-	2.86	2.86
Other non-financial assets	190.36	2.12	192.48	299.58	45.78	345.36
Total	**66,564.36**	**42,005.85**	**1,08,570.21**	**76,598.89**	**39,303.38**	**1,15,902.26**
Liabilities						
Financial liabilities						
Derivative financial instruments	-	76.86	76.86	-	-	-
Payables						
Trade Payables						
Total outstanding dues to micro enterprises and small enterprises	-	-	-	24.79	-	24.79
Total outstanding dues to creditors other than micro enterprises and small enterprises	190.25	-	190.25	217.06	-	217.06
Other payables						
Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises	6.48	-	6.48	8.63	-	8.63
Debt securities	2,894.92	2,741.71	5,636.63	4,831.98	5,154.22	9,986.20
Borrowings (other than debt securities)	42,709.07	30,918.51	73,627.58	46,413.07	27,848.58	74,261.65
Lease liability	379.04	1,370.19	1,749.23	332.97	1,312.06	1,645.03
Other financial liabilities	695.12	62.78	757.90	1,344.18	1.93	1,346.11
Non financial liabilities						
Deferred tax liability (net)	-	-	-	-	93.04	93.04
Provisions	-	111.76	111.76	-	110.09	110.09
Other non financial liabilities	91.25	-	91.25	166.14	-	166.14
Total	**46,966.13**	**35,281.81**	**82,247.94**	**53,338.82**	**34,519.92**	**87,858.74**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

52. Reconciliation of liabilities from financing activities

	As at April 1, 2024	Cash flow		Non-cash				As at March 31, 2025
		Additions	Payment	Interest Expense	Forex (Gain)/ Loss	Deletions to lease liabilities	Upfront fees and amortisation	
Debt securities	9,986.20	664.00	(5,089.49)	56.57	-	-	19.35	5,636.63
Borrowings (other than debt securities)	74,261.65	56,868.87	(58,172.90)	284.84	349.54	-	35.59	73,627.58
Lease liabilities	1,645.03	308.86	(371.23)	185.67	-	(19.10)	-	1,749.23
Total liabilities from financial activities	**85,892.88**	**57,841.73**	**(63,633.62)**	**527.08**	**349.54**	**(19.10)**	**54.94**	**81,013.44**

	As at April 1, 2023	Cash flow		Non-cash				As at March 31, 2024
		Additions	Payment	Interest Expense	Forex (Gain)/ Loss	Deletions to lease liabilities	Upfront fees and amortisation	
Debt securities	13,701.51	3,000.00	(7,163.84)	361.84	-	-	86.69	9,986.20
Borrowings (other than debt securities)	51,230.25	66,146.65	(43,261.57)	292.31	-	-	(145.99)	74,261.65
Lease liabilities	1,299.40	508.44	(304.34)	160.20	-	(18.66)	-	1,645.03
Total liabilities from financial activities	**66,231.16**	**69,655.09**	**(50,729.75)**	**814.35**	**-**	**(18.66)**	**(59.30)**	**85,892.88**

53 The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the year there were no instance of the audit trail feature being tampered and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

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

(i) The Company doesn't have any immovable property whose title deeds are not held in the name of the Company.

(ii) Investments made by the Company is carried at fair valued through Other Comprehensive Income in the financials.

(iii) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) during the year or previous year.

(iv) The Company has not revalued its intangible assets during the year or previous year.

(v) 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 year of repayment.

(vi) Capital Work in Progress & Intangible Assets under Development are nil for current year and Previous year.

(vii) The Company dosen'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.

(viii) 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.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

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

(ix) The Company has reviewed transactions to identify if there are any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956. To the extent information is available on struck off companies, there are no transaction with struck off companies.

(x) There is no charges or satisfaction to be registered with ROC beyond the statutory period.

(xi) 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.

(xii) Company has not traded/invested in crypto currency or virtual currency during the current year and previous year.

(xiii) 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

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries."

(xiv) 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

(a) 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

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(xv) There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended March 31, 2025 and March 31, 2024, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended March 31, 2025 and March 31, 2024.

(xvi) Analytical Ratios :

	Year Ended March 31, 2025	Year Ended March 31, 2024
Capital to Risk Weighted Assets Ratio	27.85%	28.97%
Tier I Capital	27.39%	28.97%
Tier II Capital	0.46%	0.00%

	% variance (31-Mar-25 v/s 31-Mar-24)	Remarks	% variance (31-Mar-24 v/s 31-Mar-23)	Remarks
Capital to Risk Weighted Assets Ratio	-3.85%	Increase in CRAR due to reduction in reserves and surplus	32.46%	Increase in CRAR due to Equity Infusion
Tier I Capital	-5.43%	Increase in CRAR due to reduction in reserves and surplus	32.46%	Increase in CRAR due to Equity Infusion
Tier II Capital	100.00%	Increase due to increase in provision for standard assets	0.00%	N.A

Notes forming part of Financial Statements

for the year ended March 31, 2025
(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India

(A) Disclosure as per Master Direction RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 (updated as on May 05, 2024) are as under:-

(i) Summary of Material accounting policies:

The accounting policies regarding key areas of operations are disclosed as note 1 to the financial statements.

(ii) Capital to Risk Assets Ratio ("CRAR"):-

	As at March 31, 2025	As at March 31, 2024
CRAR (%)	27.85%	28.97%
CRAR – Tier I capital (%)	27.39%	28.97%
CRAR – Tier II capital (%)	0.46%	0.00%
Amount of subordinated debt raised during the year included in Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

(iii) Investments

The Investment of the Company as on March 31, 2025 : INR 3543.42 million (March 31, 2024: INR 467.09 Million). (Refer Note -7)

(iv) Derivatives

The Company has no unhedged foreign currency exposure as on March 31, 2025 (March 31, 2024: Nil).

Forward Rate Agreement / Interest Rate Swap

	As at March 31, 2025	As at March 31, 2024
i) The notional principal of swap agreements	12,864.52	4,960.18
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	76.86	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	76.86	-

Disclosures on Risk Exposure in Derivatives

Exchange Traded Interest Rate (IR) Derivatives

The Company has not traded in exchanged traded Interest Rate Derivative during the financial year ended March 31, 2025 (Previous year : Nil).

Qualitative Disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes cross currency interest rate swap. The Company undertakes derivative transactions for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

Quantitative Disclosures	As at March 31, 2025	As at March 31, 2024
	Currency Derivatives	
i) Derivatives (Notional Principal Amount) For Hedging	12,864.52	4,960.18
ii) Marked to Market Positions		
a) Asset (+)	-	-
b) Liability (-)	(76.86)	-
iii) Credit Exposure	-	-
iv) Unhedged Exposures	-	-

(v) (a) Disclosures relating to securitisation:-

	As at March 31, 2025	As at March 31, 2024
SPVs relating to outstanding securitisation transactions		
1. Number of SPVs sponsored by the NBFC for securitisation transactions as on the date of the balance sheet (Nos)	12	16
2. Total amount of securitised assets as per books of the SPVs sponsored as on the date of the balance sheet	11,344.08	14,246.42
3. 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)	1,264.84	1,712.02
Others (credit enhancement)	2,831.85	3,785.98
4. 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	-	-
5. Sale consideration received for the securitised assets	15,636.62	21,197.21
gain/loss on sale on account of securitisation	-	-
6. Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc	2.31	2.91
(The Company has assumed Role of Servicer for all outstanding securitisation transactions. Servicing fee received during the financial year is disclosed.)		
7. Performance of facility provided (Cash collateral)		
(a) Opening balance	2,311.06	1,448.60
(b) Additions during the year	1,023.16	1,456.48

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

	As at March 31, 2025	As at March 31, 2024
(c) Repayment/ maturity received	(2,069.38)	(594.02)
(d) Closing balance Outstanding	1,264.84	2,311.06
8. Average default rate of portfolios observed in the past	-	-
9. Amount and number of additional/top up loan given on same underlying asset	-	-
10. Investor complaints		
(a) Directly/Indirectly received	-	-
(b) Complaints outstanding	-	-

(b) Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/2005-06 dated February 1, 2006.

	As at March 31, 2025	As at March 31, 2024
i) Total number of loan assets securitized during the year (Nos)	4,41,241	6,14,206
ii) Book value of loan assets securitized during the year	17,830.01	24,349.09
iii) Sale consideration received during the year	15,636.62	21,197.21
iv) Credit enhancement provided during the year		
- Principal subordination	2,193.39	3,151.88
- Cash collateral	2,275.97	1,426.63

(vi) Details of financial assets sold to securitization / reconstruction company for asset reconstruction:-

	As at March 31, 2025	As at March 31, 2024
i) Total number of loan assets sold during the year (Nos)	1,91,247	-
ii) Aggregate principal outstanding of loans transferred	4,947.41	-
iii) Weighted average residual tenor of the loans transferred	0.75 years	-
iv) Net book value of loans transferred (at the time of transfer)	3,367.17	-
v) Aggregate consideration	2,225.00	-
vi) Additional consideration realized in respect of accounts transferred in earlier years	-	-
vii) Excess provisions reversed to the profit and loss account on sale of stressed loans	-	-
viii) Investment in Security Receipts	1,933.80	-

Details of recovery rating assigned for security receipts as on March 31, 2025

Recovery Rating Scale	Implied recovery	Book Value
IVR RR1	100% to 150%	393.64
IVR RR1	100% to 150%	551.22
To be rated within timelines as per RBI guidelines	N.A	1,337.00

Details of recovery rating assigned for security receipts as on March 31, 2024

Recovery Rating Scale	Implied recovery	Book Value
IVR RR1	100% to 150%	466.64

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

(vii) Details of assignment transactions undertaken:-

	As at March 31, 2025	As at March 31, 2024
i) Total number of loan assets assigned during the year (Nos)	4,82,182	6,83,960
ii) Book value of loan assets assigned during the year including MRR	18,463.91	27,133.93
iii) Sale consideration received during the year	16,213.09	23,269.07
iv) Number of transactions	11	14
v) Weighted average remaining maturity	1.34 years	1.48 years
vi) Weighted average holding period after origination	0.70 years	0.58 years
vii) Retention of beneficial economic interest (MRR)	2,250.82	3,864.85
viii) Coverage of tangible security coverage	N.A	N.A
ix) Rating wise distribution of rated loans	N.A	N.A
x) Number of instances (transactions) where transferred as agreed to replace the transferred loans	N.A	N.A
xi) Number of transferred loans replaced	N.A	N.A

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

The Company has not purchased /sold non-performing financial assets in the current and previous year, except the sale of non performing assets to Asset Reconstruction Company as mentioned in Note 54 (A)(v).

(ix) 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.

(x) Details of financing of parent Company products

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

(xi) Unsecured advances

The Company has not given any Loans and advances against intangible securities during the current and previous year

Refer note 6 for details related to unsecured loans. The Company has not issued any advances against the right, licence and authority as collateral.

(xii) Registration obtained from other financial sector regulators:-

The Company has obtained Corporate Agency Licence from Insurance Regulatory and Development Authority of India vide Registration No. CA0953.

(xiii) Net profit or loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's or previous year's profit and loss.

(xiv) Revenue Recognition

There is no transaction in which the Revenue recognition has been postponed or pending the resolution of significant uncertainty.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

(xv) Disclosure of Penalties/ fines imposed by RBI & other regulators:-

During the last two year, there have been no instances of non-compliance by the Company on any matters relating to the Companies Act, RBI Regulations, SEBI Regulations, Labour Laws, Income Tax and GST Laws and other applicable Acts, Rules, and Regulations except for the details mentioned below:

For financial year 2024-25

Company has received notice from BSE Ltd. with respect to Non-submission of Intimation of Board Meeting in accordance with Regulation 50(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Company has requested for the waiver of fine on account of interpretation of Law. Request for waiver is under process and the Company is awaiting positive response.

Also, Company received notice from the both the stock exchanges with respect to Delay in furnishing prior intimation about the meeting of the board of directors (Regulation 29 (2)/ 29 (3) of SEBI (LODR) Regulations, 2015). Company has requested the waiver of fine mentioning that no action triggering the requirement of notice has occurred during the current financial year. Request for waiver is under process and the Company is awaiting positive response.

For financial year 2023-24

As per Regulation 60(2) SEBI (LODR) Regulation, 2015, the listed entity shall give notice in advance of at least seven working days to the recognized stock exchange(s) of the record date. The Company has delayed submission of the notice of Record Date for one instance and a fine of 10,000/- was imposed by the BSE Limited. The Company has paid the required fine amount.

(xvi) Draw down from reserves:-

There has been no draw down from reserve during the period ended March 31, 2025 (31 March 2024: Nil).

(xvii) Divergence in Asset classification and provisioning:-

Below two conditions are not satisfied hence the details of diversions are not required to be disclosed:

a) No additional provisions have been assessed by RBI exceeding 5 percent of the reported profits before tax and impairment loss on financial instruments for the year ended 31 March 2025 and 31 March 2024.

b) RBI has not identified additional GNPAs exceeding 5 percent of reported GNPAs for the year ended 31 March 2025 and 31 March 2024.

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

As at March 31, 2025

Particulars	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
Liabilities											
Borrowings	205.89	1,059.49	1,808.23	4,644.46	5,351.83	12,542.32	19,177.64	21,266.97	-	-	66,056.83
Foreign Currency Liabilities	-	-	-	-	-	-	684.93	10,920.31	1,259.28	-	12,864.52
Assets											
Advances	1,502.16	1,895.89	1,124.94	4,702.81	4,622.24	14,534.34	25,014.64	31,915.95	4,086.73	40.16	89,439.86
Deposits	632.94	142.90	-	24.59	416.07	1,028.39	1,769.57	1,193.27	-	-	5,207.73
Investments	-	-	-	-	-	-	-	-	3,542.97	0.45	3,543.42

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

As at March 31, 2024

Particulars	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
Liabilities											
Borrowings	568.67	1,113.80	2,542.48	5,225.29	5,510.31	12,862.34	22,366.06	27,347.62	1,500.00	-	79,036.57
Foreign Currency Liabilities	-	-	-	-	-	-	684.93	1,369.87	2,905.38	-	4,960.18
Assets											
Advances	1,506.65	1,718.44	1,420.34	4,865.69	4,765.82	15,023.91	27,766.21	34,646.72	608.37	-	92,322.15
Deposits	2,660.06	509.44	166.15	273.37	376.86	759.08	2,225.89	2,372.82	-	-	9,343.67
Investments	-	-	-	-	-	-	-	-	466.64	0.45	467.09

*Asset Liability Management pattern is disclosed in accordance with "Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023" 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.

Maturity pattern of assets and liability has been compiled by management on contractual payment basis and relied upon by the auditors.

(xix) During the year, the Company's various instruments were rated, the details of these ratings are as under:-

For the year ended March 31, 2025	Rating agency	Date of rating	Valid upto	Rating assigned	Borrowing limit
MFI rating	CRISIL	05-Aug-24	05-Aug-25	M1C1	Not applicable
Bank Loan Rating	CRISIL	16-Dec-24	16-Dec-25	CRISIL A+/ Stable (Reaffirmed)	1,00,000
NCD	CRISIL	09-Oct-24	09-Oct-25	CRISIL A+/ Stable (Reaffirmed)	9,500

For the year ended March 31, 2024	Rating agency	Date of rating	Valid upto	Rating assigned	Borrowing limit
MFI rating	CRISIL	20-Jul-23	19-Jul-24	M1C1	Not applicable
Bank Loan Rating	CRISIL	19-Mar-24	18-Mar-25	CRISIL A+/ Stable (Reaffirmed)	1,00,000
NCD	CRISIL	19-Mar-24	18-Mar-25	CRISIL A+/ Stable (Reaffirmed)	9,500
NCD - MLD	CRISIL	19-Mar-24	18-Mar-25	CRISIL PPMLD A+/ Stable (Reaffirmed)	4,800
Commercial Paper	CRISIL	19-Mar-24	18-Mar-25	CRISIL A+(Reaffirmed)	500

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.

(xx) Provisions and contingencies:-

	Year Ended March 31, 2025	Year Ended March 31, 2024
Break up of 'Provisions and contingencies shown under the head expenditure in statement of profit and loss		
Provision towards NPA	4,264.02	63.49
Provision made towards income tax	468.41	1,456.31
Provision for gratuity	63.71	70.02
Provision for compensated absences	12.95	13.16
Provision towards standard assets	1,940.84	94.89

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

(xxi) Concentration of advances, exposures and NPAs:-

	Year Ended March 31, 2025	Year Ended March 31, 2024
Concentration of Advances		
Total Advances to twenty largest borrowers	106.57	7.02
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.12%	0.01%
Concentration of Exposures		
Total Exposure to twenty largest borrowers / customers	100.08	59.30
Percentage of Exposures to twenty largest borrowers/customers to total exposure	0.11%	0.06%
Concentration of NPAs		
Total Exposure to top four NPA accounts	1.01	0.64

(xxii) Sectorial Exposure:-

Sector	Year Ended March 31, 2025			Year Ended March 31, 2024		
	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	25,348.61	1,566.30	6.18%	28,735.56	482.38	1.68%
Animal husbandry	21,983.35	1,232.74	5.61%	28,894.65	783.81	2.71%
Manufacturing (Including MSME)	6,170.22	225.55	3.66%	4,920.78	108.99	2.21%
Services	29,365.12	959.32	3.27%	23,441.55	539.65	2.30%
Trading (Including MSME)	9,810.38	508.70	5.19%	7,814.80	249.17	3.19%
Consumption	274.05	0.81	0.29%	605.73	3.31	0.55%
Education	0.75	0.75	100.00%	4.13	3.68	89.28%
Personal Loan	124.20	17.49	14.08%	212.60	36.89	17.35%
Corporate Loan	94.63	-	-	56.46	-	-

(i) The percentage shown above have been computed basis the NPA amount of the category divided by the outstanding of the respective category.

(ii) The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumption. The same has been relied upon by auditors.

(xxiii) Movement of Stage 3 assets:-

	Year Ended March 31, 2025	Year Ended March 31, 2024
Net stage 3 assets to net advances (%)	1.33%	0.93%
Movement of stage 3 assets (gross)		
Opening balance	2,207.89	2,141.53
Additions during the year	10,504.01	1,730.69
Reductions during the year	(8,200.23)	(1,664.33)
Closing balance	**4,511.67**	**2,207.89**
Movement of net stage 3 assets		
Opening balance	861.18	858.33
Addition during the year	7,888.43	881.45
Reductions during the year	(7,590.55)	(878.60)
Closing balance	**1,159.06**	**861.18**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

	Year Ended March 31, 2025	Year Ended March 31, 2024
Movement of provisions for stage 3 assets		
Opening balance	1,346.70	1,283.19
Addition during the year	2,615.58	849.24
Reduction/ write off during the year	(609.68)	(785.73)
Closing balance	**3,352.60**	**1,346.70**

(xxiv) Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 :-

Asset Classification as per RBI Norms as at March 31, 2025	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)
Performing Assets						
Standard	Stage 1	85,102.11	1,367.17	83,734.94	391.08	976.09
	Stage 2	3,557.53	1,094.19	2,463.34	311.07	783.12
Subtotal		**88,659.64**	**2,461.36**	**86,198.28**	**702.15**	**1,759.21**
Non-Performing Assets (NPA)						
Substandard	Stage 3	4,466.83	3,276.21	1,190.62	1,107.52	2,168.69
Doubtful - up to 1 year	Stage 3	38.30	27.78	10.52	10.00	17.78
1 to 3 years	Stage 3	2.04	0.98	1.06	0.42	0.56
More than 3 years	Stage 3	4.50	3.07	1.43	0.11	2.96
Subtotal for doubtful		**4,511.67**	**3,308.04**	**1,203.63**	**1,118.05**	**2,189.99**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,511.67**	**3,308.04**	**1,203.63**	**1,118.05**	**2,189.99**
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		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	**85,102.11**	**1,367.17**	**83,734.94**	**391.08**	**976.09**
	Stage 2	**3,557.53**	**1,094.19**	**2,463.34**	**311.07**	**783.12**
	Stage 3	**4,511.67**	**3,308.04**	**1,203.63**	**1,118.05**	**2,189.98**
	Total	**93,171.31**	**5,769.39**	**87,401.91**	**1,820.20**	**3,949.19**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

Asset Classification as per RBI Norms as at March 31, 2024	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)
Performing Assets						
Standard	Stage 1	91,433.39	509.41	90,923.98	3.03	506.38
	Stage 2	1,044.98	11.10	1,033.88	0.06	11.04
Subtotal		**92,478.37**	**520.51**	**91,957.86**	**3.09**	**517.42**
Non-Performing Assets (NPA)						
Standard	Stage 3	32.24	13.31	18.93	0.01	13.30
Substandard	Stage 3	1,491.01	773.43	717.58	445.23	328.20
Doubtful - up to 1 year	Stage 3	392.81	378.20	14.61	382.36	(4.16)
1 to 3 years	Stage 3	213.77	98.86	114.91	213.61	(114.75)
More than 3 years	Stage 3	78.06	38.34	39.72	79.84	(41.50)
Subtotal for doubtful		**2,207.89**	**1,302.14**	**905.75**	**1,121.05**	**181.09**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,207.89**	**1,302.14**	**905.75**	**1,121.05**	**181.09**
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		-	-	-	-	-
Total	**Stage 1**	**91,433.39**	**509.41**	**90,923.98**	**3.03**	**506.38**
	Stage 2	**1,044.98**	**11.10**	**1,033.88**	**0.06**	**11.04**
	Stage 3	**2,207.89**	**1,302.14**	**905.75**	**1,121.05**	**181.08**
	Total	**94,686.26**	**1,822.65**	**92,863.61**	**1,124.14**	**698.50**

* includes fair valuation impact on loans classified as fair value to other comprehensive income (FVOCI).

(xxv) 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 March 31, 2025	As at March 31, 2024
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	152	3,736

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

	As at March 31, 2025	As at March 31, 2024
d) Exposure to accounts mentioned at (c) on the reporting date	0.75	36.90
e) Increase in provisions on account of the implementation of the resolution plan	0.00	0.54

(xxvi) Disclosure of Frauds reported during the year vide DNBS.PD.CC NO.256/03.10.042/2011-12 Dated 2 March 2012 Instances of fraud reported upto 31 March 2025

	As at March 31, 2025				As at March 31, 2024			
	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
Nature of fraud (cash embezzlement)								
A) Persons involved								
Staff								
No. of accounts (Victims)	289	886	1,106	265	235	2,462	3,135	-
Amount	3.21	2.38	3.69	2.74	2.08	8.77	12.53	-
Others								
No. of accounts (Victims)	-	-	43	-	-	-	-	-
Amount	-	-	1.58	-	-	-	-	-
B) Type of fraud								
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Misappropriation and criminal breach of trust								
No. of accounts (Victims)	289	886	1,106	265	-	2,462	3,135	-
Amount	3.21	2.38	3.69	2.74	-	8.77	12.53	-
Cheating and forgery								
No. of accounts (Victims)	-	-	43	-	-	-	-	-
Amount	-	-	1.58	-	-	-	-	-

(xxvii) Public disclosure on Liquidity Risk as on March 31, 2025 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, 2025	As at March 31, 2024
Number of significant counterparties	30	24
Amount	70,005.33	63,272.94
% of total deposits	-	-
% of total liabilities	88.32%	75.69%

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

b) *Top 20 large deposits and 10 borrowings*

	Outstanding Amount as at March 31, 2025	% of total liabilities
Top 20 large deposits	-	-
Top 10 large borrowings	41,408.39	52.24%

	Outstanding Amount as at March 31, 2024	% of total liabilities
Top 20 large deposits	-	-
Top 10 large borrowings	42,259.19	50.16%

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

	Amount as at March 31, 2025	% of total liabilities
Term Loan	49,064.73	61.90%
Securitisation	11,363.43	14.34%
External Commercial Borrowing	13,199.42	16.65%
Non-convertible debentures	5,636.63	7.11%
Commercial paper	-	0.00%
Total	**79,264.21**	**100.00%**

	Amount as at March 31, 2024	% of total liabilities
Term Loan	54,969.86	65.25%
Securitisation	14,219.99	16.88%
External Commercial Borrowing	5,071.80	6.02%
Non-convertible debentures	9,986.20	11.85%
Commercial paper	-	0.00%
Total	**84,247.85**	**100.00%**

(d) *Stock ratios*

	March 31, 2025			
	Amount	% of public fund	% of total liabilities*	% of total assets
Non-convertible debentures	5,636.63	7.11%	6.85%	5.19%

	March 31, 2024			
	Amount	% of public fund	% of total liabilities*	% of total assets
Non-convertible debentures	9,986.20	11.85%	11.37%	8.62%

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

*Non-convertible debentures having maturity of more than one year.

(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.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

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

	Year Ended March 31, 2025	Year Ended March 31, 2024
Complaints received by the Company from customers		
a) Number of complaints pending at the beginning of the year (Nos)	21	8
b) Number of complaint received during the year (Nos)	1,467	800
c) Number of complaint disposed during the year (Nos)	1,450	787
d) Number of complaints rejected out of (c) (Nos)	-	-
e) Number of complaints pending at the end of the year (Nos)	38	21
Maintainable complaints received by the Company from Office of Ombudsman	24	-

(xxix) 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
Year ended March 31, 2025					
Mis-selling	3	8	(78%)	-	-
Updation of repayment records	7	133	(11%)	1	-
Insurance claim settlement	2	348	176%	10	-
Digital transactions	-	16	(56%)	-	-
Fraud Conducted by staff	8	275	20%	-	-
Interest rates	-	1	0%	-	-
Updation/dispute on data in Credit Information Report (CIR)	-	34	17%	-	-
Excessive charges	1	15	25%	-	-
Recovery practices	-	202	37%	7	-
Fraud conducted by external agencies	-	14	133%	-	-
Cash Misappropriation	-	344	100%	19	-
Delay delivery of Third party products	-	33	1550%	1	-
Defective in Product	-	3	50%		-
Refund related	-	13	100%		-
Others	-	28	12%		-
Total	**21**	**1,467**	**83%**	**38**	**-**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

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
Year ended March 31, 2024					
Mis-selling	-	36	(12%)	3	-
Updation of repayment records	1	149	(13%)	7	-
Insurance claim settlement	5	126	(34%)	2	-
Digital transactions	-	36	300%	-	-
Fraud Conducted by staff	2	229	1662%	8	-
Interest rates	-	1	0%	-	-
Updation/dispute on data in Credit Information Report (CIR)	-	29	480%	-	-
Excessive charges	-	12	100%	1	-
Recovery practices	-	147	100%	-	-
Fraud conducted by external agencies	-	6	100%	-	-
Delay delivery of Third party products	-	2	100%	-	-
Defective in Product	-	2	100%	-	-
Others	-	25	100%	-	-
Total	**8**	**800**	**85%**	**21**	**-**

The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumption. The same has been relied upon by auditors.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

(xxx) 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)		Others		Total	
Items	Year Ended March 31, 2025	Year Ended March 31, 2024	Year Ended March 31, 2025	Year Ended March 31, 2024	Year Ended March 31, 2025	Year Ended March 31, 2024	Year Ended March 31, 2025	Year Ended March 31, 2024	Year Ended March 31, 2025	Year Ended March 31, 2024	Year Ended March 31, 2025	Year Ended March 31, 2024	Year Ended March 31, 2025	Year Ended March 31, 2024
Cash management charges	55.32	55.10	-	-	-	-	-	-	-	-	-	-	55.32	55.10
Commission income	0.02	0.04	15.01	3.23	-	-	-	-	-	-	-	-	15.04	3.27
Software support charges	-	-	-	-	12.07	12.18	-	-	-	-	-	-	12.07	12.18
Rent expenses	1.85	2.18	-	-	-	-	-	-	12.69	12.27	-	-	14.54	14.45
Rental deposits given/(refunded)	(0.25)	-	-	-	-	-	-	-	-	-	-	-	-0.25	-
CSR expenditure	-	-	31.48	19.00	-	-	-	-	-	-	-	-	31.48	19.00
Travel expenses	0.02	1.06	-	-	-	-	-	-	-	-	-	-	0.02	1.06
Trade mark Fees	-	-	-	-	-	-	-	-	0.10	0.10	-	-	0.10	0.10
Sitting fees	-	-	-	-	-	-	-	-	6.29	5.64	-	-	6.29	5.64
Remuneration	-	-	-	-	-	-	-	-	78.00	84.96	0.43	-	78.43	84.96
Gold Auction	-	-	-	3.34	-	-	-	-	-	-	-	-	-	3.34
Professional charges	-	-	-	-	-	-	8.27	8.99	-	-	-	-	8.27	8.99
Marketing Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

(xxxi) Instances of breach of covenant of loan availed or debt securities issued:-

During the current financial year, the Company has witnessed a surge in delinquencies due to multiple factors such as the macro-economic, socio-political events, over leveraging and climatic shocks. These induced disruption caused many of the borrowers across the microfinance industry to face challenges in servicing their loans on-time resulting in elevated PAR, GNPA, write offs and accelerated provisioning. Though the Company has been regular in servicing all its borrowings, including interest and principal obligations, without any defaults during the year, there have been instances of breach of covenants relating to certain loans and debt securities outstanding as at 31 March 2025. The breaches primarily pertain to financial performance thresholds, including deterioration in key asset quality parameters such as Portfolio at Risk (PAR), Gross Non-Performing Assets (GNPA), and elevated credit costs, which arose due to sector-wide stress in the Microfinance industry. The Company was not immune to this industry trend and witnessed breach of some of the covenants. All instances of breach of covenant of loan availed or debt securities issued are outlined in the below table:

Instrument Type	As at March 31, 2025		As at March 31, 2024	
	Amount involved	No of Instances	Amount involved	No of Instances
Debt securities	2,863	4	Nil	
Term Borrowings in Foreign Currency (ECB)	12,864	5	Nil	
Term Loans	9,813	12	Nil	
	25,540	21	Nil	

Matrix	Description of Key Financial Covenant	Covenant Threshold	Status as of March 31, 2025
Profitability	Return on Assets (ROA)	> 1%	Negative
Profitability	Profit After Tax (PAT) (Quarterly)	Positive	Negative
Profitability	Profit After Tax (PAT)	Positive	Negative
Profitability	ROE (Return on Equity)	> 10%	Negative
Portfolio Quality	Write-off as % of Average 5 Quarter AUM	< 2%	2.93%
Portfolio Quality	Composite Risk Indicator: PAR30 (On book) + RSL + Net Charge-off as % of GLP	< 10%	12.05%
Portfolio Quality	PAR30 (On book) + Write-off (12M rolling)	< 7%	11.90%
Portfolio Quality	PAR30 (On book) + Security Receipts (SR) + Restructured Loans (RL) to GLP	< 10%	11.08%
Portfolio Quality	GNPA (Gross Non-Performing Assets)	< 3 - 4.5%	4.84%
Portfolio Quality	PAR30 (On book only)	< 5%	8.66%
Portfolio Quality	NNPA (Net Non-Performing Assets)	< 1%	1.34%

Despite the covenant breaches, the Company has engaged in discussions with its lenders and has not received any notice of adverse action, such as invocation of penal interest clauses, downgrade in facility rating, or recall of facilities etc. The management, therefore, does not expect any material impact on the Company's financial position as of the date of the financial statements. Further, there was no breach of covenant of loans availed or debt securities issued by the Company during the year ended March 31, 2024.

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

The Company has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the year ended March 31, 2025 (March 31, 2024: Nil)

The Company has not exceeded the prudential exposure limits during the current and previous year.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

55. Additional disclosures as required by the Reserve Bank of India (Contd..)

(xxxiii) Overseas assets

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

(xxxiv) 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.

(xxxv) Disclosure pursuant to Reserve Bank of India notification RBI/DNBR/2016-17/45 Master Direction DNBR. PD.008/03.10.119/2016-17 updated as on 29 December 2022 pertaining to gold loans.

	As at March 31, 2025	As at March 31, 2024
No of loan Accounts	1,539	1,063
Outstanding Loan Amount	103.01	37.69
Sale Consideration	111.54	40.62
Whether any sister concerns participated in the auction	No	Yes

56. Percentage of loans granted against collateral of gold jewellery to total assets

	As at March 31, 2025	As at March 31, 2024
Gold Loans granted against collateral of gold jewellery	698.12	1,412.41
Total assets of the Company	1,08,570.21	1,15,902.26
Percentage of Gold Loans to Total Assets	0.64%	1.22%

57. Liquidity Coverage Ratio:-

As per RBI guidelines no DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 Dated November 04, 2019, NBFCs assets with more than Rs.5,000 crores, required to maintain Liquidity Coverage Ratio (LCR) as mentioned therein. The Liquidity Coverage Ratio (LCR) is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein Balance Sheet carries a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered high-quality liquid assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the Balance Sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The Company for purpose of computing outflows, has considered: (1) all the contractual debt repayments, and (2) other expected or contracted cash outflows. Inflows comprises of: (1) expected receipt from all performing loans, and (2) liquid investment which are unencumbered and have not been considered as part of HQLA.

For the purpose of HQLA the Company considers: (1) Unencumbered Government securities, and (2) Cash and Bank balances.

The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period. LCR guidelines have become effective from 1 December 2020, requiring NBFCs to maintain minimum LCR of 50%, LCR is increased to 100% from December 2024. The Company is maintaining LCR of 100%.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

57. Liquidity Coverage Ratio:- (Contd..)

The disclosure on Liquidity Coverage Ratio of the Company for the year ended March 31, 2025 is as under:

Particulars	Quarter ended March 31, 2025		Quarter ended December 31, 2024		Quarter ended September 30, 2024		Quarter ended June 30, 2024	
	Total Unweighted Value (Average)#	Total Weighted Value (Average)@	Total Unweighted Value (Average)#	Total Weighted Value (Average)@	Total Unweighted Value (Average)#	Total Weighted Value (Average)@	Total Unweighted Value (Average)#	Total Weighted Value (Average)@
High Quality Liquid Assets (HQLA)								
Cash and bank balance	3,602.82	3,602.82	3,717.38	3,717.38	3,947.31	3,947.31	3,278.12	3,278.12
Government Securities	1,239.82	1,239.82	1,240.80	1,240.80	13.49	13.49	-	-
	4,842.64	**4,842.64**	**4,958.18**	**4,958.18**	**3,960.80**	**3,960.80**	**3,278.12**	**3,278.12**
Cash Outflows								
Deposits	-	-	-	-	-	-	-	-
Unsecured wholesale funding	-	-	-	-	-	-	-	-
Secured wholesale funding	-	-	-	-	-	-	-	-
Additional requirements, of which								
i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	5,768.86	6,634.19	6,304.72	7,250.42	5,694.35	6,548.51	6,280.38	7,222.44
Other contingent funding obligations	-	-	-	-	-	-	-	-
	5,768.86	**6,634.19**	**6,304.72**	**7,250.42**	**5,694.35**	**6,548.51**	**6,280.38**	**7,222.44**
Cash Inflows								
Secured Lending	-	-	-	-	-	-	-	-
Inflows from fully performing exposures	6,832.07	5,124.06	7,123.37	5,342.52	7,018.27	5,263.70	6,997.37	5,248.03
Other cash inflows	-	-	-	-	-	-	-	-
	6,832.07	**5,124.06**	**7,123.37**	**5,342.52**	**7,018.27**	**5,263.70**	**6,997.37**	**5,248.03**
75% of Stressed Outflows		4,975.65		5,437.82		4,911.38		5,416.83
Total Net Cash Outflows		1,658.55		1,907.90		1,637.13		1,974.41
Liquidity Coverage Ratio		**291.98%**		**259.88%**		**241.94%**		**166.03%**

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

57. Liquidity Coverage Ratio:- (Contd..)

The disclosure on Liquidity Coverage Ratio of the Company for the year ended March 31, 2024 is as under:

Particulars	Quarter ended March 31, 2024		Quarter ended December 31, 2023		Quarter ended September 30, 2023		Quarter ended June 30, 2023	
	Total Unweighted Value (Average)#	Total Weighted Value (Average)@	Total Unweighted Value (Average)#	Total Weighted Value (Average)@	Total Unweighted Value (Average)#	Total Weighted Value (Average)@	Total Unweighted Value (Average)#	Total Weighted Value (Average)@
High Quality Liquid Assets (HQLA)								
Cash and bank balance	5,164.00	5,164.00	4,540.20	4,540.20	2,277.72	2,277.72	1,159.38	1,159.38
Government Securities	-	-	-	-	-	-	-	-
	5,164.00	**5,164.00**	**4,540.20**	**4,540.20**	**2,277.72**	**2,277.72**	**1,159.38**	**1,159.38**
Cash Outflows								
Deposits	-	-	-	-	-	-	-	-
Unsecured wholesale funding	-	-	-	-	-	-	-	-
Secured wholesale funding	-	-	-	-	-	-	-	-
Additional requirements, of which								
i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	6,880.05	7,912.06	5,343.11	6,144.58	5,272.77	6,063.69	4,494.54	5,168.72
Other contingent funding obligations	-	-	-	-	-	-	-	-
	6,880.05	**7,912.06**	**5,343.11**	**6,144.58**	**5,272.77**	**6,063.69**	**4,494.54**	**5,168.72**
Cash Inflows								
Secured Lending	-	-	-	-	-	-	-	-
Inflows from fully performing exposures	6,514.99	4,886.24	4,780.97	3,585.73	4,576.06	3,432.05	5,166.09	3,874.57
Other cash inflows	-	-	-	-	-	-	-	-
	6,514.99	**4,886.24**	**4,780.97**	**3,585.73**	**4,576.06**	**3,432.05**	**5,166.09**	**3,874.57**
75% of Stressed Outflows		5,934.05		4,608.43		4,547.76		3,876.54
Total Net Cash Outflows		3,025.82		2,558.85		2,631.64		1,294.15
Liquidity Coverage Ratio		**170.66%**		**177.43%**		**86.55%**		**89.59%**

"# Unweighted values are calculated as outstanding balances maturing or callable within one month (for inflows and outflows).

Averages are calculated basis simple average of daily observations over the previous quarter.

@ Weighted values are calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

LCR coverage ratio is based on Management estimations of future inflows and outflows which is relied upon by the auditors.

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

58 The comparative financial information of the Company for the year ended 31 March 2024 are based on the previously issued statutory financial statements audited by SHARP & TANNAN ASSOCIATES, predecessor auditor whose report for the year ended March 31, 2024 dated May 06, 2024 expressed an unmodified opinion on those financial statements.

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

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No.: 121750W/W100010

Ramesh Gupta
Partner
Membership No.: 102306
Place: Mumbai

Date: 08 May 2025

For and on behalf of the Board of Directors of
Muthoot Microfin Limited
CIN : L65190MH1992PLC066228

Thomas Muthoot John
Executive Director
DIN: 07557585
Place: Kochi

Thomas Muthoot
Director
DIN: 00082099
Place: Kochi

Thomas George Muthoot
Director
DIN: 00011552
Place: Kochi

Sadaf Sayeed
Chief Executive Officer
Place: Kochi

Praveen T
Chief Financial Officer
Place: Kochi

Neethu Ajay
Chief Compliance Officer
& Company Secretary
Membership No.: A34822
Place: Kochi

Notes forming part of Financial Statements

for the year ended March 31, 2025
(All amounts in INR millions, unless stated otherwise)

Annexure

Disclosure as required under Annex VIII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on March 21, 2024)

Liabilities Side

1 Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid:

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
a) Debentures:				
Secured	5,636.63	-	9,986.20	-
Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	73,627.58	-	74,261.64	-
d) Inter Corporate loans and borrowings	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Public Deposits	-	-	-	-
g) Other Loans				
Collateralized Borrowings	-	-	-	-
	79,264.21	**-**	**84,247.85**	**-**

2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)

Particulars	As at March 31, 2025		As at March 31, 2024	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
a) In the form of Unsecured debentures	-	-	-	-
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
c) Other public deposits	-	-	-	-

Assets Side

3 Breakup of Loans and Advances including bills receivables (other than those included in (4) below)

Particulars	Amount Outstanding	
	As at March 31, 2025	As at March 31, 2024
a) Secured	822.64	1,476.46
b) Unsecured	92,348.67	93,209.80

4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

Particulars	Amount Outstanding	
	As at March 31, 2025	As at March 31, 2024
i) Lease assets including lease rentals under sundry debtors:		
a) Financial Lease	-	-
b) Operating Lease	-	-
ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on hire	-	-
b) Repossessed Assets	-	-

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

Annexure (Contd..)

Particulars	Amount Outstanding	
	As at March 31, 2025	As at March 31, 2024
iii) Other loans counting towards asset financing activities		
a) Loans where assets have been repossessed	-	-
b) Loans other than (a) above	-	-

5 Break up of Investments

Particulars	Amount Outstanding	
	As at March 31, 2025	As at March 31, 2024
Current Investments:		
1 Quoted:		
i) Shares		
a) Equity	-	-
b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others	-	-
2 UnQuoted:		
i) Shares		
a) Equity	-	-
b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others	-	-
Long term Investments:		
1 Quoted:		
i) Shares		
a) Equity	-	-
b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	1,261.11	-
v) Others	-	-
2 UnQuoted:		
i) Shares		
a) Equity	0.45	0.45
b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others	-	-
Investment in Security Receipts	2,281.86	466.64

Notes forming part of Financial Statements

for the year ended March 31, 2025

(All amounts in INR millions, unless stated otherwise)

Annexure (Contd..)

6 Borrower groupwise classification of assets financed as in (2) and (3) above

Particulars	As at March 31, 2025 Amount net of Provisions			As at March 31, 2024 Amount net of Provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1) Related Parties						
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	-	-
c) Other related parties	-	-	-	-	-	-
2) Other than related parties	822.64	92,348.67	93,171.31	1,476.46	93,209.80	94,686.26
	822.64	92,348.67	93,171.31	1,476.46	93,209.80	94,686.26

7 Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Particulars	As at March 31, 2025		As at March 31, 2024	
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1) Related Parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	0.45	0.45	0.45	0.45
2) Other than related parties	3,542.97	3,542.97	466.64	466.64
	3,543.42	3,543.42	467.09	467.09

8 Other information

	As at March 31, 2025	As at March 31, 2024
i) Gross Non Performing Assets		
a) Related Parties	-	-
b) Other than related parties	4,511.67	2,207.89
ii) Net Non Performing Assets		
a) Related Parties	-	-
b) Other than related parties	1,203.63	861.21
iii) Assets acquired in satisfaction of debt	-	-

For and on behalf of the Board of Directors of

Muthoot Microfin Limited

CIN : L65190MH1992PLC066228

Thomas Muthoot John
Executive Director
DIN: 07557585
Place: Kochi

Thomas Muthoot
Director
DIN: 00082099
Place: Kochi

Thomas George Muthoot
Director
DIN: 00011552
Place: Kochi

Sadaf Sayeed
Chief Executive Officer
Place: Kochi
Date: 08 May 2025

Praveen T
Chief Financial Officer
Place: Kochi

Neethu Ajay
Chief Compliance Officer
& Company Secretary
Membership No.: A34822
Place: Kochi

Notes

Notes

Blue is Belief

Muthoot Microfin Limited

Regd. Off.: 13th Floor, Parinee Crescenzo,
Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra - 400051.

Admin. Off.: 5th Floor, Muthoot Towers, M.G. Road, Ernakulam - 682 035.

CIN No.: L65190MH1992PLC066228

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