

# RIDING TOWARDS A BRIGHTER FUTURE, TOGETHER.



## MISSION

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"TO PROVIDE TIMELY SMALL CREDIT TO MILLIONS OF ORDINARY PEOPLE, AND ALSO PROVIDE THEM WITH SIMPLE OPTIONS TO SAVE, WHICH WILL CHANGE THEIR WAY OF LIFE."

## VISION

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"TO BE THE MOST TRUSTED FINANCIAL SERVICE PROVIDER, AT THE DOOR STEP OF THE COMMON MAN, SATISFYING HIM IMMEDIATELY, WITH EASY AND SIMPLE PRODUCTS."

## CORE VALUES

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"WE WILL DO EVERYTHING TO GAIN AND MAINTAIN THE TRUST OF ALL THE STAKEHOLDERS AND WILL NOT DO ANYTHING TO LOSE THEIR TRUST."



**DRIVING MORE SMILES,  
PER MILE.**



**USED CAR LOAN**

**ENABLING A MILLION  
HAPPY STORIES.**



**CONSUMER DURABLE LOAN**



#MuthootBlue

# EMPOWERING THOSE WHO BELIEVE IN THEMSELVES



## MUTHOOT PAPPACHAN

Founder  
Muthoot Pappachan Group  
(1927-2004)

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



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

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

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### About Muthoot Pappachan Group

“A journey of a thousand miles begins with a single step”, true to this adage, the Muthoot Pappachan Group (MPG), the much-diversified business conglomerate has been providing solutions, services and expertise to millions of customers across the country in various domains like Financial Services, Automotive, Realty, Hospitality, IT Services, Healthcare, Precious Metals, Global Services and Alternate Energy. Over the years, MPG has grown to become a significant entity in the Indian business landscape. MPG, in fact is one of the largest employees in the country, across industries, providing employment to over 20,000 people and endeavouring to give them a family-like work environment. The group’s customer-centric approach and innovation in terms of new products that cater to changing customer needs, have helped in gaining the loyalty of innumerable customers, as well as attracting new ones. The Group adopts the latest technology and new ways of catering to the needs of customers, coupled with an uncompromising stand on values, principles and ethics.

### About Muthoot Capital Services Limited

Established in 1994, Muthoot Capital Services Limited (MCSL) is one of India’s Most Progressive Automobile Finance Companies. With an aspiration to empower Indians and human ambition, MCSL offer fund and non-fund based financial services to retail, corporate and institutional customers through the wide network of branches of Muthoot Fincorp Limited. MCSL also offer vital advice along with funds so you can give wheels to your dreams!

MCSL promoted by the Muthoot Pappachan Group is a Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India and its equity shares listed in BSE Limited and National Stock Exchange of India (NSE).

Our portfolio includes retail finance products such as Two-Wheeler Loans, Used Car Loans, Consumer Durable Loans, Corporate Loans and investment product in the form of Fixed Deposits.

## BOARD OF DIRECTORS



**Mr. Thomas John Muthoot**  
Chairman



**Mr. Thomas George Muthoot**  
Managing Director



**Mr. Thomas Muthoot**  
Director



**Mr. A. P. Kurian**  
Independent Director



**Mr. K. M. Abraham**  
Independent Director



**Mrs. Radha Unni**  
Independent Woman Director



**Mr. Thomas Mathew**  
Independent Director



# CORPORATE INFORMATION

## Chief Operating Officer

Mr. Madhu Alexiouse

## Chief Finance Officer

Mr. Vinodkumar M. Panicker

## Company Secretary & Compliance Officer

Mr. Ravi Oruganti (April 18, 2018 - March 28, 2019)

## Statutory Auditors

M/s. Varma & Varma, Chartered Accountants  
Sreeraghavam, Kerala Varma Tower,  
Bldg. No. 53/2600 B, C, D & E,  
Off. Kunjanbava Road, Vyttila, P.O., Kochi - 682 019

## Secretarial Auditors

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

## Internal Auditors

M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants,  
KRD GEE GEE Crystal, 7<sup>th</sup> Floor, 91-92,  
Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004

## Registrar and Transfer Agents

Integrated Registry Management Services Private Ltd.  
2<sup>nd</sup> Floor, "Kences Towers", No.1, Ramakrishna Street,  
North Usman Road, T. Nagar, Chennai - 600 017

## Debenture Trustee

Mr. A. Gopalakrishnan  
M/s. K. Venkatachalam Aiyer & Co.  
Chartered Accountants,  
Building No. 41/3647 B,  
Providence Road, North End,  
Kochi - 682 018

## Public Deposits Trustee

IDBI Trusteeship Services Ltd.  
Asian Building, Ground Floor,  
17, R, Kamani Marg, Ballard Estate,  
Mumbai - 400 001

**Our Financiers**

Andhra Bank Limited	Karnataka Bank Limited
AU Small Finance Bank Limited	Kotak Mahindra Bank Limited
Axis Bank Limited	Lakshmi Vilas Bank Limited
Canara Bank	Mahindra and Mahindra Financial Services Limited
Central Bank of India	Punjab National Bank
City Union Bank Limited	State Bank of India
Corporation Bank	Syndicate Bank
Dhanlaxmi Bank Limited	Tamilnad Mercantile Bank Limited
Equitas Small Finance Bank Limited	The Federal Bank Limited
HDFC Bank Limited	The Karur Vysya Bank Limited
ICICI Bank Limited	The South Indian Bank Limited
IDBI Bank Limited	Union Bank of India
Indian Bank	Vijaya Bank
Indian Overseas Bank	Yes Bank Limited
IndusInd Bank Limited	

**Key Company Info**

Registered Office	: 3 <sup>rd</sup> Floor, Muthoot Towers, M.G. Road, Kochi - 682 035 Ph: +91 484 6619600 / 6613450 Fax: +91 484 2381261 Email: mail@muthootcap.com Website: www.muthootcap.com
CIN	: L67120KL1994PLC007726
ISIN	: INE296G01013
BSE Code	: 511766
NSE Code	: MUTHOOTCAP

## MESSAGE FROM THE MANAGING DIRECTOR



**Dear Valued Members,**

I am glad to present to you with Muthoot Capital Services Limited's (MCSL) Annual Report at a time when your company marks its silver jubilee year. It is also with great delight and indeed, its a matter of pride for us, that MCSL has been recognized with '**India's Best Company of the Year Award 2018**' in Automobile Financing, which has been instituted by Berkshire Media. It is noteworthy that we were selected after a detailed analysis of 500+ companies across services and infrastructure sector in the areas of innovation, workplace culture, leadership, business ethics, governance, corporate social responsibility and company reputation.

As part of the annual report, I am happy to present to you the financial and operational results of MCSL for the year 2018-19. As you are aware, that the Banking and NBFC industries have been going through challenging times and auto industry too, has been facing challenges in growth due to multiple headwinds. However, it is remarkable that MCSL has closed the 25<sup>th</sup> year on a high.

The Company has achieved a milestone disbursement of ₹ 2000 + Crores of ₹ 2135.04 Crores in FY 2018-19, and a total AUM of ₹ 2741.05 Crores (including sold portfolio of ₹ 656.85 Crores), as compared to ₹ 1969.69 Crores of disbursement and ₹ 2238.02 Crores of gross AUM in the previous year. The Company has earned a net profit after tax of ₹ 82.42 Crores during the year FY 2018-19, which is 53.57% increase from the previous year.

It is heartening to mention that in the very last month of the year, the company was able to ink its single largest- securitization deal for ₹ 236.00 Crores, which reflects the confidence in our two-wheeler portfolio. Moreover, the Company has raised new sanctions of ₹ 505 Crores from Banks / NBFC in the current year besides sanctions of ₹ 912 Crores from securitization transactions. We have ended the year with a Gross NPA of ₹ 113.14 Crores, on which we are maintaining a provision coverage of 45%, which not only provides sufficient cushion, but also reflects our strategy in ensuing confidence among our stakeholders.

MCSL has been ramping up its presence in non-southern states. The share of business from North and East has increased to 24% from 13% in the last one year. This geographical diversification especially helped MCSL during the temporary impact it faced at the time of the calamity in Kerala. MCSL has also completed the piloting of its used-car business and would soon be moving in top gear into the states of Kerala, Karnataka and Tamil Nadu. MCSL has also been increasingly harnessing digital process, and analytics for its loan processes with a view to have best of the portfolio quality and be the best in the industry in terms of service delivery to its end customer.

At the same time, Muthoot Pappachan Group, of which the Company is a part of, also embarked upon the journey of enhancing its Brand Image and Equity and renowned actor, Padma Shri Ms. Vidya Balan has been signed up as the brand ambassador, wherein she would endorse the products and services of the Company, as well. It is indeed a matter of repute and honour for the Company to be associated with such a personality.

MCSL has continued to invest in the society it functions in through its social responsibility initiatives such as rehabilitation of persons who have suffered spinal cord trauma, renovation of orphanages for children and working with reputed organizations to fight the menace of substance abuse.

The Company has come a long way since its humble beginnings 25 years ago. At this juncture, I express my heartfelt gratitude to you and all those who have supported the growth of the Company and trusted us over the years - our esteemed shareholders, bankers, regulatory authorities, customers, investors and all our employees. We will strive to continue to stand up for those values which have been our strength over the last twenty-five years and will continue to work towards changing the lives of the common man empowering them with our easy and simple products.

With regards,

Sd/-

**THOMAS GEORGE MUTHOOT**  
Managing Director



## MESSAGE FROM THE CHIEF OPERATING OFFICER



**Dear Shareholders,**

Warm greetings to all of you.

I am pleased to present the Muthoot Capital Services Limited's (MCSL) Annual Report in our Silver Jubilee year. MCSL continued its growth trajectory whereby our 3-year disbursement CAGR was 26% which is 2.6x times the 3-year two-wheeler industry sales CAGR of 10%.

I am excited to report that we have accomplished significant milestones in the year 2018-19 in spite of headwinds that challenged NBFC and two-wheeler industry. Your Company crossed ₹ 2000+ Crores milestone disbursement for the first time in the history of MCSL when we disbursed ₹ 2135 Crores during the year 2018-19. Besides, the disbursement of ₹ 605.7 Crores during Q4' 2018-19 is the highest quarterly disbursement in any of the previous quarters.

Business from Non-South zones also achieved an important milestone by disbursing ₹ 551.91 Crores in FY 2018-19 as a result of our aggressive geographic expansion and de-risking strategy.

Our customer app 'M-Power' which was launched during last AGM was downloaded by over 70,000+ unique customer base and the payment facility launched in October 2018 has seen a record transaction of more than 7,500.

Your Company was also recognized and awarded by external entities on various accomplishments. During the last financial year, CRISIL upgraded its ratings on MCSL to "A (Stable)" which indicates adequate degree of safety regarding timely servicing of financial obligations. MCSL also won India's prestigious "Best Company of the Year" award in automobile financing sector awarded by Berkshire Media, USA, for the innovation, workplace culture, leadership, business ethics, governance, corporate social responsibility and reputation of the Company.

The financial year 2018 - 2019 was another successful year for MCSL following many years of steady business and profit growth. Commensurate with the previous years, this year also shown a remarkable growth, with overall AUM increasing to ₹ 2741 Crores compared to ₹ 2238 Crores at the end of last year, registering a growth of 22%. Disbursement for the current year stood at ₹ 2135.1 Crores compared to ₹ 1969.6 Crores during the previous year. Total revenue increased to ₹ 535.27 Crores from ₹ 398.09 Crores during the FY 2017 - 2018, registering a growth of 34%. On a full year basis, MCSL achieved a Profit After Tax of ₹ 82.4 Crores as compared to ₹ 53.7 Crores achieved for the FY 2017 - 2018, registering a tremendous growth of 54%.

MCSL has already disbursed more than ₹15 lakhs loans till date in the two-wheeler segment, the total live accounts as on March 31, 2019 stood at approximately ₹ 6.97 Lakhs as against ₹ 5.7 Lakhs as on March 31, 2018, an increase of 22%. Gross NPA stood at 5.4% and Net NPA stood at 3.1%. Our provision stood at ₹ 51.2 Crores as on March 31, 2019, which includes an additional provision of ₹ 18.1 Crores.

True to the Muthoot Pappachan Group's philosophy, MCSL aims to become a robust multi-product retail finance Company which addresses the immediate financial needs of the common man at their doorstep. As part of strengthening the product bouquet for the common man, MCSL has piloted its used car product in Kerala during FY 2018-19 and would now aggressively expand the used car product offerings into 20 locations across the country.

We continue our digital transformation enabling digital process in our product offerings, besides aggressively working on expansion plan to become a truly national player.

We are celebrating 25 years of trust, focusing on all the incredible work our employees have done for the past 25 years. I invite you all to join us in celebrating this special occasion and please do extend your continued support for the years to come.

With regards,

Sd/-

**MADHU ALEXIOUSE**  
Chief Operating Officer

## LIST OF BRANCHES

Sl. No.	Branch Location	Branch Address
<b>KERALA</b>		
1	<b>Adimaly</b>	2 <sup>nd</sup> Floor, Sivaram Building, NH 49, Adimaly P.O., Adimaly, Idukki (Dist) - 685 561
2	<b>Alappuzha</b>	2 <sup>nd</sup> Floor, Niza Center, East of General Hospital Junction, Alappuzha
3	<b>Calicut</b>	Door No. 27/383/A-3, 2 <sup>nd</sup> Floor, Soubhagya Shopping Complex, Nr. Aryadathupadam, Mavoor Road, Calicut
4	<b>Kollam</b>	1 <sup>st</sup> Floor, S.M. Towers, Madan Nada, Kollam, Kerala - 691 016
5	<b>Kottayam</b>	Door No. 480, Vallabhasseri Building, Near Shalom Church, Chingavanam P.O., Kottayam - 686 531
6	<b>Kalpetta</b>	2 <sup>nd</sup> Floor, Kainatty Arcade, Kainatty Junction, North Kalpetta Post, Wayanad - 673 121
7	<b>Palakkad</b>	RRK Towers, 1 <sup>st</sup> Floor, Shornur Road, Pallipuram Post, Melamuri, Palakkad - 678 006
8	<b>Thrissur</b>	1 <sup>st</sup> Floor, PVK Complex, Opp. Amala Hospital, Amala Nagar, Thrissur - 680 555
9	<b>Tirur</b>	1 <sup>st</sup> Floor, Mundakkathu Building, Payyanangadi, Tirur
10	<b>Trivandrum</b>	2 <sup>nd</sup> Floor, Mansions Chelsma Heights, Chengalloor Junction, Poojappura, Trivandrum - 695 012
<b>TAMIL NADU</b>		
11	<b>Chennai</b>	1 <sup>st</sup> Floor, Majestic Tower, Door No. 236, Choolaimedu High Road, Choolaimedu, Chennai - 94
12	<b>Coimbatore</b>	Ground Floor, #62, Dr. N.R.N. Layout, Pappanaickenpalayam, Coimbatore
13	<b>Kumbakonam</b>	No. 41, Ravi's Plaza, Gandhiadigal Salai, Near Raya Mahal, Kumbakonam - 612 001
14	<b>Salem</b>	1 <sup>st</sup> Floor, N.V. Arcade, 5/259A, Junction Main Road, Salem - 636 004
15	<b>Tanjore</b>	1 <sup>st</sup> Floor, No. 5/163/4, Sorna Complex, Natarajapuram West, M C Road, Tanjore - 613 004
16	<b>Theni</b>	Tharun Tower, 2 <sup>nd</sup> Floor, Sriram Theatre Lane, Cumbum Road, Theni - 625 531

17	<b>Thirunelveli</b>	No. 42, Vadivagam, TVM High Road, Near Palai Bus Stand, Palayamkottai, Thirunelveli - 627 002
18	<b>Trichy</b>	3 <sup>rd</sup> Floor, United Arcade, Above Spencer Super Market, Karur Bye Pass Road, Trichy - 620 001
<b>PUDUCHERRY</b>		
19	<b>Karaikkal</b>	1 <sup>st</sup> Floor, Door No. 2, Kannadiar Street, Karaikkal - 609 602
<b>KARNATAKA</b>		
20	<b>Bangalore</b>	No. 29, “Shree Krishna” Opp. Raheja Park Apartment, Magadi Main Road, Vijayanagar, Bangalore - 560 040
21	<b>Hubli</b>	1 <sup>st</sup> Floor, Above Vijayalakshmi TVS Show Room, Gokul Road, Hubli - 580 030
22	<b>Mysore</b>	1 <sup>st</sup> Floor, No. 170/1, M 52, B N Street, Opp: Mandi Market, Mandi Mohalla, Mysore - 570 021
23	<b>Shimoga</b>	No. 44/44/44, Satish Arcade, 2 <sup>nd</sup> Floor, Savalanga Road, Shimoga - 577 201
<b>TELANGANA</b>		
24	<b>Amberpet</b>	Behind Muthoot Fincorp Limited, Door No. 2-3-692/ 13, Near Police Line, Amberpet, Hyderabad - 500 013
25	<b>Hyderabad</b>	Door No. 2-2-1130/24/D/1, 1 <sup>st</sup> Floor, above Indian Bank, Shivam Road, Prasanthnagar, Hyderabad - 500 044
<b>ANDHRA PRADESH</b>		
26	<b>Guntur</b>	Door No. # 12-17-14, Somavari Street, Kothapet, Guntur - 522 002
27	<b>Kadapa</b>	D. No. 42/332-2, Vandana Complex, Ground Floor (Back Side), Bhagya Nagar Colony, Opp. Shivalayam Temple, Kadapa - 516 001
28	<b>Thirupathi</b>	Door No. 19-4-121/13/D1, First Floor, STV Nagar, Thirupathi - 517 501
29	<b>Vijayawada</b>	Door No. 31-11-1, Shriyans Plaza Hindu College Road, Maruthinagar, Vijayawada - 520 004
30	<b>Vizag</b>	1 <sup>st</sup> Floor, No. 47-15-4/1, Gurbanga Complex, Diamond Park Road, Dwaraka Nagar, Vizag - 530 016
<b>GUJARAT</b>		
31	<b>Ahmedabad</b>	402, Ashoka Complex, Near Axis Bank Ltd. Sardar Patel Stadium Road, Navrangpura, Ahmedabad - 380 009
32	<b>Bharuch</b>	First Floor, F 28-29, Millennium Market, Panchbatti, Bharuch - 392 001



# KEY EVENTS & MILESTONES



## 1994

Incorporation

## 1995

Initial public offering, listed on BSE

## 1998

NBFC license (Deposit taking) obtained

## 2001

Started Gold Loan Business

## 2008

Entered into auto loan business to finance existing Muthoot customers

## 2009

Preferred financier arrangement with Honda for two wheeler financing

## 2010

Started full fledged operations outside Kerala. Crossed ₹ 25 Crores AUM.

## 2011

Raised ₹47.78 Crores through rights issue. Shift from Gold Loans to Auto Loans.

## 2012

Crossed 50,000 loan disbursements. Adopted Auto Loan as the major product.

## 2013

Started Collection of Fixed Deposits & Subordinate Debt

## 2014

Started disbursement of corporate loans

## 2015

Listed on NSE. Started operations in North India.

## 2016

Crossed ₹ 1000 Crores of AUM.

## 2017

South and West crossed ₹1000 Crores and Kerala crossed ₹ 500 Crores disb. First QIP in November 2017, ₹ 165 Crores.

## 2018

Crossed ₹2000 Crores of AUM. ₹50 Crores annual profits for the first time. Launched Mobile App for sourcing.

## 2019

Crossed 100,000 customers in North Zone. Presence in 20 States. Entered into Used Car financing. Launched Customer App.



Muthoot Capital Services Ltd. is the proud recipient of India's '**Best Company of the Year Award 2018**' in Automobile Financing. The award was announced by Berkshire Media, USA, after a detailed analysis and evaluation of over 500 companies across services and infrastructure sector. It was a momentous occasion for the Company as the announcement coincided with our Silver Jubilee year of inception.

# OUR CSR ACTIVITIES

## Kerala Floods



Sewing Machine Distribution to Flood Affected Tailors



Flood Relief - Drinking Water Distribution at Kainakari, Alappuzha

## Project VENDA



"Project VENDA, an initiative to contain and manage the issue of substance abuse among children and teenagers by helping them to say "NO" (VENDA) to drugs"

## Renovation of Snehakoodu Boys Home, Aluva



Before



After



Before



After

## GROWTH OVER LAST 5 YEARS AT A GLANCE

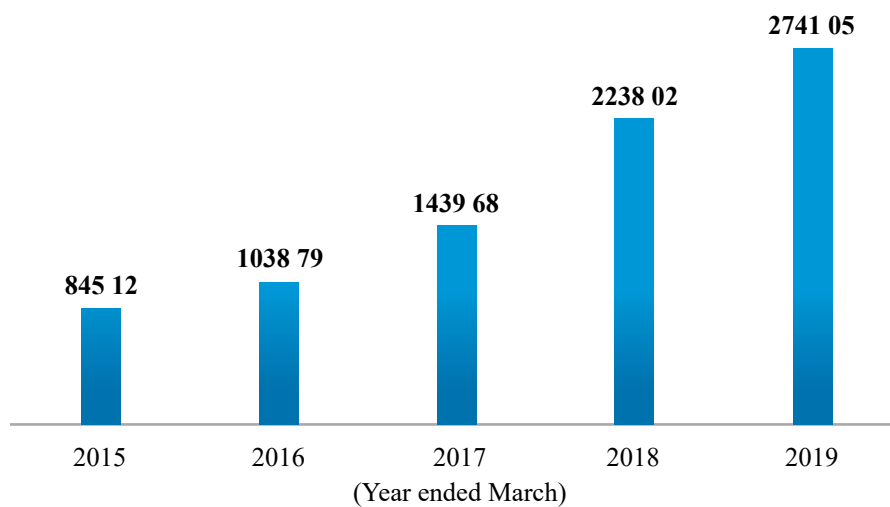
(₹ In Lakhs except Key Indicators)

Financial year ended 31 <sup>st</sup> March	2015	2016	2017	2018	2019
<b>Operating Results</b>					
Disbursements	648 84	927 96	1297 82	1969 69	2135 05
Total Revenue	191 29	228 49	284 20	398 09	535 27
Profit Before Tax (PBT)	34 17	35 45	46 19	82 46	127 25
Profit After Tax (PAT)	22 29	22 85	30 09	53 68	82 42
<b>Assets</b>					
Fixed Assets (including assets leased out)	2 04	1 83	2 59	2 48	1 95
Investments	13 54	13 75	14 75	17 86	18 64
Deferred tax asset	2 70	4 68	6 57	11 32	16 78
Net stock on hypothecation	799 01	932 31	1020 40	1647 50	1714 64
Other loans (including interest accrued)	46 11	106 48	183 28	268 50	369 56
Other assets	12 61	13 06	50 61	30 12	139 38
<b>Total Assets</b>	<b>876 01</b>	<b>1072 11</b>	<b>1278 19</b>	<b>1977 79</b>	<b>2260 96</b>
<b>Liabilities</b>					
Equity	12 47	12 47	12 47	16 45	16 45
Reserves and Surplus	120 82	135 42	165 51	377 48	459 91
Borrowings (including interest accrued)	712 81	893 75	1000 82	1458 82	1572 27
Other liabilities	29 90	30 46	99 39	125 04	212 33
<b>Total Liabilities</b>	<b>876 01</b>	<b>1072 11</b>	<b>1278 19</b>	<b>1977 79</b>	<b>2260 96</b>
<b>Key Indicators</b>					
Earnings Per Share (in ₹)	17.9	18.3	21.9 <sup>1</sup>	36.4	50.1
Dividend Per Share (in ₹)	5.0	5.5	--	--	--
Book Value Per Share (in ₹)	1 07.0	1 19.0	1 43.0	2 39.5	2 89.6
CRAR (%)	16.0	15.4	17.0	22.0	21.9
GNPA (%)	3.9	5.2 <sup>4</sup>	6.2 <sup>3</sup>	4.6 <sup>2</sup>	5.4 <sup>2</sup>
NNPA (%)	3.3	4.4 <sup>5</sup>	4.9 <sup>5</sup>	3.0 <sup>5</sup>	3.1 <sup>5</sup>

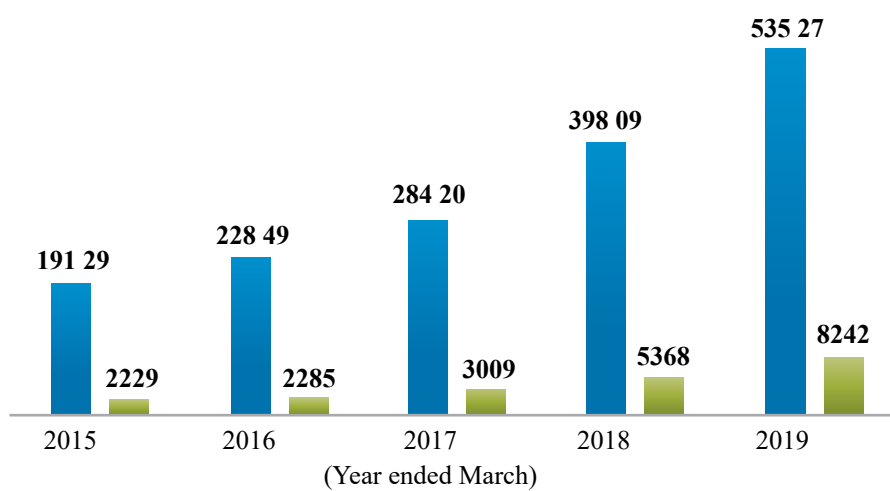
<sup>1</sup> Earnings per Share of the year 2017 is restated for Bonus Issue.<sup>2</sup> 3-month norm is followed for GNPA and NNPA for the year 2018 and 2019.<sup>3</sup> 4-month norm is followed for GNPA and NNPA for the year 2017.<sup>4</sup> 5-month norm is followed for GNPA and NNPA for the year 2016.<sup>5</sup> NNPA is calculated on AUM net of provisions for NPA.

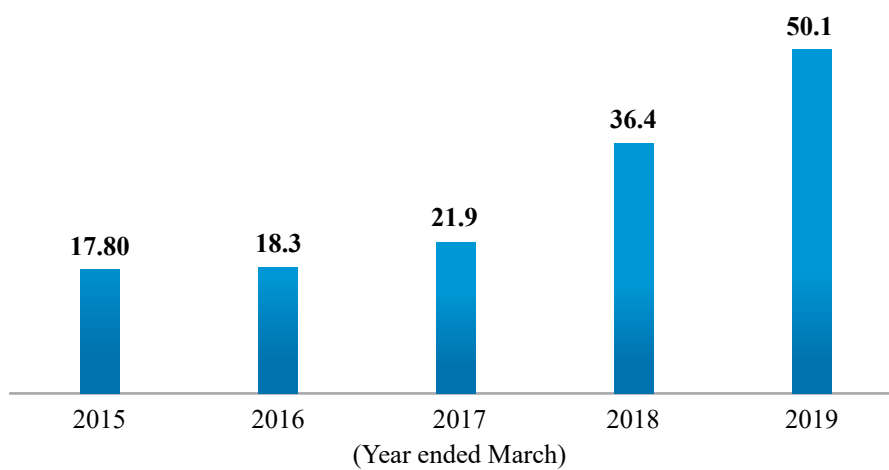
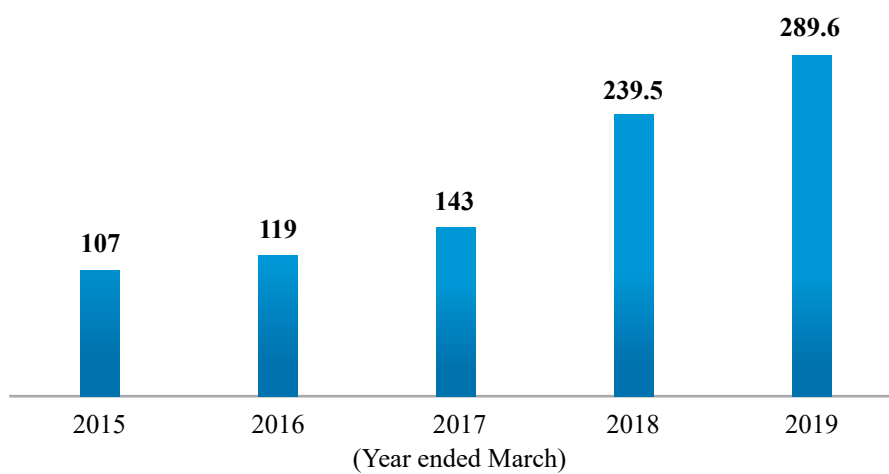


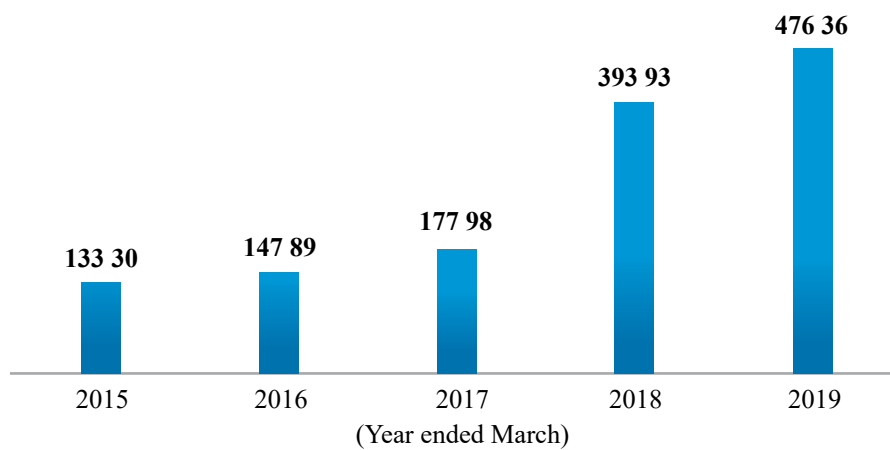
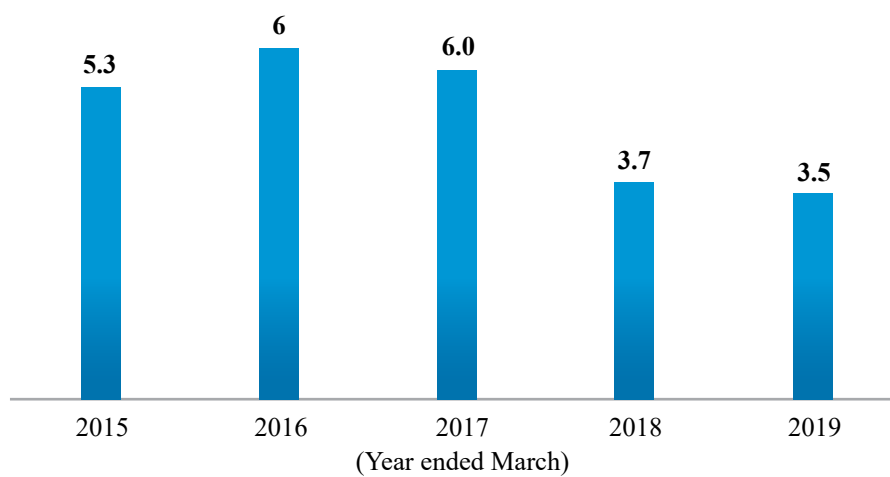
### ASSET UNDER MANAGEMENT (₹ IN LAKHS)



### REVENUE AND PAT (₹ IN LAKHS)

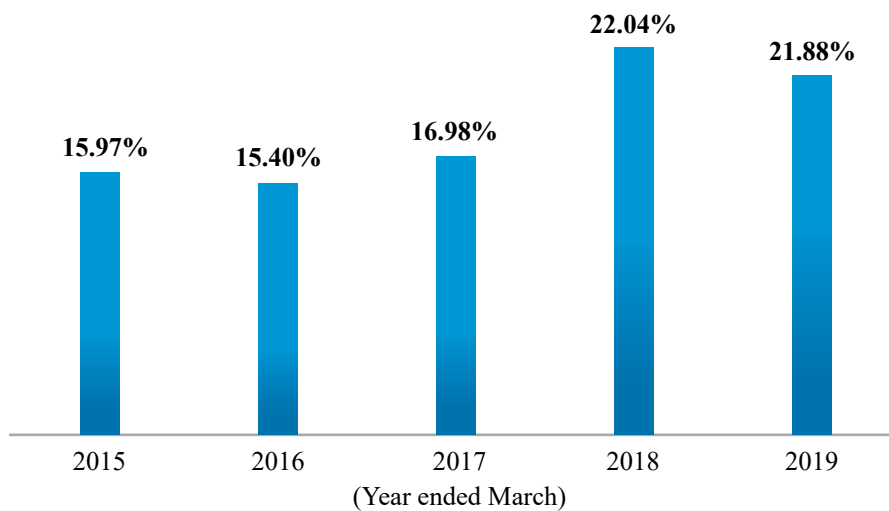


**EARNINGS PER SHARE (IN ₹)****BOOK VALUE PER SHARE (IN ₹)**

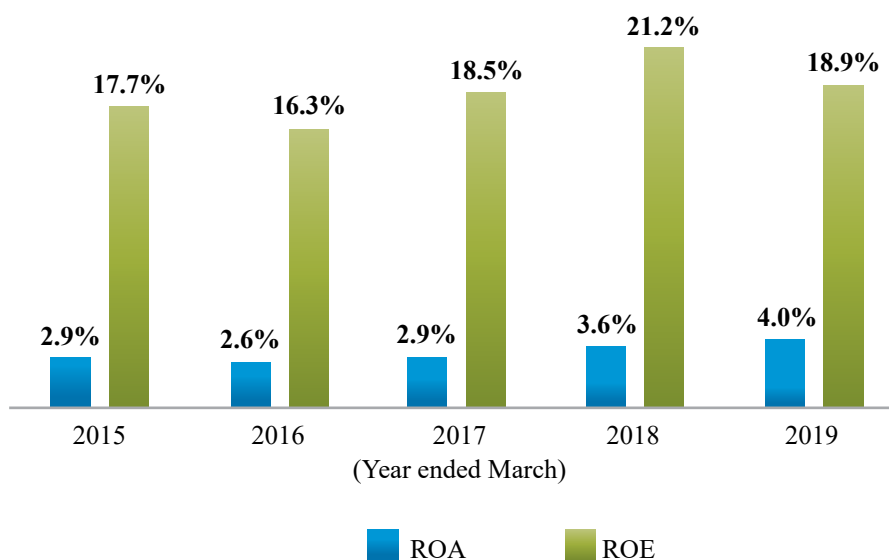
**NET WORTH (₹ IN LAKHS)****DEBT EQUITY RATIO**



### CAPITAL ADEQUACY RATIO



### RETURN ON ASSET (ROA) & RETURN ON EQUITY (ROE)



# BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 25<sup>th</sup> Board's Report on your Company's business and operations, together with audited financial statements of the Company for the financial year ended March 31, 2019.

## 1. PERFORMANCE HIGHLIGHTS

### a) Financial Results

The summarized financial results of your Company for the FY 2018 - 2019 are given below:

(₹ in lakhs, except earnings per share)

Particulars	2018 - 2019	2017 - 2018
Total Income	535 27.42	398 08.56
Total Expenses	408 02.88	315 62.54
Profit Before Tax (PBT)	127 24.54	82 46.02
Tax Expense	44 82.07	28 78.30
Profit After Tax (PAT)	82 42.47	53 67.72
Basic Earnings Per Share (EPS)	50.11	36.39

### b) Business Growth

During the Financial Year (FY) ended March 31, 2019, your Company was able to achieve an impressive growth. The total Asset Under Management (AUM) (including sold portfolio) of your Company increased by 22.48%. The AUM (including sold portfolio) of the Company as on March 31, 2019 stood at ₹ 2741 04.67 lakhs, whereas the same as on March 31, 2018 was ₹ 2238 02.63 lakhs.

### c) Profitability

The total income of the Company increased to ₹ 535 27.42 lakhs during the FY 2018 - 2019 as against ₹ 398 08.56 lakhs during the FY 2017 - 2018. The total expenditure for the FY 2018 - 2019 was at ₹ 408 02.88 lakhs. The Company achieved an all-time high profit of ₹ 82 42.47 lakhs while the same was ₹ 53 67.72 lakhs in FY 2017 - 2018. The Net Interest Margin (NIM) improved to 69.83% as against 69.15% in FY 2017 - 2018.

### d) Asset Quality

As on March 31, 2019, the gross NPA and net NPA in the books of your Company stood at ₹ 113 13.80 lakhs and ₹ 61 90.43 lakhs respectively. The Provision Coverage Ratio stood at 45.28%. Your Company has adopted new and aggressive methods to control delinquencies and the NPA figures and hence have been able to achieve this in spite of the aftermath of the Kerala floods, which temporarily increased the delinquency substantially.

### e) Net worth & Capital Adequacy Ratio

Based on the higher profitability of ₹ 82 42.47 lakhs, the net worth of your Company increased by 20.92% to ₹ 476 35.45 lakhs as against ₹ 393 92.98 lakhs in the previous year. The Company's total Capital Adequacy Ratio (CAR) as on March 31, 2019 stood at 21.88% of the aggregate risk weighted assets on the Balance Sheet and risk adjusted value of the off - Balance Sheet items, which is above the statutory minimum of 15%. Out of the above, Tier I CAR stood at 21.17% and Tier II CAR stood at 0.71%. The CAR as on March 31, 2018, stood at 22.04%.

### f) Earnings Per Share

Earnings Per Share of your Company has improved from ₹ 36.39 to ₹ 50.11 during the year under review. Return on Equity reached 19.37% during the year.

## 2. DIVIDEND

In view of the business growth plans of the Company, the launch of new products and proposed investment in IT/infrastructure in the forthcoming years, the Board of Directors of your Company decided to plough back the profit after tax into the business and hence have not recommended any dividend for the FY 2018 - 2019.

## 3. RESERVES

Your Board of Directors has transferred an amount of ₹ 16 50.00 lakhs to the Statutory Reserve maintained under Section 45-IC of the Reserve Bank of India Act, 1934. The Company has not transferred any amount to the General Reserve for the FY ended March 31, 2019. Post transfer of profits to reserves, your Board decided to retain ₹ 185 04.84 lakhs as surplus in the Profit and Loss Account.

## 4. RESOURCE MOBILISATION

### a) Share Capital

The authorized share capital of the Company is ₹ 25 00.00 lakhs and the paid-up share capital of the Company is ₹ 16 44.75 lakhs. The Company had not issued any equity shares either with or without differential rights during the FY 2018 - 2019 and hence, the disclosure requirements under Section 43 of the Companies Act, 2013 and Rule 4 (4) of the Companies (Share Capital and Debentures) Rules, 2014 is not applicable.

### b) Debentures

The Company has not issued any debentures during the FY 2018 - 2019. As on March 31, 2019, the residual portion of secured redeemable non-convertible debentures under private placement during earlier years along with interest accrued is ₹ 6.21 lakhs. The debentures issued are secured by way of floating charge on the current assets of the Company. The non-convertible debentures of your Company is rated as "A/Stable" by CRISIL.

**Trustees for Debenture Holders:** Mr. A Gopalakrishnan, Chartered Accountant, M/s. K. Venkatachalam Aiyer & Co., Chartered Accountants, Building No. 41/3647 B, First Floor, Blue Bird Towers, Providence Road, Kochi - 682 018, is the Debenture Trustee for ensuring and protecting the interests of debenture holders.

### c) Commercial Papers

During the year under review, your Company has raised funds for its working capital requirements by way of issue of Commercial Papers and duly repaid the same on the maturity date(s). The Commercial Papers of your Company are rated “A1” by CRISIL.

### d) Fixed Deposits

Your Company is a Non - Banking Financial Company (NBFC), registered with Reserve Bank of India (RBI) having a Deposit Taking License. The Company started accepting fixed deposits during FY 2013 - 2014. The fixed deposits of the Company are rated “FA+/Stable” by CRISIL.

The outstanding amount of fixed deposits as on March 31, 2019, received by the Company including interest accrued at that date is ₹ 66 07.17 lakhs. As on March 31, 2019, there are 92 accounts of fixed deposits amounting to ₹ 1 77.34 lakhs which have become due for payment but have not been claimed by the depositors.

Being an NBFC registered with RBI, the provisions of Chapter V of the Companies Act, 2013, relating to acceptance of deposits by Companies, is not applicable to the Company.

**Communication to Deposit Holders:** The Company has the practice of sending communication by registered post to the deposit holders whose accounts are about to mature, two months prior to the date of maturity. If the deposit holders are not responding to the communication, Company contacts the depositors in person instructing them to surrender the fixed deposit certificate and claim the amount. In case, where the depositors are not traceable due to change in address/phone numbers, another regular communication is sent to the deposit holder and other modes to contact the deposit holders are also initiated till the deposits are repaid.

**Trustees for Deposit Holders:** Subject to the RBI Guidelines for trustees of deposit holders of the NBFC, your Company has appointed IDBI Trusteeship Services Limited, as trustees for protecting the interests of deposit holders.

In compliance with the Master Circular - Miscellaneous Instruction to all NBFCs dated July 01, 2014, your Company has created a floating charge on the Statutory Liquid Assets in favour of IDBI Trusteeship Services Limited, as trustee on behalf of the depositors as required under the extant provisions.

### e) Subordinated Debts

The Company has, in the current year, raised money through issue of subordinated debts. As of March 31, 2019, the total amount of outstanding subordinated debts, including accrued interest was ₹ 63 72.38 lakhs as against ₹ 65 05.99 lakhs in the previous year.

The subordinated debts and public deposits consists of 8.26% of our total funding.

### f) Bank Finance

The Company raised funds for its working capital resources mainly from banks. As on March 31, 2019, the total outstanding amount of credit facilities from Banks were ₹ 1349 04.18 lakhs as against ₹ 1149 10.26 lakhs as on March 31, 2018 excluding interest accrued.



Apart from the above, the Company has been sourcing funds through Securitization and Direct Assignment transactions. During the year under review the Company has sourced ₹ 837 34.51 lakhs (net of MRR) (previous year ₹ 439 76.23 lakhs). The same has been invested into by Banks / NBFCs / Mutual Funds and the value remaining outstanding as on March 31, 2019 was ₹ 656 84.87 lakhs (previous year ₹ 322 02.37 lakhs).

## 5. DIRECTORS

The Board of your Company consists of the following seven Directors:

Category	Name of Directors
Executive Director	Mr. Thomas George Muthoot, Managing Director
Non - Executive - Non - Independent Directors	Mr. Thomas John Muthoot, Chairman
	Mr. Thomas Muthoot
Non - Executive Independent Directors	Mr. A.P. Kurian
	Mr. R.K. Nair <sup>1</sup>
	Mrs. Radha Unni
	Mr. K M Abraham <sup>2</sup>
	Mr. Thomas Mathew <sup>3</sup>

<sup>1</sup> Resigned with effect from March 28, 2019

<sup>2</sup> Appointed as Additional Independent Director with effect from January 18, 2019

<sup>3</sup> Appointed as Additional Independent Director with effect from April 01, 2019

The composition of the Board is in line with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015. All the Directors are having vast knowledge and experience in their relevant fields and the Company had benefitted immensely by their presence in the Board. The key Board qualifications, expertise, attributes are given in details in the Report on Corporate Governance forming part of this Report.

Mr. Thomas John Muthoot, Director (DIN: 00011618) retires at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. The Board of Directors recommends the re-appointment of Mr. Thomas John Muthoot as Director of the Company. The detailed profile of Mr. Thomas John Muthoot recommended for re-appointment is enclosed with the Notice for the 25<sup>th</sup> AGM of the Company.

Mr. A.P. Kurian (DIN: 00008022) and Mrs. Radha Unni (DIN: 03242769) were appointed as the Independent Directors of the Company by the shareholders at the 20<sup>th</sup> Annual General Meeting held on September 03, 2014 for a period of five consecutive years, i.e., for a term upto September 02, 2019. Hence, Mr. A P Kurian and Mrs. Radha Unni will complete their initial term as per Companies Act, 2013 as an Independent Director of the Company on September 02, 2019. Since they are eligible, your Board recommends the re-appointment of Mr. A.P. Kurian and Mrs. Radha Unni for one more term subject to the approval of shareholders by way of special resolution. The detailed profile of Mr. A.P. Kurian and Mrs. Radha Unni, recommended for re-appointment in the ensuing AGM is enclosed with the Notice for the 25<sup>th</sup> AGM of the Company.

**a) Changes in Directors and Key Managerial Personnel (KMP) during the FY 2018 - 2019**

During the FY 2018 - 2019, Mr. K.M. Abraham (DIN: 05178826) has been appointed as the Additional Independent Director on the Board with effect from January 18, 2019. The Board of your Company recommends the regularization of appointment of Mr. K.M. Abraham in the ensuing AGM for a period of five years.

The Board also appointed Mr. Thomas Mathew (DIN: 01277149) as the Additional Independent Director of the Company at the Board meeting held on March 28, 2019. The appointment of Mr. Thomas Mathew is effective from April 01, 2019. The Board of your Company recommends the regularization of appointment of Mr. Thomas Mathew in the ensuing AGM for a period of five years.

The detailed profile of Mr. K.M. Abraham and Mr. Thomas Mathew recommended for re-appointment in the ensuing AGM is enclosed with the Notice for the 25<sup>th</sup> AGM of the Company.

During the FY 2018 - 2019, Mr. R.K. Nair, Independent Director (DIN: 00631889), has resigned from the Board with effect from March 28, 2019 due to compelling personal reasons and pre-occupation with other professional commitments. The Board places on record their appreciation for the commendable contribution made by Mr. R.K. Nair as Independent Director during his tenure in the Company. The Board took on record the confirmation from Mr. R.K. Nair that there are no material reasons for resignation other than those provided.

Mr. Ravi Oruganti, who was appointed as the Company Secretary & Compliance Officer at the Board meeting held on April 17, 2018, has resigned with effect from the closing hours of March 28, 2019, due to personal reasons.

Mr. Thomas George Muthoot, Managing Director and Mr. Vinodkumar M. Panicker, Chief Finance Officer are the KMPs of the Company, as recorded by the Board, as on March 31, 2019.

**b) Declaration by Independent Directors**

On April 01, 2019, the Company has received declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 that, they meet the criteria of independence as laid down in Section 149 (6) of the Companies Act, 2013 and subsequently the same was placed at the Board Meeting held on April 24, 2019.

A declaration by Managing Director confirming the receipt of this declaration from Independent Directors is enclosed to this Report as *Annexure 1*.

**c) Policy on Board Diversity**

The Policy on Board Diversity approved and adopted by the Company are as follows:

- (i) Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities.
- (ii) The Company shall also take into account factors based on its own business model and specific needs from time to time.
- (iii) The Nomination & Remuneration Committee shall lead the process for Board appointment and for identifying and nominating, for approval of the Board, candidates for appointment to the Board.

- (iv) The benefits of experience/knowledge in the areas relevant to the Company and diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of Directors to the Board.
- (v) Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender.

#### **d) Policy on Nomination & Remuneration**

The Company's policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178 (3) of the Companies Act, 2013 is provided on the website of the Company and can be accessed on: [https://muthootcap.com/admin/uploads/Policy\\_on\\_Nomination\\_and\\_Remuneration.pdf](https://muthootcap.com/admin/uploads/Policy_on_Nomination_and_Remuneration.pdf)

The Policy on Nomination and Remuneration sets out the criteria for determining qualifications, positive attributes and independence of Director and the norms for evaluation of the Board, its Committees and individual Directors.

#### **e) Formal Annual Evaluation of Board and its Committees**

Based on the Policy on Nomination and Remuneration, the Board has carried out an annual evaluation of its own performance, its Committees and Independent Directors, excluding the Director being evaluated.

The detailed note on the annual Board evaluation process undertaken in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, is given in the Report on Corporate Governance, which forms part of this Report.

#### **f) Meetings of the Board**

During the FY 2018 - 2019, your Board of Directors met seven times. More details about the meetings of the Board is given the Report on Corporate Governance, forming part of this Report.

#### **g) Committees of the Board**

The details of the Committees of the Board, their composition, terms of reference and the activities during the year are elaborated in the Report on Corporate Governance forming part of this Report.

### **6. SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY**

The Company has no subsidiary/joint venture/associate company and hence consolidation and the provisions relating to the same under the Companies Act, 2013 and Rules made thereunder are not applicable to the Company.

### **7. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

During the year under review, there was no change in the nature of business of the Company. The Company is mainly into the business of providing two-wheeler loans, for which, during the year under review the Company has disbursed loans to the extent of ₹ 1851 00.78 lakhs and as on March 31, 2019, the total outstanding amount (including sold portfolio) was ₹ 2339 39.44 lakhs. The Company had disbursed business/corporate loans to the extent of ₹ 225 43.50 lakhs and as on March 31, 2019, the outstanding amount is ₹ 315 88.81 lakhs. Apart from the above, the Company has ventured into the disbursement of

used car loans and disbursed an amount of ₹ 4 12.22 lakhs during the year under review. As on March 31, 2019, the total outstanding amount was ₹ 3 45.85 lakhs.

The Company had entered into pool buyout arrangement of loan receivables amounting to ₹ 54 45.73 lakhs (after deducting 5% / 10% for MRR requirement) during the year under review. The aggregate amount outstanding under loan buyout, as on March 31, 2019, was ₹ 52 06.46 lakhs.

The sourcing of two-wheeler and used car business of the Company takes place mainly at the dealer points for two wheelers and through branches of its group company, Muthoot Fincorp Limited. During the FY 2018 - 2019, the Company has also started sourcing through its mobile app which is in the nascent stage.

#### **8. 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 were no material changes and commitments affecting the financial position of the Company between the end of financial year and the date of this Report.

#### **9. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS, COURTS AND TRIBUNALS**

Your Directors confirm that there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

#### **10. RISK MANAGEMENT**

The Board oversees the enterprise wide risk management functions of the Company and a separate Risk Management Committee of the Board supervises the risk management functions. Apart from these, the Company has a separate Risk Management Department that co-ordinates and administers the risk management functions to have a 'top to down' focus on the risk management.

The Company believes that risk resilience is key to achieving higher growth. To this effect, the Company have a well-defined Risk Management Policy in place, to create and protect shareholder value, by minimizing threats or losses and identifying and maximizing opportunities to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The policy lays down broad guidelines for timely identification, assessment, and prioritization of risks affecting the Company in the short and foreseeable future. The Policy suggests framing an appropriate response for the key risks identified, so as to make sure that risks are adequately addressed or mitigated. The said policy is approved by the Board and reviewed from time to time.

The risk management framework in the Company is periodically reviewed by the Risk Management Committee of the Board. The Internal Auditors are also having a complete review of risk assessments and associated management action plans. All material risks of the Company emerging in the course of its business are identified, assessed and monitored on a regular basis.

Detailed discussion on Risk Management forms part of Management Discussion & Analysis under the section 'Risks and Concerns', which forms part of this Annual Report. At present, in the opinion of your Board of Directors, there are no material risks which may threaten the existence of the Company.



## 11. ADEQUACY OF INTERNAL AUDIT AND FINANCIAL CONTROLS

The Company has in place a stabilized and effective Internal Audit and Financial Controls system, calibrated to the risk appetite of the Company and aligned to the size, scale and complexity of the business operations of the Company. The said financial controls of the Company are evaluated by the Audit Committee as per Schedule II Part C of the SEBI (LODR) Regulations, 2015.

Apart from Statutory Audit and Concurrent Audit, your Company, in compliance with Section 138 of the Companies Act, 2013, had engaged PKF Sridhar & Santhanam LLP as the Internal Auditors of the Company for the FY 2018 - 2019. The scope and authority of the Internal Audit function is defined in the Audit Policy of the Company, duly recommended by the Audit Committee of the Board and approved and adopted by the Board of Directors. The Internal Audit function essentially validates and ensures that the Company, has in place, adequate controls, procedures and policies, ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information. The Internal Audit function provides independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the Company's internal control, risk management and governance systems and processes, thereby helping the Board and Senior Management to protect the Company and its reputation.

The Audit Committee oversees and reviews the functioning of the entire audit team and the effectiveness of internal control system at all levels and monitors the implementation of audit recommendations. During the year, such control systems were assessed and no reportable material weaknesses in the design or operations were observed. Accordingly, your Board, is of the opinion that the Company's internal financial controls were adequate and effective during FY 2018 - 2019.

## 12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility activities at Muthoot Capital Services Limited encompasses much more than social outreach programmes. Aligning with its vision, your Company has been continuing to increase value in the community in which it operates, through its services and CSR initiatives, so as to stimulate well-being for the community, in fulfillment of its role as a responsible corporate citizen. The Company has undertaken a number of enriching and enlivening activities in the areas of Health, Education, Environment and Livelihood.

The Board has constituted a Corporate Social Responsibility Committee (CSR Committee) to oversee and monitor the CSR activities of the Company. The CSR Committee of the Company has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The Company's CSR Policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The CSR Policy is available on the website of the Company at [https://muthootcap.com/admin/uploads/CSR\\_Policy-MCSL.pdf](https://muthootcap.com/admin/uploads/CSR_Policy-MCSL.pdf)

During the year, the Company spent an amount of ₹ 131.21 lakhs towards its CSR activities. The details of the CSR Policy and CSR Committee of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure 2** to this Report in the format prescribed as per the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The composition and other details of the CSR Committee and its meetings are detailed in the Report on Corporate Governance, forming part of this Report.

### 13. AUDIT & AUDITORS

#### a) Statutory Auditors

M/s. Varma & Varma, Chartered Accountants (FRN: 004532S), Sreeraghavam, Kerala Varma Tower, Bldg. No. 53/2600 B, C, D & E, Off. Kunjanbava Road, Vyttila, P.O., Kochi - 682 019 were appointed as the Statutory Auditors of the Company during the 23<sup>rd</sup> AGM held on June 06, 2017, for a period of five years.

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to the Accounts section of the Annual Report. Further, your Directors confirm that there are no qualifications, reservations or adverse remarks or disclaimers in the Independent Auditor's Report provided by Statutory Auditors for the FY 2018 - 2019.

#### b) Secretarial Auditors

The Board, at its meeting held on April 17, 2018, appointed M/s. SVJS & Associates, Company Secretaries, 65/2364A, Ponoth Road, Kaloor, Kochi, Ernakulam - 682 017 to conduct the Secretarial Audit for the year ended March 31, 2019 in compliance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit Report in form MR-3, submitted by the Secretarial Auditors for the FY 2018 - 2019 is enclosed to this report as **Annexure 3**. The Directors of your Company confirms that there are no qualifications, reservations or adverse remarks or disclaimers in Secretarial Audit Report for the period under review.

### 14. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the nature of activities, the provisions of Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy and technology absorption does not apply to your Company. The Company is, however, constantly pursuing its goal of technological upgradation in a cost-effective manner for delivering quality customer service.

### 15. WHISTLE BLOWER POLICY OR VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

Your Company, has in place, a comprehensive Whistle Blower Policy in compliance with Section 177 (9) & 177 (10) of the Companies Act, 2013 and as per Regulation 4 (2) (d) (iv) & 34 (3) read with Para 10 of Part C of Schedule V of the SEBI (LODR) Regulations, 2015.

A brief note on the highlights of the Whistle Blower Policy and compliance with the same is also provided in the Report on Corporate Governance, which forms part of this Report.

### 16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or provided any guarantee or made any investments pursuant to Section 186 of the Companies Act, 2013, during the period under review.

### 17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Directors confirm that all contracts/arrangements/transactions entered into by the Company during the FY 2018 - 2019 with related parties were in compliance with the provisions of the Companies Act, 2013 and

SEBI (LODR) Regulations, 2015. The Company had obtained prior approval of the Audit Committee for all the related party transactions during the FY 2018 - 2019 as envisaged in Regulation 23 (2) of the SEBI (LODR) Regulations, 2015. Further, the Audit Committee had given prior omnibus approval under Regulation 23 (3) of the SEBI (LODR) Regulations, 2015, for related party transactions that are foreseen and of repetitive nature during the period under review and the required disclosures are made to the Committee on quarterly basis against the approval of the Committee.

In addition to the above, the Company had obtained the approval of the shareholders for related party transactions with Muthoot Microfin Limited, Muthoot Fincorp Limited and Muthoot Bankers at the AGMs held on August 21, 2015, June 06, 2017 and June 14, 2018 respectively for a period of five years even though the said transactions were not material in nature.

All related party transactions that were entered into during the financial year ended March 31, 2019 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted.

Also, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, or other designated persons which may have a potential conflict with the interest of the Company at large. Thus, disclosures as per Form AOC-2 under Section 134 (3) (h) of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 is not required. However, the disclosure of transactions with related party for the year, as per Accounting Standard-18 Related Party Disclosures is given in Notes to the Accounts section of the Annual Report.

The Company has in place, a Board approved Related Party Transaction Policy, which is available on the website of the Company at <https://muthootcap.com/admin/uploads/RPT-Policy-MCSL.pdf>

## 18. PARTICULARS OF EMPLOYEES

Disclosures relating to remuneration of Directors under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed to this Report as *Annexure 4*.

The information, as required to be provided in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed to this Report as *Annexure 5*.

## 19. LISTING

Equity shares of your Company is listed on BSE Limited since April 24, 1995 and on National Stock Exchange of India Limited since August 24, 2015. Your Company has paid the required listing fees to both the Stock Exchanges for the FY 2019 - 2020.

## 20. CORPORATE GOVERNANCE REPORT

Your Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 27 read with Part E of Schedule II and Schedule V of the SEBI (LODR) Regulations, 2015 on Corporate Governance. The detailed Report on Corporate Governance along with certificate on Corporate Governance from the Statutory Auditors forms part of this Report.

## 21. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review is included as a separate section and forms part of this Report.

## 22. FAIR PRACTICE CODE (FPC)

The Company, has in place, a Fair Practice Code approved by the Board on April 02, 2012, in compliance with the guidelines issued by the RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is available on the website of the Company at: [https://muthootcap.com/admin/uploads/Fair\\_Practice\\_Code-MCSL.pdf](https://muthootcap.com/admin/uploads/Fair_Practice_Code-MCSL.pdf)

The FPC is also reviewed by the Board at frequent intervals to ensure its level of adequacy and appropriateness.

## 23. CUSTOMER GRIEVANCE

The Company has a dedicated Customer Grievance Redressal Cell for receiving and handling customer complaints/grievances and ensuring that the customers are treated fairly and without bias at all times. All issues raised by the customers are dealt with courtesy and redressed expeditiously.

## 24. EXTRACT OF ANNUAL RETURN

The extract of the annual return in form MGT-9 is placed on the website of the Company and can be accessed at: [https://muthootcap.com/admin/uploads/MGT-9\\_31.03.2019.pdf](https://muthootcap.com/admin/uploads/MGT-9_31.03.2019.pdf)

## 25. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, your Directors state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) we had prepared the annual accounts on a going concern basis;
- e) we 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
- f) we had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 26. ACKNOWLEDGEMENTS

Your Directors wishes to place on record their appreciation and sincerely acknowledge the contribution and support from shareholders, customers, depositors, debenture holders, Central and State Governments, Bankers, Reserve Bank of India, Registrar of Companies, Kerala and Lakshadweep, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Registrar & Share Transfer Agents, Credit Rating Agencies and other Statutory and Regulatory Authorities for the kind co-operation and assistance provided to us.

Your Directors also extend their special appreciation to each Muthootians for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance and every well-wisher for their continued commitment, dedication and co-operation.

**For and on behalf of the Board of Directors**

Sd/-

**THOMAS JOHN MUTHOOT**

**Chairman**

**DIN: 00011618**

**Kochi**

**April 24, 2019**



## ANNEXURE 1

### DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

I hereby confirm that the Company has received from all the Independent Directors namely Mr. A.P Kurian, Mrs. Radha Unni, Mr. K.M. Abraham and Mr. Thomas Mathew, a certificate stating their Independence as required under Section 149 (6) of the Companies Act, 2013.

Sd/-

THOMAS GEORGE MUTHOOT

Managing Director

DIN: 00011552

Kochi

April 24, 2019

## ANNEXURE 2

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

#### 1. Brief Outline of the Company's CSR Policy

The CSR Policy of the Company reflects the Company's philosophy on its social commitment and mission which is designed to portray its obligation 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. The Policy applies to all CSR initiatives and activities taken up at the various work centers and locations of the Company, for the benefit of various segments of the society, with the emphasis on the under privileged.

Each CSR activity/project of the Company is undertaken/executed either directly by the Company or channelized through implementing agencies. During the FY 2018 - 2019, the emphasis of CSR activities of the Company was given for providing timely and effective medical service or support or relief to the needy. More focus was given to extent support in case of critical illness that will have an effect of damaging the entire family as a unit. The CSR efforts of the Company is also facilitated through Muthoot Pappachan Foundation, which are bound by the theme - **"HEEL: Health; Education; Environment and Livelihood"**

The CSR Policy of the Company, as approved and adopted by the Board, is available on the website of the Company at [https://muthootcap.com/admin/uploads/CSR\\_Policy-MCSL.pdf](https://muthootcap.com/admin/uploads/CSR_Policy-MCSL.pdf).

#### 2. The Composition of the CSR Committee

Name	Designation	Position in the Committee
Mr. Thomas Muthoot	Director	Chairman
Mr. R.K. Nair <sup>1</sup>	Independent Director	Member
Ms. Radha Unni	Independent Director	Member
Mr. K.M. Abraham <sup>2</sup>	Independent Director	Member
Mr. Thomas Mathew <sup>3</sup>	Independent Director	Member

<sup>1</sup> Resigned with effect from March 28, 2019

<sup>2</sup> Appointed as Additional Independent Director with effect from January 18, 2019

<sup>3</sup> Appointed as Additional Independent Director with effect from April 01, 2019

(₹ in Lakhs)

<b>3. Average net profit of the Company for the last three financial years</b>	<b>54 69.89</b>
<b>4. Prescribed CSR Expenditure (2% of the above)</b>	<b>1 10.00</b>
Approved Budget for the FY 2018 - 2019	1 10.00
Amount bought forward from FY 2017 - 2018 including cash with Implementing Agency	58.87
Add: Round up	0.13
<b>Total amount available for the CSR activities for the FY 2018 - 2019</b>	<b>1 69.00</b>
<b>5. Details of CSR spend for the FY 2018 - 2019</b>	
a) Total amount spent for the FY 2018 - 2019	1 31.21
b) Amount unspent during the FY 2018 - 2019	37.79

c) Manner in which the amount spent:

(₹ in Lakhs)

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (FY 2018 - 2019)	Amount spent on the projects or Programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: a) Direct or b) through implementing agency
1.	Expenses for Aashiana Rehab Centre	Setting up of homes and old age homes	Ernakulam, Kerala	35.00	18.96	40.74	Direct/Through implementing agency
2.	MOU with Lissie Hospital	Promoting health care including preventive health care	Ernakulam, Kerala	55.00	22.65	42.59	Direct
3.	Medical Support	Promoting health care including preventive health care	Kerala and Tamil Nadu	25.00	22.65	33.89	Direct
4.	Educational Support	Promotion of Education	Kerala, Karnataka and Telangana	10.00	9.12	10.55 <sup>1</sup>	Direct/Through implementing agency
5.	Other Projects <sup>2</sup>	--	Kerala	44.00	57.83 <sup>3</sup>	60.03 <sup>4</sup>	Direct
6.	Magic Bus - Training to children	Promotion of Education	Ernakulam, Kerala	--	--	42.30 <sup>5</sup>	Through implementing agency
<b>Total</b>				<b>169.00</b>	<b>131.21</b>	<b>230.10</b>	

<sup>1</sup> Cumulative expenditure for education support includes ₹ 1.43 lakhs spent during the FY 2017 - 2018.

<sup>2</sup> Other projects includes:

- a) Renovation of “Snehakoodu” Boys Home, Aluva through Guardians of Dreams - a Non-Profit Organization;
- b) Renovation of houses for underprivileged families;
- c) Rescue, relief and rehabilitation activities during the floods in Kerala;
- d) Project VENDA, an initiative by Fourth Wave Foundation - a Non-Profit Organization, to contain and manage the issue of substance abuse among children and teenagers by helping them to say “NO” (VENDA) to drugs;
- e) distribution of sewing machine to the flood affected families working as tailors.

<sup>3</sup> The Company has utilized an amount of ₹ 13.83 lakhs in addition to the approved budget of ₹ 44.00 lakhs for other projects. This has been taken from the balance unutilized in the other approved projects.

<sup>4</sup> Cumulative expenditure for other projects includes ₹ 2.20 lakhs spent during the FY 2017 - 2018.

<sup>5</sup> The Company has spent ₹ 42.30 lakhs towards the program “Magic Bus” during the FY 2015 - 2016.

Implementing Agency: Muthoot Pappachan Foundation (MPF), Muthoot Centre, Punnen Road, Trivandrum - 695 034

6. **Reasons for not spending the prescribed 2% amount:** As recommended by the CSR Committee, the Board of Directors of the Company has decided to make payment for various approved projects only on being satisfied that the project objectives are achieved. In certain cases where the desired objectives were not achieved and in cases where cases with the desired criteria is not identified, the payment has not been made. In view of the same, out of the total budget of ₹ 169.00 lakhs (including ₹ 58.87 lakhs brought forward from the previous year) the Company had spent ₹ 131.21 lakhs only and the balance amount of ₹ 37.79 lakhs has been carried forward to the FY 2019 - 2020 in addition to the mandatory limit of 2%. The Company is looking for new avenues to implement its CSR programs with the sole intention of benefiting maximum households/families across the spectrum thereby meeting the wider economic, social and ecological objectives.

### Declaration

The implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company.

Sd/-

**THOMAS GEORGE MUTHOOT**  
Managing Director  
DIN: 00011552

Sd/-

**THOMAS MUTHOOT**  
Chairman, CSR Committee  
DIN: 00082099

## ANNEXURE 3

**Form No. MR - 3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To,  
The Members,  
Muthoot Capital Services Limited,  
3<sup>rd</sup> Floor, Muthoot Towers,  
M.G Road, Kochi,  
Kerala - 682035

We, SVJS & Associates, Company Secretaries, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Muthoot Capital Services Limited [CIN: L67120KL1994PLC007726]** (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

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

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

- (i) The Companies Act, 2013 (the Act) as amended and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
  - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- e. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- f. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (v) As informed to us, the following Regulations and Guidelines prescribed under the Reserve Bank of India Act, 1934 applicable to Non-Banking Financial Companies (Deposit Taking) are specifically applicable to the Company:
  - a. Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016;
  - b. Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
  - c. Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
  - d. Guidelines for investment in unencumbered approved securities;
  - e. Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
  - f. Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
  - g. Guidelines for Asset Liability Management (ALM) system in Non-Banking Financial Companies;
  - h. Frauds- Future Approach towards monitoring of Frauds in Non-Banking Financial Companies and Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
  - i. Know Your Customer (KYC) Guidelines- Anti Money Laundering Standards and Know Your Customer (KYC) Direction, 2016;
  - j. Fair Practices Code;
  - k. Non-Banking Financial Companies Corporate Governance (Reserve Bank) Directions, 2015;
  - l. Regulation of excessive interest charged by NBFCs;
  - m. Miscellaneous Instructions to all Non-Banking Financial Companies;
  - n. Revised Regulatory Framework for NBFC;
  - o. Reserve Bank Commercial Paper Directions, 2012
  - p. Guidelines for issue of Commercial Paper.

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited.

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



**We report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

**We further report that** the Company during the reporting period:

- a) Has redeemed 588 Non-Convertible Debentures having face value of Rs. 1,000/- aggregating to Rs. 5,88,000/-.

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

- (i) Public/ Right/ Preferential issue of shares/ debentures/ sweat equity;
- (ii) Redemption/buy-back of securities;
- (iii) Merger/amalgamation/reconstruction, etc.;
- (iv) Foreign technical collaborations.

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

**For SVJS & Associates  
Company Secretaries**

Sd/-

**P. SIVAKUMAR**

**Partner**

**Membership No. 3050**

**CP. No. 2210**

**Kochi**

**24.04.2019**

## Annexure A

To,  
The Members,  
Muthoot Capital Services Limited,  
3<sup>rd</sup> Floor, Muthoot Towers,  
M.G Road, Kochi,  
Kerala - 682035

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

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after March 31, 2019 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/ professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

**For SVJS & Associates  
Company Secretaries**

**Sd/-**

**P. SIVAKUMAR**

**Partner**

**Membership No. 3050**

**CP. No. 2210**

**Kochi  
24.04.2019**

## ANNEXURE 4

**Statement of Disclosure of Remuneration under Section 197 (12) of Companies Act, 2013 read with Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) **The ratio of remuneration of Managing Director to the median remuneration of the employees of the Company for the FY 2018 - 2019:** 115:1
- (ii) **The percentage of increase in remuneration of Managing Director, Chief Executive Officer, Chief Finance Officer and Company Secretary during the FY 2018 - 2019:**

Sl. No.	Name of Director/ KMP	Designation	Remuneration during the FY 2018 - 2019 (₹ in Lakhs)	% increase in Remuneration during the FY 2018 - 2019
1.	Mr. Thomas George Muthoot	Managing Director	190.44	2.90%
2.	Mr. Vinodkumar M. Panicker	Chief Finance Officer	87.31	8.47%
3.	Mr. Ravi Oruganti <sup>1</sup>	Company Secretary & Compliance Officer	12.46	--

<sup>1</sup> Mr. Ravi Oruganti was appointed as the Company Secretary & Compliance Officer at the Board meeting held on April 17, 2018 and resigned w.e.f. March 28, 2019.

- (iii) **The percentage increase in the median remuneration of the employees in the FY 2018 - 2019:** There has been an increase of 12.61% in the median remuneration of the employees of the Company in FY 2018 - 2019 as compared to FY 2017 - 2018.
- (iv) **The number of permanent employees on the rolls of the Company as on March 31, 2019:** There were 1864 permanent employees on the rolls of the Company.
- (v) **Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average increase in the remuneration of employees other than KMPs during FY 2018 - 2019 was 19.34% and the average increase in the remuneration of KMPs was 2.5%.

**Justification for Increase:** The increase is in line with the industry's standards and the Company's performance.

- (vi) **Affirmation:** It is hereby affirmed that the remuneration paid to KMPs and other employees are as per the Policy on Nomination and Remuneration of the Company.

**For and on behalf of the Board of Directors**

Sd/-

**THOMAS JOHN MUTHOOT**  
Chairman  
DIN: 00011618

Kochi  
April 24, 2019

Statement of particulars under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2019

Name of Employee	Mr. Thomas George Muthoot	Mr. Vinodkumar M. Panicker	Mr. Madhu Alexiouse	Mr. R. Balakrishnan	Mr. Bimal Singh Rawat
Designation	Managing Director	Chief Finance Officer	Chief Operating Officer	Executive Vice President	GM - North
Nature of employment	On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)	56	53	47	54	48
Qualification	B. Com	B. Com, ACA	MBA	MSc. Maths, PGDM	Diploma in Mechanical Engineering, MBA
Experience (in years)	35	30	23	27	26
Date of commencement of employment	12.07.2016	16.12.2013	01.02.2017	01.08.2008	07.07.2015
Gross Remuneration (in lakhs)	190.44	87.31	70.44	59.88	54.14
% of Shareholding in the Company	19.038%	0.006%	--	0.0006%	--
Last employment	--	Outlook Publishing (I) Pvt. Ltd.	IIFL	TVS Finance and Services Ltd.	Saudi Finance
Relationship with any Director	Brother of Mr. Thomas John Muthoot and Mr. Thomas Muthoot	Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors
Name of Employee	Mr. Bijesh K.	Mr. Vijayan T.	Dr. Gopalakrishnan J. Prakash	Mr. Manish Dhar	Mr. Sandeep Vellarikkat
Designation	VP - Collections	VP - IT & Operations	Head - HR	AVP - Sales	Head - Credit & Risk, Product
Nature of employment	On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)	43	45	41	49	37
Qualification	BSc. Maths, MBA	B. Com, DCA	PhD in Organization Behavior	PGDBA	MBA
Experience (in years)	20	19	18	18	15
Date of commencement of employment	07.07.2014	01.09.2008	22.06.2017	01.12.2015	03.07.2017
Gross Remuneration (in lakhs)	27.90	22.41	19.65	18.34	18.26
% of Shareholding in the Company	--	--	--	--	--
Last employment	Origon Consultants Private Ltd	TVS Finance and Services Ltd	Consultant	Ample Technologies	L & T Finance
Relationship with any Director	Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors	Not related to any Directors

**Note:** None of the employees of the Company are covered under Rule 5 (2) (i) and 5 (2) (ii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## 1. OVERVIEW

The Management Discussion and Analysis Report (MDA) is an integral part of the Company's Annual Report to the Shareholders, in which the management provides an overview of the previous year's operations and how the Company performed financially. The purpose of the MDA is to provide a narrative explanation, through the eyes of the management, of how the Company has fared in the past, its financial condition, and its future prospects. MDA represents the thoughts and opinions of the management and provides a forecast of future operations. It also contains the discussions on forthcoming year by outlining future goals and approaches to new projects which may involve risks and uncertainties, including but not limited to the risk inherent to the Company's growth strategy, change in regulatory norms, economic conditions and other incidental and business factors. Actual results could differ materially from those expressed or implied.

## 2. GLOBAL ECONOMIC OVERVIEW

While the prospects for global growth were extremely positive at the same time last year, it appears that moderating activity and heightened risks are clouding global economic prospects. International trade and investments have softened, trade tensions remain elevated, and some large emerging market and developing economies (EMDEs) have experienced substantial financial market pressures. Trade disputes could escalate or become more widespread, denting activity in the involved economies, leading to negative global spill overs. An immediate priority for EMDE policymakers is to brace for possible bouts of financial market stress, rebuild macroeconomic policy buffers as appropriate, and tackle adverse debt dynamics, all while sustaining historically low inflation. In the longer run, the need to foster more robust potential growth by boosting human capital, removing barriers to investment, and promoting trade integration.

Despite ongoing negotiations, trade tensions among major economies remain elevated, which coupled with concerns about softening global growth prospects, have affected investor sentiment and led to a decline in global equity prices. Borrowing costs for EMDEs have increased. A strengthening U.S. dollar, heightened financial market volatility, and rising risk premiums have intensified capital outflow and currency pressures in some large EMDEs, with some vulnerable countries experiencing substantial financial stress. While growth in advanced economies is estimated to have slightly decelerated to 2.2% last year, EMDE growth edged down to an estimated 4.2% in 2018 - 0.3% point slower than previously projected - as a number of countries with elevated current account deficits experienced substantial financial market pressures and appreciable slowdowns in activity.

Central banks in many EMDEs have tightened policy to varying degrees to confront currency and inflation pressures. In all, global growth is projected to moderate from a downwardly revised 3% in 2018 to 2.9% in 2019 and 2.8% in 2020-21. Softening global trade and tighter financing conditions will result in a more challenging external environment for EMDE economic activity. EMDE growth is projected to plateau at an average of 4.6% in 2020-21. Amid a projected deceleration in potential growth, EMDEs face the pressing challenge of ensuring sustained improvements in living standards. This will require investments in human capital and skills development to raise productivity and take full advantage of technological changes.

Unemployment rates have continued to decline, and for many countries are below levels seen prior to the global financial crisis.



**Global Trade:** Global trade slowed more rapidly than expected, alongside dampened industrial activity. Trade policy uncertainty remains elevated, reducing global investment and trade. Borrowing costs have generally tightened in developing markets following a broad-based appreciation of the U.S. dollar, spells of investor risk aversion, and increased focus on country-specific vulnerabilities. External financing conditions are expected to continue deteriorating in 2019, as monetary policy accommodation in advanced economies is unwound. Global goods trade and industrial activity decelerated in 2018 amid trade tensions between major economies like US and China.

**Financial Markets and Foreign Currency:** Divergent monetary policy among major economies also contributed to a significant appreciation of the U.S. dollar in 2018. This, together with increased investor risk aversion and renewed attention to external vulnerabilities, contributed to significant capital outflows in many EMDEs. Since the U.S. dollar started strengthening in April 2018, EMDE currencies fell by an average of about 10% - the most significant episode of sustained depreciation since early 2016. EMDE sovereign credit ratings have continued to deteriorate, with some falling below investment grade, reflecting concerns about rising debt and deteriorating growth prospects. Yields on EMDE debt issued in international bond markets rose by 140 basis points in 2018 - the third largest increase over the last two decades. Demand for cross-border bank loans has also weakened, with the appreciation of the U.S. dollar putting upward pressure on dollar funding costs.

**Simultaneous Slowdown in US and China:** The probability of a U.S. recession in the short term is still low, but has increased, and corporate debt vulnerabilities are growing. Private debt in China exceeds levels that gave rise to significant adjustments in other EMDEs in the past. A simultaneous sharp slowdown in both the United States and China could bring the global economy closer to a global recession.

### 3. INDIAN ECONOMY

South Asia remains the world's fastest growing region. Growth in the region is projected to accelerate to 7.1% by December 2019 from 6.9% in the previous year. Over the medium term, robust domestic demand will be a significant driver of growth, which is expected to average 7.1%. Private consumption spiked in 2018 while investment remained stable. Growth in South Asia accelerated to an estimated 6.9% in 2018 from 6.2% in the previous year.

According to the World Bank Report on Global Economic Prospects, India's growth accelerated to an estimated 7.3% in FY 2018 - 2019 and GDP is forecast to grow 7.5% after 2019. However, strong domestic demand is envisioned to widen the current account deficit to 2.6% of GDP next year. Inflation is projected to rise somewhat above the midpoint of the Reserve Bank of India's target range of 2 to 6%, mainly owing to energy and food prices.

Domestic vulnerabilities are being exacerbated by fiscal slippages and rising inflation, escalation in political uncertainty, and the possibility of delays in the needed structural reforms to address weaknesses in balance sheets of banks and non-financial corporates. Key external risks include a further deterioration in current accounts and a faster-than-expected tightening of global financing conditions.

Aside from fiscal uncertainties, the political uncertainty is intensified by the upcoming general election cycle. Non-performing assets (NPAs) are still high despite recent measures taken to improve the recognition of these assets and address collection against them. Especially, public sector banks in India, which represent roughly 70% of the banking sector assets, still report low profitability and high NPAs.

Consumer price index (CPI) based inflation hit a nineteen-month low of 1.57% in January 2019 against 2.17% in December 2018, as food prices continued to slide. The wholesale price index (WPI) data showed

that wholesale price inflation decelerated to an eight-month low of 3.8% in December 2018 from 4.64% the month before, on the back of softening inflation for fuel as well as manufactured items. In its February 2019 meeting, the Reserve Bank of India lowered its inflation forecasts to 2.8% for January-March 2019, mentioning a deflation in food items and a sharp fall in fuel inflation.

India's rating remained unchanged, but with a stable outlook.

The Reserve Bank in its most recent Monetary Policy meeting, lowered the benchmark interest rate by 0.25% for the second time in a row, the last cut being in February 2019 with a need to spur private investment. India's forex reserves had touched a record high of \$ 426.028 billion in April 2018 and fell sharply to less than of \$ 392.785 billion in November 2018. It has further picked up to over \$ 410 billion in April 2019.

The year gone by has been a significant year, for the country witnessed unprecedented events in the economic and judicial space.

**Landmark Judgment:** After many years of propagating the importance of the Aadhaar, the Apex Court made a landmark judgment in September 2018 that private entities cannot insist on Aadhaar for KYC verification. The verdict has had a major adverse impact on payment banks and financial technology (fintech) players, including e-wallets, online loan givers, online brokerage houses, and peer-to-peer lending platforms. Non-Aadhaar based KYC has also shot up the cost of acquiring new customers for these companies.

**Rising NPAs and Credit Crunch:** Another incident that shook the markets, particularly in the financial services sector, was the IL & FS crisis. With one default and fears of further defaults, from IL & FS and other entities, the lender confidence in financial services sector was utterly shattered. Banks which were already reeling under the pressure of high-profile frauds, were imposed with Prompt Corrective Action (PCA) norms and with a modified guideline for arriving at risk weightage and in several cases a ban on any further disbursements. The commercial paper market had dried up, interest rates started reversing and moving upwards and borrowers started looking for alternative sources of raising funds aside from just mutual funds and banks. Large NBFCs with strong promoter background, vast retail capabilities and those that satisfy priority sector lending norms were able to stand their ground and raise funds. But many of the others in the mid-segment and smaller entities all were made to wait continuously for fresh sanctions / disbursements from the lenders.

Aside from the above, the outcome in the elections, could trigger a knee-jerk reaction in the markets. The long-term trajectory, however, is not likely to be impacted whatever the outcome is.

#### 4. OUTLOOK OF THE INDUSTRY

Non-Banking Finance Companies (NBFCs) are an integral part of the Indian financial system. Their importance has only grown over the years, with their innovative products, intelligent credit checks, quick turn-around times and ability to reach the last mile customer, who generally do not have banking habits.

The self-employed in the Indian sub-continent and neighboring states, which account for about 80% of informally employed, have limited access to financial resources that could finance growth - or productivity - enhancing investment. Greater access to credit for the self - employed and household enterprises could help them grow into formality. This in itself is promising for financial services in India.

The NBFC sector faced a hiccup in the last six months, which put a halt to a 5-year growing streak for NBFCs. Interest rates had spiked, growth and margins had seen some strain and asset-liability mismatch has been the point widely discussed. The opportunity for NBFCs however exists in the fact that retail credit penetration in India remains low with roughly only 20% of the population having access to banking credit.

NBFCs have about 50% of the market share in servicing products such as gold loan, microfinance, small business loans, vehicle and consumer durable financing.

Finance penetration for two-wheelers rose 50% in FY 2018 compared with 30% in FY 2014. NBFCs have proved their mettle here with their rapid processing times and efficient collection system. NBFCs that have relied less on bonds and those that have a diversified borrowing base through securitization and retail and having a strong promoter backing have been able to tide over the asset liability mismatch issue.

The two-wheeler industry, which had been growing at unprecedented rates, faced multiple challenges in the year gone by. The main factors were high commodity prices during the year which prompted companies to hike vehicle prices which impacted demand. Further issues like compulsory 5-year insurance, liquidity crunch in the economy leading to similar situation at finance companies, a rather subdued economy, all impacted sales.

According to Society of Indian Automobile Manufacturers, the two-wheeler industry is expected to grow at 5-7% in FY 2019 - 2020. It has grown by about 5% in FY 2018 - 2019, from 2.02 crore units to 2.12 crore units, as against a growth of 15% in FY 2017 - 2018 and a similar expectation for the FY 2018 - 2019. However, motorcycles have overtaken scooters, particularly in the rural market where there has been an increased demand for sub-125cc motorcycles.

## 5. OUTLOOK OF THE COMPANY

The southern state of Kerala, where the Company has an exposure of about 40%, witnessed one of the worst natural calamity in the last 100 years. While the floods caused a temporary displacement, the Company's presence in other states, strong under-writing capabilities and effectual collection team has brought the Company's delinquency levels to almost the pre-flood numbers. While the collection efforts at additional costs brought the delinquency levels lower, on the sales front there was a slight dampening as a result of which the Company could not reach the levels that it had reached in the previous years immediately after the festive season in August, both of which impacted profitability.

The Company had deepened its presence in various markets such as the Southern and Northern market where it had a presence already and expanded to other markets in Eastern and Western India. Towards the end of the financial year, the Company has also entered into newer markets such as Assam and Andaman. The Company continues to leverage its pan-India presence through its group company, Muthoot Fincorp Limited, for sourcing and collection and has also expanded to other channels of sourcing such as app-based sourcing and franchisee model. The Company has already piloted its Used Car product in Kerala and is planning to aggressively expand the product into various locations in South and West India and is exploring entering into other asset-financing products for its own customers and customers of group companies, in the current year. The Company has a healthy mix of a corporate loan book, which has also contributed to the overall profitability of the Company.

On the process front, the Company has been adopting the use of technology to streamline the sanction and disbursement process. The Company has successfully launched its customer app - MPower.

## 6. OPPORTUNITIES AND THREATS

Easy availability of funding combined with rising LTVs has been a key driver of two-wheeler volume and finance growth in the past five years.

First, with the proposed introduction of BS-VI norms in the next year and compliance thereof, automotive manufacturers will require higher investment in technology to upgrade vehicles in stock and making new

vehicles. This will also mean fewer launches till the deadline. Since the cost of manufacturing BS-VI compliant vehicles will increase, the additional costs will get passed on to the buyers. Fuel costs are also expected to rise since BS-VI compliant fuel will be of a higher grade. In the recent past, two-wheelers had already become dearer after the ruling of the Apex Court directing all insurance companies to provide a five-year third-party liability insurance policy front loaded into the cost at the time of purchase of the two-wheeler.

Also, increased costs and changes in models, such as when combined breaking system and anti-lock-breaking system was introduced, has increased costs by ₹ 5000 to ₹ 25000 across models. The sudden increase in the initial cost has deterred and will continue to deter a few purchases, as the two-wheeler buyer segment is fairly price-conscious.

The opportunity, however, lies in the fact that the buyers with the limited resources at their disposal, would require to borrow for purchase of the 2-Wheeler as this purchase, being a necessity cannot be kept pending for long. This would lead to substantial demand for 2-Wheeler loans, which would lead to increased loan book growth over a period of time. Optimistically speaking, deferring the purchase by the potential buyers is temporary in nature and would get corrected over a period of time.

Further, the last year witnessed a lack of confidence in the NBFC debt market, as a result of which banks and mutual funds were unwilling to lend to NBFCs. A regulatory imposition or another unfavourable market sentiment against NBFCs could pose a threat to raising funds in a cost-effective manner.

Towards the end of the fourth quarter, financial services entities have resumed lending and providing enhancements against existing sanctions. NBFCs being the last mile financier for the customer, can expand in a robust fashion if funds are made available at their disposal. We hope that this trend will continue in the coming quarters.

## 7. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Company's business activity primarily falls within a single segment, which is financing activities. Hence, there are no additional disclosures required under "Accounting Standard - 17 Segment Reporting".

The Company operates primarily in India; hence there is no other significant geographical segment that requires disclosure.

## 8. RISKS AND CONCERNS

The Company performs a thorough due diligence of the background of the potential customer in order to mitigate risks of fraud and default. This includes credit checks, tele-verification and field investigation. The Company is in the process of developing score-based models to determine eligibility for loan sanctions to reduce these risks.

About 70% of the Company's disbursements are concentrated in south India. In order to mitigate this geographical concentration risk, the Company has been diversifying into other geographies in the north, west and east. The Company has also forayed into used-car financing aside from two-wheeler financing. At the same time, the Company has a wholesale loan book, wherein the Company lends to other NBFCs engaged in SME lending, three-wheeler, personal loan, microfinance and CV financing, which reduces the product concentration risk.

A change in regulatory environment can also adversely affect the Company's operations. The legal and compliance team, together with external legal counsels, keep a track of applicable laws and regulations, so that changes are administered appropriately and any necessary action is promptly taken.

In order to mitigate risks on the information technology front, the Company has placed a clear thrust on systems safety and digitisation. While the digitisation makes the life easier for employees and the customer, enabling transactions on their mobile itself, the Company has security devices like firewall and systems to monitor internet traffic, and to detect and stop threats from the internet.

The Company's operations are managed by its employees. Engaged employees work harder, are often willing to take on extra responsibilities and are a positive influence on other employees. Employee morale is boosted when employees feel that they are valued by their superiors. Trust amongst colleagues is also hugely important to morale. The Company strives to encourage team work and collaboration to build trust and ensure that employee productivity is optimum.

## 9. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Effective internal control reduces the risk of asset loss, helps to ensure that information is complete and accurate, financial statements are reliable and reported accurately in a timely manner, and operations are conducted in accordance with the provisions of applicable laws and regulations.

The Company has an in-house concurrent audit team, which is also assisted by an out sourced concurrent audit team. The Company's concurrent audit team performs a systematic examination of all financial transactions/operations/security on a continuous basis to ensure accuracy, authenticity, and due adherence with the statutory compliances as well as the internal systems, procedures and guidelines of the organization issued from time to time. Any deviations are reported to the Management.

The concurrent audit report is reviewed by the Internal Auditors, M/s. PKF Sridhar & Santhanam LLP, a reputed firm of practicing Chartered Accountants. Internal Auditors review systems and operations of the Company and ensure that the Company is functioning in accordance with all the applicable statutes. Any internal control weaknesses, non-compliance with statutes and suggestions for improvements in existing practices are reported by the Internal Auditors.

The Internal Audit Report is reviewed by Statutory Auditors while performing audit functions to confirm that there are no transactions conflicting with the interests of the Company and regulatory stipulations. The Audit Committee reviews the Internal Audit Report and the quarterly Compliance Report placed before the Committee and ensures that observations pointed out in these reports are addressed in a timely and structured manner by the Management. The Audit Committee reviews an Action Taken Report (ATR) which states the points needing correction and the action taken on the same.

## 10. FINANCIAL PERFORMANCE

The Company's Assets Under Management (AUM) primarily comprise vehicle loans, of which two-wheelers constitute the major portion. The Company also has a wholesale loan book.

AUM as on March 31, 2019 was ₹ 2741 05 lakhs (including securitized loan of ₹ 656 85 lakhs), as against, ₹ 2238 02 lakhs (including securitized loan of ₹ 322 02 lakhs) at the end of the previous year. The disbursements for the year ended March 31, 2019 was ₹ 2135 04 lakhs as against ₹ 1969 69 lakhs for the year ended March 31, 2018.

The Company's income comprises of both income from vehicle financing and corporate loans. The Company has earned an income of ₹ 535 27 lakhs in the current year, compared to ₹ 398 09 lakhs the previous year. Expenses comprise of various components of which finance costs constitute the major portion, totalling ₹ 161 51 lakhs, followed by employee costs of ₹ 77 82 lakhs, other expenses of ₹ 118 85 lakhs and depreciation and amortization of ₹ 1 04 lakhs.

Financial Snapshot	Year ended (₹ in lakhs)		% Growth	Reason for variance
	March 31, 2019	March 31, 2018		
Disbursement (all Loans) [1]	2135 04	1969 69	8.4%	Disbursement during the year has been subdued due to general market conditions and low demand in the 3 <sup>rd</sup> and 4 <sup>th</sup> quarter.
AUM at the end of the period (own-book) [2]	2084 20	1916 00	8.8%	The securitised portfolio as on March 31, 2019 was ₹ 656 85 lakhs as against ₹ 322 02 lakhs at the end of the previous year; including the securitised portfolio the overall book is ₹ 2741 05, which indicates a growth of 22.5 % in the overall loan book. If not, for the relatively subdued disbursements in the last three quarters, the loan book would have been significantly higher.
Average AUM (own-book excluding interest accrued) [3]	2042 64	1479 64	38.0%	Based on the growth in disbursements
Total Debt [4]	1558 01	1444 53	7.9%	
Net worth [5]	459 57	382 61	20.9%	
Total Interest and Fee Income [6]	535 27	398 09	34.5%	Higher Income on account of disbursements with optimum rate of interest and processing fee.
Finance Expenses [7]	161 51	122 83	31.5%	This year's overall finance expenses have been impacted on account of overall increase in the interest costs in the market, higher processing fee charged on both renewals and fresh sanctions and also on account of higher value of securitisation transactions done.
<b>Net Interest Income (NII) [8] = [7]-[6]</b>	<b>373 76</b>	<b>275 26</b>	<b>35.8%</b>	
Operating Expenses [9]	197 70	159 21	24.2%	The Operating expenses have gone up on account of: 1. Higher employee costs on account of higher number of employees 2. Increased cost of collection on account of higher amount collected through collection agencies and additional effort put on collection post floods in Kerala. 3. The Company embarked on a large media campaign on which it had made a reasonably large outlay. 4. Other general increase in expenses basis the increased operations.



Loan Loss & Provisions [10]	48 82	33 59	45.3%	A larger number of vehicles was repossessed and sold during the year and the loss on the same was charged off to the P&L Account. Additionally, the Company has made an additional provision of ₹ 14 09 lakhs for NPA beyond the regulatory requirement. The Company also wrote off ₹ 7 76 lakhs.
Profit Before Tax [11]	127 24	82 46	54.3%	
Profit After Tax [12]	82 42	53 68	54.4%	
<b>Ratios</b>				
Total OPEX to NII [13] = [9] / [8]	52.9%	57.8%		Growth in Income at lower interest cost lead to a lower OPEX as a % of NII on a full year basis. But in view of the interest costs rising, Q4 has seen this ratio going up.
Loan loss to average AUM [14] = [10] / [3]	2.4%	2.3%		This ratio has seen an increase in view of the higher provisioning done to improve the Provision Coverage Ratio, mentioned above.
Return on average AUM [15] = [12] / [3]	4.03%	3.6%		This ratio has been steadily increasing in view of the increased loan book and profitability.
Interest Coverage Ratio [16] = [11] + [7] / [7]	1.79	1.67		
Current Ratio	0.78	0.75		
Debt-Equity Ratio [17] = [4] / [5]	3.26	3.66		
Operating Profit Margin/ Net Interest Margin on loan book [18] = [8] / [3]	18.3%	18.6%		
Net Profit Margin [19] = [12] / [6]	15.4%	13.5%		
Return on (Average) Net Worth	18.9%	18.8%		
Debtors Turnover Ratio	N.A.	N.A.		
Inventory Turnover Ratio	N.A.	N.A.		
Earnings Per Share (in ₹)	50.11	36.39		

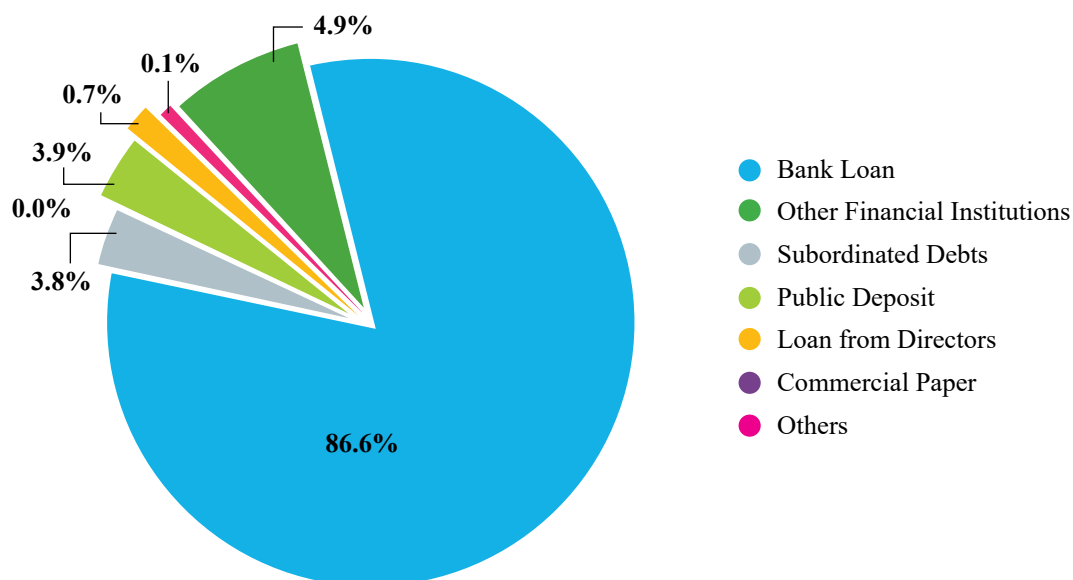
**a) Capital Adequacy Ratio (CAR)**

As on March 31, 2019, the CAR was 21.9% of the aggregate risk weighted assets on the Balance Sheet, which is comfortably above the regulatory minimum of 15%. Of the CAR, 21.2% was from Tier - 1 capital.

**b) Borrowing Profile (excluding interest accrued)**

Particulars	March 31, 2019		March 31, 2018	
	Amount (₹ in lakhs)	% of Total	Amount (₹ in lakhs)	% of Total
Bank Borrowings	1349 04	86.6	1149 10	79.5
Other Financial Institutions	76 84	4.9	-	-
Commercial Paper	-	-	145 23	10.1
Public Deposit	61 55	3.9	82 28	5.7
Subordinated Debts	58 67	3.8	60 54	4.2
Loan from Directors	10 24	0.7	5 78	0.4
Others	1 67	0.1	1 60	0.1
<b>Total</b>	<b>1558 01</b>	<b>100</b>	<b>1444 53</b>	<b>100</b>

**BORROWING PROFILE AS ON MARCH 31, 2019**



The Company's total external borrowings increased from ₹1444 52 lakhs as of March 31, 2018 to ₹1558 00 lakhs as of March 31, 2019.

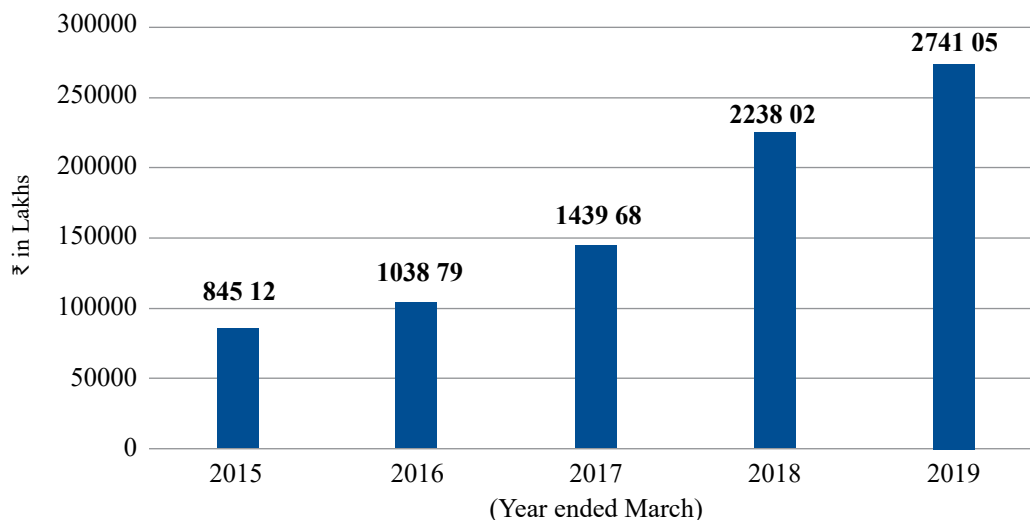
While there was a marginal increase in the overall borrowing costs from 9.3% in the last quarter of the previous financial year to 10.1% at the end of the current financial year due to rising interest rates, the Company has continued to explore avenues to raise funds to meet its disbursement requirement. The Company has done total securitisation transactions of ₹ 1627 lakhs (net of MRR), including the largest single securitization transaction during the year with HDFC AMC, all of which has helped to improve the overall liquidity, which helps in increasing disbursements and thereby profitability. The Company is looking at tapping into retail sources such as public deposits to raise funds, which it has commenced in the last quarter of FY 2018 - 2019. The Company is also looking at raising funds through NCDs and other market instruments, which would help to improve liquidity as well as Asset Liability Management.

On a full year basis, the borrowing cost was at 9.68% for the current year against 9.76% of the last year.

### c) Asset Under Management (AUM)

The own-book AUM as on March 31, 2019 stood at ₹ 2084 20 lakhs (i.e., ₹ 2741 05 lakhs less securitized portfolio of ₹ 656 85 lakhs) against own-book AUM of ₹ 1916 00 lakhs (i.e., ₹ 2238 02 lakhs less securitized portfolio of ₹ 322 02 lakhs) as on March 31, 2018. The Company's AUM has shown remarkable growth over the last five years as depicted below:

#### ASSETS UNDER MANAGEMENT (GROSS)



The Company hopes to maintain its growth momentum, in the future also.

Today, the Company has presence for auto loan financing in 20 States. The geographic distribution of hypothecation loans (including securitized portfolio) is given below:

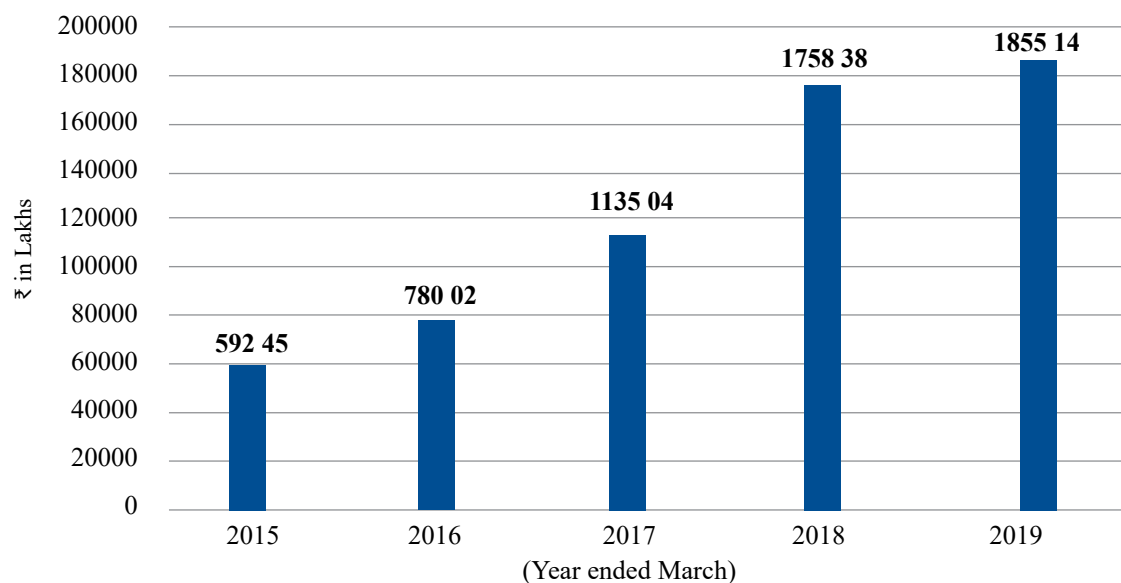
(₹ in Lakhs)

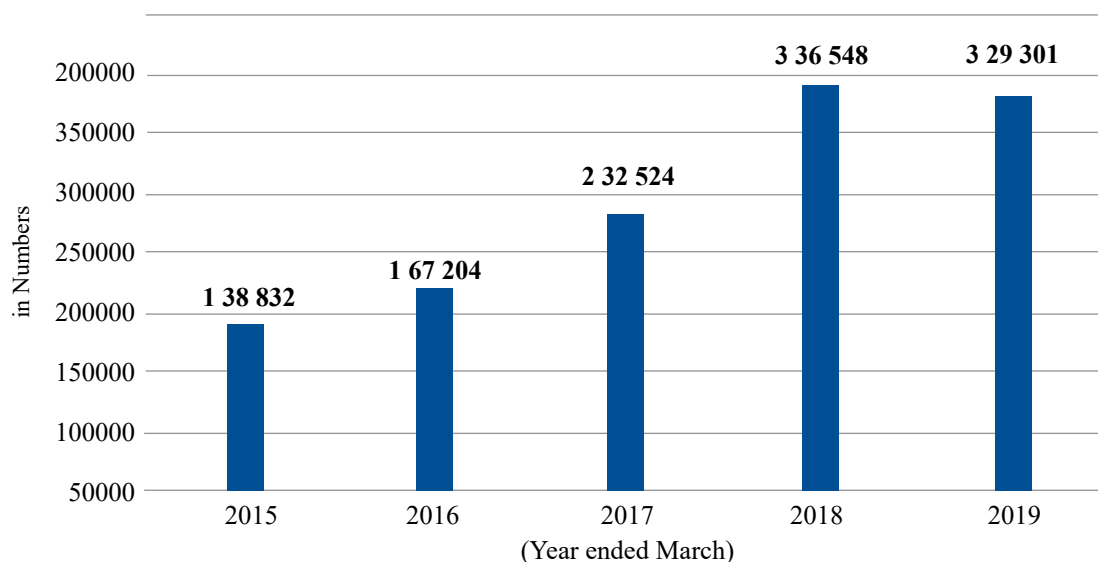
Zone	Active Clients	Regular (₹)	NPA (₹)	% of NPA
South India	5 23 750	1667 38.65	86 95.50	5.0%
Western India	53 753	161 85.99	14 63.14	8.3%
North India	78 325	242 29.38	12 27.58	4.8%
East India	41 546	155 03.24	2 45.97	1.6%
<b>Total</b>	<b>6 97 374</b>	<b>2226 57.26</b>	<b>116 32.19</b>	<b>5.0%</b>

The total loan portfolio of the Company has shown a growth of 22.5% from FY 2017 - 2018 to FY 2018 - 2019. The Company has further diversified its portfolio of vehicle financing in the used-car space, aside from exploring other channels of distribution, and maintaining a nominal proportion of corporate loan book.

Since inception, till March, 2018, the Company has disbursed close to 16 lakh loans, the majority of which has been in the last 5 - 6 years. The disbursements of hypothecation auto loans, along with number of loans, over the last 5 years is given in the chart below:

#### DISBURSEMENTS (HYPOTHECATION LOAN)



**DISBURSEMENTS (HYPOTHECATION LOAN)****d) Cost & Profitability Analysis**

The Company has been able to control most of its expenses to a large extent which has helped the Company improve its ROA, OPEX to NII ratio and improve profitability. This has been in spite of the fact that the Company, with a strategy to increase its Provision Coverage Ratio (PCR), making an additional provision of ₹14.09 lakhs in the current financial year. The account heads where there has been increased expenses, it has been on account of meeting specific objectives (e.g. Higher collection cost to ensure that NPAs do not rise and there is improved collection in lower buckets) or on account of higher volume of operations.

**e) Spread Analysis:**

The Company has been able to maintain its gross and net spread at reasonable levels:

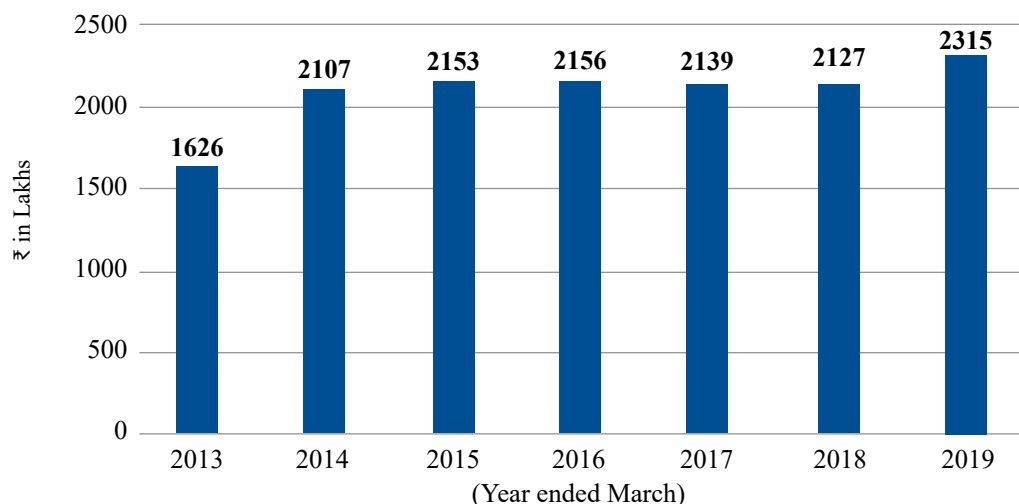
Particulars	March, 2019		March, 2018	
Daily Average Loan Book Size (₹ in Lakhs, excluding interest accrued)	2042.64		1479.64	
Income from Operations	535.27	26.2%	398.09	26.9%
Direct expense (including interest, brokerage, dealer/MFL incentive, field investigation charges)	193.25	9.5%	157.44	10.6%
<b>Gross Spread</b>	<b>342.02</b>	<b>16.7%</b>	<b>240.65</b>	<b>16.2%</b>
Personnel Expenses	77.82	3.8%	64.18	4.3%
OPEX (including depreciation etc.)	88.14	4.3%	60.42	4.1%
Total Expenses	165.96	8.1%	124.60	8.4%
<b>Pre-Provision Profits</b>	<b>176.06</b>	<b>8.6%</b>	<b>116.05</b>	<b>7.8%</b>
Loan Loss and provisions	48.82	2.4%	33.59	2.3%
<b>Net Spread (before tax)</b>	<b>127.24</b>	<b>6.2%</b>	<b>82.46</b>	<b>5.5%</b>

The Company hopes to maintain a spread (before tax) of around 6% in the coming years also.

## 11. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company recognizes that employees are its direct assets and their engagement contributes to lower turnover and absenteeism, higher productivity and better customer service. The Company has increased its workforce from 1626 in 2013 to 2315 in 2019. Over the last few years the Company has also been relying on manpower that is off the Company's rolls - through the recruitment of employees through employment agencies and also in the form of marketing agents and collection agents/ agencies. This has helped to maintain a low-cost strategy in relation to manpower, and also enabled working with people on a variable cost basis.

Refer the chart given below to understand the growth in employee numbers:



The Company has structured employees' salary comparable with industry standards and grants performance-based incentives to retain talent and to enable the employee to develop a career in the Company. All employees are provided a healthy work environment, suitable rewards and recognition, platform to express ideas, requisite training to equip them to remain competent in their skills, and other employee engagement activities. The Company continuously endeavours to ensure a high level of employee satisfaction, provide opportunities for growth and recognize them for their accomplishments.

## 12. INVESTMENT PROPOSITION

The Company is at an inflection point with a huge potential for growth. The Two-Wheeler segment that the Company is currently in, inspite of a temporary slowdown, due to large geographical spread possible, promises a huge opportunity for growth. While the state of Kerala has seen some saturation levels from the point of view of growth, the other southern states have vast opportunities for penetration. In the North, East and Western India market, the Company has hardly penetrated which should be seen as a high growth opportunity. Along with the East Indian markets, the Company also plans expansion into the North East market, where the expected growth is huge. In all these locations, Muthoot Fincorp Limited is in the process of expanding its infrastructure which would lead to smooth entry at lower costs for the Company. The large network of the Muthoot Fincorp Limited branches provides ample opportunity to expand rapidly with minimal incremental cost. Hence, there is a huge growth potential and opportunity of profitability in the medium to long term.



The Used Four-Wheeler, for which the Company has completed the pilot run and the other new products that the Company proposes to enter into, at minimal incremental cost, would all lead to higher growth and profitability in the medium to long term. In the Used Four-Wheeler segment, the Company plans to increase its footprint in other states in FY 2019 - 2020 and expand rapidly thereafter. This will be achieved using digital technology and analytics that would ensure quicker processing of accurate data to confirm the correctness in the sourcing and speedy completion of disbursement. This would ensure that the operational costs would be minimal.

The Company has diversified funding options and based on the past experience several lenders / investors find comfort in the relationship. Hence, raising funds at reasonable cost would not be an issue. Also, the trained staff and the well-knit sourcing and collection infrastructure would all make the growth plans achievable. The reasonably high CAR of 21.9% and the low Debt Equity Ratio of 3.3 times all make it attractive to any lender/investor to take an exposure in the Company.

### 13. CAUTIONARY STATEMENT

The statements made in this report describes the Company's objectives and projections which may be forward looking statements within the meaning of applicable laws and regulations and should be read in conjunction with the financial statements included herein and the notes thereto. Important developments that could affect the Company's operations include a downtrend in the industry - global or domestic or both, significant changes in the political and economic environment in India or abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other factors. The actual result might differ materially from those expressed or implied. The Company is not under any obligation to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

**For and on behalf of the Board of Directors**

**Sd/-**

**THOMAS JOHN MUTHOOT**

**Chairman**

**DIN: 00011618**

**Kochi**

**April 24, 2019**

# REPORT ON CORPORATE GOVERNANCE

**“Corporate Governance is to conduct the business in accordance with owner or shareholders’ desires, which generally will be to make as much money as possible, while conforming to the basic rules of the society embodied in law and local customs.”**

- *Milton Friedman*

This Report on Corporate Governance reflects the ethos of Muthoot Capital Services Limited (MCSL / the Company) and its commitment to ethical business principles across its operations which lays down the best corporate practices and the procedures adopted by the Company in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015], Reserve Bank of India (RBI) directives and other guidelines under the Companies Act, 2013 (amended as on date).

## 1. COMPANY’S GOVERNANCE PHILOSOPHY

At MCSL, the Corporate Governance is a systemic process by which the Company is directed and controlled to enhance its wealth-generating capacity besides meeting its social objectives. MCSL’s governance philosophy reflects its commitment to disclose timely and accurate information regarding its financial and operational performance, as well as its leadership and governance structure. It ensures the existence of accountability, transparency and fairness in the conduct of business.

The Company believes that its business plans should be consistent with the above objective leading to sustained corporate growth and long-term benefit to all. The Company follows this principle meticulously in all its business dealings and decisions. Over the years, MCSL’s stakeholder commitment has enhanced the respect and recall of its group’s brand - Muthoot Blue - across the nation. It has helped a lot to translate its short-term and long-term strategies into a viable business blueprint.

### Why Corporate Governance?

In the recent years, there has been a considerable concern in India and other countries about the standards of Corporate Governance. According to Company Law, the Directors are obliged to act in the best interests of shareholders, but there have been many instances where are contradictions to such obligation. There have been many instances of excessive debt financing laced with fraud, disproportionate rise in payments for executives, which have been less than transparent.

There is no “one size fits all” structure for Corporate Governance. Corporate Governance extends beyond corporate law. Its fundamental objective is not the mere fulfilment of the requirements of law but in ensuring commitment of the Board in managing the Company in a transparent manner for maximizing long term shareholder value.

According to MCSL philosophy, Corporate Governance is focused on the allocation of power and duty among the Board of Directors, management and shareholders. As the sole residual claimants on assets of the Company, the shareholders were presumed to have the most incentive to maximize company value. According to that perspective, the Board of Directors acted as the shareholders’ agent and management was responsible for daily operations. The Board of Directors shape the long-term vision and policy approach to steadily elevate the quality of governance in the organization.

The Company's Corporate Governance philosophy stems from our belief that for many stakeholders, it is not enough that a Company to be merely profitable; it also needs to demonstrate good corporate citizenship through environmental awareness, ethical behaviour and sound corporate governance practices. This idea forms the base for further evolution of the structure of corporate governance in the Company in consonance with the rapidly changing economic and industrial environment of the country.

The Board of Directors of the Company are pleased to present the Report on Corporate Governance for the year ended March 31, 2019.

## 2. BOARD OF DIRECTORS

The Company's Board have an optimum combination of Executive, Non-Executive Directors and Independent Directors and conforms with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015, RBI Guidelines and other statutory provisions. The Board comprises of seven members which includes a Non-Executive Chairman, a Managing Director, a Non-Executive Director and four Independent Directors of which one is an Independent Woman Director. The detailed profile of each of the Directors is available on the Company's website at [www.muthootcap.com](http://www.muthootcap.com) in 'About' section.

All the existing Directors are fit and proper to continue to hold the appointment as a Director on the Board as per the Company's Policy on the Fit and Proper Criteria in line with RBI Master Directions. The Company has formulated a Policy on Board Diversity to have a competent and highly professional team of Board members from diverse backgrounds with skills and experience in critical areas of business management which would enable them to contribute effectively to the Company by providing valuable guidance and expert advice to the Management and add value in the decision-making process in their capacity as Directors.

The day to day management of affairs is managed by Senior Management of your Company which includes the Managing Director and the functional heads, who performs under the overall supervision and guidance of Board of Directors. Thus, the Board of Directors of the Company plays the primary role as the trustees to protect and enhance shareholder value through strategic supervision of the Company. The Board sets strategic goals and seeks accountability for its fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations.

The Board, as part of its functioning, annually reviews its role and also evaluates the performance of the Directors and the Board Committees. The Board also reviews its strength and composition from time to time in order to ensure that it remains aligned with the statutory, as well as business requirements.

None of the Directors on the Board hold directorships in more than twenty companies in which public companies and listed entities not exceeding ten and eight respectively. None of the Independent Directors of the Company are holding directorship in more than seven listed entities. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the listed entities in which he/she is a Director. The certificate from the Managing Director confirming the compliance of the provisions of Section 165 of the Companies Act, 2013 and Regulation 17A & 26 (1) of SEBI (LODR) Regulations, 2015 with regard to the directorships and committee memberships is enclosed herewith as **Annexure 1**.

### a. Composition of the Board

The composition of the Board of Directors of the Company as on March 31, 2019 are as follows:

Category	No. of Directors	Percentage to total No. of Directors
Executive Directors	1	14.3
Non-Executive Independent Directors	4	57.1
Other Non-Executive Directors	2	28.6
<b>Total</b>	<b>7</b>	<b>100.0</b>

The category of the Directors of the Company during the FY 2018 - 2019 is given below:

Category	Name of Director	DIN	Shareholding as on March 31, 2019	Nature of Relationship
Promoter & Executive Director	Mr. Thomas George Muthoot, Managing Director	00011552	3131430	Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot are brothers
Promoter, Non-Executive & Non - Independent Directors	Mr. Thomas John Muthoot, Chairman	00011618	3134094	
	Mr. Thomas Muthoot	00082099	3076624	
Non - Executive Independent Directors	Mr. A.P Kurian	00008022	Nil	Not related to any Director or Manager
	Mr. R.K. Nair <sup>1</sup>	00631889	Nil	
	Mrs. Radha Unni	03242769	Nil	
	Mr. K.M. Abraham <sup>2</sup>	05178826	Nil	
	Mr. Thomas Mathew <sup>3</sup>	01277149	Nil	

<sup>1</sup> Resigned with effect from March 28, 2019

<sup>2</sup> Appointed as Additional Independent Director with effect from January 18, 2019

<sup>3</sup> Appointed as Additional Independent Director with effect from April 01, 2019

As detailed in the Board's Report, Mr. R.K. Nair, Independent Director (DIN: 00631889), has resigned from the Board with effect from March 28, 2019 due to compelling personal reasons and pre-occupation with other professional commitments. The Board took on record the confirmation from Mr. R.K. Nair that there are no material reasons for resignation other than those provided.

## b. Key Board Qualifications, Expertise and Attributes

The Board of the Company comprises qualified members who bring in the required skills, expertise and competence that allows them to make effective contribution to the Board and its Committees. The members of the Board are committed to ensure that the Board is in compliance with the highest standards of corporate governance.

The below table summarizes the key qualifications, skills, expertise and attributes considered while nominating a candidate to serve on the Board:

### Board Qualification Indicators

<b>Banking &amp; Finance</b>	Being a Director in a finance company, proficiency in complex financial management, capital allocation and financial reporting processes are a must. The Director should have experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions.
<b>Board Diversity</b>	Representation of gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of the Company's customers, employees, governments, regulators and other stakeholders.
<b>Business Operations</b>	Vast experience in driving business success across the country with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities.
<b>Leadership</b>	Leadership experience in a significant enterprise with a practical understanding of organizations, processes, strategic planning and risk management. Demonstrated strengths in developing talent, succession planning and driving change and long-term growth.
<b>Technology</b>	A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
<b>Board Governance</b>	Service on the Board of the public company to develop insights about maintaining board and management accountability, protecting shareholder interests and observing appropriate governance practices.
<b>Sales and Marketing</b>	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance company reputation.

The specific areas of focus or expertise of individual Board members are given below:

### Key Board Qualifications

Name of Director	Area of expertise, skills and attributes						
	Banking & Finance	Board Diversity	Business Operations	Leadership	Technology	Board Governance	Sales and Marketing
<b>Thomas John Muthoot</b> Chairman	✓	✓	✓	✓		✓	✓
<b>Thomas George Muthoot</b> Managing Director	✓	✓	✓	✓		✓	✓
<b>Thomas Muthoot</b> Non-Executive Director	✓	✓	✓	✓		✓	✓
<b>A.P. Kurian</b> Independent Director	✓	✓	✓	✓		✓	✓
<b>Radha Unni</b> Independent Director	✓	✓	✓	✓	✓	✓	✓
<b>K.M. Abraham</b> Independent Director	✓	✓		✓	✓	✓	
<b>Thomas Mathew</b> Independent Director	✓	✓	✓	✓	✓	✓	

### c. Appointment, criteria and tenure of Independent Directors

Pursuant to Sections 149, 150 and 152 of the Companies Act, 2013 and Regulation 17 (1) (a) of the SEBI (LODR) Regulations, 2015, the Company has four Independent Directors on the Board. Mr. A.P. Kurian and Mrs. Radha Unni were appointed at the 20<sup>th</sup> Annual General Meeting held on September 03, 2014 for a fixed tenure of five years from their date of appointment and Mr. K.M. Abraham and Mr. Thomas Mathew were appointed as the Additional Independent Directors by the Board and subject to the approval of the shareholders in the ensuing Annual General Meeting, for appointment as Independent Directors to hold office for a term upto five consecutive years each from the date of ensuing Annual General Meeting.

All the Independent Directors of the Company satisfy the criteria of independence as contained in Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and they are independent from the management.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at: <https://muthootcap.com/admin/uploads/t-c-directors-1.pdf> It sets out the criteria of appointment, independence, committee memberships, tenure of appointment, roles and duties, sitting fees and other related terms of appointment.

### d. Meeting of Independent Directors and Familiarisation Programme

In compliance with the Code for Independent Directors as stipulated under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR) Regulations, 2015, the Independent Directors of the Company met without the presence of the Non - Independent Directors and members of the management, on March 28, 2019.



Attendance details of the independent directors meeting held during the FY 2018 - 2019 is given below:

Name of Director	Designation	No. of meetings held during the tenure	No. of meetings attended
Mr. A.P Kurian	Independent Director	1	1
Mr. R.K. Nair	Independent Director	1	1
Mrs. Radha Unni	Independent Director	1	0
Mr. K.M. Abraham	Additional Independent Director	1	0
Mr. Thomas Mathew <sup>1</sup>	Additional Independent Director	0	0

<sup>1</sup> Appointed as Additional Independent Director with effect from April 01, 2019 and Independent Director's meeting was held on March 28, 2019.

The meeting has inter-alia, reviewed and assessed:

- the performance of Non-Independent Directors and the Board as a whole;
- performance of the Chairman and Managing Director; and
- the quality, quantity, timelines of flow of information from the management to the Board of Directors and its Committees which is necessary for the Board to effectively and reasonably perform their duties.

Pursuant to the Regulation 25 (7) of the SEBI (LODR) Regulations, 2015, the Company familiarises its Independent Directors with their roles, rights, responsibilities, nature of the industry in which the company operates, business models of the Company and other important matters relating to the business of the Company at the time of appointment and on a continuous basis.

The details of such familiarisation programmes is available on the website of the Company at: <https://muthootcap.com/admin/uploads/Details-of-Familiarisation-Refresher-Programme-1.pdf>.

#### **e. Performance Evaluation of Board, its Committees and individual Directors**

In compliance with the provisions of Section 178 (3) of the Companies Act, 2013, the Company has put in place a Policy on Nomination and Remuneration which sets out inter-alia, the attributes and criteria for the annual performance evaluation of the Board, its Committees and individual Directors including the Chairman and Managing Director. The Board of Directors have carried out the annual evaluation based on criteria and framework adopted by the Board and in accordance with existing regulations. The Board, as a whole, carries out an assessment of its own performance, its Committees and Independent Directors, excluding the Director being evaluated. All the Directors are subject to peer-evaluation.

Performance of the Board and its Committees was evaluated on various parameters such as structure and composition, meetings and procedures, diversity, corporate governance competencies, performance of specific duties and obligations, quality of decision-making and overall Board effectiveness.

Performance of individual Directors was evaluated on parameters such as meeting attendance, participation and contribution, engagement and relationship with other members on the Board,

knowledge and experience, responsibility towards stakeholders, leadership and management qualities and independent judgement.

The major performance indicators of the Non-Executive Directors and Independent Directors are as follows:

- (i) Understanding and knowledge of the market in which the Company is operating.
- (ii) Ability to appreciate the working of the Company and the challenges it faces.
- (iii) Attendance of meeting.
- (iv) Extend of participation and involvement in the meetings.
- (v) Ability to convey his views and flexibility to work with others.

The evaluation process was initiated by putting in place, a set of structured questionnaires (evaluation sheets) after taking into consideration the inputs received from the Directors, covering the abovementioned parameters and indicators based on the criteria laid down by the Policy on Nomination and Remuneration. The Nomination & Remuneration Committee reviewed the performance of the individual Directors based on the duly filled evaluation forms submitted by the Directors.

All Directors participated in the evaluation survey and reviews were carried out. The outcomes of each evaluation forms were collated by the Nomination & Remuneration Committee at the meeting held on March 28, 2019 and placed before the Board at its meeting held on April 24, 2019. The results of evaluation were also discussed in the Independent Director's meeting held during the year.

The Board discussed the performance evaluation reports of the Board, its Committees, individual Directors, Chairman and Managing Director and also noted the suggestions or inputs of Independent Directors and Nomination & Remuneration Committee and the Chairman of the respective Committees.

The Board arrived at a conclusion that the performance of the Board, its Committees and individual Directors were satisfactory. The Board also deliberated upon the various suggestions or inputs to augment its effectiveness and optimize individual strengths of the Directors.

#### **f. Information provided to the Board of Directors**

The Company provides complete access to the Board to all the relevant information within the Company. The adequate information is provided to the Board by circulating the detailed Board agenda with proper explanatory notes at least seven days before the date of the Board and Committee Meetings, except for the meetings called at a shorter notice, if any, in accordance with the provisions of the Companies Act, 2013 and the Secretarial Standard on Meetings of Board of Directors (SS-1) issued by the Institute of Company Secretaries of India and approved by the Central Government. In special and exceptional circumstances, additional or supplementary item(s) are presented to the Board or Committee as 'any other item'. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions.

All statutory and other matters of significant importance including information as mentioned in Section 179 of the Companies Act, 2013 and Regulation 17 read with Part A of Schedule II of the SEBI (LODR) Regulations, 2015 are tabled before the Board to enable it to discharge its responsibility of strategic supervision of the Company. The information shared with the Board specifically includes the following:

- Annual operating plans, budgets and updates therein;
- Quarterly and annual financial results of the Company;
- Minutes of the meetings of the Board and its Committees and resolutions passed by circulation;
- Information on recruitment / remuneration of senior officers just below Board level;
- Materially important show cause, demand, prosecution notices and penalty notices, if any;
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any;
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;
- Any issue which involves possible public or product liability claims of substantial nature, if any;
- Details of any acquisition, joint venture or collaboration agreement;
- Transactions involving substantial payment towards goodwill, brand equity or intellectual property;
- Significant labour problems and their solutions, if any;
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business;
- Quarterly details of foreign exchange exposures, if any;
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service, if any;
- Disclosures received from Directors;
- Status of Related party transactions;
- Update on Corporate Social Responsibility activities;
- Report on action taken on last Board meeting decisions;
- Regular business updates and other proposals requiring guidance and approval of the Board.

Apart from the above, the Management team apprises the Board at every Meeting on the overall performance of the Company, as well as the current market conditions including the Company's business and the regulatory scenario.

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 full freedom to express their opinion in the Board and decisions are taken after detailed deliberations.

#### **g. Board Meetings**

During the FY 2018 - 2019, the Board of Directors of the Company met seven times on April 17, 2018, May 18, 2018, June 14, 2018, July 17, 2018, October 18, 2018, January 18, 2019 and March 28, 2019. The time gap between any two meetings was well within the maximum gap of 120 days.

Requisite information, according to the requirements of Regulation 34 read with Schedule V of the SEBI (LODR) Regulations, 2015 is provided below:

Name of Director	No. of Board Meetings attended/ held during the tenure	Whether attended last AGM held on June 14, 2018	No. of other directorships and committee memberships and chairmanships <sup>1</sup>		
			Directorships	Committees	
				Chairman	Member
Mr. Thomas John Muthoot	7/7	Yes	5	1	1
Mr. Thomas George Muthoot	7/7	Yes	6	1	1
Mr. Thomas Muthoot	7/7	Yes	5	0	2
Mr. A. P. Kurian	7/7	Yes	1	0	1
Mr. R. K Nair <sup>2</sup>	6/7	No	2	2	0
Mrs. Radha Unni	5/7	Yes	5	1	2
Mr. K.M. Abraham <sup>3</sup>	0/1	NA	0	0	0
Mr. Thomas Mathew <sup>4</sup>	0/0	NA	1	1	0

<sup>1</sup> Directorship and Committee membership considered for the purpose are those prescribed under Regulation 26 of the SEBI (LODR) Regulations, 2015 i.e., Audit Committee and Stakeholders Relationship Committee in other Public Limited Companies. Committee chairmanship and memberships are given separately.

<sup>2</sup> Resigned with effect from March 28, 2019

<sup>3</sup> Appointed as Additional Independent Director with effect from January 18, 2019

<sup>4</sup> Appointed as Additional Independent Director with effect from April 01, 2019

The names of the other listed entities in which the member of the Board of the Company is a director as on March 31, 2019 and their category of directorship are given below:

Name of Director	Name of other listed entities	Category of Directorship
Mr. Thomas John Muthoot	Nil	NA
Mr. Thomas George Muthoot	Nil	NA
Mr. Thomas Muthoot	Nil	NA
Mr. A. P. Kurian	Nil	NA
Mr. R. K Nair <sup>1</sup>	Nil	NA
Mrs. Radha Unni	Nitta Gelatin Limited V-Guard Industries Limited	Independent Director
Mr. K.M. Abraham <sup>2</sup>	Nil	NA
Mr. Thomas Mathew <sup>3</sup>	Nil	NA

<sup>1</sup> Resigned with effect from March 28, 2019

<sup>2</sup> Appointed as Additional Independent Director with effect from January 18, 2019

<sup>3</sup> Appointed as Additional Independent Director with effect from April 01, 2019

## h. Remuneration of Directors

The Company confirms that the remuneration paid to the Directors is as per terms laid out in the Policy on Nomination & Remuneration of the Company. The Independent Directors of the Company has no pecuniary relationship with the Company, its promoters or Directors during the two immediately preceding financial years. Further, the Company has not paid any remuneration to the Non - Executive, Non - Independent Directors during the FY 2018 - 2019. The Independent Directors were paid sitting fee of ₹ 15 000/- per Board Meeting till June 14, 2018 and has increased to ₹ 25 000/- at the Board meeting held on June 14, 2018.

The details of the remuneration paid to the Directors during FY 2018 - 2019 are given below:

(₹ in Lakhs)

Name of Director	Gross Salary	Perquisites	PF Contribution	Sitting Fees	Total
<b>Executive Directors</b>					
Mr. Thomas George Muthoot	174.00	6.00	10.44	--	<b>190.44</b>
<b>Non-Executive Directors</b>					
Mr. Thomas John Muthoot	--	--	--	--	--
Mr. Thomas Muthoot	--	--	--	--	--
Mr. A. P. Kurian	--	--	--	1.20	<b>1.20</b>
Mr. R. K Nair <sup>1</sup>	--	--	--	1.05	<b>1.05</b>
Mrs. Radha Unni	--	--	--	1.05	<b>1.05</b>
Mr. K.M. Abraham <sup>2</sup>	--	--	--	--	--
Mr. Thomas Mathew <sup>3</sup>	--	--	--	--	--
<b>Total</b>	<b>174.00</b>	<b>6.00</b>	<b>10.44</b>	<b>3.30</b>	<b>193.74</b>

<sup>1</sup> Resigned with effect from March 28, 2019

<sup>2</sup> Appointed as Additional Independent Director with effect from January 18, 2019

<sup>3</sup> Appointed as Additional Independent Director with effect from April 01, 2019

## i. Code of Conduct for Directors and Senior Management Personnel

In compliance with the Regulation 17 (5) of SEBI (LODR) Regulations, 2015, the Company has put in place a Code of Conduct for Directors and Senior Management. This Code is intended to focus the Board and Senior Management on areas of ethical risk, provide guidance to Directors and Senior Management to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct and to help foster a culture of honesty and accountability. Each Director and Senior Management Personnel must comply with the letter and spirit of this Code. The Code provides that the Independent Directors of the Company shall also adhere to the Code stipulated in Schedule IV of the Companies Act 2013.

Pursuant to the Regulation 26 (3) of SEBI (LODR) Regulations, 2015, all the members of the Board and Senior Management Personnel shall affirm the compliance of this Code on an annual basis and a declaration by the Managing Director confirming the adherence to this Code is enclosed herewith as **Annexure 2**.

The code of conduct for Directors and Senior Management Personnel is available on the website of the Company at: <https://muthootcap.com/code-of-conduct-for-directors.php>.

#### j. Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons

The Company has put in place a Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended upto date. This Code is formulated to regulate, monitor and report the trading in the Company's shares by the Designated Persons of the Company.

The above mentioned Code of Conduct is available on the website of the Company at: [https://muthootcap.com/admin/uploads/Code\\_of\\_Conduct\\_to\\_Regulate,Monitor\\_and\\_Report\\_Trading\\_by\\_Designated\\_Persons.pdf](https://muthootcap.com/admin/uploads/Code_of_Conduct_to_Regulate,Monitor_and_Report_Trading_by_Designated_Persons.pdf)

### 3. COMMITTEES AND ITS TERMS OF REFERENCE

The Board has constituted various sub-committees with specific terms of reference and scope in compliance with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and RBI Directions. The composition of the Board Committees are available on the Company's website <https://muthootcap.com/admin/uploads/4.-Board-Committee-Composition.pdf> and are also stated herein.

#### A. Audit Committee

The Audit Committee of the Board is constituted under Section 177 of the Companies Act, 2013 read with Rule 6 & 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the SEBI (LODR) Regulations, 2015.

##### (i) Composition and Attendance

As on March 31, 2019, the Audit Committee of the Board consisted of four Non - Executive Directors out of which three are Non - Executive Independent Directors. All the Members of the Committee have accounting and financial management expertise. The Company Secretary of the Company acts as the Secretary to the Committee.

The Audit Committee has met five times during the FY 2018 - 2019 on April 17, 2018, May 18, 2018, July 17, 2018, October 18, 2018 and January 18, 2019. All the recommendations made by the Audit Committee were accepted by the Board unanimously.

The composition and attendance of the Members at the Audit Committee meetings held during the FY 2018 - 2019 are as follows:

Name of the Member	Position	Number of Meetings attended/ held during the tenure
Mr. A.P Kurian	Chairman	5/5
Mr. Thomas Muthoot	Member	5/5
Mr. R.K. Nair <sup>1</sup>	Member	5/5
Mrs. Radha Unni	Member	4/5
Mr. Thomas Mathew <sup>2</sup>	Member	0/0

<sup>1</sup> Resigned with effect from March 28, 2019

<sup>2</sup> Appointed as Additional Independent Director with effect from April 01, 2019



Due to the resignation of Mr. R.K. Nair, member of the Audit Committee, the Board reconstituted the Audit Committee at the meeting held on March 28, 2019 and inducted Mr. Thomas Mathew as the member of the Committee.

## (ii) Terms of reference

The terms of reference of Audit Committee of the Board in compliance with Section 177 (4) of the Companies Act, 2013 and Regulation 18 (3) read with Part C of Schedule II of the SEBI (LODR) Regulations, 2015, are given below:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
  - (i) Matters required to be included in Directors Responsibility Statement to be included in Board's Report in terms of Section 134 (3) (c) of the Companies Act, 2013;
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgement by the management;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with listing and other legal requirements relating to financial statements;
  - (vi) Disclosure of any related party transactions; and
  - (vii) Modified opinion(s) in the draft audit report.
- e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- f) 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 utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the Company with related parties;
- i) Scrutiny of inter corporate loans and investments;
- j) Valuation of undertakings or assets of the Company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

- m) 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;
- n) Discussion with internal auditors of any significant findings and follow up there on;
- o) 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;
- p) Discussion 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;
- q) To look 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;
- r) To review the functioning of the Whistle Blower mechanism;
- s) Approval of appointment of Chief Finance Officer after assessing the qualifications, experience and background, etc. of the candidate;
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and
- u) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

## **B. Nomination & Remuneration Committee**

The Nomination & Remuneration Committee (NRC) is set up by the Board in compliance with the Section 178 (1) of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015. The Committee is entrusted with combined advisory responsibilities concerning the nomination for appointment or removal of Directors and Senior Management including Key Managerial Personnel and recommendation of remuneration policy. The Company Secretary of the Company acts as the Secretary to the Committee.

### **(i) Composition and attendance**

As on March 31, 2019, the NRC of the Company comprise of three Non - Executive Independent Directors. The Committee met four times during the FY 2018 - 2019 on April 17, 2018, May 18, 2018, January 18, 2019 and March 28, 2019.

The composition and attendance of the Members at the NRC meetings held during the FY 2018 - 2019 are as follows:

Name of the Member	Position	Number of Meetings attended/ held during the tenure
Mr. A.P Kurian	Chairman	4/4
Mr. R.K. Nair <sup>1</sup>	Member	4/4
Mrs. Radha Unni	Member	2/4
Mr. Thomas Mathew <sup>2</sup>	Member	0/0

<sup>1</sup> Resigned with effect from March 28, 2019

<sup>2</sup> Appointed as Additional Independent Director with effect from April 01, 2019

Due to the resignation of Mr. R.K. Nair, member of NRC, the Board reconstituted the NRC at the meeting held on March 28, 2019 and inducted Mr. Thomas Mathew as the member of the Committee.

## (ii) Terms of reference

The terms of reference of the Nomination & Remuneration Committee in line with Section 178 of the Companies Act, 2013 and Regulation 19 read with Para A of Part D of Schedule II of the SEBI (LODR) Regulations, 2015, are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on diversity of Board of Directors;
- 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 of Directors for their appointment and removal;
- 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; and
- recommend to the board, all remuneration, in whatever form, payable to senior management.

## C. Stakeholders Relationship Committee

In compliance with the provisions of Section 178 (5) of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015, the Board has constituted a Stakeholders Relationship Committee to redress the grievances of shareholders, debenture holders and other stakeholders. The Company Secretary of the Company acts as the Secretary to the Committee.

## (i) Composition and attendance

As on March 31, 2019, the Stakeholders Relationship Committee of the Company consists of three Directors. The Committee has met four times during the FY 2018 - 2019 on April 17, 2018, July 17, 2018, October 18, 2018 and January 18, 2019.

The composition and attendance of the Members at the SRC meetings held during the FY 2018 - 2019 are as follows:

Name of the Member	Position	Number of Meetings attended/ held during the tenure
Mr. Thomas Muthoot	Chairman	4/4
Mr. Thomas John Muthoot	Member	4/4
Mr. Thomas George Muthoot	Member	4/4
Mr. K.M. Abraham <sup>1</sup>	Member	0/0

<sup>1</sup> Appointed as Additional Independent Director with effect from January 18, 2019

Based on the provisions of SEBI (LODR) (Amendment) Regulations, 2018, the Board reconstituted the SRC and inducted Mr. K.M. Abraham as the member of the Committee.

## (ii) Terms of reference

The terms of reference of Stakeholders Relationship Committee in accordance with Section 178 (6) of the Companies Act, 2013, and Regulation 20 read with Para B of Part D of Schedule II of the SEBI (LODR) Regulations, 2015 include the following:

- a) Resolving the grievances of the security holders of the listed entity 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.;
- b) Review of measures taken for effective exercise of voting rights by shareholders;
- c) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

The Company has in place an Investor Grievance Redressal Policy for the redressal of investor grievances/complaints on a timely manner. The Company maintains a designated email id [investorgrievance@muthootcap.com](mailto:investorgrievance@muthootcap.com) and its corporate email id [mail@muthootcap.com](mailto:mail@muthootcap.com) for handling investor grievances on which investors can lodge their complaints.

The Compliance Officer of the Company reviews the investor complaints on regularly basis to find out whether complaint has been resolved within the time specified in the Investor Grievance Redressal Policy of the Company.

Pursuant to Regulation 13 (3) of SEBI (LODR) Regulations, 2015, the status of investor complaints received and redressed during FY 2018 - 2019 are as follows:

Sl. No.	Particulars	No. of Complaints
1.	Number of Investor complaints pending at the beginning of the year (i.e. 01.04.2018)	Nil
2.	Number of Investor complaints received during the year (i.e. 01.04.2018 - 31.03.2019)	Nil
3.	Number of Investor complaints redressed during year (i.e. 01.04.2018 - 31.03.2019)	Nil
4.	Number of Investor complaints remaining unresolved at the end of the year (i.e. 31.03.2019)	Nil

## D. Corporate Social Responsibility Committee

In compliance with the requirements of Section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee to promote a culture that emphasizes and sets high standards for social responsibility of the Company and reviews corporate performance against those standards.

**(i) Composition and attendance**

As on March 31, 2019, the CSR Committee of the Company, consists of four Non - Executive Directors, out of which three are Independent Directors. The Company Secretary of the Company acts as the Secretary to the Committee.

The CSR Committee of the Company has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company in accordance with Schedule VII to the Companies Act, 2013, which has been approved by the Board.

The CSR Policy of the Company, as approved and adopted by the Board, is available on the website of the Company at [https://muthootcap.com/admin/uploads/CSR\\_Policy-MCSL.pdf](https://muthootcap.com/admin/uploads/CSR_Policy-MCSL.pdf).

The CSR Committee met five times during the FY 2018 - 2019 on April 17, 2018, June 14, 2018, July 17, 2018, October 18, 2018 and January 18, 2019.

The composition and attendance of the Members at the CSR Committee meetings held during the FY 2018 - 2019 are as follows:

Name of the Member	Position	Number of Meetings attended/ held during the tenure
Mr. Thomas Muthoot	Chairman	5/5
Mr. R.K Nair <sup>1</sup>	Member	4/5
Mrs. Radha Unni	Member	5/5
Mr. K.M. Abraham <sup>2</sup>	Member	0/0
Mr. Thomas Mathew <sup>3</sup>	Member	0/0

<sup>1</sup> Resigned with effect from March 28, 2019

<sup>2</sup> Appointed as Additional Independent Director with effect from January 18, 2019

<sup>3</sup> Appointed as Additional Independent Director with effect from April 01, 2019

Due to the resignation of Mr. R.K. Nair, member of the CSR Committee, the Board reconstituted the CSR Committee at the meeting held on March 28, 2019 and inducted Mr. K.M. Abraham and Mr. Thomas Mathew as the members of the Committee.

**(ii) Terms of reference**

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

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

## E. Risk Management Committee

Pursuant to Regulation 21 of SEBI (LODR) Regulations, 2015, the top 500 listed companies on the basis of market capitalisation shall constitute a Risk Management Committee. Even though the Company is not covered under the list of top 500 listed companies based on the market capitalisation, the Board of Directors of the Company has constituted a Risk Management Committee in compliance with the provisions of NBFCs - Corporate Governance (Reserve Bank) Directions. The Committee is mandated to manage the integrated risk. The Company Secretary of the Company acts as the Secretary to the Committee.

### (i) Composition and attendance

As on March 31, 2019, the Risk Management Committee of the Company comprise of three Directors of which two are Independent Director. The Board also designated Mr. Madhu Alexiouse, Chief Operating Officer, Mr. Vinodkumar M. Panicker, Chief Finance Officer and Mr. Sandeep Vellarikkat, Head - Credit & Risk, Product as the permanent invitees to the Committee.

The Committee met twice during the FY 2018 - 2019 on October 18, 2018 and January 18, 2019.

The composition of the Committee and attendance of the Members at the Risk Management Committee meetings held during the FY 2018 - 2019 are as follows:

Name of the Member	Position	Number of Meetings attended/ held during the tenure
Mr. Thomas George Muthoot	Chairman	2/2
Mr. Thomas Muthoot	Member	2/2
Mr. R.K. Nair <sup>1</sup>	Member	2/2
Mr. K.M. Abraham <sup>2</sup>	Member	0/0
Mr. Thomas Mathew <sup>3</sup>	Member	0/0

<sup>1</sup> Resigned with effect from March 28, 2019

<sup>2</sup> Appointed as Additional Independent Director with effect from January 18, 2019

<sup>3</sup> Appointed as Additional Independent Director with effect from April 01, 2019

Due to the resignation of Mr. R.K. Nair, member of the Risk Management Committee, the Board reconstituted the Risk Management Committee at the meeting held on March 28, 2019 and inducted Mr. K.M. Abraham and Mr. Thomas Mathew as the members of the Committee.

### (ii) Terms of reference

The terms of reference of the Committee shall be as follows:

- Oversee the development, implementation and maintenance of the Company's overall risk management framework and its appetite, strategy, principles and policies, to ensure they are in line with emerging regulatory, corporate governance and industry best practice;
- Oversee the Company's risk exposures, risk/return and proposed improvements to the Group's risk management framework and its risk appetite, strategy, principles, policies and standards;

- c) Provide formal sign - off for the board risk report and other risk related sections within the annual reports & accounts;
- d) Facilitate effective contribution and involvement of non - executives and aid their understanding of risk issues and the Company's risk management framework;
- e) Provide input to the Remuneration Committee on the alignment of remuneration to risk performance;
- f) Monitoring the cyber security of the Company and take appropriate actions/approach to combat cyber threats given the level of complexity of business and acceptable levels of risk;
- g) Review new risk principles and policy and material amendments to risk principles and policy recommended by the Chief Executive and Chief Risk Officer ('CRO'), for approval by the Board;
- h) Oversee adherence to Company's risk principles, policies and standards and any action taken resulting from material policy breaches, based upon reports from the Chief Executive and the CRO;
- i) i) Review the appointment, resignation or dismissal of the CRO and make appropriate recommendation to the Board;
- ii) Review and discuss with the CRO the scope of work of the Company's Risk Division, its plans, the issues identified as a result of its work, how management is addressing these issues and the effectiveness of systems of risk management;
- iii) Review the adequacy of the Company's Risk Division's resources, and its authority and standing within the Company;
- iv) Review co-ordination between the Company's Risk Division and the external auditors;
- v) Periodically review and update its own terms of reference to reflect best practice, requesting Board approval for all proposed changes and, at appropriate intervals, evaluate its own performance against the terms of reference;
- j) Review periodically the report of Asset Liability Management Committee (ALCO) and to suggest on improvements, actions to be taken.

## **F. Asset Liability Management Committee**

The Asset Liability Management Committee (ALCO) of the Company is constituted to monitor the asset liability gap and strategize action to mitigate the risk associated. The Committee is entrusted with the task of reviewing the asset liability mismatches and to report to the Board with respect thereto.

### **(i) Composition and Attendance**

As on March 31, 2019, the Asset Liability Management Committee (ALCO) consists of five members from the management team.

The Committee met twice during the FY 2018 - 2019 on December 10, 2018 and January 17, 2019.

The composition and attendance of the Members at the ALCO meetings held during the FY 2018 - 2019 are as follows:



Name of the Member	Position	Number of Meetings attended/ held during the tenure
Mr. Madhu Alexiouse	Chairman	2/2
Mr. Balakrishnan R.	Member	2/2
Mr. Vinodkumar M. Panicker	Member	2/2
Mr. Vijayan T.	Member	2/2
Ms. Priya A Menon	Member	2/2

## (ii) Terms of reference

The terms of reference of the Committee shall be as follows:

- Monitor and review the asset liability matches and mismatches (budgeted vs. actual) and make such reports and recommendations to the Board with respect thereto as the Committee may deem advisable;
- Review the periodical returns submitted to RBI every year;
- Review the credit facilities sanctioned considering the overall risks faced by the Company, and to suggest the actions to be taken;
- Monitor and review the cost of funds and the net interest margin;
- Carry out any other functions as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable;
- Other transactions or issues that the Board may desire to have them reviewed by the ALCO; and
- Regularly review and make recommendations about changes to the Charter of the Committee.

The Company Secretary of the Company acts as the Secretary to the Committee.

## 4. WHISTLE BLOWER POLICY / VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company has formulated a comprehensive Whistle Blower Policy in line with the provisions of Section 177 (9) & 177 (10) of the Companies Act, 2013 and Regulation 4 (2) (d) (iv) & 34 (3) read with Para 10 of Part C of Schedule V of the SEBI (LODR) Regulations, 2015 with a view to enabling stakeholders, including directors, individual employees and their representative bodies to freely communicate their concerns about illegal or unethical practices and to report genuine concerns to the Audit Committee of the Company. It outlines the method and process for various stakeholders to voice genuine concerns about unethical conduct that may be in breach with the employees' Code of Conduct.

The mechanism provides for adequate safeguards against victimization of Director(s) or employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

The said Policy is available on the website of the Company at <https://muthootcap.com/admin/uploads/Whistle-Blower-Policy-MCSL.pdf>.

## 5. GENERAL MEETINGS

### a) Details of General Meetings

The details of General Meetings held during the last three years are as follows:

FY ended	Date	Time	Venue
March 31, 2018	June 14, 2018	10.30 a.m.	The International Hotel, Kochi
March 31, 2017	June 06, 2017	10.30 a.m.	The International Hotel, Kochi
March 31, 2016	June 06, 2016	10.00 a.m.	The International Hotel, Kochi

### b) Special Resolutions passed at the last three AGMs

Sl. No.	Date of AGM	Special Resolution
1	June 14, 2018	(i) Enhancement of borrowing powers of the Company from ₹ 2000 crores to ₹ 5000 crores. (ii) Issue of Non - Convertible Debentures (NCDs) on Private Placement basis upto an amount of ₹ 200.00 crores. (iii) Approval of MCSL Employee Stock Option Scheme 2018 under various schemes such as Scheme - I, Scheme - II, Scheme - III and Scheme - IV.
2	June 06, 2017	(i) Alteration of Articles of Association of the Company for increase in Authorised Share Capital. (ii) Issue of Non-Convertible Debentures on Private Placement basis upto an amount of ₹ 200.00 crores.
3	June 06, 2016	(i) Approval of re-appointment of Mr. Thomas George Muthoot (DIN: 00011552) as Managing Director and fixation of remuneration.

### c) Postal Ballot

The Company passed the following Special Resolutions through Postal Ballot/E-Voting on December 02, 2018:

- Related party transactions with Muthoot Fincorp Limited;
- Continuation of directorship of Mr. A.P. Kurian, Non-Executive Independent Director who has attained the age above 75 years; and
- Continuation of directorship of Mr. R.K. Nair, Non-Executive Independent Director who has attained the age above 75 years.

**Person who conducted the Postal Ballot Exercise:** Mr. Thomas John Muthoot, Chairman, Mr. Thomas George Muthoot, Managing Director and Mr. Ravi Oruganti, Company Secretary & Compliance Officer were authorised by the Board as persons responsible for the entire Postal Ballot/E-Voting process. CS Nikhil George Pinto (C.P No. 16059), Partner, M/s. CaesarPintoJohn & Associates LLP, Company Secretaries, Kochi was appointed as the Scrutinizer for conducting the Postal Ballot / E-Voting process in a fair and transparent manner. He conducted the process and submitted the report to the Company.

**Procedure Followed for Postal Ballot:**

- a) The Company, on Friday, November 02, 2018, dispatched the Postal Ballot Notice dated Thursday, October 18, 2018 containing draft resolutions together with the explanatory statements, the postal ballot forms and self-addressed envelopes to the members whose names appeared in the Register of Members / List of Beneficiary Owners as on cut-off date i.e. Friday, October 26, 2018. The Company also published a notice in the newspaper informing the details of completion of dispatch on Saturday, November 03, 2018 and other requirements as mandated under the Act and applicable rules.
- b) In compliance with the Regulation 44 of the SEBI (LODR) Regulations, 2015 and Section 108, 110 and other applicable provisions of the Companies Act, 2013, read with the Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, the Company provided electronic voting facility to all its members as an alternate mode to enable them to cast their votes electronically. The Company engaged the services of Central Depository Services (India) Limited (CDSL) for facilitating remote e-voting facility. The members had the option to vote either by Physical Ballot or E-Voting.
- c) Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the Scrutinizer on or before 05:00 p.m. on Sunday, December 02, 2018. The members who opted for the e-voting could vote from 09:00 a.m. on Saturday, November 03, 2018 to 05:00 p.m. on Sunday, December 02, 2018.
- d) The Scrutinizer submitted his report on Thursday, December 06, 2018, after the completion of scrutiny.
- e) The results of the postal ballot were announced on Friday, December 07, 2018. The last date specified for receipt of duly completed Postal Ballot Forms and closure of e-voting i.e. December 02, 2018, was taken as the date of passing of the resolution.
- f) The results of the Postal Ballot along with the Scrutinizer's Report were displayed at the Registered Office of the Company and hosted at the Company's website at [www.muthootcap.com](http://www.muthootcap.com) and on the website of CDSL E-Voting i.e. [www.evotingindia.com](http://www.evotingindia.com) and were communicated to the Stock Exchanges where the Company's shares are listed.

**Details of the voting pattern:**

Details of Agenda	No. of valid votes	Votes cast in favor of the resolution	Votes cast against the resolution
Related party transactions with Muthoot Fincorp Limited	23 40 038	23 40 038 (100%)	0 (0%)
Continuation of directorship of Mr. A.P. Kurian, Non-Executive Independent Director who has attained the age above 75 years	1 26 18 349	1 20 86 172 (95.783%)	5 32 177 (4.217%)
Continuation of directorship of Mr. R.K. Nair, Non-Executive Independent Director who has attained the age above 75 years	1 26 18 129	1 20 85 952 (95.782%)	5 32 177 (4.218%)

There is no immediate proposal for passing any special resolution through Postal Ballot on or before ensuing Annual General Meeting.

## 6. MEANS OF COMMUNICATION

- a) Quarterly unaudited and annual audited financial results of the Company were published in “Business Standard” (English Language National Daily) and “Mangalam” (Vernacular Language).
- b) The results were made available on the website of BSE Limited and National Stock Exchange of India Limited and also on the Company’s website at [www.muthootcap.com](http://www.muthootcap.com)
- c) The Company issues press releases after quarterly and annual financial results were announced.

## 7. CEO/CFO CERTIFICATION

The certificate required under Regulation 17 (8) of the SEBI (LODR) Regulations, 2015, duly signed by Mr. Thomas George Muthoot, Managing Director and Mr. Vinodkumar M. Panicker, Chief Finance Officer was reviewed by the Board. The said certificate is enclosed herewith as **Annexure 3**.

## 8. COMPLIANCE WITH THE MANDATORY REQUIREMENTS OF THE LISTING REGULATIONS

A comprehensive report on the status of compliance with all the applicable corporate laws, rules and regulations by the Company is placed before the Board on a quarterly basis for their information and review. The Company has complied with all the mandatory requirements of the Code of Corporate Governance as specified in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the SEBI (LODR) Regulations, 2015.

## 9. DISCLOSURES

- a) There were no materially significant Related Party Transactions having potential conflict with the interests of the Company at large. The policy on dealing with the related party transactions are available on the website of the Company at [http://muthootcap.com/wp-content/uploads/RPT\\_Policy.pdf](http://muthootcap.com/wp-content/uploads/RPT_Policy.pdf).
- b) There have been no instances of non-compliances by the Company and no penalties and / or strictures have been imposed by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- c) Disclosure under Regulation 32 (7A): The Company has utilized the entire funds raised through Qualified Institutions Placement for on-lending for the various schemes provided by the Company.
- d) The certificate from a Company Secretary in Practice 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 SEBI/Ministry of Corporate Affairs or any such statutory authority is enclosed herewith as **Annexure 4**.
- e) The Board had accepted all the recommendations made by all its Committees, which are mandatorily required to be constituted, during the FY 2018 - 2019.
- f) Disclosure under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has been employing 462 women employees in various cadres as on March 31, 2019. The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaint Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and

Rules made thereunder for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. The functioning of the Committees were carried out as per letter and spirit contained in the provisions of the Act.

During the FY 2018 - 2019, the Company has not received any complaint of sexual harassment and hence, there were no complaints pending for redressal as on March 31, 2019. The Company had conducted 5 workshops/awareness programs regarding women empowerment during the period under review.

- g) The details of total fees paid to M/s. Varma & Varma, Chartered Accountants, Statutory Auditors during the FY 2018 - 2019 for all services rendered by them is given below:

Particulars	Amount (₹ in lakhs)
Audit fees (including for Limited Review)	13.63
Taxation matters	2.18
Other services	0.40
Reimbursement of expenses	1.74
<b>Total</b>	<b>17.95</b>

- h) The Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006 (as amended) in preparation of the financial statements.

## 10. REDRESSAL OF INVESTOR GRIEVANCES THROUGH SEBI COMPLAINTS REDRESSAL SYSTEM (SCORES)

SCORES (SEBI Complaints and Redress System) is a centralized web-based grievance redressal system launched by SEBI (<http://scores.gov.in>). SCORES provide a platform for aggrieved investors, whose grievances, pertaining to securities market, remain unresolved by the concerned listed company or registered intermediary after a direct approach. All the activities starting from lodging of a complaint till its closure by SEBI would be handled in an automated environment and the complainant can view the status of his complaint online.

An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge complaints in physical form at any of the offices of SEBI. Such complaints would be scanned and also uploaded in SCORES for processing.

## 11. UNCLAIMED DIVIDENDS

During the FY 2018 - 2019, the Company had transferred an amount of ₹ 3 92 625/- to Investor Education and Protection Fund (IEPF) Authority, being unclaimed and unpaid dividend for the financial year 2010 - 2011. Since the amount has been transferred to IEPF Authority, no claim for unclaimed and unpaid dividends for the FY 2010 - 2011 shall lie against the Company.

Further, in compliance with the provisions of Companies Act, 2013 and Rules made thereunder, the Company had transferred the shares pertaining to the shareholders whose dividends were remained unclaimed and unpaid for a period of seven consecutive years to the IEPF Authority. As per the provisions of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), the shareholder may lodge the claim

to the IEPF Authority for such dividends and shares by submitting an online application in Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in).

The shareholders who have not yet encashed their dividend warrants relating to the FY 2011 - 2012 and subsequent years are requested to contact the Company/Registrar and Share Transfer Agents to revalidate the same.

## 12. CREDIT RATING

The Credit Rating enjoyed by the Company as on March 31, 2019, is as given below:

Credit Rating Agency	Instrument	Rating as on March 31, 2019	Migration during the FY 2018 - 2019
CRISIL	Bank Facilities	CRISIL A/ Stable	Upgraded from CRISIL A-/Stable
CRISIL	Public Deposits	FA+/Stable	Upgraded from FA-/Stable
CRISIL	Commercial Paper	CRISIL A1	No change
CRISIL	Non-Convertible Debentures	CRISIL A/ Stable	Upgraded from CRISIL A-/Stable

## 13. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

Compliance certificate on Corporate Governance provided by the Independent Auditors of the Company confirming the compliance with the conditions of Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015, is enclosed herewith as **Annexure 5**.

## 14. GENERAL SHAREHOLDER INFORMATION

### a) 25<sup>th</sup> Annual General Meeting:

Date	Time	Venue
June 17, 2019	10.30 a.m.	The International Hotel, Kochi

### b) Financial Year: April 01, 2018 to March 31, 2019

### c) Dividend Details: Nil

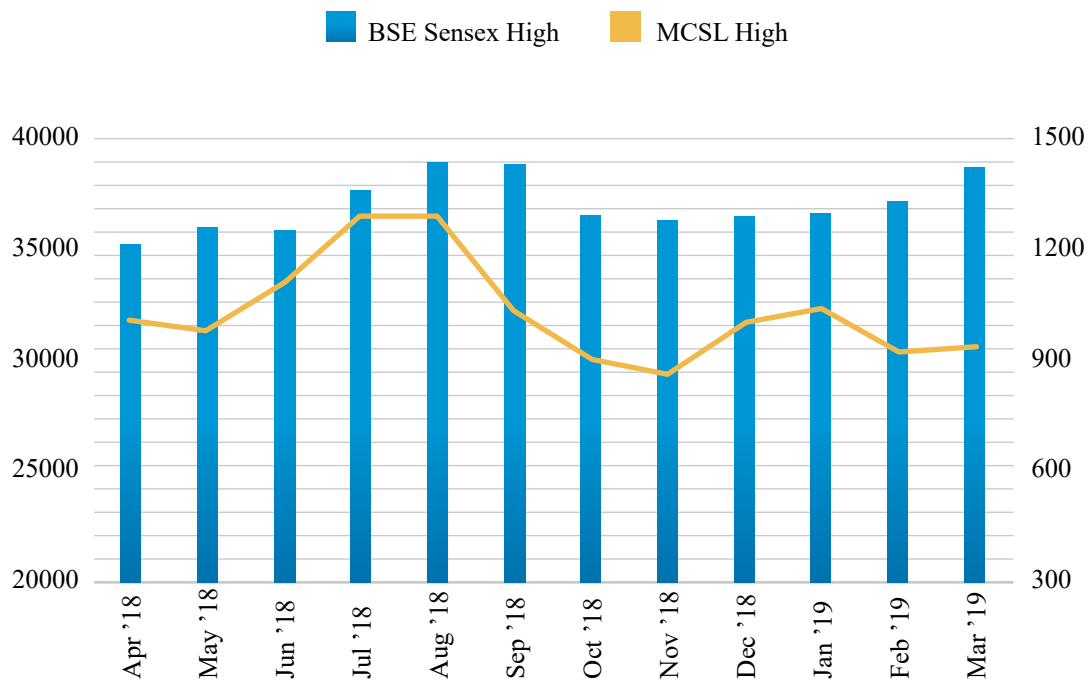
### d) Listing Details:

Name and address of the Stock Exchange	Scrip Code	Status of Listing Fee for the FY 2019 - 2020
<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	511766	Paid
<b>National Stock Exchange of India Limited</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	MUTHOOTCAP	Paid

## e) Stock Market Data from April 01, 2018 to March 31, 2019:

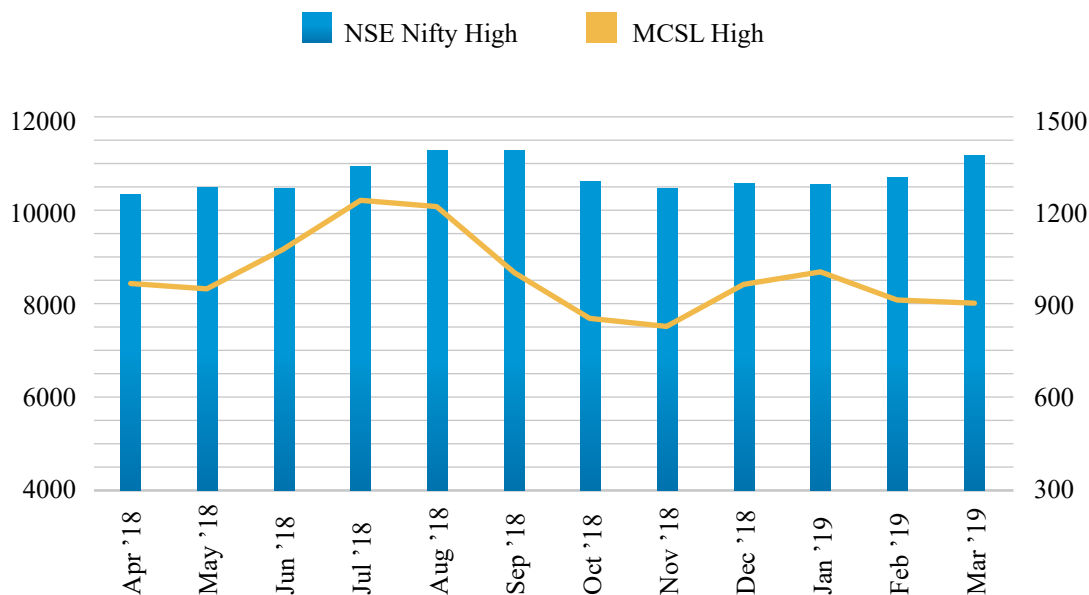
Month	BSE			NSE		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
April 2018	1012.00	751.10	1 70 912	1008.00	746.00	8 54 165
May 2018	990.00	880.30	21 506	990.00	880.00	2 09 664
June 2018	1124.00	845.00	1 19 457	1129.00	843.60	7 56 312
July 2018	1300.00	934.00	1 21 780	1300.00	941.25	7 60 450
August 2018	1294.00	880.00	1 01 687	1278.00	876.20	9 49 083
September 2018	1045.00	788.85	59 226	1045.00	789.85	4 84 487
October 2018	908.00	700.10	50 900	884.95	719.20	6 33 551
November 2018	870.00	786.15	13 141	860.00	789.40	1 63 716
December 2018	1014.55	780.40	1 05 448	1011.95	783.50	5 31 080
January 2019	1049.40	850.05	12 762	1048.10	850.00	3 52 450
February 2019	930.25	748.65	28 654	954.00	745.10	3 60 942
March 2019	945.00	794.00	13 789	940.00	796.10	2 85 536

## MCSL Share Prices vs. BSE Sensex





### MCSL Share Prices vs. NSE Nifty



#### f) Registration Details:

The Company is registered within the state of Kerala. The Company being a Non-Banking Financial Company, is also registered with Reserve Bank of India (Certificate of Registration Number: 16.0024). In 1998, the Company obtained Deposit Taking NBFC license from RBI. Corporate Identity Number (CIN) of the Company is L67120KL1994PLC007726.

#### g) Share Transfer System:

The shareholders are free to hold the Company's shares either in physical form or in dematerialized form. However, with effect from April 01, 2019, the shareholders are not allowed to transfer any shares in the physical form and hence, the dematerialisation of the shares is mandatory for transfer of shares. Thus, the Company encourages the holding of shares in dematerialized form. The shares held in dematerialized form can be transferred through the depositories without the Company's involvement.

Transfer of shares in physical form is processed within 15 days from the date of receipt, provided the documents are complete in all respects. All such transfers are processed by the Registrar and Share Transfer Agents of the Company and thereafter submitted to the Company.

Pursuant to Regulation 40 (9) of the SEBI (LODR) Regulations, 2015, the Company obtain certificates from a Company Secretary in Practice on a half-yearly basis to the effect that all the transfers are completed within the statutory stipulated period. A copy of the said certificate is submitted to both the Stock Exchanges, where the shares of the Company are listed.

#### h) Distribution of Shareholding as on March 31, 2019

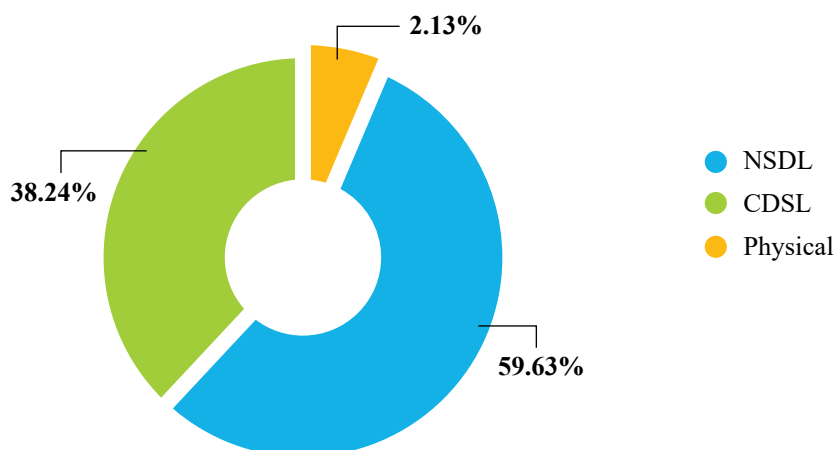
Sl. No.	Category	No. of Holders	% Holders	No. of Shares	% Shares
1	Upto 500	13579	94.67	12 57 505	7.65
2	501 - 1000	396	2.76	2 78 413	1.69
3	1001 - 2000	179	1.25	2 44 150	1.48
4	2001 - 3000	47	0.33	1 12 646	0.68
5	3001 - 4000	33	0.23	1 13 735	0.69
6	4001 - 5000	16	0.11	72 519	0.44
7	5001 - 10000	36	0.25	2 48 125	1.51
8	10001 and above	58	0.40	1 41 20 440	85.85
<b>Total</b>		<b>14344</b>	<b>100.00</b>	<b>1 64 47 533</b>	<b>100.00</b>

#### i) Dematerialisation of Shares and Liquidity:

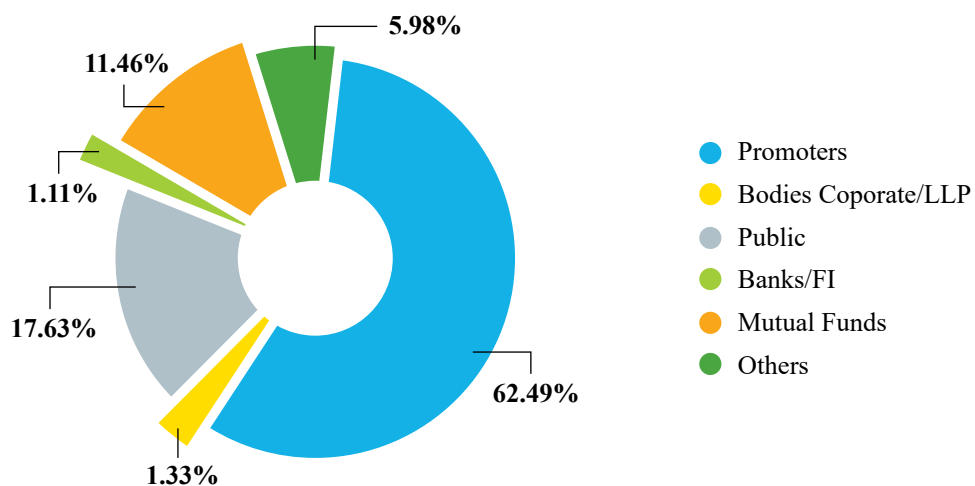
The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scrip-less trading. The shareholders can hold the Company's shares with any of the depository participants, registered with these depositories. The ISIN for the shares of the Company is INE296G01013.

As on March 31, 2019, 97.87% of shares of the Company were held in dematerialized form. The Company's equity shares are frequently traded at the BSE Limited and the National Stock Exchange of India Limited.

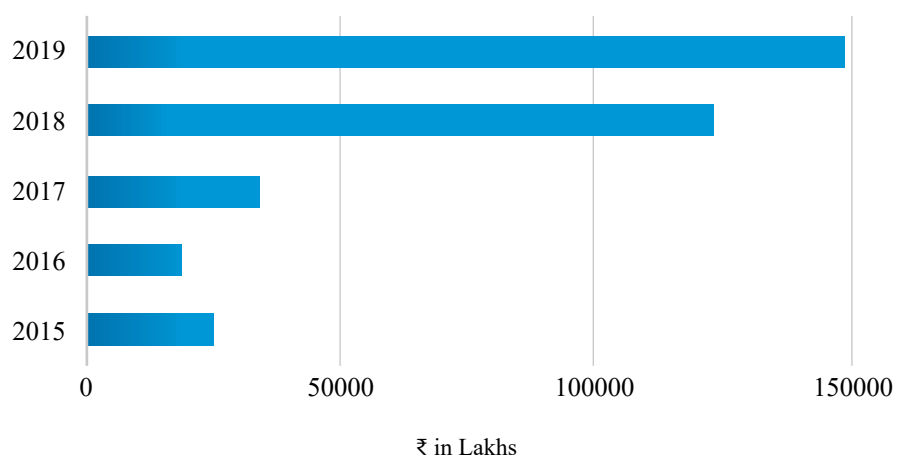
#### SHAREHOLDING STATUS



### PERCENTAGE OF SHAREHOLDING



### MARKET CAPITALIZATION



**j) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:**

The Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments as on date.

**k) Disclosure of commodity price risks and commodity hedging activities:**

The Company follows prudent Board approved Risk Management Policy for minimizing threats or losses and identifying and maximizing opportunities and thereby to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. A detailed note on the risks and concerns is given the Management Discussion and Analysis forming part of this Annual Report.

**l) Plant Locations:**

Being a financial service company, Muthoot Capital Services Limited has no plant locations.

**m) Address for correspondence:**

For any assistance regarding transfer and transmission of shares, change of registered address, non - receipt of any declared dividend or balance sheet, issue of duplicate share certificate or any other query relating to shares, the investors shall contact:

**a) Integrated Registry Management Services Private Ltd.,  
Registrar and Share Transfer Agents**

2<sup>nd</sup> Floor, “Kences Towers”, No.1, Ramakrishna Street,  
North Usman Road, T. Nagar, Chennai - 600 017  
Ph: 044 - 28140801 - 803  
Fax: 044 - 28142479  
Email: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

**b) Compliance Officer**

**Muthoot Capital Services Limited**

3<sup>rd</sup> Floor, Muthoot Towers, M.G. Road, Kochi - 682 035,  
Ph: 0484 - 6619689  
Fax: 0484 - 2381261  
Email: [investorgrievance@muthootcap.com](mailto:investorgrievance@muthootcap.com) / [mail@muthootcap.com](mailto:mail@muthootcap.com)

For queries on financial statements, contact:

**c) Chief Finance Officer**

**Muthoot Capital Services Limited**

3<sup>rd</sup> Floor, Muthoot Towers, M.G. Road, Kochi - 682 035  
Ph: 0484 - 6619603  
Fax: 0484 - 2381261  
Email: [vinod.panicker@muthootcap.com](mailto:vinod.panicker@muthootcap.com)

## ANNEXURE 1

**CONFIRMATION CERTIFICATE FROM MANAGING DIRECTOR**

To,

**The members of Muthoot Capital Services Limited**

I confirm that the Company has received from all the Directors, a declaration of compliance in accordance with the provisions of Section 165 of the Companies Act, 2013, and Regulation 17A & 26 (1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended March 31, 2019.

Kochi

April 24, 2019

Sd/-

**THOMAS GEORGE MUTHOOT**

**Managing Director**

**DIN: 00011552**

## ANNEXURE 2

**CONFIRMATION CERTIFICATE REGARDING COMPLIANCE BY  
BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE  
COMPANY'S CODE OF CONDUCT**

To,

**The members of Muthoot Capital Services Limited**

I confirm that the Company has received from the members of the Board and Senior Management team of the Company, declarations of compliance with the Code of Conduct as applicable to them during the financial year ended March 31, 2019.

Kochi

April 24, 2019

Sd/-

**THOMAS GEORGE MUTHOOT**

**Managing Director**

**DIN: 00011552**

## ANNEXURE 3

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER (MD)/  
CHIEF FINANCE OFFICER**

We hereby certify that for the quarter and financial year ending March 31, 2019, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (iv) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (v) We further certify that:
  - (i) There have been no significant changes in internal control over financial reporting during the year;
  - (ii) There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) There have been no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Kochi**  
**April 24, 2019**

Sd/-  
**THOMAS GEORGE MUTHOOT**  
**Managing Director (CEO)**  
**DIN: 00011552**

Sd/-  
**VINODKUMAR M. PANICKER**  
**Chief Finance Officer**

**CERTIFICATE**

[As per Regulation 34 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V (C) 10 (i) thereto]

We, CaesarPintoJohn & Associates LLP, Company Secretaries, Kochi, have examined the documents and records made available to us and explanation provided by **Muthoot Capital Services Limited [CIN:L67120KL1994PLC007726]**, having its registered office at 3<sup>rd</sup> Floor, Muthoot Towers, M.G.Road, Kochi-682035 and the directors of the said Company.

We have followed the practices and processes as is appropriate to obtain reasonable assurance about the correctness of the information provided to us. We believe that the processes and practices we followed provide a reasonable basis for this certificate. We have sought and obtained information and explanations which to the best of our knowledge and belief were necessary for the purpose of this certificate.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations and declarations made by the Directors and the management, we hereby certify that none of the directors on the Board of **Muthoot Capital Services Limited** as on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

**For CaesarPintoJohn  
& Associates LLP  
Company Secretaries**

**Kochi  
24.04.2019**

**Sd/-  
NIKHIL GEORGE PINTO  
Partner  
M. No. 39471  
CP. No. 16059**



## ANNEXURE 5

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE****To****The Members****Muthoot Capital Services Ltd**

1. We have examined the compliance of conditions of Corporate Governance by Muthoot Capital Services Ltd ("the company") for the year ended on March 31, 2019, as stipulated in the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ Listing Regulations, as applicable.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Varma & Varma**  
**Chartered Accountants**  
**FRN No: 004532S**

**Place : Kochi - 19**  
**Date : 24<sup>th</sup> April, 2019**

**Sd/-**  
**VIJAY NARAYAN GOVIND**  
**Partner**  
**M.No. 203094**

# INDEPENDENT AUDITOR'S REPORT

**To**

**The Members of Muthoot Capital Services Limited**

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

## Opinion

We have audited the standalone financial statements of Muthoot Capital Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and Statement of Cash Flows for the year ended on that date, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its Profit and Cash Flows for the year ended on that date.

## Basis for Opinion

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

## Key Audit Matters

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

Key Audit Matters	How addressed in Audit
<p>Accuracy in identification and categorisation of receivables from financing activities as performing and non-performing assets including those under securitisation arrangements and in ensuring appropriate asset classification, existence of security, income recognition, provisioning/ write off thereof and completeness of disclosure including compliance in accordance with the applicable extant guidelines issued by Reserve Bank of India (RBI).</p>	<p>We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure correct classification, income recognition and provisioning/write off including of Non-performing assets as per applicable RBI guidelines. The audit approach included testing the existence and effectiveness of the control environment laid down by the management and conducting of detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by Institute of Chartered Accountants of India. Agreements entered into regarding significant transactions including related to corporate loans and securitization/assignment arrangements have been examined to ensure compliance. We have also reviewed the reports generated from management information systems, audit/inspection reports issued by the concurrent / internal/secretarial auditors and Reserve Bank of India. The impact of all significant external and internal events including those if any, subsequent to balance sheet date have been taken into consideration for the above purposes. Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.</p>
<p>Completeness in identification, accounting and disclosure of related party transactions in accordance with the applicable laws and financial reporting framework.</p>	<p>We have assessed the systems and processes laid down by the company to appropriately identify, account and disclose all material related party transactions in accordance with applicable laws and financial reporting framework. We have designed and performed audit procedures in accordance with the guidelines laid down by ICAI in the Standard on Auditing (SA 550) to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose material related party transactions which includes obtaining necessary approvals at appropriate stages of such transactions as mandated by applicable laws and regulations. We have also reviewed the Secretarial Audit report during the course of evaluating the internal control systems in ensuring compliance with applicable laws, rules, regulations and guidelines.</p>

### **Information Other than the Standalone Financial Statements and Auditor's Report thereon (Other Information)**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Corporate Overview, Board's Report, Management Discussion and Analysis Report and Report on Corporate Governance in the Annual Report of the Company for the financial year 2018-19, but does not include the financial statements and our auditor's report thereon.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "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, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial statement reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us: the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of 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, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 7 to the financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Varma & Varma**  
**Chartered Accountants**  
**FRN No: 004532S**

**Place : Kochi -19**  
**Date : 24<sup>th</sup> April, 2019**

**Sd/-**  
**VIJAY NARAYAN GOVIND**  
**Partner**  
**M.No. 203094**



**ANNEXURE A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MUTHOOT CAPITAL SERVICES LIMITED FOR THE YEAR ENDED MARCH 31, 2019:**

1.
  - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) We are informed that the company has a programme for physical verification of fixed assets at reasonable intervals and that no material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable property and hence the reporting requirements as per clause 3 (1) (c) of the Order are not applicable.
2. Except for the repossessed assets from borrowers, stock of stationery and sales promotion items, the Company does not have any other stock of inventory. These Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. In our opinion and according to the information and explanations given to us, material discrepancies were not noticed on such physical verification.
3. According to the information and explanation given to us, the Company has granted secured loan to one company, unsecured intercorporate deposit to one company and unsecured loan to one partnership firm covered in the Register maintained under section 189 of the Act in respect of which;
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the balance sheet date.
4. According to the information and explanations given to us and the records of the company examined by us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. According to the information and explanations given to us by the management no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in respect of the aforesaid deposits.

As stated in Note 11.2 of the financial statements, there are unpaid amounts against matured public deposits amounting to Rs. 28,916 thousand (including interest) outstanding as on 31st March, 2019, and the management has confirmed that they could not pay the same since claims were not received from public deposit holders.

6. The maintenance of cost audit records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the company. Thus reporting under clause 3(vi) of the order is not applicable to the company.
  7. (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, except for three instances of delay in deduction and remittance of Tax deducted at source, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Goods and Service Tax, Cess and any other statutory dues, as applicable to the Company. According to the information and explanation given to us by the management, there are no arrears of undisputed statutory dues outstanding as at the last date of the financial year for a period of more than six months from the date on which they became payable.
  - (b) According to the information and explanations given to us, there were no outstanding dues of sales tax, income tax, wealth tax, customs duty, excise duty, service tax, Goods and Service Tax, and cess that have not been deposited on account of any dispute.
  8. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Governments or dues to debenture holders.
- As stated in Note No.11.1 of the financial statements, there are unpaid amounts against matured debentures amounting to Rs. 621 thousand (including interest) outstanding as on March 31, 2019 and the management has confirmed that they could not pay the same since claims were not received from the debenture holders.
9. According to the information and explanations given to us and the records of the Company examined by us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and the term loans availed by the company have been applied for the purpose for which the loans were obtained.
  10. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
  11. According to the information and explanations given to us and the records of the Company examined by us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
  12. The Company is not a Nidhi Company. Accordingly, the reporting requirement under clause (xii) of paragraph 3 of the Order is not applicable to the Company.

13. The Company has complied with the provisions of Section 177 and 188 of the Act, where applicable, for all transactions with the related parties. The details of related party transactions have been disclosed in Note No 4 of the financial statements, as required by the applicable accounting standards.
14. The company has not made any preferential allotment of shares or fully or partly convertible debentures during the year under review and thus the requirement under section 42 of the Act is not applicable.
15. 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 Directors or persons connected with the Directors and hence the reporting requirement under clause (xv) of paragraph 3 of the Order is not applicable.
16. The Company is engaged in the business of Non-Banking Financial Institution and it has obtained the certificate of registration as provided in section 45-IA of the Reserve Bank of India Act, 1934.

**For Varma & Varma**  
**Chartered Accountants**  
**FRN No: 004532S**

**Place : Kochi -19**  
**Date : 24<sup>th</sup> April, 2019**

**Sd/-**  
**VIJAY NARAYAN GOVIND**  
**Partner**  
**M.No. 203094**

**ANNEXURE B REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MUTHOOT CAPITAL SERVICES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial control systems with reference to financial statements reporting of **Muthoot Capital Services Limited** (“the Company”) as of March 31, 2019 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 with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls systems with reference to financial statements reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls system with reference to financial statements 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 with reference to financial statements reporting and their operating effectiveness. Our audit of internal financial controls system with reference to financial statements reporting included obtaining an understanding of internal financial controls system with reference to financial statements 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 judgement, 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 with reference to financial statements reporting.

### **Meaning of Internal Financial Controls with reference to Financial Statements reporting**

A company's internal financial controls system with reference to financial statements 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 controls system with reference to financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements reporting**

Because of the inherent limitations of internal financial controls system with reference to financial statements 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 system with reference to financial statements reporting to future periods are subject to the risk that the internal financial controls system with reference to financial statements 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 with reference to financial statements reporting and such internal financial controls system with reference to financial statements reporting were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Varma & Varma**  
**Chartered Accountants**  
**FRN No: 004532S**

**Place : Kochi - 19**  
**Date : 24<sup>th</sup> April, 2019**

**Sd/-**  
**VIJAY NARAYAN GOVIND**  
**Partner**  
**M.No. 203094**

# BALANCE SHEET

as at 31<sup>st</sup> March, 2019

(₹ in '000)

Particulars	Note	As At	
		31-Mar-19	31-Mar-18
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2.1	16 44 75	16 44 75
(b) Reserves and Surplus	2.2	459 90 70	3 77 48 23
		<b>476 35 45</b>	<b>393 92 98</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	2.3	202 56 00	96 26 74
(b) Other Long-Term Liabilities	2.4	11 66 71	6 32 88
(c) Long-Term Provision	2.5	7 168	-
		<b>214 94 39</b>	<b>102 59 62</b>
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	2.6	1158 47 50	1253 25 08
(b) Trade Payables	2.7	-	-
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises			
(ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		21 83 46	15 58 44
(c) Other Current Liabilities	2.8	327 88 10	168 58 01
(d) Short-Term Provisions	2.9	61 46 64	43 84 42
		<b>1569 65 70</b>	<b>1481 25 95</b>
<b>TOTAL</b>		<b>2260 95 54</b>	<b>1977 78 55</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	2.10		
(i) Tangible Assets-Property, Plant and Equipment		1 49 20	2 24 57
(ii) Intangible Assets		23 05	23 45
(iii) Intangible Assets Under Development		22 49	-
(b) Non-Current Investments	2.11	10 28 65	17 86 19
(c) Deferred Tax Assets (Net)	2.12	16 78 34	11 32 21
(d) Long-Term Receivables from Financing Activities	2.13	1008 72 00	827 72 22
(e) Long-Term Loans and Advances	2.14	1 11 78	1 09 23
(f) Other Non- Current Assets	2.15	3 51 21	80
		<b>1042 36 72</b>	<b>860 48 67</b>
<b>(2) Current Assets</b>			
(a) Current Investments	2.16	8 35 63	19
(b) Cash and Cash Equivalents	2.17	84 27 99	16 84 29
(c) Receivables from Financing Activities	2.18	1075 47 80	1088 28 05
(d) Short-Term Loans and Advances	2.19	7 62 83	2 88 81
(e) Other Current Assets	2.20	42 84 57	9 28 54
		<b>1218 58 82</b>	<b>1117 29 88</b>
<b>TOTAL</b>		<b>2260 95 54</b>	<b>1977 78 55</b>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 to 12		

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

As per our separate report of even date attached

**For VARMA AND VARMA**

FRN: 004532S

**For and on behalf of the Board of Directors of  
MUTHOOT CAPITAL SERVICES LIMITED**

Sd/-  
**VIJAY NARAYAN GOVIND**  
Partner  
Chartered Accountants  
Membership Number: 203094

Sd/-  
**THOMAS JOHN MUTHOOT**  
Chairman  
Din : 00011618

Sd/-  
**THOMAS GEORGE MUTHOOT**  
Managing Director  
Din: 00011552

Sd/-  
**THOMAS MUTHOOT**  
Director  
Din: 00082099

Place : Kochi - 19  
Date : 24<sup>th</sup> April, 2019

Sd/-  
**VINODKUMAR M. PANICKER**  
Chief Finance Officer



# STATEMENT OF PROFIT AND LOSS

for the year ended 31<sup>st</sup> March, 2019

(₹ in '000)

Particulars	Note	For the Year Ended	
		31-Mar-19	31-Mar-18
<b>Income</b>			
I. Revenue from Operations	2.21	534 62 94	397 72 60
II. Other Income	2.22	64 48	35 96
<b>III. Total Revenue (I+II)</b>		<b>535 27 42</b>	<b>398 08 56</b>
<b>IV. Expenses</b>			
a. Employee Benefits Expenses	2.23	77 81 93	64 17 62
b. Finance Costs	2.24	161 50 72	122 82 79
c. Depreciation and Amortization	2.10	1 03 51	97 17
d. Other Expenses	2.25	118 84 69	94 05 58
e. Provisions and Write Off	2.26	48 82 03	33 59 38
<b>Total Expenses</b>		<b>408 02 88</b>	<b>315 62 54</b>
<b>V. Profit Before Tax (III - IV)</b>		<b>127 24 54</b>	<b>82 46 02</b>
<b>VI. Tax Expenses</b>			
a. Current Tax		50 28 00	33 54 00
b. Deferred Tax		(5 46 13)	(4 75 70)
c. Income Tax Adjustment for Earlier Years		20	-
<b>Total Tax Expenses</b>		<b>44 82 07</b>	<b>28 78 30</b>
<b>VII. Profit for the Year (V-VI)</b>		<b>82 42 47</b>	<b>53 67 72</b>
<b>VIII. Earnings per equity share of ₹ 10 each:</b>			
Basic and Diluted (in ₹)	6	50.11	36.39
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	1 to 12		

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

As per our separate report of even date attached

**For VARMA AND VARMA**

FRN: 004532S

**For and on behalf of the Board of Directors of  
MUTHOOT CAPITAL SERVICES LIMITED**

Sd/-  
**VIJAY NARAYAN GOVIND**  
Partner  
Chartered Accountants  
Membership Number: 203094

Sd/-  
**THOMAS JOHN MUTHOOT**  
Chairman  
Din : 00011618

Sd/-  
**THOMAS GEORGE MUTHOOT**  
Managing Director  
Din: 00011552

Sd/-  
**THOMAS MUTHOOT**  
Director  
Din: 00082099

Place: Kochi - 19  
Date : 24<sup>th</sup> April, 2019

Sd/-  
**VINODKUMAR M. PANICKER**  
Chief Finance Officer

# CASH FLOW STATEMENT

for the year ended 31<sup>st</sup> March, 2019

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax</b>	<b>127 24 54</b>	82 46 02
Adjustments for:-		
Depreciation/Amortisation	<b>1 03 51</b>	97 17
Provision against Non - Performing Assets	<b>20 25 09</b>	14 36 95
Provisions against Standard Assets	<b>57 00</b>	3 36 00
Loss / (Profit) from Capital Market Operations	<b>(12 99)</b>	( 6 68)
Loss / (Profit) on Sale of Assets	<b>( 51)</b>	( 1 21)
Interest on Investments	<b>(1 13 36)</b>	(1 13 36)
Income from Investments in Alternate Investment fund	<b>( 37 66)</b>	( 13 88)
Dividend Income		( 1 50)
Discount on Issue of Commercial Paper		1 25 73
	<b>20 21 08</b>	18 59 22
<b>Operating Profit before Working Capital Changes</b>	<b>147 45 62</b>	101 05 24
Net (Increase) / Decrease in Operating Assets:-		
Short-Term Loans and Advances	54 83	( 77 37)
Long-Term Loans and Advances	( 2 55)	( 63)
Receivables from Financing Activities	(168 19 53)	(712 33 11)
Other Current Assets	1 79 02	17 81 45
Other Non - Current Assets	79	5 81 66
	<b>(165 87 44)</b>	(689 48 00)
Net Increase/ (Decrease) in Operating Liabilities-		
Long-Term Liabilities	<b>91 52</b>	(4 84 74)
Other Current Liabilities	<b>29 18 20</b>	9 51 08
Short-Term Provisions	<b>(16 44)</b>	1 90 71
Long-Term Provision	<b>71 68</b>	-
	<b>30 64 96</b>	6 57 05
<b>Net Changes in Working Capital</b>	<b>(135 22 48)</b>	(682 90 95)
<b>Cash Generated from Operations</b>	<b>12 23 14</b>	(581 85 71)
Direct Taxes Paid	<b>(58 60 49)</b>	(32 13 01)
<b>Net Cash from/(used in) Operating Activities</b>	<b>(46 37 35)</b>	(613 98 72)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets Including Intangible Assets Under Development	<b>(51 41)</b>	(91 03)
Sale of Fixed Assets	<b>1 70</b>	6 20
Increase / (Decrease) in Investments	<b>(77 91)</b>	(3 11 30)

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Interest on Investments	1 13 36	1 13 36
(Loss) / Profit from Capital Market Operations	12 99	6 68
Dividend Income	-	1 50
Income from Investments in Alternate Investment fund	37 66	13 88
<b>Net Cash from/(used in) Investing Activities</b>	<b>36 39</b>	<b>(2 60 71)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Increase / (Decrease) in Issued & Paid up Capital	-	2 72 76
Net Increase/ (Decrease) in Securities Premium	-	159 54 00
Net Increase / (Decrease) in Secured Debentures(Including Interest Accrued)	(11 92)	(2 14 66)
Net Increase / (Decrease) in Subordinated debts (Including Interest Accrued)	(1 33 61)	12 68 28
Net Increase / (Decrease) in Public Deposits (Including Interest Accrued)	(21 93 03)	(27 17 78)
Increase / (Decrease) in Secured and Unsecured Borrowings (Including Interest Accrued)	136 71 64	473 41 17
Increase / (Decrease) in Inter Corporate Deposits (Including Interest Accrued)	12 53	(2 66)
Dividend Paid (Including Corporate Dividend Tax)	(95)	(5 90)
<b>Net Cash Generated from Financing Activities</b>	<b>113 44 66</b>	<b>618 95 21</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>67 43 70</b>	<b>2 35 78</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>16 84 29</b>	<b>14 48 51</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>84 27 99</b>	<b>16 84 29</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	3	16
- Balances with Banks	31 47 10	2 81 67
- SLR Deposits	2 00 00	4 81 25
- Deposits offered as Collateral security against securitisation transaction	50 44 80	8 84 20
- Balances with Unclaimed Dividend Accounts	36 06	37 01
<b>Total Cash and Cash Equivalents</b>	<b>8 42 799</b>	<b>16 84 29</b>

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

As per our separate report of even date attached

**For VARMA AND VARMA**

FRN: 004532S

**For and on behalf of the Board of Directors of  
MUTHOOT CAPITAL SERVICES LIMITED**

Sd/-  
**VIJAY NARAYAN GOVIND**  
Partner  
Chartered Accountants  
Membership Number: 203094

Sd/-  
**THOMAS JOHN MUTHOOT**  
Chairman  
Din :00011618

Sd/-  
**THOMAS GEORGE MUTHOOT**  
Managing Director  
Din:00011552

Sd/-  
**THOMAS MUTHOOT**  
Director  
Din: 00082099

Place: Kochi - 19  
Date : 24<sup>th</sup> April, 2019

Sd/-  
**VINODKUMAR M. PANICKER**  
Chief Finance Officer

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> March, 2019

## CORPORATE INFORMATION

Muthoot Capital Services Limited ('the Company') is a public company domiciled in India, governed by the Companies Act 2013 and is a Systemically Important Deposit Accepting Non-Banking Financial Company ('NBFC') registered with Reserve Bank of India. The shares of the Company are listed on the Bombay Stock Exchange and the National Stock Exchange. During the year, the Company was primarily engaged in the business of financing for purchase of automobiles, mainly two wheelers against hypothecation of the vehicles and granting of personal/business loans etc.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis for preparation of financial statements

- i. The financial statements have been prepared and presented under historical cost convention on accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") in compliance with the provisions of the Companies Act, 2013, Accounting Standards specified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the applicable directions issued by Reserve Bank of India for Non-Banking Financial Companies. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except wherever stated.
- ii. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of financial services provided and their realization in cash and cash equivalents, the Company has assessed its operating cycle as 12 months for the purpose of classification of its assets and liabilities into current and non-current as per the requirements of Schedule III of the Companies Act, 2013.

### 1.2 Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the period and disclosure of contingent liabilities as at that date. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as on the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

### 1.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured:

### ➤ **Income from Financial Services**

- i. Interest Income in respect of hypothecation loans are recognised on accrual basis with reference to contractual terms, applying the Internal Rate of Return method. Overdue charges on belated hypothecation loan installments are accounted as and when received by the company.
- ii. Interest on loans and advances, including Loan Buyout and Other business loans, is recognized on accrual basis at the contract rate wherever feasible. Overdue charges for belated payments are accounted as and when received.
- iii. Income in respect of Non-performing assets is recognized as and when received as per The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- iv. Interest Income on SLR Investments / Bank Deposits including collateral deposits is recognized on accrual basis.
- v. Income from securitisation transactions, being interest spread under par structure of securitisation loan receivables, is recognized as income on realisation of dues in cash from Special purpose vehicle.
- vi. Income on retained interest in the assigned asset, if any, is accounted on accrual basis.
- vii. Income from financing activities and services is recognized on accrual basis.

### ➤ **Income from Investments**

Dividend on investments is recognized as income, when right to receive payment is established by the date of Balance Sheet. The profit/loss on Capital Market Operations is recognized at the time of actual sale/redemption of investments.

## **1.4 Receivables from Financing Activities**

The Company has followed the Master Directions issued by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, Provisioning / writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments.

### ➤ **Hypothecation Loans**

- i. Hypothecation loans are stated at the amounts advanced including Interest and other finance charges accrued and due, as reduced by amounts received and loans securitised.
- ii. Advance instalments received against Hypothecation loans are shown as Current Liabilities.
- iii. Repossessed assets are valued at lower of book value and estimated realisable value.

### ➤ **Securitisation transactions: -**

- i. Securitised receivables are de-recognized in the Balance Sheet when they are sold i.e. if they fully meet the true sale criteria as per the Master Direction issued by the Reserve Bank of India.
- ii. Company's contractual rights to receive the share of the future interest (i.e. interest spread) in respect of the transferred asset from the SPV is capitalized at the present value as Interest Only (I/O) Strip (Interest Strip Retained on Securitisation of Receivables) with the corresponding liability created for Unrealized Gains on Loan Transfer Transactions.

### 1.5 Tangible Assets (Property, Plant and Equipment)

Property, Plant and Equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing costs, if capitalization criteria are met, and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebate are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant & equipment is added to its book value, only if it increases the future benefit of the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, Plant and Equipment, including day-to-day repairs and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

### 1.6 Intangible Assets

Intangible assets are recorded at the cost incurred for developing such assets and are carried at cost less accumulated amortization and impairment, if any.

Intangible assets under development not put for use as at the date of balance sheet, are classified as asset under development.

### 1.7 Depreciation / Amortization of Tangible and Intangible assets.

- i. Depreciation on assets held for own use of the Company is provided on written down value method as per the useful years of life of the assets and in the manner prescribed under Schedule II of the Companies Act, 2013 and in accordance with revised Accounting Standard-10 "Property, Plant and Equipment".
- ii. Intangible assets are amortized over a period of three years.

### 1.8 Impairment of Tangible and Intangible Assets

- i. The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use.
- ii. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value, after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

### 1.9 Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

## 1.10 Investments

- i. Investment in Government Securities
  - a. Non - Current Investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary.
  - b. Current Investments are valued at lower of cost and market value / net asset value.
- ii. Investments - Others
  - a. Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Non-Current Investments.

On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-Current Investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

## 1.11 Income Tax

Tax expense comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and the reversal of timing differences of the earlier years.

Deferred Tax Liabilities are recognized for all taxable timing differences. Deferred Tax Assets are recognized for deductible timing differences only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

The carrying amount of Deferred Tax Assets are reviewed at each reporting date. The company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which Deferred Tax Asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.



### 1.12 Retirement and Other Employee Benefits

#### i. Defined Contribution Plan

##### (i) Provident Fund

The contributions to the provident fund are charged to the Statement of Profit and Loss for the year when the contributions are due in accordance with the fund rules. The Company has no obligation, other than the contribution payable to the provident fund.

##### (ii) Employees State Insurance

The Company also contributes to Employees State Insurance Corporation on behalf of its employees.

#### ii. Defined Benefit Plan

##### a. Gratuity (Funded)

Payment of gratuity to employees is covered by the Gratuity Trust Scheme based on the Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme. The yearly contribution/premium paid/ payable is determined on actuarial valuation done by an independent valuer. Actuarial gain and loss for defined benefit plan is recognized in full in the period in which they occur in the Statement of Profit and Loss.

##### b. Accumulated Compensated Absences

The company provides for liability of accumulated compensated absences for eligible employees on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the period in which they occur.

### 1.13 Segment Reporting

The Company's business activity primarily falls within a single reportable business segment which constitutes Financing Activities (Advancing of hypothecation loans, term loans, buying loan portfolio of other NBFCs/ Micro Finance Companies and loan against demand promissory notes etc.). Hence additional disclosures are not required under Accounting Standard -17 "Segment Reporting".

The Company operates only in India; hence there is no other significant geographical segment that requires the disclosure.

### 1.14 Related Party Disclosures

Disclosures are made as per the requirements of the Accounting Standard- 18 "Related Party Disclosures".

### 1.15 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating the diluted earnings per share, the net profit or loss for

the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 1.16 Material Events

Material Events occurring after the Balance Sheet date are taken into cognizance.

### 1.17 Provisions other than that for Non-Performing Assets

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made for the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### 1.18 Contingent Liabilities

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

### 1.19 Classification and Provisioning of receivables from Financing Activity

- i. As per the guidelines given in the Master Directions issued by the Reserve Bank of India for Non-Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, Provisioning / Writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments, the company makes adequate provisions against Receivables from financing activities in the following manner;
  - a. Standard Assets:  
Provision against Standard Assets is made at the rate prescribed by The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
  - b. Non-Performing assets : Sub-standard, Doubtful and loss assets:  
Provision as required under The Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 is made. Further additional provision over and above the minimum levels specified is made as considered appropriate by the management.
- ii. Loss on Sale of Repossessed Assets represents shortfall in realization of outstanding loan receivable balances on disposal of the underlying hypothecated assets and includes provisions created in the earlier years in respect of such loan balances.

## 2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2019

Amounts in the financial statements are presented in thousands, except for per share data and as otherwise stated.

### BALANCE SHEET

#### 2.1 SHARE CAPITAL

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
Authorized 2,50,00,000 equity shares of ₹10 par value (2,50,00,000 equity shares of ₹10 par value)	25 00 00	25 00 00
Issued, Subscribed and fully Paid up 1,64,47,533 equity shares of ₹10 par value (1,64,47,533 equity shares of ₹10 par value)	16 44 75	16 44 75
<b>Total</b>	<b>16 44 75</b>	<b>16 44 75</b>

The reconciliation of the number of equity shares outstanding and the amount of share capital as at 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March 2018, is set out below:

(₹ in '000)

Particulars	As at 31-Mar-19		As at 31-Mar-18	
	No of Shares	Amount	No of Shares	Amount
	in '000	₹ in '000	in '000	₹ in '000
No of shares outstanding at the beginning of the year	1 64 48	16 44 75	1 24 73	12 47 26
Add: Bonus shares issued by capitalization of general reserve account	-	-	12 47	1 24 73
	1 64 48	16 44 75	1 37 20	13 71 99
Add: Shares issued to Qualified Institutional Buyers	-	-	27 28	2 72 76
No of shares outstanding at the end of the year	1 64 48	16 44 75	1 64 48	16 44 75

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10. Each holder of equity share is entitled to one vote per share.

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

#### Shareholders holding more than 5% shares in the Company:

(₹ in '000)

Particulars	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares		No. of shares	
	in '000	%	in '000	%
<b>Equity Shares</b>				
Thomas John Muthoot	31 34	19.06	31 36	19.07
Thomas George Muthoot	31 31	19.04	31 31	19.04
Thomas Muthoot	30 77	18.71	30 77	18.71

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

## 2.2 RESERVES AND SURPLUS

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Securities Premium:</b>		
At the beginning of the year	201 34 80	41 80 80
Add: Issue of shares at a premium of ₹595/- per share	-	162 29 82
Less: Expenditure on Qualified Institutional Placement	-	(2 75 82)
At the end of the year	201 34 80	201 34 80
<b>Statutory Reserve:</b>		
(As per Section 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	45 15 79	34 35 79
Add: Transfer from Surplus in Statement of Profit and Loss	16 50 00	10 80 00
At the end of the year	61 65 79	45 15 79
<b>General Reserve:</b>		
At the beginning of the year	11 85 27	13 10 00
Less: Amounts utilised towards issue of fully paid bonus shares		(1 24 73)
At the end of the year	11 85 27	11 85 27
<b>Surplus in the Statement of Profit and Loss</b>		
At the beginning of the year	119 12 37	76 24 65
Add: Profit for the year	82 42 47	53 67 72
Less: Appropriations		
Transfer to Statutory Reserves	(16 50 00)	(10 80 00)
At the end of the year	185 04 84	119 12 37
<b>Total</b>	<b>459 90 70</b>	<b>377 48 23</b>

## 2.3 LONG - TERM BORROWINGS

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Secured:</b>		
Loan from Banks - Term Loans (Refer Note No. 2.3.1)	99 58 41	7 85 00
Loan from Others - Financial Institution (Refer Note No. 2.3.2)	26 90 40	-
<b>Unsecured:</b>		
Subordinated Term Loan (Refer Note No. 2.3.3A)	30 00 00	30 00 00
Subordinated Debts-Retail (Includes subordinated debt from related party ₹ 3 00 00 thousand (₹3 00 00 thousand) (Refer Note No. 2.3.3B)	28 66 90	27 95 81
Public Deposits (Includes deposit from related party ₹ 1 00 00 thousand (Nil) (Refer Note No. 2.3.4)	17 40 29	30 45 93
<b>Total</b>	<b>202 56 00</b>	<b>96 26 74</b>

### 2.3.1 Loans from Banks - Term Loans

This liability towards term loan from banks appears in the financial statements in the manner given below:

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Long- Term Borrowings	2.3	Loans from banks	99 58 41	7 85 00
Other Current Liabilities	2.8	Current Maturities of Long term debts- Term Loans from bank	102 85 08	40 51 28
<b>Total</b>			<b>202 43 49</b>	<b>48 36 28</b>

### Terms of Repayment of Bank Loans:

#### Security and Rate of Interest of Term Loans from Banks

The term loans from banks are secured by charge on the entire current assets including loans receivable of the company. The rate of interest varies from 9.30% to 11.00% as on the Balance Sheet date.

These loans are repayable in equal monthly/ quarterly instalments which are spread over period up to 36 months.

### 2.3.2 Term Loan From Other Financial Institutions:

#### Maturity pattern of Term Loan From Financial Institutions

This liability towards term loan appears in the financial statements in the manner given below:

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Long- Term Borrowings	2.3	Loans from Others - Financial Institutions	26 90 40	-
		Current Maturities of Long term debts-Term		
Other Current Liabilities	2.8	Loans from Others	49 93 74	-
<b>Total</b>			<b>76 84 14</b>	<b>-</b>

#### Security and Rate of Interest of Term Loans from Financial Institution

The term loans from Mahindra & Mahindra Financial Services Ltd is secured by creating a paripassu hypothecation charge together with other term loan & working capital lenders of the borrower, over receivables/ loan assets/book debts.

The Company has taken one Term Loans from Mahindra & Mahindra Financial Services Ltd in in two tranches of ₹ 50 00 00 thousand each with interest rates being 9.5% and 10.75%. The loan is repayable in six equal quarterly installments over a period of 18 months.

### 2.3.3 Subordinated Term Loans/Debts (Sub Debts):

#### A. Northern Arc Capital Limited (Formerly known as IFMR Capital Finance Private Limited) -

The Company has taken two Subordinated Unsecured Term Loans from Northern Arc Capital Ltd. of ₹ 15 00 00 thousand each on 29th June, 2016 and 30th March, 2017 respectively, with interest rates being 12.5% and 11.95%. The loans will be repaid only on maturity i.e. after 66 months from the date of availing the loan.

- B. The Company has also accepted subordinated debts from public under three schemes, namely Monthly, Annual and Maturity interest payment with interest rates ranging from 9% to 13.4%. The maturity period of the loan ranges from 60 months to 96 months. The subordinated debts issued under each scheme will be repaid only on maturity.

#### Maturity pattern of Subordinated Debts from public:

(₹ in '000)

Interest Rate % per Annum	For the Financial Year 2018-19				For the Financial Year 2017-18			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
<=9	-	-	36 50	36 50	-	-	-	-
>9 – 12	-	-	27 09 31	27 09 31	-	-	26 74 72	26 74 72
>12 – 15	25	-	1 21 09	1 21 34	-	2 58 32	1 21 09	3 79 41
<b>Total</b>	<b>25</b>	<b>-</b>	<b>28 66 90</b>	<b>28 67 15</b>	<b>-</b>	<b>2 58 32</b>	<b>27 95 81</b>	<b>30 54 13</b>

This liability towards subordinated debts from public appears in the financial statements in the manner given below:

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Long - Term Borrowings	2.3	Subordinated Debts – Retail	28 66 90	27 95 81
Other Current Liabilities	2.8	Current Maturities of Long term Debts:	-	2 58 32
		Subordinated Debts	25	-
		Unclaimed Subordinated Debts	-	-
<b>Total</b>			<b>28 67 15</b>	<b>30 54 13</b>

The Unsecured Term loans / Subordinated Debts of the Company qualify as Tier II Capital under Master Directions - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 issued by Reserve Bank of India.

### 2.3.4 Public Deposits:

The Company has accepted Public Deposits under three schemes, namely Monthly, Annual and Maturity interest payment. The deposits issued under each scheme will be repaid only on maturity, unless claimed by the depositor earlier and, if permissible, to be repaid as per the regulations issued in this regard by the Reserve Bank of India. The rate of interest on these deposits ranges from 7.0 % to 11.75% per annum. The repayment period ranges from 12 months to 60 months

**Maturity pattern of Public Deposits:**

(₹ in '000)

Interest Rate % per Annum	For the Financial Year 2018-19				For the Financial Year 2017-18			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
<=9	2 19 24	36 13 11	10 81 12	49 13 47	2 52 07	34 15 86	18 26 69	54 94 62
>9 to 12.5	52 36	5 30 42	6 59 17	12 41 95	74 15	14 39 97	12 19 24	27 33 36
<b>Total</b>	<b>2 71 60</b>	<b>41 43 53</b>	<b>17 40 29</b>	<b>61 55 42</b>	<b>3 26 22</b>	<b>48 55 83</b>	<b>30 45 93</b>	<b>82 27 98</b>

The Matured Unclaimed Public Deposits include the Public Deposits - pending Renewal amounting to ₹ 94 26 thousand (₹ 1 26 40 thousand) as shown in Note No. 2.8 Other Current Liabilities.

This liability towards Public Deposits appears in the financial statements in the manner given below:

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Long- Term Borrowings	2.3	Public Deposits	17 40 29	30 45 93
Other Current Liabilities	2.8	Current Maturities of Long Term Debt: Public Deposits	41 43 53	48 55 83
Other Current Liabilities	2.8	Public Deposits Pending Renewal	94 26	1 26 40
Other Current Liabilities	2.8	Unclaimed Matured Public Deposits	1 77 34	1 99 82
<b>Total</b>			<b>61 55 42</b>	<b>82 27 98</b>

**2.4 OTHER LONG TERM LIABILITIES**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Non-current portion of interest accrued, but not due on:</b>		
Subordinated Debts (Refer Note No. 2.4.1)	4 88 99	2 95 54
Public Deposits (Refer Note No. 2.4.1)	98 72	2 01 07
<b>Others</b>		
Security Deposits (Unsecured)	2 27 79	1 35 47
Non - Current portion of Unrealized Gain (Refer Note No. 2.4.2)	3 51 21	80
<b>Total</b>	<b>11 66 71</b>	<b>6 32 88</b>

2.4.1 Current portion of interest accrued, but not due on the above borrowings amounting to ₹ 3 51 47 thousand (₹ 5 14 07 thousand) is shown in Note No. 2.8 under Other Current Liabilities .

2.4.2 The liability towards Unrealized Gain appears in the financial statements in the manner given below:



(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Other Long- Term Liabilities	2.4	Non-Current portion of Unrealized Gain	3 51 21	80
Other Current Liabilities	2.8	Unrealized Gain on Loan Transfer Transactions	35 35 04	6 45 69
<b>Total</b>			<b>38 86 25</b>	<b>6 46 49</b>

**2.5 LONG TERM PROVISIONS**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
Provision for Accumulated Compensated Absences (Refer Note No.2.5.1 and 3.2)	71 68	-
<b>Total</b>	<b>71 68</b>	<b>-</b>

2.5.1 The liability towards Accumulated Compensated Absences appears in the financial statements in the manner given below:

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Long Term Provisions	2.5	Provision for Accumulated Compensated Absences	71 68	-
Short Term Provisions	2.9	Provision for Accumulated Compensated Absences	5 06	-
<b>Total</b>			<b>76 74</b>	<b>-</b>

**2.6 SHORT - TERM BORROWINGS**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Secured</b>		
Loans from Banks		
Working Capital Demand Loans and Cash Credits (Refer Note No. 2.6.1)	1146 60 69	1100 73 98
<b>Unsecured</b>		
Loans and Advances from Related Parties (Refer Note No. 2.6.2)	10 24 34	5 78 06
Inter Corporate Deposits (Refer Note No. 2.6.3)	1 62 47	1 49 95
Commercial Paper	-	145 23 09
<b>Total</b>	<b>1158 47 50</b>	<b>1253 25 08</b>

**2.6.1 Loans from Banks - Working Capital Demand Loans and Cash Credits Guaranteed Loans**

The Working Capital Demand Loans, Cash Credits and Term Loans obtained from Banks have been personally guaranteed by the Promoter Directors of the Company, namely, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

## Security and Rate of Interest of Working Capital Demand Loans and Cash Credits from Banks

The Cash Credits and Working Capital Demand Loan facilities have been obtained from the banks by creating First Charge by way of hypothecation of the entire current assets, including business loans, hypothecation loans and all other loan receivables, ranking pari-passu with other banks and Debenture Holders.

Interest on these loans varies between 8.4% to 11.2% per annum as on the Balance Sheet date.

These loans are repayable within a period upto 12 months from the date of sanction.

### 2.6.2. Loans and Advances from Related Parties

The Company has entered into transactions with Promoter Director of the Company. The Company pays interest @ 12% p.a in respect of interest bearing loans (Balance outstanding as at 31st March, 2019 was ₹ 7 55 00 thousand (₹ 3 05 00 thousand)). The total balance outstanding (interest and non-interest bearing loan) as at 31st March 2019 is ₹ 10 24 34 thousand (₹ 5 78 06 thousand)

### 2.6.3. Inter Corporate Deposits

The Company has taken an Inter Corporate Deposit from Adtech Systems Ltd. This is repayable after a period of 3 months with an effective rate of interest of 9% per annum. The balance Outstanding as on 31st March, 2019: ₹ 1 62 47 thousand (₹ 1 49 95 thousand)

## 2.7 TRADE PAYABLES

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
Total outstanding dues of micro enterprises and small enterprises (Refer Note 2.7.1)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	21 83 46	15 58 44
<b>Total</b>	<b>21 83 46</b>	<b>15 58 44</b>

Trade Payables includes amounts payable to related parties amounting to ₹ 2 85 17 thousand (₹ 2 47 26 thousand)

### 2.7.1 Amount Payable to Micro, Small and Medium Enterprises

There are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of Principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

## 2.8 OTHER CURRENT LIABILITIES

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Current Maturities of Long Term Debts:</b>		
Debentures (Secured)	-	8
Public Deposits	41 43 53	48 55 83
Subordinated Debts	-	2 58 32
Term Loans:		
From Banks	102 85 08	40 51 28
From Others - Financial Institution	49 93 74	-
<b>Unclaimed Matured</b>		
Debentures (Refer Note No. 2.8.1)	3 76	9 56
Public Deposits	1 77 34	1 99 82
Subordinated Debts	25	-
<b>Interest accrued and due on borrowings</b>		
Unclaimed Matured Debentures	2 45	8 44
Unclaimed Matured Public Deposits	17 56	13 40
Subordinated Debts	24	-
<b>Interest accrued, but not due on</b>		
Bank Borrowings	4 09 93	3 96 01
Borrowings from Other Financial Institutions	56 46	
Debentures	-	5
Subordinated Debts (Includes interest accrued on subordinated debt from related party ₹1 15 thousand (₹1 28 thousand))	16 00	1 56 32
Public Deposits (Includes interest on public deposit from related party ₹10 thousand (Nil))	3 35 47	3 57 75
Inter Corporate Deposits	8	7
Instalment received in advance from Hypothecation Customers/Term loans	10 99 83	9 93 20
Unclaimed dividends	36 06	37 01
Public Deposits Pending Renewal	94 26	1 26 40
Unrealized Gain on Loan Transfer Transactions	35 35 04	6 45 69
Initial Payment	3 83	11 89
Foreclosure	23 58	1 24
Payables towards securitisation transactions	71 72 65	44 24 66
Other Payables:		
Statutory Dues Payable	3 80 96	3 10 99
<b>Total</b>	<b>327 88 10</b>	<b>168 58 01</b>

### 2.8.1 Debentures:

The Company has issued Redeemable Non-Convertible Debentures on Private Placement basis in various series. The debentures issued under each series have a repayment period depending on the scheme it falls under. The debentures are repayable within a period of 1 to 6 years, depending on the schemes. The schemes range from Monthly, Annual and Maturity Interest payment. The rate of interest of matured debentures ranges from 11% to 14.19% per annum.

**Maturity Pattern of Debentures:**

(₹ in '000)

Interest Rate % per Annum	For the Financial Year 2018-19				For the Financial Year 2017-18			
	Matured Unclaimed	Current	Non-Current	Total	Matured Unclaimed	Current	Non-Current	Total
>9 – 12	97	-	-	97	1 04	8	-	1 12
>12 – 15	279	-	-	2 79	8 52	-	-	8 52
<b>Total</b>	<b>3 76</b>	<b>-</b>	<b>-</b>	<b>3 76</b>	<b>9 56</b>	<b>8</b>	<b>-</b>	<b>9 64</b>

This liability towards Debentures appears in the financial statements in the manner given below:

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Other Current Liabilities	<b>2.8</b>	Current Maturities of Long Term Debt: Debentures (Secured)	-	8
Other Current Liabilities	<b>2.8</b>	Unclaimed matured Debentures	3 76	9 56
<b>Total</b>			<b>3 76</b>	<b>9 64</b>

**2.9 SHORT - TERM PROVISIONS**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Provision for Employee Benefits</b>		
Provision for Bonus	1 40 00	1 25 00
Provision for Gratuity (Refer Note No. 3.1)	34 35	39 36
Provision for Accumulated Compensated Absences (Refer Note No. 3.2)	5 06	
<b>Provision for Taxation (Net)</b>	-	3 03 43
Contingency provisions against standard assets	7 89 00	7 32 00
Provision for Non-Performing Assets	51 23 37	30 98 28
Provision for others	54 86	86 35
<b>Total</b>	<b>61 46 64</b>	<b>43 84 42</b>

**2.10 FIXED ASSETS**

(₹ in '000)

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01 April, 2018	Additions Transfer	Deductions/ Transfer	As at 31 March, 2019	As at 01 April, 2018	For the Year	Disposal/ Adjustment	As at 31 March, 2019	As at 31 March, 2018
<b>(i) Tangible Assets- (Property, Plant &amp; Equipment)</b>									
Vehicles	55 88 (63 92)	-	- (8 04)	55 88 (55 88)	38 32 (38 05)	5 36 (7 91)	- (7 64)	43 68 (38 32)	12 20 (17 56)
Furniture and Fittings	2 94 53 (2 74 03)	3 18 (31 11)	7 92 (10 61)	2 89 79 (2 94 53)	1 84 65 (1 58 03)	29 18 (34 21)	7 18 (7 59)	2 06 65 (1 84 65)	83 14 (1 09 88)
Office Equipments	1 34 60 (1 33 64)	9 75 (7 57)	2 54 (6 61)	1 41 81 (1 34 60)	1 16 80 (1 10 97)	7 52 (11 85)	2 33 (6 02)	1 21 99 (1 16 80)	19 82 (17 80)
Computers and Accessories	3 79 82 (3 29 95)	15 99 (52 12)	44 87 (2 25)	3 50 94 (3 79 82)	3 04 98 (2 75 97)	17 50 (30 27)	1 09 (1 26)	3 21 39 (3 04 98)	29 55 (74 84)
Windmill	89 78 (89 78)	-	-	89 78 (89 78)	85 29 (85 29)	-	-	85 29 (85 29)	4 49 (4 49)
Generator									
Total Tangible Assets	9 54 61 (8 91 32)	28 92 (90 80)	55 33 (27 51)	9 28 20 (9 54 61)	7 30 04 (6 68 31)	59 56 (84 24)	10 60 (22 51)	7 79 00 (7 30 04)	1 49 20 (2 24 57)
<b>(ii) Intangible Assets</b>									
Computer Software	36 38 (-)	43 55 (36 38)	- (-)	79 93 (36 38)	12 93 (-)	43 95 (12 93)	- (-)	56 88 (12 93)	23 05 (23 45)
Total Intangible Assets	36 38 (-)	43 55 (36 38)	- (-)	79 93 (36 38)	12 93 (-)	43 95 (12 93)	- (-)	56 88 (12 93)	23 05 (23 45)
<b>Grand Total</b>	<b>9 90 99</b> <b>(8 91 32)</b>	<b>72 47</b> <b>(1 27 18)</b>	<b>55 33</b> <b>(27 51)</b>	<b>10 08 13</b> <b>(9 90 99)</b>	<b>7 42 97</b> <b>(6 68 31)</b>	<b>1 03 51</b> <b>(97 17)</b>	<b>10 60</b> <b>(22 51)</b>	<b>8 35 88</b> <b>(7 42 97)</b>	<b>1 72 25</b> <b>(2 48 02)</b>
<b>(iii) Intangible Assets under Development - Software</b>									
Total Intangible Assets under development	- (36 15)	22 49 (23)	- (36 38)	22 49 (-)	- (-)	- (-)	- (-)	- (-)	- (36 15)
	- (36 15)	22 49 (23)	- (36 38)	22 49 (-)	- (-)	- (-)	- (-)	- (-)	- (36 15)

**2.11 NON - CURRENT INVESTMENTS**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
Investments in Government Securities (Refer Note 2.11.2 ,2.11.3 and 2.11.4)		
Nil (8,88,000) units of ₹100/-each in 7.28% GOI 2019	-	8 35 44
5,00,000 (5,00,000) units of ₹100/-each in 8.12% GOI 2020	4 89 50	4 89 50
50,000 (50,000) units of ₹100/-each in 8.24% Kerala SDL 2025	50 00	50 00
50,000 (50,000) units of ₹100/-each in 7.98% Tamilnadu SDL 2026	50 00	50 00
Investments in Portfolio Management Service (PMS): Hedge Equities (Refer note No. 2.11.1 and 2.11.2)	94 15	56 25
Investment in Alternate Investment Funds Investments 40 (Nil) units of ₹100 000/- each in JM Financials (Refer Note No. 2.11.2)	40 00	-
Investment in Alternate Investment Funds 3 05 000 (3 05 000) units of ₹100/- each in BPEA (Refer Note No. 2.11.2)	3 05 00	3 05 00
<b>Total</b>	<b>10 28 65</b>	<b>17 86 19</b>

2.11.1 Investment in PMS is represented by the following-

- (a) Nil (7 750) shares of ₹2/- each in Manappuram Finance Ltd –₹Nil (₹7 64 thousand)
- (b) 9 260 (10 526) shares of ₹10/- each in Muthoot Finance Ltd-₹41 94 thousand (₹48 57thousand)
- (c) 5 02 006 (Nil) units in HDFC Ultra Short-term Fund ₹52 21 thousand (₹Nil)
- (d) Balance with PMS ₹Nil (₹4 thousand)

2.11.2 Aggregate amount of quoted investment is ₹6 83 65 thousand (₹14 81 15 thousand) and market value is ₹7 25 07 thousand (₹15 60 91 thousand), aggregate amount of unquoted investment is ₹3 45 00 thousand (₹3 05 04 thousand). Aggregate provision for diminution in value of investment is Nil.

2.11.3 The summary of the investments in Government Securities appears in the financial statements in the manner shown below.

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Non-Current Investments	2.11	Investments in Government Securities	5 89 50	14 24 94
Current Investments	2.16	Investments in Government Securities	8 35 44	-
<b>Total</b>			<b>14 24 94</b>	<b>14 24 94</b>

2.11.4 In accordance with the guidelines given in the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 issued by Reserve Bank of India, the Company has created floating charge on the statutory liquid assets comprising of Investment in Government Securities of face value of ₹14 88 00 thousand (Cost- ₹14 24 94 thousand) and bank deposits of ₹2 00 00 thousand in favor of trustees representing the deposit holders of the Company.

**2.12 DEFERRED TAX ASSETS (NET)**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Deferred Tax Assets</b>		
Provision for NPA and Others	16 23 87	10 87 10
Impact of Difference between Tax depreciation and depreciation charged for Financial Reporting	54 47	45 11
<b>Net Deferred Tax Asset</b>	<b>16 78 34</b>	<b>11 32 21</b>

Deferred Tax Asset and Deferred Tax Liabilities have been set off wherever the Company has legally enforceable right to set off current tax assets against current tax liabilities and the Deferred Tax Assets and Deferred Tax Liabilities relating to the same taxation authority.

**2.13 LONG TERM RECEIVABLES FROM FINANCING ACTIVITIES**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Secured, considered good, unless otherwise stated:</b>		
Hypothecation Loans (includes loan to related parties ₹ Nil (₹2 16 thousand) (Refer Note 2.13.1)	775 17 55	672 99 66
Retained interest under Securitization and Assignment transaction (Refer Note 2.13.2)	77 44 16	23 81 90
Term Loans (Refer Note 2.13.3)	134 09 37	129 22 15
Loan Buyout	16 84 33	20 70
Demand Promissory Note (Refer Note 2.13.4)	5 00 00	1 00 00
Other Loans (Loan against Public Deposits)	10 82	18 87
<b>Unsecured, considered good, unless otherwise stated:</b>		
Demand Promissory Notes (Refer Note 2.13.4)	5 77	28 94
<b>Total</b>	<b>1008 72 00</b>	<b>827 72 22</b>

2.13.1 The summary of the receivables against Hypothecation Loans appears in the financial statements in the manner shown below.

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Long -Term Receivables from Financing Activities	2.13	Hypothecation Loans	775 17 55	672 99 66
Receivables from Financing Activities	2.18	Balance outstanding in current maturity of Hypothecation Loans	814 32 19	890 35 76
<b>Total</b>			<b>1589 49 74</b>	<b>1563 35 42</b>

2.13.2 The summary of the Retained Interest under Securitisation and Assignment Transaction appears in the financial statements in the manner shown below.

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Long -Term Receivables from Financing Activities	2.13	Retained Interest under Securitization and Assignment Transactions	77 44 16	23 81 90
Receivables from Financing Activities	2.18	Retained Interest under Securitisation and Assignment Transactions	19 06 51	30 56 95
<b>Total</b>			<b>96 50 67</b>	<b>54 38 85</b>

2.13.3 The summary of Term Loans appears in the financial statements in the manner shown below:

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Long -Term Receivables from Financing Activities	2.13	Term Loans	134 09 37	129 22 15
Receivables from Financing Activities	2.18	Balance outstanding in current maturity of Term Loans	152 13 06	123 39 60
<b>Total</b>			<b>286 22 43</b>	<b>252 61 75</b>

2.13.4 The summary of the Demand Promissory Notes appears in the financial statements in the manner shown below:

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Long -Term Receivables from Financing Activities	2.13	Secured - Demand Promissory Notes	5 00 00	1 00 00
		Unsecured - Demand Promissory Notes	5 77	28 94
Receivables from Financing Activities	2.18	Secured - Demand Promissory Notes	10 16 26	4 63 24
		Unsecured - Demand Promissory Notes	14 44 36	7 82 49
<b>Total</b>			<b>29 66 39</b>	<b>13 74 67</b>

## 2.14 LONG -TERM LOANS AND ADVANCES

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Unsecured, considered good, unless otherwise stated</b>		
Security deposits (Including security deposit to related party ₹68 65 thousand (₹68 65 thousand) )	1 11 78	1 09 23
<b>Total</b>	<b>1 11 78</b>	<b>1 09 23</b>

## 2.15 OTHER NON - CURRENT ASSETS

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
Interest only strip (i/o strip) under securitization transactions (Refer Note no.2.15.1)	3 51 21	80
<b>Total</b>	<b>3 51 21</b>	<b>80</b>



- 2.15.1 The summary of Interest only strip (i/o strip) under securitization transactions appears in the financial statements in the manner shown below.

(₹ in '000)

Name of the element in Financial Statements	Refer Note	Particulars	As at	
			31-Mar-19	31-Mar-18
Other Non-Current Assets	2.15	Interest only strip (i/o strip) under securitisation transactions	3 51 21	80
Other Current Assets	2.20	Interest only strip (i/o strip) under securitisation transactions	35 35 04	6 45 69
<b>Total</b>			<b>38 86 25</b>	6 46 49

## 2.16 CURRENT INVESTMENTS

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Quoted</b>		
Investments - Mutual Fund (10 (10) units of UTI Mutual Fund Gold Exchange Traded Fund-Market value of ₹ 28 thousand) (₹ 27 thousand)	19	19
Investment in Government Securities (8,88,000 (Nil) units of 7.28% GOI 2019 (Refer note no.2.16.1 and 2.11.4)	8 35 44	-
<b>Total</b>	<b>8 35 63</b>	19

- 2.16.1 Aggregate amount of quoted investment is ₹8 35 63 thousand (₹19 thousand) and market value is ₹8 8961 thousand (₹27 thousand).

## 2.17 CASH AND CASH EQUIVALENTS

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
Balances with Banks	31 47 10	2 81 67
Cash on Hand	3	16
Other balances with banks		
in Deposit accounts – SLR Deposits	2 00 00	4 81 25
in Unclaimed Dividend Accounts	36 06	37 01
Deposits offered as Collateral security against securitisation transaction (Refer Note 2.17.1)	50 44 80	8 84 20
<b>Total</b>	<b>84 27 99</b>	16 84 29

- 2.17.1 Deposits disclosed above, have a maturity period of less than 12 months as at the end of reporting period, except for deposits offered as collateral security against securitization transaction amounting to ₹45 78 34 thousand (Nil)

**2.18 RECEIVABLES FROM FINANCING ACTIVITIES**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Secured, considered good unless otherwise stated</b>		
<b>Balance outstanding in current maturity of:</b>		
Hypothecation Loans (includes loan to related parties ₹ 2 15 thousand (₹ 1 80 thousand) (Refer note 2.18.1 and 2.18.4)	<b>814 32 19</b>	890 35 76
Loans Buyout (Refer note 2.18.2)	<b>35 22 13</b>	36 88
Term Loans(Refer note 2.18.3 and 2.18.5)	<b>152 13 06</b>	123 39 60
Demand Promissory Notes (Refer note 2.18.6)	<b>10 16 26</b>	4 63 24
Retained interest under Securitisation and Assignment transaction	<b>19 06 51</b>	30 56 95
Other Loans	<b>12 19</b>	41 16
<b>Interest Accrued, but not due on:</b>		
Hypothecation Loans (includes interest accrued on related parties ₹ 3 thousand (₹ 5 thousand)	<b>22 12 31</b>	21 81 98
Loans Buyout	<b>12 36</b>	31
Term Loans	<b>1 22 98</b>	87 31
Retained Interest under Securitisation and Assignment Transaction	<b>6 50 91</b>	7 93 91
Other Loans	<b>2 54</b>	8 46
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>Balance outstanding in current maturity of:</b>		
Demand Promissory Notes (DPN) (includes DPN to related party ₹ 2 50 39 thousand (₹ 5 00 80 thousand) (Refer Note 2.18.6)	<b>14 44 36</b>	7 82 49
<b>Total</b>	<b>1075 47 80</b>	1088 28 05

- 2.18.1 The Company has repossessed assets worth ₹ 3 84 thousand on 31st March, 2019 (₹ 15 19 thousand). The same has been fully provided for and charged to statement of Profit and Loss as on the date of the Balance Sheet and the realizable value is shown as Nil.

**2.18.2 Loans Buyout**

The company has entered into arrangements with other NBFCs for the buyout of receivables of Four Wheeler Portfolio, Two Wheeler Portfolios and Micro Finance Portfolio. The rate of interest receivable on the loan buyouts ranges between 13.7% to 16% per annum on the diminishing balance. The tenure of the loans ranges between 21 months and 37 months.

(₹ in '000)

Sl No.	Type of Portfolio	As at	
		31-Mar-19	31-Mar-18
1	Two - Wheeler Portfolio	28 71 46	23 05
2	Four - Wheeler Portfolio	5 92 90	34 53
3	Micro Finance Portfolio	17 42 10	-
	<b>Total</b>	<b>52 06 46</b>	<b>57 58</b>

### 2.18.3 Term Loans

The company has advanced Term Loans to other Companies / NBFCs secured by way of first charge/pari-passu charge on the loan portfolio created out of the lending by the Company. The rate of interest receivable on the term loans ranges between 12.4% to 16% per annum on the diminishing balance. The tenure of the loans ranges between 15 and 48 months.

(₹ in '000)

Sl No.	Segment dealt by the borrowers	As at	
		31-Mar-19	31-Mar-18
1	Agriculture Loan	4 02 78	7 36 11
2	Vehicle Loans	67 83 68	63 01 66
3	Education Loan	1 93 75	2 68 75
4	Housing Loan	7 29 24	10 90 94
5	Microfinance	1 03 24 09	85 54 95
6	SME / MSME	62 97 22	43 88 89
7	Small Business	31 00 00	39 20 45
8	Gold Loans	7 91 67	
	<b>Total</b>	<b>286 22 43</b>	<b>252 61 75</b>

Compiled based on information maintained by the Company on which reliance has been placed by the Auditor.

### 2.18.4 Maturity Pattern of Hypothecation Loans:

(₹ in '000)

Particulars	For the Financial Year 2018- 2019			For the Financial Year 2017-2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Hypothecation Loan	814 32 19	775 17 55	1589 49 74	890 35 76	672 99 66	1563 35 42
<b>Total</b>	<b>814 32 19</b>	<b>775 17 55</b>	<b>1589 49 74</b>	<b>890 35 76</b>	<b>672 99 66</b>	<b>1563 35 42</b>

### 2.18.5 Maturity Pattern of Term Loans:

(₹ in '000)

Particulars	For the Financial Year 2018- 2019			For the Financial Year 2017-2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Term Loan	152 13 06	134 09 37	286 22 43	123 39 60	129 22 15	252 61 75
<b>Total</b>	<b>152 13 06</b>	<b>134 09 37</b>	<b>286 22 43</b>	<b>123 39 60</b>	<b>129 22 15</b>	<b>252 61 75</b>

**2.18.6 Maturity Pattern of Demand Promissory Notes:**

(₹ in '000)

Particulars	For the Financial Year 2018- 2019			For the Financial Year 2017-2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Demand Promissory Note	24 60 62	5 05 77	29 66 39	12 45 73	1 28 94	13 74 67
<b>Total</b>	<b>24 60 62</b>	<b>5 05 77</b>	<b>29 66 39</b>	<b>12 45 73</b>	<b>1 28 94</b>	<b>13 74 67</b>

**2.19 SHORT TERM LOANS AND ADVANCES**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Unsecured, considered good unless otherwise stated</b>		
Advances to Dealers	29 63	70 79
Other Advances	26 20	53 45
Balances with Statutory Authorities		
Income Tax	6 91 02	1 59 06
Indirect Tax (Includes tax paid under protest ₹15 98 thousand)	15 98	5 51
<b>Total</b>	<b>7 62 83</b>	<b>2 88 81</b>

**2.20 OTHER CURRENT ASSETS**

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
<b>Unsecured, considered good unless otherwise stated</b>		
Interest Accrued on SLR Deposits / Investments	50 83	57 10
Interest accrued on Collateral / Bank deposits	39 06	21 86
Stock of stationery	26 30	20 27
Stock of Promotional Items	25 48	-
Debts Due from Related Parties	1 65	5 87
Other Receivables (Refer Note No. 2.20.1)	5 53 05	1 46 09
Interest only strip (i/o strip) under securitisation transactions (Refer Note No. 2.20.2)	35 35 04	6 45 69
Prepaid Expense (Refer Note No. 2.20.3)	53 16	31 66
<b>Total</b>	<b>42 84 57</b>	<b>9 28 54</b>

2.20.1 Other receivables include amounts receivable from related parties amounting to ₹7 48 thousand (₹3 87 thousand).

2.20.2 It comprises of Company's share of future interest strip receivables in case of par structure of securitisation.

2.20.3 Prepaid expense includes expense paid to related parties amounting to ₹ 14 08 thousand (Nil).

**STATEMENT OF PROFIT AND LOSS****2.21 REVENUE FROM OPERATIONS**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
<b>Income from Financial Operations</b>		
Interest Income		
Hypothecation Loans	314 19 39	235 70 79
Term Loans	33 77 81	26 18 38
Loans Buyout	62 39	38 43
Demand Promissory Notes	3 00 14	99 10
SLR Investments	1 13 36	1 13 36
Collateral fixed deposits with bank	1 53 74	65 84
SLR deposits with bank	29 39	47 80
Inter Corporate Deposit-MFL	2 32 28	-
Others	40 70	12 14
Other Financial Services		
Hypothecation Loans	108 80 81	94 48 55
Term Loans / DPN	1 68 85	1 28 67
Income from Securitisation and Assignment Transactions	66 67 77	36 20 47
Servicer Fee income	16 31	9 07
<b>Total</b>	<b>534 62 94</b>	<b>397 72 60</b>

**2.22 OTHER INCOME**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Dividend Income		1 50
Net gain on sale of investments	12 99	6 68
<b>Other Non- operating Income</b>		
Miscellaneous Income	13 32	12 69
Profit on sale of Fixed Assets	51	1 21
Income from Alternate Investment Fund	37 66	13 88
<b>Total</b>	<b>64 48</b>	<b>35 96</b>

**2.23 EMPLOYEE BENEFITS EXPENSE**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Salaries and Wages	51 10 67	41 82 29
Incentive to Employees	8 39 90	8 15 26
Contribution to Provident and Other funds	4 64 68	4 22 08
Staff Welfare Expense	65 97	32 23
Outsourced Manpower	9 93 69	6 29 40
Other Expenses	3 07 02	3 36 36
<b>Total</b>	<b>77 81 93</b>	<b>64 17 62</b>

**2.24 FINANCE COSTS**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Interest Expenses		
Bank Loans	12 68 165	97 14 52
Other Financial Institution	5 33 56	-
Debentures	40	14 23
Subordinated Debts	7 52 18	6 95 92
Public Deposits	6 03 93	8 61 10
Loans from Directors	40 73	1 28 82
Inter Corporate Deposits	33 64	13 71
Securitisation Expense	2 81 03	1 47 81
Discount on Commercial Paper	5 35 39	2 69 46
Other Borrowing cost	6 88 21	4 37 22
<b>Total</b>	<b>161 50 72</b>	<b>122 82 79</b>

**2.25 OTHER EXPENSES**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Hypothecation Loan Collection Charges	61 36 80	43 77 86
Business sourcing Incentive	28 51 61	29 35 87
Investigation and Professional Charges	4 88 01	5 27 49
Rent	4 08 75	3 85 40
Advertisement Expenses	5 16 80	52 72
Communication Expenses	2 69 57	2 27 28
Printing & Stationery	1 58 29	1 36 48
Travelling Expenses	1 37 83	1 28 81
Back Office Processing	2 66 52	2 01 15
Business Promotion Expense	86 87	35 22
Power and Fuel	33 53	35 27
Expenditure against Corporate Social Responsibility Activities (Refer Note 2.25.2)	1 31 21	54 33
Repairs and Maintenance	53 01	15 15
Insurance	5 07	5 18
Payment to Auditor (Refer note 2.25.1)	17 95	16 81
Internal Audit Fees	15 24	12 12
Rates and Taxes	17 99	167
Miscellaneous Expenses	2 89 64	2 56 77
<b>Total</b>	<b>118 84 69</b>	<b>94 05 58</b>

**2.25.1 Payment to Auditor**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Audit fees (including for Limited Review)	13 63	13 08
Taxation matters	2 18	2 18
Reimbursement of expenses	40	46
Other Services (Includes Nil (₹779 thousand) under expenditure on Qualified Institutional Placement)	1 74	8 88
<b>Total</b>	<b>17 95</b>	<b>24 60</b>

**2.25.2 Expenditure against Corporate Social Responsibility Activities**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
a) Gross Amount required to be spent by the company during the year	1 69 00	1 13 19
b) Amount spent during the year on:	-	-
-On purposes, other than construction/ acquisition of any asset		
Paid in Cash	1 31 21	54 33
Yet to be paid in Cash	-	-

**2.26 PROVISIONS AND WRITE OFF**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Loss on sale of repossessed assets	19 99 82	14 11 74
Loans Written off (Refer Note No. 2.26.1)	7 75 77	1 60 35
Provisions for:		
Non-Performing Assets	20 25 09	14 36 95
Standard Assets	57 00	3 36 00
Others	24 35	14 34
<b>Total</b>	<b>48 82 03</b>	<b>33 59 38</b>

2.26.1 An amount of ₹ 7 75 77 thousand (₹ 1 60 35 thousand) has been written off against the non-performing hypothecation assets. (Refer significant accounting policy No 1.19)

**3.Employee Benefit Plans****3.1 Defined Benefit Plans - Gratuity**

The Company has entered into an arrangement with the LIC of India to cover the liability payable to the employees towards the gratuity under a Gratuity Trust Scheme based on Group Gratuity Cum Assurance Scheme of the LIC of India which is a defined benefit scheme and the company has to make contributions under such scheme.

**A. Reconciliation of benefit obligation and plan asset for the year**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
(i) Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	2 81 81	1 85 07
Current Service Cost	72 07	56 92
Past Service Cost	-	-
Interest Cost	22 54	17 08
Benefits paid from fund	(30 45)	(26 18)
Actuarial Losses/ (Gain)	(4 67)	48 92
Closing Defined Benefit Obligation	3 41 30	2 81 81
(ii) Change in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	2 42 45	2 19 21
Expected Return on Plan Assets	19 40	17 54
Contributions by employer	80 00	30 41
Interest	-	-
Benefits Paid	(30 45)	(26 18)
Actuarial Losses/ (Gain)	(4 45)	1 47
Closing Fair Value of Plan Assets	3 06 95	2 42 45

**B. Amount recognized in Balance Sheet**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Present Value of Funded Obligations	(3 41 30)	(2 81 81)
Fair Value of Plan Assets	3 06 95	2 42 45
<b>Net Asset/(Liability)</b>	<b>(34 35)</b>	<b>(39 36)</b>

**C. Expense recognized in the Statement of Profit & Loss.**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Current Service Cost	72 07	56 92
Past Service Cost	-	-
Interest on defined benefit obligation	22 54	17 08
Interest on plan asset	-	-
Expected return on plan asset	(19 40)	(17 54)
Net Actuarial losses/(gains) recognized in the year	(22)	47 45
<b>Total, included in "Employee Benefits Expense" as shown in Note 2.23</b>	<b>74 99</b>	<b>1 03 91</b>



**D. The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:**

(₹ in '000)

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Discount Rate (p.a.)	7.7%	8.0%
Salary Escalation Rate (p.a.)	5.0%	5.0%

**3.2 Defined Benefit Plan - Accumulated Compensated Absences**

During the year, the company has recognized provision for accumulated compensated absence in the statement of Profit and Loss in note no.2.23 "Employee Benefit Expenses". Details on as follows:

(₹ in '000)

Particulars	2018-19	2017-18
Provision for Accumulated Compensated Absences	76 74	-
<b>Total</b>	<b>76 74</b>	<b>-</b>

Out of the above ₹ 71 68 thousand (Nil) is classified as long term provisions and ₹ 5 06 thousand (Nil) classifies as short term provisions.

**4. Related Party Disclosures**

Related party disclosures as per AS - 18 'Related Party Disclosures' for the year ended 31<sup>st</sup> March 2019, are given below:

**4.1 Particulars of companies/ Firms/Limited Liability Partnerships/ Trusts where control / significant influence exists:- (with whom the company had transactions)**

SI No.	Name of the Companies/Firms/LLP/Trusts
	COMPANIES
1	Muthoot Fincorp Limited
2	Muthoot Housing Finance Company Limited
3	Muthoot Pappachan Technologies Limited
4	MPG Hotels and Infrastructure Ventures Private Limited
5	Muthoot Automotive (India) Private Limited
6	Muthoot Pappachan Medicare Private Limited
7	Muthoot Motors Private Limited
8	Muthoot Exim Private Limited
9	MPG Security Group Private Limited
FIRMS/LLPS/TRUSTS	
1	Muthoot Bankers
2	Muthoot Estate Investments
3	Muthoot Motors (Cochin)
4	Muthoot Pappachan Foundation

#### 4.2 Related Parties including Key Managerial Personnel :( with whom the company had transactions)

Sl No.	Name of the Related Parties	Designation
1	Thomas John Muthoot	Chairman
2	Thomas George Muthoot	Managing Director
3	Thomas Muthoot	Director
4	Madhu Alexiouse	Chief Operating Officer (from 01.02.2017)
5	Vinodkumar M. Panicker	Chief Finance Officer
6	Syam Kumar R.	Company Secretary & Head- Governancen (till 15.01.2018)
7	Ravi Oruganti (Refer Note No.4.2.1)	Company Secretary & Compliance Officer (from 18.04.2018 till 28.03.2019)

4.2.1 As per the terms of appointment approved by the Board of Directors, remuneration of Mr. Ravi Oruganti is being paid to Muthoot Fincorp Limited.

#### 4.3 Relatives of Related Parties: (with whom the company had transactions)

Sl No.	Related Parties	Name of Relatives	Nature of Relationship
1	Thomas George Muthoot	Ms. Tina Suzanne George	Daughter
2	Thomas Muthoot	Mrs. Remmy Thomas	Wife

#### 4.4 Details relating to transactions with parties referred in Note No. 4.1):

(₹ in '000)

Particulars	Name of Related Party	For the Year 2018 -19	For the Year 2017-18
<b>Income:</b>			
Income from Wind Mill Operations	Muthoot Bankers	7 24	8 82
Interest Income	Muthoot Fincorp Limited	36 92	4 79
Interest Income on Term Loan	Muthoot Housing Finance Limited	32 60	5 70
Processing Fees	Muthoot Housing Finance Limited	2 50	50
Income from Hypothecation Loa	Muthoot Pappachan Medicare Private Limited	-	89
Income from Hypothecation Loan	MPG Hotels and Infrastructure Ventures Private Limited	54	80
Interest Income on DPN Loan	Muthoot Automotive (India) Private Limited	-	1 33
Interest Income on DPN Loan	Muthoot Motors (Cochin)	30 73	23 71
Processing Fees	Muthoot Motors (Cochin)	4 45	-
Income from Intercompany Deposit	Muthoot Fincorp Limited	2 32 28	-
<b>Expenses:</b>			
Interest on Intercompany Deposit	Muthoot Fincorp Limited	19 73	-
Remuneration for services of Company Secretary (Refer Note 4.2.1)	Muthoot Fincorp Limited	12 46	-

(₹ in '000)

Particulars	Name of Related Party	For the Year 2018 -19	For the Year 2017-18
Business Sourcing Incentive	(i) Muthoot Motors (Cochin)	1 16 30	99 95
	(ii) Muthoot Motors Private Limited	4 49	3 41
	(iii) Muthoot Fincorp Limited	5 42 83	6 83 25
Collection Charges	Muthoot Fincorp Limited	5 21 09	5 03 54
Brokerage for canvassing Public Deposits	Muthoot Fincorp Limited	8 61	-
Wind Mill Expense	Muthoot Bankers	2 50	3 64
Cibil-Transunion	Muthoot Fincorp Limited	9 22	35 61
CSR Expenses	Muthoot Pappachan Foundation	40 19	6 63
Travelling Expenses	Muthoot Fincorp Limited	91	1 05
Advertisement Expenses	Muthoot Motors (Cochin)	1 71	1 59
Printing and Stationery	Muthoot Motors (Cochin)	5	-
Business Promotion	Muthoot Exim Pvt Ltd	4 70	-
Rent on Space Sharing	Muthoot Fincorp Limited	39 58	32 23
Rent	Muthoot Estate Investments	83 94	79 71
Reimbursement of Expenses- Repairs and Maintenance	Muthoot Motors (Cochin)	1 15	35
Software Usage Charges	Muthoot Pappachan Technologies Limited	1 64 20	93 65
Annual Maintenance Charge	Muthoot Pappachan Technologies Limited	33 24	-
<b>Assets:-</b>			
Trade Receivables	Muthoot Bankers	7 48	3 87
Intangible assets developed	Muthoot Pappachan Technologies Limited	-	36 26
Debt Due from Related Party	Muthoot Fincorp Limited	1 65	5 87
Rent Deposit	(i) Muthoot Estate Investments	30 17	30 17
	(ii) Muthoot Fincorp Limited	13 48	13 48
Hypothecation loan receivable including interest accrued	MPG Hotels and Infrastructure Ventures Private Limited	2 18	4 01
Unsecured Loan-DPN (Including Interest Accrued)	Muthoot Motors (Cochin)	2 50 39	5 00 80
Prepaid - Software Usage	Muthoot Fincorp Limited	7 00	-
Prepaid - Annual Maintenance Charge	Muthoot Fincorp Limited	7 08	-
<b>Liabilities:</b>			
Business Sourcing Incentive Payable	(i) Muthoot Motors (Cochin)	1107	9 45
	(ii) Muthoot Motors Private Limited	43	31
Trade Advance –Payable	Muthoot Motors (Cochin)	10 90	26 57
Cibil-Transunion Payable	Muthoot Fincorp Limited	8 54	8 17
Travelling Expense Payable	Muthoot Fincorp Limited	13	47
Brokerage Payable on Public Deposit	Muthoot Fincorp Limited	8 61	-

(₹ in '000)

Particulars	Name of Related Party	For the Year 2018 -19	For the Year 2017-18
Collection Charges and Business Sourcing Incentive Payable	Muthoot Fincorp Limited	2 36 56	1 50 78
Software Usage Charges	Muthoot Pappachan Technologies Limited	8 63	8 42
Debt Due to Related Party	Muthoot Fincorp Limited	3 15	35 73
Rent Payable	(i) Muthoot Estate Investments	6 93	13 20
	(ii) Muthoot Fincorp Limited	6 21	2 57

**4.5 Details relating to transactions with parties referred in Note No. (4.2& 4.3):**

(₹ in '000)

Particulars	Name of Related Party	For the Year 2018 -19	For the Year 2017-18
<b>Expenses:</b>			
Salaries, Perquisites and Incentives	(i) Thomas George Muthoot	1 74 00	1 74 00
	(ii) Madhu Alexiouse	66 90	50 51
	(iii) Vinod Kumar M Panicker	76 66	69 56
	(iv) Syam Kumar	-	19 27
	(v) Tina Suzanne George	13 10	2 57
PF Contribution	(i) Thomas George Muthoot	10 44	10 44
	(ii) Madhu Alexiouse	1 75	1 48
	(iii) VinodKumar M Panicker	5 90	5 38
	(iv) Syam Kumar	-	17
	(v) Tina Suzanne George	19	10
Reimbursement of expenses	(i) Thomas George Muthoot	6 00	64
	(ii) Madhu Alexiouse	1 75	2 25
	(iii) Vinod Kumar M Panicker	4 75	5 55
Interest on Loan From director	(i) Thomas George Muthoot	40 73	1 02 44
	(ii) Thomas John Muthoot	-	13 23
	(iii) Thomas Muthoot	-	13 15
Interest on Subordinate Debt	Thomas George Muthoot	33 39	33 32
Interest on Public Deposit	Remmy Thomas	11	-
Rent Paid	Thomas George Muthoot	2 17 39	2 00 69
<b>Assets:</b>			
Rent Deposit	Thomas George Muthoot	25 00	25 00
<b>Liabilities:</b>			
Loan from Directors	Thomas George Muthoot	10 24 34	5 78 06
Subdebt (including interest accrued)	Thomas George Muthoot	3 01 15	3 01 28
Public Deposit (including interest accrued)	Remmy Thomas	1 00 10	-

**4.6. Transaction with Related parties referred in Note No. 4.1 & 4.2**

(₹ in '000)

Particulars	Name of Related Party	For the Year 2018-19	For the Year 2017-18
<b>Unsecured Loan –DPN</b>			
Given during the year	Muthoot Motors (Cochin)	13 80 00	13 00 00
	Muthoot Automotive (India) Private Limited	-	1 50 00
Repaid during the year	Muthoot Motors (Cochin)	16 30 00	10 00 00
	Muthoot Automotive (India) Private Limited	-	1 50 00
<b>Hypothecation Loans</b>			
Repaid during the year	Muthoot Pappachan Medicare Private Limited	-	8 63
	MPG Hotels and Infrastructure Ventures Private Limited	1 80	1 51
<b>Term Loan Given</b>			
Given during the year	Muthoot Housing Finance Limited	10 00 00	5 00 00
Repaid during the year	Muthoot Housing Finance Limited	10 00 00	5 00 00
<b>Loan from Directors:</b>			
Accepted during the year	Thomas George Muthoot	4 50 00	7 25 00
Repaid during the year	Thomas George Muthoot	372	12 00 00
	Thomas John Muthoot	-	1 56 00
	Thomas Muthoot	-	1 55 00
<b>Intercompany Deposit:</b>			
Given during the period	Muthoot Fincorp Ltd	230 00 00	-
Repaid during the period	Muthoot Fincorp Ltd	230 00 00	-
Taken during the period	Muthoot Fincorp Ltd	50 00 00	-
Repaid during the period	Muthoot Fincorp Ltd	50 00 00	-

**4.7 Provisions for doubtful debts due from related parties at the balance sheet date-Nil (Nil)****4.8 Amounts written off or written back of debts due from or to related parties-Nil (Nil)****5. LEASES**

The Lease rentals charged during the period and the maximum obligation on operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ in '000)

Sl No.	Particulars	For the Year 2018-19	For the Year 2017-18
1	Lease rentals recognized during the period	4 08 75	3 85 40
2	Lease obligations payable		
	Not later than one year	3 95 44	3 92 36
	Later than one year and less than five years	6 36 00	5 59 08
	Later than five years	57 20	1 36 60
	<b>Total</b>	<b>14 97 39</b>	<b>14 73 44</b>

The operating lease arrangements are renewable on a periodical basis and relates to rented premises. The lease agreements have lease escalation clauses.

## 6. EARNINGS PER SHARE

Particulars	For the Year Ended	
	31-Mar-19	31-Mar-18
Net profit for the year attributable to equity shareholders (in ₹ '000)	82 42 47	53 67 72
Weighted average number of equity shares (in '000)	1 64 48	1 47 51
Basic and Diluted Earnings per share (in ₹) (Face Value of ₹10 per Share)	50.11	36.39

## 7. CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in '000)

Particulars	As at	
	31-Mar-19	31-Mar-18
Matters where the future cash outflows are determinable only on receipt of pending judgements /conclusions		
-Income Tax issues where the Company is in appeal	-	1 87
-Service Tax issues where Company is in appeal (Amount fully paid)	15 98	--
Corporate Guarantee for Securitisation transactions (Refer Note No 10 D)	-	22 12 27
Capital Commitment	2 55 00	2 95 00
<b>Total</b>	<b>2 70 98</b>	<b>25 09 14</b>

## 8. GENERAL

### 8.1 Particulars showing maturity pattern of secured privately placed Redeemable Non Convertible Debentures

Secured by charge on all movable assets, book debts, receivables and advances in the books of the company.

(₹ in '000)

Series No.	Financial Year of Maturity	Number of Debentures	Amount
		(in No's)	
B	2014-15	10	10
	<b>Total</b>	<b>10</b>	<b>10</b>
G	2015-16	50	50
	<b>Total</b>	<b>50</b>	<b>50</b>
H	2015-16	18	18
	2016-17	72	72
	<b>Total</b>	<b>90</b>	<b>90</b>
K	2016-17	10	10
	<b>Total</b>	<b>10</b>	<b>10</b>
M	2012-13	59	59
	2017-18	30	30
	<b>Total</b>	<b>89</b>	<b>89</b>
N	2012-13	38	38
	2015-16	44	44
	2017-18	20	20
	<b>Total</b>	<b>102</b>	<b>102</b>
R	2014-15	25	25
	<b>Total</b>	<b>25</b>	<b>25</b>
	<b>Grand Total</b>	<b>376</b>	<b>376</b>

### Summary of Year Wise Maturity Pattern of the Debentures

(₹ in '000)

Financial Year of Maturity	Amount
2012-13	97
2014-15	35
2015-16	112
2016-17	82
2017-18	50
<b>Grand Total</b>	<b>376</b>

**8.2 Cost Insurance Freight (CIF) value of imports - NIL****8.3 Expenditure in foreign currency**

(₹ in '000)

Particulars	For the Year Ended 31.03.2019	For the Year Ended 31.03.2018
Software Usage Fee	79	61
Expenditure on Qualified Institutional Placement		4 94
<b>Total</b>	<b>79</b>	<b>5 55</b>

**8.4 Earnings in Foreign Currency - NIL****9. Reporting of Fraud - No cases of frauds were reported during the financial year 2018-19****10. Disclosures required in Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016 issued by Reserve Bank of India.****A. Capital**

(₹ in '000)

Particulars	March 31, 2019	March 31, 2018
i) Capital to Risk Weighted Asset Ratio (%)	<b>21.88%</b>	22.04%
ii) Capital to Risk Weighted Asset Ratio - Tier I Capital (%)	<b>21.17%</b>	19.69%
iii) Capital to Risk Weighted Asset Ratio - Tier II Capital (%)	<b>0.71%</b>	2.35%
iv) Amount of subordinated debt raised as Tier- II Capital (Discounted value)	<b>31 40 55</b>	41 38 28
v) Amount raised by issue of Perpetual Debt Instruments	<b>Nil</b>	Nil

**Discounted value of Subordinated debts**

(₹ in '000)

Remaining maturity of Instruments	Rate of Discounted	March 31, 2019		March 31, 2018	
		Amount	Discounted Value	Amount	Discounted Value
Upto 1 year	100%	25	Nil	2 58 32	Nil
More than 1 year but upto 2 years	80%	1 26 59	25 32	Nil	Nil
More than 2 years but upto 3 years	60%	28 77 64	11 51 06	1 26 59	50 64
More than 3 years but upto 4 years	40%	21 52 60	12 91 56	28 77 64	17 26 58
More than 4 years but upto 5 years	20%	1 87 30	1 49 84	21 52 60	17 22 08
More than 5 years	0%	5 22 77	5 22 77	6 38 98	6 38 98
<b>Total</b>		<b>58 67 15</b>	<b>31 40 55</b>	60 54 13	41 38 28

**Note: Excluding interest accrued.**



**B. Investments**

(₹ in '000)

SI No.	Particulars	2018-19	2017-18
<b>(1)</b>	<b>Value of Investments</b>		
	(i) Gross Value of Investments		
	(a) In India	<b>18 64 28</b>	17 86 38
	(b) Outside India	<b>Nil</b>	Nil
	(ii) Provisions for Depreciation		
	(a) In India	<b>Nil</b>	Nil
	(b) Outside India	<b>Nil</b>	Nil
	(iii) Net Value of Investments		
	(a) In India	<b>18 64 28</b>	17 86 38
	(b) Outside India	<b>Nil</b>	Nil
<b>(2)</b>	<b>Movement of provisions held towards depreciation on investments</b>		
	(i) Opening balance	<b>Nil</b>	Nil
	(ii) Add : Provisions made during the year	<b>Nil</b>	Nil
	(iii) Less: Write-off / write-back of excess provisions during the year	<b>Nil</b>	Nil
	(iv) Closing balance	<b>Nil</b>	Nil

**C. Derivatives****(i) Forward Rate Agreement or Interest Rate Swap**

(₹ in '000)

SI No.	Particulars	2018-19	2017-18
(1)	The notional principal of swap agreements	<b>Nil</b>	Nil
(2)	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	<b>Nil</b>	Nil
(3)	Collateral required by the NBFC upon entering into swaps	<b>Nil</b>	Nil
(4)	Concentration of credit risk arising from the swaps	<b>Nil</b>	Nil
(5)	The Fair value of the swap book	<b>Nil</b>	Nil

**(ii) Exchange Traded Interest Rate (IR) Derivatives**

(₹ in '000)

SI No.	Particulars	Amount
(i)	Notional principal amount of exchange traded IR Derivatives undertaken during the year (Instrument-wise)	Nil
(ii)	Notional principal amount of exchange traded IR Derivatives outstanding as on 31st March, 2019 (Instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded IR Derivatives outstanding and not "highly effective" (Instrument-wise)	Nil
(iv)	Mark- to market value of exchange traded IR derivatives outstanding and not "highly effective" (Instrument-wise)	Nil

**(iii) Disclosures on Risk Exposure in derivatives**

(a) Qualitative Disclosures- Nil

(b) Quantitative Disclosures

(₹ in '000)

Sl No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For Hedging	Nil	Nil
(ii)	Marked to Market Positions [1]		
	(a) Asset (+)	Nil	Nil
	(b) Liability (-)	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

**D. Disclosures relating to Securitisation****i. SPVs and Minimum Retention Requirements**

(₹ in '000)

Sl No.	Particulars	No./ Amount
1	No of SPVs sponsored by the NBFC for securitization transactions (Refer Note 1)	7
2	Total amount of securitized assets as per books of the SPVs sponsored	639 53 51
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of Balance Sheet	
	(a) Off-Balance Sheet exposures	
	First loss	Nil
	Others	Nil
	(b) On-Balance Sheet exposures	
	First loss	49 72 43
	Others	Nil
4	Amount of exposures to securitization transactions other than Minimum Retention Requirement (MRR)	
	(a) Off-Balance Sheet exposures	
	(i) Exposure to own securitizations	
	First loss	Nil
	Other	Nil
	(ii) Exposure to third party securitizations	
	First loss	Nil
	Other	Nil
	(b) On-Balance Sheet exposures	
	(i) Exposure to own securitizations	
	First loss	Nil
	Other	Nil
	(ii) Exposure to third party securitizations	
	First loss	Nil
	Other	Nil

Note 1: Only the SPVs relating to outstanding securitization transactions are reported here

Note 2: Based on the information duly certified by SPV's auditors on which reliance is placed by Auditors.

## ii. Details of Financial Assets sold to Securitisation or Reconstruction Company for Asset Reconstruction

(₹ in '000)

Sl No.	Particulars	2018-19	2017-18
(i)	Number of Accounts	Nil	Nil
(ii)	Aggregate Value(Net of Provisions) of accounts sold to SC/ RC	Nil	Nil
(iii)	Aggregate Consideration	Nil	Nil
(iv)	Additional Consideration Realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain/ loss over Net Book Value	Nil	Nil

## iii. Details of Assignment Transactions undertaken by NBFCs

(₹ in '000)

Sl No.	Particulars	2018-19	2017-18
(i)	Number of Accounts (In Nos)	43 894	94 551
(ii)	Aggregate Value (Net of Provisions) of accounts sold, gross exposure	150 94 52	320 44 15
(iii)	Amount of Exposures retained by the company towards MRR	15 09 45	27 97 22
(iv)	Aggregate Consideration (ii-iii)	135 85 07	292 46 93
(v)	Additional Consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(vi)	Aggregate gain/ loss over Net Book Value	Nil	Nil

## iv. Details of Non Performing Financial Assets purchased or sold

### a. Details of Non Performing Financial Assets purchased

(₹ in '000)

Sl No.	Particulars	2018-19	2017-18
1	(a) Number of accounts purchased during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil
2	(a) Of these, number of accounts restructured during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil

### b. Details of Non Performing Financial Assets sold

(₹ in '000)

Sl No.	Particulars	2018-19	2017-18
1	Number of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

**E. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities**

Particulars	30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month upto 6 months	Over 6 month upto 1 year	Over 1 Year upto 3 years (Refer Note 3)	Over 3 years upto 5 years	Over 5 years	Total
<b>Assets</b>									
Hyp Receivable	136 85 81	71 31 08	70 72 67	207 76 68	375 35 68	827 01 73	25 59 76	22	1714 63 63
Other Advances	34 24 63	14 95 24	19 05 44	56 41 86	88 78 71	126 07 17	28 78 12	1 25 00	369 56 17
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>171 10 44</b>	<b>86 26 32</b>	<b>89 78 11</b>	<b>264 18 54</b>	<b>464 14 39</b>	<b>953 08 90</b>	<b>54 37 88</b>	<b>1 25 22</b>	<b>2084 19 80</b>
Investments	-	1 39	8 69 79	-	19	9 28 64	-	1 00 01	19 00 02
<b>Total</b>	<b>171 10 44</b>	<b>86 27 71</b>	<b>98 47 90</b>	<b>264 18 54</b>	<b>464 14 58</b>	<b>962 37 54</b>	<b>54 37 88</b>	<b>2 25 23</b>	<b>2103 19 82</b>
<b>Borrowings</b>									
Public Deposits	6 06 64	4 41 30	4 36 23	10 07 68	22 76 31	18 25 39	13 62	-	66 07 17
Debentures	6 21	-	-	-	-	-	-	-	6 21
Subordinated Debts	6 76	-	-	5 43	4 30	33 43 97	24 08 01	6 03 91	63 72 38
Loan From Directors	-	-	-	-	10 24 34	-	-	-	10 24 34
Inter Corporate Deposit	-	-	1 62 55	-	-	-	-	-	1 62 55
Bank Loan	188 04 71	22 46 45	26 01 25	1 99 61 12	8 17 42 17	99 58 41	-	-	13 53 14 11
Other Financial Institution	-	6 54 41	6 04 10	12 32 45	25 59 24	26 90 40	-	-	77 40 60
Foreign Currency	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>194 24 32</b>	<b>33 42 16</b>	<b>38 04 13</b>	<b>222 06 68</b>	<b>876 06 36</b>	<b>178 18 17</b>	<b>24 21 63</b>	<b>6 03 91</b>	<b>1572 27 36</b>

Note 1: The above maturity profile has been compiled from the internal records and system reports maintained by the management on which reliance is placed by the auditors.

Note 2: Above includes Interest accrued.

Note 3: In accordance with the revised ALM policy of the management, Non-Performing Assets as at 31st March 2019 have been categorized under the maturity pattern of "Over 1 year upto 3 years" for the above disclosure.

**F. Exposures****(i) Exposure to Real Estate Sector**

(₹ in '000)

Sl No.	Category	31.03.2019	31.03.2018
	<b>Direct Exposure</b>		
(i)	Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	<b>1 00 24</b>	5 63 24
(ii)	Commercial Real Estate- Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits.	<b>Nil</b>	Nil
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures-		
(a)	Residential	<b>Nil</b>	Nil
(b)	Commercial Real Estate	<b>Nil</b>	Nil
	<b>Total Exposure to Real Estate Sector</b>	<b>1 00 24</b>	5 63 24

**(ii) Exposure to Capital Market**

(₹ in '000)

Sl No.	Particulars	31.03.2019	31.03.2018
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds, the corpus of which is not exclusively invested in corporate debt;	<b>41 94</b>	56 21
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	<b>Nil</b>	Nil
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	<b>Nil</b>	Nil
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds, i.e where the primary security other than shares or convertible bonds or convertible debentures or units of equity oriented mutual funds do not fully cover the advances;	<b>Nil</b>	Nil
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	<b>Nil</b>	Nil
(vi)	Loans sanctioned to corporates against the security of shares or bonds or debentures or other securities or on clean bases for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	<b>Nil</b>	Nil
(vii)	Bridge Loans to companies against expected equity flows or issues;	<b>Nil</b>	Nil
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	<b>Nil</b>	Nil
	<b>Total Exposure to Capital Market</b>	<b>41 94</b>	56 21

**iii. Details of financing of parent company products – NIL****iv. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the company – NIL****v. Unsecured Advances**

The unsecured Loans against Demand Promissory Notes (DPN) executed by the borrowers and outstanding as at 31.03.2019 is ₹ 14 50 13 thousand (as at 31.03.2018 ₹ 8 11 43 thousand).

**G. Registration obtained from other financial sector regulators – NIL****H. Disclosure of Penalties imposed by Reserve Bank of India and other regulators – NIL****I. Ratings Assigned by Credit Rating Agencies and migration of ratings during the year**

Sl No.	Name of the Rating Agency	Rated Instrument	Rating	Migration in Ratings during the year
1	CRISIL	Commercial Paper	CRISIL A1	Nil
2	CRISIL	Fixed Deposits	FA +/- Stable	From FA -/ Stable
3	CRISIL	Bank Loan Facility Long-Term	CRISIL A/ Stable	From CRISIL A-/Stable
4	CRISIL	Non- Convertible Debentures	CRISIL A/ Stable	From CRISIL A-/Stable

**J. Provisions and Contingencies****Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss**

(₹ in '000)

Provisions and Contingencies	2018-2019	2017-2018
<b>Provision for:</b>		
Non-Performing Assets (Net)	20 25 09	14 36 95
Standard Assets	57 00	3 36 00
Others	24 35	14 34
Provision made towards Income tax	50 28 00	33 54 00
<b>Total</b>	<b>71 34 44</b>	<b>51 41 29</b>

**K. Drawn Down from Reserves-Nil****L. Concentration of Deposits, Advances, Exposures and NPAs****i. Concentration of Deposits (for deposit taking NBFCs)**

(₹ in '000)

Particulars	2018-19	2017-18
Total Deposits of twenty largest depositors	6 69 98	6 87 73
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	10.14%	7.81%

## ii. Concentration of Advances

(₹ in '000)

Particulars	2018-19	2017-18
Total Advances to twenty largest borrowers	249 53 22	213 77 05
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	11.97%	11.16%

## iii. Concentration of Exposures

(₹ in '000)

Particulars	2018-19	2017-18
Total Exposure to twenty largest borrowers / customers	249 53 22	213 77 05
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	11.97%	11.16%

## iv. Concentration of NPAs

(₹ in '000)

Particulars	2018-19	2017-18
Total Exposure to top four NPA accounts	6 07	7 45

## v. Sector-wise NPAs

(₹ in '000)

Sl No	Sector	Percentage of NPAs to Total Advances in that sector	
		2018-19	2017-18
1	Agriculture & allied activities	0%	0%
2	MSME	0%	0%
3	Corporate borrowers	0%	0%
4	Services	0%	0%
5	Unsecured personal loans	0.21%	0.05%
6	Auto loans	6.57%	5.44%
7	Micro Finance - Buyout	0.07%	0%
8	Other loans	5.66%	3.69%

**vi . Movement of NPAs**

(₹ in '000)

Sl No.	Particulars	2018- 2019	2017- 2018
<b>(i)</b>	<b>Net NPAs to Net Advances (%)</b>	<b>3.05%</b>	3.02%
<b>(ii)</b>	<b>Movement of NPAs (Gross)</b>		
(a)	Opening balance	<b>87 91 26</b>	74 15 09
(b)	Additions during the year	<b>81 85 41</b>	64 89 72
(c)	Reductions during the year	<b>56 62 87</b>	51 13 55
(d)	Closing balance	<b>113 13 80</b>	87 91 26
<b>(iii)</b>	<b>Movement of Net NPA's</b>		
(a)	Opening balance	<b>56 92 98</b>	57 53 76
(b)	Additions during the year	<b>61 60 32</b>	50 52 77
(c)	Reductions during the year (Refer Note no. vi.(i))	<b>56 62 87</b>	51 13 55
(d)	Closing balance	<b>61 90 43</b>	56 92 98
<b>(iv)</b>	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
(a)	Opening balance	<b>30 98 28</b>	16 61 33
(b)	Provisions made during the year (Refer Note vi.(ii))	<b>20 25 09</b>	14 36 95
(c)	Write-off / write- back of excess provisions	<b>Nil</b>	Nil
(d)	Closing balance	<b>51 23 37</b>	30 98 28

Note vi.(i): Additions/Reductions to NPA do not include accounts classified as NPA and regularized during the same financial year.

Note vi.(ii): Provisions made during the year includes additional provision amounting to ₹14 09 10 thousand (₹4 00 00 thousand) created over and above the minimum levels specified by RBI in accordance with the accounting policy as stated in 1.19 (i)(b) and does not include loans written off during the year as stated in Note 2.26.1.

**M. Overseas Assets (for those with joint ventures and subsidiaries abroad) - NIL**

**N. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms) - NIL**



**O. Customer Complaints pertaining to the Financial Year**

Sl No.	Particulars	Numbers
(a)	No. of complaints pending at the beginning of the year	14
(b)	No. of complaints received during the year	1139
(c)	No. of complaints redressed during the year	1143
(d)	No. of complaints pending at the end of the year	10

The above particulars have been compiled from the internal registers maintained by the management on which reliance is placed by the auditors.

**11 Additional disclosures as required in terms of Para 18 of Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016 issued by Reserve Bank of India.**

**Liabilities side:****11.1 Loans and advances availed by the NBFC, inclusive of interest accrued thereon but not paid:**

(₹ in '000)

Sl No	Particulars	Amount Outstanding	Amount Overdue
(a)	Debentures : Secured	-	6 21
	: Unsecured	-	-
	(Other than falling within the meaning of Public Deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans	280 47 38	-
(d)	Inter- corporate loans and borrowings	1 62 55	-
(e)	Commercial Paper	-	-
(f)	Public Deposits	63 18 01	2 89 16
(g)	Other loans		
	Subordinated Debt	33 70 97	49
	Subordinated Term Loan	30 00 92	-
	Working Capital Demand Loan	727 94 76	-
	Cash Credit	422 12 57	-
	Loans and Advances from Directors (Unsecured)	10 24 34	-
	<b>Total</b>	<b>1569 31 50</b>	<b>2 95 86</b>

Note 1 - Overdues for a sum of ₹6 21 thousand in respect of Secured Debentures represents debentures for which payments could not be made as claims were not received from debenture holders.

Note 2 - Overdue of ₹2 89 16 thousand in respect of Public Deposits includes deposits for a sum of ₹1 00 85 thousand pending renewal and deposits for a sum of ₹1 88 31 thousand for which payments could not be made as claims were not received from deposit holders.

Note 3- Overdue of ₹49 thousand in respect of Subordinated Debt represents debts for which payments could not be made as claims were not received from Subordinated Debt holders.

Note 4 - Balance outstanding against amounts borrowed from banks is inclusive of interest accrued, but not due.

**11.2 Break-up of (11.1 .f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**

(₹ in '000)

Sl No	Particulars	Amount Outstanding	Amount Overdue
(a)	In the form of Unsecured Debentures	Nil	Nil
(b)	In the form of partly Secured Debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c)	Other Public Deposits	63 18 01	2 89 16

**Assets Side:**

**11.3 Break-up of Loans and Advances including bills receivables (other than those included in 11.4 below)**

(₹ in '000)

Sl No	Particulars	Amount Outstanding
(a)	Secured	355 06 04
(b)	Unsecured (DPN)	14 50 13

**11.4 Break up of Leased Assets and Stock on Hire and Hypothecation Loans counting towards EL/HP activities:**

(₹ in '000)

Sl No	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(b) Repossessed Assets	Nil
(iii)	Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed (Refer Note 11.4.1)	Nil
	(b) Loans other than (a) above	1714 63 63

11.4.1 The value of repossessed assets is shown net of provision/diminution amounting to ₹ 3 84 thousand as on 31<sup>st</sup> March 2019.

**11.5 Break-up of Investments:**

(₹ in '000)

Sl No	Particulars	Amount Outstanding
1	Current Investments: -	
	Quoted: -	
	(i) Shares:	
	(a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	8 35 44
	(v) Others	
	Gold Exchange traded fund of UTI	19
2	Unquoted: -	
	(i) Shares:	
	(a) Equity	Nil
	(b) Preference	Nil
	ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others	Nil
	Long Term investments: -	
	Quoted: -	
3	(i) Shares:	
	(a) Equity	41 94
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	52 21
	(iv) Government Securities	5 89 50
	(v) Others	Nil
	Unquoted: -	
	(i) Shares:	
	(a) Equity	Nil
4	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others	3 45 00
	<b>Total</b>	<b>18 64 28</b>

### 11.6 Borrower group-wise classification of all Leased Assets, Stock – on – Hire and Loans and Advances:

(₹ in '000)

SI No	Category	Amount Net of Provisions (Refer Note 11.6.1)		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies in the same group	2 18	Nil	2 18
	(c) Other related parties	Nil	2 50 39	2 50 39
2	Other than related parties	2 018 44 46	11 99 40	2 030 43 86
	<b>Total</b>	<b>2 018 46 64</b>	<b>14 49 79</b>	<b>2 032 96 43</b>

11.6.1: Excluding standard asset provision.

### 11.7 Group-wise classification of all investments (current and non current) in shares and securities (both quoted and unquoted):

(₹ in '000)

SI No	Category	Market Value/ Break-up or Fair Value or NAV	Book Value Net of provisions)
1	Related Parties		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2	Other than related parties	19 65 26	18 64 28
	<b>Total</b>	<b>19 65 26</b>	<b>18 64 28</b>

### 11.8 Other Information:

(₹ in '000)

SI No	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	113 13 80
(ii)	Net Non –Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	61 90 43
(iii)	Assets acquired in satisfaction of debt	Nil

**11.9 Asset Classification**

(₹ in '000)

Sl No	Category	Amount
1	Standard	1971 06 00
2	Substandard	62 01 28
3	Doubtful	51 12 52
4	Loss Assets	Nil
	<b>Total</b>	<b>2084 19 80</b>

12. Previous year figures unless otherwise stated, are given within brackets and have been reworked, re-grouped, re-arranged and re-classified to conform to the current year presentation. The figures are rounded off to the nearest thousands.

As per our separate report of even date attached

**For VARMA AND VARMA**

FRN: 004532S

**For and on behalf of the Board of Directors of  
MUTHOOT CAPITAL SERVICES LIMITED**

Sd/-  
**VIJAY NARAYAN GOVIND**  
Partner  
Chartered Accountants  
Membership Number: 203094

Sd/-  
**THOMAS JOHN MUTHOOT**  
Chairman  
Din :00011618

Sd/-  
**THOMAS GEORGE MUTHOOT**  
Managing Director  
Din:00011552

Sd/-  
**THOMAS MUTHOOT**  
Director  
Din: 00082099

Place: Kochi - 19  
Date : 24<sup>th</sup> April, 2019

Sd/-  
**VINODKUMAR M. PANICKER**  
Chief Finance Officer

EMPOWERING  
MILLIONS ON  
THE ROAD TO  
SUCCESS



TWO-WHEELER LOAN

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USED CAR LOAN

---

CONSUMER DURABLE LOAN

---

DRIVEN BY TECHNOLOGY





# EMPOWERING AMBITIONS WITH JUST A CLICK



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