#MuthootBlue

TOWARDS A
BETTER TOMORROW

ANNUAL REPORT 2019-20

Pappachan Muthoot Capital

#MuthootBlue

TRANSFORMING LIVES
FOR A
BETTER TOMORROW

#MuthootBlue

#PurposeMuthootBlue

TO TRANSFORM THE LIFE OF THE COMMON MAN BY IMPROVING THEIR FINANCIAL WELL-BEING

Muthoot Pappachan Group

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

VISION

To be the most trusted financial service provider, at the door step of the common man, satisfying him immediately, with easy and simple products.

MISSION

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.

VALUES

We will do everything to gain and maintain the trust of all the stakeholders and will not do anything to lose their trust.

#MuthootBlue

THE PURPOSE OF LIFE IS A LIFE OF PURPOSE.

MUTHOOT PAPPACHAN
29-12-1927 - 13-04-2004

A visionary leader with a higher purpose, our founder believed in 'Transforming the Life of the Common Man'. His philosophy is the cornerstone of our culture, inspiring us to pursue our responsibilities and dreams. We commemorate his timeless vision and values.

PAPPACHAN muthoot
Blue is Belief

CORE VALUES

INTEGRITY | COLLABORATION | EXCELLENCE

CULTURE CODES

HONESTY	EMPOWERMENT	FRESH THINKING & CONTINUOUS RENEWAL
HUMILITY	AGILITY	INCLUSION
EMPATHY	OWNERSHIP	WORK-LIFE BALANCE

AWARDS & RECOGNITION

India's Best Company of the Year Award 2018

Emerging Company of the Year 2019

Golden Peacock Award for Corporate Ethics 2019

India's Most Trusted Companies Award 2019

Jyoti Saini, Badli, New Delhi

Our customer Jyoti Saini runs a small beauty parlour and boutique in her hometown. She often had to go out to the market to purchase materials for her shop. For this, she depended on public transport, and found it challenging to manage time. We introduced her to the Two-wheeler loan of MCSL. Now she moves on her two-wheeler. Her life got transformed.

Mr. Rajkumar Sarkar is a customer of our Lake Town branch, Kolkata. He owns a small car rental service. He used to reach his office after dropping his child at school. He couldn't drop him before school time as he depended on public transport. He discussed his problems with us, and we suggested the two-wheeler loan. He purchased his new bike in 2 days. His life got transformed.

Rajkumar Sarkar, Laketown, Kolkata

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ABOUT MUTHOOT PAPPACHAN GROUP

The Muthoot Pappachan Group is one of the oldest and most respected business groups in India. It is often said that the legacy can't be measured with numbers alone, but it is the values of a group which defines the 'correct way of doing business' and serving the maximum possible interest of all the stakeholders and not just shareholders. The true impact of a business can also be measured through how many lives it touched and how significantly it contributed in making the communities and environment better. With God's grace, this is not just how we do business but this is the philosophy which reflects in everything we do. These have consistently been the ideals of the Muthoot Pappachan Group.

The transparent and fair business practices combined with relentless focus on total customer satisfaction have been the major drivers of steady and sustainable growth for the past 133 years. The core principles have remained unchanged since 1887, when Late Mr. Muthoot Ninan Mathai (Patron Founder of the group), started in a humble way as a retail and whole-sale trader of grains at Kozhencherry. The Chit Funds business followed as a philanthropic motive and over the decades, the business grew steadily. In 1950s, Muthoot Ninan Mathai entered the gold loan business and he went on to become the largest player in Chits & Gold Loans.

The sons of Muthoot Ninan Mathai were involved in the business since childhood and Late. Mr. Mathew M. Thomas popularly known as Muthoot Pappachan contributed immensely in growth along with his father and brothers. Since the time Muthoot Pappachan branched out in 1979, the Muthoot Pappachan Group (MPG) has been scaling new milestones regularly. The three sons of Late Mr. Muthoot Pappachan are Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot, who presently manage the Group.

Today, MPG is a diversified group with presence into several sectors including Financial Services, Hospitality, Automotive, Realty, IT Services, Healthcare, Precious Metals, Global Services and Alternate Energy. The group has over 30,000 employees, serving over a few million customers through its 4000 plus branches across the country. MPG's innovation in terms of new products and adopting the latest technology has helped in winning the loyalty of our esteemed customers, while all the way remaining steadfast in adherence to basic principles and ethics.

Muthoot Pappachan Group is known for complete transparency, integrity and unquestionable fair dealings in all its ventures. We strongly believe in the principle that customer satisfaction can't be achieved with dissatisfied and demoralized workforce and the Group is particular about maintaining high standards of creativity, teamwork and dedication to commitment, which leads to employee satisfaction and happiness.

No business exists and operates in isolation and it has to continuously interact with society and community. Every organization has a responsibility towards society and the bigger the business, the greater is the duty. Muthoot Pappachan Group believes in promoting sustainable development, responsibility towards the environment and the upliftment of local communities.

With an unwavering commitment to society, the group set up the Muthoot Pappachan Foundation (MPF), a Public Charitable Trust - the CSR arm of MPG, that has touched thousands of lives through its diverse programs. The CSR initiatives of MPG revolve around the theme "**HEEL**", covering, a) **H**ealth, b) **E**ducation, c) **E**nvironment, and d) **L**ivelihood. Muthoot Pappachan Group has been respecting each individual connected to it and continuously learning from its experience with each individual.

ABOUT MUTHOOT CAPITAL SERVICES LIMITED

Established in 1994, Muthoot Capital Services Limited (MCSL) is one of India's leading Finance Companies. MCSL promoted by the Muthoot Pappachan Group (MPG), 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 Limited (NSE). We offer fund based financial services to retail, corporate and institutional customers through various dealerships across the country and through wide network of branches of Muthoot Fincorp Limited, MPG's flagship Company and our head office.

Our portfolio includes retail finance products such as Two-Wheeler Loans, Used Car Loans along with business loans to corporates and Investment Products in the form of Fixed Deposits and subordinated debts. In all our business verticals, we continuously strive to provide timely credit to millions of people, and simple options to save their hard earnings. All of our business activities are conducted with one simple objective that we want to become the most trusted financial service provider for our customers, by serving them in a responsive and timely manner with easy and simple products at the door steps of the customer. For us, the trust of all the stakeholders is supreme and we don't compromise on this core principle ever.

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

Registered Office	Muthoot Capital Services Limited 3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035 Tel: +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

Chief Operating Officer	Mr. Madhu Alexiouse
Chief Finance Officer	Mr. Vinodkumar M. Panicker
Company Secretary & Compliance Officer	Mr. Abhijith Jayan

Management Team	Mr. Balakrishnan	Executive Vice President
	Mr. Bimal Rawat	General Manager (North)
	Mr. Gopalakrishnan J Prakash	Head of Human Capital Management & Development
	Mr. Sandeep Vellarikkat	Head - Products, Credit & Risk
	Mr. Vijayan T	Vice President - IT & Operations

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. SEP & Associates, Company Secretaries, 43/2695-A, Karipparambil Lane, SRM Road, Kaloor, Ernakulam - 682 018

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

Registrar and Transfer Agents	Integrated Registry Management Services Private Ltd. 2nd 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

Axis Bank Limited

Canara Bank
(including erstwhile Syndicate Bank)

City Union Bank Limited

DCB Bank

Equitas Small Finance Bank Limited

ICICI Bank Limited

Indian Bank

IndusInd Bank Limited

Kotak Mahindra Bank Limited

Mahindra and Mahindra Financial Services Limited

State Bank of India

Tamilnad Mercantile Bank Limited

The Federal Bank Limited

The South Indian Bank Limited

Yes Bank Limited

AU Small Finance Bank Limited

Bank of Baroda

Central Bank of India

Dhanlaxmi Bank Limited

HDFC Bank Limited

IDBI Bank Limited

Indian Overseas Bank

Karnataka Bank Limited

Lakshmi Vilas Bank Limited

Punjab National Bank
(including erstwhile United Bank of India)

Tata Capital Financial Services Limited

The Karur Vysya Bank Limited

Union Bank of India
(including erstwhile Andhra Bank Limited, Corporation Bank)

MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

To be honest, these are not easy times to write to you as the last few months must have been turbulent for everyone. At the very beginning, I wish all the shareholders and their family, a safe and healthy year. In the last decade, the world has been undergoing a rapid change and another dimension has been added to this uncertainty and volatility. In the recent months, with the onset of the COVID-19 Pandemic, the normal life has been seriously disrupted. What makes the matters worse is that this is a combination of severely damaging health crisis and economic slowdown.

We can't really overstate the fact that the result has been devastating to human lives directly and the effects have been unkind to many who had to bear the burden of the inexorable lockdown. Together, people in the whole world made efforts to overcome the pandemic and now gradually we are working hard to restore normalcy into our daily lives. There are two choices in any challenging situation. The first is the default option, where we wait for things to get better and curse the circumstances due to which we have to bear these difficulties.

The other option is more difficult as it requires proactive effort and hard work without getting bogged down by the circumstances. At your Company, we subscribe to this philosophy wherein we don't blame the macro environment and sustain the momentum in our efforts. We strongly believe that both change and crisis are similar to each other because they force us to introspect, they induce critical thinking on our part. This helps us in resetting the priorities right because we can look at our actions and options available dispassionately and objectively.

These are no doubt difficult times but they also create opportunities and more often, they are harbinger of new growth areas on horizon. In retrospect, this leads to an emergence of a more sophisticated approach to deal with the challenges. The strength of your company lies in making the most optimal use of tangible and intangible resources which makes us far better placed in navigating the serious macro headwinds.

The COVID-19 Pandemic has not changed our value system and it has not changed our business philosophy. But we also see this as an opportunity for us to review our methods and be more creative to cope with the situation, while maintaining a relentless focus in efficiency and excellence. We are neither adventurous nor extravagant but at the same time, we are also not going to allow interesting business opportunities to pass by.

In the last couple of years, your Company overcame both natural and man-made issues with grit and patience to make the right decisions. Whenever and wherever required, we will be nimble and aggressive as we have the firepower and sharp acumen to make courageous decisions. We will move forward with strong conviction, when that choice is in the best interest of business and all the stakeholders. On this note, it brings me great pleasure to present to you the Annual Report of your Company for FY 2019 - 20.

In FY 2019 - 20, the Company made disbursements of ₹ 1788.10 crores and reported an overall loan portfolio of ₹ 2650.45 crores. Your Company earned ₹ 60.18 crores worth of Net Profit, which is equivalent to a decline of 30% from FY 2018 - 19. From our 30 securitization deals, we collected ₹ 2536.30 crores, upto March 31, 2020, including securitization transactions of ₹ 910.00 crores in the year FY 2019 - 20. The Company also raised ₹ 185.00 crores worth of bank sanctions during the year. The confidence and trust shown by our investors and lenders encourages us to work harder.

On the asset quality, your Company ended FY 2019 - 20 with a Gross NPA of ₹ 175.15 crores, and maintained a provision coverage of 4.8% on the entire own book AUM. In addition to the normal ECL provisioning, the Company has made additional provisions of ₹ 26.7 crores for various contingencies, which include the COVID-19 provision of ₹ 18 crores.

MCSL is actively increasing its footprints in the non-southern states. The business has shown a promising growth in volumes in the North and Eastern states and your Company is focused on increasing its presence in states where further market penetration is possible. For the long-term growth of the Company, geographical diversification will be the right move. One of our key development for the year was the launch of Used 4-Wheeler financing. With a large customer base and robust distribution network, MCSL used-car segment is expanding into several locations.

Another important area I want to touch upon is Digitization. It is the need of the hour and it is also the way forward. As the customers were not able to travel to the branches, our mobile based application and NACH has made collections easier. Collection through mobile applications and other modes have increased rapidly. Rising collections through this route would also bring down costs and delinquencies over a period of time.

You will be happy to note that the Company has not sought moratorium from the lenders. The Company has a comfortable liquidity position and we are confident that it will continue to improve. Plans are being made for scaling up the fixed deposits via massive campaigns as there are huge amounts that can be borrowed through this route and also it could significantly lower the overall cost of funds. As we enter the new fiscal year, the world economy is virtually at a standstill. The impact of the pandemic has been intense and the coming months will be crucial for individuals and organizations. We are in touch with our loyal customers and finding ways to continue adding value to them by making current product lines better and by launching new offerings as per market demand. No doubt, the future plans for the Company were different before the pandemic outbreak. But there are concrete steps in place to ensure flawless execution and smooth delivery in spite of turbulent times.

Initially the priority is to protect and consolidate the position of the Company during the first 6-9 months of FY 2020 - 21. The maintenance of delinquencies, product portfolios and quality, and a close watch on credit processes will be the highest priority tasks in the first two quarters or till the situation improves. As social distancing norms continue and people avoid public transport, the Company is expecting promising growth in its 2W and used car operations. Additionally, the Company plans to look at cross selling gold loan to its customers from the Group's flagship company, Muthoot Fincorp. All these will ensure that the Company will grow in a secured but robust manner and add value for its stakeholders over the medium to long term.

Before concluding I would like to thank all the stakeholders for their continuous support, while also assuring them that our quality of services and delivery will be as good as ever. We are aware that FY 2019 - 20 was marred with numerous issues, but the Company has delivered a satisfactory performance despite serious headwinds. I want to reassure you further on our commitment to adaptability in the changing times. I also pray to the Almighty that the sufferings of humanity get eliminated soon.

With regards,

Sd/-

THOMAS GEORGE MUTHOOT
Managing Director

MESSAGE FROM THE CHIEF OPERATING OFFICER

Dear Shareholders,

It is my pleasure to present to you the Annual Report of Muthoot Capital Services Limited for FY 2019 - 20, a year of challenges and opportunities. Your Company continues to be at the forefront of transformation and growth, with our efforts directed on strengthening our brand value, digital innovation, continuously enhance reach and service for our customers, and relentlessly reinvent the way we are doing business.

The results of FY 2019 - 20 must be seen through the lens of a challenging financial year with the overall consumption demand and gross production in the Indian Economy witnessing contraction especially in H2 of FY 2019 - 20, in contrast to the last 6 years of continuous growth. This, besides various sectoral transitions including BS VI migration impacted the two-wheeler industry, especially during the second half of FY 2019 - 20. Financial Institutions were tested by their share of headwinds due to liquidity crisis, borrowing rates, intensified competition and decelerating consumption demand.

Your Company witnessed Revenue growth of 10% Y-o-Y from ₹ 518.61 crores in FY 2018 - 19 to ₹ 586.80 crores in FY 2019 - 20 and TW loan book also grew by 2% Y-o-Y despite the 2 - Wheeler industry degrowth of 18%. MCSL also increased its focus on portfolio health, as a result, we grew by 13% Y-o-Y across locations where our portfolio health was excellent, whereas we were selective in areas where we had challenges in our portfolio.

In line with our product expansion strategy, we have successfully expanded Used Car business in 20 centers across India and would be piloting consumer durable business, during the forthcoming financial year.

With a strong presence across 240+ districts in 20+ states, we have always looked upon, to expand our horizons to financially aid the customers in the remotest parts of the country. Taking this philosophy forward, in the last few years, MCSL has expanded in districts of eastern India - Orissa, Assam and West Bengal and looking to further extend its operations in states of Jharkhand, Bihar and Chhattisgarh.

Your Company has been one of the pioneers and torchbearers in making financial services available and affordable, for the unbanked and excluded segments across the country. This has been made possible through a large distribution network across the country, specifically in Tier 3 & 4 Centers. Our strength has been the synergy with our channel partners and distribution partners, with the phy-gital (Physical + Digital) model, which we have successfully implemented. The Company has been one of the leading players in digital innovation among peers and competition, with enhanced customer experience and internal process excellence. This legacy of serving customers when-and-where few financial institutions would engage, has helped our Company to build a brand of everlasting value and utmost loyal “Muthoot families”.

As you know, MCSL has always been at the forefront of digital transformation over the last couple of years. Our customer app is about to touch 2 lakh downloads (about 30% of our live customers). As a follow up to it, we have introduced Branch App (distribution partner app) for seamless interface with our channel partners. We have also launched the new-age communication channel “MCSL WhatsApp business” for enabling 24 X 7 customer servicing. The Company intends to launch a string of technology enhancements shortly to further bolster the digital authentication and repayment management. The digital capital amassed by such changes would precipitate in stakeholders’ value in the long run.

During the year, your Company had its proud moments, when MCSL was recognized with Special Commendation by Golden Peacock Awards for Corporate Ethics 2020, ET Now-Business Leader of the Year Award as Emerging Company of the Year and Most Trusted Company Awards, 2019 by Company’s Research Report, IBC 2019. These awards are a testimony to the business philosophy imbibed by your Company, and this further reinforces our resolve in doing business responsibly and ethically.

COVID-19 Response

COVID-19 spread across India, which began in the late Q4 of FY 2019 - 20, is expected to intensify in FY 2020 - 21 with large-scale impact on individuals and businesses. Amidst these conditions, MCSL was one of early movers to constitute a COVID Response Team, to study the impact and propose the actions to be taken to protect the health of the employees, ensuring continuity of essential services to our customers. Your Company stayed connected with more than 6 Lakh customers through customer connect program whereby our employees engaged with customers and provided them assistance in digital repayments. We were also able to help our customers, who required financial assistance during these tough times, through Gold loans from our flagship company in the group.

Going forward, safety, social distancing, and reduced availability of public transport would definitely push the need for personal and safe commuting, thereby helping 2-wheeler and used car sales. At the same time, industry would continue to face disruption challenges arising out of pandemic and intermittent lockdowns.

We believe that MCSL has stress-tested itself and managed to be resilient to such unprecedented shocks, a testimony of the robust business model and prudent lending norms, that we have carefully curated over the last few years. The experience would impart wisdom this year to tackle COVID-related business impact, and together we have the mettle in us, to weather this out and restart growth as we go forward. For this we would continue to invest in new products and geographies, augment digital and workforce capabilities, and adopt stronger frameworks for portfolio and topline security.

I take this opportunity to thank each one of our stakeholders - customers, shareholders, channel partners, vendors, employees and all associates - for their unshaken faith and continued support in MCSL.

With regards,

Sd/-

MADHU ALEXIOUSE
Chief Operating Officer

CORPORATE OVERVIEW

OUR BRANCHES

Sl. No.	Branch Location	Address
		KERALA
1.	**Adimaly**	2nd Floor, Sivaram Building, NH 49, Adimaly P.O., Adimaly, Idukki (Dist) - 685 561
2.	**Alappuzha**	2nd Floor, Niza Center, East of General Hospital Junction, Alappuzha
3.	**Calicut**	Door No. 27/383/A-3, 2nd Floor, Soubhagya Shopping Complex, Nr. Aryadathupadam, Mavoor Road, Calicut
4.	**Kollam**	1st Floor, S.M. Towers, Madan Nada, Kollam, Kerala - 691 016
5.	**Kottayam**	Door No. 480, Vallabhasseri Building, Near Shalom Church, Chingavanam P.O., Kottayam - 686 531
6.	**Kalpetta**	2nd Floor, Kainatty Arcade, Kainatty Junction, North Kalpetta Post, Wayanad - 673 121
7.	**Palakkad**	RRK Towers, 1st Floor, Shornur Road, Pallipuram Post, Melamuri, Palakkad - 678 006
8.	**Thrissur**	1st Floor, PVK Complex, Opp. Amala Hospital, Amala Nagar, Thrissur - 680 555
9.	**Tirur**	1st Floor, Mundakkathu Building, Payyanangadi, Tirur
10.	**Trivandrum**	2nd Floor, Mansions Chelsma Heights, Chengalloor Junction, Poojappura, Trivandrum - 695 012
11.	**Kesavadasapuram**	Shop No. 1, 2 & 3, Kedaram Shopping Complex, Kesavadasapuram, Thiruvananthapuram, Kerala - 695 004
		TAMIL NADU
12.	**Chennai**	1st Floor, Majestic Tower, Door No. 236, Choolaimedu High Road, Choolaimedu, Chennai - 94
13.	**Coimbatore**	Ground Floor, #62, Dr. N.R.N. Layout, Pappanaikenpalayam, Coimbatore
14.	**Kumbakonam**	No. 41, Ravi's Plaza, Gandhiadigal Salai, Near Raya Mahal, Kumbakonam - 612 001
15.	**Salem**	1st Floor, N.V. Arcade, 5/259A, Junction Main Road, Salem - 636 004
16.	**Tanjore**	Ground Floor, No 5/163/4, Sorna Complex, Natarajapuram West, M C Road, Tanjore - 613 004
17.	**Theni**	Tharun Tower, 2nd Floor, Sriram Theatre Lane, Cumbum Road, Theni - 625 531
18.	**Thirunelveli**	No. 42, Vadivagam, TVM High Road, Near Palai Bus Stand, Palayamkottai, Thirunelveli - 627 002
19.	**Trichy**	3rd Floor, United Arcade, Above Spencer Super Market, Karur Bye Pass Road, Trichy - 620 001

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

OUR CSR INITIATIVES


BEFORE


ZERO CARBON
WASTE TO SOILLESS GARDEN
muthoot
Blue is Belief


AFTER

BOARD'S REPORT

The Members,
Muthoot Capital Services Limited

Your Directors are delighted to present the **26th 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, 2020.

1. PERFORMANCE HIGHLIGHTS

The key performance highlights of the Company during the year are as follows:

a) Financial Results

The Company has moved to the IND-AS method of accounting with effect from April 01, 2019. Accordingly, the comparative figures for the year end March 31, 2019 has also been restated under IND-AS. The summarized financial results of your Company for the FY 2019 - 20 are given below:

(₹ in lakhs, except earnings per share)

Particulars	2019 - 2020	2018 - 2019
Total Income	586 80.37	518 61.31
Total Expenses	493 33.91	385 71.92
Profit Before Tax (PBT)	93 46.46	132 89.40
Tax Expense	32 98.78	46 79.46
Profit After Tax (PAT)	60 17.60	86 25.37
Basic Earnings Per Share (EPS)	36.77	52.35

b) Business Growth

During the financial year ended March 31, 2020, your Company was able to manage with minimal erosion in the loan portfolio despite the adverse macro-economic turbulence, followed by the onslaught of COVID-19 at the end of the financial year. The total Asset Under Management (AUM) (including sold portfolio) of your Company decreased by 3.4%. The AUM (including sold portfolio) of the Company as on March 31, 2020 stood at ₹ 2650 44.97 lakhs whereas as on March 31, 2019 the same was ₹ 2744 58.09 lakhs.

c) Profitability

The total income of the Company increased to ₹ 586 80.37 lakhs during the FY 2019 - 20 as against ₹ 518 61.31 lakhs during the FY 2018 - 19. The total expenditure for the FY 2019 - 20 was at ₹ 493 33.91 lakhs. The Company achieved a profit of ₹ 60 17.60 lakhs while the same was ₹ 86 25.37 lakhs in FY 2018 - 19. The Net Interest Margin (NIM) is reported at 61.19% as against 65.44% in FY 2018 - 19.

d) Asset Quality

As on March 31, 2020, the gross NPA and net NPA in the books of your Company stood at ₹ 175 15.45 lakhs and ₹ 98 21.00 lakhs respectively. The provision coverage on the entire own book stood at 4.8% against 3.2% as on March 31, 2019. Your Company witnessed increase in delinquencies in the initial quarters of the year due to natural calamities which affected significant parts of the country which was subsequently controlled in the 3rd and 4th quarter before COVID-19 lockdown. Your Company has assessed and provided for the anticipated delinquencies on account of COVID-19 Pandemic to the extent ₹ 18 00.00 lakhs in the current financial year.

e) Net worth & Capital Adequacy Ratio

Based on the current year profitability of ₹ 60 17.60 lakhs, the net worth of your Company stood at ₹ 507 37.21 lakhs as against ₹ 447 19.61 lakhs in the previous year. The Company's total Capital Adequacy Ratio (CAR) as on March 31, 2020 stood at 24.93% 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 24.64% and Tier II CAR stood at 0.29%. The CAR as on March 31, 2019, stood at 20.85%.

f) Earnings Per Share

Earnings Per Share of your Company during the year under review is reported at ₹ 36.77 against ₹ 52.35 for the year ended March 31, 2019. Return on Equity was at 12.6% for the year.

2. DIVIDEND

The outbreak of COVID-19 Pandemic has significantly affected the global economy and your Company is no exception to that. In order to maintain capital for growth of the Company and to deal with the uncertain socio-economic environment due to the pandemic, your Board of Directors is of the view that ploughing back of profit after tax into the business is a necessity of time and hence have not recommended any dividend for the FY 2019 - 20.

3. RESERVES

Your Board of Directors transferred an amount of ₹ 12 10 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 financial year ended March 31, 2020. Post transfer of profits to reserves, your Board decided to retain ₹ 203 96.59 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 2019 - 20 and hence, the disclosure requirements under Section 43 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 2019 - 20. As on March 31, 2020, the residual portion of secured redeemable non-convertible debentures under private placement during earlier years along with interest accrued is ₹ 4.54 lakhs. The debentures issued are secured by way of floating charge on the receivables and current assets of the Company. The non-convertible debentures of your Company are 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) 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 - 14. The fixed deposits of the Company are rated as “FA+ / Stable” by CRISIL.

The outstanding amount of fixed deposits as on March 31, 2020, received by the Company including interest accrued at that date is ₹ 45 51.59 lakhs. As on March 31, 2020, there are 56 accounts of fixed deposits amounting to ₹ 1 41.63 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, the 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, 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.

d) Subordinated Debts

The Company had in the current year, raised money through issue of subordinated debts. As of March 31, 2020, the total amount of outstanding subordinated debts, including accrued interest was ₹ 66 02.21 lakhs as against ₹ 63 78.60 lakhs in the previous year.

The subordinated debts and public deposits consist of 4.74% of our total funding.

e) Bank Finance

The Company raised funds for its working capital resources mainly from banks. As on March 31, 2020, the total outstanding amount of credit facilities from Banks were ₹ 1455 56.41 lakhs as against ₹ 1349 04.18 lakhs as on March 31, 2019 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 ₹ 909 60.31 lakhs (net of MRR) (previous year ₹ 837 34.51 lakhs). The investment in the same was made by Banks / NBFCs / Mutual Funds and the value remaining outstanding as on March 31, 2020 was ₹ 733 58.61 lakhs (previous year ₹ 559 79.04 lakhs).

5. DIRECTORS

As on March 31, 2020, the Board of your Company consists of seven Directors as follows:

Category	Name of Directors
Executive Director	• Mr. Thomas George Muthoot, Managing Director
Non - Executive - Non - Indepedent Directors	• Mr. Thomas John Muthoot, Chairman • Mr. Thomas Muthoot, Director
Non - Executive Independent Directors	• Mr. A.P. Kurian • Mr. K. M. Abraham • Mrs. Radha Unni • Mr. Thomas Mathew

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 have 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 Muthoot, Director (DIN: 00082099) 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 Muthoot as Director of the Company. The detailed profile of Mr. Thomas Muthoot recommended for re-appointment is enclosed with the Notice for the 26th AGM of the Company.

a) Changes in Directors and Key Managerial Personnel (KMP) during the FY 2019 - 20

During the year under review, there were no changes in the composition of the Board of Directors of your Company.

Mr. Abhijith Jayan was appointed as the Company Secretary & Compliance Officer, a Key Managerial Personnel of the Company by the Board at its meeting held on April 24, 2019.

Mr. Thomas George Muthoot, Managing Director, Mr. Vinodkumar M. Panicker, Chief Finance Officer and Mr. Abhijith Jayan, Company Secretary & Compliance Officer are the KMPs of the Company, as recorded by the Board as on March 31, 2020.

b) Declaration by Independent Directors

On April 01, 2020, 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 May 28, 2020. It is also confirmed that the Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act as per SS-4.

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 control and impact 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 in the website of the Company and can be accessed on: *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 2019 - 20, your Board of Directors met five times. More details about the meetings of the Board is given in 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 vehicle loans (two wheeler and used cars), for which, during the year under review the Company has disbursed loans to the extent of ₹1705 07.91 lakhs and as on March 31, 2020, the total outstanding amount was ₹ 2394 69.07 lakhs. The Company had disbursed business / corporate loans to the extent of ₹ 61 40.00 lakhs and as on March 31, 2020, the outstanding amount is ₹ 190 90.76 lakhs.

The Company had entered into pool buyout arrangement of loan receivables amounting to ₹ 21 62.08 lakhs (after deducting 5% / 10% for MRR requirement) during the year under review. The aggregate amount outstanding under loan buyout as on March 31, 2020 was ₹ 29 72.65 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's flagship company, Muthoot Fincorp Limited. The Company is also generating leads for the business through its Mobile App - "MPower".

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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

On March 24, 2020, the Government of India announced a strict nationwide 21-day lockdown to contain the spread of SARS-CoV-2 Virus responsible for COVID-19. The lockdown was further extended till May 31, 2020. Vide notifications dated March 27, 2020 and April 17, 2020, RBI brought in a moratorium for the borrowers from March 01, 2020 to May 31, 2020 to offset the temporary stress caused by the pandemic. This was further extended by a notification dated May 23, 2020 for a further period of 3 months. Considering the same, the Company has made a provision of ₹ 18 00.00 lakhs. Any further impact of economic slowdown as a result of COVID-19 Pandemic on the financial position of the Company will depend on future developments, including among other things, extent and severity of the pandemic, mitigating actions by governments and regulators, time taken for economy to recover, etc. Depending on the assessment, the Company would look at increasing the provisioning going forward.

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 thereby setting up 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 has a well-defined Risk Management Policy in place to create and protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities and thereby ensure sustainable business growth with stability and 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 action 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 is 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 2019 - 20. The scope and authority of the Internal Audit function is defined in the Audit Policy of the Company, duly reviewed and 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 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 operation were observed. Accordingly, your Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2019 - 20.

12. BUSINESS RESPOSIBILITY REPORT

A Business Responsibility Report as required under Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure Requirements),Regulations 2015, is enclosed as part of this Annual Report.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility activities at Muthoot Capital Services Limited encompasses much more than social outreach programmes. The Company believes that CSR is a way of creating shared value and contributing to social and environmental good. With this philosophy, the CSR activities of the Company is centered around a theme called "**HEEL**" i.e. **H**ealth, **E**ducation, **E**nvironment and **L**ivelihood. 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 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*.

During the year, the Company spent an amount of ₹ 1 41.25 lakhs identified as 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.

14. 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 23rd 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 qualification, reservation or adverse remark or disclaimer in the Independent Auditor's Report provided by Statutory Auditors for the FY 2019 - 20.

Emphasis of matter was given by the Auditors on the impact of COVID-19 Pandemic on the operations, probable increase in impairment losses and continuing uncertainty. The Company has made additional provisions as contingency provisions in this regard.

Further, Auditors have reported a delay of 49 days in transfer of shares on which dividends had remained unclaimed / unpaid for a period of seven consecutive years, to the IEPF Authority. Since claiming refund of shares from IEPF Authority is a lengthy process, which the Company was keen that the shareholders should avoid, the Company had taken all possible steps to identify the respective shareholders before effecting such transfer, which lead to the delay as reported. The IEPF Authorities have accepted the transfer of shares without any strictures.

b) Secretarial Auditors

The Board, at its meeting held on June 17, 2019, appointed M/s. SEP & Associates, Company Secretaries, 43/2695-A, Kariparambil Lane, SRM Road, Kaloor, Ernakulam - 682 018 to conduct the Secretarial Audit for the year ended March 31, 2020 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 2019 - 20 is enclosed to this report as ***Annexure 3.*** The Directors of your Company confirms that there are no qualification, reservation or adverse remark or disclaimer in Secretarial Audit Report for the period under review.

Pursuant to Circular No. CIR / CFD / CMD1 / 27 / 2019 dated February 09, 2019 issued by SEBI, the Company has obtained Secretarial Compliance Report, from Practicing Company Secretary on compliance of all appplicable SEBI Regulations and Circulars / Guidelines issued thereunder and the copy of the same was submitted to the Stock Exchanges.

15. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meeting and General Meetings.

16. 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.

17. 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), 22 & 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.

18. 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.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Your Directors confirm that all contracts / arrangements / transactions entered into by the Company during the FY 2019 - 20 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 2019 - 20 as envisaged in Regulation 23 (2) of the SEBI (LODR) Regulations, 2015. Further, the Audit Committee has 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, 2020 were on an arm's length basis and were in the ordinary course of business except the transaction with Muthoot Bankers on wind mill business, for which the Company had obtained the approval of shareholders. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted for the rest of the transactions.

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 IND-AS 24 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.*

20. 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.***

21. 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 - 20.

22. BUSINESS RESPONSIBILITY REPORT

A Business Responsibility Report as required under Regulation 34 (2) (f) of the SEBI (LODR) Regulations, 2015, is enclosed as part of the report.

23. 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.

24. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

25. 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/01.%20Fair%20Practice%20Code%20-%20MCSL.pdf.*

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

26. CUSTOMER GRIEVANCE

The Company has a dedicated Customer Grievance 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.

27. EXTRACT OF ANNUAL RETURN

The extract of the annual return in form MGT-9 is enclosed to this Report as ***Annexure 6***.

28. 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 has been followed along with proper explanation relating to material departures;

b) we have selected such accounting policies and applied them consistently and made judgements 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 have 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 have prepared the annual accounts on a going concern basis;

e) we have 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 have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

29. 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, other Investors in it's securitized portfolio, 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
May 28, 2020

ANNEXURE 1

DECLARATION REGARDING RECEIPT OF CERTIFICATE OF INDEPENDENCE FROM ALL INDEPENDENT DIRECTORS

I hereby confirm that the Company had 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/-

Kochi
May 28, 2020

THOMAS GEORGE MUTHOOT
Manageing Director
DIN: 00011552

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 2019 - 20, the emphasis of CSR activities of the Company was given for providing timely and effective medical service and support to the needy and also on improving the infrastructure facilities of the orphanages with equal thrust to contain and manage the issue of substance abuse among children and teenagers through various organisations. More focus was given to extend 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*.

2. The Composition of the CSR Committee

Name	Designation	Position in the Committee
Mr. Thomas Muthoot	Director	Chairman
Mrs. Radha Unni	Independent Director	Member
Mr. K.M. Abraham	Independent Director	Member
Mr. Thomas Mathew	Independent Director	Member

(₹ in lakhs)

3.	**Average net profit of the Company for the last three financial years**	**85 29.74**
4.	**Prescribed CSR Expenditure (2% of the above)**	**1 70.59**
	Approved Budget for the FY 2019 - 20	1 70.59
	Amount bought forward from FY 2018 - 19 including cash with Implementing Agency	37.79
	Add: Rounded off	0.62
	Total amount available for the CSR activities for the FY 2019 - 20	**2 09.00**
5.	**Details of CSR spend for the financial year**	
	a) Total amount spent for the financial year	1 41.25
	b) Amount unspent	67.75
	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 2019 - 2020)	Amount spent on the projects or Program Subheads: (1) Direct Expenditure on projects or programs (2) Oveheads:	Cumulative expenditure upto the reporting period	Amount spent: a) Direct or b) through implementing agency
1.	Expenses for Rehab Centre (Aashiana)	Setting up of homes and old age homes	Ernakulam, Kerala	30.00	24.02	64.76	Direct / Through implementing agency
2.	Financial support to patients at Lissie Hospital & General Hospital, Ernakulam	Promoting health care including preventive health care	Ernakulam, Kerala	42.00	38.26	80.85	Direct
3.	Medical Support	Promoting health care including preventive health care	Kerala and Tamil Nadu	30.00	13.51	47.40	Direct
4.	Educational Support	Promotion of Education	Kerala, Karnataka and Telan-gana	10.00	6.48	17.03	Direct / Through implementing agency

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5.	Other Projects [1]		Kerala	97.00	58.98	1 19.01	Direct
6.	Magic Bus - Training to children	Promotion of Education	Ernakulam, Kerala	--	--	42.30[2]	Through implementing agency
	Total			**2 09.00**	**1 41.25**	**3 71.35**	

[1] Other projects includes:

a) Renovation of Mount Carmel Girls Home, Pachalam through Guardians of Dreams - a Non-Profit Organization and their monthly training supports;

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) Zero Carbon - Kochi Metro Project with Pelican Biotech & Chemical Labs, to fill the medians of Kochi metro using the bio- waste from different housing societies across the city as well as cleaning canals, rivers etc.

f) Supported programme for people in wheelchairs, distribution of free Jaipur limbs, donated hearing aids to 55 children of a school at Muvattupuzha, supplied N95 masks and sanitizers to Ernakulam General Hospital as part of prevention and control of COVID-19.

[2] The Company has spent ₹ 42.30 lakhs towards the program “Magic Bus” during the FY 2015 - 16.

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 ₹ 2 09.00 lakhs (including ₹ 37.79 lakhs brought forward from the previous year) the Company had spent ₹ 1 41.25 lakhs only and the balance amount of ₹ 67.75 lakhs has been carried forward to the FY 2020 - 21 in addition to the mandatory limit of 2%. The Company is looking at utilising more funds on COVID-19 related activities along with the continued support on the existing projects and also 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

Ref: SEP/CAC/20-21/02

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2020

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Muthoot Capital Services Limited
3rd Floor, Muthoot Towers,
M.G. Road Kochi - 682 035

We 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 for the financial year ended on 31st March 2020 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 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, Company has, during the audit period covering the financial year ended on 31st March 2020, 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 31st March 2020, 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 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:

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

f. 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;

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

h. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(v) As informed to us, the following other laws are specifically applicable to the Company:

1. Reserve Bank of India Act, 1934;

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

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

4. Master Direction - Non- Banking Financial Company Returns (Reserve Bank) Directions, 2016.

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 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.

During the period under review, provisions of the following regulations were not applicable to the Company:

(i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

(ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

We further 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 in compliance with the provisions of Section 173 (3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

i. Issuance of securities including Public / Right / Preferential issue of shares.

ii. Redemption / Buy-back of securities

iii. Merger / amalgamation / reconstruction;

iv. Foreign technical collaborations.

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

For SEP & Associates
Company Secretaries
(ICSI Unique Code: P2019KE075600)

Sd/-
CS SIVAKUMAR P
Managing Partner
FCS: F3050, COP No. 2210

Date: 20.05.2020
Place: Kochi
UDIN: F003050B000318937

ANNEXURE A

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To
The Members
Muthoot Capital Services Limited
3rd Floor, Muthoot Towers,
M.G. Road Kochi - 682 035

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

1. The compliance of the provisions of all laws, rules, regulations, standards applicable to **Muthoot Capital Services Limited** (hereinafter called the "Company") is the responsibility of management of the Company. Our examination was limited to the verification of the records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of the Secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to issue Secretarial Audit Report, based on the audit of the relevant record maintained and furnished to us by the Company, along with explanations where so required.
3. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial and other records, legal compliance mechanism and corporate conduct. We believe that the process and practices we followed provide a reasonable basis for our Secretarial Audit Report.
4. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
5. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management as conducted the affairs of the Company.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2020 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For SEP & Associates
Company Secretaries
(ICSI Unique Code: P2019KE075600)

Sd/-
CS SIVAKUMAR P
Managing Partner
FCS: F3050, COP No. 2210

Date: 20.05.2020
Place: Kochi
UDIN: F003050B000318937

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 2019 - 20:** *207:1*

(ii) **The percentage of increase in remuneration of Managing Director, Chief Executive Officer, Chief Finance Officer and Company Secretary during the FY 2019 - 20:**

Sl. No.	Name of Director / KMP	Designation	Remuneration During the FY 2019 - 20 (₹ in Lakhs)	% increase in Remuneration During the FY 2019 - 20
1.	Thomas George Muthoot	Managing Director	4 40.88	132.11%
2.	Vinodkumar M. Panicker	Chief Finance Officer	1 11.20	26.14%
3.	Abhijith Jayan[1]	Company Secretary & Compliance Officer	6.89	-

[1] Mr. Abhijith Jayan was appointed as the Company Secretary & Compliance Officer w.e.f April 24, 2019.

(iii) **The percentage increase in the median remuneration of the employees in the FY 2019 - 20:** *There has been an increase of 9.89% in the median remuneration of the employees of the Company in FY 2019 - 20 as compared to FY 2018 - 19.*

(iv) **The number of permanent employees on the rolls of the Company as on March 31, 2020:**

There were 1783 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 2019 - 20 was 11.05% and the average increase in the remuneration of KMPs was 14.80%.

Justification for Increase: *The increase is in line with the industry 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
May 28, 2020

ANNEXURE 5

Statement of particulars under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2020

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)	58	54	49	55	49
Qualification	B. Com	B. Com, ACA	MBA	MSc. Maths, PGDM	Diploma in Mechanical Engineering, MBA
Experience (in years)	36	31	24	28	27
Date of commencement of employment	12.07.2016	16.12.2013	01.02.2017	01.08.2008	07.07.2018
Gross Remuneration (₹ in lakhs)	440.88	111.20	95.19	63.63	57.03
% of Shareholding in the Company	19.05%	0.0124%	-	-	-
Last employment	-	Outlook Publishing (I) Pvt. Ltd.	IIFL	TVS Finance andServices 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. Imitiaz Parackat**	**Mr. Vijayan T**	**Mr. Manish Dhar**	**Mr. Sandeep Vellarikkat**
Designation	VP - Collections	AVP - Sales	VP - IT & Operations	AVP - Sales	Head - Credit & Risk, Product
Nature of employment	On rolls	On rolls	On rolls	On rolls	On rolls
Age (in years)	44	47	46	50	38
Qualification	BSc. Maths, MBA	PG Diploma in Sales and Marketing	B. Com, DCA	PGDBA	MBA
Experience (in years)	21	22	20	19	16
Date of commencement of employment	07.07.2014	07.03.2019	01.09.2008	01.12.2015	03.07.2017
Gross Remuneration (₹ in lakhs)	29.97	24.79	24.30	21.58	21.00
% of Shareholding in the Company	-	-	-	-	-
Last employment	Origon Consultants Private Ltd	Capital First	TVS Finance and Services Ltd	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, 20.
- Mr. Bijesh K. had resigned w.e.f February 28, 2020.

ANNEXURE 6

FORM MGT - 9
EXTRACT OF ANNUAL RETURN

For the financial year ended March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

CIN	L67120KL1994PLC007726
Registration Date	February 18, 1994
Name of the Company	Muthoot Capital Services Limited
Category of the Company	Company Limited by Shares
Address of the Registered Office and contact details:	Muthoot Capital Services Limited 3rd Floor, Muthoot Towers, M.G Road, Kochi, Kerala - 682 035 Tel: +91 484 6619600/6613450, Fax: +91 484 2381261
Whether Listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Integrated Registry Management Services Private Limited 2nd Floor, Kences Towers, No.1, Ramakrishna Street, Off: North Usman Road, T. Nagar, Chennai - 600 017 Tel: 044 - 28140801 - 803; Fax: 044 - 28142479 Email: *csdstd@integratedindia.in* Contact Person: Mr. K. Balasubramanian, Deputy General Manager

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Income from financing activities	65923 (Activities of commercial loan companies)	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Not Applicable

STATUTORY REPORTS

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

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year i.e., 01.04.2019				No. of Shares held at the end of the year i.e., 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual	10277972	0	10277972	62.49	10298900	0	10298900	62.62	0.13
b) Central Govt.	0	0	0	0	0	0	0	0	--
c) State Govt.(s)	0	0	0	0	0	0	0	0	--
d) Bodies Corp.	0	0	0	0	0	0	0	0	--
e) Banks/FI	0	0	0	0	0	0	0	0	--
f) Any Others	0	0	0	0	0	0	0	0	--
Sub-total (A) (1)	**10277972**	**0**	**10277972**	**62.49**	**10298900**	**0**	**10298900**	**62.62**	**0.13**
2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	--
b) Other - Individuals	0	0	0	0	0	0	0	0	--
c) Bodies Corp.	0	0	0	0	0	0	0	0	--
d) Banks/FI	0	0	0	0	0	0	0	0	--
e) Any Other	0	0	0	0	0	0	0	0	--
Sub-total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**--**
Total Promoter Shareholding (A) = (A) (1) + (A) (2)	**10277972**	**0**	**10277972**	**62.49**	**10298900**	**0**	**10298900**	**62.62**	**0.13**

B. Public Shareholding									
1) Institutions									
a) Mutual Funds	1884955	0	1884955	11.46	1782061	0	1782061	10.83	(0.63)
b) FI/Banks	4538	330	4868	0.03	5181	330	5511	0.03	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	85743	0	85743	0.52	871082	0	871082	5.30	4.78
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	-
i) Others (specify)	0	0	0	0	0	0	0	0	-
Sub-total (B) (1)	**1975236**	**330**	**1975566**	**12.01**	**2658324**	**330**	**2658654**	**16.16**	**4.15**
2) Non-Institutions									
a) Bodies Corp. (Indian/Overseas)	377844	7040	384884	2.34	178004	7040	185044	1.13	(1.21)
b) Individuals:									
i) Holding nominal share capital upto ₹ 1 lakh	1820389	262651	2083040	12.66	1395338	230371	1625709	9.88	(2.78)
ii) Holding nominal share capital in excess of ₹ 1 lakh	736685	80630	817315	4.97	968401	80630	1049031	6.38	1.41

STATUTORY REPORTS

c) Any Other:									
i) Clearing Member	29285	0	29285	0.18	29168	0	29168	0.18	0
ii) AIF	482909	0	482909	2.94	519855	0	519855	3.16	0.22
iii) FPI - Cat III	14593	0	14593	0.09	0	0	0	0	(0.09)
iv) LLP	11939	0	11939	0.07	13921	0	13921	0.08	0.01
v) Trust	309609	0	309609	1.88	0	0	0	0	(1.88)
vi) IEPF	60421	0	60421	0.37	67251	0	67251	0.41	0.04
Sub-total (B) (2)	**3843674**	**350321**	**4193995**	**25.50**	**3171938**	**318041**	**3489979**	**21.22**	**(4.28)**
Total Public Shareholding (B) = (B) (1) + (B) (2)	**5818910**	**350651**	**6169561**	**37.51**	**5830262**	**318371**	**6148633**	**37.38**	**(0.13)**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-**
Grand Total (A + B + C)	**16096882**	**350651**	**16447533**	**100.00**	**16129162**	**318371**	**16447533**	**100.00**	**0.00**

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2019			Shareholding at the end of the year i.e. 31.03.2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Mr. Thomas John Muthoot	3134094	19.06	0	3152972	19.17	0	0.12
2.	Mr. Thomas George Muthoot	3131430	19.04	0	3133480	19.05	0	0.01
3.	Mr. Thomas Muthoot	3076624	18.71	0	3076624	18.71	0	-
4.	Ms. Preethi John	243910	1.48	0	243910	1.48	0	-
5.	Ms. Nina George	299577	1.82	0	299577	1.82	0	-
6.	Ms. Remmy Thomas	392337	2.39	0	392337	2.39	0	-
	Total	10277972	62.49	0	10298900	62.62	0	0.13

iii) Change in Promoters' Shareholding

Sl.No.	Date wise Increase/Decrease in Promoters Shareholding during the year	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year (31.03.2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Mr. Thomas John Muthoot**				
	Opening Balance as on 01.04.2019	3134094	19.055		
	05.08.2019	886	0.005	3134980	19.060
	06.08.2019	1107	0.007	3136094	19.067
	07.08.2019	2663	0.016	3138750	19.083
	08.08.2019	2281	0.014	3141031	19.097
	09.08.2019	1822	0.011	3142853	19.108
	13.08.2019	529	0.003	3143382	19.112
	14.08.2019	642	0.004	3144024	19.115
	16.08.2019	988	0.006	3145012	19.121
	19.08.2019	448	0.003	3145460	19.124
	20.08.2019	603	0.004	3146063	19.128
	21.08.2019	791	0.005	3146854	19.133
	23.08.2019	1375	0.008	3148229	19.141
	26.08.2019	23	0.000	3148252	19.141
	27.08.2019	200	0.001	3145852	19.142
	28.08.2019	133	0.001	3148585	19.143
	29.08.2019	326	0.002	3148911	19.145
	30.08.2019	100	0.001	3149011	19.146
	03.09.2019	309	0.002	3149320	19.148
	04.09.2019	1592	0.010	3150912	19.157
	05.09.2019	700	0.004	3151612	19.162
	06.09.2019	160	0.001	3151772	19.163
	11.09.2019	200	0.001	3151972	19.164
	19.09.2019	173	0.001	3152145	19.165
	20.09.2019	22	0.000	3152167	19.165
	23.09.2019	805	0.005	3152972	19.170
	Closing Balance as on 31.03.2020			3152972	19.170
2	**Mr. Thomas George Muthoot**				
	Opening Balance as on 01.04.2019	3131430	19.039		
	19.08.2019	451	0.003	3131881	19.042
	22.08.2019	50	0.000	3131931	19.042
	26.08.2019	849	0.005	3132780	19.047
	03.09.2019	200	0.001	3132980	19.048
	04.09.2019	281	0.002	3133261	19.050
	05.09.2019	6	0.000	3133267	19.051
	06.09.2019	207	0.001	3133474	19.051
	24.09.2019	5	0.000	3133479	19.051
	30.09.2019	1	0.000	3133480	19.051
	Closing Balance as on 31.03.2020			**3133480**	**19.051**

iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2019)		Cumulative Shareholding during the year (as on 31.03.2020)	
		No. of Shares	% of total shares	No. of Shares	% of total shares
1	**DSP Small Cap Fund**				
	Opening Balance as on 01.04.2019	617872	3.757		
	24.05.2019	31245	0.190	649117	3.947
	31.05.2019	77199	0.469	726316	4.416
	07.06.2019	93543	0.569	819859	4.985
	02.08.2019	198165	1.205	1018024	6.190
	Closing Balance as on 31.03.2020			**1018024**	**6.190**
2	**Aditya Birla Sun Life Trustee Private Limited A/C Adiya Birla Sun Life Resurgent India Fund-Series 6**				
	Opening Balance as on 01.04.2019	596410	3.626		
	06.09.2019	-200	-0.001	596210	3.625
	11.10.2019	-150000	-0.912	446210	2.713
	Closing Balance as on 31.03.2020			**446210**	**2.713**
3	**SBI Long Term Advantage Fund-Series V**				
	Opening Balance as on 01.04.2019	446241	2.713		
	19.04.2019	-80141	-0.487	366100	2.226
	26.04.2019	-108697	-0.661	257403	1.565
	03.05.2019	-10875	-0.066	246528	1.499
	24.05.2019	-28229	-0.172	218299	1.327
	31.05.2019	-2474	-0.015	215825	1.312
	07.06.2019	-7359	-0.045	208466	1.267
	10.06.2019	-617	-0.004	207849	1.264
	14.06.2019	-8980	-0.055	198869	1.209
	10.01.2020	-198869	-1.209	0	0.000
	Closing Balance as on 31.03.2020			**0**	**0.000**
4	**Sundaram Alternative Opportunities Fund-Nano Cap Series I**				
	Opening Balance as on 01.04.2019	360547	2.192		
	Closing Balance as on 31.03.2020			**360547**	**2.192**
5	**India Small and MID Cap Gems Fund**				
	Opening Balance as on 01.04.2019	309369	1.881		
	03.05.2019	-25597	-0.156	283772	1.725

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	16.08.2019	-542	-0.003	283230	1.722
	11.10.2019	-152765	-0.929	130465	0.793
	27.12.2019	-130465	-0.793	0	0.000
	Closing Balance as on 31.03.2020			**0**	**0.000**
6	**Dolly Khanna**				
	Opening Balance as on 01.04.2019	251192	1.527		
	05.04.2019	-1000	-0.006	250192	1.521
	12.04.2019	-3000	-0.018	247192	1.503
	19.04.2019	-1000	-0.006	246192	1.497
	26.04.2019	-7500	-0.046	238692	1.451
	03.05.2019	-6100	-0.037	232592	1.414
	10.05.2019	-7500	-0.046	225092	1.369
	17.05.2019	-4000	-0.024	221092	1.344
	31.05.2019	-1000	-0.006	220092	1.338
	07.06.2019	1000	0.006	221092	1.344
	14.06.2019	-4000	-0.024	217092	1.320
	21.06.2019	-5000	-0.030	212092	1.290
	28.06.2019	-1000	-0.006	211092	1.283
	05.07.2019	-1000	-0.006	210092	1.277
	12.07.2019	-10035	-0.061	200057	1.216
	19.07.2019	-10000	-0.061	190057	1.156
	26.07.2019	-3000	-0.018	187057	1.137
	02.08.2019	-5000	-0.030	182057	1.107
	23.08.2019	-6000	-0.036	176057	1.070
	30.08.2019	-4000	-0.024	172057	1.046
	06.09.2019	-8152	-0.050	163905	0.997
	13.09.2019	-4000	-0.024	159905	0.972
	20.09.2019	-1000	-0.006	158905	0.966
	27.09.2019	-4310	-0.026	154595	0.940
	04.10.2019	-1216	-0.007	153379	0.933
	11.10.2019	-2049	-0.012	151330	0.920
	18.10.2019	5000	0.030	156330	0.950
	25.10.2019	3000	0.018	159330	0.969
	29.11.2019	6000	0.036	165330	1.005
	06.12.2019	1000	0.006	166330	1.011
	27.12.2019	4000	0.024	170330	1.036
	31.12.2019	15435	0.094	185765	1.129
	03.01.2020	4000	0.024	189765	1.154
	17.01.2020	4000	0.024	193765	1.178
	24.01.2020	2000	0.012	195765	1.190
	31.01.2020	-2000	-0.012	193765	1.178
	07.02.2020	-2297	-0.014	191468	1.164

	28.02.2020	-3828	-0.023	187640	1.141
	13.03.2020	-14500	-0.088	173140	1.053
	20.03.2020	-17909	-0.109	155231	0.944
	27.03.2020	-3000	-0.018	152231	0.926
	Closing Balance as on 31.03.2020	**-2000**	**-0.012**	**150231**	**0.913**
7	**Hedge Finance Limited**				
	Opening Balance as on 01.04.2019	174826	1.063		
	13.12.2019	-174826	-1.063	0	0.000
	Closing Balance as on 31.03.2020			**0**	**0.000**
8	**Sundaram Alternative Opportunities Fund - Nano Cap Series II**				
	Opening Balance as on 01.04.2019	119994	0.730		
	Closing Balance as on 31.03.2020			**119994**	**0.730**
9	**Sundaram Mutual Fund A/C Sundaram Emerging Small Cap - Series IV**				
	Opening Balance as on 01.04.2019	112345	0.683		
	03.05.2019	74126	0.451	186471	1.134
	10.05.2019	34	0.000	186505	1.134
	17.05.2019	29248	0.178	215756	1.312
	29.11.2019	-888	-0.005	214865	1.306
	13.12.2019	-538	-0.003	214327	1.303
	03.01.2020	11022	0.067	225349	1.370
	Closing Balance as on 31.03.2020			**225349**	**1.370**
10	**Suresh Kumar Agarwal**				
	Opening Balance as on 01.04.2019	110000	0.669		
	26.04.2019	150000	0.912	260000	1.581
	31.05.2019	-176210	-1.071	83790	0.509
	07.06.2019	-32352	-0.197	51438	0.313
	10.06.2019	-225	-0.001	51213	0.311
	Closing Balance as on 31.03.2020			**51213**	**0.311**
11	**IDBI Banking & Financial Services Fund**				
	Opening Balance as on 01.04.2019	108676	0.661		
	10.06.2019	2789	0.017	111465	0.678
	14.06.2019	9300	0.057	120765	0.734
	12.07.2019	1683	0.010	122448	0.744
	19.07.2019	7433	0.045	129881	0.790
	02.08.2019	-3000	-0.018	126881	0.771
	30.08.2019	-1237	-0.008	125644	0.764
	13.09.2019	-3500	-0.021	122144	0.743
	20.09.2019	-2807	-0.017	119337	0.726
	11.10.2019	-4666	-0.028	114671	0.697
	18.10.2019	-10809	-0.066	103862	0.631

	25.10.2019	-6000	-0.036	97862	0.595
	01.11.2019	-4622	-0.028	93240	0.567
	08.11.2019	-36428	-0.221	56812	0.345
	29.11.2019	-7000	-0.043	49812	0.303
	06.12.2019	-600	-0.004	49212	0.299
	13.12.2019	-618	-0.004	48594	0.295
	31.12.2019	-502	-0.003	48092	0292
	24.01.2020	-501	-0.003	47591	0.289
	Closing Balance as on 31.03.2020			**47591**	**0.289**
12	**Ritu Elizabeth George**				
	Opening Balance as on 01.04.2019	64118	0.390		
	Closing Balance as on 31.03.2020			**64118**	**0.390**
13	**Tina Suzanne George**				
	Opening Balance as on 01.04.2019	52995	0.322		
	Closing Balance as on 31.03.2020			**52995**	**0.322**
14	**Four Dimensions Securities (India) LTD**				
	Opening Balance as on 01.04.2019	50000	0.304		
	12.07.2019	-3595	-0.022	46405	0.282
	09.08.2019	-6338	-0.039	40067	0.244
	16.08.2019	-2613	-0.016	37454	0.228
	23.08.2019	-85	-0.001	37369	0.227
	20.09.2019	-10000	-0.061	27369	0.166
	20.03.2020	-12369	-0.075	15000	0.091
	Closing Balance as on 31.03.2020			**15000**	**0.091**
15	**Ashik M John**				
	Opening Balance as on 01.04.2019	49720	0.302		
	Closing Balance as on 31.03.2020			**49720**	**0.302**
16	**Rohinton Soli Screwvala**				
	Opening Balance as on 01.04.2019	1000	0.006		
	26.04.2019	73000	0.444	74000	0.450
	03.05.2019	25000	0.152	99000	0.602
	10.05.2019	25044	0.152	124044	0.754
	17.05.2019	13000	0.079	137044	0.833
	24.05.2019	20000	0.122	157044	0.955
	07.06.2019	17618	0.107	174662	1.062
	10.06.2019	17000	0.103	191662	1.165
	Closing Balance as on 31.03.2020			**191662**	**1.165**
17	**SAIF India VI FII Holdings Limited**				
	Opening Balance as on 01.04.2019	0	0.000		
	18.10.2019	420000	2.554	420000	2.554
	25.10.2019	160000	0.973	580000	3.526

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	08.11.2019	37500	0.228	617500	3.754
	22.11.2019	27360	0.166	644860	3.921
	29.11.2019	2997	0.018	647857	3.939
	13.03.2020	9122	0.055	656979	3.994
	20.03.2020	48100	0.292	705079	4.287
	27.03.2020	36279	0.221	741358	4.507
	Closing Balance as on 31.03.2020	**9521**	**0.058**	**750879**	**4.565**
18	**Alex K Thomas**				
	Opening Balance as on 01.04.2019	0	0.000		
	17.01.2020	68011	0.414	68011	0.414
	Closing Balance as on 31.03.2020			**68011**	**0.414**
19	**Tabita Sarah Alex**				
	Opening Balance as on 01.04.2019	0	0.000		
	17.01.2020	48010	0.292	48010	0.292
	Closing Balance as on 31.03.2020			**48010**	**0.292**

Note: The details of shareholding are maintained by respective Depositories and it is not feasible to provide daily change in the shareholding of top ten shareholders. Therefore, consolidated changes during the year 2019 - 20 have been provided.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMPs	Shareholding at the beginning of the year i.e. 01.04.2019		Shareholding at the end of the year i.e. 31.03.2020	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mr. Thomas John Muthoot, Chairman	3134094	19.06	3152972	19.17
2.	Mr. Thomas George Muthoot, Managing Director	3131430	19.04	3133480	19.05
3.	Mr. Thomas Muthoot, Non-Executive, Non - Independent Director	3076624	18.71	3076624	18.71
4.	Mr. Vinodkumar M. Panicker, Chief Finance Officer	1100	0.006	2050	0.012
5.	Mr. Abhijith Jayan, Company Secretary & Compliance Officer	-	-	-	-

Note: No other Director or KMP held any shares of the Company during the FY 2019 - 20.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the FY i.e. 01.04.2019				
i) Principal Amount	1985 71.13	70 53.96	61 55.42	2117 80.52
ii) Interest due but not paid	2.45	0.24	17.56	20.25
iii) Interest accrued but not due	4 66.38	5 05.07	4 34.19	14 05.65
Total (i + ii + iii)	**1990 39.97**	**75 59.28**	**66 07.17**	**2132 06.41**
Change in Indebtedness during the financial year				
i) Addition	1231 98.39	14 14.32	25 73.30	1271 86.01
ii) Reduction	981 48.37	11 82.95	46 28.88	1039 60.20
Net Change	**250 50.02**	**2 31.36**	**(20 55.58)**	**232 25.81**
Indebtedness at the end of the FY i.e. 31.03.2020				
i) Principal Amount	2236 79.44	70 68.04	42 56.58	2350 04.06
ii) Interest due but not paid	2.19	0.00	15.80	17.99
iii) Interest accrued but not due	4 08.36	7 22.60	2 79.21	14 10.17
Total (i + ii + iii)	**2240 89.99**	**77 90.63**	**45 51.59**	**2364 32.22**

*Interest due, but not paid represents the interest due on Unclaimed Matured Debentures and Public Deposits.

Note: The above figures are without considering the Ind AS adjustments, which is to the extent of ₹ 9 58.65 lakhs as on March 31, 2020.

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Thomas George Muthoot	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	4 05.00	**4 05.00**
	(b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	15.00	**15.00**
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
5.	Others - PF Contribution	20.88	**20.88**
	Total (A)	**4 40.88**	**4 40.88**
	Ceiling as per the Companies Act, 2013	**₹ 4 89.00 lakhs (calculated as per Section 198 of the Companies Act, 2013)**	

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B) Remuneration to other Directors:

(₹ in lakhs)

(1) Independent Directors	Fee for attending Board/ Committee meetings	Commissions	Total Amount
Mr. A.P Kurian	1.00	-	1.00
Mrs. Radha Unni	1.25	-	1.25
Mr. K. M. Abraham	1.00	-	1.00
Mr. Thomas Mathew	1.25	-	1.25
Total (1)	**4.50**	**-**	**4.50**
(2) Non - Executive Directors	**Fee for attending Board/ Committee meetings**	**Commissions**	**Total Amount**
Mr. Thomas John Muthoot	-	-	-
Mr. Thomas Muthoot	-	-	-
Total (2)	**-**	**-**	**-**
Total (B) = (1) + (2)	**4.50**	**-**	**4.50**

C) Remuneration to Key Managerial Personnel Other than MD / Manager / WTD

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	KMP		Total Amount
		CFO	CS[1]	
1.	(a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	99.40	6.67	**1 06.07**
	(b) Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	5.50	-	**5.50**
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	-	-	**-**
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
5.	Others - PF Contribution	6.30	0.22	**6.52**
	Total (C)	**1 11.20**	**6.89**	**1 18.09**

[1]From April 24, 2019

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VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of penalty / punishment / compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
DIRECTORS					
Penalty					
Punishment					
Compounding					
B. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

For and on behalf of the Board of Directors

Sd/-

THOMAS JOHN MUTHOOT
Chairman
DIN: 00011618

Kochi
May 28, 2020

BUSINESS RESPONSIBILITY REPORT

For the FY 2019 - 20

About this Report

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015] prescribed that top 1000 Companies based on market capitalization, as per NSE / BSE, as on 31st March of every financial year, are required to have "Business Responsibility Report" (BRR) as part of their Annual Report. Muthoot Capital Services Limited, being among the top one thousand listed companies based on the market capitalisation as on March 31, 2020, this Report has been prepared, as prescribed and is in accordance with Regulation 34 of the SEBI (LODR) Regulations, 2015.

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 offers fund based financial services to retail, corporate and institutional customers through its representatives sitting at the various dealer points, wide network of branches of its Group Flagship Company "Muthoot Fincorp Limited" and from our Head Office so that you can give wheels to your dreams!

MCSL promoted by the Muthoot Pappachan Group (MPG), is a Deposit Taking Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India and its equity shares are listed on BSE Limited and National Stock Exchange of India Limited (NSE). Our product portfolio includes retail finance products such as Two-Wheeler Loans, Used Car Loans, Corporate Loans and investment product in the form of Fixed Deposits.

Section A: General information about the Company

Sr. No.	Particulars	Company Information
1	Corporate Identity Number (CIN) of the Company	L67120KL1994PLC007726
2	Name of the Company	Muthoot Capital Services Limited
3	Registered address	3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035
4	Website	*www.muthootcap.com*
5	E-mail id	*mail@muthootcap.com*
6	Financial Year reported	April 1, 2019 - March 31, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code: 65923
8	List three key products/services that the Company manufactures/provides (as in Balance sheet)	Financing for two-wheelers Used Car Loans Corporate Loans

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9	Total number of locations where business activity is undertaken by the Company: (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	The Company carry out its business activities in twenty states and one union territory in India. The Company carries out business activities within India only. The Company have 33 branches across the country with pan-India presence.
10	Markets served by the Company - Local / State / National / International	National

Section B: Financial details of the Company (As on March 31, 2020)

Sr. No.	Particulars	Company Information
1	Paid up capital	₹ 16.4 crores
2	Total Turnover	₹ 586.8 crores
3	Total profit after taxes	₹ 60.18 crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Refer Annual Report on CSR Activities enclosed to the Board's Report as ***Annexure 2***
5	List of activities in which expenditure in 4 above has been incurred:	Refer Annual Report on CSR Activities enclosed to the Board's Report as ***Annexure 2***

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

   As on March 31, 2020, the Company had no subsidiaries.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

   Not Applicable.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

   No.

Section D: BR Information

1. Details of Director/Directors responsible for BR

(a) Details of the Director / Director responsible for implementation of the BR policy / policies

Sr. No.	Particulars	Details
1	DIN Number	00011552
2	Name	Mr. Thomas George Muthoot
3	Designation	Managing Director

(b) Details of the BR head

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	00011552
2	Name	Mr. Thomas George Muthoot
3	Designation	Managing Director
4	Telephone Number	0484-2351481
5	E-mail Id	*georgie@muthoot.com*

2. **Principle-wise (as per NVGs) BR policy / policies**

(a) Details of Compliance (Reply in Y/N)

Sr. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for……	Y	Y	Y	Y	Y	N	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	-	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies of the Company are drafted with the essence of National Voluntary Guidelines on Social, Environmental & Economic Responsibilities but are not in conformity with any national / international standards								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	-	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	-	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Following policies are displayed on the Company's website: 1. Fair Practice Code *https://muthootcap.com/admin/uploads/Fair_Practice_Code-MCSL.pdf* 2. Corporate Social Responsibility Policy *https://muthootcap.com/admin/uploads/CSR_Policy-MCSL.pdf_* 3. Code of Conduct To Regulate, Monitor And Report Trading By Designated Persons *https://muthootcap.com/admin/uploads/Code_of_Conduct_to_Regulate,Monitor_and_Report_Trading_by_Designated_Persons.pdf* The other policies of the Company are approved by the Board but as it is not mandated to be put in the public domain, the same is not put on the Company website.								

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7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to all relevant internal and external stakeholders, to the extent applicable to them.								
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	-	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	-	Y	Y	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	-	N	N	N

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.	N.A.
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.	N.A.
3	The Company does not have financial or manpower resources available for the task	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.	N.A.
4	It is planned to be done within next 6 months	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.	N.A.
5	It is planned to be done within next 1 year	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.	N.A.
6	Any other reason (please specify)	N.A.	N.A.	N.A.	N.A.	N.A.	**	N.A.	N.A.	N.A.

** Considering the nature of Company's business, the Principles on "restoring the environment" has limited applicability. The Company complies with Regulations governing its operations and has taken initiatives to promote inclusive growth and environmental sustainability.

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3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Annually

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first year when the Company had to publish its BR or Sustainability Report. The same will be available on: https://muthootcap.com/investors.php#annual-report

Section E: Principle-wise performance

Principle 1. Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   Yes. The policy covers only the Company. It does not extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   Nil

Principle 2. Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) ***Vehicle Loan:*** *The major product of the Company i.e. providing timely small credit to the common man who needs a two-wheeler / used car and thereby supports social wellbeing as well as business activities.*

(b) ***MPower Muthoot App:*** *The Company had designed a mobile application for the customers which allows the customer to transact through their smartphones. This initiative supports paperless transaction and thereby a balanced ecosystem. It also enables social distancing, which is critical during the pandemic times. This App is available on Google Play. Some more initiatives which supports digitalization are being considered and planned accordingly.*

(c) ***WhatsApp Services:*** *The Company had initiated providing loan related information to the customers through WhatsApp wherein the customers can access the same through WhatsApp messages. This reduces the paperwork and helps the Company to promote environment protection and to address environmental concerns.*

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   i) **Reduction during sourcing / production / distribution achieved since the previous year through out the value chain?**

   ii) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   Not Applicable

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

   (a) **if yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   Not Applicable

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Not Applicable

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

   Also, provide details thereof, in about 50 words or so.

   Not Applicable

Principle 3. Businesses should promote the wellbeing of all employees.

1. **Please indicate the Total number of employees.**
   Total number of employees as on 31.03.2020 is 2288.

2. **Please indicate the Total number of employees hired on temporary / contractual / casual basis**.
   Total number of employees hired on temporary / contractual / casual basis as on 31.03.2020 is 5.

3. **Please indicate the Number of permanent women employees.**
   Number of permanent women employees as on 31.03.2020 is 364.

4. **Please indicate the Number of permanent employees with disabilities.**
   The Company does not have any permanent employees with disabilities. Further, the Company *does not make any discrimination on the basis of disability.*

5. **Do you have an employee association that is recognized by management?**

   Nil

6. **What percentage of your permanent employees is members of this recognized employee association?**
   Not Applicable

STATUTORY REPORTS

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year**

Sl. No.	Category of Employees	No. of employees engaged
1	Permanent Employees	206
2	Permanent Women Employees	93
3	Casual / Temporary / Contractual Employees	4
4	Employees with Disabilities	Not Applicable

9. **Other training programs conducted for employees, if any.**

(a) Medical Camp at Aashiana Rehabilitation Centre

(b) Fire drill for employees

(c) One Day Workshop on Emotional Intelligence

(d) Leadership Workshop by Franklin Covey Institute

(e) Workshop on Contract Labour Management & legal Implications of recent Supreme Court judgment on Provident Fund

(f) Business Conclave - SME Knowledge Series

(g) Webinar - Building a Coaching Culture

(h) One day Labour Law Refresher Workshop

(i) Half Day Workshop on 'Prevention of Sexual Harassment' and 'Internal Complaints Committee' Awareness and Counselling

(j) Microsoft Azure Fundamentals - One Day Program

(k) IFC (World Bank Group) and FIDC - Commercial Credit Reporting Information Workshop

(l) COVID-19 Awareness sessions

(m) Statutory Awareness sessions

Principle 4. Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the Company mapped its internal and external stakeholders?**

   Yes.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Yes.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   The Company has been working at the bottom of the pyramid and have been creating products to meet the needs of the customers in that segment. Customers are one of the major stakeholders for the Company. The products are designed in such a way that it is accessible to the common man through limited documentation and through a large number of branches of our Group's flagship Company i.e., Muthoot Fincorp Limited and also through dealer points which are spread across the country.

   The Company also has a product for investment in the Form of Fixed Deposit, where investments can start from ₹ 1,000, which offers an avenue for the disadvantaged and marginalized sector to invest their hard earned money and earn income.

   Apart from the products, the Company has undertaken CSR activities to address the concerns in relation to health, education, environment and livelihood. This has been detailed in the section relating to CSR Activities in the Annual Report.

Principle 5. Businesses should respect and promote human rights.

1. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   No.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   Nil.

Principle 6. Business should respect, protect, and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures / Suppliers / Contractors / NGOs / others.**

   The policy covers only the Company.

2. **Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.**

   No.

3. **Does the Company identify and assess potential environmental risks?**
   No

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**
   No

5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc?**
   We have three windmills installed in Tamil Nadu with a combined power generation capacity of 3.75-Megawatt, Solar Panel.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**
   Not Applicable.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
   Nil.

Principle 7. Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   (a) Kerala Chamber of Commerce & Industries (b) Federation of Indian Chamber of Commerce & Industries (c) Kerala Management Association (d) Association of Gold Loan Companies India (e) Confederation of Indian Industry (f) Kerala Non-Banking Finance Companies Association (g) ASSOCHAM

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**
   No.

Principle 8. Businesses should support inclusive growth and equitable development.

1. **Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The flagship products of the Company i.e. two-wheeler financing & loan for used car are accessible within a reasonable time with minimal documentation and helps in fulfilling the dream of a common man to own personal transport who otherwise do not have access to credit within a reasonable time. This in a way meets the basic need of human beings in relation to their movement from one place *to another and many a times pave way for his economic progress as sometimes these vehicles become an asset in their small-scale businesses too. Hence, we believe that this supports inclusive growth and equitable development in the society. Further, we have taken special initiatives to address the needs of the marginalized stakeholders through our CSR activities, details of which are available on CSR activities in the Annual Report.*

2. **Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**
The programmes / projects are undertaken either directly or through the Muthoot Pappachan Foundation, the MPG Group's arm for handling CSR activities. Please refer to Annual Report on CSR Activities attached in this Annual Report.

3. **Have you done any impact assessment of your initiative?**
Programmes are reviewed periodically to ensure its effectiveness. The CSR Committee also reviews the same on a quarterly basis before it is recommended to the Board, for budget approval etc.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**
Amount spent on CSR activities is during the FY 2019 - 20 is ₹ 141.25 lakhs.
Please refer to Annual Report on CSR Activities attached in this Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**
CSR activities are constantly reviewed prior to implementation and fresh support is given only where adoptions are at a better level. Please refer to Annual Report on CSR Activities attached in this Annual Report.

Principle 9. Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as at the end of financial year.**
Nil.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**
Yes.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**
No.

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**
Yes. Done periodically at select geographies.

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

The beginning of FY 2019 - 20 was marked with numerous global economic challenges which included geopolitical tensions, trade wars, low business and consumer confidence and dismal industrial production. To provide much needed help, low interest rates and forward guidance were introduced by central banks all over the world. Experts suggested that the economy would continue to progress at the same pace as in FY 2018 - 19. However, these hopes were dashed as COVID-19 struck as a global pandemic and paralyzed large parts of the world economy. As a result there were sharply restricted economic activities and increased uncertainties, last seen in the Great Depression of 2008. The COVID-19 Pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The world economy is projected to lose almost USD 8.5 trillion in output, in the years 2020 and 2021.

The prolonged trade tensions and decelerated economic performance have impacted the global trade. According to WESP, in 2019 the volume of goods and services traded globally slumped from 3.9 percent to a post-crisis low of 0.3 percent. As a result, there have been headwinds in the automobile and electronic sectors, both of which need international production networks and healthy trade relations. The deterioration in business confidence, due to unexpected future trade developments, has led to stunted investment growth in many nations. Hence, the global demand for capital and intermediate goods is suppressed.

Trade policies underwent a lot of variations in 2019 and the global financial market was quite volatile. The new tariffs between the US and China in May and August resulted in a sell-off in equities. Here, there were rising concerns regarding worsening global economic conditions, leading to an increase in the demand for safe assets and low sovereign yields in developed nations. However, because of better monetary policies by central banks, the global liquidity conditions improved and major stocks touched record highs.

Growth remains subdued in many developing economies, with reduced GDP growth in China and India. All the countries faced a severe health crisis, dented external demand and tightened global economic conditions. The major currencies are also under serious pressure as the negative sentiment around the world has compelled investors to reduce risk in their portfolios and holdings in emerging markets.

Overall, the group of emerging market and developing economies is projected to contract by - 3.6 percent in 2020; excluding China, the growth rate for the group is expected to be - 2.5 percent. Even in countries not experiencing widespread detected outbreaks as of the end of March (and therefore not yet deploying containment measures of the kind seen in places with outbreaks) the significant downward revision to the 2020 growth projection reflects large anticipated domestic disruptions to economic activity from COVID-19.

Outlook:

The anticipated global growth still seems weak as the pandemic is intensifying and it now depends on how the countries respond to the situation. This in turn will decide the supply disruptions, the global economic scenario, changes in spending patterns, confidence in the investors, behavioral changes and volatile commodity prices. The effects are bound to be substantial and the magnitude will heavily depend on the COVID-19 restrictions. IMF predicts that even if the peak of the pandemic subsides within a few months, the recovery of the economy will be prolonged by the substantial drag of the output and demand on the growth rate. Therefore, the world economy is expected to grow by 5.8 percent in 2021, once things normalise.

Source: IMF, WESP

3. INDIAN ECONOMY

The year 2019 marked the return of the incumbent government under Prime Minister Shri. Narendra Modi and the continuation of the Government administration was expected to provide greater political stability and attract investments due to the pro-business and pro-reforms outlook of the ruling dispensation. The government continues to act proactively and the measures announced indicate that the Government is taking cognizance of economic conditions and is ready to act. There have been important policy announcements in the previous six months to boost demand as well as supply while maintaining the macro-economic stability. These include liberalization of FDI norms for select sectors; rollback of much debated tax surcharge on foreign portfolio investors; incentives to support several industries; PSU Bank consolidation; and the substantial cut in the corporate tax rate. These measures were expected to improve credit growth, increase capital inflows, reinvigorate private investments and hiring, and thereby boost economic growth. It was expected that despite serious headwinds, these important measures will mitigate the negative impact on Indian economy from a combination of global and local economic factors.

The Indian economy has been experiencing significant slowdown over the past few quarters. Investment and consumption demand have been languishing and a number of stimulus measures have been taken to bring back the economy on a growth path. There was a strong hope of recovery in the last quarter of the current fiscal. However, the new coronavirus pandemic outbreak changed the equation. As a result of prolonged lockdown and serious disruption, the coronavirus pandemic has made the recovery extremely difficult in the near to medium term. The outbreak has posed fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements. These developments have the potential to derail India's growth story.

Despite the relief measures announced by the government, it is certain that the lockdown will have a substantial impact - corporate investment is likely to be affected with delayed capex plans, as many companies face cash flow shortage, squeezed corporate profits, sourcing, and uncertain near-term demand outlook. This could create a vicious cycle of lower corporate capex and weaker consumer demand. Halting of production during the lockdown period will lead to supply chain disruptions and adversely affect industrial production. Meanwhile, the banking sector could face higher risk of defaults in both corporate and retail loans, with gross non-performing assets (NPAs) likely to rise. A realistic assessment of the extent of impact from Coronavirus pandemic is still difficult but there is almost a consensus on this making a significant impact on Indian economy.

Outlook:

In terms of building for the future, India must use this period of resurgence to slowly, but surely, enhance its core strengths. Easing of Liquidity crisis, reduction in lending rates, loosening of the monetary policy and administering new fiscal stimulus packages may aid to lessen the blow of an economic downturn.

Source: IMF

NBFC structure and developments

Non-bank credit growth slowed after witnessing healthy growth over the past few years due to the tight liquidity conditions that engulfed the sector. The sector had to respond by slowing down disbursements, pressures of lowering asset quality, reducing borrowing on the capital market, correcting profiles on Asset Liability Management (ALM) and building buffers on liquidity.

Initially, NBFCs were largely ALM-oriented with an adequate buffer of trusts / investments and adequate guarantees of liability inflows to service business requirements. Furthermore, given the crisis in the industry over the past 18 months, companies have taken significant risk mitigation measures, such as raising equity capital, developing liability relationships, streamlining costs and, where appropriate, limiting business operations. They would therefore be able to tide over any short-term disturbances.

The whole NBFC sector looked to recover to a reasonable point in the second half of FY 2019 - 20, as the industry was beginning to emerge from the crisis with a stronger liquidity and strong business franchise, the latest coronavirus or COVID-19 has cut the recovery down. Non-Banking Finance Companies (NBFCs) may have a big effect on their liquidity status and asset quality in the FY 2020 - 21, which is an integral part of the Indian lending ecosystem, excluding banks. It may be noted that NBFCs are the ones who go the last mile and the slow recovery that they would see could have a negative impact on the economy.

Depending on the intensity of the outbreak, the economic disruption caused by COVID-19 lockdown will have a serious impact on the income of these lending companies for several months. It is difficult to evaluate the time horizon with national lockdown until the situation is under control and normalcy resumes in both global and domestic economic activities. Moreover, RBI provided a three-month (March-May 2020) moratorium framework to banks and NBFCs which is expected to have significant liquidity and business implications. The extension of the moratorium for another three months (from June to August) could further the negative impact on the ground with some customers taking that route and with a longer-term moratorium, restoring their repayment habits could be a tough job.

The economic impact of the COVID 19 Pandemic on different strata of society are likely to be unprecedented and wide-ranging. The result will be a substantial increase during the time in the rates of delinquency of micro loans, self-employed businesses, SME lenders and MSME loan portfolios of NBFCs and MFIs. Before expanding to rural portfolios, these effects would be seen in urban and semi-urban areas.

RBI Boost to NBFCs:

In the form of a secure TLTRO 2.0 window, the Reserve Bank of India provided significant incentive for NBFCs, facilitated NPA classification levels, credit moratorium, and 25% lower reverse repositories return, thus encouraging banks to lend. With increased NPA and falling liquidity, the NBFCs certainly needed an antidote.

- The special EMI moratorium period shall be excluded from the NPA classification period of 90 days and the Days Past Due (DPD) counting shall only commence after that. This will apply to loans given by Banks and NBFCs.
- NBFCs gets a special TLTRO 2.0 window which earlier was cornered by bonds of PSUs and large top-rated borrowers. This will help the NBFC sector tide over the immediate challenge of meeting its obligations towards NCD (Non-Convertible Debentures) and CP (Commercial Paper) repayments.
- Additional refinancing facility of ₹ 50,000 crores granted to NHB and NABARD.
- NBFCs have been specially allowed to extend realty loans by 1 year if the delay is due to factors beyond their control.

The outlook for NBFCs has turned negative due to COVID-19 outbreak. The sector that grappled with disturbances on the liability side could see another wave of challenges, this time in the form of asset quality. Amidst these, funding challenges could mount again, as banks become more selective in credit expansion. Mutual funds are expected to shy away from loans to the sector as they are witnessing pressure for redemption. Furthermore, securitization, which has been one of the major funding sources for NBFCs over the last 18 months, may take a break as collections remain unclear during moratorium. In conclusion, the sector remains fairly well-capitalized, the trend in delinquencies retail asset classes will be a key parameter to monitor for the sector over the next few quarters along with resource raising capabilities of the NBFCs.

Non-Banking Finance companies (NBFC) Sector: Retail Finance

The NBFCs have an upper hand over banks in vehicle financing segment, due to their larger reach, stronger ability to cater to riskier segments and better customer connect. They also prove crucial to customers who have limited banking habits. Additional factors like a robust follow-up mechanism, maintenance and monitoring of accounts with increased focus on the collections, give NBFCs an edge. Doorstep collections, flexible repayment schedules and in the amount to be repaid present better convenience to the customers. Hiring local employees helps in gaining ground level understanding, leading to improved efficiency and collections.

However, industry headwinds play a major role and the market share of NBFCs in the new Commercial Vehicle (CV) financing has been on a slump as liquidity decreased. The competition is becoming more intense as the banks are reducing their benchmark lending rates.

In the medium to longer term, the loan disbursements for new CVs are anticipated to fall on the back of weak demand. On the other hand, the disbursals in the used CV segment might remain the same for two reasons:

1. The new BS-VI vehicles have a higher price, which may resort the consumers towards second-hand alternatives.

2. Used vehicles are economically more viable under the present reduced demand / freight rate conditions.

Banks on the other hand are not popular in financing used CVs, which gives the NBFCs an advantage. Additionally, the used CV financing saw an increase in prices, as the existing vehicles eligible for refinance would ultimately push the new CV prices upwards after the BS-VI implementation. Because of overhanging margin contraction and the fall in sales of new CVs, the NBFCs are primed to capture the used CV market.

The NBFC's credit to the Personal Vehicle (PV) segment increased by 6-10% between FY 2017 to FY 2020, due to increased focus on semi-urban and rural borrowers and the used car segment, while the banks prioritise the salaried and new car segments. The used car market is anticipated to have greater volume than the new car segment. Finance penetration is currently 15-20% in the used PVs in comparison to 75-80% in the new car segments. Salaried borrowers are enjoying improved rates compared to the self-employed borrowers. The growth in NBFC credits to the PV segment is expected to slump in FY 2020 - 21 because of salary cuts, job losses and income loss post COVID-19.

4. AUTO INDUSTRY OVERVIEW

The Indian auto industry, battered by an unprecedented slowdown, was desperately pinning hopes for a turnaround in the 4th quarter of FY 2019 - 20. Despite the nearly two-year crisis, the past two Union budgets have given the sector, which is very critical to job creation, very little respite. The industry that once was the sunshine sector in India, and is now facing serious disruption on an unprecedented scale. Lackluster demand, and now the COVID-19 virus is forcing Indian car manufacturers to bid anything to revive sales and fortunes that are waning.

The overall economic slowdown, the liquidity crunch, the NBFC crisis, the increase in third party insurance and road tax, and the consequent increase in acquisition costs, the uncertainty resulting from the liquidation of inventories prior to the BS-VI transition were the main reasons for this year's prolonged slowdown. The challenges for the industry are likely to increase as the COVID-19 Pandemic would significantly reduce consumer spending, leading to lower purchasing power in both urban and rural markets. The higher cost of the vehicle would also make the potential customer ponder for long on the need for having a vehicle.

However, it is expected that manufacturers will continue to invest in new product development and sales network enhancement, although the pace may be slowed in the near term. The industry is expected to recover in the medium term, backed by factors such as a favorable demographic profile, a growing middle class, low two-wheeler penetration, improved availability of funding, women's participation in the workforce, need for own vehicle to ensure social distancing and rapid urbanization.

India's annual production in FY 2019 - 20 was 26.46 million vehicles compared to 30.91 million in FY 2018 - 19, with a de-growth of 14.8%. During the year, the sales of passenger vehicles were 2.7 million units compared to 3.3 million units in the previous year, down by 18 per cent, while the sales of two wheeler vehicles were 17.4 million units in FY 2018 - 19 compared to 21.1 million units in FY 2019 - 20, down by 18 percent. Growing unemployment and a moderating economy have led to a postponement of vehicle buying decisions.

Outlook:

In the midst of weak consumer sentiment and an uncertain regulatory environment, including e-mobility push, limited availability of credit and increased cost of ownership after BS-VI's implementation in April, demand is expected to remain mute during the first half of FY 2020 - 21, driven by volatile economic conditions. Government expenditure on infrastructure is also expected to be low over the period, further impacting demand for commercial vehicles. Companies would realign and review each plan for the launch of new models, the development of network infrastructure, or even the assessment of future capacity utilization.

Source: Siam

Commercial Vehicles:

The global commercial vehicles market size is estimated to grow at a CAGR of 5.63% from 2020 to 2025. Although the market has been witnessing stagnant growth over the last few years, it is anticipated to recover with improved sales performance, particularly in emerging economies. The expansion of the industrial sector in the emerging markets and the development of commercial operations in logistics led to a significant demand for commercial vehicles, in 2019. Moreover, this demand is anticipated to continue to increase, owing to improving economies across both developing and developed regions.

In India, the Commercial Vehicles sales was 717,688 units in April-March 2020 compared to 1,007,311 units in April- March 2019, down by 28.75%. The increasing number of construction and e-commerce activities resulted in an increase in demand for material transportation, which in turn, resulted in increased sales of commercial vehicles. This is likely to drive the growth of the commercial vehicles market in the near future. The shift toward electric vehicles is expected to provide more growth opportunities. The implementation of stringent emission regulations has led automobile manufacturers (OEMs) to shift toward electric vehicles.

Two & Three-Wheeler Segment:

The two-wheeler segment is the highest of all automotive categories in terms of volume, with a large share of demand from rural economic zones. This segment is largely driven by the availability of disposable income, which in turn depends on the growth of agriculture and related sectors. The challenges for the industry are likely to get aggravated as consumer spending will be severely impacted by the outbreak resulting in lower spending power both in urban and rural markets. The underlying demand sentiment in the industry also remained weak, given multiple headwinds of sharp rise in 2W prices; slowdown in the economy impacting wage hikes and employment levels; liquidity crunch in rural India caused by weak rabi realizations and uneven monsoons damaging kharif crop in FY 2019 - 20. In April 2019 - March 2020, two-wheeler sales were 17,417,616 units, down from 21,179,847 units in April 2018 - March 2019 by 17.76 percent, while in April 2019 - March 2020, three-wheeler sales fell by 9.19 percent compared to 701,005 units in April 2018 - March 2019.

Passenger Vehicles:

The domestic passenger vehicle market declined in FY 2020 after it grew from FY 2014 to FY 2019. The sales of passenger cars in the period April 2019 to March 2020 amounted to 2775.679 units, down 17.82% from 3,377,389 units in April 2018 to March 2019. The years to come are expected to be tough for the Indian auto industry, but the expectations for growth remain high and it is expected that the Indian automotive sector's future will return to normalcy in FY 2022. While the effect of the COVID-19 on production is temporary, demands have strengthened both the current and potential car owners' understanding.

At a time when the market for new vehicles is facing a severe downturn, the used car market is actually witnessing a boom. The pre-owned car market is now larger than the new car market. Over the years, the used car market has evolved in the country, with the growth of the organized and semi-organized sector.

The value proposition of used vehicles will expand more strongly, as new cars will become costly, owing to increased technical costs, as Indian cars enter a BS-VI period in April 2020. Post the pandemic, consumer preference would be shifted more towards the used car segment rather than higher discretionary spending on newer vehicles.

Auto Industry Post COVID-19

It is expected that the automotive production and sales could reach to multi-year lows in FY 2020 - 21 as pressures arising from the COVID-19 crisis engulf both end-customer demand and different parts of the supply channels including production facilities and distribution network. Nonetheless, there are also some silver linings amidst this gloom, which we shall look at.

With India's GDP growth rate for FY 2020 - 21 being downgraded from 5% to 0% and later to (-5%) as per estimates from multiple agencies and financial institutions. The auto sector will certainly be impacted though it may not be among the worst hit. However, considering the size of this segment and significance for the economy, it is important to highlight that auto demand is highly sensitive to job creation and income levels and both have been impacted. Confederation of Indian Industry (CII) has estimated the revenue impact at $2 billion on a monthly basis across the auto industry in India. The double whammy is that the supply chains could also be affected.

There are some positive developments emanating from the fallout of COVID-19. The first is that the COVID-19 crisis has exposed chinks in the automobile business model and it could catalyze a big move towards asset light distribution model, leading to significant cost savings and efficiencies. The other is that the industry is focusing on 'adoption of digital' in a big way and that is again important for changing the age-old way of doing business. More importantly the move towards social distancing and thereby the customers' need for a personal vehicle, would make 2-wheeler and Used card, both being economically affordable and therefore sought after by the consumers. All these developments could be a big positive for auto sector and MCSL.

With a historic zero sales in the month of April and partial resumption of operations in May, the coronavirus pandemic coupled with the already undergoing 18-month slowdown in the industry has left Q1 of FY 2020 - 21 to be the worst quarter for auto sales in the last several years. However, June proved to be a glimmer of hope for two-wheelers and farm equipment segments. While passenger vehicle sales are slowly picking up, commercial vehicles will take time to recover. Automobile sales in June 2020 witnessed a sharp improvement over May on the back of pent-up demand, strong rural sentiments and rise in preference for personal mobility to follow social distancing norms.

As things stand today, the recovery majorly depends on the spread of the contagion and pace of economic recovery. Though original equipment manufacturer (OEMs) are pinning their hopes on pent-up consumer demand with the easing of lockdown restrictions and the upcoming festive season, there are uncertainties galore. The silver lining is that according to FADA (Federation of Automobile Dealers Association), over 80% of dealerships have opened across India with Tier 2 & 3 and rural markets doing far better than Urban market amid higher demand at the lower end of the segments. Rural is expected to continue witnessing higher demand in the wake of Government's stimulus package, the recent increase in Minimum Support Prices for Kharif crop have further boosted rural sentiments.

According to CRISIL, a sharp decline in automotive sales would lead to a decrease in the average utilisation at the industry level down from ~58% in FY 2019 - 20 to below 50% in FY 2020 - 21. The PV segment utilisation would come down from ~58% to ~44%, in 2Ws from ~65% to ~50%, and in CVs from ~51% to ~39%. A rise in demand is anticipated from Q3 of FY 2020 - 21 - and largely for 2Ws which have a higher rural share. PVs and CVs, which have a higher share of replacement demand, are expected to revive only in FY 2021 - 22. For FY 2020 - 21, CRISIL expects sales of PVs to decline ~24-26%, ~21-23% contraction for 2Ws, while the CV sales are expected to drop ~26-28%.

Consumer Durables Industry:

The consumer durables industry is one of the most dynamic and fastest growing industries in India. This industry is highly concentrated and over 65% of the total revenue for the sector is generated from the urban population and the rest comes from rural India.

Negligible demand during the fourth quarter of the year is expected to impact the overall performance of the industry during the year. Further, with the current pandemic COVID-19 impact on the country, the demand for consumer durables to remain muted during H1 of FY 2020 - 21 as the consumer sentiments are expected to be low and spending to be cautious on luxury items. Housing demand is also expected to continue to be lower in FY 2020 - 21. Going ahead, the industry is expected to register a slower growth of 4-6% for FY 2020 - 21 supported by an expected improvement in spending on back of normal monsoon in most parts of the country provided the outbreak is curtailed. In addition, the premature precipitation during Q4 of FY 2019 - 20 is expected to reduce rural spending, exercise more pressure on industry demand in the short to medium term.

In the coming years, demand for sustainable goods such as coolers and other consumer electronic products will probably see growing demand on rural market and government investments are expected to make a major contribution to rural electrification and India's initiative. In the background of the FY 2020 - 21 budget program, the Government proceeded with the pro-poor and pro-farm schemes to concentrate on rural economies.

The consumption is likely to register growth, as a result of more awareness, increased easiness of credit access, an improvement in living standards and changing lifestyles, greater disposable incomes to rural people and the standard monsoon anticipated in the future. The key drivers of demand are among other things consumer appliances and devices, simple financing choices, homes for all, nuclear families, better living conditions, rising farm incomes, and rural people's electricity generation schemes.
Source: Care Ratings

5. COMPANY OUTLOOK

In FY 2019 - 20, the Company experienced numerous vulnerabilities with reduction in 2W volumes, a slumping economy and the outbreak of COVID-19 impacting the profitability and disbursements. We at Muthoot, believe in capitalizing the opportunity and leaving no stones unturned for the growth of our Company. We are geared up to take advantage of the economic dynamics of the country that can brace the inherent strength of the organisation.

MCSL witnessed higher growth in volumes in Northern and Eastern states. The share of disbursements from the non-south states stood at 33%. However, the rains impacted our operations and growth as well as the delinquency levels. The Company looks forward to penetrating in newer areas and expands its customer base. Geographical de-risking is a beneficial move for the company. The Company plans to use its staff and the Group's flagship Company branches to source Public deposits in the state of Kerala. The additional funds would help reduce the cost of funding substantially.

The collections efforts were improving well but were dented towards the end of the year due to lockdown measures imposed by the government. The demand for high payouts on the back of reduced sales at limited dealer points and higher collection costs to ensure delinquencies s do not rise, has marginally impacted our profitability.

The Company has launched the used 4-Wheeler Financing and is currently operating in 20 locations spread over 5 states and plans to aggressively expand its touch base to newer geographies. The Company also plans to enter into other asset financing options, including consumer durables segment and e-Rickshaw in FY 2020 - 21.

We have stayed close to our customers, helped them address different challenges and harness the usage of technology. During the pandemic, as customers were not able to visit our branches collections through mobile application and digital modes have increased significantly. The increasing use of technology and applications will help the company in lowering its collection costs and delinquencies in the medium term.

During the lockdown period, the Company has effectively used the team to call the customers, understand their well-being, educate them on the moratorium and pros and cons of it, educate them on digital payments and also basis their financial requirement help them with gold loan through Muthoot Fincorp Limited for which the Company is entitled to a sourcing fee.

Key Strengths:

Focus on Product Portfolio

The Company will be deploying its effective strategies to grow its existing and additional product offerings once the current situation improves. These products include consumer durables, 2-wheeler financing, top up loans and corporate loans and aggressive expansion of the used car business. The Company expects a major volume in two of its products i.e. 2-wheeler and used car, and plans to encash on both of these segments in a big way. Also, the Company is planning to cross-sell gold loans to its loyal customers, the fee of which will be from the group's flagship company Muthoot Fincorp Limited.

Considering our strengths, we are confident that our relative competitiveness will only improve in the coming months and we will be able to emerge from the challenges. We look forward to continued support from all fronts as we embark on these uncertain times which will prove crucial to the Company's future.

Role of Digitization

The changing habits and perceptions of customers resulting from new technology generates more opportunities. The way customers discover, explore, purchase and connect with goods and brands is being redefined. Moreover, the technology will become a new norm as its impact will remain even after the pandemic. With customers abiding to social distancing norms, many operations were being carried via our digital applications and NACH. As a result, a rise in digital collections was seen between the period of January to May 2020 and the same is expected to continue in future as well.

Furthermore, the turnaround time in our mobile-based loan approval process is significantly less. This helps in giving an enhanced consumer experience with seamless information and accessibility from anywhere, anytime. From the Company's point of view also it is significant as it helps sourcing of business even from remote locations or the customer's doorstep. Risk and compliance procedures are being followed to make sure that the digital channels fulfill the regulatory requirements. We are dedicated to leveraging the power of advanced analytics to improve the overall experience and improve the brand image.

Focus on Financial Discipline

We are treating the present scenario as a learning phase to develop new methods of engagement. The Company is staying in touch with its financial partners to ensure the availability of sufficient credit lines. The trust of investors / lenders is visible from their vote of confidence in us, even during such tough times. The Company has not asked for moratorium from any lender in respect of agreed repayment schedules, as it is comfortable in terms of liquidity. For the securitized portfolio the Company has sought and has been granted moratorium by all the Investors of the pools securitized. Plans to reduce the operational costs is in place which would be a continuous process. On the basis of our volumes, the variable costs, which are linked to our business and collections, will get reduced. Recruitment and increments have been put on hold till the business returns back on track. Aim is to reduce the financing costs and all other regular routine costs.

Robust Framework Process

The Company has always laid major focus on its internal controls and risk management systems. The operations are monitored by the 3-tier audit process of the concurrent audit, internal audit and statutory audit. With the COVID-19 Pandemic in mind, we are working towards additional controls, which include redoing the credit policies and bringing in more robust checks. The plan is to increase lower bucket collections via the internal teams, linking the cost structure to volumes, emphasizing the operational efficiency and online communication to add more value to the shareholders.

6. FINANCIAL PERFORMANCE OF THE COMPANY

A. Financials for the last 5 years at a glance

(₹ In Lakhs except Key Indicators)

Financial year ended 31st March	2016	2017	2018	2019 [1]	2020 [1]
Operating Results					
Disbursements	927 96	1297 82	1969 69	2135 05	1788 10
Total Revenue	228 49	284 20	398 09	518 60	586 81
Profit Before Tax (PBT)	35 45	46 19	82 46	132 89	93 47
Profit After Tax (PAT)	22 85	30 09	53 68	86 26	60 18
Assets					
Fixed Assets (including assets leased out)	1 83	2 59	2 48	1 94	3 51
Investments	13 75	14 75	17 86	19 60	16 43
Deferred tax asset	4 68	6 57	11 32	32 45	27 11
Net stock on hypothecation	932 31	1020 40	1647 50	2110 33	2211 40
Other loans (including interest accrued)	106 48	183 28	268 50	365 96	216 29
Other assets	13 06	50 61	30 12	109 70	438 50
Total Assets	**1072 11**	**1278 19**	**1977 79**	**2639 98**	**2913 24**

STATUTORY REPORTS

Liabilities					
Equity	12 47	12 47	16 45	16 45	16 45
Reserves and Surplus	135 42	165 51	377 48	430 75	490 93
Borrowings (including interest accrued)	893 75	1000 82	1458 82	2125 90	2354 73
Other liabilities	30 46	99 39	125 04	66 88	51 13
Total Liabilities	**1072 11**	**1278 19**	**1977 79**	**2639 98**	**2913 24**
Key Indicators					
Earnings Per Share (in ₹)	18.3	21.9 [2]	36.4	52.4	36.8
Dividend Per Share (in ₹)	5.5	-	-	-	-
Book Value Per Share (in ₹)	119.0	143.0	239.5	271.9	308.4
CRAR (%)	15.4	16.9	22.0	20.9	24.9
GNPA (%)	5.2 [5]	6.2 [4]	4.6 [3]	4.5 [3]	6.9[3]
NNPA (%)	4.4[5]	4.9[4]	3.0[3]	2.7[3]	4.0[3]

[1] The financial results are reported in IndAS from FY 2019 - 20 onwards. Hence the comparative figures for FY 2018 - 19 has also been reinstated in IndAS.

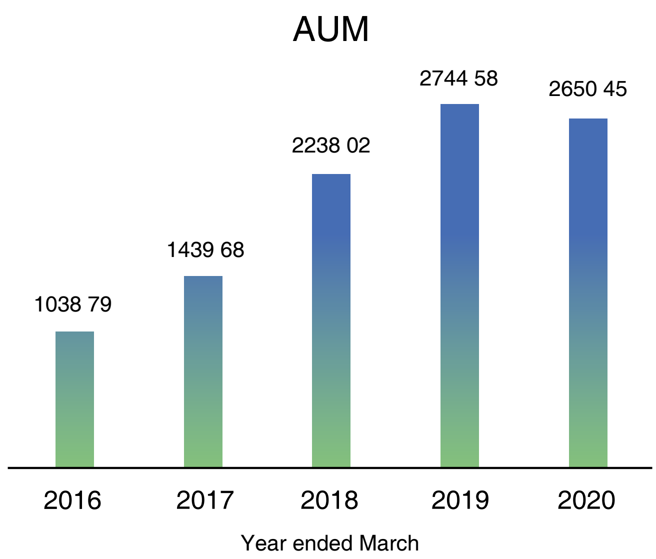
[2] Earnings per Share of the year 2017 is restated for Bonus Issue.

[3] 3-month norm is followed for GNPA and NNPA for the year 2018, 2019 and 2020.

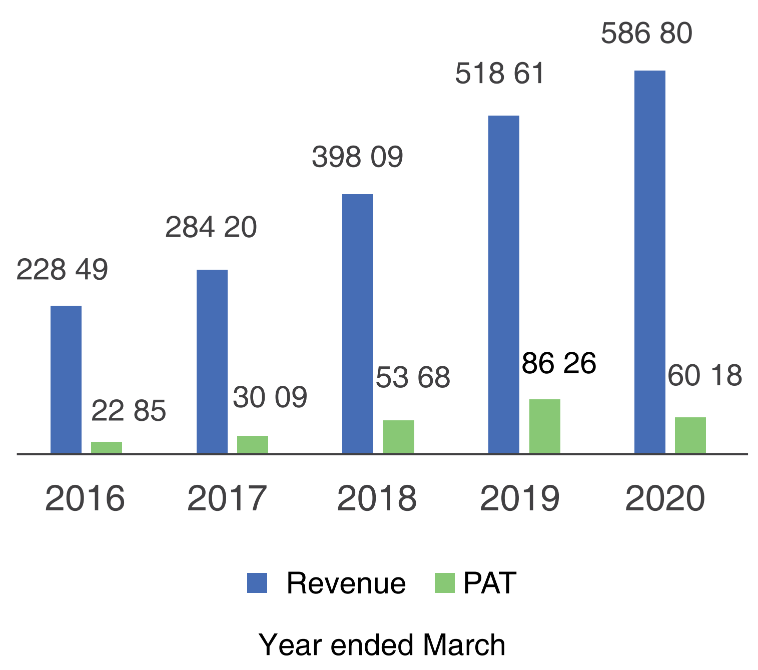
[4] 4-month norm is followed for GNPA and NNPA for the year 2017.

[5] 5-month norm is followed for GNPA and NNPA for the year 2016.

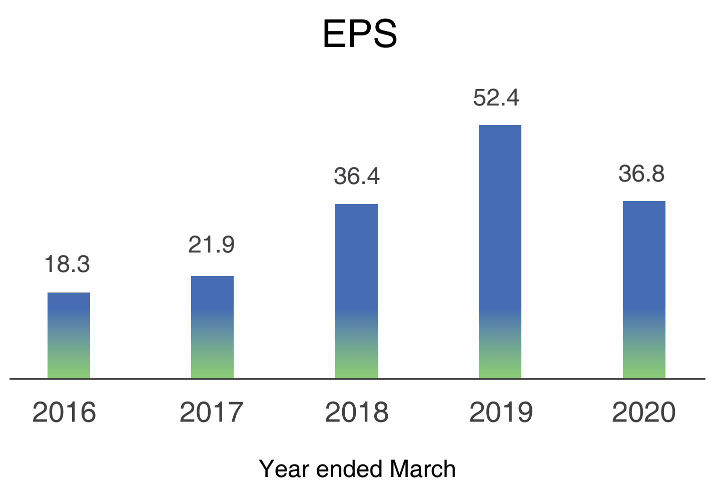
Assets under Management (₹ in lakhs) (overall own book)



Revenue & PAT (₹ in lakhs)

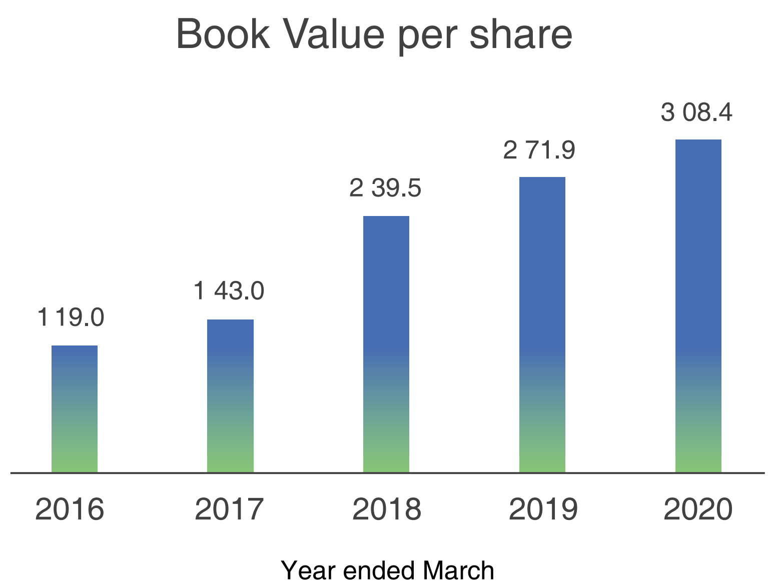


Earnings Per Share (in ₹)

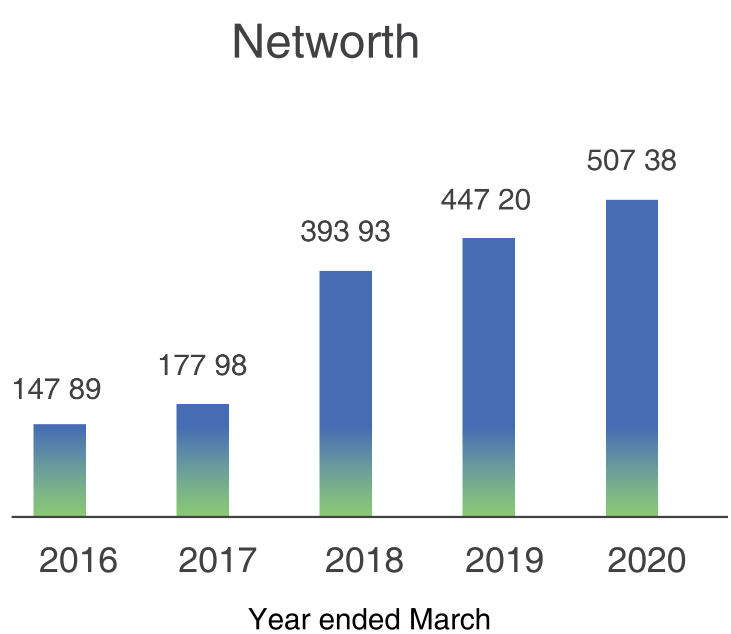


STATUTORY REPORTS

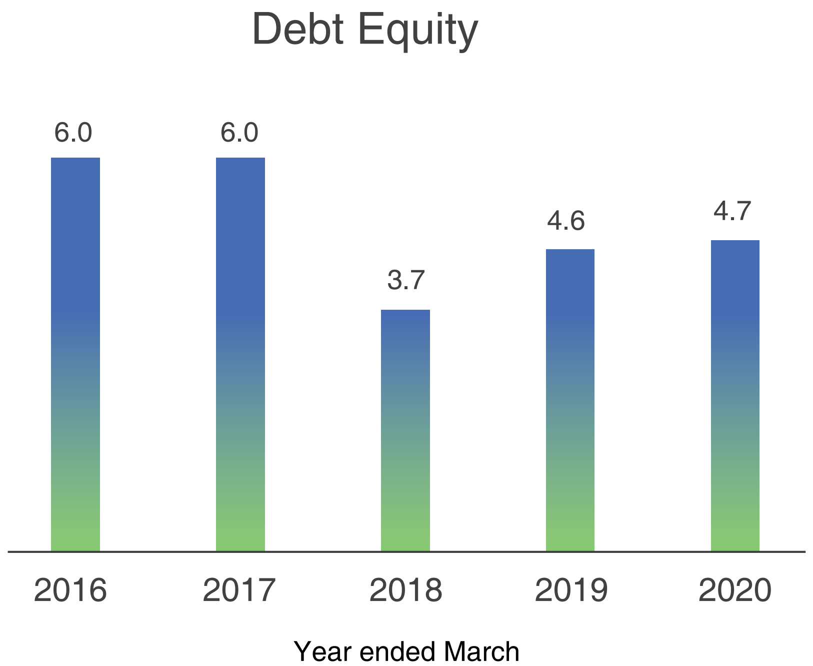
Book Value Per Share (in ₹)



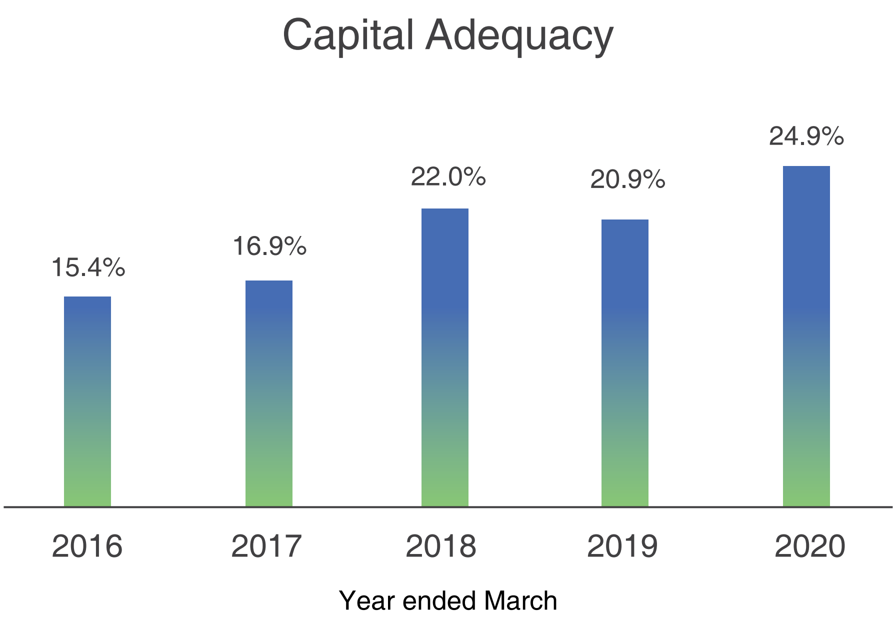
Networth (₹ in lakhs)



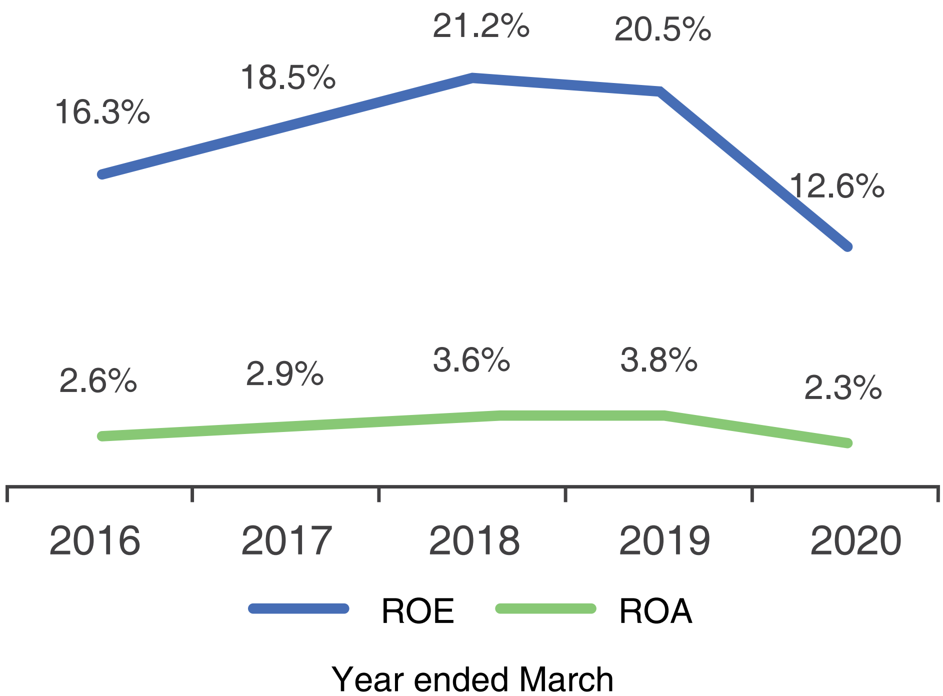
Debt to Equity



Capital Adequacy Ratio



Return on Asset (ROA) & Return on Equity (ROE)



B. Financial Performance

The Company's Assets under Management (AUM) primarily comprise of vehicle loans, of which two wheelers constitute the major portion. The Company also has a wholesale loan book, which as on March 31, 2020 was 8% of the total book. Overall AUM as on March 31, 2020 was ₹ 2650 45 lakhs (including assigned loan of ₹ 52 34 lakhs), as against, ₹ 2744 58 lakhs (including assigned loan of ₹ 136 40 lakhs) at the end of the previous year. The disbursements for the year ended March 31, 2020 was ₹ 1788 10 lakhs as against ₹ 2135 05 lakhs for the year ended March 31, 2019.

The Company's income comprises both income from vehicle financing and corporate loans. The Company has earned an income of ₹ 586 81 lakhs in the current year, compared to ₹ 518 60 lakhs in the previous year. During the year, expenses increased by 28%. It comprises of various components of which finance costs constitute the major portion, totaling at ₹ 227 74 lakhs, followed by other expenses ₹ 175 53 lakhs, (includes ₹ 70 69 lakhs impairment on financial instruments), employee costs of ₹ 88 44 lakhs and depreciation and amortization of ₹ 1 63 lakhs.

A brief statement showing the variances against the previous financial year and the reason for the same is given below:

Financial Snapshot	Year Ended (in ₹ lakhs)		% Growth	Reasons for Variance
	March 31, 2020	March 31, 2019		
Disbursement (all Loans) [1]	1788 10	2135 05	-16.3%	Disbursement during the year has been subdued due to a slowdown in the economy and the COVID-19 impact in the 4th quarter.
AUM at the end of the period (own book) [2]	2598 10	2608 20	-0.4%	The subdued disbursements meant a nil growth scenario in the overall AUM.
Average AUM (own-book excluding interest accrued) [3]	2613 78	2260 60	15.6%	Based on the AUM balance across the year which was higher except for the last quarter of the year.
Total Debt [4]	2354 73	2125 90	10.8%	The emphasis on having a higher bank balance on the book than in the form of undrawn credit limits increased the Debt inspite of no growth in the AUM.
Net worth [5]	507 38	447 20	13.5%	
Total Interest and Fee Income [6]	586 81	518 60	13.2%	Higher Income on account of higher disbursements of earlier periods which has been spread across the tenure, which resulted in higher average AUM for the year with optimum rate of interest and processing fee.
Finance Expenses [7]	227 74	179 17	27.1%	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 costs incurred for sourcing of securitization.
Net Interest Income (NII) [8] = [6]-[7]	**359 07**	**339 43**	**5.8%**	
Operating Expenses [9]	194 91	160 21	21.7%	The operating expenses have gone up: 1. On account of higher collection costs. 2. Increased employee cost due to higher number of employees. 3. Focus on marketing and distribution to push up demand. 4. Additional provision made by the Company in case the Company does not succeed with its submissions before RBI on the collection of higher processing fee for provision of insurance.

Loan Loss & Provisions [10]	**70 69**	46 33	52.6%	Around 10,000 vehicles were 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 ₹ 18 00 lakhs during the year towards contingencies that could arise from COVID-19.
Profit Before Tax [11]	**93 47**	132 89	-29.7%	
Profit After Tax [12]	**60 18**	86 26	-30.2%	
Ratios				
Total OPEX to NII [13] = [9] / [8]	**54.3%**	47.2%		Higher interest costs lead to lower nil coupled with higher costs of operation and lower income growth
Loan loss to average AUM [14] = [10] / [3]	**2.70%**	2.1%		This ratio has seen an increase in view of the higher provisioning done in view of the increased NPA and also towards COVID-19 provisions.
Return on average AUM [15] = [12] / [3]	**2.30 %**	3.8%		This ratio has declined during the year due to lower profitability.
Interest Coverage Ratio [16] = [11] + [7] / [7]	**1.41**	1.74		
Current Ratio	**0.90**	0.81		
Debt-Equity Ratio [17] = [4] / [5]	**4.64**	4.75		
Operating Profit Margin/ Net Interest Margin on loan book [18] = [8] / [3]	**13.7%**	15.0%		
Net Profit Margin [19] = [12] / [6]	**10.3%**	16.6%		
Return on (Average) Net Worth	**12.6%**	20.5%		
Earnings Per Share (in ₹)	**36.77**	52.35		

Note: March 2019 figures have been restated as per IndAS and the ratios are reported based on the revised figures.

a) Capital Adequacy Ratio (CAR)

As on March 31, 2020, the CAR was 24.93% of the aggregate risk weighted assets on the Balance Sheet, which is comfortably above the regulatory minimum of 15%. Out of the above, Tier I CAR stood at 24.64% and Tier II CAR stood at 0.29%.

b) Borrowing Profile (excluding interest accrued)

Particulars	March 31, 2020		March 31, 2019	
	Amount (₹ in lakhs)	% of Total	Amount (₹ in lakhs)	% of Total
Bank Loan	1503 18	64.0%	1425 88	67.3%
Subordinated Debts / Debentures	58 77	2.5%	58 71	2.8%
Public Deposit / ICD	44 33	1.9%	63 18	3.0%
Securitization	733 59	31.2%	559 79	26.4%
Others	10 17	0.4%	10 24	0.5%
Total	**2350 04**	**100.0%**	**2117 80**	**100.0%**

The Company's total external borrowings increased to ₹ 2350 04 lakhs as of March 31, 2020 from ₹ 2117 80 lakhs as of March 31, 2019, an increase by 11.0%.

The overall interest rate has increased to 10.3% during the year, adverse market conditions leading to increased interest rate. The Company looks forward to explore different avenues to raise funds for meeting its disbursement requirements. The Company has done securitization transactions of ₹ 909 60 lakhs (net of MRR) in FY 2019 - 20 apart from ₹ 185 00 lakhs which was sourced through Banks as Working Capital limits. Over the last 3-4 years there has been substantial increase in funds raised through Direct Assignment and Securitization. The Company has collected total amount of ₹ 2536 60 lakhs through securitization and assignment transactions. This will help the Company substantially in getting funds into business and growing the loan book amidst the economic conditions prevailing in the country, which has restricted flow of funds into several sectors.

In addition to the Company looking at tapping retail sources such as public deposits to raise funds, the government initiative on the TLTRO / PCG scheme for pool buyouts would further aid in increasing disbursements and enhance profitability.

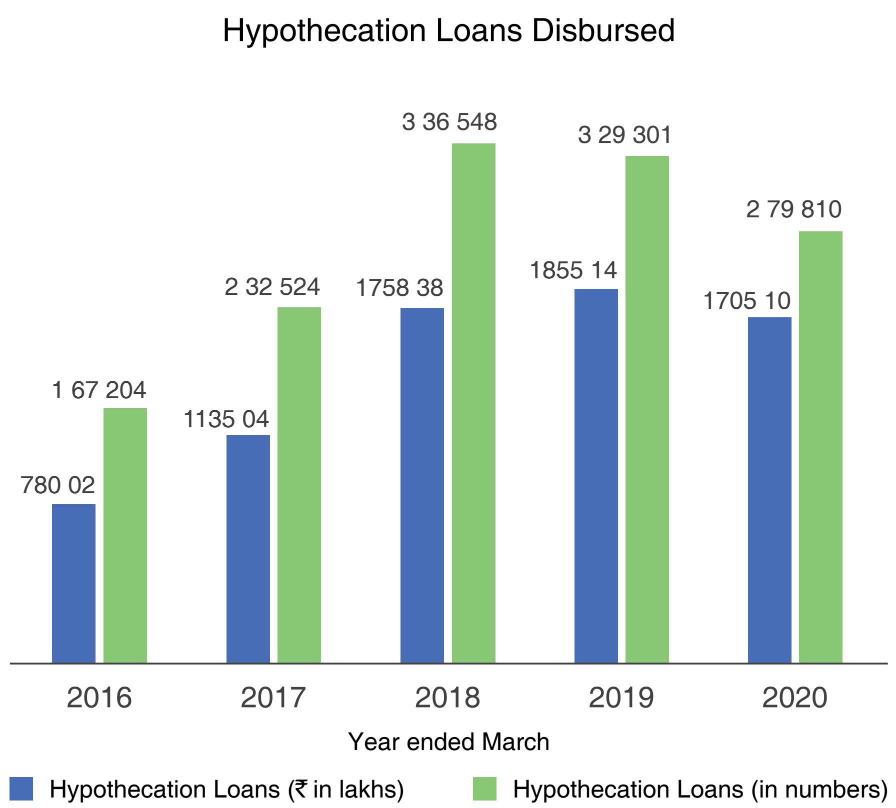
c) Assets Under Management

The own-book AUM as on March 31, 2020 stood at ₹ 2598 11 lakhs (i.e., ₹ 2650 45 lakhs less assigned portfolio of ₹ 52 34 lakhs) against own-book AUM of ₹ 2608 18 lakhs (i.e., ₹ 2744 58 lakhs less assigned portfolio of ₹ 136 40 lakhs) as on March 31, 2019. The Company's AUM has shown remarkable growth over a period of four years but saw a decline in FY 2019 - 20 due to the prevailing conditions.

The Company would strive to maintain its growth momentum in the years to follow.

Today, the Company has presence for auto loan financing in 20 States and 1 Union Terrtitory across the country. The Company's extensive reach of distribution, through its team, it's marketing agents, its franchisees and above all the 3500+ branches of flagship company of the Group, Muthoot Fincorp Limited, has enabled it to service its 7 lakh+ live customer base with ease. The total loan portfolio at ₹ 2650 45 lakhs, saw a drop of 3.4% against the previous year. The Company has further diversified its portfolio of vehicle financing and also moved to the used-car financing, aside from exploring other channels of distribution and maintaining a nominal proportion of corporate loan book.

The disbursements of auto loans this year saw a de-growth on account of a downtrend in the 2W volumes, as stated earlier. The disbursements of auto loans, along with number of loans, over the last 5 years is given in the chart below:



d) Cost & Profitability Analysis

The Company's expenses were higher during the year on account of higher manpower costs necessitated by higher average number of employees during the year compared to the previous year, higher collection costs due to the higher delinquency, higher cost of sourcing as a percentage of amount disbursed, the huge increase in the cost of funds due to the impact of some NBFCs seeing issues which impacted the mindset of the lenders with regard to all the NBFCs and also the impact of the economic downturn which had its impact on the volume of business, the yields and the competition on the ground.

The economic downtrend coupled with the floods in 3 of the prominent states where the Company has its business volumes increased the delinquent accounts, some of which had to be repossessed and sold at a loss and provision made for a large increase in the NPA accounts. All these substantially increased the overall expenses booked under "Loan loss & Provisions". Also the impact of COVID-19 was seen in the delinquency numbers as no collection could happen in the 2nd half of March 2020, which period normally sees huge roll back of delinquent accounts, due to the lockdown and caution exercised even before the lock down.

In view of a direction by Reserve Bank of India to refund processing fee taken in excess of the insurance premium paid for giving insurance cover to the customers, against which the Company has currently made it's submission before the appropriate authority, the Company has, by way of abundant caution, made a provision of ₹ 8 66.19 lakhs for the maximum impact that could be there upto March 31, 2020.

In view of COVID-19 and the impact that it could have on the quality of the portfolio, the Company has made a provision of ₹ 18 00 lakhs.

All these coupled with the fact that the income did not grow by the expected level, but the expenses grew much faster, the profitability went down compared to the previous year.

e) Spread Analysis

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

(₹ in lakhs)

Particulars	March, 2020		March, 2019	
Daily Average Loan Book Size (excluding interest accrued)	2613 78		2260 60	
Income from Operations	586 81	22.5%	518 60	22.9%
Finance Cost	227 74	8.7%	179 17	7.9%
Net Interest Spread	**359 07**	**13.7%**	**339 43**	**15.0%**
Personnel Expenses	88 44	3.4%	77 82	3.4%
OPEX (including depreciation etc.)	106 47	4.1%	82 39	3.6%
Total Expenses	**194 91**	**7.5%**	**160 21**	**7.1%**
Pre-Provision Profits	**164 16**	**6.3%**	**179 22**	**7.9%**
Loan Loss and provisions	70 69	2.7%	46 33	2.0%
Net Spread (before tax)	**93 47**	**3.6%**	**132 89**	**5.9%**

f) Opportunities & Threats

The current downturn allows the automotive industry to build resilience throughout the ecosystem. By implementing the BS-VI standards from April 2020, the production costs for vehicle manufacturers will increase. This requires huge investments to enable the oil refineries to produce a better fuel quality as well as infrastructure investment to provide that fuel nationwide. The automakers also invested in speeding up the R&D process and in improving their infrastructure, as in the case of manufacturing plants, to comply with BS-VI emission standards. The rise in additional costs will discourage the new purchase as the buyers are price conscious. The opportunity lies in the fact that buyers having only limited resources, would have to opt for 2-W financing as a necessity for their purchase.

The outbreak of the pandemic has halted the whole nation. After lockdown, virus scare could lead customers to prefer 2W to avoid using public transport. This could lead to the participation of more formal customers, as evident from enquiries at dealer locations. This improves financing penetration with better quality customers going in for financing who hitherto were buying in cash. The customers currently opting for financing is 37-38% and is expected to rise to about 45%. A larger number of customers opting for financing and the higher value of the vehicles, would all lead to higher disbursement, thereby higher revenues and higher profitability to the Company.

Increased rural consumption, a decline in replacement cycles, greater retail penetration, a wide range of brands and products at various prices are expected to accelerate the consumer durable market.

NBFC loans cover the self-employed sector of borrowers where cash flow is strongly correlated to the levels of economic activity and therefore more volatile than that of salaried persons. Depending on the intensity of the outbreak, the economic disruption caused by the lockdown due to COVID-19 may have a significant impact on the income of the customers for some months.

There are some concerns towards the NBFCs given their already feeble financial status and the recent instances of corporate mis-governance and liquidity crisis in a few NBFCs. RBI's move to Targeted Long-Term Repo Operations (TLTROs) would also ensure that mutual funds have secondary market liquidity and permit banks to expand their primary market subscriptions, thereby drives the investment in NBFC's debt securities. As NBFCs are the customer's last mile financier, they can grow prominently, if they have sufficient funds.

The Company is faced with competition from Banks and other NBFCs. Entry barriers are insignificant in the category, and the client can easily move to a different financial institution. The Company benefits significantly from the "***MUTHOOT PAPACHAN***" or "***MUTHOOT BLUE***" brand that it possesses and from its relationship with the dealers. However, in terms of service, turnaround, digitization and product features, it continues to make efforts to distinguish itself from its competitors.

7. RISKS & CONCERNS

(i) Credit Risk:

A risk of loss due to failure of a borrower / counterpart to meet the contractual obligation of repaying his debt. The risk could be on account of some erroneous sourcing done by the Company as also due to the customer facing issues which does not permit him to make the repayment even if he actually wanted to.

Measures: Before sanctioning loans, the Company performs a thorough background check of the potential customers, so as to avoid any chances of fraud and default. The checks include field investigation, credit checks and tele-verification. The Company is contemplating the development of score-based models based on the data base that is generated over the last 12 years or so to determine the eligibility for loan sanctions for mitigating these risks.

(ii) Economic Risk:

The Company's performance will be hindered by further slowdown of the economy, as it would lead to a slump in the auto sector and NBFC lending.

Measures: The Company has continuity plans and strategies to negate the risks due to economic slowdown.

(iii) Regulatory Risk:

Risk potential for changes in laws, regulations or interpretations that causes business losses.

Measures: The Company's operations will be affected by any changes in the regulatory environment. The legal and compliance team, in collaboration with external legal advisors, keep an eye on the applicable laws and regulations, and take necessary actions as and when needed.

(iv) Product Risk

Competitors catching up with the product development.

Measures: The Company has been expanding its operations across various directions in the country. The Company has also begun operations in the used car and two-wheeler financing. Also, the Company owns a wholesale loan book, in which it lends to other NBFCs engaged in SME lending, microfinance, three-wheeler, CV financing and personal loan, thus reducing the product concentration risk.

(v) Technology Risk:

Information technology risk seeks to establish a strict information security structure to prevent data loss and threats.

Measures: In order to counter the risks related to information technology, the Company is contemplating a major revamp of its technology platform. The Company is in the process of finalizing with pioneers for both its hardware and software needs. The Company is looking beyond the immediate future to ensure that the threats from the web is countered with no chances of fraud or manipulation.

(vi) Operational Risk:

Operational risks are a result of incompetent or failed internal processes, people and systems or from external events.

Measures: The constant skill development and training programs form the core of the employees' training modules. To ensure better control over the transactions, processes and regulatory compliance, the Company has standard operating procedures in place.

8. INVESTMENT PROPOSITION

At the moment, the Company is on the brink of long-term progress with numerous prospects in the current situation. We boast of a track record of overcoming numerous economic challenges in the past and this attitude has helped us achieve a profitable business model. The organisation is heading towards sustainability and prioritizes customer satisfaction and value addition for the stakeholders.

The two-wheeler segment promises significant growth, despite undergoing a temporary slowdown, due to massive geographical spread. This will also trigger the progress of the Company in new locations.

The southern states, on the other hand, still possess enough space for market penetration. The Company is planning strategies to expand in the non-south locations in a robust manner. With the Group's Flagship Company, Muthoot Fincorp Limited expanding its infrastructure, it shall lead to lower entry costs for the Company. The large network of branches of Muthoot Fincorp Limited will aid in expanding rapidly with minimal operational costs. Ultimately, the decision will reap multiple benefits in medium to long-term basis.

The used four-wheeler segment is very different from the two-wheeler. In the used four-wheeler segment, the Company has been in operation in 20 centres and look forward to increasing its penetration along with the 2W segment. With proper channels, better distribution networks and efficient teams in place, this segment would lead to higher growth and profitability in the long term. Our digital technology and analytics 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 looks to enhance its product portfolio and enter in the consumer durables segment and e-rickshaw financing from the FY 2020 - 21, once the current scenario improves. The higher disposable income and the onset of the festival season, the sector is primed for immense growth on the back of increased demand in the near term.

The Company has diverse options for funding purposes and the confidence of the investors / lenders remains untethered. We are eager to build new partnerships with the lenders and preserve their trust. Raising funds at reasonable rates will not be a challenge, thanks to the government stimulus packages and RBI initiatives. The skilled workforce and proper sourcing and collection infrastructure will only improve our chances of growth and make our goals achievable.

The impressive CAGR of 24.93% and debt equity ratio of 4.7 times are unique points which make the Company a dependable investment project.

9. INTERNAL CONTROL SYSTEMS & ADEQUACY

A secure and effective internal control helps in eliminating the risk of asset loss, protecting sensitive information, verifying the accuracy of important data within the stipulated time and conducting operations in a legal manner.

Your Company has an in-house audit team which collaborates with an outsourced concurrent audit team. The former is responsible for all financial transactions / operations / security on a constant basis while ensuring accuracy of data and compliance with the regulations. Any deviations in these tasks are relayed directly to the Management.

The concurrent audit report is reviewed by the reputed internal auditors, M/s. PKF Sridhar & Santhanam LLP, a popular and dignified firm of Chartered Accountant professionals. The Internal Auditors monitor the systems and business operations of the Company. Any weaknesses in the system, non-compliance with the regulations and any suggestions for improved performance are reported by the Internal Auditors.

The Statutory Auditors review the Internal Audit Report, while conducting audit functions to verify where there are any transactions which fall out of the regulatory stipulations and are against the interests of the Company. The Internal Audit Report and the quarterly Compliance Report are reviewed by the Audit Committee and they also ensure that the observations in the report are addressed at the right time and in appropriate manner by the Management. The Audit Committee also reviews an Action Taken Report (ATR) which lists down the points requiring correction and the relevant action needed.

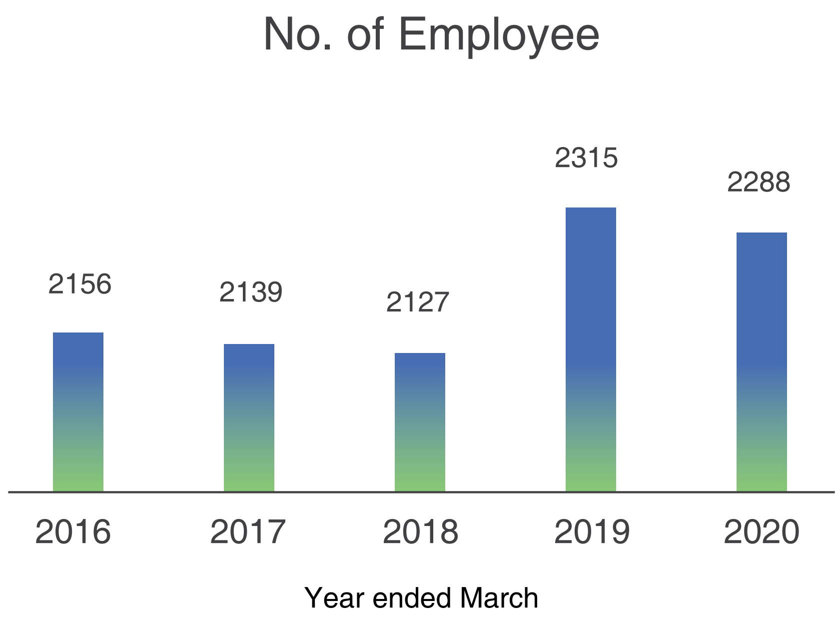
10. MATERIAL DEVELOPMENTS IN HUMAN RESOURCE

The Human Resource division of the Company is its most important asset, as it is crucial in the hiring, training and managing of employees. Ultimately, a talented pool of workforce is developed and geared towards realising the Company's vision. With proven professionals spearheading the growth of the HR department in your Company, the employees are aligned with the Company's goals and objectives.

The Company understands that the efficiency of its employees will directly lead to the profitability of the organisation. We have increased our workforce from 1626 in 2013 to 2288 in 2020. This combined with our success in the last few years is a testament of our faith invested in the right hiring techniques. Consequently, we have successfully maintained a low-cost strategy for manpower and enabled professional partnerships on a variable cost basis.

The Company prioritizes the well-being of its workforce and hence keeps a safe, sanitized and motivated work environment during the pandemic outbreak. The Company used the lockdown period in providing additional training to its employees. Nearly 90% of our team was deployed in the "Customer Connect" program to connect with our customers. Since all these factors contribute heavily to productivity, the Company ensures that the enthusiasm levels of the employees are high.

The Company offers salaries and incentives which are of industry standards, to appropriately reward the efforts of the employees, help them form a shining career and continue retaining talent. Also, the Company strives to create growth opportunities for the employees and recognize their achievements.



11. EMPLOYEE ENGAGEMENT

The Company maintains a motivating and uplifting environment which ensures the focus and engagement of its workforce. To boost the morale of the employees, we consistently take initiatives which help in developing skills and promote team building. It is proven that motivated employees perform exceedingly well and feel valued as a part of the Company. We are dedicated to continue our efforts in making the Company a desirable working workplace, where everyone is pushed towards excellence and lauded for their efforts.

12. 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, changes in exchange rates, 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
May 28, 2020

REPORT ON CORPORATE GOVERNANCE

This Report reflects the ethos of Muthoot Capital Services Limited (“*MCSL*” / *“the Company”*) and its commitment to ethical business principles and values across its operations which lay 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 philosophy is a systemic process by which the Company is directed and controlled to enhance its wealth-generating ability and ensuring sustainable growth for all its stakeholders. MCSL’s governance philosophy reflects its obligation to disclose timely, accurate and adequate 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’s philosophy on Corporate Governance is aimed at enhancing long term shareholder values, achieving transparency and professionalism in all our decisions and activities thereby achieving excellence through Corporate Governance.

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. Therefore, we follow this principle meticulously in all our business dealings and decisions. For this, the Company is conforming to the applicable guidelines, and excelling in it, wherever possible. The existing systems and controls were reviewed periodically for enabling further improvements.

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 goals and strategies into a viable business blueprint. It is also worthy to note that the Company has received the Golden Peacock Awards - Winner of Special Commendation for Corporate Ethics for the year 2019.

Why Corporate Governance?

Every year, there is a shift in Corporate Governance standards in an effort to evolve along the rapidly changing business landscape and stay aligned to the shifting priorities of investors. Beyond the global emphasis on good governance, environmental and social issues appear to be taking the greatest precedence for the investors. Especially, considering the global outbreak of COVID-19 Pandemic, the corporates are more forced to focus on the environmental and social issues and disclose their connection to the business in the form of risks and opportunities.

Corporate purpose and stakeholder considerations have been business norms in various parts of the world for decades. According to Company Law, the Directors are obliged to act in the best interests of stakeholders, but there have been many instances where contradictions to such obligation had arisen. There have been many instances all over the world, where excessive debt financing laced with fraud, disproportionate rise in payments for executives, which have been less than transparent. Investors would like more transparency on board involvement to determine whether boards are providing adequate oversight over the aspects of the Company.

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 act as the shareholders' agent and the management is 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 management needs to satisfy the Board that the Company has the culture and talent needed to successfully execute the strategies that is directed towards good Corporate Governance.

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 and social 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 your Company are pleased to present the Report on Corporate Governance for the year ended March 31, 2020.

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.

During the year under review, the Board comprised 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* 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 the affairs of the Company is entrusted to the senior management personnel, headed by the Managing Director, who functions under the overall supervision, direction and control of the Board of Directors of the Company. The Board meets regularly to discuss, review and decide upon the matters such as policy formulation, setting up of goals, appraisal of performances with the goals and control functions etc. Some of the powers of the Board have also been delegated to Committee(s), which monitors the day-to-day affairs relating to operational matters. The Board thus exercises close control over the overall functioning of the Company with a view to enhance the stakeholders' value.

The Board, as part of its functioning, annually reviews its role and 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) 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, 2020 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
Total	**7**	**100.0**

The category-wise list of the Directors of the Company during the FY 2019 - 20 is given below:

<table>
<tr><th>Category</th><th>Name of Director</th><th>DIN</th><th>Shareholding as on March 31, 2020</th><th>Nature of Relationship</th></tr>
<tr><td>Promoter & Executive Director</td><td>Mr. Thomas George Muthoot, Managing Director</td><td>00011552</td><td>3133480</td><td rowspan="3">Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot are brothers</td></tr>
<tr><td rowspan="2">Promoter, Non-Executive & Non - Independent Directors</td><td>Mr. Thomas John Muthoot, Chairman</td><td>00011618</td><td>3152972</td></tr>
<tr><td>Mr. Thomas Muthoot</td><td>00082099</td><td>3076624</td></tr>
<tr><td rowspan="4">Non - Executive Independent Directors</td><td>Mr. A.P Kurian</td><td>00008022</td><td>Nil</td><td rowspan="4">Not related to any Director or Manager</td></tr>
<tr><td>Mrs. Radha Unni</td><td>03242769</td><td>Nil</td></tr>
<tr><td>Mr. K.M. Abraham</td><td>05178826</td><td>Nil</td></tr>
<tr><td>Mr. Thomas Mathew</td><td>01277149</td><td>Nil</td></tr>
</table>

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 and excellence.

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

Board Qualification Indicators	
Banking & Finance	Being a Director in a non-banking financial company, proficiency in complex financial management, capital allocation and financial reporting processes are 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.
Board Diversity	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.
Business Operations	Vast experience in driving business success across the country with an understan ing of diverse business enviroments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities.
Leadership	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.
Technology	A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
Board Governance	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.
Sales and Marketing	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:

Name of Director	Area of Expertise, Skills and Attributes						
	Banking & Finance	Board Diversity	Business Operations	Leadership	Technology	Board Governance	Sales and Marketing
Thomas John Muthoot, Chairman	✓	✓	✓	✓		✓	✓
Thomas George Muthoot, Managing Director	✓	✓	✓	✓		✓	✓
Thomas Muthoot, Non-Executive Director	✓	✓	✓	✓		✓	✓
A.P. Kurian, Independent Director	✓	✓	✓	✓		✓	✓
Radha Unni, Independent Director	✓	✓	✓	✓	✓	✓	
K.M. Abraham, Independent Director	✓	✓		✓	✓	✓	
Thomas Mathew, 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. All the Independent Directors of the Company satisfies the criteria of independence as contained in Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and their independence 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.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 on January 25, 2020, without the presence of the Non - Independent Directors and members of the management.

Attendance details of the independent directors meeting held during the FY 2019 - 20 is given below:

Name of Director	No. of meetings held during the tenure	No. of meetings attended
Mr. A.P Kurian	1	1
Mrs. Radha Unni	1	1
Mr. K.M. Abraham	1	1
Mr. Thomas Mathew	1	1

The meeting has inter-alia, reviewed and assessed:

a) The performance of Non-Independent Directors and the Board as a whole;

b) Performance of the Chairman and Managing Director; and

c) 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 carried out by the Nomination and Remuneration Committee of the Company after taking into consideration the inputs received from the Directors and the parameters and indicators based on the criteria laid down by the Policy on Nomination and Remuneration.

All Directors participated in the evaluation process and reviews were carried out. The outcomes of each evaluation were collated by the Nomination & Remuneration Committee at its meeting held on May 28, 2020 and placed before the Board at its meeting held on the same date. The results of evaluation were also discussed in the Independent Director's meeting held during the year.

The Board discussed the performance evaluation of the Board, its Committees, individual Directors, Chairman and Managing Director and 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 about 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

The Board of Directors of the Company met five times during the year under review on April 24, 2019, June 17, 2019, July 29, 2019, October 22, 2019 and January 25, 2020. 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 17, 2019	No. of other directorships and committee memberships and chairmanships[1]		
			Directorships	Committees	
				Chairman	Member
Mr. Thomas John Muthoot	5/5	Yes	6	1	1
Mr. Thomas George Muthoot	5/5	Yes	6	1	1
Mr. Thomas Muthoot	5/5	Yes	5	0	2
Mr. A. P. Kurian[2]	4/5	No	1	0	1
Mrs. Radha Unni	5/5	Yes	7	1	3
Mr. K.M. Abraham	4/5	No	1	0	1
Mr. Thomas Mathew	5/5	Yes	1	1	0

1 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.

2 Mr. A P Kurian, Chairman of Audit Committee and Nomination and Remuneration Committee could not attend the AGM due to personal inconvenience and hence nominated Mrs. Radha Unni to represent him before the shareholders.

The names of the other listed entities in which the member of the Board of the Company is a Director as on March 31, 2020 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
Mrs. Radha Unni	Nitta Gelatin India Limited	Director
	V-Guard Industries Limited	Director
	Western India Plywoods Limited	Additional Director
Mr. K.M. Abraham	Kirloskar Oil Engines Limited	Director
Mr. Thomas Mathew	CSB Bank Limited	Director

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 Non-Executive Directors including 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 2019 - 20.

The details of the remuneration paid to the Directors during FY 2019 - 20 are given below:

(₹ in lakhs)

Name of Director	Gross Salary	Perquisites	PF Contribution	Stock Option	Sitting Fees	Total
Executive Directors						
Mr. Thomas George Muthoot	405.00	15.00	20.88	-	-	**440.88**
Non-Executive Directors						
Mr. Thomas John Muthoot	-	-	-	-	-	**-**
Mr. Thomas Muthoot	-	-	-	-	-	**-**
Mr. A. P. Kurian	-	-	-	-	1.00	**1.00**
Mrs. Radha Unni	-	-	-	-	1.25	**1.25**
Mr. K.M. Abraham	-	-	-	-	1.00	**1.00**
Mr. Thomas Mathew	-	-	-	-	1.25	**1.25**
Total	**405.00**	**15.00**	**20.88**	**-**	**4.50**	**445.38**

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 Code in letter and in spirit. 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.

This 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*.

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/1569664599Board_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, 2020 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 2019 - 20 on April 24, 2019, June 17, 2019, July 29, 2019, October 22, 2019 and January 25, 2020. 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 2019 - 20 are as follows:

Name of the Member	Position	Number of Meetings attended / held during the tenure
Mr. Thomas Mathew	Chairman	5/5
Mr. A.P Kurian	Member	4/5
Mr. Thomas Muthoot	Member	5/5
Mrs. Radha Unni	Member	5/5

(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;

STATUTORY REPORTS

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 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 Personal 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, 2020, the NRC of the Company comprise of three Non - Executive Independent Directors. The Committee met three times during the FY 2019 - 20 on April 24, 2019, July 29, 2019 and October 22, 2019.

The composition and attendance of the Members at the NRC meetings held during the FY 2019 - 20 are as follows:

Name of the Member	Position	Number of Meetings attended / held during the tenure
Mr. A.P Kurian	Chairman	3/3
Mrs. Radha Unni	Member	3/3
Mr. Thomas Mathew	Member	3/3

(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:

a) 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;

b) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

c) Devising a policy on diversity of Board of Directors;

d) 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;

e) 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

f) 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, 2020, the Stakeholders Relationship Committee of the Company consists of three Directors. The Committee has met four times during the FY 2019 - 20 on April 24, 2019, July 29, 2019 October 22, 2019 and January 25, 2020.

The composition and attendance of the Members at the SRC meetings held during the FY 2019 - 20 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	Member	4/4

(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* and its corporate email id *mail@muthootcap.com* for handling investor grievances on which investors can lodge their complaints.

Mr. Abhijith Jayan, Company Secretary of the Company acts as the Compliance Officer in terms of SEBI (LODR) Regulations, 2015. The Compliance Officer reviews the investor complaints, if any, on a 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 2019 - 20 are as follows:

Sl. No.	Particulars	No. of Complaints
1.	Number of Investor complaints pending at the beginning of the year (i.e. 01.04.2019)	Nil
2.	Number of Investor complaints received during the year (01.04.2019 - 31.03.2020)	Nil
3.	Number of Investor complaints redressed during year (01.04.2019 - 31.03.2020)	Nil
4.	Number of Investor complaints remaining unresolved at the end of the year (i.e. 31.03.2020)	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, 2020, 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*.

The CSR Committee met four times during the FY 2019 - 20 on April 24, 2019, July 29, 2019, October 22, 2019 and January 25, 2020.

The composition and attendance of the Members at the CSR Committee meetings held during the FY 2019 - 20 are as follows:

Name of the Member	Position	Number of Meetings attended / held during the tenure
Mr. Thomas Muthoot	Chairman	4/4
Mrs. Radha Unni	Member	4/4
Mr. K.M. Abraham	Member	4/4
Mr. Thomas Mathew	Member	4/4

(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:

a) 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;

b) Recommend to the Board the amount of expenditure to be incurred on the CSR activities referred to in (a) above; and

c) Monitor the CSR policy of the Company from time to time.

E. IT Strategy Committee:

The Board of Directors at its meeting held on November 10, 2017 had constituted IT Strategy Committee pursuant to the RBI Master Direction on Information Technology Framework for NBFCs dated June 08, 2017.

(i) Composition and Attendance

The IT Strategy Committee met two times during the FY 2019 - 20 on July 29, 2019 and January 25, 2020.The Composition and the attendance of the Members at the IT Strategy Committee meetings held during the FY 2019 - 20 are as follows:

Name of the Member	Position	Number of Meetings attended / held during the tenure
Mrs. Radha Unni	Chairman	2/2
Mr. Thomas George Muthoot	Member	2/2
Mr. Madhu Alexiouse	Member	2/2
Mr. Vijayan T	Member	2/2
Mr. Sandeep Vellarikkat	Member	1/2

(ii) Terms of reference

a) Review and approve IT strategy and policy documents and ensure that the management has put an effective strategic planning process in place;

b) Ascertain whether management has implemented processes and practices that ensure that the IT delivers value to the business;

c) Ensure IT investments represent a balance of risks and benefits and that budgets are acceptable;

d) Monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

e) Ensure proper balance of IT investments for sustaining the Company's growth and becoming aware about exposure towards IT risks and controls;

f) To work in partnership with other Board Committees and Senior Management to provide input to them;

g) Review and amend the IT strategies in line with the corporate strategies, Board Policies, cyber security arrangements and any other matter related to IT Governance and report to the Board;

h) Such other powers, duties, roles and responsibilities conferred upon it by the Board from time to time.

F. 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, 2020, the Risk Management Committee of the Company comprise of four Directors of which two are Independent Directors. The Board also designated Mr. Madhu Alexiouse, Chief Operating Officer, Mr. Vinodkumar M. Panicker, Chief Finance Office and Mr. Sandeep Vellarikkat, Head - Products, Credit & Risk as the permanent invitees to the Committee. The Committee met twice during the FY 2019 - 20 on October 22, 2019 and January 25, 2020.

The composition of the Committee and attendance of the Members at the Risk Management Committee meetings held during the FY 2019 - 20 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. K.M. Abraham	Member	2/2
Mr. Thomas Mathew	Member	2/2

(ii) Terms of reference

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

a) 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;

b) 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; and

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; and

j) Review periodically the report of Asset Liability Management Committee (ALCO) and to suggest on improvements, actions to be taken.

G. 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, 2020, the Asset Liability Management Committee (ALCO) consists of five members from the management team.

The Committee met twice during the FY 2019 - 20 on October 22, 2019 and January 25, 2020.The composition and attendance of the Members at the ALCO meetings held during the FY 2019 - 20 are as follows:

Name of the Member	Position	Number of Meetings attended / held during the tenure
Mr. Madhu Alexiouse	Chairman	2/2
Mr. Vinodkumar M. Panicker	Member	2/2
Mr. Balakrishnan R.	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:

a) 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;

b) Review the periodical returns submitted to RBI every year;

c) Review the credit facilities sanctioned considering the overall risks faced by the Company, and to suggest the actions to be taken;

d) Monitor and review the cost of funds and the net interest margin;

e) 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;

f) Other transactions or issues that the Board may desire to have them reviewed by the ALCO; and

g) 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.

H. Resource Mobilisation Committee

(i) Composition and attendance

The Company has a Resource Mobilisation Committee to exercise all powers to borrow moneys (otherwise than by issue of debentures) and taking necessary actions connected therewith. The Committee met 22 times during the FY 2019 - 20 on April 25, 2019, May 13, 2019, May 29, 2019, June 26, 2019, July 03, 2019, August 03, 2019, August 23, 2019, August 28, 2019, September 05, 2019, September 16, 2019, September 26, 2019, October 31, 2019, November 20, 2019, December 10, 2019, December 27, 2019, January 25, 2020, January 30, 2020, February 11, 2020, February 24, 2020, March 03, 2020, March 16, 2020 and March 30, 2020.

The composition and attendance of the Members at the Committee meetings are as follows:

Name of the Member	Position	Number of Meetings attended / held during the tenure
Mr. Thomas George Muthoot	Chairman	22/22
Mr. Thomas Muthoot	Member	22/22

(ii) Terms of reference

The terms of reference of the Committee are as follows:

a) Review of Company's financial policies, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto as it may deem advisable;

b) Review of banking arrangements, cash management and arrangements with other financial institutions;

c) Borrow monies from banks / financial institutions by way of short term / long term loans, cash credit arrangements, overdraft facility, Commercial Papers (CP) and/or by way of other instruments (other than Debentures), securitization / assignment of receivables and exercise all powers for taking necessary actions connected therewith, upto a limit of ₹ 3500.00 crores outstanding at any point of time with a sub limit of ₹ 300 crores for providing guarantees / letters of comfort etc.

d) Opening and closing of accounts with Banks, change in Authorised signatories and perform such other actions connected with the Bank accounts of the Company;

e) Carry out any other functions as mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable;

f) Other transactions or financial issues that the Board may desire to have them reviewed by the Committee;

g) Regularly review and make recommendations about the 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), 22 & 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, 2019	June 17, 2019	10.30 a.m.	The International Hotel, Kochi
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

b) Special Resolutions passed at the last three AGM

Sl. No.	Date of AGM	Special Resolution
1	June 17, 2019	(i) Approval for the issue of Non-Convertible Debentures upto an amount of ₹ 200 crores. (ii) Approval for re-appointment of Mr. A.P. Kurian (DIN: 00008022) as an Independent Director of the Company for a period of five years. (iii) Approval for re-appointment of Mrs. Radha Unni (DIN: 03242769) as an Independent Director of the Company for a period of five years.
2	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.
3	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.

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c) Postal Ballot

The Company passed the following Special Resolutions through Postal Ballot / E-Voting on October 10, 2019:

a) Approval for Creation of Charges / Mortgage etc. on Company's Movable or Immovable Properties in terms of Section 180 (1) (a) of the Companies Act,2013;

b) Amendment to the existing MCSL Employee Stock Option Scheme 2018 - "Scheme II" to the employees of the Company; and

c) Amendment to the existing MCSL Employee Stock Option Scheme 2018 - "Scheme III" to the employees of the Company.

Person who conducted the Postal Ballot Exercise:

Mr. Thomas John Muthoot, Chairman, Mr. Thomas George Muthoot, Managing Director and Mr. Abhijith Jayan, Company Secretary & Compliance Officer were authorised by the Board as persons responsible for the entire Postal Ballot / E-Voting process. Mr. Sivakumar P, Managing Partner, M/s. SEP & Associates, 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 Tuesday, September 10, 2019, dispatched the Postal Ballot Notice dated Wednesday, September 04, 2019 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, August 30, 2019. The Company also published a notice in the newspaper informing the details of completion of dispatch on Wednesday, September 11, 2019 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 Thursday, October 10, 2019. The members who opted for the e-voting could vote from 09:00 a.m. on Wednesday, September 11, 2019 to 05:00 p.m. on Thursday, October 10, 2019.

d) The Scrutinizer submitted his report on Monday, October 14, 2019, after the completion of scrutiny.

e) The results of the postal ballot were announced on Wednesday, October 16, 2019. The last date specified for receipt of duly completed Postal Ballot Forms and closure of e-voting i.e. October 10, 2019, 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* and on the website of CDSL E-Voting i.e. *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
Approval for Creation of Charges / Mortgage etc. on Company's Movable or Immovable Properties in terms of Section 180 (1) (a) of the Companies A ct, 2013	12232723	12232406 (99.99%)	317 (0.01%)
Amendment to the existing MCSL Employee Stock Option Scheme 2018 - "Scheme II" to the employees of the Company	12232713	12232616 (99.99%)	97 (0.01%)
Amendment to the existing MCSL Employee Stock Option Scheme 2018 - "Scheme III" to the employees of the Company	12232713	12232396 (99.99%)	317 (0.01%)

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*.

c) The Company issues press releases after quarterly and annual financial results were announced.

d) The Company interacts with various analysts and investors through various means post the Board approving the financial to address any queries that they could have in relation to the quarterly accounts and operations going forward. The transcripts of such interactions are uploaded on the Company website.

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 (CEO) 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 Listing Regulations.

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 *https://muthootcap.com/admin/uploads/rpt-policy-mcsl.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 2019 - 20.

f) The details of total fees paid to M/s. Varma & Varma, Chartered Accountants, Statutory Auditors during the FY 2019 - 20 for all services rendered by them is given below:

Particulars	Amount (₹ in lakhs)
Audit fees (including for Limited Review)	18.00
Taxation matters	2.00
Reimbursement of expenses	1.00
Other services	3.00
Total	**24.00**

g) Disclosure under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has been employing 364 women employees in various cadres as on March 31, 2020. 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 2019 - 20, the Company has not received any complaint of sexual harassment and hence, there were no complaints pending for redressal as on March 31, 2020. The Company had conducted 1 workshop / awareness program regarding women empowerment during the period under review.

h) The Company had adopted Indian Accounting Standards (IND AS) as notified under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 from April 01, 2019. The effective date of transition to IND AS is April 01, 2018. The impact of the transition has been recorded in the opening reserves as at April 01, 2018 and the corresponding figures pertaining to comparative previous period as presented in the financial results have been restated / reclassified in order to conform to the current period.

i) Details of acts of material frauds committed against the Company: During the FY 2019 - 20, an alleged fraud by one of the sub-dealers in connivance with an employee of the Company was detected which was valued at ₹ 1 61 lakhs.

The Company had conducted an internal investigation and taken actions at various levels including conducting an independent Forensic Audit and has reported the same to RBI. Based on the checks undertaken, the Company is confident of the robustness of its process and controls. A sum of ₹ 55 lakhs has been recovered against the fraud before the end of the financial year ended March 31, 2020 and the balance amount of ₹ 1 06 lakhs was provided for in the accounts.

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 2019 - 20, the Company had transferred dividend amounting to ₹ 7,71,750/- to Investor Education and Protection Fund (IEPF) Authority, being unclaimed and unpaid dividend for the FY 2011 - 12. Since the amount has been transferred to IEPF Authority, no claim for unclaimed and unpaid dividends for the FY 2011- 12 shall lie against the Company.

Further, 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*.

12. CREDIT RATING

The Credit Rating enjoyed by the Company as on March 31, 2020, is as given below:

Credit Rating Agency	Instrument	Rating as on March 31, 2020	Migration during the FY 2019 - 20
CRISIL	Bank Facilities	CRISIL A / Stable	No change
CRISIL	Public Deposits	FA+ / Stable	No change
CRISIL	Commercial Paper	CRISIL A1	No change
CRISIL	Non-Convertible Debentures	CRISIL A / Stable	No change

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) **26th Annual General Meeting:** Monday, September 28, 2020 at 10.30 A.M. through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") without the physical presence of Members at a common venue.

b) **Financial Year:** April 01, 2019 to March 31, 2020

c) **Dividend Details:** Nil

d) **Listing Details:**

Name and address of the Stock Exchange	Scrip Code	Status of Listing Fee for the FY 2020 - 21
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	511766	Paid
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex,Bandra (E), Mumbai - 400 051	MUTHOOTCAP	Paid

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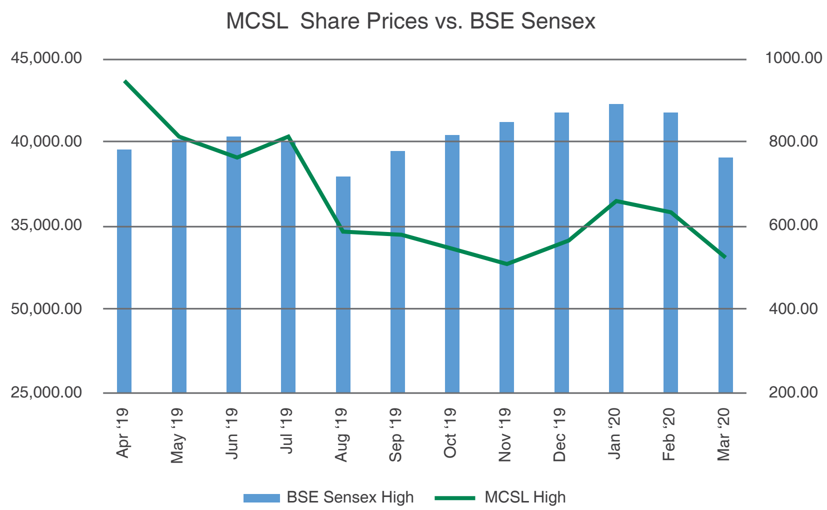
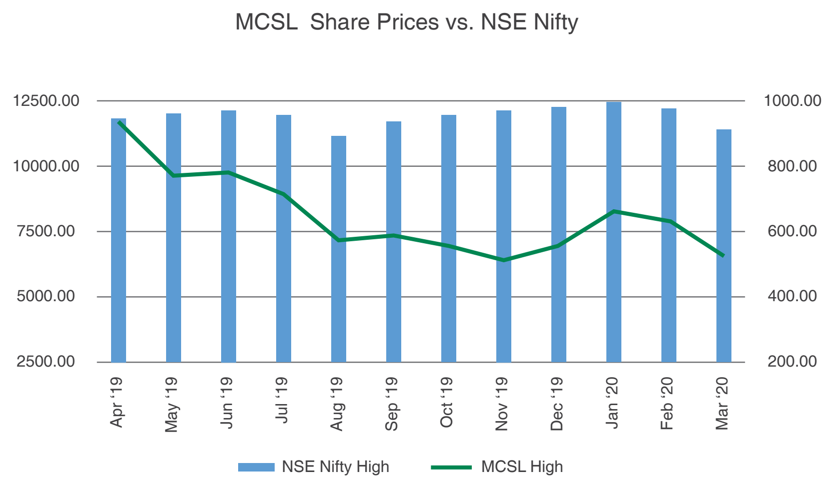
e) Stock Market Data from April 01, 2019 to March 31, 2020:

(in ₹)

Month	BSE			NSE		
	High	Low	Highest Volume Traded (Nos.)	High	Low	Highest Volume Traded (Nos.)
April 2019	939.60	748.00	114471	939.75	750.00	143431
May 2019	810.00	698.80	81837	779.05	702.85	70150
June 2019	763.00	675.95	7762	782.00	672.65	50227
July 2019	814.90	512.00	92029	717.85	503.70	128141
August 2019	590.00	420.00	9011	574.45	485.00	6776
September 2019	583.80	435.75	48738	589.85	435.50	91160
October 2019	550.00	429.55	305536	559.95	422.80	162359
November 2019	511.60	443.55	54769	512.00	442.00	62618
December 2019	560.95	466.00	11976	560.00	463.40	51511
January 2020	663.15	488.80	34951	664.05	495.00	148793
February 2020	631.80	490.00	28962	630.70	485.15	85745
March 2020	522.00	241.00	11890	525.75	233.20	34471





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:

With regard to Regulation 40 (1) of SEBI (LODR) Regulations, 2015 as amended, securities can be transferred only 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. But, it does not mean that the investor cannot hold the shares in physical form. Even after April 01, 2019 the investor has the option of holding shares in physical form. The shares held in dematerialized form can be transferred through the depositories without the Company's involvement.

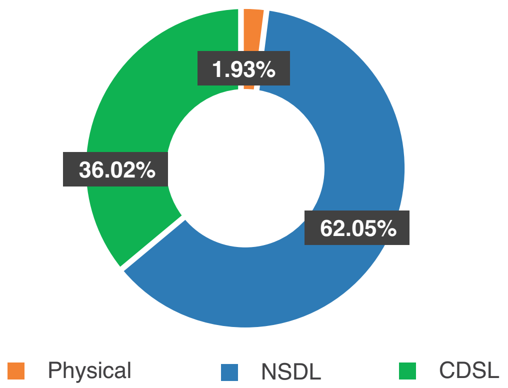
Pursuant to Regulation 40 (9) of the SEBI (LODR) Regulations, 2015, the Company obtain certificates from a Company Secretary in Practice on a half-yearly basis to the effect that all the transfers are completed within the statutory stipulated period. A copy of the said certificate is submitted to both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

h) 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, 2020, 98.07% 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.

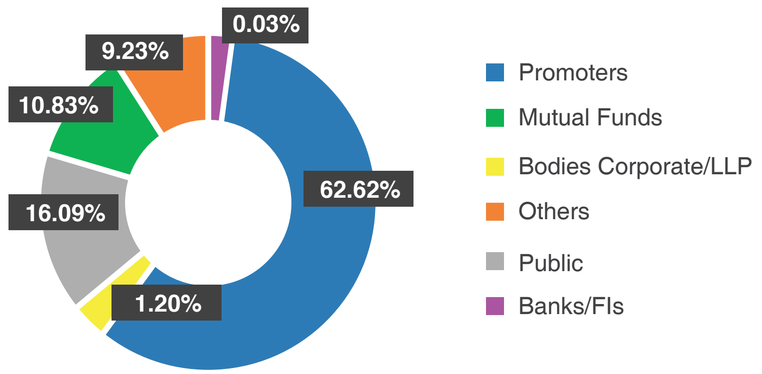
SHAREHOLDING STATUS



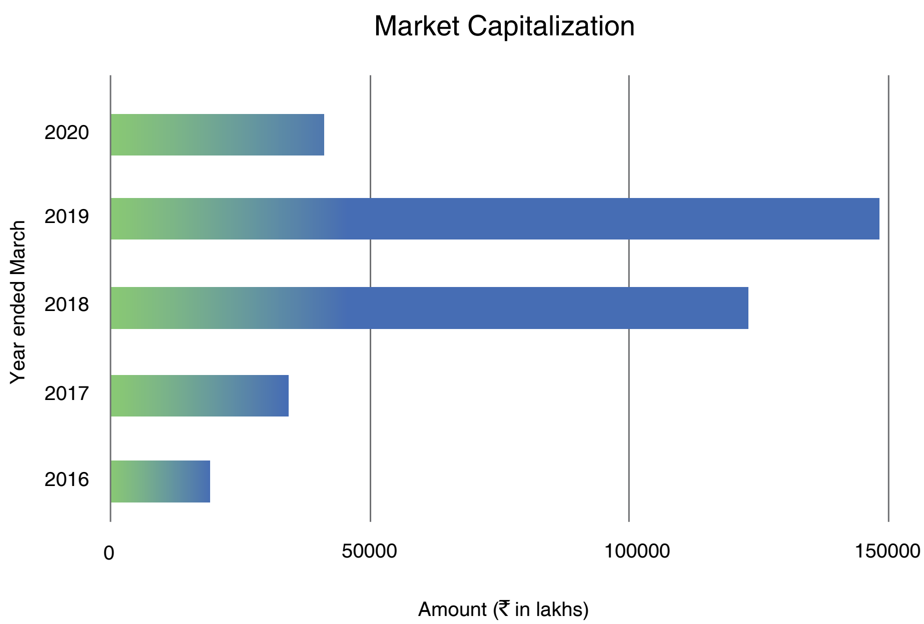
i) Distribution of Shareholding as on March 31, 2020

Sl. No.	Category	No. of Holders	% Holders	No. of Shares	% Shares
1	Upto 500	10 998	94.29	8 93 356	5.43
2	501 - 1000	326	2.79	2 31 897	1.41
3	1001 - 2000	139	1.19	1 91 547	1.16
4	2001 - 3000	50	0.43	1 20 617	0.73
5	3001 - 4000	26	0.22	91 538	0.56
6	4001 - 5000	19	0.16	87 466	0.53
7	5001 - 10000	35	0.30	2 49 760	1.52
8	10001 and above	71	0.61	145 81 352	88.65
	Total	**11 664**	**100.00**	**164 47 533**	**100.00**

PERCENTAGE OF SHAREHOLDING



STATUTORY REPORTS



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 in 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 in relation to 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 Limited**

Registrar and Share Transfer Agents

2nd 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*

b) **Compliance Officer**

Muthoot Capital Services Limited

3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035,

Ph: 0484 - 6619689 / 614

Fax: 0484 - 2381261

Email: *investorgrievance@muthootcap.com* / *mail@muthootcap.com*

For queries on financial statements, contact:

c) **Chief Finance Officer**

Muthoot Capital Services Limited

3rd Floor, Muthoot Towers, M.G. Road, Kochi - 682 035

Ph: 0484 - 6619603

Fax: 0484 - 2381261

Email: *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, 2020.

Sd/-
THOMAS GEORGE MUTHOOT
Managing Director
DIN: 00011552

Kochi
May 28, 2020

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, 2020.

Sd/-
THOMAS GEORGE MUTHOOT
Managing Director
DIN: 00011552

Kochi
May 28, 2020

ANNEXURE 3

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

We hereby certify that for the quarter and financial year ending March 31, 2020, 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.

	Sd/-	**Sd/-**
Kochi	**Thomas George Muthoot**	**Vinodkumar M. Panicker**
May 28, 2020	**Managing Director (CEO)**	**Chief Finance Officer**
	DIN: 00011552	

ANNEXURE 4

Ref: SEP/SEBI/20-21/13

CERTIFICATE OF NON-DISQUALIFICATION OF DIERECTORS

(Pursuant to Regulation 34 (3) and Schedule V Para C Clause (10) Sub Clause (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members
Muthoot Capital Services Limited
3rd Floor, Muthoot Towers,
M.G. Road Kochi - 682 035

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Muthoot Capital Services Limited having CIN: L67120KL1994PLC007726 having registered office at 3rd Floor, Muthoot Towers, M.G. Road Kochi - 682 035 (hereinafter referred to as the "Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para C Clause 10 Sub Clause (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal *www.mca.gov.in*) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below, for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of First Appointment
1.	Thomas George Muthoot	00011552	18/02/1994
2.	Thomas John Muthoot	00011618	18/02/1994
3.	Thomas Muthoot	00082099	18/02/1994
4.	Kurian Peter Arattukulam	00008022	06/04/1994
5.	Radha Unni	03242769	28/06/2014
6.	Kandathil Mathew Abraham	05178826	18/01/2019
7.	Thomas Mathew	01277149	01/04/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on this based on our verification. While forming opinion on issuance of this certificate, we have also taken into consideration independent legal opinion, wherever there was a scope for multiple interpretations. This certificate is neither an assurance as to the future viability of the Company, nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SEP & Associates
Company Secretaries
(ICSI Unique Code: P2019KE075600)

Sd/-
CS SIVAKUMAR P
Managing Partner
FCS: F3050, COP No. 2210

Date: 20.05.2020
Place: Kochi
UDIN: F003050B000351530

ANNEXURE 5

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Muthoot Capital Services Limited

1. We have examined the compliance of conditions of Corporate Governance by Muthoot Capital Services Limited ("the Company") for the year ended on March 31, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and Para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable ("Listing Regulations").

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance during the year ended March 31, 2020. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance of conditions of Corporate Governance by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143 (10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Review of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. 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 in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations during the year ended March 31, 2020.

8. 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

Sd/-

VIJAY NARAYAN GOVIND
Partner
M. No. 203094

Place: Kochi
Date: May 28, 2020
UDIN: 20203094AAAAAP9301

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 accompanying standalone financial statements of Muthoot Capital Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Cash Flow Statement for the year then ended, 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 31st March, 2020, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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.

Emphasis of Matter

We draw attention to Note No 53 to the standalone financial statements which describes the impact of the COVID-19 pandemic on the operations and financial position of the company, including the Company's estimates of the probable increase in impairment losses and the continuing uncertainties which may require changes in such estimates in the future. Our opinion is not modified in respect of this matter.

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
Indian Accounting Standards (Ind-AS) as specified under section 133 of the Act, read with relevant rules there under have been made mandatorily applicable for specified Non-Banking Financial Companies applicable with effect from 1st April, 2019 and consequently these standalone financial statements have been prepared by the management in compliance with Ind AS framework. As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the company in prior years, Ind-AS 109 (Financial Instruments) requires the Company to recognize Expected credit loss (ECL), on financial assets, which involves application of significant judgement and estimates including use of key assumptions such as probability of default loss given default and exposure at default. The underlying forecasts and assumptions used in the estimates of impairment allowance are subject to uncertainties which are often outside the control of the company. The extent to which COVID-19 pandemic will impact the company's current estimate of impairment loss allowance is dependent on future developments which are highly uncertain at this point. Given the size of the loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements we have considered this as a key audit matter.	We have evaluated the management's process and tested key controls around the determination of expected credit loss allowances, including controls relating to: -The identification of events leading to a significant increase in risk and credit impairment events; and -The determination of the impaired credit loss allowances and the key assumptions including probability of default and loss given default on forward looking basis having regard to historical experiences. We understood and assessed the appropriateness of the impairment methodology developed and used by the management at the entity level, including with reference to management overlays to account for the possible impact of the uncertainties associated with the COVID-19 pandemic. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard We found that these key controls as above, were designed, implemented and operated effectively, and therefore have placed reliance on these key controls for the purposes of our audit on ECL and impairment loss allowances.
Ind-AS 109 (Financial Instruments) requires the Company to recognise interest income by applying the effective interest rate (EIR) method. While estimating future cash receipts for the purpose of determining the EIR, factors including expected behaviour, life cycle of the financial asset, probable fluctuation in collateral value which may have an impact on the EIR are to be considered.	We have evaluated the management's process in estimation of future cash receipts for the purpose of determination of EIR including identification of factors like expected behaviour, life cycle of the financial asset and probable fluctuation in collateral value. We tested the accuracy of key data inputs and calculations used in this regard.

Completeness in identification, accounting, and disclosure of related party transactions in accordance with the applicable laws and financial reporting framework.	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.
Compliance and disclosure requirements under the applicable Indian Accounting Standards, RBI Guidelines and other applicable statutory, regulatory and financial reporting framework.	We have assessed the systems and processes laid down by the company to appropriately ensure compliance and disclosures as per the applicable Indian Accounting Standards, RBI Guidelines and other applicable statutory, regulatory and financial reporting framework. We have designed and performed audit procedures to assess the completeness and correctness of the details disclosed having regard to the assumptions made by the management in relation to the applicability and extent of disclosure requirements; and have relied on internal records of the company and external confirmations wherever necessary.
Key Information technology (IT) systems used in financial reporting process. The company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily. Accordingly, our audit was focused on key IT systems and controls due to the pervasive impact on the financial statements	We obtained an understanding of the Company's IT control environment and key changes during the audit period that may be relevant to the audit. We tested the design, implementation and operating effectiveness of the company's General IT controls over the key IT systems which are critical to financial reporting.

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 2019-20, 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, including other Comprehensive Income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian 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 is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement 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 relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2020 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/provided 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 No. 44 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 a delay of 49 days in transferring 7160 equity shares, having an aggregate face value of ₹ 71,600/- (at face value of ₹ 10/- each), in respect of which dividend is unpaid or unclaimed for seven consecutive years. Except for the above, there has been no delay in transferring any amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Varma & Varma
Chartered Accountants
FRN No: 004532S

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

Place : Kochi
Date : 28th May 2020
UDIN : 20203094AAAAAO8279

'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 STANDALONE FINANCIAL STATEMENTS OF MUTHOOT CAPITAL SERVICES LIMITED FOR THE YEAR ENDED 31st MARCH, 2020:

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 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, no material discrepancies were noticed on such physical verification.

3. According to the information and explanation given to us, the Company has granted, an Unsecured Inter corporate deposit to one Company and unsecured loans to one partnership firm and two companies 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/deposits 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, where applicable in respect of grant of loans and making of investments. The Company has not given any guarantees or provided security for which the provisions of section 185 and 186 of the Act are applicable.

5. In our opinion and according to the information and explanations given to us, the Company being a non-banking financial company registered with the Reserve Bank of India, the provisions of section 73 to 76 or any other relevant provision of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company. 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, 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 No 73.1 of the financial statements, public deposits amounting to ₹ 3 59 lakhs (including interest) could not be repaid for the reasons explained therein.

6 To the best of our knowledge and according to the information and explanations given to us, 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, 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 to the appropriate authorities during the year. 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 and the records of the Company examined by us, there are no 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.73.1 of the financial statements, matured debentures amounting to ₹ 4 lakhs (including interest) outstanding as on 31st March, 2020 could not be repaid for the reasons explained therein.

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. (a) As stated in Note No 71 of the Standalone financial statements, during the year the Company detected a fraud committed by a sub-dealer in connivance with an employee of the Company amounting to ₹ 1 61 lakhs against which ₹ 55 lakhs was recovered and provision of ₹ 1 06 lakhs (net amount) has been made. Except for the above, during the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanation given to us, there have been no instances of fraud on the Company by its employees; and

(b) no fraud by the company has been noticed or reported during the year, nor have we been informed of any such case by the management.

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. 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 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 45 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 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

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

Place : Kochi
Date : 28th May 2020
UDIN : 20203094AAAAAO8279

‘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 STANDALONE FINANCIAL STATEMENTS OF MUTHOOT CAPITAL SERVICES LIMITED FOR THE YEAR ENDED 31st MARCH, 2020.

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 standalone financial statements reporting of Muthoot Capital Services Limited (“the Company”) as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 expenditure 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 31st March, 2020, 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

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

Place : Kochi
Date : 28th May 2020
UDIN : 20203094AAAAAO8279

BALANCE SHEET

as at 31st March, 2020

(₹ in lakhs)

Particulars	Note	As at		
		31-Mar-20	31-Mar-19	01-Apr-18
I. ASSETS				
1. Financial Assets				
a. Cash and Cash Equivalents	9	**286 12**	31 47	2 82
b. Bank Balance Other than Cash and Cash Equivalents	10	**112 75**	53 34	14 45
c. Derivative Financial Instruments	11	**3 19**	-	-
d. Receivables				
i) Trade Receivables		**-**	-	-
ii) Other Receivables		**-**	-	-
e. Loans	12	**2427 69**	2476 29	1907 93
f. Investments	13	**16 43**	19 60	18 22
g. Other Financial Assets	14	**16 82**	17 30	23 88
2. Non-Financial Assets				
a. Current Tax Assets (Net)	15	**18 99**	6 88	1 59
b. Deferred Tax Assets (Net)		**27 11**	32 45	29 04
c. Property Plant and Equipment	16	**3 19**	1 49	2 25
d. Capital Working-In-Progress		**-**	-	-
e. Intangible Assets Under Development	17	**-**	22	-
f. Other Intangible Assets	18	**32**	23	23
g. Other Non-Financial Assets	19	**63**	71	26
TOTAL ASSETS		**2913 24**	**2639 98**	**2000 67**
II. LIABILITIES AND EQUITY				
A. LIABILITIES				
1. Financial Liabilities				
a. Derivative Financial Instruments		-	-	-
b. Payables				
I Trade Payables	20			
i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-	-
ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		**16 07**	21 83	15 59
II Other Payables				
i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-	-
ii) Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		-	-	-
c. Debt Securities	21	**-**	-	145 23
d. Borrowings (Other than Debt Securities)	22	**2241 43**	1994 41	1277 37

FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	Note	As at		
		31-Mar-20	31-Mar-19	01-Apr-18
e. Deposits	23	**47 28**	67 70	89 50
f. Subordinated Liabilities	24	**66 02**	63 79	65 06
g. Other Financial Liabilities	25	**19 74**	36 62	35 71
2. Non-Financial Liabilities				
a. Current Tax Liabilities (Net)	26	**-**	-	3 04
b. Provisions	27	**12 69**	4 58	5 00
c. Other Non-Financial Liabilities	28	**2 63**	3 85	3 23
B. EQUITY				
a. Equity Share Capital	29	**16 45**	16 45	16 45
b. Other Equity	30	**490 93**	430 75	344 49
TOTAL LIABILITIES AND EQUITY		**2913 24**	**2639 98**	**2000 67**

Note: The accompanying notes form an integral part of the financial statements (Note No: 1-75)

As per our separate report of even date attached

For VARMA & VARMA
CHARTERED ACCOUNTANTS
FRN: 004532S

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

Sd/-
VIJAY NARAYAN GOVIND
Partner
Membership No: 203094

Sd/-
THOMAS JOHN MUTHOOT
Chairman
DIN:00011618

Sd/-
THOMAS GEORGE MUTHOOT
Managing Director
DIN:00011552

Sd/-
THOMAS MUTHOOT
Director
DIN: 00082099

Sd/-
VINODKUMAR M. PANICKER
Chief Finance Officer

Sd/-
ABHIJITH JAYAN
Company Secretary & Compliance Officer

Place: Kochi
Date: 28th May, 2020

FINANCIAL STATEMENTS

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2020

(₹ in lakhs)

Particulars	Note	For the Year Ended	
		31-Mar-20	31-Mar-19
I. Revenue from Operations			
a. Interest Income	31	**579 48**	506 12
b. Dividend Income		**4**	-
c. Net Gain on Fair Value Changes	32	**48**	87
d. Net Gain on Derecognition of Financial Instruments under Amortized Cost Category		**6 49**	11 48
Total Revenue from Operations		**586 49**	**518 47**
II. Other Income	33	**32**	**13**
III. Total Income (I + II)		**586 81**	**518 60**
IV. Expenses			
a. Finance Costs	34	**227 74**	179 17
b. Impairment on Financial Instruments	35	**70 69**	46 33
c. Employee Benefits Expenses	36	**88 44**	77 82
d. Depreciation, Amortization and Impairment	37	**1 63**	1 04
e. Other Expenses	38	**104 84**	81 35
Total Expenses		**493 34**	**385 71**
V. Profit before Tax (III-IV)		**93 47**	**132 89**
VI. Tax Expenses:			
a. Current Tax		**27 53**	50 28
b. Deferred Tax		**5 46**	(3 49)
VII. Profit for the Year (V-VI)		**60 48**	**86 10**
VIII. Other Comprehensive Income (OCI)			
[A] Items that will not be reclassified to Profit or Loss			
(i) Remeasurement of Defined Benefit Plans		**(39)**	-
(ii) Fair value changes on Equity Instruments through Other Comprehensive Income		**(2)**	24
(iii) Cost of Hedging		**(6)**	-
(iv) Income Tax Relating to Items that will not be reclassified to Profit or Loss		**12**	(8)
Subtotal [A]		**(35)**	**16**
[B] Items that will be reclassified to Profit or Loss			
(i) Cash Flow Hedging Reserve		**7**	-
(ii) Income Tax Relating to Items that will be reclassified to Profit or Loss		**(2)**	-
Subtotal [B]		**5**	-
Total Other Comprehensive Income (A+B)		**(30)**	**16**
IX. Total Comprehensive Income for the year (VII+VIII)		**60 18**	**86 26**

(₹ in lakhs)

Particulars	Note	For the Year Ended	
		31-Mar-20	31-Mar-19
Earnings Per Equity Share (Face value of ₹ 10/- each)			
Basic (₹)		**36.77**	52.35
Diluted (₹)		**36.77**	52.35

Note: The accompanying notes form an integral part of the financial statements (Note No: 1-75)

As per our separate report of even date attached

For VARMA & VARMA
CHARTERED ACCOUNTANTS
FRN: 004532S

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

Sd/-
VIJAY NARAYAN GOVIND
Partner
Membership No: 203094

Sd/-
THOMAS JOHN MUTHOOT
Chairman
DIN:00011618

Sd/-
THOMAS GEORGE MUTHOOT
Managing Director
DIN:00011552

Sd/-
THOMAS MUTHOOT
Director
DIN: 00082099

Sd/-
VINODKUMAR M. PANICKER
Chief Finance Officer

Sd/-
ABHIJITH JAYAN
Company Secretary & Compliance Officer

Place: Kochi
Date: 28th May, 2020

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2020

A. Equity Share Capital

Particulars	Number of Shares	(₹ in lakhs)
As at 1st April, 2018	**1 64 47 533**	**16 45**
Changes in Equity Share Capital during the year	-	-
As at 31st March, 2019	**1 64 47 533**	**16 45**
Changes in Equity Share Capital during the year	-	-
As at 31st March, 2020	**1 64 47 533**	**16 45**

B. Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Cost of Hedging	Cashflow Hedgeing reserve	Other Comprehensive Income Retirement Benefits	Total
	Statutory Reserve	Securities Premium	General Reserve	Retained Earnings					
Balance as at 1st April, 2018	**45 16**	**201 35**	**11 85**	**86 13**	**-**	-	-	-	**344 49**
Profit for the Year	-	-	-	86 10	-	-	-	-	86 10
Other Comprehensive Income for the Year	-	-	-	-	24	-	-	-	24
Income Tax on OCI	-	-	-	-	(8)	-	-	-	(8)
Transferred to/(from)	16 50	-	-	(16 50)	-	-	-	-	-
Total Comprehensive Income for the Year	**16 50**	-	-	**69 60**	**16**	-	-	-	**86 26**
Dividends (Interim and Final)	-	-	-	-	-	-	-	-	-

(₹ in lakhs)

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Cost of Hedging	Cash flow Hedgeing reserve	Other Comprehensive Income Retirement Benefits	Total
	Statutory Reserve	Securities Premium	General Reserve	Retained Earnings					
Tax on Dividend (Interim and Final)	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2019	**61 66**	**201 35**	**11 85**	**155 73**	**16**	-	-	-	**430 75**
Profit for the Year	-	-	-	60 48	-	-	-	-	60 48
Other Comprehensive Income for the Year	-	-	-	-	(2)	(6)	7	(39)	(40)
Income Tax on OCI	-	-	-		-	2	(2)	10	10
Transferred to/(from)	12 10	-	-	(12 10)	-	-	-	-	-
Total Comprehensive Income for the Year	**12 10**	-	-	**48 38**	**(2)**	**(4)**	**5**	**(29)**	**60 18**
Dividends (Interim and Final)	-	-	-	-	-	-	-	-	-
Tax on Dividend (Interim and Final)	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2020	**73 76**	**201 35**	**11 85**	**204 11**	**14**	**(4)**	**5**	**(29)**	**490 93**

Note: The accompanying notes form an integral part of the financial statements (Note No: 1-75)

As per our separate report of even date attached

For VARMA & VARMA
CHARTERED ACCOUNTANTS
FRN: 004532S

Sd/-
VIJAY NARAYAN GOVIND
Partner
Membership No: 203094

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

Sd/-
THOMAS JOHN MUTHOOT
Chairman
DIN:00011618

Sd/-
THOMAS GEORGE MUTHOOT
Managing Director
DIN:00011552

Sd/-
THOMAS MUTHOOT
Director
DIN: 00082099

Sd/-
VINODKUMAR M. PANICKER
Chief Finance Officer

Sd/-
ABHIJITH JAYAN
Company Secretary & Compliance Officer

Place: Kochi
Date: 28th May, 2020

STATEMENT OF CASH FLOWS

for the year ended 31st March, 2020

(₹ in lakhs)

Particulars	For the Year Ended 31-Mar-20	For the Year Ended 31-Mar-19
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	**93 47**	**132 89**
Adjustments to Reconcile Profit before Tax to Net Cash Flows:		
Depreciation, Amortisation & Impairment	**1 63**	1 04
Profit/Loss on Sale of Fixed Assets	**(1)**	(1)
Dividend Income	**(4)**	-
Interest on Investments	**(87)**	(1 14)
Net Gain on Fair Value Changes	**(48)**	(87)
Impairment on Financial Instruments	**70 68**	46 34
Finance Cost	**227 74**	179 17
Operating Profit before Working Capital Changes	**392 12**	**357 42**
Adjustments for Net (Increase)/Decrease in Operating Assets:		
Bank Balances other than Cash and Cash Equivalents	**(59 41)**	(38 89)
Loans	**(21 76)**	(614 48)
Other Financial Assets	**25**	6 58
Derivative Financial Instruments	**(3 19)**	-
Other Non-Financial Assets	**8**	(45)
Adjustments for Net Increase/ (Decrease) in Operating Liabilities		
Other Financial Liabilities	**(16 88)**	24 95
Trade Payables	**(5 77)**	6 25
Other Non - Financial Liabilities	**(1 23)**	62
Provisions	**7 63**	(62)
Net changes in working capital	**(100 28)**	**(616 04)**
Cash generated from Operations before Income Tax	**291 84**	**(258 62)**
Finance cost paid	**(231 16)**	(183 59)
Direct Taxes paid	**(39 66)**	(58 60)
Net cash from /(used) in Operating Activities	**21 02**	**(500 81)**
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	**(3 20)**	**(51)**
Sale of Fixed Assets	**3**	**2**
Increase/(Decrease) in Investment	**3 63**	**(27)**
Interest on Investments	**87**	**1 13**
Dividend Income	**4**	**-**
Net cash from / (used) in Investing Activities	**1 37**	**37**
C) CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase/(Decrease) in Borrowings other than Debt Securities	**250 44**	697 59
Net Increase/(Decrease) in Deposits	**(20 42)**	(21 81)
Net Increase/(Decrease) in Subordinated liabilities	**2 24**	(146 69)
Net Cash Generated from Financing Activities	**232 26**	529 09

FINANCIAL STATEMENTS

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**254 65**	**28 65**
Opening Balance of Cash and Cash Equivalents	**31 47**	2 82
Closing Balance of Cash and Cash Equivalents	**286 12**	**31 47**

Note: The accompanying notes form an integral part of the financial statements (Note No: 1-75)

As per our separate report of even date attached

For VARMA & VARMA
CHARTERED ACCOUNTANTS
FRN: 004532S

Sd/-
VIJAY NARAYAN GOVIND
Partner
Membership No: 203094

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

Sd/-
THOMAS JOHN MUTHOOT
Chairman
DIN:00011618

Sd/-
THOMAS GEORGE MUTHOOT
Managing Director
DIN:00011552

Sd/-
THOMAS MUTHOOT
Director
DIN: 00082099

Sd/-
VINODKUMAR M. PANICKER
Chief Finance Officer

Sd/-
ABHIJITH JAYAN
Company Secretary & Compliance Officer

Place: Kochi
Date: 28th May, 2020

NOTES TO FINANCIAL STATEMENTS

For Year Ended 31st March, 2020

1. 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. The Company is part of the Muthoot Pappachan Group. 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. The registration details are as follows:

RBI	:	16.00024
Corporate Identity Number (CIN)	:	L67120KL1994PLC007726

The registered office of the Company is at 3rd Floor, Muthoot Towers, M.G.Road, Kochi-682035. The financial statements of the Company for the year ended 31st March, 2020 were approved for issue in accordance with the resolution of the Board of Directors on 28th May, 2020.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 6 - Significant Accounting Judgements, Estimates and Assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except where otherwise indicated.

3. PRESENTATION OF FINANCIAL STATEMENT

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs and Companies (Indian Accounting Standards) Rules 2015, as amended, as notified by the Ministry of Corporate Affairs (MCA).

4. STATEMENT OF COMPLIANCE

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

For all periods upto and including the year ended 31st March, 2019, the Company prepared its Financial Statements in accordance with the accounting standards notified under Section 133 of the Companies Act 2013 , read together with paragraph 7 of the Companies (Accounts) Rules 2014 (Indian GAAP or previous GAAP). The Financial Statements for the year ended 31st March, 2020 are the first Financial Statements of the Company prepared in accordance with Ind AS. Refer Note No. 49 on First time adoption to Ind AS for information on adoption of Ind AS by the Company.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Financial instruments

(i) Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management.
b. The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed.
c. How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial Assets

a. Initial recognition and measurement

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

b. Subsequent measurement

The Company classifies its financial assets into various categories for subsequent measurements. The classification depends on the contractual terms of the financial assets, cash flows and the company's business model for managing financial assets. The basis of classification and methodology for subsequent measurement is described below:

(i) Financial assets measured at amortised cost

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

(ii) Financial assets measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

(iii) Equity Investments

Equity investments are measured at fair value, with value changes recognized in Statement of Profit and Loss, except for those equity investments that are not held for trading for which the company has elected to present the changes in fair value through other comprehensive income (FVOCI)

(iv) Financial Liabilities

a. Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

b. Subsequent Measurement

Financial Liabilities are subsequently measured at amortized cost using the effective interest method, except those that are classified as FVTPL. Financial Liability is classified at FVTPL if it is held for trading or it is a derivative or it is designated as such on initial recognition.

(v) Derecognition of financial assets and liabilities

a. Financial Asset

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

An entity has transferred the financial asset if, and only if, either:

i) It has transferred its contractual rights to receive cash flows from the financial asset or

ii) It retains the rights to the cash flows,but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

b. Financial Liability

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

(vi) Offsetting

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

a. The normal course of business

b. The event of default

c. The event of insolvency or bankruptcy of the Company and/or its counterparties

(vii) Determination of Fair Value

On initial recognition, all the Financial Instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of Financial Instruments (eg. Derivatives) at fair value on each Balance Sheet date.

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

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

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

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

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

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

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 Financial Instruments - These inputs used in the valuation are at unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regard to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the Balance Sheet date.

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

Level 3 Financial Instruments - Those that include one or more unobservable input that is significant to the measurement as a whole.

(viii) Impairment of Financial Assets

In accordance with Ind AS 109, the company uses Expected Credit Loss model (ECL) for evaluating impairment of Financial Assets other than those measured at fair value through profit or loss.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since initial recognition, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of Lifetime ECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated either on an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level.

Pursuant to the Ind AS 109 - Financial Instruments , the Company is following the 'three-stage' model to evaluate impairment of assets based on changes in credit quality since initial recognition which is summarized as below:

Stage 1 (Upto 30 days default)

Includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date; sub-categorized into "0" bucket and "1-30" bucket.

Stage 2 (31-90 days default)

Includes loan assets that have had a significant increase in credit risk since initial recognition, but that do not have objective evidence of impairment; sub categorized into "31-60" and "61-90" buckets.

Stage 3 (more than 90 days default)

Includes Financial Assets that have an objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for credit impaired Financial Assets. The Company considers 90 days past due as default for classifying a Financial Assets as credit impaired. If an event (for eg. fraud) warrants a provision higher than as mandated under ECL methodology, the Company may classify the Financial Asset as Stage 3 accordingly.

Credit-impaired financial assets:

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

a) Significant financial difficulty of the borrower or issuer;
b) A breach of contract such as a default or past due event;
c) The restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
e) The disappearance of an active market for a security because of financial difficulties.

The Expected Credit Loss (ECL)

As per Ind AS 109, the loan losses are to be provided based on ECL method. ECL is measured at 12-month ECL for Stage 1 loan assets and at Llifetime ECL for Stage 2 and Stage 3 loan assets.

ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, i.e., ECL=PD X EAD X LGD

- **PD:** Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The PD is computed for Stage 1, Stage 2 and Stage 3 independently by determining default rates based on the historical data after giving due weightage for abnormal period and events, probability of roll back etc.

- **EAD:** Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw down on committed facilities, etc.

- **LGD:** Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

In respect of Financial Assets where historical information is not available, minimum provision as mandated under RBI guidelines would be made along with additional provision as considered necessary by the mangement.

Forward Looking Information

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

To mitigate its credit risks on Financial Assets, the Company seeks to use collateral where possible. The collateral comes in various forms such as vehicles, guarantees, securities etc. However, the fair value of collateral affects the calculation of ECL.The collateral is majorly the property for which the loan is given. The fair value of the same is based on historical data of recovery/management estimates provided by third party on management judgements.

(ix) Write-Offs

The Company reduces the gross carrying amount of a Financial Asset when the Company has no reasonable expectations of recovering a Financial Asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cashflows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

5.2 Revenue from Operations

5.2.1 Interest Income

i) Interest income is recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets except for purchased or originated credit impaired Financial Assets and other credit impaired assets.

The EIR in case of a Financial Asset is computed

a. At the rate that exactly discounts estimated future cash receipts through the expected life of a Financial Asset to the gross carrying amount of the Financial Asset.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
c. Including all fees received between parties to the contract that are an integral part of the Effective Interest Rate, transaction costs, and all other premiums or discounts.

ii) Interest income accruing on credit impaired assets and overdue interest levied on customers for delay in repayment of contractual cash flows are both recognized on receipt basis.

5.2.2. Dividend Income

Dividend income is recognised when:

a. The right to receive the payment is established,
b. It is probable that the economic benefits associated with the dividend will flow to the entity, and
c. The amount of the dividend can be measured reliably

5.2.3 Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.
The Company recognizes revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the respective company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the respective company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the respective company satisfies a performance obligation Revenue from contract with customer for rendering services is recognized at a point in time when the performance obligation is satisfied.

5.2.4 Net Gain on Derecognition of Financial Instruments Under Amortized Cost Category

Net gain/loss arising on derecognition of Financial Instruments is recognised directly in the Statement of Profit & Loss and presented separately under the head Net Gain on Derecognition of Financial Instruments Under Amortized Cost Category.

5.3 Expenses

5.3.1 Finance Costs

Finance costs represents Interest expense recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a. At the rate that exactly discounts estimated future cash payments through the expected life of the Financial Liability to the gross carrying amount of the amortised cost of a Financial Liability.
b. By considering all the contractual terms of the Financial Instrument in estimating the cash flows.
c. Including all fees paid between parties to the contract that are an integral part of the Effective Interest Rate, transaction costs, and all other premiums or discounts.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the Financial Liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisors and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a Financial Liability.

5.3.2 Retirement and Other Employee Benefits

a) Short term Employee Benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognized in the period in which the employee renders the related service.

b) Post-Employment Employee Benefits

1) Defined Contribution Schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognizes such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

2) Defined Benefit Schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Remeasurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit and loss in subsequent periods.

3) Other Long-Term Employee Benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the Statement of Profit and Loss.

The Company presents the provision for compensated absences under provisions in the Balance Sheet.

5.3.3 Impairment of Non-Financial Assets

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5.3.4 Taxes

a) Current Tax

Current Tax Assets and Liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in Other Comprehensive Income or in Equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred Tax

Deferred Tax Assets and Liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred Income Tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related Deferred Income Tax asset is realized or the Deferred Income Tax liability is settled.

Deferred Tax Assets are recognized for detectable temporary differences carry forward, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred Tax Assets and Liabilities are offset where there is a legally enforceable right to offset Current Tax Assets and Liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle Current Tax Liabilities and assets on a net basis or their tax assets and liabilities are realized simultaneously.

5.4 Foreign Currency Transactions

5.4.1 Functional and Presentational Currency

The financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

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5.4.2 Transactions and Balances

a) **Initial Recognition:**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

b) **Conversion:**

Monetary assets and liabilities denominated in foreign currency, which are outstanding as at the reporting date, are translated at the reporting date at the closing exchange rate and the resultant exchange differences are recognized in the Statement of Profit and Loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

5.5 Cash and Cash Equivalents

Cash and Cash Equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

5.6 Property, Plant and Equipment

Property, Plant and Equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

5.6.1 Depreciation

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

The estimated useful lives (in years) are as follows:

Particulars	Useful life as prescribed by Schedule II of the Companies Act, 2013	Useful Life Estimated by Company
Motor Vehicles		
(i) Car	8	8
(ii) Cycles, Scooters	10	10
Furniture and Fittings	10	10
Office Equipment	5	5
Computer and Accessories		
(i) Computer	3	3
(ii) Network & Servers	6	6
Windmill Generator	22	22

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

5.7 Intangible Assets

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

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the Statement of Profit and Loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis in the Statement of Profit and Loss from/upto the date of acquisition/sale.

Amortisation is calculated using the written down value method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a written down value basis over a period of 3 years, unless it has a shorter useful life.

The Company's intangible assets consist of computer software with definite life.

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

5.8 Provisions

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

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability.

5.9 Contingent Liabilities and Assets

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

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

5.10 Earning Per Share (EPS)

The Company reports Basic and Diluted Earnings Per Share in accordance with Ind AS 33 on Earnings Per Share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

5.11 Derivative Financial instruments

The company enters into derivative financial instruments such as foreign exchange forward contracts to manage its exposure to foreign exchange rate risk Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The resulting gain/loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. The Company has designated the derivative financial instruments as cash flow hedges of recognized liabilities and unrecognized firm commitments.

5.11.1 Hedge accounting

In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective if the hedging instrument is offsetting changes in fair value or cashflows of the hedged item attributable to the hedged risk. The assessment of hedge effectiveness is carried out at inception and on an ongoing basis to determine that the hedging relationship has been effective throughout the financial reporting periods for which they were designated.

5.11.2 Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognized directly in OCI within equity (cash flow hedging reserve). The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss. When a hedging instrument is expired, sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognized in OCI at that time remains in OCI and is recognized when the hedged forecast transaction is ultimately recognized in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the Statement of Profit and Loss.

5.12 Cash-Flow Statement

Cash flows are reported using the indirect method, whereby the profit before tax is adjusted for the effects of transaction of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

5.13 Leases

Effective 01st April 2018, the Company has applied Ind AS 116 'Leases' to all lease contracts existing on 01st April 2018. The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

The Company as a Lessee

The Company has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months and leases with low value assets. The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.The Company recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The related cash flows are classified as operating activities.

Wherever the above exception permitted under Ind AS 116 is not applicable, the Company at the time of initial recognition,

-measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

-measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of use assets' is measured using cost model i.e. at cost less any accumulated depreciation (depreciated on straight line basis over the lease period) and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'

The Company as a Lessor

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases. Lease payments from operating leases are recognised as an income in the Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

6.1 Business Model Assessment

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

6.2 Defined Employee Benefit Assets and Liabilities

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

6.3 Fair Value Measurement

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

6.4 Impairment of Loans Portfolio

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

It has been the Company's policy to periodically review its models at the end of each reporting period in the context of actual loss experience, changes in macro economics variables etc. and make necessary adjustments or incorporate overlays to its ECL model so as to be in line with its estimate of the most likely loss allowance wherever considered necessary.

6.5 Estimation of uncertanities relating to COVID-19 Global Health Pandemic

The company has considered relevant internal and external sources of information to evaluate the impact of the pandemic on the financial statements for the year ended 31st March, 2020. The company has assessed the recoverability of the assets including receivables, investments, property plant equipment, intangible assets and have made necessary adjustments to the carrying amount by recognizing provision/impairment of assets where necessary. However the actual impact may be different from the estimated as it will be dependant upon future development and future actions to contain or treat the disease and mitigate it's impact on the economy.

6.6 Contingent Liabilities and Provisions other than Impairment on Loan Portfolio

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

6.7 Effective Interest Rate (EIR) Method

The Company's EIR methodology, recognizes interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given/taken. This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments.

6.8 Other Estimates

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

6.9 Standards issued but not yet effective

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2020.

7. FIRST TIME ADOPTION

These financial statements, for the year ended 31st March, 2020 are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2019 the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP) and guidelines issued by RBI.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March, 2020 together with the comparative period data as at and for the year ended 31st March, 2019 as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April, 2018 (the Company's date of transition to Ind AS). These financial results may require further adjustments if any, necessitated by the guidelines/ clarification directions issued in the future by RBI, Ministry of corporate affairs or other regulators which will be implemented as and when the same are issued and made applicable. This note explains the principal adjustments made by the Company in restating its Indian GAAP Financial Statements, including the Balance Sheet as at 1st April, 2018 and the Financial Statements as at and for the year ended 31st March, 2019.

The reconciliation of equity as at 1st April, 2018 and 31st March, 2019 and the reconciliation of profit for the year ended 31st March, 2019 are detailed in Note no. 49.

Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

7.1 Lease Arrangements

The Company has used the exemption under Ind AS 101 and has assessed whether a contract existing at the date of transition contain a lease by applying paragraph 9-11 of Ind AS-116 to those contracts on the basis of facts and circumstances existing at at that date.

7.2 Property, Plant, Equipment & Intangible Assets

On transition to Ind AS, the company has elected to continue with the carrying value of all of its Property, Plant and Equipment and Intangible Assets as at 31st March, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment and Intangible Assets as on 1st April, 2018.

7.3 Derecognition of Previously Recognised Financial Instruments

As per Ind AS 101 – an entity shall apply the exception to the retrospective application in case of "Derecognition of Financial Assets and Financial Liabilities" wherein a first-time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. For example, if a first-time adopter derecognised Non-Derivative Financial Assets or Non-Derivative Financial Liabilities in accordance with its previous GAAP as a result of a transaction that occurred before the date of transition to Ind AS, it shall not recognise those assets and liabilities in accordance with Ind AS (unless they qualify for recognition as a result of a later transaction or event). The Company has opted not to re-evaluate Financial Assets derecognised in the past. However, for loans and advances securitised, the Company has applied the derecognition requirements retrospectively in accordance with the requirements under para B3 of Appendix B of Ind AS 101.

7.4 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of facts and circumstances at the date of transition to Ind AS. The Company has elected to designate investment in equity instruments at FVOCI.

Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Para B8-B8C of Ind AS 101 also contains mandatory exception related to classification of financial asset which states that conditions for classifying financial assets to be tested on the basis of facts and circumstances existing at the date of transition to Ind AS instead of the date on which it becomes party to the contract. The Company has applied this exemption and opted to classify all financial assets and liabilities based on facts and circumstances existing on the transition date. As per para 8D - 8G of Ind AS 101, an entity shall apply the exception to the retrospective application of "Impairment of financial asset" which is as per section 5.5 of Ind AS 109.

8. MANDATORY EXCEPTIONS

Following mandatory exceptions are applicable to the Company:

8.1 Estimates:

The estimates at 1st April, 2018 and at 31St March, 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

i) Impairment of financial assets based on expected credit loss model

ii) Fair valuation of financial instruments carried at FVTPL

iii) Determination of discounted value for financial instruments carried at amortized cost

iv) Investment in equity instruments carried at FVOCI and FVTPL

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April 2018, the date of transition to Ind AS and as of 31st March, 2019.

8.2 Classification and Measurement of Financial Assets:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended 31st March, 2020

Amounts in the Financial statements are presented in lakhs except for per share data and as otherwise stated.

9. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Cash on Hand	-	-	-
Balances with Banks (of the nature of Cash and Cash Equivalents)	151 11	31 47	2 82
Bank Deposit with original maturity less than three months	135 01	-	-
Total	**286 12**	31 47	2 82

9.1 Short term deposits are made for varying period of between one day and three months, depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

10. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Balances with Banks			
- Unclaimed Dividend Accounts	27	36	37
- Margin Money	1 03	2 15	5 03
Bank deposit			
- Money or Security against the Borrowings, Guarantees, other Commitments. (Refer Note 10.1)	109 60	50 83	9 05
- Other Bank deposit	1 85	-	-
Total	**112 75**	53 34	14 45

10.1 Represents deposits offered as collateral security against securitisation transactions.

FINANCIAL STATEMENTS

11. DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(₹ in lakhs)

Particulars	As at 31-Mar-20				As at 31-Mar-19				As at 01-Apr-18			
	Notional Amounts	Fair value Assets	Notional Amounts	Fair Value Liabilities	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities	Notional Amounts	Fair Value Assets	Notional Amounts	Fair Value Liabilities
(i) Currency Derivatives:												
- Forwards	92 12	3 19	-	-	-	-	-	-	-	-	-	-
- Currency Futures	-	-	-	-	-	-	-	-	-	-	-	-
- Currency Swaps	-	-	-	-	-	-	-	-	-	-	-	-
- Options Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Options Sold (written)	-	-	-	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total (i)	92 12	3 19	-	-	-	-	-	-	-	-	-	-
(ii) Interest Rate Derivatives:												
- Forward Rate Agreements	-	-	-	-	-	-	-	-	-	-	-	-
- Options Purchased	-	-	-	-	-	-	-	-	-	-	-	-
- Options Sold (written)	-	-	-	-	-	-	-	-	-	-	-	-
- Futures	-	-	-	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-	-	-	-	-
Sub total (ii)	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Credit Derivatives:	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Equity Linked Derivatives:	-	-	-	-	-	-	-	-	-	-	-	-
(v) Other Derivatives:	-	-	-	-	-	-	-	-	-	-	-	-
Total Derivative Financial Instruments (i+ii+iii+iv+v)	92 12	3 19	-	-	-	-	-	-	-	-	-	-

(₹ in lakhs)

Particulars	As at 31-Mar-20		As at 31-Mar-19	
	Notional amounts	Fair value assets	Notional amounts	Fair value assets
Included in above are derivatives held for hedging and risk management purposes as follows:				
(i) Fair value hedging	**-**	**-**	-	-
(ii) Cash flow hedging:				
- Currency derivatives	**92 12**	**3 19**	-	-
(iii) Net investment hedging	**-**	**-**	-	-
(iv) Undesignated Derivatives	**-**	**-**	-	-
Total (i)+ (ii)+(iii)+(iv)	**92 12**	**3 19**	**-**	**-**

11.1 Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is foreign currency risk .

11.2 Derivatives designated as hedging instruments

Company has designated forward contracts as a hedging instrument to mitigate foreign exchange risk from foreign currency exposure on its borrowings.

11.3 Derivatives not designated as hedging instruments

There are no derivatives not designated as hedging instruments.

12. LOANS

(₹ in lakhs)

Particulars	As at																	
	31-Mar-20						31-Mar-19						01-Apr-18					
		At fair value						At fair value						At fair value				
	Amortized Cost	Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through Profit or Loss	Sub-total	Total	Amortized Cost	Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through Profit or Loss	Sub-total	Total	Amortized Cost	Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through Profit or Loss	Sub-total	Total
(A) i) Vehicle Loans	**2334 38**	-	-	-	-	**2334 38**	2192 27	-	-	-	-	2192 27	1706 32	-	-	-	-	1706 32
ii) Term Loans	**173 24**	-	-	-	-	**173 24**	285 33	-	-	-	-	285 33	252 30	-	-	-	-	252 30
iii) Others Loans	**48 35**	-	-	-	-	**48 35**	82 11	-	-	-	-	82 11	15 01	-	-	-	-	15 01
Total (A) – Gross	**2555 97**	-	-	-	-	**2555 97**	2559 71	-	-	-	-	2559 71	1973 63	-	-	-	-	1973 63
Less: Impairment Loss Allowance	**128 28**	-	-	-	-	**128 28**	83 42	-	-	-	-	83 42	65 70	-	-	-	-	65 70
Total (A) – Net	**2427 69**	-	-	-	-	**2427 69**	2476 29	-	-	-	-	2476 29	1907 93	-	-	-	-	1907 93
(B) i) Secured by Tangible Assets / Others (Refer Note 12.(i))	**2543 69**	-	-	-	-	**2543 69**	2545 21	-	-	-	-	2545 21	1965 52	-	-	-	-	1965 52
ii) Unsecured	**12 28**	-	-	-	-	**12 28**	14 50	-	-	-	-	14 50	8 11	-	-	-	-	8 11
Total (B) - Gross	**2555 97**	-	-	-	-	**2555 97**	2559 71	-	-	-	-	2559 71	1973 63	-	-	-	-	1973 63
Less: Impairment Loss Allowance (Refer Note No.12.(ii)	**128 28**	-	-	-	-	**128 28**	83 42	-	-	-	-	83 42	65 70	-	-	-	-	65 70
Total (B) - Net	**2427 69**	-	-	-	-	**2427 69**	2476 29	-	-	-	-	2476 29	1907 93	-	-	-	-	1907 93
(C) Loans in India																		
i) Public Sector	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Others	**2555 97**	-	-	-	-	**2555 97**	2559 71	-	-	-	-	2559 71	1973 63	-	-	-	-	1973 63
Total (C) - Gross	**2555 97**	-	-	-	-	**2555 97**	2559 71	-	-	-	-	2559 71	1973 63	-	-	-	-	1973 63
Less : Impairment Loss Allowance	**128 28**	-	-	-	-	**128 28**	83 42	-	-	-	-	83 42	65 70	-	-	-	-	65 70
Total (C) - Net	**2427 69**	-	-	-	-	**2427 69**	2476 29	-	-	-	-	2476 29	1907 93	-	-	-	-	1907 93

12.(i) Includes loans secured against receivables of borrowers.

12.(ii) Includes provision of ₹ 18 00 lakhs towards probable increase in ECL due to COVID -19 impact as stated in Note no.53

12.1 Credit quality of Financial Loans

The company has a comprehensive framework for reviewing credit quality of its retail and other loans primarily based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse. The following table sets out information about credit quality of loans measured at amortised cost based on days past due information. The amount represents gross carrying amount.

(₹ in lakhs)

Particulars	As at														
	31-Mar-20					31-Mar-19					01-Apr-18				
	Collective			POCI	Total	Collective			POCI	Total	Collective			POCI	Total
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
Neither Past due nor impaired (0 days Past due)	**2075 99**	**-**	**-**	**-**	**2075 99**	2151 99	-	-	-	2151 99	1653 15	-	-	-	1653 15
Past due but not impaired															
Upto 30 days past due	**145 39**	**-**	**-**	**-**	**145 39**	139 81	-	-	-	139 81	123 17	-	-	-	123 17
31 to 90 days past due	**-**	**159 44**	**-**	**-**	**159 44**	-	153 90	-	-	153 90	-	107 44	-	-	107 44
Impaired (more than 90 days)	**-**	**-**	**175 15**	**-**	**175 15**	-	-	114 01	-	114 01	-	-	89 87	-	89 87
Total	**2221 38**	**159 44**	**175 15**	**-**	**2555 97**	2291 80	153 90	114 01	-	2559 71	1776 32	107 44	89 87	-	1973 63

12.2 An analysis of changes in the gross carrying amount as follows:

(₹ in lakhs)

Particulars	For the year ended									
	31-Mar-20					31-Mar-19				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross Carrying amount Opening Balance	**2291 80**	**153 90**	**114 01**	**-**	**2559 71**	1776 32	107 44	89 87	-	1973 63
New Assets Originated or Purchased	**1422 92**	**29 52**	**8 26**	**-**	**1460 70**	1691 44	40 62	7 17	-	1739 23
Assets derecognised on payment/recovery through disposal of repossessed asset	**(1341 12)**	**(92 68)**	**(30 64)**	**-**	**(1464 44)**	(1051 45)	(66 59)	(35 11)	-	(1153 15)
Transfers to Stage 1	**3 86**	**(3 78)**	**(8)**	**-**	**-**	2 85	(2 75)	(10)	-	-
Transfers to Stage 2	**(107 09)**	**107 40**	**(31)**	**-**	**-**	(98 33)	98 62	(29)	-	-
Transfers to Stage 3	**(48 99)**	**(34 92)**	**83 91**	**-**	**-**	(29 03)	(23 44)	52 47	-	-

(₹ in lakhs)

Particulars	For the year ended									
	31-Mar-20					31-Mar-19				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-	-	-
Gross Carrying amount Closing Balance	**2221 38**	**159 44**	**175 15**	**-**	**2555 97**	2291 80	153 90	114 01	-	2559 71

12.3 Reconciliation of ECL balance is given below:

(₹ in lakhs)

Particulars	For the Year Ended									
	31-Mar-20					31-Mar-19				
	General Approach					General Approach				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
ECL Allowance - Opening Balance	**20 38**	**16 12**	**46 92**	**-**	**83 42**	18 43	11 04	36 23	-	65 70
New Assets Originated or Purchased	**9 36**	**3 28**	**3 61**	**-**	**16 25**	14 99	4 22	2 95	-	22 16
Assets derecognised on payment/recovery through disposal of repossessed asset	**(11 70)**	**(9 13)**	**(11 51)**	**-**	**(32 34)**	(10 88)	(6 68)	(14 28)	-	(31 84)
Transfers to Stage 1	**42**	**(39)**	**(3)**	**-**	**-**	32	(28)	(4)	-	-
Transfers to Stage 2	**(97)**	**1 10**	**(13)**	**-**	**-**	(1 10)	1 22	(12)	-	-
Transfers to Stage 3	**(41)**	**(3 48)**	**3 89**	**-**	**-**	(33)	(2 35)	2 68	-	-
Impact on year end ECL of exposures transferred between stages during the year	**(39)**	**10 00**	**29 88**	**-**	**39 49**	(29)	8 91	18 94	-	27 56
Impact of changes in credit risk of assets	**16 90**	**25**	**4 31**	**-**	**21 46**	(76)	4	56	-	(16)
ECL allowance - Closing Balance (Refer Note 12.3.1)	**33 59**	**17 75**	**76 94**	**-**	**128 28**	20 38	16 12	46 92	-	83 42

12.3.1 Includes additional provision created for probable increase in ECL due to COVID-19 ₹ 18 00 lakhs as stated in Note No. 53

13. INVESTMENTS

(₹ in lakhs)

As at 31-Mar-20

Particulars	Amortized Cost	At Fair Value: Through Other Comprehensive Income	At Fair Value: Through Profit or Loss	At Fair Value: Designated at Fair Value Through Profit or Loss	Sub-total	Others	Total
i) Government Securities	**10 14**	**-**	**-**	**-**	**-**	**-**	**10 14**
ii) Debt Securities	**-**	**-**	**4 75**	**-**	**4 75**	**-**	**4 75**
iii) Equity Instruments	**-**	**1 08**	**-**	**-**	**1 08**	**-**	**1 08**
iv) Others (Alternate Investment Fund)	**-**	**-**	**46**	**-**	**46**	**-**	**46**
Total Gross (A)	**10 14**	**1 08**	**5 21**	**-**	**6 29**	**-**	**16 43**
i) Investments Outside India	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ii) Investment in India	**10 14**	**1 08**	**5 21**	**-**	**6 29**	**-**	**16 43**
Total Gross (B)	**10 14**	**1 08**	**5 21**	**-**	**6 29**	**-**	**16 43**
Less : Allowance for Impairment Loss (C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total - Net D=(A)-(C)	**10 14**	**1 08**	**5 21**	**-**	**6 29**	**-**	**16 43**

As at 31-Mar-19

Particulars	Amortized Cost	At Fair Value: Through Other Comprehensive Income	At Fair Value: Through Profit or Loss	At Fair Value: Designated at Fair Value through Profit or Loss	Sub-total	Others	Total
i) Government Securities	14 61	-	-	-	-	-	14 61
ii) Debt Securities	-	-	3 10	-	3 10	-	3 10
iii) Equity Instruments	-	1 09	-	-	1 09	-	1 09
iv) Others (Alternate Investment Fund)	-	-	80	-	80	-	80
Total Gross (A)	14 61	1 09	3 90	-	4 99	-	19 60
i) Investments Outside India	-	-	-	-	-	-	-
ii) Investment in India	14 61	1 09	3 90	-	4 99	-	19 60
Total Gross (B)	14 61	1 09	3 90	-	4 99	-	19 60
Less : Allowance for Impairment Loss (C)	-	-	-	-	-	-	-
Total - Net D=(A)-(C)	14 61	1 09	3 90	-	4 99	-	19 60

As at 01-Apr-18

Particulars	Amortized Cost	At Fair Value: Through Other Comprehensive Income	At Fair Value: Through Profit or Loss	At Fair Value: Designated at Fair Value through Profit or Loss	Sub-total	Others	Total
i) Government Securities	14 61	-	-	-	-	-	14 61
ii) Debt Securities	-	-	3 10	-	3 10	-	3 10
iii) Equity Instruments	-	51	-	-	51	-	51
iv) Others (Alternate Investment Fund)	-	-	-	-	-	-	-
Total Gross (A)	14 61	51	3 10	-	3 61	-	18 22
i) Investments Outside India	-	-	-	-	-	-	-
ii) Investment in India	14 61	51	3 10	-	3 61	-	18 22
Total Gross (B)	14 61	51	3 10	-	3 61	-	18 22
Less : Allowance for Impairment Loss (C)	-	-	-	-	-	-	-
Total - Net D=(A)-(C)	14 61	51	3 10	-	3 61	-	18 22

13.1 The Company received dividends of ₹ 4 lakhs (₹ Nil) from its FVOCI securities, recorded as dividend income.

14. OTHER FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Security Deposit (Refer Note 14.1)	**1 16**	1 13	1 10
Other Financial Asset (Refer Note 14.2)	**11 92**	6 64	3 08
Excess Interest Spread/Service asset receivable on assignment transaction (Net of ECL provision) (Refer Note 14.3 & 14.4)	**3 74**	9 53	19 70
Total	**16 82**	17 30	23 88

14.1 Includes security deposits with related parties ₹ 67 lakh (31st March, 2019 ₹ 69 lakhs, 1st April, 2018 ₹ 69 lakhs).

14.2 Includes receivables from related parties ₹ 1 47 lakh (31st March, 2019 ₹ 21 lakhs, 1st April, 2018 ₹ 4 lakhs).

14.3 An analysis of changes in the gross carrying amounts in respect of excess interest spread/service asset receivable on assignment transaction is as follows:

(₹ in lakhs)

Particulars	As at	
	31-Mar-20	31-Mar-19
Gross Carrying amount Opening Balance	**11 16**	20 83
Addition during the year	**8 39**	14 42
Deletion during the year	**13 95**	24 09
Gross Carrying amount Closing Balance	**5 60**	11 16

14.4 Reconciliation of ECL balance in respect of Excess Interest Spread / Service Asset receivable on assignment transaction is given below:

(₹ in lakhs)

Particulars	As at	
	31-Mar-20	31-Mar-19
ECL Allowance-Opening Balance	**1 63**	1 13
Addition during the year	**23**	50
Deletion during the year	**-**	-
ECL Allowance-Closing Balance	**1 86**	1 63

15. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Income Tax receivable (Net of provisions)	18 99	6 88	1 59
Total	**18 99**	6 88	1 59

16. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Furniture & Fixtures	Computer	Vehicles Car	Windmil	Office Equipment	Total
Deemed Cost						
As at 1st April, 2018	**1 10**	**75**	**18**	**4**	**18**	**2 25**
Additions	3	16	-	-	10	29
Disposals	1	-	-	-	-	1
Transferred to Intangible Asset	-	44	-	-	-	44
As at 31st March, 2019	**1 12**	**47**	**18**	**4**	**28**	**2 09**
Additions	8	36	2 54	-	12	3 10
Disposals	2	-	-	-	-	2
As at 31st March, 2020	**1 18**	**83**	**2 72**	**4**	**40**	**5 17**
Accumulated Depreciation and Impairment						
As at 1st April, 2018	-	-	-	-	-	-
Charge for the Year	29	18	5	-	8	60
Disposals	-	-	-	-	-	-
As at 31st March, 2019	**29**	**18**	**5**	**-**	**8**	**60**
Charge for the Year	23	23	84	-	9	1 39
Disposals	1	-	-	-	-	1
As at 31st March, 2020	**51**	**41**	**89**	**-**	**17**	**1 98**
Net Carrying Amount as at 1st April, 2018	**1 10**	**75**	**18**	**4**	**18**	**2 25**
Net Carrying Amount as at 31st March, 2019	**83**	**29**	**13**	**4**	**20**	**1 49**
Net Carrying Amount as at 31st March, 2020	**67**	**42**	**1 83**	**4**	**23**	**3 19**

17. INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lakhs)

Particulars	Intangible Assets under Development
Deemed Cost as at 1st April, 2018	**-**
Additions	22
As at 31st March, 2019	**22**
Additions	11
Disposals	-
Transferred to Other Intangible Assets	(33)
As at 31st March, 2020	**-**
Accumulated Amortisation and Impairment:	
As at 1st April, 2018	**-**
Charge for the year	-
As at 31st March, 2019	**-**
Charge for the year	-
Disposals	-
As at 31st March, 2020	**-**
Net carrying amount as at 1st April, 2018	**-**
Net carrying amount as at 31st March, 2019	**22**
Net carrying amount as at 31st March, 2020	**-**

18. OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Computer Software	Total
Deemed cost as at 1st April, 2018	**23**	**23**
Additions	44	44
As at 31st March, 2019	**67**	**67**
Additions	-	-
Disposals	-	-
Transferred from Intangible Assets under Development	33	33
As at 31st March, 2020	**1 00**	**1 00**
Accumulated Amortisation and Impairment:		
As at 1st April, 2018	**-**	**-**
Charge for the year	44	44
As at 31st March, 2019	44	44
Charge for the year	24	24
Disposals	-	-

(₹ in lakhs)

Particulars	Computer Software	Total
As at 31st March, 2020	**68**	**68**
Net Carrying amount as at 1st April, 2018	**23**	**23**
Net carrying amount as at 31st March, 2019	**23**	**23**
Net carrying amount as at 31st March, 2020	**32**	**32**

19. OTHER NON-FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Balance with Government Authorities	**20**	19	6
Stock of Stationery and Promotional item	**43**	52	20
Total	**63**	71	26

20. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 20.1)	**-**	-	-
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises (Refer Note 20.2)	**16 07**	21 83	15 59
Total	**16 07**	21 83	15 59

20.1 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.

20.2 Trade payable includes amounts payable to related parties amounting to ₹ 2 60 lakhs. (31st March, 2019 ₹ 2 85 lakhs, 1st April, 2018 ₹ 2 47 lakhs)

21. DEBT SECURITIES

(₹ in lakhs)

Particulars	As at											
	31-Mar-20				31-Mar-19				01-Apr-18			
	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Total	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Total	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Total
Commercial Papers - Unsecured	-	-	-	-	-	-	-	-	145 23	-	-	145 23
Total	-	-	-	-	-	-	-	-	145 23	-	-	145 23
Debt Securities in India	-	-	-	-	-	-	-	-	145 23	-	-	145 23
Debt Securities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	145 23	-	-	145 23

21.1 Commercial paper (CP) Unsecured

Privately Placed Redeemable Commercial Paper

Terms of Repayment as on 1st April, 2018

(₹ in lakhs)

Redeemable at Par/Premium (From the Date of the Balance Sheet)	Rate of Interest		Total
	8.90%	9.10%	
Upto 12 Months	98 20	47 03	145 23
Total	98 20	47 03	145 23

21.1.1 Outstanding as at 31st March, 2020: ₹ Nil, 31st March, 2019: ₹ Nil.

22. BORROWINGS (Other than Debt Securities)

(₹ in lakhs)

Particulars	As at											
	31-Mar-20				31-Mar-19				01-Apr-18			
	At Amortised cost	At Fair Value Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Total	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Total	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Total
Secured-Term Loans												
From Banks	**224 80**	**-**	**-**	**224 80**	201 47	-	-	201 47	48 48	-	-	48 48
From Financial Institutions/Corporates	**45 65**	**-**	**-**	**45 65**	76 83	-	-	76 83	-	-	-	-
From Securitisation	**728 66**	**-**	**-**	**728 66**	557 78	-	-	557 78	119 94	-	-	119 94
Secured-Demand Loans												
From Banks	**1232 15**	**-**	**-**	**1232 15**	1148 09	-	-	1148 09	1103 17	-	-	1103 17
Unsecured Loans from others												
From Directors	**10 17**	**-**	**-**	**10 17**	10 24	-	-	10 24	5 78	-	-	5 78
Total	**2241 43**	**-**	**-**	**2241 43**	1994 41	-	-	1994 41	1277 37	-	-	1277 37
Borrowings in India	**2241 43**	**-**	**-**	**2241 43**	1994 41	-	-	1994 41	1277 37	-	-	1277 37
Borrowings Outside India	**-**	**-**	**-**	**-**	-	-	-		-	-	-	-
Total	**2241 43**	**-**	**-**	**2241 43**	1994 41	-	-	1994 41	1277 37	-	-	1277 37

22.1 Secured Term Loan from Banks

i) Terms of Repayment as at 31st March, 2020

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
36-48 Months	8.90%	Monthly Frequency	6
24-36 Months	8.90%	Monthly Frequency	8 89
		Quarterly Frequency	17 63
12-24 Months	8.80% to 10.35%	Monthly Frequency	45 53
		Quarterly Frequency	43 88
Upto 12 Months	8.80% to 11.00%	Monthly Frequency	62 54
		Quarterly Frequency	46 27
Total			**224 80**

Nature of Security

The term loans from Banks are secured by charge on the entire loan receivables and current assets (both present and future). These loans are also backed by personal guarantee of the promoter Directors of the company, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

22.1.(i).1 Interest is payable on monthly basis as per the terms of sanction.

ii) Terms of Repayment as at 31st March, 2019

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
24-36 Months	11%	Monthly Frequency	32 90
12-24 Months	10% to 11%	Monthly Frequency	45 43
		Quarterly Frequency	20 33
Upto 12 Months	9.30% to 11%	Monthly Frequency	84 90
		Quarterly Frequency	17 91
Total			201 47

Nature of Security

The term loans from Banks are secured by charge on the entire loan receivables and current assets (both present and future). These loans are also backed by personal guarantee of the promoter Directors of the company, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

22.1.(ii).1 Interest is payable on monthly basis as per the terms of sanction.

iii) Terms of Repayment as at 1st April, 2018

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
12-24 Months	9.90% to 10.30%	Monthly Frequency	1 57
		Quarterly Frequency	6 23
Upto 12 Months	9.40% to 10.30%	Monthly Frequency	15 40
		Quarterly Frequency	25 28
Total			48 48

Nature of Security

The term loans from Banks are secured by charge on the entire loan receivables and current assets (both present and future). These loans are also backed by personal guarantee of the promoter Directors of the company, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

22.1.(iii).1 Interest is payable on monthly basis as per the terms of sanction.

22.2 Secured Term Loans from Financial Institutions/Corporates

i) Terms of Repayment as at 31st March, 2020

(₹ in lakhs)

Tenure (from the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
36-48 Months	10.85%	Quarterly Frequency	**2 08**
12-24 Months	10.85%	Quarterly Frequency	**8 31**
Upto 12 months	9.50% to 10.85%	Quarterly Frequency	**35 26**
Total			**45 65**

Nature of Security

The term loans from other Financial Institutions/Corporates are secured by charge on the entire loan receivables and current assets (both present and future) of the company. The term loans obtained from other Financial Institutions/Corporates amounting to ₹ 18 71 Lakhs have been personally guaranteed by the promoter Directors of the company, Mr.Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

22.2. (i).1 Interest is payable on monthly basis on loans aggregating to ₹ 18 71 lakhs and on quarterly basis on loans aggregating to ₹ 26 94 lakhs.

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ii) Terms of Repayment as at 31st March, 2019

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
12-24 Months	9.50% to 10.75%	Quarterly Frequency	26 74
Up to 12 Months	9.50% to 10.75%	Quarterly Frequency	50 09
Total			76 83

Nature of Security

The term loans from other Financial Institutions/Corporates are secured by charge on the entire loan receivables and current assets (both present and future) of the company.

22.2.(ii).1 Interest is payable on quarterly basis as per the terms of sanction.

22.3 Secured Term Loan from Securitisation transaction

i) Terms of Repayment as at 31st March, 2020

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
12-24 Months	9.11% to 13.00%	Monthly Frequency	**106 88**
Up to 12 Months	9.11% to 13.00%	Monthly Frequency	**621 78**
Total			**728 66**

Nature of Security

Secured by assignment of underlying receivables relating to the securitisation transaction and credit enhancement offered by the company by way of collateral fixed deposit (Refer Note 10), company's MRR (Minimum Retention Requirement) of ₹ 181 51 lakhs and interest spread accruing to the company under securitisation arrangement.

22.3.(i).1 Interest is payable on monthly basis as per the terms of agreement.

ii) Terms of Repayment as at 31st March, 2019

(₹ in lakhs)

Tenure From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
12-24 Months	8.95% to 13.00%	Monthly Frequency	109 60
Up to 12 Months	8.95% to 13.00%	Monthly Frequency	448 18
Total			557 78

Nature of Security

Secured by assignment of underlying receivables relating to the securitisation transaction and credit enhancement offered by the company by way of collateral fixed deposit (Refer Note 10), company's MRR (Minimum Retention Requirement) of ₹ 79 93 lakhs and interest spread accruing to the company under securitisation arrangement.

22.3.(ii).1 Interest is payable on monthly basis as per the terms of agreement.

iii) Terms of Repayment as at 1st April, 2018

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
12-24 Months	9.11% to 15.00%	Monthly Frequency	3
Up to 12 Months	9.11% to 15.00%	Monthly Frequency	119 91
Total			119 94

Nature of Security

Secured by assignment of underlying receivables relating to the securitisation transaction and credit enhancement offered by the company by way of collateral fixed deposit (Refer Note 10), company's MRR (Minimum Retention Requirement) of ₹31 89 lakhs and interest spread accruing to the company under securitization arrangement.

22.3.(iii).1 Interest is payable on monthly basis as per the terms of agreement.

22.4 Secured Demand Loan from Banks

i) Terms of Repayment as at 31st March, 2020

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 Months	8.85% to 11.30%	Maturity basis	**1232 15**
Total			**1232 15**

Nature of Security

The Demand loans from Banks are secured by charge on the entire loan receivables and current assets (both present and future). These loans are also backed by personal guarantee of the promoter Directors of the company, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

22.4.(i).1 Interest is payable on monthly basis as per the terms of sanction.

ii) Terms of Repayment as at 31st March, 2019

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 Months	8.4% to 11.2%	Maturity basis	1148 09
Total			1148 09

Nature of Security

The Demand loans from Banks are secured by charge on the entire loan receivables and current assets (both present and future). These loans are also backed by personal guarantee of the promoter Directors of the company, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

22.4.(ii).1 Interest is payable on monthly basis as per the terms of sanction.

iii) Terms of Repayment as at 1st April, 2018

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 Months	8.50% to 11.35%	Maturity basis	1103 17
Total			1103 17

Nature of Security

The Demand loans from Banks are secured by charge on the entire loan receivables and current assets (both present and future). These loans are also backed by personal guarantee of the promoter Directors of the company, Mr. Thomas John Muthoot, Mr. Thomas George Muthoot and Mr. Thomas Muthoot.

22.4.(iii).1 Interest is payable on monthly basis as per the terms of sanction.

22.5 Unsecured Loan from Others-from Directors

i) Terms of Repayment as at 31st March, 2020

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 Months	12%	Maturity basis	**7 55**
	Nil	Maturity basis	**2 62**
Total			**10 17**

22.5.(i).1 Interest is payable on monthly basis as applicable as per the terms of agreement.

ii) Terms of Repayment as at 31st March, 2019

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 Months	12%	Maturity basis	7 55
	Nil	Maturity basis	2 69
Total			10 24

22.5.(ii).1 Interest is payable on monthly basis as applicable as per the terms of agreement.

iii) Terms of Repayment as at 1st April, 2018

(₹ in lakhs)

Tenure (From the Date of the Balance Sheet)	Rate of Interest	Repayment Details	Amortised Cost
Upto 12 Months	12%	Maturity basis	3 05
	Nil	Maturity basis	2 73
Total			5 78

22.5.(iii).1 Interest is payable on monthly basis as applicable as per the terms of agreement.

23. DEPOSITS

(₹ in lakhs)

Particulars	As at											
	31-Mar-20				31-Mar-19				01-Apr-18			
	At Amortised Cost	At Fair Value through Profit or Loss	Designated at Fair Value through Profit or Loss	Total	At Amortised Cost	At Fair Value through Profit or Loss	Designated at Fair Value through Profit or Loss	Total	At Amortised cost	At Fair Value through Profit or Loss	Designated at Fair Value through Profit or Loss	Total
Deposits												
i. Public Deposits (Refer Note 23.1 & 23.2)	**45 52**	**-**	**-**	**45 52**	66 07	-	-	66 07	88 00	-	-	88 00
ii. From Others	**1 76**	**-**	**-**	**1 76**	1 63	-	-	1 63	1 50	-	-	1 50
Total	**47 28**	**-**	**-**	**47 28**	67 70	-	-	67 70	89 50	-	-	89 50

23.1 Public Deposit includes ₹ 1 07 lakhs (31st March, 2019 ₹ 1 00 lakhs and 1st April, 2018 ₹ Nil) issued to related parties.

23.2 Refer Note 73.1.2 relating to Unclaimed Public deposit.

23.3 Refer Note No. 54 regarding security particulars on public deposit.

23.1 Deposits from Public - Unsecured

i) Terms of Repayment as at 31st March, 2020

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest		Total
	< = 9%	> 9% < 12.5%	
48-60 Months	**1**	**-**	**1**
36-48 Months	**14**	**-**	**14**
24-36 Months	**1 85**	**-**	**1 85**
12-24 Months (Refer Note 23.1.(i).1)	**6 06**	**-**	**6 06**
Upto 12 Months (includes deposits matured unpaid and deposit pending renewals)	**29 78**	**7 68**	**37 46**
Total	**37 84**	**7 68**	**45 52**

23.1.(i).1 Public Deposit includes ₹1 07 lakhs issued to related parties.

23.1.(i).2 Interest is payable on monthly/annual/maturity basis as per the term under respective schemes.

ii) Terms of Repayment as at 31st March, 2019

(₹ in lakhs)

Redeemable at par (From the Date of the Balance Sheet)	Rate of Interest		Total
	< = 9%	> 9% < 12.5%	
48-60 Months	13	-	13
36-48 Months	1	-	1
24-36 Months (Refer Note 23.1.(ii).1)	3 31	-	3 31
12-24 Months	7 93	7 01	14 94
Upto 12 Months (includes deposits matured unpaid and deposit pending renewals)	40 96	6 72	47 68
Total	52 34	13 73	66 07

23.1.(ii).1 Public Deposit includes ₹1 00 lakhs issued to related parties.

23.1.(ii).2 Interest is payable on monthly/annual/maturity basis as per the term under respective schemes.

iii) Terms of Repayment as at 1st April, 2018

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest		Total
	< = 9%	> 9% < 12.5%	
48-60 Months	-	-	-
36-48 Months	11	-	11
24-36 Months	4 83	7 16	11 99
12-24 Months	14 56	5 81	20 37
Upto 12 Months (includes deposits matured unpaid and deposit pending renewals)	38 39	17 14	55 53
Total	57 89	30 11	88 00

23.1.(iii).1 Interest is payable on monthly/annual/maturity basis as per the term under respective schemes.

23.2 Deposits from Others - Unsecured

i) Terms of Repayment as at 31st March, 2020

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest	Total
	< = 9%	
Upto 12 Months	**1 76**	**1 76**
Total	**1 76**	**1 76**

23.2.(i).1 Interest is payable on maturity basis as per the terms of agreement.

ii) Terms of Repayment as at 31st March, 2019

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest	Total
	< = 9%	
Upto 12 Months	1 63	1 63
Total	1 63	1 63

23.2.(ii).1 Interest is payable on maturity basis as per the terms of agreement.

iii) Terms of repayment as at 1st April, 2018

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest	Total
	< = 9%	
Upto 12 Months	1 50	1 50
Total	1 50	1 50

23.2.(iii).1 Interest is payable on maturity basis as per the terms of agreement.

24. SUBORDINATED LIABILITIES

(₹ in lakhs)

Particulars	As at											
	31-Mar-20				31-Mar-19				01-Apr-18			
	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at Fair value through Profit or loss	Total	At Amortised cost	At Fair Value Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Total	At Amortised Cost	At Fair Value Through Profit or Loss	Designated at Fair Value Through Profit or Loss	Total
Subordinated Debts – Retail	**36 02**	-	-	**36 02**	33 79	-	-	33 79	35 06	-	-	35 06
Subordinated Debts – Term Loans	**30 00**	-	-	**30 00**	30 00	-	-	30 00	30 00	-	-	30 00
Total	**66 02**	-	-	**66 02**	63 79	-	-	63 79	65 06	-	-	65 06
Subordinated Debts in India	**66 02**	-	-	**66 02**	63 79	-	-	63 79	65 06	-	-	65 06
Subordinated Debts Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**66 02**	-	-	**66 02**	63 79	-	-	63 79	65 06	-	-	65 06

24.1 Subordinated Liability - Subordinated Debts Retail
Privately Placed Subordinated Debts of ₹ 1 000/- each

i) Terms of Repayment as at 31st March, 2020

(₹ in lakhs)

Redeemable at par (From the Date of the Balance Sheet)	Rate of interest			Total
	< = 9%	> 9% < = 12%	> 12% < 15%	
Over 60 Months	-	42	-	42
48-60 Months	11	6 22	-	6 33
36-48 Months	34	2 08	-	2 42
24-36 Months	-	7 05	-	7 05
12-24 Months (Refer Note 24.1.(i).1)	-	17 25	-	17 25
Upto 12 Months	-	20	2 35	2 55
Total	45	33 22	2 35	36 02

24.1.(i).1 Includes 3 01 lakhs issued to related parties.

24.1.(i).2 Interest is payable on monthly/annual/maturity basis as per the terms under respective schemes.

ii) Terms of Repayment at on 31st March, 2019

(₹ in lakhs)

Redeemable at par (From the Date of the Balance Sheet)	Rate of Interest			Total
	< = 9%	> 9% < = 12%	> 12% < 15%	
Over 60 Months	3	6 01	-	6 04
48-60 Months	34	1 90	-	2 24
36-48 Months	-	6 85	-	6 85
24-36 Months (Refer Note 24.1.(ii).1)	-	16 33	-	16 33
12-24 Months	-	6	2 05	2 11
Upto 12 Months	-	16	6	22
Total	37	31 31	2 11	33 79

24.1.(ii).1 Includes ₹ 3 01 lakhs issued to related parties.

24.1.(ii).2 Interest is payable on monthly/annual/maturity basis as per the terms under respective schemes.

iii) Terms of Repayment as at 1st April, 2018

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of interest			Total
	< 9%	> 9% < = 12%	> 12% < 15%	
Over 60 Months	-	6 86	-	6 86
48-60 Months	-	6 66	-	6 66
36-48 Months (Refer Note 24.1.(iii).1)	-	15 51	-	15 51
24-36 Months	-	6	1 83	1 89

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of interest			Total
	< 9%	> 9% < = 12%	> 12% < 15%	
12-24 Months	-	-	-	-
Upto 12 Months	-	16	3 98	4 14
Total	-	29 25	5 81	35 06

24.1.(iii).1 Includes ₹ 3 01 lakhs issued to related parties.

24.1.(iii).2 Interest is payable on monthly/annual/maturity basis as per the terms under respective schemes.

24.2 Subordinated Liabilities- Subordinated Debts - Term Loan Privately Placed Subordinated Debts

i) Terms of Repayment as at 31st March, 2020

(₹ in lakhs)

Redeemable at Par (from the Date of the Balance Sheet)	Rate of Interest		Total
	> 9% < =12%	> 12% < 15%	
24-36 Months	**15 00**	**-**	**15 00**
12-24 Months	**-**	**15 00**	**15 00**
Total	**15 00**	**15 00**	**30 00**

24.2.(i).1 Interest is payable on monthly/annual basis as per the terms of agreement.

ii) Terms of Repayment as at 31st March, 2019

(₹ in lakhs)

Redeemable at Par (From the Date of the Balance Sheet)	Rate of Interest		Total
	> 9% < =12%	> 12% < 15%	
36-48 Months	15 00	-	15 00
24-36 Months	-	15 00	15 00
Total	15 00	15 00	30 00

24.2.(ii).1 Interest is payable on monthly/annual basis as per the terms of agreement.

iii) Terms of Repayment as at 1st April, 2018

(₹ in lakhs)

Redeemable at par (From the Date of the Balance Sheet)	Rate of Interest		Total
	> 9% < =12%	> 12% < 15%	
48-60 Months	15 00	-	15 00
36-48 Months	-	15 00	15 00
Total	15 00	15 00	30 00

24.2.(iii).1 Interest is payable on monthly/annual basis as per the terms of agreement.

25. OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Unpaid Dividend	**27**	36	37
Direct Assignment Portfolio Collection Payable	**7 46**	22 75	23 86
Others (Refer Note 25.1)	**59**	23	19
Collection Agency Security Deposit	**2 84**	2 28	1 36
Installment Received In Advance from Hypothecation Loan Customers	**8 58**	11 00	9 93
Total	**19 74**	36 62	35 71

25.1 Includes debentures which are matured and unpaid ₹ 4 lakhs (31st March 2019 ₹ 6 lakhs, 1st April 2018 ₹ 18 lakhs).

26. CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
For Taxation	-	-	3 04
Total	**-**	**-**	3 04

27. PROVISIONS

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
For Employee Benefits			
For Bonus	**1 56**	1 40	1 25
For Gratuity (Refer Note 41)	**67**	34	39
For Accumulated Compensated Absences (Refer Note 41)	**1 03**	77	-
For Others			
For Disputed dues (Refer Note 27.1)	**8 66**	-	-
For Service Obligation (Direct Assignment)	**53**	1 52	2 50
For Others	**24**	55	86
Total	**12 69**	4 58	5 00

27.1 Pursuant to their inspection for the year ended 31st March 2019, Reserve Bank of India (RBI) had directed the company to refund the amounts additionally collected from borrowers as processing fee, under a scheme which provides for arranging life coverage for such borrowers through an umbrella insurance policy held in the Company's name, to the extent the said

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amounts were in excess of the actual premiums paid by the Company. The Company has filed a representation before the Central office of RBI, providing justification for collection of these charges and seeking withdrawal of the directive. While the Company is expecting a favorable outcome in the matter, as a matter of abundant caution, the Company has created an estimated provision of ₹ 8 66 lakhs towards the same, to the extent recognized as income in the accounts.

28. OTHER NON-FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Statutory Dues Payable	**2 49**	3 81	3 11
Others	**14**	4	12
Total	**2 63**	3 85	3 23

29. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Authorised Share Capital			
2,50,00,000 (31st March, 2019 and 1st April, 2018: 2,50,00,000) Equity shares of ₹ 10/- each	**25 00**	25 00	25 00
Issued Share Capital			
1,64,47,533 (31st March, 2019 and 1st April, 2018: 1,64,47,533) Equity Shares of ₹ 10/- each	**16 45**	16 45	16 45
Subscribed Share Capital			
1,64,47,533 (31st March, 2019 and 1st April, 2018:1,64,47,533) Equity shares of ₹ 10/- each	**16 45**	16 45	16 45
Paid Up (Fully Paid Up)			
1,64,47,533 (31st March, 2019 and 1st April, 2018: 1,64,47,533) Equity Shares of ₹ 10/- each	**16 45**	16 45	16 45
Total Equity	**16 45**	16 45	16 45

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

Particulars	Number of Shares	₹ in Lakhs
As at 1st April, 2018	1,64,47,533	16 45
Issued During the Year	-	-
As at 31st March, 2019	1,64,47,533	16 45
Issued During the Year	-	-
As at 31st March, 2020	1,64,47,533	16 45

29.2 Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares 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.

29.3 Details of Shareholders holding more than 5% equity shares in the Company

Details of Shareholding	As at					
	31-Mar-20		31-Mar-19		01-Apr-18	
	No. of Shares		No. of Shares		No. of Shares	
Name of Shareholder	in'000	% Holding in the Class	in'000	% Holding in the Class	in'000	% Holding in the Class
Equity Shares						
Thomas John Muthoot	**31 53**	**19.17**	31 34	19.06	31 36	19.07
Thomas George Muthoot	**31 33**	**19.05**	31 31	19.04	31 31	19.04
Thomas Muthoot	**30 77**	**18.71**	30 77	18.71	30 77	18.71
DSP Small Cap Fund	**10 18**	**6.19**	-	-	-	-

29.3.1 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 ownership of shares.

29.4 Refer note 46-Capital for the company's objectives, policies and processes for managing capital.

29.5 For the period of five years immediately preceding the date at which Balance Sheet is prepared

i) Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash-Nil

ii) Aggregate Number and class of shares allotted as fully paid up by way of bonus shares: 12 47 258 equity shares of ₹ 10 each (on 14th June, 2017) and

iii) Aggregate Number and class of shares bought back- Nil.

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30. OTHER EQUITY

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Statutory Reserve (Pursuant to Section 45-IC of the RBI Act, 1934)			
Opening Balance	**61 66**	45 16	-
Add: Transfer from Retained Earnings	**12 10**	16 50	-
Closing Balance	**73 76**	61 66	45 16
Securities Premium	**201 35**	201 35	201 35
General Reserve			
Opening Balance	**11 85**	11 85	-
Add: Additions	**-**	-	-
Less: Deletions	**-**	-	-
Closing balance	**11 85**	11 85	11 85
Other Comprehensive Income			
Opening	**16**	-	-
Add: Transfer from Retained Earnings	**(40)**	24	-
Income Tax on OCI	**10**	(8)	-
Closing balance	**(14)**	16	-
Retained Earnings			
Opening Balance	**155 73**	86 13	-
Add: Profit for the current year	**60 48**	86 10	-
Add/Less: Appropriations			
Transfer to Statutory Reserve As Per Section 45-IC of The RBI Act, 1934	**(12 10)**	(16 50)	-
Total Appropriations	**(12 10)**	(16 50)	-
Retained Earnings	**204 11**	155 73	86 13
Total	**490 93**	430 75	344 49

30.1 Nature and purpose of Reserves

i) **Statutory reserve:** Every year the Company transfers a of sum of not less than twenty per cent of net profit of that year as disclosed in the Statement of Profit and Loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum of not less than twenty per cent of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal, provided

that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty one days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1) the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order, provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

ii) Securities Premium: The amount received in excess of face value of the equity shares on share issue is recognized in Securities Premium Reserve. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

iii) General Reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

iv) Retained Earnings: Retained earnings or accumulated surplus represent total of all the profits retained since company's inception. Retained earnings are credited with current year profits, reduced by losses if any, dividend pay-outs, transfers to General Reserve or any such other appropriation to specific reserves.

31. INTEREST INCOME

(₹ in lakhs)

Particulars	For the Year Ended							
	31-Mar-20				31-Mar-19			
	On Financial Assets Measured at Fair Value through OCI	On Financial Assets Measured at Amortised Cost	On Financial Assets Classified at Fair Value through Profit or Loss	Total	On Financial Assets Measured at Fair Value through OCI	On Financial Assets Measured at Amortised Cost	On Financial Assets Classified at Fair Value through Profit or Loss	Total
Interest on loans	-	**566 85**	-	**566 85**	-	495 33	-	495 33
Interest income from Investments	-	**3 40**	-	**3 40**	-	3 75	-	3 75
Interest on Deposits with Banks	-	**5 33**	-	**5 33**	-	1 54	-	1 54
Other interest Income	-	**3 90**	-	**3 90**	-	5 50	-	5 50
Total	-	**579 48**	-	**579 48**	-	506 12	-	506 12

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32. NET GAIN ON FAIR VALUE CHANGES

(₹in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
(A) Net Gain on Financial Instruments at Fair Value through Profit or Loss		
(i) On Trading Portfolio		
- Investments	-	-
- Derivatives	-	-
- Others	-	-
(ii) On Financial Instruments designated at Fair Value through Profit or Loss	48	87
Total Net Gain on Fair Value Changes	48	87
Fair Value changes:		
- Realised	-	13
- Unrealised	48	74
Total	48	87

33. OTHER INCOME

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
Income from Windmill Operations	7	7
Profit on Sale of Fixed Assets	2	-
Miscellaneous Income	23	6
Total	32	13

34. FINANCE COSTS

(₹ in lakhs)

Particulars	For the Year Ended					
	31-Mar-20			31-Mar-19		
	On Financial Liabilities measured at Fair Value through OCI	On Financial Liabilities measured at Amortised Cost	Total	On Financial Liabilities measured at Fair Value through OCI	On Financial Liabilities measured at Amortised Cost	Total
Interest on Deposits	-	4 87	4 87	-	6 38	6 38
Interest on Borrowings (other than Debt Securities)						
- Loans from Banks	-	144 26	144 26	-	130 40	130 40
- Loans from Institutions and Others	-	7 66	7 66	-	5 34	5 34
- From Securitisation transaction	-	58 90	58 90	-	23 21	23 21
Interest on Subordinated Liabilities	-	7 44	7 44	-	7 52	7 52
Other Interest Expense	-	4 61	4 61	-	6 32	6 32
Total	-	227 74	227 74	-	179 17	179 17

35. IMPAIRMENT OF FINANCIAL INSTRUMENTS

(₹ in lakhs)

Particulars	For the Year Ended					
	31-Mar-20			31-Mar-19		
	On Financial Instruments Measured at Fair Value Through OCI	On Financial Instruments Measured at Amortised Cost	Total	On Financial Instruments Measured at Fair Value through OCI	On Financial Instruments Measured at Amortised Cost	Total
Loans	-	70 60	70 60	-	46 13	46 13
Others	-	9	9	-	20	20
Total	-	70 69	70 69	-	46 33	46 33

36. EMPLOYEE BENEFITS EXPENSES

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
Salaries and Wages	59 88	51 11
Contribution to Provident and other Funds	4 65	4 65
Staff Welfare Expenses	63	70
Outsourced Manpower	12 62	9 94
Incentive to Employees	8 46	8 40
Leave Encashment	41	92
Bonus	1 13	1 35
Gratuity Expenses	66	75
Total	**88 44**	77 82

37. DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
Depreciation of Tangible Assets	1 39	60
Amortisation of Intangible Assets	24	44
Total	**1 63**	1 04

38. OTHER EXPENSES

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
Rent, Taxes and Energy Costs	4 36	4 60
Repairs and Maintenance	48	53
Communication Expenses	3 02	2 28
Printing and Stationery	67	1 09
Advertisement and Publicity	2 69	6 04
Director's Fees, Allowances and Expenses	5	4
Auditor's Fees and Expenses (Refer Note 38.1)	24	18
Legal and Professional Charges	1 65	1 66
Insurance	10	5

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
Other Expenses		
Hypothecation Loan Collection Charges	**75 75**	58 79
Provision for disputed dues (Refer Note No.27)	**8 66**	-
Travelling Expenses	**1 76**	1 38
Expenditure against Corporate Social Responsibility Activities (Refer Note 38.2)	**1 41**	1 31
Miscellaneous Expense	**4 00**	3 40
Total	**104 84**	81 35

38.1 Auditor's Fees and Expenses

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
Audit Fees (Including for Limited Review)	**18**	14
Taxation Matters	**2**	2
Reimbursement of Expense	**1**	-
Other Services	**3**	2
Total	**24**	18

38.1.1 Includes GST

38.2 Expenditure Against Corporate Social Responsibility Activities

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
a) Gross Amount required to be spent by the Company during the year	**2 09**	1 69
b) Amount spent during the year on:		
-On Purposes, other than Construction/Acquisition of any Asset	**-**	-
Paid in Cash	**1 41**	1 31
Yet to be Paid in Cash	**-**	-

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39. INCOME TAX

The components of income tax expense for the year ended 31st March, 2020 and 31st March, 2019 are :

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
Current Tax	**27 53**	50 28
Adjustment in respect of Current Income Tax of Prior Years	**-**	-
Deferred Tax Relating to Origination and Reversal of Temporary Differences	**5 46**	(3 49)
Income Tax Expense Reported in the Statement Of Profit and Loss	**32 99**	46 79
Income Tax Expense Recognized in Other Comprehensive Income	**10**	(8)

39.1 Reconciliation of the Total Tax Charge:

The tax charge shown in the Statement of Profit and Loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2020 and 31st March, 2019 is, as follows:

(₹ in lakhs)

Particulars	For the Year Ended	
	31-Mar-20	31-Mar-19
Accounting Profit Before Tax	**93 47**	132 89
At India's Statutory Income Tax Rate of 25.168% (2019: 34.944%)	**23 52**	46 44
Non-Deductible Expenses		
Corporate Social Responsibility Expenditure not allowable for tax purpose	**36**	46
Others	**2**	-
Tax Impact due to revaluation of deferred tax due to change in income tax rate	**9 09**	(11)
Income Tax Expense Reported in the Statement of Profit and Loss	**32 99**	46 79

39.1.1 The effective income tax rate for Financial year 2019-2020 is 35.29% (35.21%)

39.1.2 In accordance with Taxation Laws (Amendment) Ordinance 2019 promulgated on 20th September, 2019, the Company has opted to pay tax at lower rate prescribed therein with effect from the current financial year. Consequently, tax expense for the year ended 31st March, 2020 comprising of Current tax and Deferred tax as per Indian Accounting standards (Ind AS 12 - Income Tax) have been recognised using the reduced tax rate applicable.

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39.2 Deferred Tax

The following table shows Deferred Tax recorded in the Balance Sheet and changes recorded in the Income tax expense:

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-April-18
On timing differences in respect of -			
a) Depreciation on Property, Plant and Equipment/ Intangible assets	**50**	55	45
b) Unamortised processing fees/ transaction costs of Financial Assets	**10 97**	16 95	15 94
c) Unamortised processing fees/ transaction costs of Financial Liability	**(2 41)**	(2 15)	(62)
d) Expected Credit Loss provisions	**26 77**	23 92	20 06
e) Net Income from Securitisation Transactions	**(11 14)**	(6 00)	(3 25)
f) Net Income from Assignment Transactions	**(65)**	(1 58)	(3 87)
g) Others	**3 07**	76	33
Total	**27 11**	32 45	29 04

39.3 Reconciliation of Deferred Tax Assets/(Liabilities)

(₹ in lakhs)

Particulars	As at	
	31-Mar-20	31-Mar-19
Opening Balance as of 1st April	**32 45**	29 04
Tax Income/(Expense) during the Period Recognised in Profit or Loss	**(5 46)**	3 49
Tax Income/(Expense)during the Period Recognised in OCI	**12**	(8)
Closing Balance	**27 11**	32 45

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40. EARNINGS PER SHARE (EPS)

Particulars	As at	
	31-Mar-20	31-Mar-19
Net Profit After Tax as Per Statement of Profit and Loss (₹ in Lakhs) (A)	**60 48**	86 10
Weighted Average Number of Equity Shares for Calculating Basic EPS (in Lakhs) (B)	**1 64**	1 64
Weighted Average Number of Equity Shares for Calculating Diluted EPS ((in Lakhs) (C)	**1 64**	1 64
Basic Earnings per Equity share (in Rupees) (Face Value of ₹ 10/- per Share) (A)/(B)	**36.77**	52.35
Diluted Earnings per Equity Share (in Rupees) (Face Value of ₹ 10/- per Share) (A)/C)	**36.77**	52.35

41. RETIREMENT BENEFIT PLAN

41.1 Defined Benefit Plan- Gratuity

The Company has a Defined Benefit Gratuity Plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. 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.

The following tables summarises the components of net benefit expense recognized in the Statement of Profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

A. Net Liability/(Assets) recognised in the Balance Sheet

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
Present Value of Obligations	**4 30**	3 41	2 82
Fair Value of Plan Assets	**(3 63)**	(3 07)	(2 43)
Defined Benefit Obligation/(Asset)	**67**	34	39

B. Net Benefit Expense recognised in Statement of Profit and Loss

(₹ in lakhs)

Particulars	For the year Ended	
	31-Mar-20	31-Mar-19
Current Service Cost	**64**	72
Past Service Cost	**-**	-
Net Interest Cost	**2**	3
Net Benefit Expense	**66**	75

C. Details of changes in Present Value of Defined Benefit Obligations as follows:

(₹ in lakhs)

Particulars	For the year Ended	
	31-Mar-20	31-Mar-19
Opening Defined Benefit Obligations	**3 41**	2 82
Service cost	**64**	72
Interest Cost	**26**	21
Benefit Paid	**(34)**	(30)
Actuarial (Gain)/Loss on total liabilities:		
- Due Change in Financial Assumptions	**13**	9
- Due to Change in Demographic Assumptions	**(7)**	-
- Due to Experience Variance	**27**	(13)
Closing Defined Benefit Obligation	**4 30**	3 41

D. Details of changes In Fair Value of Plan Assets are as follows:

(₹ in lakhs)

Particulars	As at	
	31-Mar-20	31-Mar-19
Opening Fair Value of Plan Assets	**3 07**	2 43
Actual Return on Plan Assets	**18**	14
Employer Contribution	**72**	80
Benefit Paid	**(34)**	(30)
Closing Fair Value of Plan Assets	**3 63**	3 07

E. Gain/(Loss) in Other Comprehensive Income (OCI)

(₹ in lakhs)

Particulars	For the year Ended	
	31-Mar-20	31-Mar-19
Opening Amount Recognized in OCI Outside P&L Account	**-**	-
Actuarial Gain/(Loss) on Liabilities	**(33)**	4
Actuarial Gain/(Loss) on Assets	**(6)**	(4)
Closing Amount Recognized in OCI Outside P&L Account	**(39)**	-

F. The principal assumptions used in determining gratuity obligations for the company's defined benefit plan are shown below:

Particulars	For the year Ended	
	31-Mar-20	31-Mar-19
Discount Rate	**6.90% p.a**	7.70% p.a
Rate of increase In Compensation Levels	**5.00% p.a**	5.00% p.a
Rate of Return on Plan Assets	**7.70% p.a**	7.54% p.a
Average future service (in Years)	**26.63 Years**	27.32 Years

G. Investments quoted In active markets:

Particulars	As at	
	31-Mar-20	31-Mar-19
Fund Managed by Insurer	**100%**	100%
Total	**100%**	100%

H. Quantitative Sensitivity Analysis for significant assumptions are as shown below:

(₹ in lakhs)

Items	31-Mar-20	Impact (Absolute)	Impact %
Base Liability	**4 30**	-	-
Increase Discount Rate by 0.50%	**4 21**	(9)	(2.22%)
Decrease Discount Rate by 0.50%	**4 40**	10	2.34%
Increase Salary Inflation by 1.00%	**4 51**	21	4.85%
Decrease Salary Inflation by 1.00%	**4 11**	(19)	(4.45%)
Increase Withdrawal Rate by 1.00%	**4 31**	1	0.20%
Decrease Withdrawal Rate by 1.00%	**4 29**	(1)	(0.24%)

41.2 Defined Benefit Plan- Accumulated Compensated Absences

(₹ in lakhs)

Particulars	For the year Ended	
	31-Mar-20	31-Mar-19
Maturity Profile		
Present Value of Obligation	**1 03**	77
Expense Recognised In the Statement of Profit and Loss	**41**	92
Discount Rate (p.a.)	**6.90%**	7.70%
Salary Escalation Rate (p.a.)	**5.00%**	5.00%

42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

(₹ in lakhs)

Particulars	As at 31-Mar-20			As at 31-Mar-19			As at 01-Apr-18		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets									
Financial Assets									
Cash and Cash Equivalents	**286 12**	**-**	**286 12**	31 47	-	31 47	2 82	-	2 82
Bank Balance other than Cash and Cash Equivalents	**64 91**	**47 84**	**112 75**	7 28	46 06	53 34	12 44	2 01	14 45
Derivative Financial Instruments	**3 19**	**-**	**3 19**	-	-	-	-	-	-
Receivables									
(I) Trade Receivables	**-**	**-**	**-**	-	-	-	-	-	-
(II) Other Receivables	**-**	**-**	**-**	-	-	-	-	-	-
Loans	**1570 78**	**1028 78**	**2599 56**	1510 91	1097 31	2608 22	1110 29	908 95	2019 24
Adjustments on account of EIR/ECL	**-**	**-**	**(171 87)**	-	-	(131 93)	-	-	(111 31)
Investments	**5 05**	**11 38**	**16 43**	8 71	10 89	19 60	36	17 86	18 22
Other Fnancial Assets	**15 82**	**1 00**	**16 82**	15 88	1 42	17 30	20 88	3 00	23 88
Non-Financial Assets									
Current Tax Asset (Net)	**12 11**	**6 88**	**18 99**	-	6 88	6 88	-	1 59	1 59
Deferred Tax Assets (Net)	**-**	**27 11**	**27 11**	-	32 45	32 45	-	29 04	29 04
Property, Plant and Equipment	**-**	**3 19**	**3 19**	-	1 49	1 49	-	2 25	2 25
Other Intangible Assets	**-**	**32**	**32**	22	23	45	-	23	23
Other Non-Financial Assets	**47**	**16**	**63**	55	16	71	26	-	26
Total Assets	**1958 45**	**1126 66**	**2913 24**	1575 02	1196 89	2639 98	1147 05	964 93	2000 67
Liabilities									
Financial Liabilities									
Derivative Financial Instruments									
Payables									
(I) Trade Payables									
(i) Total Outstanding dues of Micro Enterprises and Small Enterprises	**-**	**-**	**-**	-	-	-	-	-	-
(ii) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	**16 07**	**-**	**16 07**	21 83	-	21 83	15 59	-	15 59

(₹ in lakhs)

Particulars	As at 31-Mar-20			As at 31-Mar-19			As at 01-Apr-18		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
(II) Other Payables									
(i) Total Outstanding dues of Micro Enterprises and Small Enterprises	**-**	**-**	**-**	-	-	-	-	-	-
(ii) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	**-**	**-**	**-**	-	-	-	-	-	-
Debt Securities	**-**	**-**	**-**	-	-	-	145 23	-	145 23
Borrowings (other than Debt Securities)	**2015 24**	**235 78**	**2251 02**	1763 88	236 70	2000 58	1271 26	7 88	1279 14
Adjustment on account of EIR	**-**	**-**	**(9 59)**	-	-	(6 17)	-	-	(1 77)
Deposits	**39 22**	**8 06**	**47 28**	49 31	18 39	67 70	57 03	32 47	89 50
Subordinated Liabilities	**2 56**	**63 46**	**66 02**	23	63 56	63 79	4 15	60 91	65 06
Other Financial Liabilities	**18 18**	**1 56**	**19 74**	34 86	1 76	36 62	34 57	1 14	35 71
Non-Financial Liabilities									
Current tax Liabilities (Net)	**-**	**-**	**-**	-	-	-	3 04	-	3 04
Provisions	**11 96**	**73**	**12 69**	3 86	72	4 58	5 00	-	5 00
Other Non-Financial Liabilities	**2 63**	**-**	**2 63**	3 85	-	3 85	3 23	-	3 23
Total Liabilities	**2105 86**	**309 59**	**2405 86**	1877 82	321 13	2192 78	1539 10	102 40	1639 73
Net	**(147 41)**	**817 07**	**507 38**	(302 80)	875 76	447 20	(392 05)	862 53	360 94

42.1 Current and Non-Current classification of loans are based on original repayment schedule without considering effect of moratorium.

43. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The Company does not have any financing activities which affect the capital and asset structure of the Company without the use of Cash and Cash Equivalents.

44. CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

A. Contingent Liabilities

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
a) Matters where the future cash outflows are determinable only on receipt of pending judgements/conclusions			
- Income Tax issues where the Company is in appeal	**-**	-	2
- Service Tax issues where Company is in appeal (Amount fully paid)	**16**	16	-
b) Corporate Guarantee for Securitisation Transactions	**-**	-	22 12
Total	**16**	16	22 14

B. Commitments not provided for

(₹ in lakhs)

Particulars	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
a) Estimated amount of contracts remaining to be executed on capital account, net of advances	**95**	2 55	2 95
Total	**95**	2 55	2 95

C. Leasing Arrangement

All operating lease agreements entered into by the company are cancellable in nature. Consequently, the company has not recognised any right-of-use on asset and lease liability during the year.

The company has not given any assets on lease and accordingly has not earned any rental Income during the year.

Lease payments on assets taken on operating lease ₹ 3 95 lakhs (₹ 4 09 lakhs) are recognised as rental expense in the Statement of Profit and Loss.

45. Related Party Disclosures

Related party disclosures as per Ind AS - 24 'Related Party Disclosures' for the year ended 31st March 2020, are given below:

45.1 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 Motors Private Limited
7.	Muthoot Exim Private Limited
8.	MPG Security Group Private Limited
9.	Muthoot Pappachan Chits India Private Limited
	Firms/LLPs/Trusts
1.	Muthoot Bankers
2.	Muthoot Estate Investments
3.	Muthoot Motors (Cochin)
4.	Muthoot Pappachan Foundation

45.2 Related Parties Including Key Managerial Personnel : (with whom the Company had transactions)

SI 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
5.	Vinodkumar M. Panicker	Chief Finance Officer
6.	Abhijith Jayan	Company Secretary & Compliance Officer (from 24.04.2019)

45.3 Relatives of Related Parties: (with whom the Company had transactions)

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

45.4 Details relating to transactions with parties referred to in Note No. 45.1:

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2019-20	2018-19
Income:			
Income from Wind Mill Operations	Muthoot Bankers	**7**	7
Interest Income	Muthoot Fincorp Limited	**33**	37
Interest Income on Term Loan	Muthoot Housing Finance Ltd	**-**	33
Processing Fees	Muthoot Housing Finance Ltd	**-**	3
Income from Hypothecation Loan	MPG Hotels and Infrastructure Ventures Private Ltd	**-**	1
Interest Income on DPN Loan	Muthoot Motors	**-**	31
Processing Fees	Muthoot Motors	**-**	4
Interest Income on DPN Loan	Muthoot Pappachan Chits India Pvt Ltd	**16**	-
Processing Fees	Muthoot Pappachan Chits India Pvt Ltd	**1**	-
Interest Income on DPN Loan	MPG Security Group Pvt Ltd	**1**	-
Processing Fees	MPG Security Group Pvt Ltd	**7**	-
Income from Intercorporate Deposit	Muthoot Fincorp Limited	**1 92**	2 32
Collection Charges	Muthoot Fincorp Limited	**13**	-
Expenses:			
Interest on Inter-corporate Deposit	Muthoot Fincorp Limited	**-**	20
Remuneration for services of Company Secretary	Muthoot Fincorp Limited	**-**	12
Business Sourcing Incentive	(i) Muthoot Motors (Cochin)	**1 04**	1 16
	(ii) Muthoot Motors Pvt Ltd	**3**	4
	(iii) Muthoot Fincorp Limited	**3 82**	5 43
Collection Charges	Muthoot Fincorp Limited	**4 94**	5 21
Brokerage for canvassing for Public Deposit	Muthoot Fincorp Limited	**14**	9
Wind Mill Expense	Muthoot Bankers	**3**	3
Cibil-Transunion	Muthoot Fincorp Limited	**-**	9
CSR Expenses	Muthoot Pappachan Foundation	**1 41**	40
Travelling Expenses	Muthoot Fincorp Limited	**1**	1
Advertisement Expenses	Muthoot Motors (Cochin)	**4**	2
Business Promotion	Muthoot Exim Pvt Ltd	**-**	5
Rent on Space Sharing	Muthoot Fincorp Limited	**31**	40
Rent	Muthoot Estate Investments	**88**	84
Reimbursement of Expenses-Repairs and Maintenance	Muthoot Motors (Cochin)	**6**	1

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(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2019-20	2018-19
Software Usage Charges	Muthoot Pappachan Technologies Ltd	**1 82**	1 64
Annual Maintenance Charges	Muthoot Pappachan Technologies Ltd	**22**	33
Assets:			
Income from Windmill Receivable	Muthoot Bankers	**11**	7 (4)
Debt Due from Related Party	Muthoot Fincorp Limited	**-**	2 (6)
Rent Deposit	(i) Muthoot Estate Investments	**30**	30 (30)
	(ii) Muthoot Fincorp Limited	**12**	13 (13)
Hypothecation loan receivable including interest accrued	MPG Hotels and Infrastructure Ventures Private Ltd	**-**	2 (4)
Unsecured Loan-DPN (including Interest accrued)	(i) MPG Security Group Pvt Ltd	**7 01**	-(-)
	(ii) Muthoot Pappachan Chits India Pvt Ltd	**2 50**	-(-)
	(iii) Muthoot Motors (Cochin)	**-**	2 50 (5 01)
Trade Advance -Receivable	(i) Muthoot Motors (Cochin)	**1 03**	-(-)
	(ii) Muthoot Motors (Cochin) Pathanamthitta	**3**	-(-)
Prepaid -Software Usage	Muthoot Pappachan Technologies Ltd	**9**	7(-)
Prepaid -Annual Maintenance Charge	Muthoot Pappachan Technologies Ltd	**8**	7(-)
Other Receivable	Muthoot Fincorp Limited	**13**	-(-)
Intangible Assets developed	Muthoot Pappachan Technologies Ltd	**-**	- (36)
Liabilities:			
Business Sourcing Incentive Payable	Muthoot Motors (Cochin)	**12**	11 (9)
Trade Advance -Payable	Muthoot Motors (Cochin)	**-**	11 (27)
Cibil-Transunion Payable	Muthoot Fincorp Limited	**-**	9 (8)
Brokerage Payable on Public Deposit	Muthoot Fincorp Limited	**1**	9 (-)
Collection Charges and Business Sourcing Incentive Payable	Muthoot Fincorp Limited	**1 20**	2 37 (1 51)
Software Usage & AMC Charges	Muthoot Pappachan Technologies Ltd	**26**	9 (8)
Debt Due to Related Party	Muthoot Fincorp Limited	**7**	3 (36)
Rent Payable	(i) Muthoot Estate Investments	**7**	7 (13)
	(ii) Muthoot Fincorp Limited	**3**	6 (3)

45.4.1 Figures in brackets relate to corresponding figures of Assets and Liabilities as on 01st April ,2018

45.5 Details Relating to Transactions with Parties referred to in Note No. 45.2 & 45.3:

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2019-20	2018-19
Expenses:			
Salaries, Perquisites and Incentives	(i) Thomas George Muthoot	**4 05**	1 74

(₹ in lakhs)

Particulars	Name of Related Party	For the year 2019-20	For the year 2018-19
	(ii) Madhu Alexiouse	**84**	67
	(iii) Vinodkumar M Panicker	**99**	77
	(iv) Abhijith Jayan	**7**	-
	(v) Tina Suzanne George	**7**	13
PF Contribution	(i) Thomas George Muthoot	**21**	10
	(ii) Madhu Alexiouse	**6**	2
	(iii) Vinodkumar M Panicker	**6**	6
	(iv) Abhijith Jayan	**-**	-
	(v) Tina Suzanne George	**-**	-
Reimbursement of Expenses	(i) Thomas George Muthoot	**15**	6
	(ii) Madhu Alexiouse	**6**	2
	(iii) Vinodkumar M Panicker	**6**	5
Interest on Loan from Director	Thomas George Muthoot	**91**	41
Interest on Subordinated Debt	Thomas George Muthoot	**33**	33
Interest on Public Deposit	Remmy Thomas	**8**	-
Rent Paid	Thomas George Muthoot	**2 17**	2 17
Assets:			
Rent Deposit	Thomas George Muthoot	**25**	25 (25)
Liabilities:			
Loan from Directors	Thomas George Muthoot	**10 17**	10 24 (5 78)
Provision for Incentive (Refer Note 45.5.1)	(i) Thomas George Muthoot	**57**	- (-)
	(ii) Madhu Alexiouse	**12**	- (-)
	(iii) Vinodkumar M Panicker	**15**	- (-)
Subordinated debts (including interest accrued)	Thomas George Muthoot	**3 01**	3 01 (3 01)
Public Deposit (including interest accrued)	Remmy Thomas	**1 07**	1 00 (-)

45.5.1 Payment is subject to achievement of performance parameters to be evaluated as at the end of the financial year.

45.5.2 Figures in brackets relate to corresponding figures of Assets and Liabilities as on 01st April ,2018

45.6 Transaction with Related Parties referred to in Note no. 45.1 & 45.2

(₹ in lakhs)

Particulars	Name of Related Party	For the year 2019-20	For the year 2018-19
Unsecured Loan -DPN			
Given during the period:	(i) Muthoot Motors (Cochin)	**-**	13 80
	(ii) Muthoot Pappachan Chits India Pvt Ltd	**2 50**	-
	(iii) MPG Security Group Pvt Ltd	**7 00**	-

(₹ in lakhs)

Particulars	Name of Related Party	For the year	
		2019-20	2018-19
Repaid during the period:	Muthoot Motors (Cochin)	**2 50**	16 30
Asset Purchased			
Car purchased during the year	Muthoot Motors (Cochin)	**2 54**	-
Deposit Refunded			
Rent deposit refunded during the year	Muthoot Fincorp Ltd	**1**	-
Hypothecation Loan			
Repaid during the period	MPG Hotels and Infrastructure Ventures Private Ltd	**2**	2
Term Loan			
Given during the period	Muthoot Housing Finance Limited	**-**	10 00
Repaid during the period	Muthoot Housing Finance Limited	**-**	10 00
Loan from Directors			
Accepted during the period	Thomas George Muthoot	**-**	4 50
Repaid during the period	Thomas George Muthoot	**7**	4
Inter-corporate Deposit			
Given during the period	Muthoot Fincorp Ltd	**75 00**	230 00
Repaid during the period	Muthoot Fincorp Ltd	**75 00**	230 00
Taken during the period	Muthoot Fincorp Ltd	**-**	50 00
Repaid during the period	Muthoot Fincorp Ltd	**-**	50 00

45.7 Provisions for doubtful debts due from related parties at the Balance Sheet date - NIL (Nil)

45.8 Amounts written off or written back of debts due from or to related parties - NIL (Nil)

46. CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires the company to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier 1 and Tier 2 capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier 2 capital cannot exceed 100% of our Tier 1 capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

Capital Management

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

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

(₹ in lakhs)

Particulars	As at	
	31-Mar-20	31-Mar-19 (Refer Note 46.1)
Regulatory Capital		
Tier 1 Capital	**442 48**	388 80
Tier 2 Capital	**5 18**	26 89
Total Capital Funds	**447 66**	415 69
Risk Weighted Assets	**1795 82**	1993 55
Tier 1 Capital Ratio	**24.64%**	19.50%
Total Capital Ratio	**24.93%**	20.85%

46.1 Recomputed based on Ind AS figures.

Regulatory capital consists of Tier 1 capital, which comprises of share capital, statutory reserves, general reserve, share premium and retained earnings including current year profit. The other component of regulatory capital is Tier 2 Capital, which includes subordinated debt and general provisions.

The Company is meeting the capital adequacy requirements of Reserve Bank of India (RBI).

47. FAIR VALUE MEASUREMENT

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

47.1 Fair Value Hierarchy of assets and liabilities

47.1.1 The carrying amount and fair value measurement hierarchy for assets and liabilities as at 31st March, 2020 is as follows:

i) At Fair Value through profit or loss/OCI

(₹ in lakhs)

Particulars	Level 1	Level 2	Level 3
Investments	**1 08**	**5 21**	**-**
Derivative Financial Instruments (Asset)	**-**	**3 19**	**-**
Total	**1 08**	**8 40**	**-**

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47.1.2 The carrying amount and fair value measurement hierarchy for assets and liabilities as at 31st March, 2019 is as follows:

i) At Fair Value through profit or loss/OCI

(₹ in lakhs)

Particulars	Level 1	Level 2	Level 3
Investments	1 09	3 90	-
Total	1 09	3 90	-

47.1.3 The carrying amount and fair value measurement hierarchy for assets and liabilities as at 1stApril, 2018 is as follows:

i) At Fair Value through profit or loss/OCI

(₹ in lakhs)

Particulars	Level 1	Level 2	Level 3
Investments	51	3 10	-
Total	51	3 10	-

47.2 Fair Value Technique

47.2.1 Investments at Fair Value Through Profit or Loss

Fair value of debt funds/ alternate investment funds are derived based on the latest available valuation report/ NAV/ statement communicated by the fund house and is classified as Level 2

47.2.2 Derivative Financial Instruments (asset) at Fair Value Through Other Comprehensive Income

The financial asset on derivative contracts has been valued at fair value through Other Comprehensive Income using closing rate and is classified as Level 2.

47.2.3 Investments at Fair Value Through Other Comprehensive Income

For Investment at fair value through Other Comprehensive Income, valuation are done using quoted price from active markets at the measurement date. The equity instruments which are actively traded in public stock exchanges with readily available active prices on a regular basis are classified as Level 1.

47.3 Fair value of Financial Instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are initially measured at fair value and subsequently carried at amortised cost in the financial statements.

(₹ in lakhs)

Particulars	Level	Carrying Value as at			Fair Value as at		
		31-Mar-20	31-Mar-19	01-Apr-18	31-Mar-20	31-Mar-19	01-Apr-18
Financial Assets							
Cash and Cash Equivalents	1	**286 12**	31 47	2 82	**286 12**	31 47	2 82
Bank Balance other than Cash and Cash Equivalents	1	**112 75**	53 34	14 45	**112 75**	53 34	14 45
Loans	3	**2427 69**	2476 29	1907 93	**2427 69**	2476 29	1907 93
Investments	3	**10 14**	14 61	14 61	**10 55**	15 41	15 46
Other financial assets	3	**16 82**	17 30	23 88	**16 82**	17 30	23 88
Total Financial assets		**2853 52**	2593 01	1963 69	**2853 93**	2593 81	1964 54
Financial Liabilities							
Trade Payables	3	**16 07**	21 83	15 59	**16 07**	21 83	15 59
Debt Securities	2	**-**	-	145 23	**-**	-	145 23
Borrowings (other than debt securities)	2	**2241 43**	1994 41	1277 37	**2241 43**	1994 41	1277 37
Deposits	2	**47 28**	67 70	89 50	**47 28**	67 70	89 50
Subordinated liabilities	2	**66 02**	63 79	65 06	**66 02**	63 79	65 06
Other financial liabilities	3	**19 74**	36 62	35 71	**19 74**	36 62	35 71
Total Financial Liabilities		**2390 54**	2184 35	1628 46	**2390 54**	2184 35	1628 46

47.4 Valuation techniques

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the company's financial statements. These fair values were calculated for disclosure purpose only.

47.4.1 Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, balances other than cash and cash equivalents and trade payables without a specific maturity. Such amounts have been classified as Level 1/Level 3 on the basis that no adjustments have been made to the balances in the Balance Sheet.

47.4.2 Loans and advances to customers

The fair value of loans and advances are calculated using a portfolio based approach, grouping loans as far as possible into homogeneous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rates estimates considering all significant characteristics of the loan. The fair value is then reduced by impairment allowance which is already calculated in computing probability of default and loss given default to arrive at fair value net of risk.

47.4.3 Financial assets at amortised cost

The fair values of held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties credit risk.

47.4.4 Financial liability at amortised cost

The fair values of financial liability held-to-maturity are estimated using effective interest rate model based on contractual cash flows using actual yields.

48. RISK MANAGEMENT

Risk is inherent to any Company, more so to a NBFC, and MCSL is no exception. At MCSL we have a proper framework on Risk Management, in order to ensure that effective management of risks is an integral part of every employee's job. The process is designed in such a way that the work of one is effectively monitored by another and therefore ensures that any risk that the process can have is clearly verified and nullified by the team member handling the next process.

The main objective is to create and protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities and thereby ensuring sustainable business growth with stability. The Risk Management systems also promote a pro-active approach in reporting, evaluating and resolving risks associated with the business.

The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks such as compliance risk, reputational risk and strategy risk.

48.1 Risk management Framework

The Board of Directors and the Audit Committee are responsible for the overall risk management and for approving the risk management policies, strategies and principles so that the management controls the risks through properly defined processes.

The Board plays a pivotal role in the effective management of the risk mitigation process within the Company. The Board is responsible for framing, implementing and monitoring the risk management plan and to ensure that appropriate systems for risk management are in place. The Audit Committee evaluates the internal financial controls and efficacy of the risk management systems, reviews all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management Policy and relevant regulatory guidelines and ensures periodic review of operations and contingency plans and reports to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems. The Board also reviews the reports generated by the, Internal Auditors and concurrent auditors on a periodic basis.

The Board has constituted the Risk Management Committee, which is responsible for monitoring the overall risk process within the Company. The Risk Management Committee has the responsibility to 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. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels.

The Risk Department of the Company is responsible for monitoring and maintaining risk related procedures to ensure an independent control process is maintained. Schemes that are rolled out in the market and the products that are offered to the customers are tested against the parameters determined as mandatory for the purpose by the Risk Department. The Heads of Department shall be responsible for the implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Risk Management Committee.

The Committee reviews the new risk principles and policy and material amendments to risk principles and policy and oversees adherence to Company's risk principles, policies and standards and any action taken resulting from material policy breaches. It also periodically reviews and updates its own terms of reference to reflect best practices, at appropriate intervals, evaluate its own performance against the terms of reference.

48.2 Identification of Risk and Analysis

Risk identification and mitigation is obligatory on all verticals and functional heads who, with the inputs from their team members, are required to report the material risks to the concerned levels of the Company along with their considered views and recommendations for risk mitigation.

The Company has identified the following potential risks that could have an adverse impact on the Company:

1. Credit Risk
2. Operational Risk
3. Compliance Risk
4. Reputational Risk
5. Strategic Risk
6. Liquidity Risk

While each of the risk has significance, all except the Credit Risk can be managed and controlled through internal processes. It is the Credit Risk management which needs both internal and external factors in equal measure to be effective and controlled.

The scope of the Internal Audit shall cover risk management (including fraud risk) and control monitoring review and advisory services, reviews of operational and financial processes and controls, documentation of various important processes and events, information technology reviews, governance and assurance reviews, operational compliance audits, verification on adherence to regulatory requirements and other ad hoc advisory or consulting services. Internal Auditors discusses the results of all assessments with management and reports its findings and recommendations to Audit Committee.

48.2.1 Credit Risk

This is the major risk anticipated in connection with the nature of operations of the company. While a lot would need to be done internally to monitor it and control it, the external factors also plays its role in the final impact of the credit risk. Credit risk is the risk of default or non-repayment of loan by a borrower, which involves monitory loss to the company, both in terms of principal and interest. In the portfolio of an NBFC, the losses stem from outright default due to the inability or unwillingness of a customer or counterparty to meet commitments in relation to repayment, trading, settlement and other financial transactions. Alternatively, losses result from reduction in portfolio value arising from actual or perceived deterioration in credit quality due to any event affecting the borrower/ a group of borrowers. The effective management and reporting of credit risk is a critical component of comprehensive risk management and is essential for the long-term success of any banking and financial services organization. It ensures that risks are identified in advance and corrective action taken. Credit risk management encompasses identification, measurement, monitoring, control and reporting of the credit risk exposures.

The major risk that the Company faces is the default and / or delay in payment of EMIs (principal and interest) by the customers within the due time. To mitigate the said risk, the Company measures the credit history, capacity to repay, loan amount and loan conditions and associated collateral, if any, of the customer before sanctioning/disbursing loan and has an efficient post disbursal monitoring mechanism to take corrective and timely action when ever required to minimise the probability of default/loss.

48.2.2 Methodology for assessment of Expected Credit loss on loan asset-Refer note 5.1.(viii) of significant accounting policies.

48.2.3 Credit quality of financial asset based on Stage 1 (No significant increase in the credit risk), Stage 2 (Significant increase in the credit risk but no impairment), and Stage 3 (Credit impaired asset)-Refer Note 12.1 of Financial Statements.

48.2.4 Reconciliation of expected credit loss balance-Refer Note 12.3 of Financial Statement.

48.2.5 Impact of COVID-19-Refer Note 53 (i) of Financial Statement.

48.2.6 RBI COVID-19 regulatory disclosures-Refer Note 53 (ii) of Financial Statements.

48.2.7 Concentration of Credit Risk - Retail and Residential Loans

The Company's portfolio can be broadly classified as following

a) Vehicle Loan (predominantly backed up by 2 wheeler assets)
b) Vehicle Loan (Securitised)
c) Secured Loans
d) Unsecured Loans

48.2.8 Maximum Exposure to Credit Risk

The maximum exposure to credit risk of loans is their carrying amount without considering effect of mitigation through collateral recovery and credit enhancements.

48.2.9 Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and in respect of other secured loans they represent specific/pari-passu charge on the receivables of the borrowers.

48.2.10 Quantitative Information of collateral

Gross Value of total secured loans to value of collateral

(₹ in Lakhs)

Balance outstanding to security value	Gross Value of Secured Vehicle loans		Gross Value of Secured business loans (Secured by receivables)	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
0%-50%	**316 28**	242 32	**-**	-
51-70%	**511 98**	540 98	**-**	-
71-100%	**1314 41**	1278 80	**198 89**	352 94
Above 100%	**191 71**	130 17	**10 42**	-
Total	**2334 38**	2192 27	**209 31**	352 94

The above is based on the asset cost (vechicle loans) at origination as reduced by 20% p.a. on straight line method. The derived value is for disclosure purpose only and may not be representative of the recoverable value as the same is depended on the condition of the vehicle at the point of repossession. However the company has assessed LGD for ECL purpose based on actual loss incurred as per historical information on repossession/sale of collateral asset.

48.2.11 Liquidity Risk

Liquidity Risk arises largely due to maturity mismatch associated with assets and liabilities of the Company. Liquidity risk stems from the inability of the Company to fund increase in assets, manage unplanned changes in funding sources and meet financial commitments when required. The Asset Liability Committee (ALCO) of the Board of directors meets regularly to review the liquidity portion based on future cash flows. The company also maintains adequate liquid assets and has access to funding the hedge against unexpected requirement.

48.2.11.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

The table below shows an analysis of assets/liabilities and analysed accordingly to when they are expected to be recovered or settled and considering contract terms. For loans/advances to customers maturity analysis is based on the original contractual terms.

Maturity Pattern of Financial Assets and Financial Liabilities as on 31st March, 2020:

(₹ in lakhs)

Particulars	Less Than 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 Year	Over 1 Year & upto 3 Years	Over 3 Years & upto 5 Years	Over 5 Years	Not Sensitive to ALM (Refer Note 48.2.11.1.(i))	Total
Financial Assets								
Cash and Cash Equivalents	286 12	-	-	-	-	-	-	**286 12**
Bank Balance other than Cash and Cash Equivalents	10 38	25 78	28 75	47 84	-	-	-	**112 75**
Derivative Financial Instruments	31	2 88	-	-	-	-	-	**3 19**
Loans	548 35	391 16	631 27	1021 75	7 03	-	(171 87)	**2427 69**
Financial Investments at FVOCI	-	-	-	1 08	-	-	-	**1 08**
Financial Investments at Amortised Cost	15	1	4 89	4 09	-	1 00	-	**10 14**
Financial Investments at FVTPL	-	-	-	5 21	-	-	-	**5 21**
Other Financial Assets	13 53	1 10	1 19	82	6	12	-	**16 82**
Total Financial Assets	858 84	420 93	666 10	1080 79	7 09	1 12	(171 87)	**2863 00**
Financial Liabilities								
Deposits	20 25	8 00	10 97	7 91	15	-	-	**47 28**
Borrowings (Other than Debt Securities)	875 86	338 72	800 66	235 72	6	-	(9 59)	**2241 43**
Subordinated Liabilities	49	1 45	62	54 30	8 74	42	-	**66 02**
Trade Payables	16 07	-	-	-	-	-	-	**16 07**
Other Financial Liabilities	17 33	26	59	1 56	-	-	-	**19 74**
Total Financial Liabilities	930 00	348 43	812 84	299 49	8 95	42	(9 59)	**2390 54**
Net Financial Assets/(Liabilities)	(71 16)	72 50	(146 74)	781 30	(1 86)	70	(162 28)	**472 46**

48.2.11.1. (i) Represents adjustments on account of ECL/EIR

48.2.11.1.(ii) While the above table shows short fall in the Assets compared to the Liabilities in certain buckets, in actual practice, the loan accounts which are considered as being paid off in those buckets are normally renewed / rolled over within a day or two and the short fall gets covered within the same bucket. This renewal / roll over is not considered in the above table.

48.2.11.2 Maturity Pattern of Financial Assets and Financial Liabilities as on 31st March, 2019:

(₹ in lakhs)

Particulars	Less Than 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 Year	Over 1 Year & upto 3 Years	Over 3 Years & upto 5 Years	Over 5 Years	Not Sensitive to ALM (Refer Note 48.2.11.2.(i))	Total
Financial Assets								
Cash and Cash Equivalents	31 47	-	-	-	-	-	-	31 47
Bank Balance other than Cash and Cash Equivalents	36	-	6 92	46 06	-	-	-	53 34
Loans	479 87	379 43	651 61	1064 06	32 00	1 25	(131 93)	2476 29
Financial Investments at FVOCI	-	-	-	1 09	-	-	-	1 09
Financial Investments at Amortised Cost	8 71	-	-	4 90	-	1 00	-	14 61
Financial Investments at FVTPL	-	-	-	3 90	-	-	-	3 90
Other Financial Assets	10 82	2 70	2 36	1 20	5	17	-	17 30
Total Financial Assets	531 23	382 13	660 89	1121 21	32 05	2 42	(131 93)	2598 00
Financial Liabilities								
Deposits	16 47	10 08	22 76	18 25	14	-	-	67 70
Borrowings (Other than Debt Securities)	379 09	334 24	1050 55	236 70	-	-	(6 17)	1994 41
Subordinated Liabilities	14	5	4	33 44	24 08	6 04	-	63 79
Trade Payables	21 83	-	-	-	-	-	-	21 83
Other Financial Liabilities	34 58	9	19	1 62	14	-	-	36 62
Total Financial Liabilities	452 11	344 46	1073 54	290 01	24 36	6 04	(6 17)	2184 35
Net Financial Assets/(Liabilities)	79 12	37 67	(412 65)	831 20	7 69	(3 62)	(125 76)	413 65

48.2.11.2.(i) Represents adjustments on account of ECL/EIR

48.2.11.3 Maturity Pattern of Financial Assets and Financial Liabilities as on 1st April, 2018:

(₹ in lakhs)

Particulars	Less Than 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 Year	Over 1 Year & upto 3 Years	Over 3 Years & upto 5 Years	Over 5 Years	Not Sensitive to ALM (Refer Note 48.2.11.3.(i))	Total
Financial Assets								
Cash and Cash Equivalents	2 82	-	-	-	-	-	-	2 82
Bank Balance other than Cash and Cash Equivalents	3 35	-	9 09	2 01	-	-	-	14 45
Loans	341 24	280 20	488 85	901 67	7 28	-	(111 31)	1907 93
Financial Investments at FVOCI	-	-	-	51	-	-	-	51
Financial Investments at Amortised Cost	-	36	-	-	13 25	1 00	-	14 61
Financial Investments at FVTPL	-	-	-	3 10	-	-	-	3 10
Other Financial Assets	9 54	5 08	6 26	2 74	9	17	-	23 88
Total Financial Assets	356 95	285 64	504 20	910 03	20 62	1 17	(111 31)	1967 30
Financial Liabilities								
Deposits	20 83	12 68	23 52	32 36	11	-	-	89 50
Debt Securities	98 20	-	47 03	-	-	-	-	145 23
Borrowings (other than Debt Securities)	152 21	473 87	645 18	7 88	-	-	(1 77)	1277 37
Subordinated Liabilities	7	-	4 08	1 89	52 16	6 86	-	65 06
Trade Payables	15 59	-	-	-	-	-	-	15 59
Other Financial Liabilities	34 49	1	7	71	43	-	-	35 71
Total Financial Liabilities	321 39	486 56	719 88	42 84	52 70	6 86	(1 77)	1628 46
Net Financial Assets/(Liabilities)	35 56	(200 92)	(215 68)	867 19	(32 08)	(5 69)	(109 54)	338 84

48.2.11.3.(i) Represents adjustments on account of ECL/EIR

48.2.12 Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss and reduce our exposure to the volatility inherent in financial instruments. The Company is primarily exposed to Interest rate risk as under.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods different from the funding sources. Further, majority of company's borrowings are in the form of WCDL/Cash Credit, on which company is exposed to Interest rate risk either during the tenure of the loan or at the time of renewal which is ordinarily within a period of 12 months. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks. The Interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenure.

The table below discloses the sensitivity impact analysis of changes in floating interest rates to the Company's pre tax profit

(₹ in lakhs)

Impact on Profit before taxes	As at		
	31-Mar-20	31-Mar-19	01-Apr-18
On Short term Borrowings			
increase of 100 bps in interest rates	**14 80**	15 80	14 45
decrease of 100 bps in interest rates	**(14 80)**	(15 80)	(14 45)

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49. FIRST-TIME ADOPTION OF IND AS

49.1 Note on First time adoption, exemption applied and exception applied (Refer Note No. 7)

Comparitive Balance Sheet as at 1st April, 2018

(₹ in lakhs)

Particulars	Previous GAAP (Refer Note 49.1.1)	Adjustments	Ind AS
I. ASSETS			
1. Financial Assets			
a. Cash and Cash Equivalents	2 82	-	2 82
b. Bank Balance Other than Cash and Cash Equivalents	14 45	-	14 45
c. Derivative Financial Instruments	-	-	-
d. Receivables			
i) Trade Receivables	-	-	-
ii) Other Receivables	-	-	-
e. Loans	1877 70	30 23	1907 93
f. Investments	18 22	-	18 22
g. Other Financial Assets	4 18	19 70	23 88
2. Non-Financial Assets			
a. Current Tax Assets (Net)	1 59	-	1 59
b. Deferred Tax Assets (Net)	11 32	17 72	29 04
c. Property, Plant and Equipment	2 25	-	2 25
d. Other Intangible Assets	23	-	23
e. Other Non-Financial Assets	26	-	26
TOTAL ASSETS	**1933 02**	**67 65**	**2000 67**
II. LIABILITIES AND EQUITY			
A. LIABILITIES			
1. Financial Liabilities			
a. Derivative Financial Instruments	-	-	-
b. Payables			
I Trade Payables			
i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	-	-	-
ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	15 59	-	15 59
II Other Payables			
i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	-	-	-
ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	-	-	-
c. Debt Securities	145 23	-	145 23
d. Borrowings (Other than Debt Securities)	1179 23	98 14	1277 37

(₹ in lakhs)

Particulars	Previous GAAP (Refer Note 49.1.1)	Adjustments	Ind AS
e. Deposits	89 50	-	89 50
f. Subordinated Liabilities	65 06	-	65 06
g. Other Financial Liabilities	35 71	-	35 71
2. Non-Financial Liabilities			
a. Current Tax Liabilities (Net)	3 04	-	3 04
b. Provisions	2 50	2 50	5 00
c. Other Non-Financial Liabilities	3 23	-	3 23
B. EQUITY			
a. Equity Share Capital	16 45	-	16 45
b. Other Equity	377 48	(32 99)	344 49
TOTAL LIABILITIES AND EQUITY	**1933 02**	**67 65**	**2000 67**

49.1.1 The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

49.2 Comparitive Balance Sheet as at 31st March, 2019

(₹ in lakhs)

Particulars	Previous GAAP (Refer Note 49.2.1)	Adjustments	Ind AS
I. ASSETS			
1. Financial Assets			
a. Cash and Cash Equivalents	31 47	-	31 47
b. Bank Balance Other than Cash and Cash Equivalents	53 34	-	53 34
c. Derivative Financial Instruments	-	-	-
d. Receivables			
i) Trade Receivables	-	-	-
ii) Other Receivables	-	-	-
e. Loans	2025 08	451 21	2476 29
f. Investments	19 00	60	19 60
g. Other Financial Assets	7 76	9 54	17 30
2. Non-Financial Assets			
a. Current Tax Assets (Net)	6 88	-	6 88
b. Deferred Tax Assets (Net)	16 78	15 67	32 45
c. Property, Plant and Equipment	1 49	-	1 49
d. Intangible Assets under development	22	-	22
e. Other Intangible Assets	23	-	23
f. Other Non-Financial Assets	71	-	71
TOTAL ASSETS	**2162 96**	**477 02**	**2639 98**

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(₹ in lakhs)

Particulars	Previous GAAP (Refer Note 49.2.1)	Adjustments	Ind AS
II. LIABILITIES AND EQUITY			
A. LIABILITIES			
1. Financial Liabilities			
a. Derivative Financial Instruments	-	-	-
b. Payables			
I Trade Payables			
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	-	21 83
II Other Payables			
i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	-	-	-
ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	-	-	-
c. Debt Securities	-	-	-
d. Borrowings (Other than Debt Securities)	1489 76	504 65	1994 41
e. Deposits	67 70	-	67 70
f. Subordinated Liabilities	63 79	-	63 79
g. Other Financial Liabilities	36 62	-	36 62
2. Non-Financial Liabilities			
a. Current Tax Liabilities (Net)	-	-	-
b. Provisions	3 06	1 52	4 58
c. Other Non-Financial Liabilities	3 85	-	3 85
B. EQUITY			
a. Equity Share Capital	16 45	-	16 45
b. Other Equity	459 90	(29 15)	430 75
TOTAL LIABILITIES AND EQUITY	**2162 96**	**477 02**	**2639 98**

49.2.1 The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

49.3 Comparitive Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in lakhs)

Particulars	Previous GAAP Refer Note 49.3.1	Adjustments	Ind AS
I. Revenue from Operations			
a. Interest Income	534 64	(28 52)	506 12
b. Dividend Income	-	-	-
c. Net Gain on Fair Value Changes	50	37	87
d. Net Gain on Derecognition of Financial Instruments under Amortized Cost Category	-	11 48	11 48
Total Revenue from Operations	**535 14**	**(16 67)**	**518 47**
II. Other Income	13	-	13
III. Total Income (I + II)	**535 27**	**(16 67)**	**518 60**
IV. Expenses			
a. Finance Costs	161 51	17 66	179 17
b. Impairment on Financial Instruments	48 82	(2 49)	46 33
c. Employee Benefits Expenses	77 82	-	77 82
d. Depreciation, Amortization and Impairment	1 04	-	1 04
e. Other Expenses	118 84	(37 49)	81 35
Total Expenses	**408 03**	**(22 32)**	**385 71**
V. Profit before Tax (III-IV)	**127 24**	**5 65**	**132 89**
VI. Tax Expenses:			
a. Current Tax	50 28	-	50 28
b. Deferred Tax	(5 46)	1 97	(3 49)
VII. Profit for the Year (V-VI)	**82 42**	**3 68**	**86 10**
VIII. Other Comprehensive Income (OCI)			
[A] Items that will not be reclassified to Profit or Loss			
(i) Remeasurement of Defined Benefit Plans	-	-	-
(ii) Fair value changes on Equity Instruments through Other Comprehensive Income	-	24	24
(iii) Income Tax Relating to Items that will not be reclassified to Profit or Loss	-	(8)	(8)
Subtotal [A]	**-**	**16**	**16**
[B] Items that will be reclassified to Profit or Loss			
(i) Cash Flow Hedging Reserve	**-**	**-**	**-**
(ii) Income Tax Relating to Items that will be reclassified to Profit or Loss	**-**	**-**	**-**
Subtotal [B]	**-**	**-**	**-**
Total Other Comprehensive Income (A+B)	**-**	**16**	**16**
IX. Total Comprehensive Income for the year (VII+VIII)	**82 42**	**3 84**	**86 26**

49.3.1 The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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49.4 Reconciliation of Equity as at 1st April, 2018 and 31st March, 2019 and profit or loss for the year ended 31st March, 2019

(₹ in lakhs)

Particulars	Note Reference	Reconciliation of Equity		Reconciliation of Profit
		As at 31st March, 2019	As at 1st April, 2018	Year Ended 31st March, 2019
Equity as per IGAAP		**476 35**	**393 93**	**-**
Profit After Tax as per IGAAP		**-**	**-**	**82 42**
EIR impact on Financial Assets ("Loans to customer")	49.4.1	(48 51)	(45 62)	(2 89)
EIR impact on Borrowings	49.4.1	6 16	1 76	4 40
ECL on Financial Assets	49.4.2	(24 75)	(27 24)	2 49
Accrual of Excess Interest spread on Securitized assets	49.4.3	17 16	9 31	7 85
Recognition/Reversal of net service income on assignment transactions	49.4.3	4 52	11 09	(6 57)
Fair Valuation of Investment	49.4.4	37	-	37
Deferred Tax Impact on above Adjustments	49.4.5	15 74	17 71	(1 97)
Sub Total		**(29 31)**	**(32 99)**	**3 68**
Other Comprehensive Income (Net of Tax)	49.4.6	16	-	16
Equity as per Ind AS		**447 20**	**360 94**	**86 26**

49.4.1 Effective Interest Rate ("EIR")

i) Under Indian GAAP, processing fee charged from customers was recognised upfront while under Ind AS, they are included in the initial recognition amount of Financial Asset and recognised as interest income using the Effective Interest method. Under Indian GAAP transaction costs incurred on Financial Assets were recognised upfront ,whereas under Ind AS the same is included in the amount of the respective Financial Asset and is amortized as part of interest income using Effective Interest Rate method.

Consequently, apart from changes in equity disclosed in equity reconciliation above, loans as at transition date have decreased by ₹ 45 62 lakhs and loans as at 31st March, 2019 have decreased by ₹ 48 51 lakhs. The interest income and other expenses for the year ended 31st March, 2019 have decreased by ₹ 37 80 lakhs and ₹ 34 91 lakhs respectively.

ii) Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of Profit and Loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial liabilities and recognised as interest expense using the Effective Interest method.

Consequently, apart from changes in equity disclosed in equity reconciliation above, borrowings on date of transition have decreased by ₹1 76 lakhs and borrowings as at 31st March, 2019 have decreased by ₹ 6 16 lakhs. The finance costs for the year ended 31st March 2019 have decreased by ₹4 40 lakhs.

49.4.2 Recording of impairment as per Expected Credit Loss ("ECL")

Under Indian GAAP, Non-Performing Assets and provisioning were computed based on the RBI guidelines. Under Ind AS, loan assets are classified based on staging criteria prescribed under Ind AS 109 - Financial instruments and impairment is computed based on Expected Credit Loss model. Under Indian GAAP provision for Non-Performing Asset and standard asset were presented under provisions. However, under Ind AS, financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses. Consequently, the Company has reclassified the Indian GAAP provisions for standard assets / NPAs amounting to ₹ 38 30 lakhs and ₹ 59 12 lakhs as on April 01st, 2018 and March 31st, 2019 respectively to impairment allowance as ECL.

This has, apart from changes in equity disclosed in equity reconciliation disclosed above, resulted in additional impairment provision of ₹ 27 24 lakhs on the transition date with a corresponding reduction of loans, a reversal of impairment provision of ₹ 2 49 lakhs for the year ended 31st March 2019 and reduction of loan balances and other financial assets as at 31st March 2019 by ₹ 24 26 lakhs and ₹ 49 lakhs respectively.

49.4.3 Impact on Derecognition of loans (Securitisation/ Direct Assignment transaction)

Under Indian GAAP, financial assets were derecognized if the control criteria is met in accordance with relevant RBI guidelines. Under Ind AS, financial assets are derecognised only when the Company transfers substantially all the risks and rewards related to the cash flows.

a) Securitisation transactions

Under Indian GAAP, receivables transferred under the securitisation arrangement were derecognised on fulfilment of the true sale criteria as per the RBI guidelines. Further on such derecognition, the company had to recognise a liability and an asset in respect of gain on derecognition under the heads 'unrealised gain on loan transfer transaction' and 'Interest only strip under securitisation transaction', respectively, with income being recognised only on receipt basis. Under Ind AS, securitisation arrangements do not fulfil the derecognition criteria as the company retains substantial risks and rewards of ownership due to credit enhancements offered to the SPV and consequently continues to recognise the asset and the consideration received on securitisation arrangement is presented as a liability. Further, under Ind AS, Interest income/expense on the securitised receivable and liability recognised are accrued separately and presented in the financial statements on a gross basis.

Consequently, as at transition date, loans and borrowings have increased by ₹ 109 21 lakhs and ₹ 99 90 lakhs respectively apart from changes in other equity disclosed in equity reconciliation above. Interest income and finance cost for the year ended 31st March 2019 have increased by ₹ 29 91 lakhs and ₹ 22 06 lakhs respectively. Further, as at 31st March 2019, loans and borrowings have increased by ₹ 527 97 lakhs and ₹ 510 81 lakhs respectively.

b) Direct Assignment transactions

Under Indian GAAP, receivables transferred under direct assignment transactions were derecognised on fulfilment of the true sale criteria as per RBI guidelines. Further, on such de-recognition, income accruing to the company and expenses in respect of the service obligation undertaken under direct assignment arrangements were being recognised over the tenure of the underlying receivables transferred. Under Ind-AS, transfer through direct assignment arrangement fulfils the derecognition criteria as the company is not required to offer credit enhancements in respect of such transactions. Further, under IND-AS , gain/ loss on derecognition is to be recognised upfront and presented separately under the heading " Net gain/ loss on derecognition of financial assets measured at amortised cost" and a financial asset and provision is to be recognised in balance sheet in respect of the income due to the company by way of excess interest spread/service asset and expenses to be incurred due to service obligation undertaken by the company.

Consequently, as at the transition date, loans have decreased by ₹ 6 12 lakhs and other financial assets and provisions have increased by ₹ 19 70 lakhs and ₹ 2 50 lakhs respectively apart from changes in equity disclosed in equity reconciliation above. Net Gain on derecognition of financial instruments have increased by ₹ 11 48 lakhs and interest income and other expenses have decreased by ₹ 20 62 lakhs and ₹ 2 57 lakhs respectively for the year ended 31st March 2019. Further, as at 31st March 2019, loans have decreased by ₹ 3 99 lakhs and other financial assets and provisions have increased by ₹ 10 03 lakhs and ₹ 1 52 lakhs respectively.

49.4.4 Investment

Under Indian GAAP, Investments were classified as long-term investments/current investments based on intended holding period and realizability. Long term investments were measured at cost less provision for other than temporary decline in value of investments. Current investments were measured at lower of cost / Net realisable value. Under Ind AS, the company measures equity investments and debt investments at fair value, with equity instruments not held for trading being designated separately as FVOCI.

Consequently, apart from changes in other equity disclosed in equity reconciliation above, Investments as at 31st March, 2019 have increased by ₹ 60 lakhs.

49.4.5 Deferred Tax

Under Indian GAAP, Deferred Tax Accounting was under the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for Deferred Taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 "Income-Taxes" approach has resulted in recognition of Deferred Taxes on temporary differences that were not required to be recorded under Previous GAAP. In addition, the various transitional adjustments have led to deferred tax implications that the Company has accounted for. Deferred Tax Adjustments are recognised in correlation to the underlying transaction in either retained earnings or other comprehensive income, on the date of transition.

Apart from changes in equity disclosed in equity reconciliation above, the deferred tax asset as on 1st April, 2018 has increased by ₹ 17 71 lakhs and as on 31st March, 2019 has increased by ₹ 15 67 lakhs.

49.4.6 Other Comprehensive income

Under Indian GAAP, the Company has not presented Other Comprehensive Income (OCI) separately whereas under Ind AS, certain specific items are required to be routed through OCI such as fair value changes of equity instruments designated as FVOCI at inception, remeasurement gain/(loss) of defined benefit plan, etc.

49.4.7 Statement of Cash Flows

The transition to IND AS from Indian GAAP has not had a material impact on statement of cash flows except for reclassification between cash flows arising from financing and operating activities primarily due to recognition of assets and liabilities in Ind AS for securitization transactions as explained above.

50. SEGMENT REPORTING

The Company is primarily engaged in the business of financing and there are no separate reportable segments identified as per the Ind AS 108 - Segment Reporting.

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51. TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY

51.1 The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets by entering into securitisation transactions through Special Purpose Vehicle Trusts ("SPV Trust").

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the recognition criteria as set out in Ind AS 109. The consideration received under this securitisation arrangements are accounted as Financial Liability and the balance outstanding as at the end of the reporting date is disclosed as "Secured term loan from securitisation" under Note 22.

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

(₹ in lakhs)

Particulars	As at	
	31-Mar-20	31-Mar-19
Securitisations		
Carrying amount of Transferred Assets measured at amortised cost (including MRR)	**881 53**	609 85
Carrying amount of Associated Liabilities (Borrowings (other than Debt Securities) - measured at amortised cost)	**728 66**	557 78
Fair Value of Assets	**881 53**	609 85
Fair Value of Associated Liabilties	**728 66**	557 78
Net Position at Fair Value	**152 87**	52 07

51.2 Interest in unconsolidated structured entity

These are entities which are not consolidated because the company does not control them through voting rights, contract, funding arrangements or other means.

The following table describes the types of structured entities that the company does not consolidate but in which it holds interest.

FINANCIAL STATEMENTS

Type of structured entity	Nature and Purpose	Interest held by the company
Securitisation of Vehicle for loans	- To generate - Funding for the Company's lending activities - Spread through sale of assets to investors - Fees for servicing loan	- Servicing fee - Credit enhancement provided by the company - Excess interest spread

51.2.1 Exposure to Unconsolidated Structured Entity

(₹ in lakhs)

Particulars	31-Mar-20	31-Mar-19	01-Apr-18
Credit enhancements offered in the form of collateral deposits	**104 32**	49 81	8 49
Carrying amount of assets transferred to securitisation SPV (including MRR)	**881 53**	609 85	142 14
Carrying amount of associated liabilities	**728 66**	557 78	119 94
Note on companies exposure to unconsolidated structured entity	**Refer note No.51.1**		

52. MOVEMENT IN PROVISIONS

(₹ in lakhs)

Particulars	As at 31st March 2019	Additional Provision made during the year	Utilisation/Reversal during the year	As at 31st March, 2020
For Employee Benefits (Refer Note 41)	2 51	2 20	1 45	**3 26**
For Others (Refer Note 27)	2 07	8 75	1 39	**9 43**
Total	4 58	10 95	2 84	**12 69**

(₹ in lakhs)

Particulars	As at 1St April , 2018	Additional Provision made During the year	Utilisation/Reversal During the year	As at 31st- March, 2019
For Employee Benefits (Refer Note 41)	1 64	3 02	2 15	2 51
For Others	3 36	21	1 50	2 07
Total	5 00	3 23	3 65	4 58

53. NOTE ON COVID-19 GLOBAL PANDEMIC

During the quarter ended 31st March, 2020, the company has created an estimated provision towards the following:

i) The lock-down restrictions imposed by Governments on account of the outbreak of the COVID-19 pandemic has affected the operations of the company, more particularly for period commencing from the last week of the financial year ended 31st March 2020. However, with such restrictions being increasingly relaxed from the last week of April 2020 in many areas, the operations of the company has since been improving. To mitgate the burden of debt servicing brought about by the disruptions, the company has offered an optional moratorium on payment of loan installments falling due between 1st March, 2020 and 31st May, 2020, in accordance with the regulatory package announced by RBI in March/April 2020; and further extensions, if any, based on RBI announcments in May 2020 will be decided by the company in the future. Although the company is expecting future operations to continue improving, having regard to the situation at this stage, the Company has created a provision towards any probable increase in Expected Credit Loss (ECL) on loan receivables amounting to ₹ 18 00 lakhs. Given the continuing uncertainties associated with the pandemic, the company will continue to monitor the position and appropriately adjust any significant changes in such provisions based on future conditions.

ii) Disclosure as per the circular no. DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020 issued by Reserve Bank of India on “Covid 19 regulatory package - Asset Classification and provisioning”

For the year ended 31st March, 2020.

a) Amounts in SMA/overdue categories where moratorium/deferment was extended in terms of paragraph 2 and 3 of the above circular - ₹ 541 89 lakhs

b) Respective amount where asset classification benefit is extended: ₹ 42 12 lakhs

c) Provisions made during quarter ended 31st March, 2020 in terms of paragraph 5 of the above circular: The Company being NBFC,has complied with Ind AS provisions and guidelines duly approved by the Board for recognition of impairments. As at 31st March , 2020, the company holds a provision of ₹ 6 31 lakhs in respect of the accounts where asset classification benefit has been extended, which is more than the minimum total additional provision of 10% required as per RBI guidelines, ₹4 21 lakhs. Further as stated in Note no. 53(i), the company has created an additional provision of ₹ 18 00 lakhs towards probable increase in ECL due to Covid 19 pandemic impact.

d) Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular: Not applicable.

54. In accordance with the Master direction - Non-Banking Financial Companies Acceptance of Public deposits (Reserve Bank) directions, 2016 dated August 25, 2016, the Company has created a floating charge on the Statutory Liquid Assets comprising of investment in Government Securities (face value) to the extent of ₹ 9 98 lakhs(31st March, 2019: ₹ 14 25 lakhs and 1st April, 2018: ₹ 14 25 lakhs) in favour of trustees representing the public deposit holders of the Company.

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55. RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION DURING THE YEAR

Rated Instruments	Name of Credit Rating Agency	Ratings	Migration in Ratings during the year
Bank Facilties Long-term	CRISIL	**CRISIL A/Stable**	NIL
Commercial Paper	CRISIL	**CRISIL A1**	NIL
Public Deposits	CRISIL	**FA+/Stable**	NIL
Non-Convertible Debentures	CRISIL	**CRISIL A/Stable**	NIL

56. CAPITAL

(₹ in lakhs)

	Particulars	As at	
		31-Mar-20	31-Mar-19 (Refer Note No. 56.2)
i.	CRAR (%)	**24.93%**	20.85%
ii.	CRAR - Tier 1 Capital (%)	**24.64%**	19.50%
iii.	CRAR - Tier 2 Capital (%)	**0.29%**	1.35%
iv.	Amount of Subordinated Debt raised as Tier-2 Capital (Refer Note 56.1)	**58 75**	58 67
v.	Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

56.1 Discounted Value of (principal) ₹ 19 81 lakhs (₹ 31 41 lakhs) considered for Tier 2 capital against the Book Value of (principal) ₹ 58 75 lakhs (₹ 58 67 lakhs).

56.2 31st March, 2019 CRAR has been recomputed on the basis of Ind AS figures.

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57. INVESTMENTS

(₹ in lakhs)

Particulars	As at	
	31-Mar-20	31-Mar-19
1. **Value of Investments**		
i. Gross Value of Investments		
(a) In India	**16 43**	19 60
(b) Outside India,	**-**	-
ii. Provisions for Depreciation		
(a) In India	**-**	-
(b) Outside India,	**-**	-
iii. Net Value of Investments		
(a) In India	**16 43**	19 60
(b) Outside India,	**-**	-
2. **Movement of Provisions held towards Depreciation on Investments**		
i. Opening Balance	**-**	-
ii. Add : Provisions made during the Year	**-**	-
iii. Less : Write-Off/Write-Back of Excess Provisions during the Year	**-**	-
iv. Closing Balance	**-**	-

58. DERIVATIVES

58.1 Forward rate Agreement/Interest Rate Swap

(₹ in lakhs)

Particulars	As at	
	31-Mar-20	31-Mar-19
i. The Notional Principal of Forward Agreements	**-**	-
ii. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**-**	-
iii. Collateral required by the NBFC upon entering into Forwards	**-**	-
iv. Concentration of credit risk arising from the Forward	**-**	-
v. The fair value of the Forward book	**-**	-
vi. Concentration of credit risk arising from the Forward	**-**	-
vii. The fair value of the Forward book	**-**	-

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58.2 Exchange Traded interest Rate (IR) derivatives : Nil

58.3 Disclosures on Risk Exposure of Derivatives

i) Qualitative Disclosures

The company's hedging practice only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exist between the hedged item and hedging instruments. The company enters into hedge relationships were the critical terms of the hedging instrument match with the terms of the hedged item and so a qualitative and quantitative assessment of effectiveness is performed.

ii) Quantitative Disclosures

(₹ in lakhs)

Particulars	As at 31-Mar-20		As at 31-Mar-19	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i. Derivatives (Notional Principal Amount)				
For Hedging	**92 12**	-	-	-
ii. Marked to Market Positions [1]				
a) Asset (+)	**3 19**	-	-	-
b) Liability (-)	**-**	-	-	-
iii. Credit Exposure [2]	**-**	-	-	-
iv. Unhedged Exposures	**-**	-	-	-

59. DISCLOSURES RELATING TO SECURITISATION

59.1 The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

(₹ in lakhs)

Sl.No.	Particulars	As at 31-Mar-20
1	No of SPVs sponsored by the NBFC for Securitisation transactions	**14**
2	Total Amount of Securitised Assets as per books of the SPVs sponsored	**934 50**
3	Total Amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet	
	(a) Off-Balance Sheet Exposures	
	First Loss	**-**

(₹ in lakhs)

Sl. No.	Particulars	As at 31-Mar-20
	Others	-
	(b) On-Balance Sheet Exposures	
	First Loss	-
	Others - MRR	**181 51**
4	Amount of exposures to Securitisation Transactions other than MRR	
	(a) Off-Balance Sheet Exposures	
	i. Exposure To Own Securitisations	
	First Loss	-
	Loss	-
	ii. Exposure To Third Party Securitisations	
	First Loss	-
	Others	-
	(b) On-Balance Sheet Exposures	
	i. Exposure To Own Securitisations	
	First Loss (In the form of Fixed Deposits)	**104 32**
	Loss	-
	ii. Exposure To Third Party Securitisations	
	First Loss	-
	Others	-

59.1.1 Only the SPVs relating to outstanding securitization transactions are reported here.

59.2 The information on Direct Assignment transaction of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

(₹ in lakhs)

Sl.No.	Particulars	As at	
		31-Mar-20	31-Mar-19
1	No. of transactions assigned by the Company	**9**	8
2	Total amount outstanding	**59 66**	152 98
3	Total amount of exposures retained by the Company to comply with MRR as on the date of Balance Sheet		
	(a) Off-Balance Sheet Exposures		
	First Loss	-	-
	Others	-	-
	(b) On-Balance Sheet Exposures		
	First Loss	-	-
	Others	**7 31**	16 58

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(₹ in lakhs)

Sl.No.	Particulars	As at	
		31-Mar-20	31-Mar-19
4	Amount of exposures to Securitisation Transactions other than MRR		
	(a) Off-Balance Sheet Exposures		
	i. Exposure to Own Securitisations		
	First Loss	**-**	-
	Loss	**-**	-
	ii. Exposure to Third Party Securitisations		
	First Loss	**-**	-
	Others	**-**	-
	(b) On-Balance Sheet Exposures		
	i. Exposure to Own Securitisations		
	First Loss	**-**	-
	Others	**-**	-
	ii. Exposure to Third Party Securitisations		
	First Loss	**-**	-
	Others	**-**	-

59.3 Details of Assignment Transactions undertaken by NBFC

(₹ in lakhs)

Particulars	As at	
	31-Mar-20	31-Mar-19
i. No. of Accounts (in No.s)	**27 075**	43 894
ii. Aggregate Value of accounts sold, gross exposure	**84 95**	150 95
iii. Amount of Exposures retained by the company towards MRR	**10 19**	15 10
iv. Aggregate consideration (ii-iii)	**74 76**	135 85
v. Additional consideration realized in respect of accounts transferred in earlier years	**-**	-
vi. Aggregate Gain/(Loss) over Net Book Value	**6 49**	11 48

60. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2020

(₹ in lakhs)

Particulars	Over 1 Day to 7 Days	Over 8 Day To 14 Days	Over 15 Days To 30 Days	Over 1 Month Upto 2 Months	Over 2 Months Upto 3 Months	Over 3 Months Upto 6 Months	Over 6 Months Upto 1 Year	Over 1 Year Upto 3 Years	Over 3 Years Upto 5 Years	Over 5 Years	Not sensitive to ALM (Refer Note 60.1)	Total
Deposits	4 20	88	2 18	5 73	7 26	8 00	10 97	7 91	15	-	-	**47 28**
Advances	231 44	1 20	30 95	143 44	141 32	391 16	631 27	1021 75	7 03	-	(171 87)	**2427 69**
Investments	-	-	-	1	14	1	4 89	10 38	-	1 00	-	**16 43**
Borrowings	498 86	38 99	105 97	91 36	132 08	330 04	782 86	182 32	6	-	(8 63)	**2153 91**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	**-**
Foreign Currency Liabilities	-	-	-	8 60	-	8 68	17 80	53 40	-	-	(96)	**87 52**

60.1 Represent adjustment on acount of EIR/ECL.

61. EXPOSURE TO REAL ESTATE SECTOR

(₹ in lakhs)

Sl No.	Category	31-Mar-20	31-Mar-19
	Direct Exposure		
(i)	Residential Mortgages Lending Fully Secured by Mortgages on Residential Property, that is or will be occupied by the borrower or that is rented	**Nil**	1 00
(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.	**Nil**	Nil
(iii)	Investments in Mortgage Backed Securities (MBS) and other Securitized Exposures		
	(a) Residential	**Nil**	Nil
	(b) Commercial Real Estate	**Nil**	Nil
	Total Exposure to Real Estate Sector	**-**	1 00

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62. EXPOSURE TO CAPITAL MARKET

(₹ in lakhs)

Sl.No.	Particulars	As at	
		31-Mar-20	31-Mar-19
1	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;	**1 08**	42
2	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;	**-**	-
3	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;	**-**	-
4	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/ convertible bonds/convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	**-**	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**-**	-
6	Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**-**	-
7	Bridge loans to companies against expected equity flows/issues;	**-**	-
8	All exposures to Venture Capital Funds (both registered and unregistered)	**-**	-
	Total Exposure to Capital Market	**1 08**	**42**

63. DETAILS OF SINGLE BORROWER LIMIT (SGL) / GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE NBFC

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL)/ group Borrower Limit (GBL)

64. UNSECURED ADVANCES

The unsecured loans against Demand Promisory Note (DPN) executed by the borrowers and outstanding as at 31st March 2020 is ₹ 12 28 lakhs (₹ 14 50 lakhs).

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65. ADDITIONAL DISCLOSURES

65.1 Provisions and Contingencies

The details of Provisions and Contingencies recognised in Statement of Profit and Loss is as under :

(₹ in lakhs)

Head in Statement of Profit and Loss	For the Year Ended	
	31-Mar-20	31-Mar-19
Impairment of Financial Instrument	**70 69**	46 33
Other Expenses - provision for disputed dues (Refer Note 27)	**8 66**	-
Provision made towards income tax	**27 53**	50 28

65.2 Drawdown from Reserves

The drawdown from reserves was ₹ Nil.

66. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAs

66.1 Concentration of Deposits (for Deposit Taking NBFCs)

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Total Deposits of Twenty Largest Depositors	**8 09**	8 12
Percentage of Deposits of Twenty Largest Depositors to Total Deposits of the NBFC	**17.12%**	11.99%

66.2 Concentration of Advances

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Total Advances to Twenty Largest Borrowers	**164 89**	248 13
Percentage of Advances to Twenty Largest Borrowers to Total Advances of the NBFC	**6.45%**	9.69%

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66.3 Concentration of Exposures

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Total Exposure to Twenty Largest Borrowers/Customers	**164 89**	248 13
Percentage of Exposures to Twenty Largest Borrowers/customers to total Exposure of the NBFC on Borrowers/Customers	**6.45%**	9.69%

66.4 Concentration of NPAs

(₹ in lakhs)

Particulars	2019-2020	2018-2019
Total exposure to top four NPA accounts (Refer Note No. 66.4.1)	**10 56**	6

66.4.1 Excluding fraudulent accounts stated in Note No. 71, not considered, pending completion of investigation.

66.5 Sector-wise NPAs

(₹ in lakhs)

Sl.No.	Sector	Percentage of NPAs to Total Advances in that Sector			
		2019-2020		2018-2019	
		NPA Value	%	NPA Value	%
1	Agriculture & Allied Activities	**-**	**0%**	-	0%
2	MSME	**-**	**0%**	-	0%
3	Corporate Borrowers	**10 42**	**6.01%**	-	0%
4	Services	**-**	**0%**	-	0%
5	Unsecured Personal Loan	**11**	**100%**	-	0.21%
6	Auto Loans	**164 58**	**7.05%**	113 97	5.20%
7	Micro Finance Buyout	**-**	**0%**	1	0.07%
8	Others	**4**	**9.22%**	3	5.66%

66.5.1 The loans mentioned above include loans given to corporates.

66.5.2 NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as stated in Note No. 5.1.(viii)

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67. MOVEMENT OF NPAs

(₹ in lakhs)

Particulars		2019-2020	2018-2019
I.	**Net NPAs to Net Advances (%)**	**4.05%**	2.71%
II.	**Movement of NPAs (gross)**		
	(a) Opening Balance	**114 01**	89 87
	(b) Additions during the Year	**92 17**	59 64
	(c) Reductions during the Year	**(31 03)**	(35 50)
	(d) Closing Balance	**175 15**	114 01
III.	**Movement of Net NPAs**		
	(a) Opening Balance	**67 09**	53 64
	(b) Additions during the Year	**50 48**	34 51
	(c) Reductions during the Year	**(19 36)**	(21 06)
	(d) Closing Balance	**98 21**	67 09
IV.	**Movement of Provisions for NPAs (Excluding provisions on Standard Assets)**		
	(a) Opening Balance	**46 92**	36 23
	(b) Provisions made during the Year	**41 69**	25 13
	(c) Write-Off/write-back of excess provisions	**(11 67)**	(14 44)
	(d) Closing Balance	**76 94**	46 92

67.1 NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as stated in Note No. 5.1.(viii)

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68. Disclosure pursuant to RBI Notification - RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 Dated 13 March 2020 - A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP Norms	Difference Between Ind AS 109 Provisions and IRACP Norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	2221 38	33 59	2187 79	6 27	27 32
	Stage 2	159 44	17 75	141 69	55	17 20
Subtotal for Performing Assets		**2380 82**	**51 34**	**2329 48**	**6 82**	**44 52**
Non-Performing Assets (NPA)						
Sub Standard	Stage 3	**97 75**	**41 20**	**56 55**	**9 21**	**31 99**
Doubtful - up to 1 year	Stage 3	35 93	15 81	20 12	12 64	3 17
1 to 3 years	Stage 3	31 52	13 88	17 64	23 43	(9 55)
More than 3 years	Stage 3	8 89	4 99	3 90	8 86	(3 87)
Subtotal for Doubtful		**76 34**	**34 68**	**41 66**	**44 93**	**(10 25)**
Loss	Stage 3	**1 06**	**1 06**	**-**	**1 06**	**-**
Subtotal for NPA		**175 15**	**76 94**	**98 21**	**55 20**	**21 74**
Other items such as Guarantees, Loan Commitments, etc. which are in the Scope of Ind AS 109 but not Covered under Current Income Recognition, Asset Classification and Provisioning (IRACP) Norms		-	-	-	-	-

(₹ in lakhs)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP Norms	Difference Between Ind AS 109 Provisions and IRACP Norms
Sub-total		-	-	-	-	-
Total	**Stage 1**	**2221 38**	**33 59**	**2187 79**	**6 27**	**27 32**
	Stage 2	**159 44**	**17 75**	**141 69**	**55**	**17 20**
	Stage 3	**175 15**	**76 94**	**98 21**	**55 20**	**21 74**
	Total	**2555 97**	**128 28**	**2427 69**	**62 02**	**66 26**

68.1 Provision for stage 3 Assets comprising of assets belonging to the Sub Standard and Doubtful categories specified under the IRACP norms has been complied on a collective basis and above sub - classification into these categories have been done for disclosure purpose only.

68.2 The aggregate impairment loss on application of Expected Credit Loss (ECL) as per Ind AS, as stated above, is more than the provisioning required under IRACP norms(including standard asset provisioning)

68.3 Includes additional provision of ₹18 00 lakhs as stated in Note No. 53.(i)

69. Disclosures as Required for Liquidity Risk

69.1 Funding Concentration based on Significant Counterparty (Both Deposits and Borrowings)

Particulars	As at 31-Mar-20
Number of Significant Counter Parties (Refer Note 69.1.1)(In No.s)	**24**
Amount (In Lakhs)	**2134 66**
Percentage of Funding Concentration to Total Deposits	**4 514.93%**
Percentage of Funding Concentration to Total Liabilities	**88.73%**

69.1.1 Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies.

69.1.2 Including borrowing from securitisation

69.2 Top 20 Deposits

Particulars	As at 31-Mar-20
Total Amount of Top 20 Deposits (₹ in lakhs)	6 44
Percentage of Amount of top 20 Deposits to Total Deposits	13.63%

69.3 Top 10 Borrowing

Particulars	As at 31-Mar-20
Total Amount of Top 10 borrowings (₹ in lakhs) (Refer Note no. 69.3.1)	990 14
Percentage of amount of top 10 Borrowings to Total Borrowings	44.17%

69.3.1 Including borrowing on securitisation

69.4 Funding Concentration based on significant instrument/product (Refer Note No. 69.4.1)

(₹ in lakhs)

Particulars	As at 31-Mar-20	Percentage of total liabilities
Loan from Bank/ Other Financial Institution (Refer Note No. 69.4.2)	2231 26	92.74%
Subordinated Debts	66 02	2.74%
Deposits	47 28	1.97%

69.4.1 Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC No.102/03.10.001/2019-20 dated 4th November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

69.4.2 Includes securitisation borrowings.

69.5 Stock Ratio

Particulars	As at 31-Mar-20
(i) Commercial paper as a percentage of total public funds (Refer Note No. 69.5.1)	-
(ii) Commercial paper as a percentage of total liabilities	-
(iii) Commercial paper as a percentage of total assets	-
(iv) Other short term liabilities as a percentage of total public funds	89.43%
(v) Other short term liabilities as a percentage of total liabilities	87.53%
(vi) Other short term liabilities as a percentage of total assets	72.29%
(vii) Non convertible debentures as a percentage of total public funds	-
(viii) Non convertible debentures as a percentage of total liabilities	-
(ix) Non convertible debentures as a percentage of total assets	-

69.5.1 Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

69.6 Institutional Setup for liquidity risk management (Refer Note no. 48.2.11)

70. CUSTOMER COMPLAINTS

Particulars		2019-2020	2018-2019
(a)	Number of complaints pending at the beginning of the year	**10**	14
(b)	Number of complaints received during the year	**1 793**	1 139
(c)	Number of complaints redressed during the year	**1 801**	1 143
(d)	Number of complaints pending at the end of the year	**2**	10

71. INFORMATION ON INSTANCES OF FRAUD

Instances of fraud for the year ended 31st March, 2020:

(₹ in lakhs)

Nature of Fraud	No. of Cases	Amount of Fraud	Recovery	Amount Provided/ Written-Off
Misappropriation of funds through misrepresentation	**1**	**1 61**	**55**	**1 06**

71.1 During the year company detected an alleged fraud committed by a sub- dealer in connivance with an employee of the Company amounting to ₹ 1 61 lakhs against which ₹ 55 lakhs was recovered and provision for ₹ 1 06 lakhs was made for the balance outstanding.

Instances of fraud for the year ended 31st March, 2019:

(₹ in lakhs)

Nature of Fraud	No. of Cases	Amount of Fraud	Recovery	Amount Provided/ Written-Off
Nil	Nil	Nil	Nil	Nil

72. PENALTIES:

No penalties have been levied by any regulator on the Company.

73. As required In Terms of Paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 by Reserve Bank of India.

Liabilities Side:

73.1 Loans and Advances availed by the NBFC, inclusive of interest accrued thereon but not paid

(₹ in lakhs)

Sl.No	Particulars	As at 31-Mar-20	
		Amount Outstanding	Amount Overdue
(a)	Debenture : Secured (Refer Note 73.1.1)	4	4
	(Other than falling within the meaning of Public Deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans	999 11	
(d)	Inter-Corporate Loans and Borrowing	-	-
(e)	Commercial Paper	-	-
(f)	Public Deposits (Refer Note 73.1.2)	45 52	3 59
(g)	Other Loans		
	• Subordinated Debt	65 98	-
	• Cash Credit	446 72	-
	• Working Capital Demand Loan	785 43	-
	• Deposits from Corporates	1 76	-
	• Loans and Advances from Directors (Unsecured)	10 17	-
	• Senior Secured Notes	-	-
	• Borrowings	-	-
	Total	**2354 73**	**3 63**

73.1.1 Overdue for a sum of ₹ 4 lakhs (including interest) in respect of debentures represents debentures for which repayment could not be made as claims were not received from debenture holders.

73.1.2 Overdue of ₹ 3 59 lakhs (including interest) in respect of public deposit includes deposits for a sum of ₹ 2 17 lakhs pending renewal and deposits for a sum of ₹ 1 42 lakhs for which payment could not be made as claims were not received from deposit holders.

73.2 Break-up of (1)(f) above (Outstanding Public Deposits inclusive of interest accrued thereon but not paid):

(₹ in lakhs)

Sl.No	Particulars	Amount Outstanding	Amount Overdue
(a)	In the form of Unsecured Debentures	-	-
(b)	In the form of Partly Secured Debentures ie. Debentures where there is a Shortfall in the Value of Security	-	-
(c)	Other Public Deposits	45 52	3 59

Assets Side :

73.3 Break-up of Loans and Advances including bills receivables (other than those included in 73.4 below)

(₹ in lakhs)

Sl.No	Particulars	Amount Outstanding
(a)	Secured	209 31
(b)	Unsecured (DPN)	12 28

73.4 Break up of Leased Assets and Stock on Hire and other assets counting towards Asset financing activities

(₹ in lakhs)

Sl.No	Particulars	Amount Outstanding (Gross Value)
(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)	Others Loans counting towards Asset Financing Activities(Refer Note No.73.4.1)	
	a) Loans where Assets have been Repossessed	3 31
	b) Loans Other than (a) Above	2331 07

73.4.1 Vehicle loans

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73.5 Break-Up of Investments:

(₹ in lakhs)

Sl.No	Particulars	Amount Outstanding
	Current Investments:	
1	**Quoted:**	
	i. Shares: (a) Equity	**Nil**
	(b) Preference	**Nil**
	ii. Debenture and Bonds	**Nil**
	iii. Units of Mutual Funds	**Nil**
	iv. Government Securities	**5 05**
	v. Others	**Nil**
	Gold Exchange traded fund of UTI	
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 (Please specify)	**Nil**
	Long Term Investments :	
3	**Quoted:**	
	i. Shares: (a) Equity	**1 08**
	(b) Preference	**Nil**
	ii. Debentures and Bonds	**Nil**
	iii. Units of Mutual Funds	**Nil**
	iv. Government Securities	**5 09**
	v. Others (Please specify)	**Nil**
4	**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	**5 21**
	Total	**16 43**

73.6 The Company has not disclosed the breakup of Investment into Long Term investment and Current Investment as the classification is not required under Indian Accounting Standards issued by MCA.

73.7 Borrower group-wise classification of all Leased assets, Stock-on Hire and Loans and Advances financed as in Note No: 73.3 and 73.4 above:

(₹ in lakhs)

Sl.No	Category	Amount Net of Stage 3 ECLProvision		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	Nil	Nil	Nil
	(b) Companies In the Same Group	Nil	Nil	Nil
	(c) Other Related Parties	Nil	9 50	9 50
2	Other than Related Parties	2466 78	2 75	2469 53
	Total	**2466 78**	**12 25**	**2479 03**

73.8 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in lakhs)

Sl.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	16 43	16 43
	Total	**16 43**	**16 43**

73.9 Other information

(₹ in lakhs)

Sl.No	Particulars	Amount
i.	Gross Non-Performing Assets (Refer Note 73.9.1)	
	a) Related Parties	Nil
	b) Other Than Related Parties	175 15
ii.	Net Non-Performing Assets	
	a) Related Parties	Nil
	b) Other Than Related Parties	98 21
iii.	Assets Acquired in Satisfaction of Debt	Nil

73.9.1 NPA accounts refer to stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as stated in Note No 5.1 (viii)

74. EVENTS AFTER THE REPORTING DATE

74.1 RBI has vide it's circular DOR.No. BP.BC. 71/21.04.048/2019-20 dated 23rd May2020 modified it's direction dated 27th March 2020/17th April 2020 to permit NBFCs to extend moratorium facilities in respect of installments falling due between 1st June 20 to 31st August 20 which could have an impact on the cash flow collection for the mentioned period.

74.2 Material events occuring after the balance sheet date are taken into cognizance and there are no other events after the reporting date that require disclosure in the financial statements.

75. Previous year figures, unless otherwise stated, are given within brackets and have been reworked, regrouped, re-arranged and re-classified to conform to the current year presentation.

As per our separate report of even date attached

For VARMA & VARMA
CHARTERED ACCOUNTANTS
FRN: 004532S

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

Sd/-	Sd/-	Sd/-	Sd/-
VIJAY NARAYAN GOVIND	**THOMAS JOHN MUTHOOT**	**THOMAS GEORGE MUTHOOT**	**THOMAS MUTHOOT**
Partner	Chairman	Managing Director	Director
Membership No: 203094	DIN:00011618	DIN:00011552	DIN: 00082099
	Sd/-	Sd/-	
	VINODKUMAR M. PANICKER	**ABHIJITH JAYAN**	
	Chief Finance Officer	Company Secretary & Compliance Officer	

Place: Kochi
Date: 28th May, 2020

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